Prospectus
dated 28 July 2026

Lugo Funding 2026-1 DAC

Incorporated with limited liability in Ireland with registered number 806551.
LEI 213800CURJ6B651ZJA77

Class	Initial Principal Amount	Issue Price	Floating Reference Rate[1] / Fixed Rate	Interest Margin / Fixed Rate: Prior to Step-up	Interest Margin / Fixed Rate: From Step-up	Step-up Date: Payments Date in	Final Maturity Date: Payments Date in	Expected ratings: S&P	Expected ratings: KBRA
A Loan Notes	EUR 100,000,000	99.35%	3 month EURIBOR	1.0%	2.0%	July 2031	October 2070	AAA(sf)	AAA(sf)
A Notes	EUR 265,201,000	99.35%	3 month EURIBOR	1.0%	2.0%	July 2031	October 2070	AAA(sf)	AAA(sf)
B Notes	EUR 32,321,000	98.88%	3 month EURIBOR	1.5%	2.5%	July 2031	October 2070	AA(sf)	AA(sf)
C Notes	EUR 23,481,000	98.89%	3 month EURIBOR	2.0%	3.0%	July 2031	October 2070	A(sf)	A-(sf)
D Notes	EUR 13,536,000	96.76%	3 month EURIBOR	2.5%	3.5%	July 2031	October 2070	BBB(sf)	BBB-(sf)
E Notes	EUR 11,050,000	95.81%	3 month EURIBOR	3.5%	4.5%	July 2031	October 2070	BB(sf)	BB-(sf)
F Notes	EUR 6,077,000	93.87%	3 month EURIBOR	4.0%	5.0%	July 2031	October 2070	B(sf)	B-(sf)
Z Notes	EUR 107,403,000	22.20%	Fixed Rate	8.0%	8.0%	July 2031	October 2070	N/A	N/A
X Notes	EUR 300,000	0.01%	Residual cashflows	N/A	N/A	July 2031	October 2070	N/A	N/A

[1] The Interest Rate on the Floating Rate Notes is subject to a floor of 0% per annum.

Please refer to 28 *Index of definitions* to find the page of this document (the **Prospectus**) in which an expression is defined. In particular, except where the context indicates otherwise, expressions defined in 17 *Note Base Conditions* also have the same meaning in other parts of this Prospectus.

Issue date	The Issuer expects to issue the Notes in the Classes set out above, being all of the Notes, on 4 August 2026 (being the Closing Date, see 6.1.1 *Constitution of the Notes*). The Loan Notes comprise the A Loan Notes indicated in the above table and the Investment Notes comprise the remainder of the Notes (i.e. other than the A Loan Notes) indicated in the above table.
Stand-alone / programme issuance	Standalone.
Listing	This Prospectus comprises a prospectus for the purpose of the Prospectus Rules: Admission to Trading on a Regulated Market sourcebook (the **PRM**). This Prospectus has been approved by the Financial Conduct Authority (the **FCA**) under the PRM. The FCA only approves this Prospectus as meeting the standard of completeness, comprehensibility and consistency imposed by the rules in the PRM. Such approval should not be considered as an endorsement of the Issuer or of the quality of the Investment Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Investment Notes. Such approval by the FCA relates only to Investment Notes which are to be admitted to trading on a regulated market for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of domestic law by virtue of the EUWA (**UK MiFIR**). In this Prospectus, **EUWA** means the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020, as amended, varied, superseded or substituted from time to time. A copy of this Prospectus will be filed with the National Storage Mechanism on or before the date of issue of the Investment Notes. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision under the U.S. Securities Act.

Particular attention is drawn to the following in this Prospectus: sections 1 *Important information about this Prospectus* and 4 *Risk factors* which contain details of certain risks and other factors that should be given particular consideration by prospective investors before investing in the Notes.

Arranger

Barclays

Joint Lead Managers

Barclays **BNP PARIBAS**

An application has been made to the FCA for each Class of the Investment Notes to be admitted to the official list of the FCA (**the official list** and such Classes of Investment Notes being **Listed Notes**) and an application has been made to London Stock Exchange plc (the **London Stock Exchange**) for such Listed Notes to be admitted to trading on the London Stock Exchange plc's main market (the **London Stock Exchange's main market**). The London Stock Exchange's main market is a Regulated Market for the purposes of UK MiFIR.

The Listed Notes are expected to be admitted to the Official List and to trading on the London Stock Exchange's main market on the first Business Day following the Closing Date but there can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained.

The A Loan Notes are not being offered by this Prospectus and information contained in this Prospectus relating to the A Loan Notes is in it for information purposes only. The A Loan Notes do not form part of this Prospectus. The A Loan Notes will not be admitted to the Official List and will not be admitted to trading on the London Stock Exchange's main market, or any other market. The FCA has neither approved nor reviewed information contained in this Prospectus in connection with the A Loan Notes. The A Loan Notes are exempt notes for the purpose of the PRM and no prospectus is required to be published under the PRM in respect of the A Loan Notes. The A Loan Notes are not PRM compliant.

Underlying assets

The Issuer will make payments on the Notes from, among other things, payments of principal and revenue received from the Portfolio, which will be purchased by the Issuer on the Closing Date from Porta Falsa DAC (being the Seller). Most of the Portfolio (being 93.40% of the Provisional Portfolio, by Aggregate Provisional Balance) comprises Mortgage Certificates (being mortgage transfer certificates (*certificados de transmisión de hipoteca*) and mortgage participations (*participaciones hipotecarias*) governed by Spanish law) issued by Banco Bilbao Vizcaya Argentaria, S.A. (being Asset Title Holder) whereby the holder of the Mortgage Certificates participates in (and the Mortgage Certificates represent) the risks and benefits of the creditor's rights in connection with the Mortgage Loans (being certain loan agreements governed by Spanish law secured by mortgages over properties located in Spain (which are predominantly residential properties) and granted to individuals and corporates financing (a) the acquisition, construction or renovation of those properties, or (b) subrogations of the financing provided to developers for the construction of those properties).

The remainder of the Portfolio (being 6.60% of the Provisional Portfolio, by Aggregate Provisional Balance) comprises Non-Mortgage Loan Sub-participations, being sub-participations granted by the Asset Title Holder in relation to Non-Mortgage Loans (being certain unsecured loan agreements governed by Spanish law).

The Asset Title Holder is, and will agree to continue to be, holder of formal title to, and lender of record of, the Mortgage Loans and Non-Mortgage Loans, all of which were originated by the Asset Title Holder or certain financial institutions that were absorbed by, and/or merged with, the Asset Title Holder.

See further 5 *Overview of the Portfolio and administration of the Portfolio*, 11 *The Portfolio*, 12 *Provisional Portfolio summary data* and 13 *Historical data*.

Credit enhancement

Credit enhancement in relation to each Class of Notes (see 6.1.2 *Classes of Notes*) is provided in the following manner:

- the subordination of payments of interest and/or principal on Notes (if any) that rank junior to such Class in the applicable Priority of Payments,
- overcollateralisation provided by the aggregate Loan Principal Balance of the Portfolio exceeding the aggregate Note Initial Principal Amount of the Notes, in each case as at the end of the Portfolio Cut-Off Date, thus potentially providing greater Loan Receipts to be applied as Available Normal Funds or, as applicable, following an Acceleration Date to be applied as Available Accelerated Funds (see 18.3 *Overcollateralisation*), and
- the availability of unutilised Liquidity Reserve Fund (if any) following redemption of the A Notes and A Loan Notes to be applied as Available Normal Funds or, as applicable, following an Acceleration Date to be applied as Available Accelerated Funds (see 19.8.4 *Transfer of excess Liquidity Reserve Fund*).

See further 18 *Credit structure* and 19 *Payments Rules*.

Liquidity support

Liquidity support in relation to each Class of Rated Notes (see 6.1.2 *Classes of Notes*) prior to an Acceleration Date is provided in the following manner:

- the subordination of payments of interest and/or principal on Notes (if any) that rank junior to such Class in the applicable Priority of Payments, and
- in respect of the A Notes and A Loan Notes, the availability of the Liquidity Reserve Fund to reduce an A Notes Interest Deficiency (see 19.8.3 *Reduction of A Notes Interest Deficiency*).

See further 18 *Credit structure* and 19 *Payments Rules*.

Redemption provisions

Information on any optional and mandatory redemption of the Notes is summarised in 6.2.7 *Redemption* and set out in full in Note Base Condition 6 *Redemption, purchase and cancellation* as amended and supplemented by the relevant Note Specified Terms set out in 6.1 *Note Specified Terms*.

Benchmark administrator

Amounts payable on the Floating Rate Notes are calculated by reference to EURIBOR, provided by the European Money Markets Institute. As at the date of this Prospectus, the European Money Markets Institute appears on the register of administrators and benchmarks established and maintained by ESMA in accordance with the Benchmarks Regulation (see further 4.1.7(c) *Regulation of benchmarks*).

Credit rating agencies

S&P and KBRA are the Rating Agencies in relation to this Transaction and, as at the date of this Prospectus, each is a credit rating agency established in the European Union and registered under the EU Credit Rating Agencies Regulation. The ratings that S&P is expected to assign to the Rated Notes on or before the Closing Date will be endorsed by S&P Global Ratings UK Limited, which is established in the United Kingdom and

registered under the UK Credit Rating Agencies Regulation. The ratings that KBRA is expected to assign to the Rated Notes on or before the Closing Date will be endorsed by Kroll Bond Rating Agency UK Limited, which is established in the United Kingdom and registered under the UK Credit Rating Agencies Regulation. See further 3.1 *Table of Transaction Parties* below and 21.9 *Rating Agencies* below.

Credit ratings

Ratings are expected to be assigned by the Rating Agencies to the Rated Notes (see 6.1.27 *Note Ratings*) as set out above on or before the Closing Date and address, among other things: (a) in respect of the A Notes and A Loan Notes, the likelihood of full and timely payment of interest on each Payments Scheduled Date that occurs on or before the Final Maturity Date in respect of the A Notes and A Loan Notes, and (b) in respect of the other Rated Notes, the likelihood of full and ultimate payment of interest due to Noteholders on or before the Final Maturity Date in respect of those other Rated Notes, and (c) in respect of all Rated Notes, the likelihood of full and ultimate payment of principal due to Noteholders on or before the Final Maturity Date.

The Z Notes and the X Notes (the **Unrated Notes**) will not be rated.

The assignment of ratings to the Rated Notes reflects the views of the relevant Rating Agency and is not a recommendation to invest in the Rated Notes or to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant Rating Agency. See further 4.1.15 *Ratings of the Notes*.

Eurosystem eligibility

The Investment Notes are intended to be held in a manner which would allow Eurosystem eligibility. This means that the Investment Notes are intended upon issue to be deposited with one of the International Central Securities Depositories, as common safekeeper, and does not necessarily mean that the Investment Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. See further 4.6.6 *Eurosystem eligibility*.

Retention undertakings

The Risk Retention Holder will undertake to the Issuer and the Note Trustee (for the benefit of Holders of the Notes), that it will retain on an ongoing basis a material net economic interest of not less than 5% in respect of the Transaction in accordance with Article 6(1) of the EU Securitisation Regulation and, subject to the Restricted Basis (see 21.1.3 *Basis of and limitations applicable to compliance with UK Securitisation Framework*), UK SECN 5.2.1R and Article 6(1) of Chapter 2 of, together with Chapter 4 of, the UK PRA SR. At the Closing Date, such interest will consist of the Risk Retention Holder holding and retaining the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total not less than 5% of the nominal value of the securitised exposures in accordance with Article 6(3)(d) of the EU Securitisation Regulation and, subject to the Restricted Basis, UK SECN 5.2.8R(1)(d) and Article 6(3)(d) of Chapter 2 of the UK PRA SR by holding and retaining Z Notes having a Note Initial Principal Amount of at least EUR 29,599,359.52, being 5% of the aggregate Loan Principal Balance of all Loans in respect of the Mortgage Certificates and Non-Mortgage Loan Sub-participations in the Portfolio as at the Closing Date. See further 21.2 *EU and UK risk retention requirements*.

The Risk Retention Holder, as a 'sponsor' for the purposes of the U.S. Retention Rules, intends to satisfy the requirements of the U.S. Retention Rules by acquiring on the Closing Date and retaining, either directly and/or through one of its majority owned affiliates, the U.S. Retained Interest which comprises not less than 5% of the credit risk of the 'securitized assets' (as defined by the U.S. Retention Rules) of the Issuer in the form of an eligible horizontal residual interest in an amount equal to at least 5% of the fair value of the Notes as determined under U.S. generally accepted accounting principles. As at the Closing Date, the U.S. Retained Interest will be satisfied by the Risk Retention Holder acquiring and, to the extent required, retaining through to the Sunset Date Z Notes having a Note Initial Principal Amount of at least EUR 29,599,359.52 and all of the X Notes, in accordance with the U.S. Retention Rules. See further 21.6 *U.S. risk retention*.

Volcker Rule

Having made reasonable enquiries, the Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a 'covered fund' for the purposes of the regulations adopted to implement section 13 of the United States Bank Holding Company Act of 1956, as amended, commonly known as the Volcker Rule. Although other exclusions may be available to the Issuer, this conclusion is based on the determination that the Issuer will satisfy all of the elements required for purposes of the exclusions from registration under Section 3(c)(5)(C) of the U.S. Investment Company Act. See further 4.6.7 *Certain Volcker Rule considerations*.

Obligations

The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, and will not be guaranteed by, or be the responsibility of, any other Transaction Party or any of such Transaction Party's affiliates.

Significant investor

On the Closing Date, a single investor and/or its affiliates will hold 75% or more of the Note Principal Amount Outstanding of the A Notes and, as a result as at the Closing Date: (a) will be able to pass or block Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions of the A Notes, and (b) will hold more than 50% but less than 75% of the Note Principal Amount Outstanding of the Notes in the Most Senior Tranche (being the A Loan Notes and A Notes) and, therefore, will be able to block Noteholder Extraordinary Resolutions of the Notes in the Most Senior Tranche and pass or block Noteholder Ordinary Resolutions of the Notes in the Most Senior Tranche.

On the Closing Date, two investors and/or their respective affiliates will each hold more than 25% but not more than 50% of the Note Principal Amount Outstanding of the B Notes. As a result, each such holder(s) respectively, as at the Closing Date, will be able to block Noteholder Extraordinary Resolutions of the B Notes.

On the Closing Date, a single investor and/or its affiliates will hold more than 50% but less than 75% of the Note Principal Amount Outstanding of the C Notes. As a result, such holder(s), as at the Closing Date, will be able to block Noteholder Extraordinary Resolutions of the C Notes and pass or block Noteholder Ordinary Resolutions of the C Notes.

On the Closing Date, BNP Paribas (as sole A Loan Noteholder) will hold 100% of the Note Principal Amount Outstanding of each of the A Loan Notes and, as a result as at the Closing Date: (a) will be able to pass or block Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions of the A Loan Notes, and (b) will hold more than 25% but not more than 50% of the Note Principal Amount Outstanding of the Notes in the Most Senior Tranche (being the A Loan Notes and A Notes) and, therefore, will be able to block Noteholder Extraordinary Resolutions of the Notes in the Most Senior Tranche.

On the Closing Date, the Risk Retention Holder will hold 100% of the Note Principal Amount Outstanding of each of the D Notes, the E Notes, the F Notes, the Z Notes and the X Notes (including pursuant to the Retention Requirement and U.S. Retention Requirement). As a result, the Risk Retention Holder, as at the Closing Date, will be able to pass or block Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions of the D Notes, the E Notes, the F Notes, the Z Notes and the X Notes respectively.

Investment by Seller or its affiliates

The Seller and the Risk Retention Holder and/or any of their respective affiliates may purchase and hold any Notes. On the Closing Date, certain of the Market Notes (see 25.1 *Subscription Agreement*) may be allocated to affiliates of the Seller and/the Risk Retention Holder.

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1. Important information about this Prospectus

1.1 Prospective investors

1.1.1 Specialist expertise required of prospective investors

The purchase of Notes involves substantial risks and should not be considered except by investors who have the knowledge and experience in financial and business matters and expertise in assessing credit risk necessary to enable them to evaluate the risks, merits and suitability of an investment in the Notes. In addition and in general, investment in the Notes should not be considered except by investors who (among other things):

- have the requisite knowledge and experience in financial and business matters to evaluate the characteristics, risks and suitability of an investment in the Notes in the context of the investor's own circumstances and investment objectives;
- are capable of bearing the economic risk of an investment in the Notes for an indefinite period of time and have sufficient financial means to suffer any potential loss stemming therefrom;
- would enter into and maintain an interest in the Notes for their own account as a buy and hold investment (and not with a view to resale, distribution or other disposition);
- recognise that it may not be possible to make any transfer of the Notes for a substantial period of time, if at all; and
- recognise that, if at any time the Security for the Notes becomes enforceable, the net proceeds of any such enforcement may be insufficient to pay the amounts outstanding in respect of the Notes in full or at all. See further 4 *Risk factors*, Note Base Condition 3 *Status, Security and Priority of Payments* and Note Base Condition 10 *Enforcement by trustees*.

Each of the Issuer and any Joint Lead Manager may, in its discretion, disregard interest shown by a prospective investor even though that investor satisfies the foregoing suitability standards.

1.1.2 Prospective investors to consult and obtain advice

Prospective investors should determine whether an investment in any Notes is appropriate in their particular circumstances and should consult with their legal, business and tax advisers to determine the consequences of an investment in any Notes and to arrive at their own evaluations of the investment.

1.1.3 Prospective investors to consider suitability of investment

Each prospective investor must determine, based on its own independent review and such professional legal, financial, business, tax and other advice as it deems appropriate under the circumstances, whether and to what extent entering into and maintaining an investment by it in the Notes as principal or in a fiduciary capacity:

- is fully consistent with its or, as applicable, each beneficiary's particular financial needs, objectives and condition and circumstances;
- complies and is fully consistent with all laws, regulations and investment policies, guidelines and restrictions applicable to it or, as applicable, each beneficiary;
- has a treatment under any applicable regulatory laws, rules and/or guidance (including, without limitation, risk-based capital or similar rules) which is suitable or appropriate to it or, as applicable, each beneficiary; and
- is a fit, proper, appropriate and suitable investment for it or, as applicable, each beneficiary, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

1.1.4 Prospective investors to conduct independent investigation and analysis

Before making an investment decision, prospective purchasers of the Notes should conduct such independent investigation and analysis regarding the Issuer, all other relevant persons, the Security Assets, the Notes, and such market and economic factors as they deem appropriate to evaluate the merits and risks of an investment in the Notes. However, as part of such independent investigation and analysis, prospective purchasers of Notes should also consider carefully, in the light of their own financial circumstances and investment objectives, all the information set forth in this Prospectus.

Moreover, past performance should not be considered a reliable indicator of future performance, and prospective purchasers of the Notes are cautioned that any statements relating to past performance are not

guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer.

When making a decision whether to make an investment in the Notes, prospective investors should assume that neither the Issuer nor any Transaction Party (nor any person associated with any of them) has conducted or will conduct any investigation regarding the financial condition or affairs of the Issuer or any other entity, the Security Assets, the creditworthiness of any obligor in respect of the Security Assets and the validity or the enforceability of the Security Assets. Neither the Issuer, nor any Transaction Party nor any affiliate of any of them or any other person on its or their behalf makes any representation as to the credit quality of any of the Security Assets. Any information obtained from any Noteholder by any of such persons relating in any way to the credit quality of the Security Assets is not, and shall not be subject to, any duty of confidentiality by the recipient.

1.1.5 **Limited purpose of Prospectus and not a recommendation**

Neither this Prospectus nor any other information supplied in connection with the Transaction, is intended to provide the basis of any credit or risk evaluation and should not be considered as a recommendation by the Issuer or any Transaction Party that any recipient of this Prospectus or any other information should subscribe or purchase the Notes.

1.1.6 **Prospective investors responsible for their own taxes**

Each Noteholder will be solely responsible for any and all taxes of any jurisdiction or governmental or regulatory authority, including, without limitation, any state or local taxes or other like assessment or charges that may be applicable to any payment to it in respect of the Notes. Neither the Issuer nor any other person will pay any additional amounts to Noteholders to reimburse them for any tax, assessment or charge required to be withheld or deducted from payments in respect of the Notes by the Issuer, by the Note Registrar or by the Principal Paying Agent in respect of the Notes or in respect of any payments to be received by the Issuer in respect of the relevant Security Assets.

1.2 Availability of information for inspection

1.2.1 **Transaction Information Website**

Transaction Information Website means at any time the website used by the Issuer at that time for making available for inspection online and/or publishing certain information relating to the Issuer and the Transaction. Each Transaction Information Website and the contents available on it do not form part of this Prospectus and are not incorporated by reference into, and do not form part of the information provided for the purposes of, this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to the Transaction Information Website and persons wishing to access the information on the Transaction Information Website will be required to certify that they are entitled to access the information posted thereon. As at the date of this Prospectus, the Transaction Information Website is https://euroabs.com.

1.2.2 **Information available for inspection**

From the date of this Prospectus and throughout the period in which any Notes are outstanding, this Prospectus shall be available in electronic form which may be viewed free of charge on the website of the regulated market of the London Stock Exchange at:

https://www.londonstockexchange.com/news?tab=news-explorer,

and may also be viewed on the website of the United Kingdom's National Storage Mechanism at:

https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

For the life of this Prospectus and the period in which any Notes remain outstanding, a copy of:

- this Prospectus;
- the Memorandum and Articles of Association of the Issuer;
- each Investor Information Pack referred to in 1.2.3 *Post issuance transaction reporting*);
- the most recently published annual and (if any) interim financial statements of the Issuer from time to time, when available; and
- each Transaction Document (redacted as appropriate and as permitted by applicable law and regulation and excluding the Subscription Agreement and the EUFASF Subscription Terms referred to in the Subscription Agreement) as relevant to such Notes,

(to the extent that they relate to the Issuer and unless such documents have been modified or superseded):

- may be inspected online at the Transaction Information Website; and
- will be available in physical form from the Closing Date during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for inspection at and collection of copies from the Note Registrar Specified Office (see 6.1.29 *Specified Offices*) and the registered office of the Issuer (being 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland at the date of this Prospectus).

1.2.3 **Post issuance transaction reporting**

The Issuer will, from the Closing Date until the redemption in full of the last outstanding Notes, provide ongoing post-issuance information reporting in the form of a monthly information pack (the **Investor Information Pack**) which will include:

(a) the information required to be disclosed in accordance with the Issuer's obligations under the Transparency Rules as set out in the Subordinated Note Facility Agreement and as referred to in 21.3 *EU and UK transparency and reporting requirements*, including:

- a monthly Investor Report, prepared by the Cash Administrator, detailing, among other things, certain aggregated loan data in relation to the Portfolio and amounts paid by the Issuer pursuant to the Priority of Payments in respect of the relevant period and required counterparty information; and
- a monthly Loan-by-Loan Report, prepared by the Asset Special Servicer, containing certain anonymised loan-by-loan information in relation to each Mortgage Loan in the Portfolio; and

(b) the information required to be disclosed in accordance with the Risk Retention Holder's obligations under the Retained Interest as set out in the Subordinated Note Facility Agreement in respect of the Retained Interest as referred to in 21.2.2 *EU and UK risk retention undertakings*.

Each Investor Information Pack will be accessible via the Transaction Information Website (see 1.2.2 *Information available for inspection*) in electronic form for investors, potential investors and firms that generally provide services to investors, subject to the terms and conditions set out therein and will be provided to the Issuer, the Security Trustee, the Framework Administrator, the Asset Special Servicer, the Noteholders and the Rating Agencies, in each case on or before the 1st Business Day after each Payments Date.

Each Investor Information Pack will also be submitted to the EU Information Repository (see 21.3.2 *Compliance with Transparency Rules*).

1.2.4 **Basis of provision and access to information**

The Investor Information Packs and the content of the Transaction Information Website (see 1.2.2 *Information available for inspection*) and the EU Information Repository (see 21.3.2 *Compliance with Transparency Rules*) do not form part of this Prospectus or any other Prospectus and are not incorporated by reference into, and do not form part of the information provided for the purposes of, this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to the Transaction Information Website and the EU Information Repository and persons wishing to access the information on the Transaction Information Website and/or the EU Information Repository will be required to certify that they are entitled to access the information posted thereon.

1.3 Responsibility and representations

1.3.1 **Responsibility of the Issuer**

This Prospectus has been prepared for the purpose of providing information with regard to the Issuer and, the Notes. The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the Issuer's knowledge, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import. Any information sourced from third parties contained in this Prospectus has been accurately reproduced (and is clearly sourced where it appears in this Prospectus) and, as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

1.3.2 **Limited responsibility statements by certain other parties**

Specified Entity	Specified Sections of this Prospectus
Banco Bilbao Vizcaya Argentaria, S.A.	10.2 *Banco Bilbao Vizcaya Argentaria, S.A.*.
Pepper Spanish Servicing, S.L.U.	10.3 *Pepper Spanish Servicing, S.L.U. and Pepper Advantage Limited.*
Barclays Bank PLC	10.4 *Barclays Bank PLC*.
U.S. Bank Trustees Limited	10.5 *U.S. Bank Trustees Limited*.
U.S. Bank Global Corporate Trust Limited	10.6 *U.S. Bank Global Corporate Trust Limited*.
U.S. Bank Europe DAC	10.7 *U.S. Bank Europe DAC*.
Porta Falsa DAC	10.8 *Porta Falsa DAC*.
BNP Paribas	10.9 *BNP Paribas*.
Continental Structured Ventures, Ltd.	10.10 *Continental Structured Ventures, Ltd.*.
Law Debenture (Ireland) Limited	10.11 *Law Debenture (Ireland) Limited*.

In relation to each person listed in the *Specified Entity* column of the above table (the relevant **Specified Entity**):

- that Specified Entity accepts responsibility for the information set out in each section (each a **Specified Section** in relation to that Specified Entity) of this Prospectus having the heading indicated adjacent to that Specified Entity's name in the *Specified Sections of this Prospectus* column of the above table;
- to the best of the knowledge of that Specified Entity, the information contained in each Specified Section in respect of that Specified Entity is in accordance with the facts and each Specified Section in respect of that Specified Entity makes no omission likely to affect its import; and
- no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Specified Entity as to the accuracy or completeness of any information contained in this Prospectus (other than each Specified Section in respect of that Specified Entity) or any other information supplied in connection with the Notes or their distribution.

1.3.3 **No responsibility of or representations by other persons**

The information contained in this Prospectus has not been separately verified by any Transaction Party. Except as stated in 1.3.1 *Responsibility of the Issuer* and 1.3.2 *Limited responsibility statements by certain other parties*, no Transaction Party makes any representation, recommendation or warranty, express or implied, or accepts any responsibility with respect to the accuracy, adequacy, reasonableness or completeness of any of the information in this Prospectus or in any further information which may at any time be supplied by the Issuer in connection with the Notes.

1.3.4 **Not to rely on unauthorised information and representations**

No person has been authorised to give any information or to make representations other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer, the directors of the Issuer or by any Transaction Party.

1.4 No assurance of continuing accuracy

1.4.1 **Information and matters described in Prospectus may change**

Neither the delivery of this Prospectus nor any sale made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information in this Prospectus or the affairs or condition of the Issuer since the date upon which this Prospectus have been most recently issued, amended or supplemented or that any other information supplied in connection with the Transaction is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in this Prospectus.

1.4.2 **No duty of any Transaction Party to review or update information**

No Transaction Party undertakes to, and no Transaction Party shall have any responsibility or duty to, investigate or review any of such information, affairs or condition, to keep any of such information, affairs or condition under review or to provide any investor or prospective investor in the Notes, with any information in relation to such information, affairs or condition or to advise as to the attendant risks.

1.4.3 **No duty of any Transaction Party to notify investors of other information**

Any Transaction Party may have acquired, or during the term of the Notes may acquire, non–public information with respect to the affairs or condition of the Issuer (including, without limitation, the Notes or the Security Assets). No Transaction Party is under any obligation to make such information available to Noteholders or to notify or advise any investor or prospective investor in the Notes in respect of such information or any other matter.

1.5 Forward-looking statements

Certain statements contained in this Prospectus are forward-looking statements within the meaning of Section 27A of the U.S. Securities Act and Section 21E of the U.S. Exchange Act. Such forward-looking 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', 'estimates', 'anticipates', 'continues', 'intends', 'plans' or, in each case, their negative or other variations or comparable terminology.

Such forward-looking statements appear in a number of places throughout this Prospectus and involve:

- significant assumptions and subjective judgments by the Issuer that may not prove to be correct; and
- known and unknown risks, uncertainties and other important factors,

that could cause the actual results and performance of the Notes, the Issuer, other Transaction Parties, the Security Assets and/or the Spanish residential mortgage loan industry to differ materially from any future results or performance expressed or implied in the forward-looking statements.

In addition, even if the results and performance of the Notes, the Issuer, other Transaction Parties, the Security Assets and/or the Spanish residential mortgage loan industry, are consistent with the forward-looking statements set out in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements which are made in this Prospectus speak only as of the date of such statements and are not guarantees of future performance. Actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements. Factors that could cause or contribute to such differences include those discussed in 4 *Risk factors*. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements in this Prospectus.

Neither the Issuer nor any Transaction Party intends, or has or assumes any obligation, to revise the forward-looking statements included in this Prospectus to reflect any future events or circumstances.

Neither the Issuer nor any other Transaction Party has attempted to verify any forward-looking statements, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of the forward-looking statements.

1.6 Statistical Information

This Prospectus also contains certain tables and other statistical analyses (the **Statistical Information**) which have been prepared in reliance on information provided by the Issuer. 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 it is 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.

Neither the Issuer nor any other Transaction Party has attempted to verify any 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 the Statistical Information.

1.7 Restrictions must be ascertained and observed

1.7.1 Investors or prospective investors to ascertain applicable restrictions

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and each Transaction Party to inform themselves about and to observe any such restrictions.

1.7.2 Restriction on use of Prospectus in certain jurisdictions

This Prospectus does not constitute and may not be used for the purposes of any offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and, except as expressly indicated otherwise in this Prospectus, no action is being taken to permit an offering of the Notes or the distribution of this Prospectus in any jurisdiction where such action is required.

1.7.3 Restrictions on types of transactions and investors

Certain restrictions on offers and sales of the Investment Notes and on distribution of this Prospectus are referred to in 25.2 *Selling restrictions*.

Each initial and subsequent purchaser of Investment Notes will be deemed, by its acceptance of such Investment Notes to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as set forth therein and described in this Prospectus and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. For a description of certain restrictions on resales and transfers, see 26 *Transfer Regulations*.

The Issuer and the Joint Lead Managers reserve the right to reject any offer to purchase the Investment Notes, in whole or in part, for any reason.

1.7.4 No reliance by investors or prospective investors

A prospective investor may not rely on the Issuer, any Transaction Party or any affiliate of any of them or any other person acting on its or their behalf (and none of them assumes responsibility to or shall be liable to any such investor) in connection with its determination as to the legality or lawfulness of the acquisition of the Notes by such investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it, or as to the other matters referred to in 1.1 *Prospective investors*.

1.7.5 Product governance target market

(a) **EU MiFID II product governance - Professional investors and ECPs only target market**

In addition to what is indicated in the next paragraph, solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Investment Notes has led to the conclusion that:

- the target market for the Investment Notes is 'eligible counterparties' and 'professional clients', each as defined in EU MiFID II; and
- all channels for distribution of the Investment Notes to such 'eligible counterparties' and 'professional clients' are appropriate.

Any person subsequently offering, selling or recommending the Investment Notes (a **distributor**) should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Investment Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

(b) **UK MiFIR product governance - Professional investors and ECPs only target market**

In addition to what is indicated in the preceding paragraph, solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Investment Notes has led to the conclusion that:

- the target market for the Investment Notes is 'eligible counterparties', as defined in the FCA Handbook Conduct of Business Sourcebook (**COBS**), and 'professional clients', as defined in Article 2(1)(13A) of UK MiFIR; and

- all channels for distribution of the Investment Notes to such 'eligible counterparties' and 'professional clients' are appropriate.

Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Investment Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

1.8 Further restrictions regarding the United States

1.8.1 No registration made or approval obtained under United States laws

The Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States or any other relevant jurisdiction and the Notes are subject to U.S. tax law requirements.

The Issuer has not been and will not be registered under the U.S. Investment Company Act and, subject to certain exceptions, the Notes may not be offered, sold, pledged, delivered or otherwise transferred within the United States or to, or for the account or benefit of, a U.S. person (as defined in Regulation S) unless registered under the U.S. Securities Act, or in reliance on an exemption from or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the SEC), any securities commission of any state or other jurisdiction in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or confirmed the accuracy or determined the adequacy of the information contained in this Prospectus. Any representation to the contrary is unlawful.

1.8.2 Offerings in reliance on Regulation S and Rule 144A

The Rule 144A Notes are only being offered and sold:

- in the United States or to or for the benefit of U.S. persons who are Qualified Institutional Buyers purchasing for their own account or one or more accounts with respect to which they exercise sole investment discretion, each of which is a Qualified Institutional Buyer, in each case in reliance on an exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A or in reliance on another available exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, or
- outside the United States in reliance on Regulation S to non-U.S. Persons in offshore transactions (as defined in Regulation S).

The Rule 144A Notes are subject to restrictions on transferability and resale and may not be transferred or resold except (a) as permitted under the U.S. Securities Act in accordance with Rule 144A and Regulation S and (b) in reliance on the requirements of, or an exemption under, applicable securities laws of any state or other jurisdiction of the United States.

This Prospectus does not constitute an offer to any person in the United States or to any U.S. Person, other than any Qualified Institutional Buyer to whom an offer has been made directly by any Joint Lead Manager or any Joint Lead Manager's U.S. broker-dealer affiliate. Distribution of this Prospectus to any U.S. Person, other than a Qualified Institutional Buyer and those persons, if any, retained to advise such Qualified Institutional Buyer with respect thereto, is unauthorised and prohibited, and any disclosure without the prior written consent of the Issuer of any of its contents to any U.S. Person, other than a Qualified Institutional Buyer and those persons, if any, retained to advise such Qualified Institutional Buyer, is prohibited.

Except for any Rule 144A Notes, all Investment Notes are being offered solely outside the United States in reliance on Regulation S to non-U.S. Persons in offshore transactions (as defined in Regulation S).

1.8.3 Available information for resale of Rule 144A Notes

In compliance with Rule 144A with respect to the sale, resale or other transfer of the Rule 144A Notes, for so long as the Rule 144A Notes remain outstanding and are 'restricted securities' within the meaning of Rule 144(a)(3) under the U.S. Securities Act, the Issuer will be required to furnish, upon request of a holder of such Rule 144A Note, or any beneficial owner therein or any prospective purchaser thereof, to such holder or beneficial owner and any prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the U.S. Securities Act if, at the time

of the request, the Issuer is neither a reporting company under Section 13 or Section 15(d) of the U.S. Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the U.S. Exchange Act.

1.8.4 Certain aspects relating to enforcement action against the Issuer in the United States

The Issuer is a designated activity company limited by shares incorporated in Ireland (see 10.1 *Lugo Funding 2026-1 DAC*). All of the Issuer's assets are located outside the United States. None of the officers and directors of the Issuer are residents of the United States. As a result, it may not be possible for investors to effect, within the United States, service of process upon the Issuer or any such person not residing in the United States or to enforce against them judgments of courts of the United States (including, without limitation, where predicated upon the civil liability provisions of securities laws of the United States).

1.8.5 Information as to placement within the United States

This Prospectus has been prepared by the Issuer solely for use in connection with the issue of the Investment Notes. This Prospectus is personal to each prospective investor to whom it has been delivered by the Issuer, the Joint Lead Managers or any of their respective affiliates and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Investment Notes. Distribution of this Prospectus in the United States to any persons other than the prospective investors and those persons, if any, retained to advise such offerees with respect thereto is unauthorised, and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited.

Notwithstanding the foregoing, each prospective investor (and each employee, representative or other agent of each prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Investment Notes and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure. For these purposes, the tax treatment of an investment in the Investment Notes means the purported or claimed United States federal income tax treatment of an investment in the Investment Notes. Moreover, the tax structure of an investment in the Investment Notes includes any fact that may be relevant to understanding the purported or claimed United States federal income tax treatment of an investment in the Investment Notes.

1.9 Limited services of Arranger and the Joint Lead Managers

The Arranger and the Joint Lead Managers are each authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority and the Financial Conduct Authority in the United Kingdom.

None of the Arranger or the Joint Lead Managers is acting for any actual or prospective holders of Investment Notes, and are neither advising nor treating as a client any actual or prospective holders of Investment Notes and will not be responsible to anyone other than the Issuer for providing the protections afforded to its clients nor for providing the services in relation to the offering described in, or any transaction or arrangement referred to in, this Prospectus.

None of the Arranger or the Joint Lead Managers nor any of their respective affiliates has authorised the content of, or any part of, this Prospectus.

1.10 Interpretation and diagrams

1.10.1 Defined terms

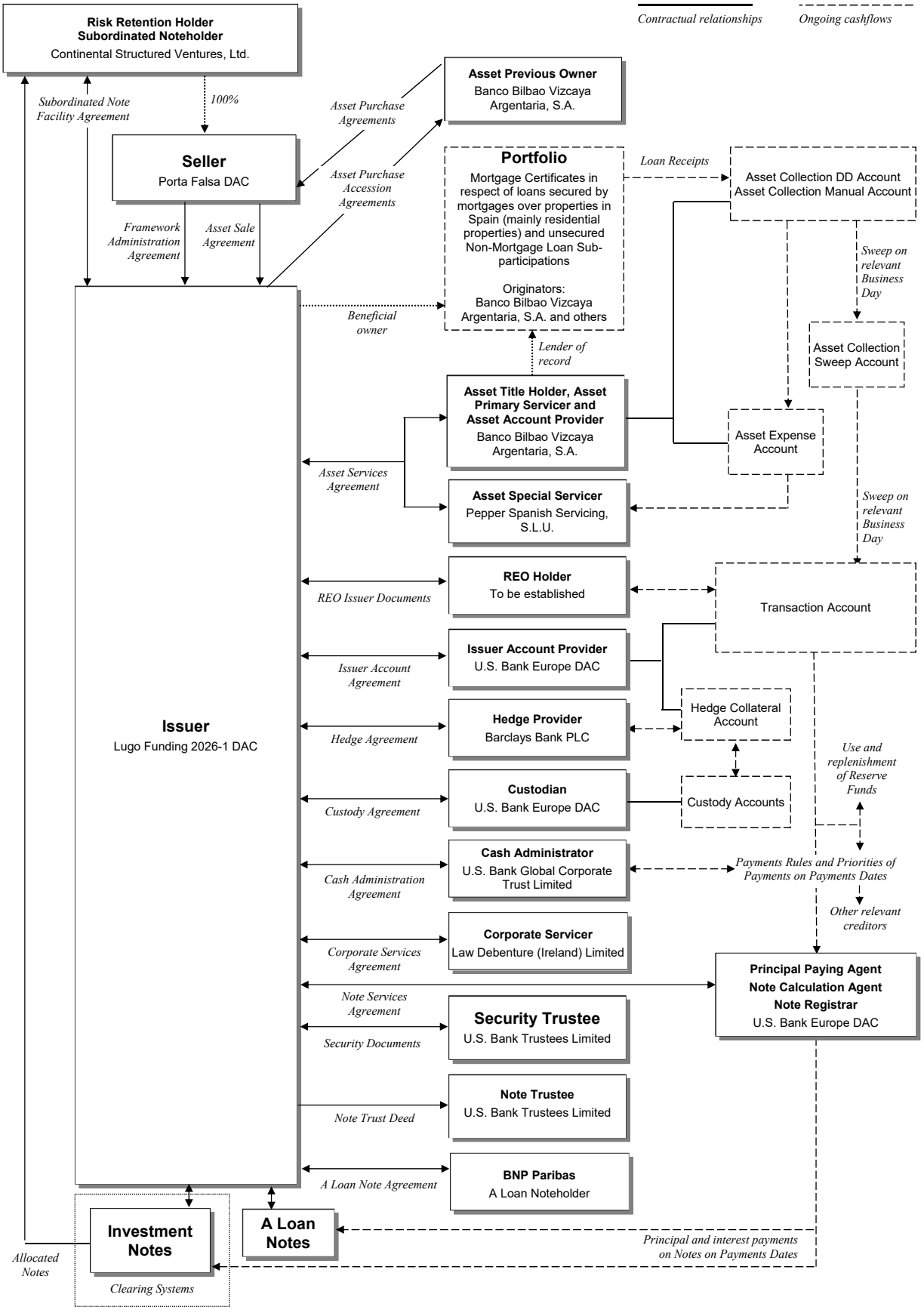
Please refer to 28 *Index of definitions* to find the page in this Prospectus on which a capitalised term is defined.

1.10.2 Headings and diagrams

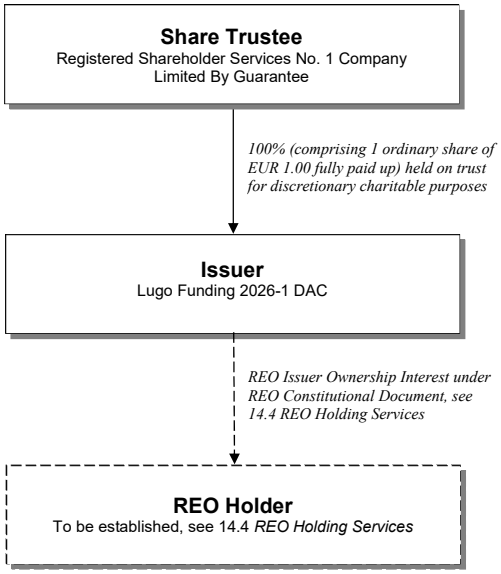
Each heading and diagram appearing in this Prospectus may not be complete or contain all details and is only for the purpose of providing an overview. Each heading and diagram must be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this Prospectus.

2. Diagrammatic overview of the Transaction

The following diagram is intended to provide an overview of the structure, main parties and ongoing cashflows in relation to the Transaction:



The following diagram shows the corporate structure of the Issuer (see 10.1 *Lugo Funding 2026-1 DAC* below):



3. Transaction Parties on the Closing Date

3.1 Table of Transaction Parties

The persons who are party to the applicable Transaction Documents (each a **Transaction Party)** comprise:

Party	Name and address	Document under which appointed / Further Information
Issuer	Lugo Funding 2026-1 DAC 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland	See further 10.1 *Lugo Funding 2026-1 DAC*.
Seller	Porta Falsa DAC 8-34 Percy Place, Percy Exchange, Dublin 4, D04 P5K3, Ireland	Asset Sale Agreement. See further 10.8 *Porta Falsa DAC* and 11.2.1 *Asset Sale Agreement* below.
Asset Title Holder and **Asset Primary Servicer**	Banco Bilbao Vizcaya Argentaria, S.A. Plaza de San Nicolás 4, Bilbao 48005, Spain	Asset Services Agreement. See further 10.2 *Banco Bilbao Vizcaya Argentaria, S.A.,* 11.3 *Formal title to the Portfolio* and 14.2 *Asset Title Duties*.
Asset Special Servicer	Pepper Spanish Servicing, S.L.U. Calle Albasanz 15, Edificio B, Planta 1º, 28037 Madrid, Spain	Asset Services Agreement. See further 10.3 *Pepper Spanish Servicing, S.L.U. and Pepper Advantage Limited* and 14.3 *Asset Special Services*.
Asset Special Servicer Guarantor	Pepper Advantage Limited Harman House, 1 George Street, Uxbridge, Middlesex UB8 1QQ, United Kingdom	Asset Services Agreement. See further 10.3 *Pepper Spanish Servicing, S.L.U. and Pepper Advantage Limited* and 14.3 *Asset Special Services*.
Asset Previous Owner	Banco Bilbao Vizcaya Argentaria, S.A. Plaza de San Nicolás 4, Bilbao 48005, Spain	Asset Purchase Accession Agreements. See further 10.2 *Banco Bilbao Vizcaya Argentaria, S.A.* and 11.2.3 *Acquisition of Portfolio by Seller*.
REO Holder	To be established shortly before a REO occurs.	REO Issuer Documents. See further 14.4 *REO Holding Services*.
Cash Administrator	U.S. Bank Global Corporate Trust Limited 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom	Cash Administration Agreement. See further 10.6 *U.S. Bank Global Corporate Trust Limited* and 14.7 *Cash Administration Services*.
Custodian	U.S. Bank Europe DAC Block F1, Cherrywood Business Park, Cherrywood, Dublin 18 D18 W2X7, Ireland	Custody Agreement. See further 10.7 *U.S. Bank Europe DAC* and 14.8 *Custody Services*.
Asset Account Provider	Banco Bilbao Vizcaya Argentaria, S.A. Plaza de San Nicolás 4, Bilbao 48005, Spain	Asset Services Agreement. See further 10.2 *Banco Bilbao Vizcaya Argentaria, S.A.* and 14.5 *Asset Account Services*.
Issuer Account Provider	U.S. Bank Europe DAC Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland	Issuer Account Agreement. See further 10.7 *U.S. Bank Europe DAC* and 14.6 *Issuer Account Services*.
Note Registrar, **Principal Paying Agent** and **Note Calculation Agent**	U.S. Bank Europe DAC Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland	Note Services Agreement. See further 10.7 *U.S. Bank Europe DAC* and 14.9 *Note Services*.
Framework Administrator	Porta Falsa DAC 8-34 Percy Place, Percy Exchange, Dublin 4, D04 P5K3, Ireland	Framework Administration Agreement. See further 10.8 *Porta Falsa DAC* and 14.11 *Framework Administration Services*.

Party	Name and address	Document under which appointed / Further Information
Corporate Servicer	Law Debenture (Ireland) Limited 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland	Corporate Services Agreement. See further 10.11 *Law Debenture (Ireland) Limited* and 14.10 *Corporate Services*.
Share Trustee	Registered Shareholder Services No. 1 Company Limited By Guarantee 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland	Corporate Services Agreement and Share Trust Deed. See further 10.1.1(b) *Share capital of the Issuer held by a charitable trust* below and 14.10 *Corporate Services*.
Hedge Provider	Barclays Bank PLC 1 Churchill Place, Canary Wharf, London E14 5HP, United Kingdom	Hedge Agreement. See further 10.4 *Barclays Bank PLC* and 18.9.1 *Hedge Agreement*.
A Loan Noteholder	BNP Paribas 16 boulevard des Italiens, 75009 Paris, France	A Loan Note Agreement. See further 10.9 *BNP Paribas* and 18.5 *A Loan Note Agreement*.
Subordinated Noteholder	Continental Structured Ventures, Ltd. c/o Waystone Corporate Services (Cayman) Limited, SIX Cricket Square, George Town, Grand Cayman KY1-1103, Cayman Islands	Subordinated Note Facility Agreement. See further 10.10 *Continental Structured Ventures, Ltd.* and 18.6 *Subordinated Note Facility Agreement* below.
Portfolio Purchase Option Holder	Continental Structured Ventures, Ltd. c/o Waystone Corporate Services (Cayman) Limited, SIX Cricket Square, George Town, Grand Cayman KY1-1103, Cayman Islands	Portfolio Purchase Option Deed. See further 15.5.1 *Grant of Portfolio Purchase Option*.
Risk Retention Holder	Continental Structured Ventures, Ltd. c/o Waystone Corporate Services (Cayman) Limited, SIX Cricket Square, George Town, Grand Cayman KY1-1103, Cayman Islands	Subscription Agreement. See further 10.10 *Continental Structured Ventures, Ltd.* and 25.1 *Subscription Agreement*.
Security Trustee	U.S. Bank Trustees Limited 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom	Irish Security Deed, English Security Deed and Security Intercreditor Deed. See further 10.5 *U.S. Bank Trustees Limited* and 20 *Security and intercreditor arrangements*.
Note Trustee	U.S. Bank Trustees Limited 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom	Note Trust Deed. See further 10.5 *U.S. Bank Trustees Limited* and 15.6 *Limited role and liability of Note Trustee*.
Arranger	Barclays Bank PLC 1 Churchill Place, Canary Wharf, London E14 5HP, United Kingdom	Subscription Agreement. See further 25.1 *Subscription Agreement*.
Joint Lead Managers	Barclays Bank PLC 1 Churchill Place, Canary Wharf, London E14 5HP	Subscription Agreement. See further 25.1 *Subscription Agreement*.
	BNP Paribas 16 boulevard des Italiens, 75009 Paris, France	Subscription Agreement. See further 25.1 *Subscription Agreement*.

3.2 Table of other relevant persons

The following are not Transaction Parties but are, to the extent indicated in this Prospectus, relevant to the Notes:

Person	Name and address	Further Information
Rating Agencies	Kroll Bond Rating Agency Europe Limited 2nd Floor, One George's Quay Plaza, George's Quay, Dublin 2, D02 E440, Ireland, and S&P Global Ratings Europe Limited Fourth Floor, Waterways House, Grand Canal Quay, Dublin 2, Ireland	See further 6.1.27 *Note Ratings*, 18.11 *Arrangements relating to Note Ratings* and 21.9 *Rating Agencies*.
Clearing Systems	Clearstream Banking, *S.A.* 42 Avenue JF Kennedy, L-1855 Luxembourg, and Euroclear Bank SA/NV 1 Boulevard du Roi Albert II, 1210, Brussels, Belgium	See further 6.1.24 *Clearance / settlement* and 15.3 *Notes held in a Clearing System*.
FCA (as the United Kingdom's securities regulator)	Financial Conduct Authority 12 Endeavour Square, London E20 1JN	The Financial Conduct Authority has not entered into any appointment in relation to the Transaction. See further *Listing* on page i and 6.1.23 *Application for Listing* below.
London Stock Exchange Stock Exchange	London Stock Exchange plc 10 Paternoster Square, London EC4M 7LS	The London Stock Exchange plc has not entered into any appointment in relation to the Transaction. See further *Listing* on page i and 6.1.23 *Application for Listing* below.
EU Information Repository	SecRep B.V. Corkstraat 46, 3047 AC, Rotterdam, The Netherlands	See further 6.2.19 *Provision of Information to the Noteholders* and 21.3.2 *Compliance with Transparency Rules*.

3.3 Transaction Documents

The main legal documents in relation to the Transaction (the **Transaction Documents**) comprise:

- the Investment Notes (including the Note Conditions) and the Note Trust Deed (see 6.1.1 *Constitution of the Notes*);
- the Loan Notes and the A Loan Note Agreement (see 18.5 *A Loan Note Agreement*);
- each of the following (each being a **Security Document**, see 20.2.1 *Security Documents*), being:
  - each Spanish Security Document, comprising:
    - the Spanish Assets Pledge (see 20.2.3(a) *Spanish Assets Pledge*);
    - the Spanish Bank Accounts Pledge (see 20.2.3(b) *Spanish Bank Accounts Pledge*;
    - the Spanish Document Rights Pledge (see 20.2.3(c) *Spanish Document Rights Pledge*);
    - the Spanish Security Attorney Deed (see 20.2.3(d) *Spanish Security Attorney Deed*); and
    - (if the REO Company Approach is used for the REO Holder) the Spanish REO Share Pledge (see 20.2.3(e) *Spanish REO Share Pledge*);
  - the Irish Security Deed (see 20.2.4 *Irish Security Deed*);
  - the English Security Deed (see 20.2.5 *English Security Deed*);
  - the Security Intercreditor Deed (see 20.1.2 *Security Intercreditor Deed*); and
  - each Security Supplemental Deed (if any) (see 20.2.1 *Security Documents*);
- the Asset Sale Agreement (see 11.2.1 *Asset Sale Agreement*);

- each Asset Purchase Accession Agreement and, to the extent applicable to the Issuer by virtue of the Asset Purchase Accession Agreements, each Asset Purchase Agreement (see 11.2.4 *Asset Purchase Accession Agreements*);
- the Portfolio Purchase Option Deed (see 15.5 *Portfolio Purchase Option and early redemption of the Notes*);
- the Hedge Agreement (see 18.9.1 *Hedge Agreement*);
- each Transaction Services Agreement (see 14.1 *Overview of provision of services to the Issuer*), being:
  - the Asset Services Agreement (see 14.3 *Asset Special Services*);
  - the REO Loan Facility Agreement (14.4 *REO Holding Services*);
  - the Issuer Account Agreement (see 14.6 *Issuer Account Services*);
  - the Custody Agreement (see 14.8 *Custody Services*);
  - the Cash Administration Agreement (see 14.7 *Cash Administration Services*);
  - the Note Services Agreement (see 14.9 *Note Services*);
  - the Corporate Services Agreement (see 14.10 *Corporate Services*); and
  - the Framework Administration Agreement (see 14.11 *Framework Administration Services*);
- the Subscription Agreement (see 25.1 *Subscription Agreement*);
- the Subordinated Note Facility Agreement (see 18.6 *Subordinated Note Facility Agreement*);
- a Spanish law governed zero deed (the **Spanish RMBS Zero Deed**) regulating the validity and effectiveness of each Spanish Security Document (other than, as applicable, the Spanish REO Share Pledge), the Asset Sale Agreement, the Transaction Deed and the Asset Services Agreement subject to the cumulative fulfilment of the milestones described therein;
- the Transaction Deed (see 3.3.1 *Transaction Deed*); and
- the Framework Terms (see 3.3.2 *Framework Terms*).

3.3.1 **Transaction Deed**

Some of the Transaction Documents will be constituted by the relevant parties entering into a **Transaction Deed** which specifies the terms of the relevant Transaction Document (and all or part of such terms may be incorporated by reference into one or more other documents).

3.3.2 **Framework Terms**

Most of the Transaction Documents (including the Notes) incorporate by reference the Lugo 2026-1 RMBS Framework Terms (the **Framework Terms**) which, among other things, includes definitions of terms and forms of clauses for such purpose. Such definitions are substantially the same as the definitions of the same terms appearing in this Prospectus.

3.3.3 **Governing law**

(a) **Spanish Transaction Documents**

Each of the **Spanish Transaction Documents**, being:

- each Spanish Security Document;
- (if the REO Company Approach is used for the REO Holder) the articles of association of the REO Holder;
- the Asset Sale Agreement;
- each Asset Purchase Accession Agreement and, to the extent applicable to the Issuer by virtue of an Asset Purchase Accession Agreement, each Asset Purchase Agreement;
- the Asset Services Agreement; and
- the Spanish RMBS Zero Deed,

is or will be governed by the laws of Spain.

(b) **Irish Transaction Documents**

Each of the **Irish Transaction Documents**, being:

- the Irish Security Deed;

- (if the REO LP Approach is used for the REO Holder) the REO Irish Security Deed and the REO Limited Partnership Agreement;
- the Issuer Account Agreement; and
- the Corporate Services Agreement,

is or will be governed by the laws of Ireland.

(c) **English Transaction Documents**

Each of the **English Transaction Documents**, being each Transaction Document which is not a Spanish Transaction Document or an Irish Transaction Document, is or will be governed by English law.

4. Risk factors

The following is a description of the principal risks associated with an investment in the Notes. These risk factors are material to an investment in the Notes and in the Issuer. Prospective Noteholders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.

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

Although the various risks discussed in this Prospectus are generally described separately, prospective investors in the Notes should consider the potential effects of the interplay of multiple risk factors. Where more than one significant risk factor is present, the risk of loss to Noteholders may be significantly increased. There are many circumstances in which layering of multiple risks with respect to the Portfolio and the Notes may magnify the effect of those risks. Accordingly, investors should carefully consider the potential effects of layered risks.

The purchase of Notes involves substantial risks and should not be considered except by investors who have the knowledge and experience in financial and business matters and expertise in assessing credit risk necessary to enable them to evaluate the risks, merits and suitability of an investment in the Notes, see further 1.1 *Prospective investors*.

4.1 Risks relating to certain aspects of the Notes

4.1.1 The Notes are solely the obligations of the Issuer

The Notes will be solely the obligations of the Issuer. The Notes will not be obligations or the responsibility of, or guaranteed by, any person other than the Issuer. Furthermore, no person, other than the Issuer, has, accepts, will have or will accept any liability whatsoever in respect of any failure by the Issuer to pay or discharge any liability in respect of the Notes.

4.1.2 Limited funds available to the Issuer may be insufficient

Given that the Issuer is a special purpose vehicle with limited assets and funds, the ability of the Issuer to meet its obligations (including contingent and future obligations) in relation to the Transaction (including, without limitation, to pay principal of and interest on the Notes and its operating and administration expenses) will primarily be dependent on funds being received under the Security Assets (including, without limitation, the sources of funds indicated in 18 *Credit structure* and the rights of the Issuer in certain circumstances specified in the Transaction Documents (see 3.3 *Transaction Documents*) to receive amounts from Transaction Parties).

In particular, the net sums (if any) realised in respect of the Security Assets following a Security Realisation Date may be insufficient to pay all the amounts outstanding to the Noteholders and the other Security Creditors in accordance with the Payments Rules, or at all.

In such events, any shortfall shall be borne by the Noteholders and other Security Creditors according to the Payments Rules specified in 19 *Payments Rules* and, therefore, in some circumstances investors may lose the value of their entire investment or part of it, as the case may be.

4.1.3 Limited recourse

All amounts, obligations and liabilities due, owing, incurred or payable by the Issuer (whether actual or contingent, present or future, contractual or non-contractual) to a Noteholder from time to time are, and shall continue to be, limited in recourse and immediately with effect from (and including) the occurrence of any Security Post Realisation Date (see 20.3.4 *Security Post Realisation Date*):

- each Noteholder and all other Security Creditors shall cease to have any right or claim against the Issuer in respect of any such amounts, obligations and liabilities; and
- all of such amounts, obligations and liabilities shall be treated as discharged and extinguished in full,

(see Note Base Condition 11.2 *Limited recourse* and 20.1.2 *Security Intercreditor Deed*). In such events, any shortfall shall be borne by the Noteholders and other Security Creditors according to the Payments Rules specified in 19 *Payments Rules* and, therefore, in some circumstances investors may lose the value of their entire investment or part of it, as the case may be.

4.1.4 **Limits on action that can be taken against the Issuer and its assets**

Only the Security Trustee may pursue the remedies available under the Security Documents and the other Transaction Documents to enforce the rights of the Noteholders and other Security Creditors. None of the Noteholders and other Security Creditors (other than the Security Trustee) shall be entitled to proceed directly against the Issuer or any assets of the Issuer. In particular, it should be noted that:

- neither the Security Trustee nor any Noteholder or other Security Creditor, shall be entitled to petition or take any other step for the winding–up or administration of the Issuer in relation to a shortfall remaining outstanding after the realisation of the Security Assets or in respect of any of the Issuer's other liabilities whatsoever; and
- each Security Creditor agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Security Intercreditor 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 Security Intercreditor Deed shall be received and held by it as trustee for the Security Trustee and shall be paid over to the Security Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Security Intercreditor Deed,

and, in any such circumstances, any shortfall shall be borne by the Noteholders and other Security Creditors according to the Payments Rules specified in 19 *Payments Rules* and, therefore, in some circumstances investors may lose the value of their entire investment or part of it, as the case may be.

4.1.5 **Credit and liquidity risk**

The Issuer is subject to the risk of default in payment or delay in payment by the Debtors (see further 4.2.2 *Delinquencies or default by Debtors in relation to Loans*, 4.2.3 *Factors affecting amount available for repayment of Loans*, 4.2.5 *Risk of losses associated with restructuring of Loans*, 12 *Provisional Portfolio summary data* and 13 *Historical data*) and the failure or delay by the Transaction Servicers on behalf of the Issuer (see further 4.4 *Risks relating to other parties*), in realising or recovering sufficient funds under the arrears and default procedures in respect of any Loans and/or (as applicable) their Mortgage Security in the Portfolio and/or in respect of REOs in order to discharge all amounts due and owing by the relevant Debtor(s) under such Loans and/or (as applicable) their Mortgage Security, which may adversely affect payments on the Notes. This risk is mitigated to some extent by certain credit structure features which are described in 18 *Credit structure* and 19 *Payments Rules*. However, no assurance can be made as to the effectiveness of such credit enhancement features, or that such credit structure features will protect the Noteholders from all risk of loss. Should there be credit losses arising in respect of the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio, this could have an adverse effect on the ability of the Issuer to make payments of interest and/or principal on the Notes.

4.1.6 **Interest rate basis risks between the Notes and the Loans**

As indicated in 11.6.4 *Mortgage Loan Interest Rates*, the Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio include:

- Fixed Rate Loans, where the rate of interest cannot be varied during the relevant fixed rate period; and
- Tracker Rate Loans, where the rate of interest is set at a fixed margin over the relevant specified reference rate from time to time during the tracked rate period.

As a result, the Issuer may be exposed to the risk of an adverse interest differential between the rate, accrual and receipt of interest receivable in respect of such Loans, on the one hand, and the rate, accrual and payment of interest payable on the Notes on the other hand (for example, where those Loans are fixed rate and those Notes are floating rate and/or *vice versa* and/or where those Loans and the Notes have different floating rates which are reset at different times and/or using different methodologies). Any such adverse interest differential could result in the Issuer having insufficient funds to pay amounts due on the Notes or delaying payment of all or part of such amounts (which may in turn reduce the value and/or marketability of the Notes).

Except for the hedging indicated in 18.9 *Hedging of some interest basis risks*, the Issuer will not have entered into, and will not be obliged to or have any duty to enter into, any interest hedging arrangements in relation to the Transaction. Although the Hedge Cap Transaction is intended to provide a degree of hedging for a specified period in relation to interest rate risks exceeding the Hedge Cap Rate, such Hedge Cap Transaction may not provide complete hedging protection in all circumstances. In addition, there is no assurance that such Hedge Cap Transaction will provide the expected hedging protection for the relevant specified period (see 4.4 *Risks relating to other parties*).

As described in 18.9.1 *Hedge Agreement*, the Issuer will enter into the Hedge Cap Transaction governed by the Hedge Agreement with the Hedge Provider on the Closing Date to provide an interest rate cap to hedge against the possible variance (subject to the Hedge Cap Rate) between the rates of interest payable on the Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio and a rate of interest calculated by reference to EURIBOR payable on the Rated Notes during the period from and including the Closing Date to the Payments Scheduled Date falling in October 2035.

The hedging provided by the Hedge Cap Transaction under the Hedge Agreement is calculated by reference to Hedge Notional Amounts set out in the Hedge Notional Amount Schedule (see 18.9.3 *Hedge calculations and payments*).

As such, the aggregate Loan Principal Balance of those Loans from time to time may be different from the applicable Hedge Notional Amount at that time and hence there is a potential mismatch from time to time between the Hedge Notional Amount and the Loan Principal Balance of those Loans at that time.

The Issuer has not entered into any interest rate swap or other hedging transaction in relation to those Loans, which in turn may result in insufficient funds being made available to the Issuer for the Issuer to meet its obligations under the Notes.

As such, the Issuer is subject to the risk of a mismatch between the rate of interest payable in respect of those Loans and the rate of interest payable in respect of the Notes and, as a result, payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes.

4.1.7 **Potential change to Reference Rate and Interest Margin and/or how they are determined**

As indicated in 6.1.7 *Interest Rate*, EURIBOR is the benchmark Reference Rate to be used in determining the Interest Rate applicable to the Floating Rate Notes.

(a) **Alternatives may be used to determine the Reference Rate**

Note Base Condition 5.3 *Reference Rate* and some of the defined expressions used in that Note Base Condition indicate alternatives to be used in determining the Reference Rate in the event that the applicable EURIBOR rate cannot be determined on an Interest Rate Setting Date. There is no assurance that those alternatives will result in the determination of the Reference Rate on an Interest Rate Setting Date. If so, the Reference Rate on that Interest Rate Setting Date shall be the Reference Rate most recently determined in relation to Notes in relation to a previous Interest Period (see Note Base Condition 5.3 *Reference Rate*).

(b) **Potential for Reference Rate Modification and Interest Margin Modification**

In addition, a Compliance Modification may be proposed under Note Base Condition 14.3 *Compliance Modification* and, upon satisfaction of the applicable conditions, become effective with the result that:

(1) **Potential change to Reference Rate applicable to Notes**

a Reference Rate Modification becomes effective whereby alternative sources, procedures and methodology are to be used to determine a rate (being the relevant Reference Rate Replacement) which is to be used as the Reference Rate in respect of those Notes instead of using the sources, procedures and methodology set out in Note Base Condition 5.3 *Reference Rate* where EURIBOR is the Reference Rate; and

(2) **Potential change to Interest Margin applicable to Notes**

an Interest Margin Modification becomes effective whereby a change is made to the Interest Margin in respect of such Notes solely in relation to and consequential upon a Reference Rate Modification (which, for the avoidance of doubt, may include alternative sources, procedures and a methodology being used to calculate the applicable Interest Margin applicable at specified times and/or an increase or a decrease to the Interest Margin or changing it to 0% per annum) for the purpose of preserving, so far as reasonably and commercially practicable, what would have been the expected floating rate of interest applicable to such Notes had no such Reference Rate Modification been effected; and

(3) **Potential change to rates applicable to Hedge Agreement**

a Hedge Rate Modification becomes effective whereby a change is made to the sources, procedures and methodology to be used to determine the rate (including, for the avoidance of doubt, the floating rate option and any spread rate) used to calculate the amount payable by the Hedge Provider in respect of one or more hedge transactions under that Hedge Agreement and, without limitation, the fallback provisions under the Hedge Agreement arise in relation to the reference rate used to calculate the floating rate payments by the Hedge Provider (e.g. where EURIBOR is discontinued or is otherwise permanently or temporarily unavailable) and reduce the effective level of hedging provided by those payments (including, without limitation, where any Reference Rate Modification has become effective in relation to the Notes which is different to the floating rate option applicable under the fallback provisions under the Hedge Agreement) and, in turn, reduce the amount available to make payments on the Notes.

See also 4.1.17 *Interests of Noteholders may be disregarded in certain circumstances* and 4.1.19 *Modifications, authorisations, waivers and substitution*.

(c) **Regulation of benchmarks**

Various interest rates and other indices which are deemed to be 'benchmarks', including EURIBOR, are the subject of recent national, international and other regulatory reforms and proposals for reform, including the Regulation (EU) No 2016/1011 (the **Benchmarks Regulation**).

Investors should be aware that the Euro risk free-rate working group for the Euro area has published a set of guiding principles and high level recommendations for fallback provisions in, among other things, new Euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the Euro area financial system.

These reforms may cause such benchmarks to perform differently than in the past (as a result of a change in methodology or otherwise), disappear entirely, create disincentives for market participants to continue to administer or participate in certain benchmarks or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a benchmark.

Under the Benchmarks Regulation, in general, certain requirements will apply with respect to the provision of a wide range of benchmarks, the contribution of input data to a benchmark and the use of a benchmark. In particular, the Benchmarks Regulation, among other things, (1) requires benchmark administrators to be authorised or registered and to comply with extensive requirements in relation to the administration of benchmarks and (2) prevents certain uses by EU-supervised entities of benchmarks that are not authorised or registered.

Such factors may have (without limitation) the following effects on certain benchmarks: (1) discouraging market participants from continuing to administer or contribute to a benchmark; (2) triggering changes in the rules or methodologies used in the benchmark; and/or (3) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

(d) **Tracker Rate Loans which reference a benchmark**

The variable rate in respect of some Tracker Rate Loans (see 11.6.4 *Mortgage Loan Interest Rates*) in the Portfolio is set and periodically reset by reference to EURIBOR or another benchmark rate in accordance with the applicable Loan Documentation and, if so, whether there is an alternative in the event that EURIBOR or another benchmark rate cannot be so determined in accordance with the applicable Loan Documentation at the applicable time.

(e) **The market continues to develop in relation to certain benchmarks as Reference Rates**

Investors should be aware that the market continues to develop in relation to EURIBOR as a benchmark in the capital markets. In particular, market participants and relevant working groups are exploring alternative reference rates based on alternative versions of those benchmarks and/or different benchmarks, including term reference rates (which seek to measure the market's forward expectation of an average benchmark rate over a designated term). As a result, the market or a significant part thereof may adopt alternative versions of those benchmarks and/or different benchmarks that differ significantly from that set out in the conditions and used in relation to Notes that reference EURIBOR as set out in this Prospectus.

Where any of the above circumstances result in a lower Reference Rate being applicable to Notes, that would reduce the amount of interest payable on the Notes than might otherwise have been the case if those circumstances had not arisen (which may in turn reduce the value and/or marketability of the Notes).

Where any of the above circumstances result in:

- a higher Reference Rate being applicable to Notes than might otherwise have been the case if those circumstances had not arisen; and/or
- a lower rate of interest being applicable to a Loan relating to a Mortgage Certificate and/or Non-Mortgage Loan Sub-participation in the Portfolio in accordance with the applicable Loan Documentation,

that may, in turn, result in an interest differential between the rate and accrual of interest capitalised in respect of such Loans, on the one hand, and the rate, accrual and payment of interest payable on those Notes on the other hand (see further 4.1.6 *Interest rate basis risks between the Notes and the Loans*) which could result in the Issuer having insufficient funds to pay amounts due on the Notes or delaying payment of all or part of such amounts (which may in turn reduce the value and/or marketability of the Notes).

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

If, on any Payments Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Notes (other than the A Notes), after having paid or provided for items of higher priority in the applicable Priority of Payments, then that amount shall not be due and payable and the Issuer will be entitled to defer payment of that amount (to the extent of the insufficiency) until the following Payments Date or such earlier date as interest in respect of such Class of Notes becomes immediately due and repayable in accordance with the Note Conditions and it shall not constitute a Note Event of Default (see Note Base Condition 5.2(a) *Payment and deferral of Scheduled Interest*). To the extent that there are insufficient funds on the following Payments Date or such earlier date on which the Notes are required to be redeemed in accordance with the Note Conditions, the deferral of interest shall continue until the Final Maturity Date.

4.1.9 **Rated Notes Interest Subordination may reduce and/or defer interest payments on certain Notes**

Interest due and payable on the B Notes, the C Notes, the D Notes, the E Notes and the F Notes may be subordinated in the Normal Priority of Payments (see 19.10 *Normal Priority of Payments*) while Rated Notes Interest Subordination, as defined in 19.8.5 *Determination of application of Rated Notes Interest Subordination*, applies to any such Notes on the Payments Calculation Date relating to that Payments Date.

Investors should note that once Rated Notes Interest Subordination starts to apply to a particular Class of Notes on a Payments Date, it will continue to apply in respect of each Payments Date thereafter unless and until that Class of Notes is in the Most Senior Tranche at the Payments Calculation Date relating to a Payments Date, and therefore payments of interest in respect of such Class of Notes will, unless and until that time, continue to be subordinated in the Normal Priority of Payments with no mechanism for curing such test.

4.1.10 **Impact of Step-up Date and no additional sources of funds**

From the Step-up Date, the Interest Margin with respect to Rated Notes will increase (see 6.1.7 *Interest Rate*) and the Interest Rate in relation to the Unrated Notes will remain unchanged. There will, however, be no additional receipts or other sources of funds available to the Issuer at such time, nor is it expected that any of the sources of income available to the Issuer prior to the Step-up Date will be increased. In such circumstances, the Issuer may not have sufficient funds to pay all amounts of interest and/or principal (as applicable) under the Notes (including any increased Interest Margin on the Rated Notes).

4.1.11 **Yield to maturity and prepayment of Notes is variable and unpredictable**

The yield to maturity of the Notes of each Class will depend on, among other things, the amount and timing of payment of principal (including, without limitation, full and partial prepayments, proceeds of disposal of Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio or proceeds of enforcement of (as applicable) their Mortgage Security, any principal receipts due to breaches of Asset Warranties, the extent of Loan Variations in relation to those Loans, and the price paid by the Noteholders for the Notes).

As indicated in Note Base Condition 6 *Redemption, purchase and cancellation* the Notes are subject to rights of the Issuer to fully redeem all or certain Classes of Notes prior to their Final Maturity Date. Any such early redemption may adversely affect the yield to maturity on the relevant Notes.

Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Portfolio. Accelerated prepayments on those Loans will lead to a reduction in the estimated average life of the Notes. Debtors may prepay their Loans when they refinance their Loans or sell their properties (either voluntarily or as a result of enforcement action taken). Also, subject to the terms and conditions of the relevant Loan, a Debtor may 'overpay' or prepay principal at any time. The rate of prepayment of Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio (and the amount recovered upon enforcement of those Loans) cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing market interest rates, inflation, cost of living, energy prices, the availability of alternative financing programmes, local and regional economic conditions, natural disasters, illness (including any illness arising in connection with an epidemic or pandemic) or widespread health crises or the fear of such crises, the existing regulatory environment and homeowner mobility (see also 4.2.2 *Delinquencies or default by Debtors in relation to Loans*). Accordingly, the rate of prepayment cannot be predicted. No assurance can be given as to the level of prepayment that the Portfolio will experience.

4.1.12 **Transfer and resale restrictions apply to the Notes**

None of the Notes have been, or will be, registered under the U.S. Securities Act or any other applicable securities laws and they are subject to certain restrictions on the resale and other transfer restrictions (see 25.2 *Selling restrictions* and 26 *Transfer Regulations*). Because of the restrictions applicable to each Note, investors in Notes are advised to consult legal counsel at their own cost prior to making any offer, sale, purchase, resale, pledge or transfer of the Notes. The resale and transfer restrictions may reduce the marketability and value of the Notes and/or increase the costs of and/or time needed to effect any such resale or transfer.

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

The Notes are required to have a denomination satisfying the requirements indicated in the Note Specified Terms (and such requirements will include the denomination to be an integral multiple of a specified amount that equals or exceeds a specified minimum authorised denomination). It is possible that interests in Global Notes may be traded in amounts which result in a Noteholder having a holding which does not satisfy the applicable denomination requirements. In such a case, if Notes cease to be Global Notes (see Note Base Condition 2.8 *Removal of Notes from Clearing Systems*), a Noteholder who has a holding which does not satisfy the applicable denomination requirements may need to purchase a principal amount of Notes such that their holding complies with those requirements. Also, Noteholders should be aware that if Notes cease to be Global Notes, Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

4.1.14 **No secondary or liquid market for the Notes**

No assurance is provided that there is an active and liquid secondary market in respect of the Notes and it should be assumed that no secondary market will be available or develop. In the event that a secondary market in the Notes does exist or develop, there can be no assurance that it will continue or that it will provide liquidity in respect of the Notes. Accordingly, the purchase of Notes should not be considered except by investors who can hold the Notes for an indefinite period of time (including beyond their scheduled maturity or, as applicable, expiry) and bear the risks associated with a lack of liquidity in the Notes and the financial and other risks associated with an investment in the Notes.

Recent global and regional social, political and economic conditions, events and trends, including current geopolitical risks and wars, have resulted in disruptions of and increased uncertainty in the secondary market for mortgage-backed securities. This has had a material adverse impact on the market value of mortgage-backed securities and resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing limited liquidity. In the future, limited liquidity in the secondary market may have an adverse effect on the market value of mortgage-backed securities, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the requirements of limited categories of investors. See further 4.8 *General investment, market and business risks*.

4.1.15 **Ratings of the Notes**

The ratings assigned to any Notes by a Rating Agency:

- will be based, among other things, on that Rating Agency's view of the applicable terms of the Transaction Documents and other relevant structural features of this transaction, including (but not limited to) the ratings of relevant Transaction Parties and a credit assessment of the Loans, each of which may change (see, for example, 4.4.5 *Risks relating to changes in relation to Transaction*

Parties, 4.8 *General investment, market and business risks* and 4.9 *Risk of change of law, regulation and practice*); and

- will address the likelihood of certain performance aspects in respect of the Notes (which may or may not include the timeliness of certain payments and the expectation of losses in respect of the Notes), in each case as indicated by the relevant Rating Agency's publications.

A rating by a Rating Agency is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation if, in its judgement, circumstances in the future so warrant.

At any time, and from time to time, a Rating Agency may revise its relevant rating methodology, with the result that any rating assigned to the Notes may be revised, suspended and/or withdrawn at any time.

Rating agencies other than the Rating Agencies could seek to rate the Notes. In particular, certain nationally recognized statistical rating organisations, as defined in section 3(a)(62) of the U.S. Exchange Act, that were not hired by the Issuer may use information they receive pursuant to Rule 17g-5 to rate the Notes. No assurance can be given as to what ratings a non-hired rating agency would assign. If such unsolicited ratings are lower than the comparable ratings assigned to the Notes by a Rating Agency, those unsolicited ratings could have an adverse effect on the value and/or marketability of the Notes. For the avoidance of doubt and unless the context otherwise requires, any references to **ratings** or **rating** in this Prospectus are to ratings assigned by each relevant Rating Agency only.

Any qualification, downgrade or withdrawal of any of the ratings mentioned above may have an adverse impact on the value and/or marketability of the Notes and, as a consequence, the resale price of the Notes in the market and the classification, treatment and/or eligibility of the Notes for regulatory purposes.

4.1.16 **Rating Certificates effective notwithstanding absence of response etc from Rating Agency**

Some provisions of the Note Conditions and other Transaction Documents require a Rating Certificate to be provided by the Issuer in relation to each Rating Agency in connection with any event, circumstances and/or proposal relating to the Transaction and the actual and/or potential impact on a rating by that Rating Agency. The definition of Rating Certificate in Note Base Condition 13 *Rating Certificates* indicates that the requirement to obtain a Rating Certificate may be satisfied if, among other things, the relevant Rating Agency has failed to respond and/or declined to provide a confirmation and/or has provided (by an appropriately authorised person) only an oral confirmation, in each case provided specified procedures are followed by, or on behalf, of the Issuer with a view to obtaining a written confirmation from that Rating Agency. Notwithstanding, any such requirement in relation to a Rating Certificate being so satisfied, the relevant Rating Agency may proceed to downgrade, withdraw or suspend the then current ratings assigned to any Class of Notes by such Rating Agency or place any such Notes on rating watch negative (or equivalent) (see the definition of Rating Adverse Action in Note Base Condition 13 *Rating Certificates*) in connection with the relevant event, circumstances and/or proposal which may have an adverse impact on the value and/or marketability of the Notes and, as a consequence, the resale price of the Notes in the market and the classification, treatment and/or eligibility of the Notes for regulatory purposes.

The Note Trustee and the Security Trustee shall be entitled to rely without liability to any person on any Rating Certificate delivered to it in accordance with Note Base Condition 13 *Rating Certificates* and shall not be required to investigate any action taken by the Issuer or the relevant Rating Agency in connection with a Rating Certificate.

4.1.17 **Interests of Noteholders may be disregarded in certain circumstances**

(a) **Security Trustee and Note Trustee duties**

As described further in this Prospectus (in particular in Note Base Condition 14 *Modifications, authorisations, waivers and substitution*), the Security Documents contain provisions requiring the Security Trustee in certain circumstances to have regard to only the interests of certain Security Creditors (which may exclude all or some of the Noteholders) instead of all Security Creditors.

As described further in this Prospectus (in particular in 15.7 *Meetings and resolutions of Noteholders*, Note Base Condition 12 *Noteholder Resolutions* and Note Base Condition 14 *Modifications, authorisations, waivers and substitution*) the Note Trust Deed contains provisions requiring the Note Trustee in certain circumstances to have regard to only the interests of certain Noteholders (which may exclude all or some of the Noteholders) instead of all Noteholders.

See also 4.1.19 *Modifications, authorisations, waivers and substitution* below.

Where circumstances arise in which:

- the Security Trustee is required to have regard to only the interests of certain Security Creditors (which may exclude all or some of the Noteholders) instead of all Security Creditors; and/or
- the Note Trustee is required to have regard to only the interests of certain Noteholders (which may exclude all or some of the Noteholders) instead of all Noteholders,

this may have adverse consequences on the interests of the other Noteholders whose interests the Security Trustee or, as applicable, Note Trustee was required not to have regard to and, accordingly, may adversely impact the Notes held by those other Noteholders (including, without limitation, the timing and amount of payments and value and marketability of those Notes).

(b) **Significant investors**

Significant concentrations of holdings of the Notes by one or more particular investors (or investors who are affiliated and/or have connected investment management arrangements) may occur over time. The interests of such significant investor(s) may not be aligned to the interests of other Noteholders and accordingly such significant investor(s) may exercise their voting rights to pass or block resolutions in a manner which may adversely affect the interests of other Noteholders. The greater the size of the significant investor(s)' holding of Notes the greater the chance that such exercise of voting rights will result in such passing or blocking which may adversely affect the interests of other Noteholders.

On the Closing Date, a single investor and/or its affiliates will hold 75% or more of the Note Principal Amount Outstanding of the A Notes and, as a result as at the Closing Date: (a) will be able to pass or block Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions of the A Notes, and (b) will hold more than 50% but less than 75% of the Note Principal Amount Outstanding of the Notes in the Most Senior Tranche (being the A Loan Notes and A Notes) and, therefore, will be able to block Noteholder Extraordinary Resolutions of the Notes in the Most Senior Tranche and pass or block Noteholder Ordinary Resolutions of the Notes in the Most Senior Tranche.

On the Closing Date, two investors and/or their respective affiliates will each hold more than 25% but not more than 50% of the Note Principal Amount Outstanding of the B Notes. As a result, each such holder(s) respectively, as at the Closing Date, will be able to block Noteholder Extraordinary Resolutions of the B Notes.

On the Closing Date, a single investor and/or its affiliates will hold more than 50% but less than 75% of the Note Principal Amount Outstanding of the C Notes. As a result, such holder(s), as at the Closing Date, will be able to block Noteholder Extraordinary Resolutions of the C Notes and pass or block Noteholder Ordinary Resolutions of the C Notes.

On the Closing Date, BNP Paribas (as sole A Loan Noteholder) will hold 100% of the Note Principal Amount Outstanding of each of the A Loan Notes and, as a result as at the Closing Date: (a) will be able to pass or block Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions of the A Loan Notes, and (b) will hold more than 25% but not more than 50% of the Note Principal Amount Outstanding of the Notes in the Most Senior Tranche (being the A Loan Notes and A Notes) and, therefore, will be able to block Noteholder Extraordinary Resolutions of the Notes in the Most Senior Tranche.

On the Closing Date, the Risk Retention Holder will hold 100% of the Note Principal Amount Outstanding of each of the D Notes, the E Notes, the F Notes, the Z Notes and the X Notes (including pursuant to the Retention Requirement and U.S. Retention Requirement). As a result, the Risk Retention Holder, as at the Closing Date, will be able to pass or block Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions of the D Notes, the E Notes, the F Notes, the Z Notes and the X Notes respectively.

(c) **Certain modifications require the consent of the Hedge Provider**

Any entry into a new Transaction Document and/or any modification of, supplement to, waiver or consent in respect of any Transaction Document (including, without limitation, the Note Conditions or Payments Rules) to which the Hedge Provider is not a party (including, without limitation, where any entry into a new Transaction Document and/or any modification of, supplement to, waiver or consent is approved, sanctioned and/or ratified by any Noteholder Resolution) which is made without the Hedge Provider's prior written consent (such consent not to be unreasonably withheld or delayed) shall be ineffective if and to the extent that such entry into a new Transaction Document and/or

modification, supplement, waiver or consent relates to or changes the effect or application, in respect of this Transaction, of:

- any Priority of Payments in a manner that adversely affects the Hedge Provider and/or the operation of the Hedge Collateral Account and/or, as applicable, any Custody Account (other than in relation to any replacement of the Issuer Account Provider or, as applicable, the Custodian, provided such replacement has the ratings required by the Transaction Documents);
- the amount, method of calculation, timing or priority of any payments or deliveries due to be made by or to the Hedge Provider or to or from the Hedge Collateral Account and/or, as applicable, any Custody Account (whether under the Priority of Payments or outside the Priority of Payments) under the Note Conditions or any Transaction Document;
- the Hedge Provider's status as a Security Creditor; or
- any requirement under the Note Conditions or any Transaction Document to obtain the Hedge Provider's prior consent (including, without limitation, the Clause in the Transaction Deed that implements this requirement).

4.1.18 **The relevant trustee is not obliged to act in certain circumstances**

Upon the occurrence of a Note Event of Default, the Note Trustee in its absolute discretion may, and:

- if so requested in writing by the Noteholders of at least 25% in Note Principal Amount Outstanding of the Notes outstanding in the Most Senior Tranche; or
- if so directed by a Noteholder Extraordinary Resolution of Noteholders of the Notes outstanding in the Most Senior Tranche;

shall (subject, in each case, to the Note Trustee being indemnified and/or secured and/or prefunded to its satisfaction), deliver a Note Acceleration Notice to the Issuer that all classes of the Notes are immediately due and repayable at their respective Note Principal Amount Outstanding, together with accrued interest. See Note Base Condition 9.3 *Note Acceleration Notice*.

Each of the Note Trustee and the Security Trustee may, at any time, at their discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes (including the Note Conditions) or the Note Trust Deed or (in the case of the Security Trustee, for so long as any Notes remain outstanding, acting on the direction of the Note Trustee) the Security Documents or (in either case) of the other Transaction Documents to which it is a party and at any time after the service of a Note Acceleration Notice, the Note Trustee may, at its discretion and without notice, direct the Security Trustee to take such steps, actions or proceedings as it may think fit to enforce the Security. However, neither the Note Trustee nor the Security Trustee shall be bound to take any such proceedings or any actions or steps (including, but not limited to, the giving of a Note Acceleration Notice in accordance with Note Base Condition 9.3 *Note Acceleration Notice*) unless:

- either:
  - so requested in writing by the Noteholders of at least 25% of the Note Principal Amount Outstanding of Notes outstanding in the Most Senior Tranche; or
  - so directed by a Noteholder Extraordinary Resolution of Noteholders of Notes outstanding in the Most Senior Tranche; and
- it has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby become liable and/or which it may incur by so doing.

See further Note Base Condition 10 *Enforcement by trustees*. If neither the Note Trustee nor the Security Trustee use their discretion where they have not been directed as described above, it may adversely affect the amount received on the Notes following the service of a Note Acceleration Notice.

In addition, each of the Note Trustee and the Security Trustee benefit from indemnities given to them by the Issuer pursuant to the Transaction Documents.

In relation to the covenants to be given by the Risk Retention Holder to the Issuer and the Note Trustee regarding the Retained Interest to be retained by it in accordance with the Securitisation Frameworks, the U.S. Retained Interest to be retained by it in accordance with the U.S. Retention Rules and certain requirements as to providing investor information in connection therewith, neither the Note Trustee nor the

Security Trustee will be under any obligation to monitor the compliance by the Risk Retention Holder with such covenants and will not be under any obligation to take any action in relation to non-compliance with such covenants.

4.1.19 **Modifications, authorisations, waivers and substitution**

As described further in this Prospectus (in particular in 15.8 *Modifications, authorisations, waivers and substitution* and Note Base Condition 14 *Modifications, authorisations, waivers and substitution*), the Note Trustee and/or the Security Trustee may or, in relation to a Compliance Modification, shall, without the consent of the Noteholders, agree to certain modifications, or to waive certain breaches, of the Notes or any of the Transaction Documents. In particular, where Note Base Condition 14.3 *Compliance Modification* is applicable to Notes, the Note Trustee and, as applicable, the Security Trustee shall be obliged, without any consent or sanction of the relevant Noteholders or any of the other Security Creditors, to concur with the Issuer in making any modification to the Notes (including the Note Conditions) or, in so far as applicable, any other Transaction Document to which the Note Trustee and/or, as applicable, the Security Trustee is a party or in relation to which the Security Trustee holds Security (being a Compliance Modification).

Any such modification or waiver which is made without the consent or sanction of the Noteholders may have adverse consequences on the interests of the Noteholders and, accordingly, may adversely impact the Notes held by those other Noteholders (including, without limitation, the timing and amount of payments and value and marketability of those Notes).

4.1.20 **Book Entry Interests in Global Notes**

Throughout the period from and including the Closing Date each Class of Investment Notes will represented by a Global Note until such time, if any, as Note Base Condition 2.8 *Removal of Notes from Clearing Systems* applies. Throughout that period:

- after payment of interest, principal or other amounts in respect of the Investment Notes is made by or on behalf of the Issuer (including by the Note Registrar and/or the Principal Paying Agent) to the relevant Clearing Systems (or their nominees), the Issuer will not have responsibility or liability to the Clearing Systems or to the holders or beneficial owners of Book Entry Interests for the payment of such interest, principal or other amounts;
- permitted transfers of a Book Entry Interest will be subject to and effected in accordance with the rules and procedures for the time being of the relevant Clearing System;
- holders and/or beneficial owners of Book Entry Interests in Investment Notes:
    - will not be considered Noteholders of such Investment Notes under the Note Conditions or the Note Trust Deed;
    - will have no rights in respect of Global Notes under any Transaction Document (including, without limitation, the Note Conditions, the relevant Note Trust Deed, the Security Documents and the relevant Note Transaction Services Agreement);
    - will not be entitled to have Global Notes registered in their names and will not receive or be entitled to receive Note Certificates for such Investment Notes;
    - will be restricted to acting through the relevant Clearing System in relation to the Investment Notes and will be permitted to act only to the extent they have received appropriate proxies to do so from the relevant Clearing System; and
    - must rely on the rules and procedures of the relevant Clearing System.

See further 15.3.3 *Clearing System Participants etc are not Noteholders*, 15.3.4 *Rules and procedures of the relevant Clearing System etc*, 15.3.5 *Procedures applicable to transfers of Book Entry Interests in Global Notes*, 15.4 *Procedures for payments in respect of the Notes* and Note Base Condition 2 *Constitution, form, denomination and title*.

There can be no assurance that the rules and procedures of the relevant Clearing System and/or their operation by the relevant Clearing System under such circumstances will be adequate to ensure the exercise (including, without limitation, on a timely basis) of rights of Noteholders, and prospective investors should note that the relevant Clearing Systems are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

The Investment Notes being represented by a Global Note and/or the application of, and/or failures in the operation of, the rules and procedures of the relevant Clearing System could result in loss of and/or delays

in payment of interest, principal or other amounts in respect of the Investment Notes, hinder, increase costs of and/or delay the exercise of rights in respect of the Investment Notes; and/or hinder, increase costs of and/or delay transfers of or granting security over a Book Entry Interest in respect of the Investment Notes.

None of the Issuer, the Note Trustee, the Security Trustee, the Note Registrar, the Principal Paying Agent and each other Transaction Party or any of their agents will have any responsibility for the performance or non-performance by any Clearing System or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

4.2 Risks relating to the Security Assets

4.2.1 Limited liquidity – limited secondary market for Loans

The ability of the Issuer to redeem all of the Notes in full, including following the occurrence of a Note Event of Default (see Note Base Condition 9.1 *Definition of Note Event of Default*) in relation to the Notes while any of the Loans in the Portfolio are still outstanding, may depend upon whether those Loans can be realised to obtain an amount sufficient to redeem those Notes. There is not, at present, an active and liquid secondary market for loans of this type in Spain. There can be no assurance that a secondary market for the Loans will develop or, if a secondary market does develop, that it will provide sufficient liquidity of investment for the Loans to be realised or that if it does develop it will continue for the life of the Notes. The Issuer, and following the occurrence of a Note Event of Default, the Security Trustee, may not, therefore, be able to sell the Portfolio for an amount sufficient to discharge amounts due to the relevant Security Creditors (including the Noteholders) in full should they be required to do so.

4.2.2 Delinquencies or default by Debtors in relation to Loans

Debtors may default on their obligations under the Loans. Defaults may occur for a variety of reasons (including, without limitation, as a result of fraud, negligence or mistake). The ability of the Debtors to pay amounts owed under the Loans may be affected by credit, liquidity and interest rate risks. Various factors influence Loan delinquency rates, prepayment rates, repossession frequency and the ultimate payment of principal and interest, such as changes in the national or international economic climate, regional economic or housing conditions, tax or other laws, interest rates, inflation, homeowner mobility, the availability of financing, yields on alternative investments, political developments, government policies, the financial standing of Debtors and other similar factors. Certain national and international macro-economic factors for example, inflation, disruptions to global supply chains, increases in interest rates, natural or other disasters including wars, terrorist attacks, epidemic and pandemic outbreaks – may also contribute to or hinder the economic standing of a Debtor. See further 4.8.1 *General political, economic and market conditions*.

In addition, Debtors may default on their obligations due under the Loans for a variety of other individual, personal or financial circumstances. These could include unemployment, loss or reduction of earnings (including and in particular self-employed Debtors experiencing more volatile earnings and Debtors suffering the impact of being furloughed or ultimately being made redundant by an employer), illness (including any illness arising in connection with an epidemic or pandemic), divorce and other similar factors which may, individually or in combination, lead to an increase in delinquencies by and insolvency (and/or analogous arrangements) of Debtors. This may in turn reduce amounts received under the relevant Loans which may materially adversely affect the Issuer's ability to meet its payment obligations (including servicing the Notes).

The effect of such events and related consequences (including without limitation the granting of any payment holidays, payment relief or other deferral of payments or write-offs to Debtors in respect of their Loans) may affect the amounts collected under the Loans which may affect the ability of the Issuer to make timely and due payments on the Notes.

(a) **Decrease of income of Debtors may adversely affect performance of the Loans**

Certain Debtors may be (or become) furloughed or unemployed (or otherwise see a reduction in volume of work and/or income) throughout the life of the relevant Loan, which could affect their ability to make payments and repayments under such Loan. Government actions taken in response to a downturn may include cuts in public benefits or public sector employment, or other austerity measures that may directly affect Debtors by reducing or eliminating their income, which could impact their ability to pay their debts. Private businesses may also reduce hiring or implement layoffs or reduce hours of work, which would potentially affect Debtors. Additionally, Debtors who are self-employed or who operate as independent contractors may have an income stream which is more susceptible to change (including the reduction or loss of future earnings due to illness, loss of business, tax laws or general economic conditions including as a result of a shortage of materials) than Debtors who are in full time employment. Each such Debtor may resultantly be more likely to fall into payment

difficulties. These factors could ultimately have an adverse impact on the ability of Debtors to repay the Loans and could reduce the Issuer's ability to service payments on the Notes.

(b) **Increases in prevailing market interest rates may adversely affect performance of the Loans**

A Debtor with a Loan subject to a variable rate of interest may be exposed to increased Loan Monthly Payments if the related Loan interest rate adjusts upward. This increase in the Debtor's Loan Monthly Payments may ultimately result in higher delinquency rates and losses in the future.

Debtors seeking to avoid increased Loan Monthly Payments (caused by, for example, a rise in the relevant interest rate) by refinancing their Loan may no longer be able to find an available replacement Loan at comparably low interest rates. Any decline in housing prices may also leave borrowers with insufficient equity in their homes to permit them to refinance. This makes it less likely that they will refinance.

(c) **Cost of living crisis may adversely affect performance of the Loans**

More broadly, the extent and duration of the rising cost of living cannot be determined at present. The ultimate impact of the consequences of the cost of living crisis is uncertain and may pervade over time and may adversely affect the ability of the Issuer to satisfy its obligations under the Notes. Further, no assurance can be given of the impact that the rising cost of living or the general deterioration in economic conditions may have on the performance of the Loans (including the ability of Debtors to make timely payments in full on Loans) and therefore the ability of the Issuer to satisfy its obligations to make payments on the Notes. As a consequence, the rising cost of living could exacerbate numerous risks in respect of the Notes. See further 4.8.1 *General political, economic and market conditions*.

See 12 *Provisional Portfolio summary data* which sets out some details of delinquencies in relation to the Provisional Portfolio as at the Provisional Portfolio Date.

The circumstances described in this 4.2.2 *Delinquencies or default by Debtors in relation to Loans*, alone or in combination, may contribute to higher delinquency rates, slower prepayment rates and higher losses which could have an adverse effect on the Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and/or principal to Noteholders.

4.2.3 Factors affecting amount available for repayment of Loans

Factors which may affect the amount available for repayment of Loans include:

(a) **Risks of losses associated with declining property values**

The value of Mortgage Loans as security for the Notes may be affected by, among other things, a decline in residential property values in Spain and the availability of buyers for the relevant property. Downturns in the performance of Spain's economy (due to local, national and/or global macroeconomic factors) generally may have a negative effect on the housing market. In addition, any natural disasters, impacts of climate change (including, but not limited to, increased flood risk or coastal erosion), wars, increase of interest rates, inflation or widespread health crises or the fear of such crises (such as a pandemic or epidemic), government policies, action or inaction in response to such crises or such potential crises, and/or the fear of any such crises whether in Spain or in any other jurisdiction, may lead to a deterioration of economic conditions in Spain and also globally and may reduce the value of the Mortgage Properties and/or the amounts which may be collected in relation to the lease and/or sale of any Mortgage Property acquired pursuant to the enforcement of the security in relation to the relevant Mortgage Loan.

No assurance can be given that the values of any Mortgage Properties have remained or will remain at the level at which they were on the dates of origination of the Portfolio or as at the relevant Provisional Portfolio Date (as defined in the relevant Prospectus). The residential property market in Spain has previously experienced a severe decline in property values. If the residential property market in Spain should experience an overall decline in property values, such a decline could in certain circumstances result in the value of the Mortgage Loans being significantly reduced and, ultimately, may result in losses to the Noteholders if the Security is required to be enforced.

(b) **Mortgage Property valuations may be original or indexed to the original and may be higher or lower than the appraised value of a Mortgage Property in the event of a re-valuation**

Investors should be aware that valuations where stated in this Prospectus and with respect to the Mortgage Properties are either (a) original valuations or (b) valuations conducted by a third-party valuer at a later date. Mortgage Property valuations quoted as original are for the majority of the Mortgage Property valuations as at or around the date of origination of the relevant Mortgage Loans, or conducted in

connection with a further advance or loan modification, and thus may be up to 35 years old with respect to the Portfolio.

The percentage of the aggregate Loan Principal Balance comprising the Mortgage Loans in the Provisional Portfolio granted between the years 2005 and 2009 is 65.6%. The years between 2005 and 2009 were the years of the real estate sector boom in Spain and, in general terms, the property valuations provided in such years by the appraisal entities could have overestimated the real market value of the properties in light of the price correction finally suffered by the Spanish real estate market in the following years. The above may have an impact on the value of the collateral securing the Mortgage Loans and therefore the amounts available to the Issuer should such collateral be enforced and reduce amounts available to the Issuer to make payments under the Notes.

The current value of a Mortgage Property (and thus its corresponding valuation if now obtained) may therefore be affected by, among other things, the current condition of the Mortgage Property and its locality and factors which may be largely unrelated to the circumstances of the particular Mortgage Property, including residential property values in Spain (see 4.2.3(a) *Risks of losses associated with declining property values*). As such, if a Mortgage Property were to be re-valued at any time, including following the issuance of the Notes, the appraised value of the Mortgage Property may be higher or lower than the valuation quoted as original and/or the valuation as calculated by way of being indexed to the original valuation. If the value of a Mortgage Property is lower than the valuation quoted as original and/or the valuation as calculated by way of being indexed to the original valuation, the current LTV of the relevant Mortgage Loan would therefore be higher and, in the event that the Mortgage Loan is required to be enforced, may ultimately result in enforcement proceeds which are insufficient to make full repayment of the relevant Mortgage Loan which may, therefore, reduce amounts available to the Issuer to make payments under the Notes.

(c) **Loan to Value**

If there are several properties mortgaged as security for a Mortgage Loan relating to a Mortgage Certificate in the Portfolio, the appraisal value used for the calculation of the LTV (see 11.1.4 *Mortgage Security*) is the sum of the appraisal value of all the Mortgage Properties securing such Mortgage Loan.

If a Debtor fails to repay its Mortgage Loan and the related Mortgage Property is repossessed, the likelihood of there being a net loss on disposal of the Mortgage Property is increased by a higher LTV.

In relation to the current indexed LTV, considering the indexed latest appraisals, the weighted average is 64.6% and the percentage of Mortgage Loans by Loan Principal Balance with a current indexed LTV greater than or equal to 80% and less than 100% is 15.7%, while 11.0% have a current indexed LTV greater than or equal to 100%.

(d) **Risks relating to Repayment Loans with material bullet payment at maturity**

The Non-Mortgage Loan Sub-participations within the Portfolio include Repayment Loans in respect of which the scheduled amortisation is required only on a specified proportion of the principal amount outstanding in respect of those Repayment Loans (see 11.6.3 *Scheduled repayment of Loans* and 12.23 *Mortgage Loans amortisation type*). Consequently, upon the maturity of such a Repayment Loan, the relevant Debtor will be required to make a 'bullet' repayment that will represent the entirety of the principal amount then outstanding.

In respect of those Repayment Loans ('*Compromiso*' or '*Quita*' Loans), the obligation to make such 'bullet' repayment is subject to a conditional forgiveness arrangement where, if the linked Mortgage Loan is duly and punctually repaid through to its contractual maturity, the 'bullet' principal amount outstanding under the relevant Repayment Loan will be written off and the Debtor will have no further obligation to repay such amount. Conversely, if the linked Mortgage Loan falls into arrears for a period of 90 days or more, the 'bullet' principal amount will become immediately and compulsorily due and payable, irrespective of the scheduled maturity date of the relevant Repayment Loan.

The ability of such a Debtor to repay such 'bullet' principal amount at maturity or, as applicable, if it becomes due and payable before maturity frequently depends on such Debtor's ability to refinance the Mortgage Property or obtain funds from another source, such as pension policies, personal equity plans or endowment policies. Neither the Issuer nor any Transaction Party has verified that the Debtor has any such other source of funds and no security has been obtained over the Debtor's rights in respect of any such other source of funds. The ability of the Debtor to refinance the Mortgage Property will be affected by a number of factors, including the value of the Mortgage Property, the Debtor's ability to obtain funds from another source (such as pension policies, personal equity plans or endowment

policies), the Debtor's equity in the Mortgage Property, the financial condition and history of the Debtor, tax laws and general economic conditions at the time. The inability of the Debtors to refinance their respective Mortgage Properties may ultimately result in a reduction of amounts available to the Issuer and adversely affect its ability to make payments under the Notes.

(e) **Geographic concentration risks**

Loans in the Portfolio may be subject to geographic concentration risks within certain regions of Spain. To the extent that specific geographic regions within Spain have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in Spain. Certain property types in geographic regions within Spain rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the payment ability of the Debtors of Loans pertaining to certain property types in that region or the region that relies most heavily on that industry. In addition, any natural disasters, impacts of climate change (including, but not limited to, increased flood risk or coastal erosion), wars or widespread health crises (such as a pandemic or epidemic), government policies, action or inaction in response to such crises or such potential crises, and/or the fear of any such crises may have greater impact in a particular region.

A concentration of Loans in such a region and/or pertaining to certain property types may be expected to exacerbate the risks relating to those Loans described in this section and may reduce the value of affected Mortgage Properties. This may result in a loss being incurred upon sale of the Mortgage Property. These circumstances could affect receipts on those Loans and ultimately may result in losses on the Notes. As further detailed in 12.12 *Geographic distribution of Mortgage Properties* in relation to the geographical concentration of the Mortgage Properties under the Loans in the Portfolio, as of the Provisional Portfolio Date, there is a higher level of geographical concentration in the following Spanish provinces: Barcelona: 26.6%, Madrid: 8.1% and Alicante: 7.2%, in each case as a percentage of the aggregate Loan Principal Balance of the Mortgage Loans comprising the Portfolio.

(f) **Risk of deterioration of Mortgage Properties**

There is also a risk that the value of a Mortgage Property may be affected by such Mortgage Property becoming subject to deterioration after the date of origination of the relevant Mortgage Loan. In certain circumstances the lender also has the right to inspect the Mortgage Properties to ensure the Mortgage Properties are being reasonably maintained, and in the event that a Mortgage Property is not maintained in compliance with the provisions of the relevant Loan Documentation, the mortgagee may (but is not obliged to) undertake such work required in order for the Mortgage Property to be maintained to the standard required by the relevant Loan Documentation, and any costs will be added to then Loan Principal Balance of the relevant Mortgage Loan. If the value of Mortgage Properties are adversely affected by dilapidation it could in certain circumstances result in the proceeds of sale of the Mortgage Properties being significantly reduced and, ultimately, may result in losses to the Noteholders. Also if the Issuer's funds are applied to the cost of remedying breaches of the Loan Documentation in respect of the condition of the Mortgage Properties, those funds may not be recovered by the proceeds of sale of the relevant Mortgage Properties and, ultimately, may result in losses to the Noteholders.

(g) **Risks relating to enforcement procedures**

There are constraints upon a lender seeking to carry out enforcement procedures in relation to a Loan and/or (as applicable) its Mortgage Security, as further described in 14.3.5 *Aspects of enforcement relating to Mortgage Loans* including (without limitation) which can, among other things, have a significant adverse impact the enforcement of loans and mortgages in Spain, including as indicated in:

- 11.8.1 *Spanish laws affecting the validity and/or enforceability of contract terms*;
- 11.8.3 *Housing regulation*;
- 11.8.4 *Codes of Good Practices*; and
- 11.8.5 *Measures to address damage caused by DANA*.

In addition, delays could be encountered in connection with enforcement and recovery of the Loans and/or (as applicable) their Mortgage Security with corresponding delays in the receipt of related proceeds by the Issuer.

The combined effect of the above is that there may be several months between the date of any default occurring under any Loan and, if applicable, the time when the proceeds of the sale the relevant

Mortgage Property are available to repay such Loan. During this period there may be no payments made under the relevant Loan (thus increasing the amount of arrears in the Portfolio) and certain costs and expenses (for example maintenance costs, insurance premiums, the costs of providing services, enforcing the security and/or legal fees) relating to the Mortgage Property would need to be discharged.

If obtaining possession of Mortgage Properties and arranging a sale in such circumstances is lengthy or costly, the Issuer's ability to make payments on the Notes may be reduced. The Issuer's ability to make such payments may be reduced further if the powers of a mortgagee in relation to obtaining possession of properties permitted by law are restricted in the future.

In addition, there can be no assurance, at the end of such process, that such realisation proceeds would be sufficient to discharge payments due in respect of the relevant Loan. The Issuer's ability to make payments on the Notes may therefore be reduced.

In such circumstances, following the enforcement of the Mortgage Security and the sale of the relevant Mortgage Property, the outstanding balance of the relevant Loan that remains unpaid after application of the realisation proceeds would no longer benefit from any Mortgage Security. The Issuer's claim in respect of such shortfall would accordingly subsist solely as an unsecured claim against the relevant Debtor, the recovery of which would be dependent on the general creditworthiness and financial position of that Debtor (see further 4.2.2 *Delinquencies or default by Debtors in relation to Loans*).

(h) **Risks associated with Debtor options to change interest rate**

Certain Mortgage Loans in the Portfolio contain a contractual interest rate modification feature pursuant to which, from the date of the first scheduled interest rate revision, the relevant Debtor may elect once per year between (1) a variable interest rate, subject to biannual review, or (2) a fixed interest rate applicable for a period of 3 years. The exercise of such election by a Debtor introduces uncertainty as to the future interest rate applicable to the relevant Mortgage Loan and, consequently, as to the amount of interest receivable by the Issuer in respect of such Mortgage Loan. Such interest rate variability may create a mismatch between the interest income received by the Issuer on the Mortgage Loans and the amounts payable by the Issuer under the Notes, which could adversely affect the Issuer's ability to make payments under the Notes.

(i) **Loans with grace periods**

Certain of the Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio allow Debtors to suspend up to 10 installments of installments (i.e. to allow for certain grace periods) limited until the completion of the Loan term (with a maximum of 2 installments per year), subject to an LTV ratio of less than 90% for first home acquisitions and less than 70% for second home acquisitions. Deferrals may be requested every 12 months.

In addition, a refinancing product (*producto refinanciador*) has been developed which may, depending on the applicable Loan configuration, provide for, among other things, initial total or principal-only grace periods and deferral of installments but entitlement to such grace periods is subject to analysis on a case-by-case basis.

As of the Provisional Portfolio Date, the Loan Principal Balance of the Mortgage Loans which (1) currently benefit from a grace period amounted to €1,313,645.41; and (2) do not benefit from an ongoing grace period amounted to €559,147,930.17.

Significant use by Debtors of their rights of principal and/or interest grace periods, or where granted in relation to the refinancing product, may have an impact on the amounts and timing of collections in respect of the Loans and may reduce amounts available to the Issuer to make payments under the Notes.

(j) **Application of voluntary rules**

Pursuant to the terms of the Asset Services Agreement, the Asset Special Servicer is required to comply with any compulsory law or regulation and may also be required to comply with any voluntary rules not directly applicable to the Asset Special Servicer but to which BBVA has adhered from time to time and apply the measures foreseen thereunder, provided that the conditions set out in the Asset Services Agreement are met (see 14.3 *Asset Special Services*). The application of any measures foreseen under such applicable law or regulation could eventually include the application of moratoriums or other type of measures affecting the Debtor's payment obligations under the Loans, which could negatively impact the cash-flows thereunder and, therefore, the Issuer's ability to meet its payment obligations (including the servicing of the Notes).

(k) **Proposed enhancement of procedural framework for collective actions**

On February 25, 2025, the Spanish Council of Ministers approved referring to Congress a draft bill on collective actions for the protection and defence of the rights and interests of consumers and users which aims to transpose Directive (EU) 2020/1828 and enhance the procedural framework for collective actions in Spain, including mechanisms that provide for an 'opt-out' system, under which all affected consumers are automatically included in the action unless they expressly declare their wish to be excluded. On March 11, 2025, the Bureau of Congress reviewed the text of the draft bill and agreed to process the draft bill through the urgency procedure (which shortens the deadlines by half), allowing parties to submit amendments. If enacted, this regime could facilitate large-scale litigation brought by qualified entities (such as consumer associations) on behalf of a large number of borrowers against financial institutions, including collective claims for the restitution of amounts unduly paid under clauses declared unfair.

(l) **Foreign residence of Debtors**

0.2% of the Debtors in respect of Mortgage Loans comprising the Provisional Portfolio are not Spanish residents. In the event that those Debtors defaulted under the relevant Loans and were not located within Spain, the chances of recovery of the amounts due under such Loans would be reduced due to the greater difficulty for the Asset Special Servicer to recover such amounts from outside of Spain and that may have a negative impact on the amounts available to the Issuer to make payments under the Notes.

4.2.4 Risks associated with Mortgage Loans involving tenancies

(a) **Risk relating to letting on appropriate terms**

The Debtor's ability to service payment obligations in respect of Buy to Let Loans is likely to depend on the Debtor's ability to let the relevant Mortgage Properties on appropriate terms. However, there can be no guarantee that each such Mortgage Property will be the subject of an existing tenancy when the relevant Buy to Let Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Buy to Let Loan and/or that the rental income achievable from such tenancy will be sufficient to provide the Debtor with sufficient income to meet the Debtor's interest obligations in respect of the Buy to Let Loan. This dependency on letting income increases the likelihood during difficult letting market conditions that the rate of delinquencies and losses on Buy to Let Loans may be higher than for Owner Occupied Loans.

(b) **Risk of having to sell Mortgage Property with sitting tenants**

Articles 13 and 14 of the Spanish Urban Leases Act regulate the consequences of the enforcement of a mortgage on a property that is rented for residential use. If the lease agreement is registered in the Land Registry prior to the mortgage, the purchaser of the property at the auction must assume the landlord's position and does not have the right to terminate the lease agreement. Conversely, if the lease agreement is not registered in the Land Registry before the mortgage registration, the purchaser of the property at the mortgage auction has the right to terminate the lease agreement:

- *Lease agreements entered into before June 2013*: If the mortgage is enforced, the tenant has the right to remain in the property until the minimum 5 year lease term has expired. Therefore, the purchaser at the auction must respect this minimum term.
- *Lease agreements entered into between June 2013 and March 2019*: If the mortgage is enforced, the lease agreement shall be terminated once the minimum 3 year lease term has elapsed.
- *Lease agreements entered into after March 2019*: If the mortgage is enforced, the tenant has the right to remain in the property until 5 years have passed since the lease agreement was executed, or 7 years if the landlord is a legal entity.

If the lease agreement is registered in the Land Registry prior to the mortgage registration, the purchaser of the property at the auction must respect the lease agreement and assume the landlord's position. If the lease agreement is not registered (or is registered after the mortgage), the purchaser of the property at the auction has the right to terminate the lease agreement.

Leases of immovable property subject to the Spanish Civil Code (e.g. seasonal leases or leases of rooftops for installing solar panels, among others) follow the same regime as leases of property intended for uses other than residential purposes (Article 1571 of the Spanish Civil Code).

Thus, only if the lease agreement is registered in the Land Registry before the mortgage is registered, the purchaser of the property at the auction must assume the landlord's position. If the lease agreement

is not registered or is registered after the mortgage, the lease agreement shall terminate and the purchaser at the auction is not obligated to respect it.

Upon enforcement of the Mortgage Security in respect of a Mortgage Property which is the subject of an existing tenancy, the Asset Special Servicer may not be able to obtain vacant possession of the Mortgage Property in which case the Asset Special Servicer will only be able to sell the Mortgage Property as an investment property with one or more sitting tenants. This may affect (a) the amount that the Asset Special Servicer could realise upon enforcement of that Mortgage Security and a sale of the relevant Mortgage Property, and (b) the speed at which such a sale can be achieved, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes. However, the Asset Special Servicer will have the ability to appoint a receiver of rent to collect any rents payable in respect of such Mortgage Property and apply the rent receipts in payment of any interest and arrears accruing under that Buy to Let Loan.

The matters described in this section, together with the housing regulation described in 11.8.3 *Housing regulation* (including, where relevant, tenant protections, rent limitations and procedural requirements applicable in connection with the recovery or disposal of residential properties), may adversely affect the private residential rental market in Spain in general and the ability of individual Debtors of Buy to Let Loans to meet their obligations under those Loans. This may, in turn, result in increased defaults in the Portfolio, potentially affecting the ability of the Issuer to pay the Noteholders.

4.2.5 **Risk of losses associated with restructuring of Loans**

Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio may have previously been (or may, in the future, be) subject to restructuring to reflect a Debtor's then circumstances and affordability, current and historic performance in meeting their payment obligations and the value of the underlying Mortgage Property. Any future restructuring will be at the discretion of the Asset Special Servicer and will be implemented in accordance with the terms of the Asset Services Agreement and applicable law or regulation (see, for example, 11.8.4 *Codes of Good Practices* and 11.8.5 *Measures to address damage caused by DANA*).

For an overview of the main restructure types of Loans in respect of the Portfolio as at the Provisional Portfolio Date, please refer to 14.3.4 *Restructuring of Loans*.

Any restructure of Loans in respect of the Portfolio may be complex and bespoke in nature, reflecting the particular circumstances of the Debtor, which may impact the timing and total amount of interest and/or principal payments received by the Issuer in respect of the relevant Loan and therefore its ability to make payments of interest and/or principal on the Notes.

4.2.6 **Buildings and other insurance**

Loan Documentation generally contain requirements for the relevant Mortgage Property to be insured. No assurance can be given that the applicable Debtors will comply with such requirements and/or that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Mortgage Property. This could adversely affect the Issuer's ability to redeem the Notes.

Neither the Issuer, nor the Security Trustee, nor any other Transaction Party has a duty to obtain or maintain any further insurance contracts in relation to the Security Assets. This could adversely affect the timing of receipt and ultimate amount received by the Issuer in respect of the Security Assets and the return in respect of the Notes.

4.2.7 **Set-off may adversely affect the return on the Notes**

Pursuant to Article 1,198 of the Spanish Civil Code, until any Debtor is notified of the transfer of the Mortgage Certificates or, as applicable, the issuance of the Non-Mortgage Loan Sub-participations in favour of the Issuer, such Debtor will be entitled to set off any amounts due by such Debtor under the relevant Loan and/or (as applicable) its Mortgage Security relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio against any amounts to such Debtor by the Asset Title Holder. It should be noted that the transfer of the Mortgage Certificates or, as applicable, the issuance of the Non-Mortgage Loan Sub-participations in favour of the Issuer will only be notified to the Debtors as and when required (whether on or after the Closing Date) in compliance with applicable data protection regulations (including but not limited to the General Data Protection Regulation and the Organic Law on Protection of Personal Data and Guarantee of Digital Rights) and certain regional laws (such as those in Castilla-La Mancha, Navarra, Catalonia and Andalusia) in the terms agreed in the Asset Purchase Agreements.

Following valid notification to the relevant Debtor of the transfer to the Issuer, only set-off rights of the Debtor vis-a-vis the Asset Title Holder arising prior to the Debtor's knowledge of the transfer remain binding on the transferee under Article 1,198 of the Spanish Civil Code; set-off rights of the Debtor vis-a-vis the Asset Title Holder arising thereafter are not binding on the transferee.

The conditions for such set-off are set out in Articles 1,195 et seq. of the Spanish Civil Code are:

- that each of the obligors is a principal debtor and a principal creditor of the other;
- that both debts consist of a sum of money, or, if the things owed are fungible, that they are of the same kind and of the same quality, if the quality has been specified;
- that both debts are due;
- that both debts are liquidated and enforceable; and
- that there is no right of retention or litigation pursued by a third party, of which the debtor has been timely notified, concerning any of them.

As indicated in 11.5.2(m), the Seller will warrant to the Issuer pursuant to the Asset Sale Agreement that no Debtor has a contractual right of set-off against the Asset Title Holder entitling a Debtor to exercise set-off rights that results in the Issuer being entitled to collect an amount less than the Loan Current Balance of the Mortgage Loans relating to the Mortgage Certificates in the Portfolio.

Therefore, the rights of the Issuer, the REO Holder and the Security Trustee may be or may become subject to the direct rights of the Debtors against the Asset Title Holder. Such rights may include rights of set-off existing prior to notification to the Debtors of the transfer of the Mortgage Certificates or, as applicable, Non-Mortgage Loans to the Issuer, which arise in relation to transactions made between certain Debtors and the Asset Title Holder and the rights of Debtors to redeem their Loans by repaying the relevant Loan directly to the Asset Title Holder. These rights may result in the Issuer and the REO Holder receiving a lesser amount than anticipated from the Loans which may, in turn, have a negative impact on the Issuer's ability to make payments under the Notes.

4.2.8 **Searches, investigations and Asset Warranties in relation to the Portfolio**

Neither the Issuer nor any Transaction Party has made or caused to be made (nor will make or cause to be made) on its behalf in relation to the Portfolio any of the enquiries, searches or investigations which a prudent purchaser of the Portfolio would normally make and, instead, only very limited due diligence and verifications have been carried out as indicated in 11.2.5 *Portfolio limited due diligence*.

Also (except the very limited due diligence and verifications carried out as indicated in 11.2.5 *Portfolio limited due diligence*), neither the Issuer nor any Transaction Party has made nor will make any enquiry, search or investigation prior to the making or purchase of the Mortgage Certificates and the Non-Mortgage Loan Sub-participations and/or (as applicable) their Mortgage Security in the Portfolio or at any time in relation to compliance by any Originator, the Seller, the Asset Title Holder, the Framework Administrator or the Asset Special Servicer or any other person with any applicable lending guidelines, underwriting criteria or procedures or the adequacy thereof or with the provisions of any Transaction Document, or with any applicable laws or in relation to the execution, legality, validity, perfection, adequacy or enforceability of any the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio or the insurance contracts relating to the relevant Mortgage Properties and Loans.

In relation to all of the above matters and the circumstances in which advances were made to Debtors prior to the purchase by the Issuer of the Portfolio, the Issuer, the relevant Note Trustee and/or the Security Trustee will rely entirely on the Asset Warranties (see further 11.5 *Asset Warranties*).

(a) **Limitations on remedies for a breach of any Asset Warranty**

If there is a breach of an Asset Warranty given by the Seller on the Closing Date which is not remedied within the permitted period indicated in 11.5.4(a) *Procedures for an alleged breach of the Asset Warranties*, the Seller will not be required to repurchase the relevant Mortgage Certificate or Non-Mortgage Loan Sub-participation and/or (as applicable) their Mortgage Security from the relevant Mortgage Certificate or Non-Mortgage Loan Sub-participation, and the Issuer's only remedy in respect of a breach of any Asset Warranty will be to claim the relevant Asset Warranty Damages Amount from the Seller for breach of that Asset Warranty.

As indicated in 4.4.2 *Limits on recourse etc. to Transaction Parties*, among other things, the Seller is a special purpose vehicle with limited assets and funds and there can be no assurance that the Seller

will have the financial resources to pay any Asset Warranty Damages Amount in respect of a breach of warranty. In particular, the Seller's ability to pay all or part of an Asset Warranty Damages Amount may be dependent upon recovering amounts by bringing an equivalent mirror claim against the Asset Title Holder (see 11.5.4(d) *Mirror claim of the Seller*) in which case, the Issuer's recovery is indirect and dependent on the Seller's ability to successfully enforce such equivalent mirror claim. If the Seller lacks sufficient funds to pursue such an equivalent mirror claim, the Seller may be unable to pay the Asset Warranty Damages Amount. These circumstances may adversely impact the ability of the Issuer to make payments due on the Notes.

(b) **Limitations on liability for a breach of any Asset Warranty**

As indicated in 11.5.4(c) *Limits on liability regarding Asset Warranties*, the liability of the Seller in respect of breaches of the Asset Warranties is subject to a range of financial limits.

In addition, as indicated in 11.5.4 *Remedies for breach of Asset Warranties*, if the Issuer wishes to make a claim in respect of a breach of any Asset Warranty, the Issuer must at any time on or before the applicable Asset Warranty Liability Deadline give notice of such breach to the Seller.

The application of these financial and time limits may result in a shortfall for amounts due to the Issuer and accordingly the ability of the Issuer to make payments due on the Notes.

In each case, no Transaction Party will have recourse to any other person in the event that the Seller, for whatever reason, fails to meet such obligations in respect of breach of any Asset Warranty.

(c) **Knowledge of matters with respect to the Loans represented in Asset Warranties**

The Seller is not the originating lender of any of the Loans nor the mortgagee of record of any Mortgage Security. On or about the Closing Date, the Seller acquired and will re-acquire the beneficial title to the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio as indicated in 11.2.3 *Acquisition of Portfolio by Seller*.

Other than the very limited due diligence and verifications carried out by the Seller as indicated in 11.2.5 *Portfolio limited due diligence*, the Seller has no direct knowledge as to whether certain Asset Warranties (including the Asset Warranties which relate to the origination process) are correct or not. Accordingly, since the Seller has no direct knowledge as to matters relating to the actual origination of the Loans and (as applicable) their Mortgage Security, and although the Seller has conducted limited due diligence on the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio, the Seller may not have actual knowledge of any relevant matters which give rise to a breach of any Asset Warranty. Therefore, since certain warranties are qualified by reference to the awareness of the Seller, it may be practically difficult for the Seller to detect a breach of any Asset Warranty in respect of the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio to the extent that the same relates to a matter outside of the immediate knowledge of the Seller because there is no ongoing active involvement of the Originator or the Asset Title Holder to monitor or notify any defect in relation to the circumstances of the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio. No Transaction Party has any duty or obligation to monitor compliance with the Asset Warranties given by the Seller pursuant to the Asset Sale Agreement.

(d) **Lending Criteria**

As indicated in 11.4 *Lending Criteria relating to the Portfolio*:

(1) the relevant Originator's Lending Criteria ought to have applied at the time of approval in respect of the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio;

(2) that Lending Criteria should have considered, among other things, a Debtor's credit history, employment history and status, repayment ability and net income criteria, as well as the value of the relevant Mortgage Property; and

(3) given that the Seller was not the originator of the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio and the loan file audit was conducted on a sample pool basis, the origination documentation and applicable terms and conditions with respect to those Loans may be incomplete or missing or disapplied and the loan data may have been incorrectly recorded in the relevant Originator's systems.

This could, in some cases, potentially affect the enforceability of the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio and ultimately result in losses on the Notes.

This Prospectus contains limited information about the relevant Originators, their respective loan origination modification policies and the standards or guidelines under which those Loans and (as applicable) their Mortgage Security were originated, revised, modified or serviced by any person or entity.

In addition, there can be no assurance that the Lending Criteria was applied in all cases, that the Lending Criteria was not varied from time to time, that no exceptions from such Lending Criteria were made or that Loans and (as applicable) their Mortgage Security originated under different criteria have not been included in the Portfolio. Inconsistent application of Lending Criteria may result in higher levels of losses and/or arrears under the Loans and may affect the Issuer's ability to make payments under the Notes if the level of losses and/or arrears is higher than expected.

4.2.9 **Formal title to the Loans**

The transfer of the Mortgage Certificates or, as applicable, Non-Mortgage Loans to the Issuer will only be notified to the Debtors upon the occurrence of any of the events indicated in the Asset Services Agreement (see 14.3 *Asset Special Services*). Pursuant to Spanish Royal Decree 716/2009 formal title to the Mortgage Loans must be held at all times by an appropriately authorised entity and cannot therefore be transferred to the Issuer or the Security Trustee. See 14.2 (*Asset Title Duties*) below

For so long as the Asset Title Holder retains formal title to a Loan and/or (as applicable) its Mortgage Security relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio:

- The terms of that Loan and/or (as applicable) its Mortgage Security could be amended by the Asset Title Holder or the Debtors without the involvement of the Issuer without prejudice to the terms agreed in the Asset Services Agreement.
- The Asset Title Holder must be party to any legal proceedings against any Debtor or in relation to the enforcement of that a Loan and/or (as applicable) its Mortgage Security. In this regard the Asset Title Holder will have undertaken (in the Asset Services Agreement), for the benefit of the Issuer and the Asset Special Servicer, that it will lend its name to, and take such other steps as may reasonably be required in accordance with applicable law or regulation in connection with, any such proceedings.
- In the event that the Asset Title Holder as issuer of the Mortgage Certificates is declared insolvent, in accordance with the Spanish Insolvency Law, the Issuer shall have the right of separation (*derecho de separación*) with respect to the Mortgage Certificates on the terms provided in Articles 239 and 240 of the Spanish Insolvency Law. Consequently, the Issuer, as applicable, shall be entitled to obtain from the insolvent Asset Title Holder the resulting amounts from the Mortgage Certificates from the date on which the insolvency is declared, being those amounts considered Issuer's property and must therefore be transferred to the Issuer, as applicable. This right of separation would not necessarily extend to the cash received and kept by the insolvent Asset Title Holder on behalf of the Issuer, as applicable, before that date, given the essential fungible nature of money. Consequently, it could be subject to the result of the insolvency proceedings according to the majority interpretation of Article 240 of the Spanish Insolvency Law.
- The Debtor may continue making payments to the Asset Title Holder (including redeeming the relevant Loan by repaying the relevant amount directly to the Asset Title Holder). Each of the Asset Title Holder (in the Asset Sale Agreement) and the Asset Special Servicer (in the Asset Services Agreement) has undertaken that if at any time it receives (or there is received to its order) any property, interest, right or benefit agreed to be sold to the Issuer it will pay the same to the Issuer as the beneficial owner thereof.

If any of the above occur, it may have an adverse effect on the value and/or marketability of the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio, the amounts receivable or recoverable by the Issuer in respect of those Mortgage Certificates, Non-Mortgage Loan Sub-participations and related Loans and (as applicable) their Mortgage Security and, in turn, the Issuer's ability to make payments in respect of the fees, costs and expenses incurred by the Issuer and in respect of the Notes may therefore be reduced.

4.2.10 **Characteristics of the Portfolio may differ from the Provisional Portfolio**

Some details of the Provisional Portfolio as at the Provisional Portfolio Date are indicated in 12 *Provisional Portfolio summary data*. The characteristics of the Portfolio will differ from those indicated in this

Prospectus in relation to the Provisional Portfolio as a result of, among other things, repayments and redemptions of the Loans from and after the Provisional Portfolio Date and removal of any Loans that the Seller has become aware do not comply with the Asset Warranties as at the Closing Date. Neither the Issuer nor the Seller provide any assurance that there will be no material difference between the characteristics of the Provisional Portfolio and the characteristics of the Portfolio or that any such differences will not result in performance of the Portfolio being lower than the expected performance of the Provisional Portfolio. Any such differences could adversely affect the timing of receipt, and ultimate amount received, by the Issuer in respect of the Security Assets and the return in respect of the Notes.

4.2.11 **Negative interest rates in respect of the Issuer Accounts**

As indicated in 18.10.2(b) *Negative interest on Issuer Accounts*, the Issuer Account Agreement includes clauses whose effect is that, in the event that for a period the amount of interest payable in respect of an Issuer Account would otherwise be a negative amount, no amount of interest is payable by the Issuer Account Provider to the Issuer and, instead, the Issuer shall pay an amount to the Issuer Account Provider equal to that negative amount expressed as a positive number.

Such amounts (if any) would be payable to Issuer Account Provider at Priority Level 4 of the Normal Priority of Payments or, as applicable, Priority Level 3 of the Accelerated Priority of Payments or when otherwise invoiced to the Issuer, and would reduce the amount available to the Issuer to make payments in respect of the Notes.

4.3 Security and insolvency considerations

4.3.1 **Enforcement of the Spanish Security Documents may be affected by the granting of security to the Security Trustee**

The Spanish Security Documents have been granted in favour of the Security Creditors and in favour of the Security Trustee (for the benefit of the Security Creditors who has accepted the relevant security in its own name and for the benefit of the Security Creditors). However, the Security Creditors will not have any individual powers to enforce the Spanish Security Documents, except through the Security Trustee, who shall enforce them in accordance with the provisions of the Spanish Security Documents. Since Spanish law does not contemplate the concept of 'security agent', there is some uncertainty as to whether a Spanish court would recognise its authority and whether this could eventually cause delays in the enforcement of the Spanish Security Documents or prevent their enforcement in the terms stated in the Spanish Security Documents.

Although this is a disputed matter, some legal scholars argue that a security trustee would only be entitled to enforce its portion, if any, of the secured obligation but not that of the other secured creditors. Should this position be supported by Spanish courts, the validity and enforceability of security interests granted under the Spanish Security Documents in favour of the Security Creditors through the Security Trustee and their subsequent enforcement through the Security Trustee may be subject to certain limitations,

In addition, it may be the case that for the actual enforcement of the Spanish Security Documents, each of the secured creditors benefiting from such collateral would have to evidence its title to the secured obligations and accept the benefit of the security interest in their respective names by executing a public deed through duly appointed representatives by means of notarised powers of attorney and, if necessary, legalised or apostilled with the Apostille of The Hague Convention dated 5 October 1961 (as the case may be).

Therefore, if enforcement of the Spanish Security Documents in Spain is to be carried out by the Security Trustee on behalf of the Security Creditors, it may be necessary to prove that the Security Trustee is duly and expressly empowered for such purpose by means of duly notarised powers of attorney granted in favour of the Security Trustee by each of the actual Security Creditors or future Security Creditors and, if necessary, legalised or apostilled with the Apostille of The Hague Convention dated 5 October 1961 (as the case may be). Therefore, there could be a delay in the enforcement of the Spanish Security Documents in Spain while such powers are obtained which, ultimately, could imply an impact on the ability of the Issuer to meet its payment obligations under the Notes.

Enforcement of the Spanish Security Documents will be subject to the provisions of Spanish Procedural Law and Spanish Insolvency Law (where applicable) and this may entail delays in the enforcement. Under Spanish law, claims (including those claims to proceed with the enforcement) may become time barred or may be or become subject to the defence of set off or counterclaim. If any of the security documents is a registrable guarantee, it may not be registered if granted only in favour of the Security Trustee. Under Spanish law, until a pledge over credit rights arising from bank accounts or agreements is notified to the relevant debtors under such credit rights, it may not be deemed as not validly perfected for the purposes of

Article 1,863 of the Spanish Civil Code. In addition, enforcement in the courts will in any event be subject to: (a) the nature of the remedies available in the courts; and (b) the availability of defences such as, without limitation, set off (unless validly waived), circumvention of law (*fraude de ley*), abuse in the exercise of rights (abuso de *derecho*), misrepresentation, force majeure, unforeseen circumstances, undue influence, duress, abatement and counterclaim. All of the previous limitations in the context of the enforcement of the Spanish Security Documents imposed by Spanish applicable laws may lead to delays and complications in the enforcement of the Spanish Security Documents if the relevant events are triggered and/or the relevant requirements and legal provisions are not complied with, which ultimately could have an impact on the ability of the Issuer to meet its payment obligations under the Notes.

4.3.2 **Restriction on enforcement of Spanish Security Documents for ancillary breaches**

Spanish law, as applied by competent authorities, may preclude any security from being enforced in respect of an agreement, including the Issuer and the Note Conditions, irrespective of its governing law, which is terminated or accelerated based on the breach of obligations, undertakings or covenants which are merely ancillary or complementary to the main payment obligations, or based on the unreasonable, inequitable or bad faith interpretation of one of its events of default.

In addition, a Spanish court may, at the time of enforcing the security, through ordinary enforcement proceedings, refuse to carry out such enforcement when based on terms deemed contrary to those principles of Spanish law. If this were to occur in the context of the Spanish Security Documents, it could affect the Issuer's ability to meet its payment obligations under the Notes.

4.3.3 **Revocability of Spanish powers of attorney**

Under Spanish law, powers of attorney, appointments and authorisations granted to a party, even if they are drafted as irrevocable, are revocable by the grantor, subject to the general principle of good faith and to the existence of a justified reason when the power of attorney is a necessary consequence of the underlying relationship between its grantor and its beneficiary. Case law has in certain cases understood that a power of attorney is irrevocable when the parties agree to confer it on another party to fulfil the obligations undertaken in the context of an underlying relationship between the parties. Therefore, it is necessary for the irrevocable power of attorney to be granted by the Issuer in favour of the Security Trustee in relation to the Spanish Security Documents to be 'irrevocable', to prevent the underlying relationship between them from being frustrated. In any event, an irrevocable power of attorney will not survive the declaration of the insolvency of its grantor.

In addition, an irrevocable authority, power of attorney or instruction conferred under the Transaction Documents may become terminated on the insolvency of the Spanish companies. If a power of attorney, such as the Spanish Security Attorney Deed was terminated, it could affect the enforcement of the Security Interests under the other Spanish Security Documents and in turn, the Issuer's ability to meet its payment obligations under the Notes.

4.3.4 **Insolvency proceedings**

While the Transaction structure is designed to reduce the likelihood of the Issuer becoming the subject of insolvency proceedings (see, for example:

(a) the activities of the Issuer will be restricted by the Transaction Documents and will be limited, among other things, to acting as the Issuer in relation to the Transaction as an investment company, including issuing the Notes, purchasing the Portfolio, appointing Transaction Servicers (see 14.1 *Overview of provision of services to the Issuer*) and exercising of related rights and powers referred to in this Prospectus or reasonably incidental thereto (see further 10.1.6 *Activities of the Issuer*); and

(b) only the Note Trustee and/or, as applicable, the Security Trustee may pursue the remedies available under the general law, under the Security or under any Transaction Document and no other Transaction Party shall be entitled to proceed directly against the Issuer to enforce any such remedies or enforce the Security or any Transaction Document (including, without limitation, take or initiate any insolvency or other proceedings or steps against the Issuer), (see further Note Base Condition 11 *No action, limited recourse and prescription* and 20.1.2 *Security Intercreditor Deed*)),

there can be no assurance that the Issuer will not become the subject of insolvency proceedings and/or adversely affected by the application of insolvency laws.

If the Issuer became the subject of insolvency proceedings and/or was adversely affected by the application of insolvency laws, it could result in loss of and/or delays in payment of interest, principal or other amounts in respect of the Notes, hinder, increase costs of and/or delay the exercise of rights in respect of the Notes;

and/or hinder, increase costs of and/or delay transfers of or granting security over a Book Entry Interest in respect of the Notes.

4.3.5 **Examinership**

Examinership is a court procedure available under the Companies Act 2014 of Ireland (as amended) to facilitate the survival of Irish companies in financial difficulties.

A company, its directors, a contingent, prospective or actual creditor or shareholders holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the relevant company 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 that are 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 to be voted on by the company's creditors. The examiner has a maximum of 100 days from the date of the presentation of the petition to formulate its proposals, convene meetings of the company's creditors to vote on the proposals, and to report to either the Irish Circuit Court or the Irish High Court (as applicable, and each, a **Relevant Irish Court**) on the proposals and the outcome of the creditors' meetings. Once the examiner has submitted his or her final reports to the Relevant Irish Court with respect to the proposals within the maximum 100 days from the date of the petition, the period of protection can be extended, for such further period as the Court may allow but in no circumstances can the period of protection extend for more than 12 months from the date of the presentation of the petition. A scheme of arrangement may be approved by a Relevant Irish Court only if, among other things, one of the following voting thresholds has been met:

(a) a majority in number of creditors whose interests or claims would be impaired by implementation of the proposals, representing a majority in value of the claims that would be impaired by implementation of the proposals, have voted to accept the proposals; or

(b) if the above requirement is not satisfied, then a majority of the classes of creditors whose interests would be impaired by the scheme of arrangement have voted to accept the proposals, provided that at least one of those creditor classes is a class of secured creditors or is senior to the class of ordinary unsecured creditors; or

(c) if the above requirements are not satisfied, then at least one class of creditors whose interests or claims would be impaired by the proposals, upon a valuation of the company as a going concern who would be reasonably presumed to receive a payment if the normal ranking of liquidation priorities were applied, has voted to accept them,

and the Relevant Irish Court is satisfied that:

(a) no dissenting creditor would be worse off if the proposals are confirmed and implemented than such a creditor would be if the normal ranking of liquidation priorities were applied, either in the event of liquidation, whether piecemeal or by sale as a going concern, or in the event of the next-best-alternative scenario if the proposals were not confirmed; and

(b) the proposals are not unfairly prejudicial to the interests of an interested party.

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 Security 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 Note Conditions), the Security Trustee would be in a position to reject any proposal which was unfavourable to the Noteholders. The Security Trustee would only be obliged to reject any proposed act if (a) it were instructed on the instructions of the Noteholders through a Noteholder Extraordinary Resolution and (b) it were indemnified and/or secured and/or prefunded to its satisfaction against any liabilities which it may incur by so acting. To the extent so instructed and indemnified, the Security Trustee may be entitled to argue, on behalf of the Security Creditors, at any Irish Court hearing at which the proposed scheme of arrangement is considered that the proposals are unfair and inequitable in relation to the Noteholders or the other Security Creditors, or do not satisfy the "best interests of creditors test", especially if such proposals included a writing down to the value of amounts due by the Issuer to the

Noteholders or the other Security Creditors or resulted in Noteholders or the other Security Creditors receiving less than they would have if the Issuer was wound up.

Once confirmed by the Relevant Irish Court, the scheme of arrangement becomes binding on the company, its shareholders and all creditors whose rights are impaired by the scheme of arrangement and who received notice of the meetings convened for the purposes of voting on the proposals.

If an examiner were appointed to the Issuer, there are a number of risks to the Noteholders, including that:

(a) the Security Trustee may not be able to enforce the Security during the period of examinership;

(b) any approved scheme of arrangement may involve the writing down of the debt due by the Issuer to the Noteholders and the other Security Creditors as secured pursuant to the Security Documents;

(c) where 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 Security Creditors under the Security Documents; and

(d) the examiner would 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.

4.3.6 Application of Spanish Insolvency Law

Insolvency proceedings (*concurso*) in respect of any of the Spanish parties involved (whether it be the Asset Title Holder, the Asset Account Provider, the Asset Special Servicer or any other Spanish counterparty of the Issuer) could affect their contractual relations with the Issuer as provided in Royal Legislative Decree 1/2020, of 5 May, approving the recast text of the Insolvency Law (the **Spanish Insolvency Law**) and consequently the ability of the Issuer to meet its obligations under the Notes.

In addition, the Asset Title Holder and the Asset Account Provider are subject to Law 11/2015, of 18 June 2015, on the recovery and resolution of credit entities and investment firms, which implements in Spain Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, as amended by Directive (EU) No. 2019/879 of the European Parliament and of the Council of the European Union of 20 May 2019. Application of those provisions may delay or in certain cases impede the recovery of the amounts deposited in accounts opened at the Asset Account Provider.

In the event that the Asset Title Holder is declared insolvent, in accordance with the Spanish Insolvency Law and according to the terms of the first additional provision of Royal Decree-Law 24/2021, the Issuer shall have the right of separation (*derecho de separación*) with respect to the Mortgage Certificates on the terms provided in Articles 239 and 240 of the Spanish Insolvency Law.

Unlike the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and the underlying Non-Mortgage Loans are not subject to the special regime established by the first additional provision of Royal Decree-Law 24/2021 or Articles 239 and 240 of the Spanish Insolvency Law. Accordingly, in the event of the Asset Title Holder being declared insolvent, the Non-Mortgage Loan Sub-participations and the underlying Non-Mortgage Loans would be subject to the general regime of the Spanish Insolvency Law. Under that general regime, if the Issuer is able to demonstrate that all legal requirements for the right of separation (*derecho de separación*) are met in respect of the Non-Mortgage Loan Sub-participations and the underlying Non-Mortgage Loans, the Issuer could, in principle, request their separation from the insolvency estate (*masa activa*). However, in the event that the Issuer is unable to satisfy such requirements, its claims would be treated as insolvency claims and the Issuer would be treated as a creditor of the insolvent Asset Title Holder, which could result in delays in payment and/or losses for the Issuer and, consequently, adversely affect the ability of the Issuer to make payments on the Notes.

Consequently, the Issuer shall be entitled to obtain from the insolvency officer appointed in the insolvency proceedings of the insolvent Asset Title Holder the resulting amounts from the Mortgage Certificates from the date on which the insolvency is declared and upon the Issuer's request, being those amounts considered the Issuer's property and therefore to be transferred to the Issuer. This right of separation would not necessarily extend to the cash received and kept by the insolvent Asset Title Holder or the Asset Account Provider on behalf of the Issuer before that date, given the fungible nature of money, and could, therefore, be subject to the result of the insolvency proceedings according to the majority interpretation of Article 240 of the Spanish Insolvency Law.

In addition, any amounts received and held by the Asset Title Holder in connection with the Non-Mortgage Loans and the Non-Mortgage Loan Sub-participations prior to the date on which the insolvency of the Asset Title Holder is declared would be treated in the same manner as cash of a fungible nature referred to above and, accordingly, would not benefit from the right of separation. Such amounts could therefore be subject to the result of the insolvency proceedings in accordance with the majority interpretation of Article 240 of the Spanish Insolvency Law. Furthermore, any amounts falling due or to be collected under the Non-Mortgage Loans and the Non-Mortgage Loan Sub-participations after the declaration of insolvency would be subject to the general rules of the Spanish Insolvency Law, including a potential stay of payments and their possible integration into the insolvency estate, which could result in significant delays in the receipt of such amounts by the Issuer and could adversely affect the Issuer's ability to meet its payment obligations under the Notes.

4.3.7 **In rem security interests in respect of the Mortgage Loans**

Separately, to the extent that any *in rem* security interests securing the Mortgage Loans relating to the Mortgage Certificates in the Portfolio have been granted, Articles 145 and 148 of the Spanish Insolvency Law provides that once a debtor is declared insolvent, enforcement of security over any assets of the debtor which are necessary for the continuity of its business may not be commenced (and the procedures already initiated before the declaration opening insolvency proceedings shall be suspended) until the earlier of the following occurs:

(a) the approval of an arrangement between creditors, unless such agreement is binding on those secured creditors, in which case the provisions under such agreement will apply; and

(b) if the liquidation period has not been initiated, the first anniversary of the declaration of insolvency.

Enforcement shall be suspended even if, at the time of the declaration of insolvency, the relevant notices of public auction have been published. The suspension may be lifted or the commencement of enforcement proceedings may be possible if a court resolution which considers that the charged asset is not necessary for the continuity of the debtor's business is obtained from the judge in charge of the relevant debtor's insolvency proceedings.

For the purposes of the declaration of insolvency, the Spanish Insolvency Law states to the extent that security interests over shares or participations have been granted, that those shares or participations in companies whose only activity is the holding of one asset and the holding of the liabilities which are necessary for the financing of the corresponding asset, shall not be deemed necessary for the continuity of the debtor's business, provided that the enforcement of security interests over those shares or participations does not lead to a termination event or an amending event that allows the insolvent debtor to maintain development of the relevant asset.

In the event that enforcement over any rights relating to the Portfolio is suspended, the Issuer could face additional costs and delays until such enforcement is lifted. If this were to occur in the context of the Spanish Security Documents, it could affect the Issuer's ability to meet its payment obligations under the Notes.

4.3.8 **Fixed charges may take effect as floating charges**

Under Irish law, a key requirement to create a fixed charge is 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 monies or claims constituting such assets. Accordingly, if and to the extent that such liberty is given to the Issuer, under Irish law 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.

Floating charges have certain weaknesses, including that (a) they have weak priority against purchasers (who are not on notice of any negative pledge contained in the floating charge), chargees of the assets concerned, 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) and certain insolvency remuneration expenses and liabilities; (c) the examiner of a company has certain rights to deal with the property covered by the floating charge; and (d) they rank after fixed charges.

In case of any recharacterisation of a fixed charge as a floating charge, there can be no assurance that Noteholders will not be adversely affected by any resulting change in ranking of the security or any reduction in floating charge realisations upon enforcement of the security.

4.3.9 **Preferred creditors under Irish Law**

Under Irish law, if a liquidator or a receiver is appointed to an Irish company such as the Issuer, the claims of a limited category of preferential creditors will take priority over the claims of unsecured creditors and holders of floating security. These preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrears of VAT, together with accrued interest thereon. For the circumstances in which fixed security granted by the Issuer may take effect as floating security, please refer to 4.3.8 *Fixed charges may take effect as floating charges*.

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 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 have been approved by the Irish courts. Please refer to 4.3.5 *Examinership* for further information.

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 value added tax) 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 (or any person who is liable to pay, remit or account for tax to the Irish Revenue Commissioners) by another person in order to discharge any liabilities of the company in respect of outstanding tax (whether Irish, EU, or pursuant to a treaty or mutual assistance agreement) 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 an Irish tax resident individual which are subject to security, such as the disposal of a property on which the borrower has secured a mortgage loan, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the individual on a disposal of those assets on exercise of the security. Capital gains tax will arise on the gain at a rate which is currently 33%. Tax is calculated by reference to the excess of the net disposal proceeds over the allowable acquisition costs (including enhancement expenditure) and is calculated without reference to the amounts outstanding on a mortgage loan. There is an exemption from Irish capital gains tax on gains arising on the disposal by an individual of his principal private residence, which broadly covers gains arising on the disposal of the dwelling house which has been occupied by the individual as his only or main residence since he acquired the property.

If the preferred claims described above arise in relation to the Issuer, they may reduce the amounts available to the Issuer to pay amounts owing on the Notes and, in turn, a Noteholder may not receive the full amount owing on such Notes.

4.3.10 **Insolvency proceedings and subordination provisions**

There is uncertainty as to the validity and/or enforceability of a provision which (based on contractual and/or trust principles) subordinates certain payment rights of a creditor to the payment rights of other creditors of its counterparty upon the occurrence of insolvency proceedings relating to that creditor.

Under Spanish insolvency law, Article 435.3 of the Spanish Insolvency Law provides that relative subordination agreements between creditors shall be recognised and enforceable within insolvency proceedings, provided that (a) the debtor is a party to such agreement, and (b) the agreement does not cause prejudice to third parties, in which case the insolvency officer (*administración concursal*) shall make payments in accordance with the terms of such agreements. In the context of this Transaction, to the extent that the provisions of the applicable Priority of Payments constitute a relative subordination arrangement to which the relevant Spanish party (as debtor) is a party and do not cause prejudice to third-party creditors, such provisions should in principle be recognised and given effect within any insolvency proceedings affecting that party, and the insolvency officer should be required to distribute payments in accordance with the agreed priority. However, there can be no assurance that a Spanish court would not determine that the relevant Priority of Payments provisions cause prejudice to third parties or that the requirements of Article 435.3 of the Spanish Insolvency Law are not fully met, which could adversely affect the enforceability of

the agreed payment waterfall and, consequently, the rights of the Noteholders and/or the ability of the Issuer to satisfy its obligations under the Notes.

In general, if a subordination provision included in the Transaction Parties (such as a provision of the applicable Priority of Payments) was successfully challenged under the insolvency laws of any relevant jurisdiction outside Ireland and any relevant foreign judgment or order was recognised by the Irish courts, there can be no assurance that such actions would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

4.4 Risks relating to other parties

4.4.1 Risks relating to reliance on other Transaction Parties

As a special purpose vehicle with no employees and no subsidiaries the Issuer relies on other Transaction Parties (including, without limitation, Transaction Servicers) to perform their obligations under Transaction Documents. See, in particular, 14 *Provision of services to the Issuer* and 18 *Credit structure*. Noteholders may be adversely affected if any of such other parties fail to perform their obligations (including, without limitation, as a result of fraud, negligence or mistake) and/or are removed or if such a party resigns without a sufficiently experienced replacement or any replacement being appointed in their place on substantially the same terms promptly thereafter (see further 8.2 *Non-rating triggers table*).

In particular (but without limitation), investors should note that:

(a) none of the Asset Title Holder, the Asset Primary Servicer and the Asset Special Servicer has any obligation to, and will not itself, advance payments that the Debtors fail to make under the Loans in a timely fashion; and

(b) the Asset Title Holder, the Asset Primary Servicer and the Asset Special Servicer will be entitled to recover fees, costs and expenses on an on-going basis in accordance with the applicable Priority of Payments and, in relation to certain payments to the Asset Special Servicer, through funding of the Asset Expense Account and such fees, costs and expenses of the Asset Title Holder, the Asset Primary Servicer and the Asset Special Servicer under the Asset Services Agreement will rank ahead of all amounts payable to Noteholders.

See 14.2 *Asset Title Duties* for further details of the arrangements with the Asset Title Holder and the Asset Primary Servicer and 14.3 *Asset Special Services* for further details of the arrangements with the Asset Special Servicer. In the event that the Asset Title Holder, the Asset Primary Servicer and the Asset Special Servicer fails to fulfil its liabilities and obligations under the Transaction Documents to which they are a party, then the Issuer may be unable to perform its obligations under the Notes, including its obligations to make timely payments on the Notes.

In particular, while Pepper Spanish Servicing, S.L.U. as the Asset Special Servicer and the REO Asset Servicer is bound to perform certain services under the Asset Services Agreement and the REO Asset Services Agreement, there can be no assurance that they will be willing or able to perform such services in the future. Any change in the Asset Special Servicer and/or the REO Asset Servicer could delay collection of payments on the Loans and/or (as applicable) their Mortgage Security and ultimately could adversely affect the ability of the Issuer to make payments in full under the Notes.

4.4.2 Limits on recourse etc. to Transaction Parties

Neither the Issuer, nor the Note Trustee nor the Security Trustee will have any recourse to any Transaction Party other than in respect of a breach by, as applicable, it under each relevant Transaction Document to which it is a party, unless it is on the basis of extracontractual liability under Spanish law and those Transaction Documents contain exclusions of and limits on the liability of the relevant Transaction Party and/or require the Issuer to make indemnity and/or other payments to the relevant Transaction Party (see, for example, 14.2.4 *Certain liabilities under the Asset Services Agreement*).

There can be no assurance that any Transaction Party will have the financial or other resources to fully perform and comply with its obligations under each relevant Transaction Document to which it is a party. If any Transaction Party has insufficient the financial or other resources to fully perform and comply with its obligations under each relevant Transaction Document to which it is a party and/or to rectify and/or provide compensation for any breach of its obligations under each relevant Transaction Document to which it is a party, this could cause loss to the Issuer and adversely affect the timing of receipt, and ultimate amount received, in respect of the Notes.

In particular (but without limitation), as a practical matter, the ability of the Seller to make any payments or otherwise discharge its liabilities or obligations under any Transaction Document to which it is a party

will be limited. The Seller is a special purpose vehicle with limited assets and funds and as such will, after having satisfied its liabilities and obligation to pay its secured creditors, have limited resources available to it to fulfil its liabilities or obligations under any such Transaction Document. The liabilities or obligation of the Seller to the Issuer, the Security Trustee and/or any other Transaction Party are not guaranteed nor will they be the responsibility of any person other than the Seller, and, as such neither the Issuer, nor the Security Trustee, nor any other Transaction Party will have recourse to any other person in the event that the Seller, for whatever reason, fails to fulfil its liabilities or obligations under any such Transaction Document, this may have an adverse effect on the Issuer's ability to make payments on the Notes. The Issuer and the Security Trustee have also agreed that it will not take any action to wind up the Seller or initiate similar proceedings. This may affect the ability of the Issuer and the Security Trustee to exercise effectively certain rights under any such Transaction Document.

Investors should also note that the liabilities and obligations of the Seller, pursuant to the Asset Sale Agreement, to make payments of damages to the Issuer as a result of a breach of any Asset Warranty will be subject to a time limitation and be subject to certain financial caps (see 4.2.8(b) *Limitations on liability for a breach of any Asset Warranty*).

4.4.3 **Application of insolvency or similar laws to Transaction Parties**

As indicated in 4.4.1 *Risks relating to reliance on other Transaction Parties*, the Transaction involves a number of third parties who are or will be party to a Transaction Document. These Transaction Parties may be subject to a range of differing laws, resolutions and regimes in different jurisdictions, including in the event that they become insolvent or experience financial difficulties or adverse events.

If a Transaction Party (such as a Transaction Servicer and the Hedge Provider) becomes affected by such laws, resolutions and/or regimes, it may affect the ability of any relevant party to satisfy its obligations under the Transaction Documents and there can be no assurance that Noteholders will not be adversely affected as a result.

4.4.4 **Risks relating to payments under Hedge Agreement**

(a) **Non-receipt of amounts under the Hedge Agreement**

If the Hedge Provider defaults in (whether due to the insolvency of the Hedge Provider or otherwise), or (when entitled to do so) terminates, its obligations to make payments of amounts to the Issuer under the Hedge Agreement in each case on the relevant Payments Date or if such Hedge Agreement terminates for any other reason, the Issuer will be exposed to certain interest basis risk or changes in currency exchange rates (as appropriate).

If the relevant Hedge Provider does not make such payments under the Hedge Agreement and/or fails to provide collateral at the times and to the extent required under the Hedge Agreement and/or, following a termination of the Hedge Agreement, a replacement hedge agreement is not promptly entered into the Issuer may have insufficient funds to make payments due on the Notes and/or such payments may be delayed (and the Issuer would be an unsecured creditor of the Hedge Provider).

(b) **Replacement of Hedge Agreement**

Upon early termination of the Hedge Agreement, the Issuer will endeavour, although this cannot be guaranteed, to find a replacement Hedge Provider that will enter into a replacement Hedge Agreement. No assurance can be given that the Issuer will be able to enter into replacement hedge agreements with a suitably rated replacement hedge provider or that such replacement hedge agreements are entered into promptly enough, to prevent a Rating Adverse Action (including, without limitation, where the Issuer has insufficient funds in the circumstances referred to in 4.4.4 *Risks relating to payments under Hedge Agreement*). Nor can any assurance be given, if one or more such replacement transactions are entered into, as to the credit rating or creditworthiness of the replacement hedge provider under such replacement hedge agreements.

4.4.5 **Risks relating to changes in relation to Transaction Parties**

Certain Transaction Parties are required to satisfy certain criteria in order that they can continue to have their role and be a party to the applicable Transaction Documents. See, in particular, 8 *Triggers tables*, 14 *Provision of services to the Issuer* and 18 *Credit structure*).

These criteria may, as applicable, include requirements imposed laws and regulations and requirements in relation to the ratings ascribed to such Transaction Party by the relevant Rating Agencies. If the relevant Transaction Party ceases to satisfy the applicable criteria, including the ratings, then the rights and obligations of that Transaction Party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, it may not be possible to find, or there may be a significant delay in finding, an entity that

satisfies the applicable criteria, including the ratings, who would be willing to act in the role. Even if a replacement entity is willing to act, the terms agreed with the replacement entity may not be as favourable as those agreed with the original Transaction Party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments on the Notes and/or lead to a downgrade in the ratings of the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree to amend or waive certain of the terms of such Transaction Document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

4.4.6 **Certain interests and potential for conflicts**

Transaction Parties may perform multiple roles in relation to the Transaction. The Transaction Parties may, pursuant to the Transaction Documents, be replaced by one or more new parties. The Transaction Parties (including any replacements) and advisers or any affiliates of any of them may have existing or future business relationships with any other Transaction Parties (including any replacements) and advisers or any affiliates of any of them and with other persons, in each case whether similar to or in competition with the business of the Issuer and in doing so may pursue actions and take steps that they deem appropriate to protect their interests arising therefrom without regard to the consequences for any Noteholder.

Accordingly, conflicts of interest may exist or may arise as a result of Transaction Parties having previously engaged or in the future having activities involving other Transaction Parties, having multiple roles or carrying out other transactions for third parties, which might ultimately have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes.

In particular, without limitation, investors should note that the Issuer understands that:

- the Arranger, the Joint Lead Managers and/or other Transaction Parties may have engaged in, and may in the future engage in, investment banking and/or commercial banking or other services for the Issuer, the Warehouse, Porta Falsa DAC and/or Continental Structured Ventures, Ltd. or their respective affiliates in the ordinary course of business (and, without limitation, may perform services for, may also include providing or arranging financing to any transaction referred to in 4.6.3(d) *Raising of financing against Notes held by Risk Retention Holder for risk retention*);
- the Arranger, any Joint Lead Manager, Porta Falsa DAC, Continental Structured Ventures, Ltd.. other Transaction Parties and/or their affiliates may hold some of the Notes from time to time, and each will be entitled to exercise all rights as holders of such Notes and no specific limitations apply them as such holders;
- Porta Falsa DAC intends to apply part of the Portfolio Sale Consideration that it receives from the Issuer in respect of the Portfolio in making one or more payments to Continental Structured Ventures, Ltd. (being the parent of Porta Falsa DAC) and to the Warehouse in connection with the Portfolio);
- the Warehouse intends to apply all or part of the amounts that it receives from Porta Falsa DAC in connection with the Portfolio in repaying warehouse finance to the Arranger/Joint Lead Managers and Continental Structured Ventures, Ltd.; and
- Continental Structured Ventures, Ltd. intends to apply all or part of the amounts that it receives from Porta Falsa DAC and/or the Warehouse in or towards subscribing the Allocated Notes on the Closing Date,

and, in each case, may and will act in their own commercial interests and will not be required to take into account the interests of the Noteholders or any other Transaction Party and may derive fees and other revenues from such interests and arrangements.

Rule 192 pursuant to Section 27B of the U.S. Securities Act prohibits a securitisation participant from directly or indirectly entering into a transaction that would involve or result in a material conflict of interest with any investor, subject to exceptions for certain risk-mitigating hedging activities, liquidity commitments and bona-fide market making activities with respect to any asset-backed security, the first closing of the sale of which occurs on or after 9 June 2025. Under Rule 192, a 'securitization participant' is an underwriter, placement agent, initial purchaser, sponsor or certain affiliates and subsidiaries of any such party. There are a number of uncertainties regarding Rule 192 and its potential impact on securitization participants.

4.4.7 **Technology risks impacting Transaction Parties**

With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, the other Transaction Parties relied upon by the Issuer (including, without limitation, Transaction Servicers and the Hedge Provider) may be exposed to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviours, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorised release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, those other parties may adversely impact the ability of those other parties carry out their duties. Those other Transaction Parties may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future. With respect to any business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified.

Such cyber-attacks may cause such other Transaction Parties to fail to perform their obligations under the applicable Transaction Documents and, in turn, that could have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes, including resulting in the Issuer having insufficient funds to make payments due on the Notes and/or such payments being delayed.

4.4.8 **Other risks impacting Transaction Parties**

Investors should also be aware that Transaction Parties relied upon by the Issuer (including, without limitation, Transaction Servicers and the Hedge Provider) (and, by extension, the Issuer's ability to meet its obligations in respect of the Notes) may be adversely impacted (in particular, their fulfilment of liabilities and obligations under the Transaction Documents to which they are a party) by the general economic climate and factors outside of their control, including disruptions due to technical difficulties and local, national and/or global events and/or factors (such as epidemics and pandemics) and/or the failure of another person to fulfil its liabilities and obligations under the Transaction Documents.

One of the lasting impacts of the COVID-19 outbreak is that many organisations (including courts, other government agencies and service providers) have implemented policies requiring their employees to work at home. Such remote working policies are dependent upon a number of factors to be successful, including communications, internet connectivity and the proper functioning of information technology systems, all of which can vary from organisation to organisation. As a result, such remote working policies may lead to delays or disruptions in performing otherwise routine functions.

In particular, whilst the systems and infrastructure of the Asset Special Servicer and the Asset Title Holder have continued to routinely operate and function to date, there is no guarantee that this will continue and such factors may affect the servicing, collection and enforcement of the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio by the Asset Special Servicer and the Asset Title Holder in accordance with the Asset Services Agreement, as applicable. Failures or defects in the processes, procedures and/or systems used by Transaction Parties and or failures by their staff may cause such Transaction Parties to fail to perform their obligations under the applicable Transaction Documents and, in turn, that could have a negative impact on the ability of the Issuer to perform its obligations in respect of the Notes, including resulting in the Issuer having insufficient funds to make payments due on the Notes and/or such payments being delayed.

In the event that any of the Transaction Parties were to fail to fulfil its liabilities and obligations under the Transaction Documents to which it is a party, then the Issuer may be unable to perform its obligations under the Notes, including its obligations to make timely payments on the Notes.

4.5 Certain regulatory risks relating to the Security Assets

4.5.1 **Risks arising from regulation of activities and aspects of certain Loans**

As indicated in 11.8 *Certain aspects of Spanish law relating to Loans*, the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio are subject to Spanish laws and regulatory measures, including, among others, Law 1/2013, the Spanish Housing Law and certain regional housing measures, the Codes of Good Practices and DANA Measures, and the proposed Credit Servicers and Credit Purchasers Bill and the Real Estate Credit Contract Law.

These laws and measures may affect, among other things, maximum default interest, restructuring and grace periods, conversion of floating interest rate loans into fixed interest rate loans, debt renegotiation policies, foreclosure timing and the rights or defences available to Debtors. As a result, among other things, payment

schedules of principal and interest of the Loans may be modified, the commencement of enforcement proceedings may be delayed and collections may be lower than expected, which could adversely affect the Issuer's ability to make payments on the Notes.

No assurance can be given that these laws will not have an adverse effect on the Issuer (including, but not limited to, adversely affecting the Issuer's ability to make payments on the Notes such that the payments on the Notes could be reduced or delayed).

If the timing of the payments, as well as the quantum of such payments, in respect of the Portfolio is adversely affected by any of the risks described in this section, then payments on the Notes could be reduced and/or delayed and could ultimately result in losses on the Notes. Given the unpredictable effect such factors may have on the local, national or global economy, no assurance can be given as to the impact of any of the matters described in this section and, in particular, no assurance can be given that such matters would not adversely affect the ability of the Issuer to satisfy its obligations under the Notes.

4.5.2 **Risks arising from reliance on Transaction Parties to carry out regulated activities relating to Loans**

The Issuer does not hold, and does not intend to hold, any regulatory authorisation or permission to carry out regulated activities (as applicable) in relation to the Loans. Instead, the Issuer will rely on the Asset Title Holder and the Asset Special Servicer to have the required authorisation, permission and/or registration (as applicable) to carry out regulated activities (as applicable) in relation to the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio. See 4.4.1 *Risks relating to reliance on other Transaction Parties* and 4.4.5 *Risks relating to changes in relation to Transaction Parties*.

Accordingly, the Issuer incurs the fees, costs and expenses payable to the Asset Title Holder and the Asset Special Servicer for carrying out such regulated activities and, if applicable, the cost and expense of replacing the Asset Title Holder and the Asset Special Servicer, and such fees, costs and expenses may adversely affect the Issuer's ability to make payments in full when due on the Notes.

4.5.3 **Risks arising from regulation of contract terms of certain Loans**

In addition, as indicated in 11.8.1 *Spanish laws affecting the validity and/or enforceability of contract terms*:

(a) there are laws and judicial or regulatory decisions that may render certain loan terms unenforceable against the borrower, in this sense:

  (1) certain matters are directly regulated by a mandatory legal regime, which shall apply in order to preserve the contract and avoid detriment to the borrower (for example, Article 24 of the Real Estate Credit Contract Law, or, where relevant, Article 693.2 of the Spanish Civil Procedure Law), without any judicial rewriting of unfair terms; and

  (2) in the event that any contractual provisions are declared null and void, the Loan Agreement shall continue in force without such provisions, provided the agreement can subsist without them. If not, the Loan Agreement shall be declared null and void in its entirety, unless such nullity would be more detrimental to the consumer, in which case the contract may not be terminated and shall be supplemented with default provisions (CJEU judgment in Case C-300/23 of 12 December 2024),

  and there is an increasing tendency in recent years for Spanish borrowers (mostly individuals who have financed the acquisition of their home and qualify as consumers) to file claims alleging that certain provisions included in their mortgage loans are unfair; and

(b) there is a strong trend in Spanish case law that leans towards declaring the unfairness of many clauses regularly used by financial institutions in the residential mortgage market, specifically those clauses listing events of default or clauses regulating the early termination of a loan.

The litigation and unfairness risks described in this section primarily concern: (1) mortgage loans where the borrower is a natural person and the mortgaged property is for residential use and the agreement falls within the scope of the Real Estate Credit Contract Law; and (2) other consumer credit agreements (non-mortgage) where the borrower acts as a consumer.

The main consequence of a clause in a Loan being declared unfair by a court is that such clause will be considered null and void. In practice, this implies that the Loan agreement will have to be interpreted as if the clause had never been in the Loan agreement, while the rest of the clauses in the Loan agreement will remain binding for the parties, provided the Loan agreement can survive without the unfair clause.

Therefore, the declaration of unfairness of any such clauses in the agreements relating to the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio may have an impact on the ability and timing for the Issuer to enforce those Loans and/or (as applicable) their Mortgage Security.

In addition, the Real Estate Credit Contract Law includes certain provisions regulating the acceleration of Mortgage Loans which may imply an extension on the periods required to enforce those Mortgage Loans in comparison with the relevant periods foreseen under the contractual provisions in those Mortgage Loans. In particular, Article 24 of the Real Estate Credit Contract Law allows the lender to accelerate Loan agreements: (a) after a payment default equal to 3% of the total Loan amount or 12 monthly instalments if the default occurs in the first half of the term of the Loan, or (b) after a payment default equal to 7% of the total Loan amount or 15 monthly instalments if the default occurs in the second half of the term of the Loan.

No assurance can be given that such above laws and/or court decisions (or future changes to those) will not have an adverse effect on the Issuer (including, but not limited to, adversely affecting the Issuer's ability to make payments on the Notes such that the payments on the Notes could be reduced or delayed).

Given that Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio were typically originated using the same or similar procedures and/or processes and forms developed by the relevant Originator, where there is a contravention of the above laws or an adverse decision by a court, it may adversely affect a significant number of those Loans and/or (as applicable) their Mortgage Security and, in turn, have an adverse effect on the return in respect of the relevant Notes.

4.5.4 Potential effects of any additional regulatory changes

As summarised in 11.8.6 *Credit servicers and credit purchasers*, the Credit Servicers and Credit Purchasers Bill is in its second final provision, and, if it is enacted in its current form, would require (among other things) lenders:

(a) to have and apply debt renegotiation policies for all types of debtors (such as, among others, extensions of maturity dates, deferral of payment of all or part of the instalments, interest rate reduction, offering grace periods, partial repayment, currency conversion or partial forgiveness, and debt consolidation) aimed at reasonably reaching renegotiated agreements before demanding full repayment or resorting to legal actions; and

(b) offer borrowers in a situation of economic vulnerability the possibility of repaying the loan or credit by paying an amount resulting from applying a write-off or partial forgiveness to the prematurely matured debt, aligned with the estimated amount that could be obtained from a sale to a third party, prior to the sale or assignment of the matured loan (among other matters).

These requirements could substantially and negatively delay and/or reduce the amounts received by the Issuer in relation to the Portfolio and, in turn, significantly adversely affect the Issuer's ability to meet its obligations regarding the Notes.

No assurance can be given that changes will not be made to the regulatory regime in respect of the mortgage market in Spain generally or specifically in relation to the Portfolio. In particular, there can be no assurance that the Spanish government or regulatory bodies, will not take further steps in response to the rising cost of living in Spain or other circumstances affecting borrowers and residential properties, including by further amending and extending the scope of the laws, regulations, and guidance referred to in 11.8 *Certain aspects of Spanish law relating to Loans*. Any such changes or further steps, in particular, but not limited to, the cost of compliance, may have a material adverse effect on the Portfolio and/or certain Transaction Parties. This may adversely affect the Issuer's ability to make payments in full when due on the Notes.

4.6 Certain regulatory risks applicable to the Notes

4.6.1 Responsibility of investors

Each prospective investor is required to independently assess the treatment of the Notes for legal, regulatory or other purposes and its ability to purchase the Notes under applicable legal, regulatory and/or other restrictions and to independently assess and determine the sufficiency of the information described in this Prospectus generally for the purposes of complying with applicable laws and regulations (including any technical standards, implementing technical standards and any other implementing provisions in their jurisdiction). In particular, in the UK, Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry which 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 asset-backed securities, and may thereby affect the liquidity of such securities. These matters may adversely affect the value and liquidity of the Notes.

In general, prospective investors should consult their own advisers and regulators as to the regulatory requirements in respect of the Notes (including, in particular, regulatory capital and liquidity). No predictions can be made as to the precise effects of such matters on any prospective investor or otherwise. None of the Issuer or the other Transaction Parties makes any representation that the information described in this Prospectus and otherwise which may be made available to investors is sufficient in all circumstances to determine the legal and regulatory treatment of the Notes. See 1.1 *Prospective investors*.

Without prejudice to the foregoing paragraphs, the following are some regulatory aspects that may be relevant to certain prospective investors in the Notes:

4.6.2 **Basel regulatory capital and liquidity framework**

Investors should note in particular that the Basel Committee on Banking Supervision (the **Basel Committee**) approved significant changes to the Basel regulatory capital and liquidity framework (such changes being commonly referred to as Basel III in respect of reforms finalised prior to 7 December 2017, and as Basel IV in respect of reforms finalised on or after that date (together, **Basel III/IV**)). Implementation of Basel III/IV requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. A number of major jurisdictions are implementing the reforms, or aspects of the reforms, with significant delays relative to the internationally agreed timetable. The Basel Committee has also published certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15% The Basel Committee continues to work on new policy initiatives. It should also be noted that changes to regulatory capital requirements have been made for insurance and reinsurance undertakings through participating jurisdiction initiatives, such as the Solvency II framework in the EEA and the Solvency II framework in the United Kingdom, both of which are under review and subject to further reform.

Implementation of the Basel framework (to the extent that it has not already been fully implemented in member countries) and/or of any of the changes put forward by the Basel Committee as described above and/or those legislative proposals by the European Commission 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 relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

Prospective investors should consult their own advisers as to the regulatory requirements in respect of the Notes (including, in particular, regulatory capital and liquidity) and as to the consequences for and effect on them of any changes to the Basel framework (including the changes described above), those legislative proposals by the European Commission and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any prospective investor or otherwise.

4.6.3 **Regulatory requirements in relation to aspects of securitisation**

(a) **Responsibility of investors**

Prospective investors of Notes are themselves responsible for knowing, assessing and monitoring requirements of the Securitisation Frameworks and U.S. Retention Rules, any relevant national measures or any other legal, regulatory or other requirements applicable to them, the consequences of any non-compliance with those requirements (including, among other things, any negative effect on the regulatory position of, and the capital charges on, the Notes and the liquidity and price of those Notes) and, where appropriate, for taking independent advice on those requirements and consequences. In particular, each prospective investor is required independently to assess and determine the sufficiency of the information described above and in the applicable Prospectus generally for the purposes of complying with the Securitisation Frameworks and U.S. Retention Rules, any relevant national measures or any other applicable legal, regulatory or other requirements and none of the Issuer or any other Transaction Party:

- makes any representation that the information described above or in the applicable Prospectus is sufficient in all circumstances for such purposes,
- has any liability to any prospective investor or any other person for any insufficiency of such information or any failure of the transactions contemplated in the applicable Prospectus to comply with or otherwise satisfy the requirements of the Securitisation Frameworks and U.S. Retention Rules, any relevant national measures or any other applicable legal, regulatory or other requirements, or

- has any obligation to ensure compliance with the requirements of the Securitisation Frameworks and U.S. Retention Rules, any relevant national measures or any other applicable legal, regulatory or other requirements, other than the obligations of the applicable Transaction Parties in respect of the Securitisation Frameworks and U.S. Retention Rules indicated in this Prospectus.

Among other things, each Securitisation Framework includes risk retention and transparency requirements (imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements which are imposed, under the Securitisation Frameworks, on investors in a securitisation (see further 21.1 (*EU and UK securitisation frameworks*). In particular:

- an investor (other than the originator, sponsor, or original lender) is restricted from investing in asset-backed securities (such as Notes) to which a Securitisation Frameworks applies unless that UK Affected investor is able to demonstrate that it has undertaken certain due diligence in respect of various matters (including, among other things, the position of its Note in the relevant priorities of payment and the structural features of the securitisation), and
- an investor (other than the originator, sponsor or original lender) holding a securitisation position is required to at least establish appropriate written procedures that are proportionate to the risk profile of the securitisation position and, where relevant, to the investor's trading and non-trading book, in order to monitor, on an ongoing basis, compliance with its due diligence requirements and the performance of the securitisation position and of the underlying exposures.

(b) **Restricted Basis applicable to obligations to comply with UK Securitisation Framework**

Prospective investors should note the Restricted Basis that applies to the Issuer and Risk Retention Holder's obligations to comply with the requirements of the UK Securitisation Framework indicated in 21.1.3 (*Basis of and limitations applicable to compliance with UK Securitisation Framework*, namely that the obligations of the Issuer and the Risk Retention Holder to comply with aspects of the UK Securitisation Framework (some of which are indicated in this section 21 *Certain regulatory aspects of securitisation*) are only on the following basis:

(1) such obligations are strictly contractual pursuant to the terms of the applicable Transaction Documents containing such obligations and only relate to the UK Securitisation Framework as in effect and interpreted on the Closing Date and, to the extent that the UK Securitisation Framework (as in effect and interpreted on the Closing Date) is amended, a change in interpretation is introduced or new rules are introduced in relation to the UK Securitisation Framework (as in effect and interpreted on the Closing Date), in each case, following the Closing Date, the Issuer and the Risk Retention Holder will be under no obligation to comply with such amendments, change(s) in interpretation or new rules unless such amendments, change(s) in interpretation or new rules is favourable to the position of the Issuer and the Risk Retention Holder as at the time they become effective; and

(2) such obligations may, in due course, be satisfied by compliance with, as applicable, an EU Equivalent Requirement.

(c) **Certain risks relating to the U.S. Retention Rules**

This Transaction will be subject to the U.S. Retention Rules, and the U.S. Retention Holder will hold the required U.S. Retained Interest as described in 21.6 *U.S. risk retention*. As at the Closing Date, the U.S. Retained Interest will be satisfied by the U.S. Retention Holder acquiring and, to the extent required, retaining through the Sunset Date an EHRI, in this case by retaining Z Notes having a Note Initial Principal Amount of at least EUR 29,599,359.52 and all of the X Notes, in accordance with the U.S. Retention Rules. If, however, the U.S. Retention Holder or a majority-owned affiliate fails to retain credit risk in accordance with the U.S. Retention Rules, or engages in a hedging transaction with respect to the U.S. Retained Interest prior to the Sunset Date, the value and liquidity of the Notes may be adversely affected. In addition, no assurance can be given as to whether a failure by the U.S. Retention Holder to comply with the U.S. Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. Furthermore, the impact of the U.S. Retention Rules on the securitisation market generally is uncertain, and a failure by the U.S. Retention Holder to comply with the U.S. Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

No Transaction Party or any of their affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a

matter of fact with the U.S. Retention Rules on the Closing Date or at any time in the future. Investors should therefore make themselves aware of the U.S. Retention Rules, changes and requirements thereto, and consult their own advisers as to the U.S. Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

(d) **Raising of financing against Notes held by Risk Retention Holder for risk retention**

On or after the Closing Date, the Risk Retention Holder (which is also the U.S. Retention Holder) may directly or indirectly obtain funding to finance its economic exposure to some or all of (1) the Retained Interest required to be retained in compliance with the Securitisation Frameworks (see 21.2 *EU and UK risk retention requirements*), and (2) the U.S. Retained Interest required to be retained in compliance with the U.S. Retention Rules (see 21.6 *U.S. risk retention*).

Such financing may be provided by one or more of the Arranger, the Joint Lead Managers or their respective affiliates and may require the grant of a security interest over such financed Retained Interest and U.S. Retained Interest and result in the financing counterparty having enforcement rights and remedies in case of an event of default which may include the right to appropriate or sell the Retained Interest and the U.S. Retained Interest. In carrying out any such appropriation or sale, the financing counterparty would not be required to have regard for the Retention Requirement under the Securitisation Frameworks and the U.S. Retention Rules and any such sale or appropriation may therefore cause the Risk Retention Holder and/or U.S. Retention Holder, as applicable, to be in non-compliance with the Retention Requirement under the Securitisation Frameworks and the U.S. Retention Rules. In such an event, with respect to the Retention Requirement under the Securitisation Frameworks, Notes held by other investors could be subject to an increased regulatory capital charge levied by a relevant regulator with jurisdiction over any such investor, and, also, with respect to the U.S. Retention Rules and the Retention Requirement under the Securitisation Frameworks, the price and liquidity of the Notes held by an investor in the secondary market could be negatively impacted.

(e) **Impact of non-compliance with regulatory requirements**

Failure to comply with one or more of the requirements of the Securitisation Frameworks (including, as a result of the Restricted Basis) and U.S. Retention Rules may result in various penalties including, in the case of those investors subject to regulatory capital requirements, the imposition of a penal capital charge on the Notes acquired by the relevant investor. In addition, there is a risk that the consequences of non-compliance with applicable requirements of the Securitisation Frameworks (including, as a result of the Restricted Basis) and U.S. Retention Rules may include, but is by no means limited to, a decrease in demand for the Notes in the secondary market, which may lead to a decreased price for those Notes, or decreased liquidity and increased volatility in the secondary market and, therefore, an investor's ability to resell those Notes may be limited by market conditions and an investor must be prepared to bear the risk of holding its Notes until maturity.

Aspects of the requirements of the Securitisation Frameworks and U.S. Retention Rules and what is or will be required to demonstrate compliance to national regulators remain unclear and are still evolving. investors who are uncertain as to the requirements that will need to be complied with in order to avoid the consequences of non-compliance should seek guidance from their regulator and/or take independent advice.

(f) **Not a simple, transparent and standardised securitisation**

As indicated in 21.4 *No EU or UK STS Securitisation designation or notification*, the Issuer and the Risk Retention Holder have not designated, and do not intend to designate, the Transaction as an STS Securitisation under either Securitisation Framework and the Risk Retention Holder has not made, and does not intend to make, any notification under Article 27(1) of the EU Securitisation or UK SECN 2.5 in respect of the Transaction. Prospective investors are themselves responsible for analysing their own regulatory position, and should consult their own advisers in this respect and should consider (and, where appropriate, take independent advice on) the consequence from a regulatory perspective of the Notes not being considered an STS Securitisation under either Securitisation Framework, including (but not limited to) that the lack of such designation may negatively affect the regulatory position of, and the capital charges on, the Notes and, in addition, have a negative effect on the price and liquidity of the Notes in the secondary market.

4.6.4 **EU and UK European Market Infrastructure Regulation**

The derivatives markets are subject to extensive regulation in a number of jurisdictions, including in the UK pursuant to Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 as it forms part of the laws of the

United Kingdom (**UK EMIR**) and, in Europe pursuant to Regulation (EU) 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and the trade repositories as amended by Regulation (EU) 2019/834 of the European Parliament and of the Council of 20 May 2019 (**EU EMIR**), each as amended, supplemented and/or replaced from time to time.

UK EMIR and EU EMIR impose certain obligations on certain parties to over-the-counter derivative contracts (**EMIR Derivatives**) including (1) a mandatory clearing obligation for certain classes of EMIR Derivatives (the **EMIR Clearing Obligation**), (2) a margin posting obligation for EMIR Derivatives not subject to clearing (the **EMIR Collateral Obligation**), (3) daily valuation and other risk-mitigation techniques for EMIR Derivatives not cleared by a central counterparty (the **EMIR Risk Mitigation Requirements**), and (4) certain reporting and record-keeping requirements (the **EMIR Reporting Obligation**). In general, the application of such regulatory requirements in respect of the EMIR Derivatives will depend on the classification of the counterparties to such derivative transactions.

Under UK EMIR and EU EMIR, counterparties can be classified as:

(a) financial counterparties (**EMIR FCs**) (which includes a sub-category of small financial counterparties); and

(b) non-financial counterparties (**EMIR NFCs**), comprising (1) non-financial counterparties who exceed a specified clearing threshold (**EMIR NFC+**), and (2) non-financial counterparties below the clearing threshold (**EMIR NFC-**).

Whereas EMIR FCs and EMIR NFC+ entities may be subject to the relevant EMIR Clearing Obligation or, to the extent that the relevant caps are not subject to clearing, to the relevant EMIR Collateral Obligation and the relevant daily valuation obligation under the EMIR Risk Mitigation Requirements, such obligations do not apply in respect of EMIR NFC- entities. In addition, in respect of the EMIR Reporting Obligation, UK EMIR FCs are solely responsible and legally liable for reporting the details of EMIR Derivatives concluded with EMIR NFC-s under UK EMIR on behalf of both counterparties as well as for ensuring the correctness of the reported details (known as mandatory reporting, which under UK EMIR does not apply to in-scope derivative transactions executed by an EMIR NFC- under UK EMIR with a non-UK counterparty, and therefore the EMIR NFC- under UK EMIR in such scenario would remain responsible for complying with the reporting obligation, although it may delegate that reporting obligation to a third party). Note also that the calculation of the UK EMIR clearing threshold (together with other aspects of UK EMIR) may be impacted in due course by reforms although the scope of the UK EMIR reforms is yet to be confirmed. In an EU context, the calculation of the clearing threshold (together with other aspects of EU EMIR) has been impacted by reforms to EU EMIR as a result of Regulation (EU) 2024/2987 (**EU EMIR 3.0**). However, the implementation of changes to the calculation of the clearing threshold under EU EMIR 3.0 is subject to the development of secondary legislation which is not currently expected to be finalised and become applicable until at least later in 2026.

The Issuer will be required to continually comply with UK EMIR while it is party to any EMIR Derivatives (and given that the Hedge Provider on the Closing Date is established in the UK, EU EMIR shall not apply while it is party to any EMIR Derivatives with such Hedge Provider), including any additional provisions or technical standards which may come into force after the Closing Date, and this may necessitate amendments to the Transaction Parties. On the basis that the Issuer currently has the counterparty status of EMIR NFC- under UK EMIR, and a third country equivalent to an EMIR NFC- under EU EMIR (an **EMIR TCE NFC-**) for the purposes of EU EMIR, although a change in its position cannot be ruled out, neither the EMIR Clearing Obligation nor the EMIR Collateral Obligation should apply to it.

If the Issuer's counterparty status as an EMIR NFC- under UK EMIR or an EMIR TCE NFC- under EU EMIR changes, then certain EMIR Derivatives that are entered into by the Issuer may become subject to the relevant EMIR Clearing Obligation or (more likely) the relevant EMIR Collateral Obligation and the relevant EMIR Risk Mitigation Requirements. In this regard, it should be noted that it is not clear that the Hedge Cap Transaction (including entering into additional Hedge Cap Transactions from time to time) would be a relevant type of EMIR Derivative that would be subject to the EMIR Clearing Obligation under the implementing measures made to date. In respect of the EMIR Reporting Obligation under UK EMIR, 'mandatory reporting' would also cease to apply which means that Issuer would be legally liable and responsible for its own reporting obligations under UK EMIR (although this requirement can be delegated).

Notwithstanding the qualifications on application described above, the position of the Hedge Cap Transaction(s) under each of the EMIR Clearing Obligation and EMIR Collateral Obligation is not entirely clear and may be affected by further measures still to be made, regulatory guidance and/or by any inability to rely on an exemption for any reason.

No assurances can be given that any such changes made to UK EMIR and/or EU EMIR (as applicable) would not cause the status of the Issuer to change to EMIR NFC+ or EMIR TCE NFC+ (as applicable) and lead to some or all of the potentially adverse consequences outlined below.

Prospective investors should note that there is some uncertainty with respect to the ability of the Issuer to comply with the EMIR Clearing Obligation, the daily valuation obligation under the EMIR Risk Mitigation Requirements and the EMIR Collateral Obligation were they to be applicable, which may (1) lead to regulatory sanctions, (2) adversely affect the ability of the Issuer to continue to be party to the Hedge Agreement (possibly resulting in a restructuring or termination of the cap) or to enter into cap agreements and/or (3) significantly increase the cost of such arrangements, thereby negatively affecting the ability of the Issuer to hedge certain risks. As a result, the amounts available to the Issuer to meet its obligations may be reduced, which may in turn result in investors receiving less interest or principal than expected.

Prospective investors should also note that uncertainty remains as to the full impact on the Hedge Cap Transaction(s) of the reforms to UK EMIR and EU EMIR.

The Issuer will be required to continually comply with UK EMIR and/or EU EMIR (if applicable) while it is party to any EMIR Derivatives, including any amendments thereto, additional provisions or technical standards which may come into force after the Closing Date, and this may necessitate amendments to the Transaction Documents.

4.6.5 **Requirements as to status of credit rating agencies providing ratings**

Prospective investors are responsible for ensuring that an investment in the Notes is compliant with all applicable investment guidelines and requirements and in particular any requirements relating to ratings.

In general, European regulated investors are restricted under the EU Credit Rating Agencies 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 EU Credit Rating Agencies Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by 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 EU Credit Rating Agencies Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the EU Credit Rating Agencies Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list.

The EU Credit Rating Agencies Regulation requires, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least 2 credit rating agencies to provide credit ratings independently of each other. Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by S&P and KBRA. As at the date of this Prospectus, S&P and KBRA are both credit rating agencies established and operating in the European Community and registered under the EU Credit Rating Agencies Regulation.

The investors regulated in the UK are subject to similar restrictions under the UK Credit Rating Agencies Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK Credit Rating Agencies Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK Credit Rating Agencies Regulation. Note this is subject, in each case, to (1) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (2) transitional provisions that apply in certain circumstances. The rating which S&P has given to the Rated Notes is endorsed by S&P Global Ratings UK Limited, which is established in the UK and registered under the UK Credit Rating Agencies Regulation. The rating which KBRA has given to the Rated Notes is endorsed by Kroll Bond Rating Agency UK Limited, which is established in the UK and registered under the UK Credit Rating Agencies Regulation.

If the status of the rating agency rating the Rated Notes changes for the purposes of the EU Credit Rating Agencies Regulation or the UK Credit Rating Agencies Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Rated Notes may have a different regulatory treatment, which may impact the value of the Rated Notes and their liquidity in the secondary market.

4.6.6 **Eurosystem eligibility**

The statement in 6.1.25 *Intended to be held in a manner which would allow Eurosystem eligibility* simply means that those Notes are intended upon issue to be deposited with the relevant Global Noteholder and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria including without limitation, the criteria set out in the Guideline 2015/510 of the European Central Bank on the implementation of the Eurosystem monetary policy framework (recast) (ECB/2014/60) as amended and applicable from time to time.

No assurance is given as to whether or not any Notes satisfy at any time any Eurosystem eligibility criteria and prospective investors in the Notes should reach their own conclusions and seek their own advice with respect to whether or not the relevant Notes constitute Eurosystem eligible collateral. If Notes do not or cease to satisfy Eurosystem eligibility criteria it may result in the Notes not being recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem which may adversely affect the holder of such Notes and may also adversely affect the marketability and value of such Notes.

4.6.7 **Certain Volcker Rule considerations**

The final rule implementing section 13 of the Bank Holding Company Act of 1956, as amended (together with implementing regulations, the **Volcker Rule**) generally prohibits 'banking entities' (which term is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (a) engaging in proprietary trading, (b) acquiring or retaining an ownership interest in or sponsoring a 'covered fund' and (c) entering into certain relationships with such funds.

Under the Volcker Rule, unless jointly determined otherwise by specified federal regulators, a 'covered fund' does not include an issuer that may rely on an exclusion or exemption from the definition thereof or that may rely on an exception from the definition of 'investment company' under the U.S. Investment Company Act) other than the exclusions contained in Section 3(c)(1) or Section 3(c)(7) thereof. The Issuer is relying on the exclusion found in Section 3(c)(5) of the U.S. Investment Company Act.

There is limited interpretive guidance regarding the Volcker Rule and its implementing regulations. The Volcker Rule's prohibitions and lack of interpretive guidance could negatively impact the liquidity and value of the Notes. If the Issuer is considered a "covered fund", the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes. Any entity that is a "banking entity" as defined under the Volcker Rule and considering an investment in the Notes should consider the potential impact of the Volcker Rule in respect of such investment and on its portfolio generally. Each prospective investor must determine for itself whether it is a "banking entity" subject to regulation under the Volcker Rule. None of the Issuer, the Joint Lead Managers or any other person makes any representation regarding (1) the application of the Volcker Rule to the Issuer or (2) the ability of any purchaser to acquire or hold the Notes, now or at any time in the future. 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.

4.7 Certain tax considerations

4.7.1 **Irish corporation tax - Deductibility of interest**

Under the rules set out in section 110 (the **Section 110 Regime**) of the Taxes Consolidation Act 1997, as amended, of Ireland (the **Irish Taxes Consolidation Act**), interest or other distributions may be re-characterised as a non-deductible distribution where the amount payable is due to a person which is not resident in Ireland for tax purposes or which is not otherwise within the charge to corporation tax in Ireland and which is a "specified person".

A "specified person" in relation to the Issuer for these purposes means:

(a) a company which directly or indirectly (1) controls the Issuer, (2) is controlled by the Issuer, or (3) is controlled by a third company which also directly or indirectly controls the Issuer, or

(b) a person, or persons who are connected with each other, (1) from whom assets were acquired, (2) to whom the Issuer has made loans or advances, (3) to whom loans or advances held by the Issuer were made, or (4) with whom the qualifying company has entered into specified agreements (as defined by section 110 Irish Taxes Consolidation Act), where the aggregate value of such assets, loans, advances

or agreements represents not less than 75% of the aggregate value of the "qualifying assets" (as defined by section 110 Irish Taxes Consolidation Act) of the Issuer.

A person has "control" of the Issuer for these purposes where that person has (a) the power to secure by means of the holding of shares or the possession of voting power in or in relation to the Issuer or any other company, or by virtue of any powers conferred by the constitution, articles of association or other document regulating the Issuer or any other company, that the affairs of the Issuer are conducted in accordance with the wishes of that person, or (b) "significant influence" (being the ability to participate in the financial and operating policy decisions of a company) over the Issuer and holds an entitlement to more than 20% of the shares in the Issuer, 20% by principal value of the debt carrying profit-dependent or excessive interest issued by the Issuer (or any securities with no par value) or 20% of the interest on such securities.

As the Issuer will not acquire specified mortgages (within the meaning of Section 110 of the Irish Taxes Consolidation Act), units in an 1REF (being a specified form of investment undertaking within the meaning of Chapter 113, Part 27 of the Irish Taxes Consolidation Act) or shares that derive the greater part of their value, directly or indirectly, from Irish land and, accordingly, the Issuer will not have any 'specified property business' for the purposes of the Irish Taxes Consolidation Act (and, in turn, the rules relating to a 'specified property business' will not be applicable to the Issuer).

The operation of the Section 110 Regime could result in tax deductions for interest payable by the Issuer to "specified persons" (as referred to above) on any Notes, the return on which is dependent on the results of the Issuer's business or exceeds a commercial rate of return, being non-deductible and potentially subject to dividend withholding tax. If that occurred, the holders of such Notes would receive less than the full amount payable on those Notes (as the amount received by such holders would be after the deduction of such withholding tax).

4.7.2 **EU Anti-Tax Avoidance Directive and EU Anti-Tax Avoidance Directive 2**

As part of its EU Anti-Tax Avoidance package, and to provide a harmonised implementation of the conclusions from the Organisation for Economic Co-operation and Development's *Action Plan on Base Erosion and Profit Shifting across the EU*, the EU Council adopted Council Directive (EU) 2016/1164 (the **EU Anti-Tax Avoidance Directive**) on 12 July 2016 and subsequently, Council Directive (EU) 2017/952 (the **EU Anti-Tax Avoidance Directive 2**, together with the EU Anti-Tax Avoidance Directive, the **Directives**) on 29 May 2017, amending the EU Anti-Tax Avoidance Directive, to provide for minimum standards for counteracting hybrid mismatches involving the Member States and third countries. Ireland has fully transposed both Directives, which contain various measures that could potentially result in certain payments made by the Issuer ceasing to be deductible. This could increase the Issuer's liability to tax and reduce the amounts available for payments on the Notes. There are two measures of particular relevance.

Firstly, the EU Anti-Tax Avoidance Directive provides for an "interest limitation rule" which restricts the deductible interest of an entity to the higher of (a) EUR 3,000,000 or (b) 30% of its earnings before interest, tax, depreciation and amortisation. However, the interest limitation only applies to the net borrowing costs of an entity (being the amount by which its borrowing costs exceed its taxable interest revenues and other economically equivalent taxable revenues). This measure has been implemented in Ireland with effect for accounting periods commencing on or after 1 January 2022. These rules may not impact the Issuer if it (1) does not have excess borrowing costs or (2) qualifies as a "single company worldwide group", as defined in the implementing legislation, and does not make any interest or interest equivalent payments to associated enterprises (within the meaning of the hybrid mismatch rules discussed below). It is currently anticipated that the Issuer may qualify as a "single company worldwide group" and it is not expected that the Issuer will make any interest or interest equivalent payments to associated enterprises, which means it may use the "equity ratio" rule (as defined in the implementing legislation) such that it should not be subject to any restriction on deductible interest under these rules.

Secondly, the EU Anti-Tax Avoidance Directive (as amended by the EU Anti-Tax Avoidance Directive 2) provides for hybrid mismatch rules. These rules apply in Ireland since 1 January 2020 and are designed to neutralise arrangements where amounts are deductible from the income of one entity but are not taxable for another, or the same amounts are deductible for two entities by denying a deduction for the paying entity. These rules could potentially apply to the Issuer where: (a) the interest that it pays under the Notes, and for which it claims deductions from its taxable income, is not brought into account as taxable income by the relevant Noteholder, either because of the characterisation of the Notes, or the payments made under them, or because of the nature of the Noteholder itself; and (b) the mismatch arises between associated enterprises, between the Issuer and an associated enterprise or under a structured arrangement. It is not expected that the Issuer will make any interest or interest equivalent payments to associated enterprises; however, if the Issuer does make such a payment to, an associated enterprise, the measures will only impact payments on the

Notes where a hybrid mismatch arises. For the purposes of the hybrid rules, a structured arrangement is one involving a mismatch outcome where the mismatch outcome is priced into the terms of the arrangement or the arrangement is designed to give rise to a mismatch outcome. Absent any guidance from the Irish Revenue Commissioners on how they will approach structured arrangements, in practice, it is not yet clear if this would apply to the Transaction to bring it within scope of the hybrid rules.

4.7.3 **Withholding tax under the Notes**

As of the date of this Prospectus, no withholding or deduction for or on account of Ireland income tax will be required on interest payments to any holders of the Investment Notes for the reasons indicated in 22.1 *Irish withholding tax*. In the event that any withholding or deduction for or on account of any taxes is imposed in respect of payments to Noteholders of any amounts due under the Investment Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction (see Note Base Condition 7 *Taxation*). However, in such circumstances, the Issuer may, in accordance with Note Base Condition 6.3 *Optional redemption for taxation and other reasons*, seek to avoid such an imposition.

See also 4.7.1 *Irish corporation tax - Deductibility of interest* regarding circumstances where a dividend withholding tax could apply in respect of payments to Noteholders.

4.7.4 **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA (**FATCA**), a **foreign financial institution** may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including Ireland, see further 22.3.1 *Information exchange and the implementation of FATCA in Ireland*) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (an **IGA**), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether payments on instruments such as the Notes would ever be treated as foreign passthru payments subject to withholding, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining 'foreign passthru payments' are published in the U.S. Federal Register. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event that any withholding would be required pursuant to FATCA or an IGA in respect of payments to Noteholders of any amounts due under the Notes, neither the Issuer nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction (see Note Base Condition 7 *Taxation*).

As indicated in 1.1 *Prospective investors*, prospective Noteholders should make their own assessment, including, without limitation, consult their own professional advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them.

4.7.5 **The proposed EU financial transaction tax**

On 14 February 2013, the European Commission issued proposals, including a draft Directive (the **EC Commission FTT Proposal**), for a financial transaction tax to be adopted in certain participating EU Member States (including Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia). However, Estonia has since stated that it will not participate. If the EC Commission FTT Proposal was adopted, the financial transaction tax would be a tax primarily on "financial institutions" (which would include the Issuer) in relation to "financial transactions" (which would include the conclusion or modification of derivative contracts and the purchase and sale of financial instruments).

Under the EC Commission FTT Proposal, the financial transaction tax would apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply where at least one party is a financial institution and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the financial transaction is issued in a participating Member State.

The financial transaction tax may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities) if it is adopted based on the EC Commission FTT Proposal. Any such tax liabilities may reduce amounts available to the Issuer to

meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the financial transaction tax could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the financial transaction tax is adopted based on the EC Commission FTT Proposal.

However, the financial transaction tax proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the financial transaction tax.

4.8 General investment, market and business risks

4.8.1 General political, economic and market conditions

The Notes may be adversely affected, either directly or indirectly, by general political, economic and market conditions in Spain and/or Ireland and elsewhere, including, without limitation, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws or regulatory requirements, and national and international political circumstances. In particular, these conditions may affect the level and volatility of prices, marketability, rating and liquidity of Notes and the ability of a party or counterparty to perform its obligations under a Transaction Document or other arrangement. In addition, prospective investors should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a general lack of liquidity in the secondary market for certain types of investments, concerns over the liquidity of major financial institutions and the consequent effects on the general economy and the housing market. These political, economic and market conditions and their impact on Notes cannot be predicted.

(a) **Market uncertainty**

Recent global social, political and economic events and trends, including the increased use of tariffs and trade barriers, current geopolitical risks and wars, such as the war between Russia and Ukraine and the ongoing conflict in the Middle East, have resulted in increased uncertainty in the capital, financial, currency and credit markets and, at the date of this Prospectus, there continues to be volatility and disruption of the capital, financial, currency and credit markets, including the market for asset-backed securities, which, amongst other things, may affect repayment on Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio. This may have implications for (1) the Spanish economy generally (in particular by increasing inflation and contributing to the broader trend toward higher interest rates) and (2) the quality of the assets in the Portfolio.

In addition, potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Portfolio. The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

(b) **Challenging economic environment**

Concerns relating to credit risk (including that of sovereigns and of those entities which have exposure to sovereigns) have recently intensified.

According to outlooks published by the Bank of Spain (March 2026, in the report Boletín Económico 2026/T1 (*Proyecciones Macroeconómicas e Informe Trimestral de la Economía Española. Marzo 2026*)), GDP in Spain grew by 2.8% in 2025, and it is expected to grow by 2.3% in 2026 and 1.7% in 2027, all in year-on-year terms. Further, the Bank of Spain forecasts the unemployment rate to decrease from 10.5% of the total working population (*población activa*) in 2025 to 9.9% in 2026, and 9.6% in 2027.

Among other factors, the current geopolitical tensions, their duration and impact on macroeconomic variables and the potential policies of the administration in the United States, in particular in relation

to the heightened risk of global trade disruptions in light of protectionist measures applied or announced to be applied by the United States Government and, in turn, potential retaliatory actions to be taken by other member states of the World Trade Organisation, may cause the main macroeconomic forecasts to deviate from the projections made.

The ECB has published macroeconomic projections as of March 2026 (*ECB Staff Macroeconomic Projections for the Euro Area, March 2026*). According to such report, trade tariffs and related uncertainty contributed to strong fluctuations in economic activity during the first half of 2025, with frontloading of activity. The unwinding of such factors in the second half of the year is expected to entail further volatility, blurring signals of the underlying momentum of the euro area economy. Nonetheless, later in the horizon, economic growth in the euro area is projected to strengthen due to greater domestic demand fuelled by rising wages and employment, less restrictive financing conditions and a rebound in foreign demand in 2027.

According to the aforementioned ECB report, the unemployment rate in the Euro area is set to decline steadily, with a predicted average of 6.4 per cent. in 2025 and 6.1 per cent. in 2027. Annual average headline harmonised index of consumer prices is projected to move sideways, at around 2.0 per cent. for the rest of 2025, and then to drop to 1.7 per cent. in 2026, before recovering to 1.9 per cent. in 2027. Overall, annual average real GDP growth is projected by the ECB to stand at 1.2 per cent. in 2025, 1.0 per cent. in 2026 and 1.3 per cent. in 2027.

Spain has an open economy which could be adversely affected by deterioration in external economic conditions or an external economic shock. No assurance can be given that any such external deterioration or shock would not adversely affect the Spanish economy, the ability of Debtors to make payments on their Loans, residential property values in Spain and/or the Issuer's ability to make payments on the Notes.

4.8.2 **General investment risk**

Past performance is not a guide to future performance (including, without limitation, in relation to Mortgage Loans and Mortgage Security relating to Mortgage Certificates in the Portfolio and Transaction Parties). The value of Notes and the income from them may go down as well as up and a Noteholder may not get back the amount it invests. Changes in the rates of exchange between currencies may cause the value of Notes to diminish or increase. Fluctuation may be particularly marked in the case of a higher volatility investment and the value of Notes may fall suddenly and substantially. No guarantee or assurance is made with regards to the level of performance of Notes or that an investment in Notes will be successful, and investment results may vary substantially over time.

4.9 Risk of change of law, regulation and practice

The structure of the Transaction including, among other things, the issue of the Notes on the Closing Date and the ratings (if any) which are to be assigned to them are based on the applicable law, tax, accounting, risk retention requirements, regulatory and administrative requirements and practice and the current interpretation thereof, in each case in effect as at the date of this Prospectus and having regard to certain expected tax treatments under such law and practice. No assurance can be given as to the impact of any possible change to such applicable law, tax, accounting, risk retention requirements, regulatory and administrative requirements and practice and the current interpretation thereof (including any change in regulation which may occur without a change in primary legislation) or tax treatments after the date of such Prospectus nor can any assurance be given as to whether any such change would adversely affect the ability of the Issuer to make payments under the Notes. In addition, other regulatory requirements (including any applicable due diligence and disclosure obligations) may be recast or amended and no assurance can be given that such changes will not adversely affect the compliance of the transaction with applicable law and regulation.

5. Overview of the Portfolio and administration of the Portfolio

5.1 The Portfolio

The primary source of funds available to the Issuer to pay principal and interest on the Notes will be the Loan Receipts generated by the Portfolio.

The Portfolio predominantly comprises Mortgage Certificates (being mortgage transfer certificates (*certificados de transmisión de hipoteca*) and mortgage participations (*participaciones hipotecarias*) governed by Spanish law) issued by Banco Bilbao Vizcaya Argentaria, S.A. (being BBVA) whereby the holder of the Mortgage Certificates participates in (and the Mortgage Certificates represent) the risks and benefits of the creditor's rights in connection with the Mortgage Loans (being certain loan agreements governed by Spanish law secured by mortgages over properties located in Spain (which are predominantly residential properties) and granted to individuals and corporates financing (a) the acquisition, construction or renovation of those properties, or (b) subrogations of the financing provided to developers for the construction of those properties).

The remainder of the Portfolio comprises Non-Mortgage Loan Sub-participations, being sub-participations granted by the Asset Title Holder in relation to Non-Mortgage Loans (being certain unsecured loan agreements governed by Spanish law).

See further 11 *The Portfolio*, 12 *Provisional Portfolio summary data* and 13 *Historical data*.

5.2 Origination of the Portfolio

As indicated in 11.1.6 *Originators of the Portfolio*), each of the Loans and/or (as applicable) their Mortgage Security was originated by Banco Bilbao Vizcaya Argentaria, S.A. or the relevant BBVA Integrated Entity, as applicable.

5.3 Purchase of Portfolio by the Issuer

On the Closing Date, the Portfolio will be acquired by the Seller on the Closing Date (see 11.2.3 *Acquisition of Portfolio by Seller*) and immediately on-sold by the Seller to the Issuer pursuant to the Asset Sale Agreement (see 11.2.1 *Asset Sale Agreement*).

5.3.1 Features of the Provisional Portfolio

The Mortgage Certificates and Non-Mortgage Loan Sub-participations to be sold to the Issuer on the Closing Date will be in respect of the Loans and (as applicable) their Mortgage Security in a provisional portfolio (the **Provisional Portfolio**) excluding each such Loan and Mortgage Security which has been fully redeemed and/or discharged before the Closing Date.

There are 5,424 Mortgage Loans in the Provisional Portfolio as at 31 March 2026 (the **Provisional Portfolio Date**) and the following is a summary of certain features of those Mortgage Loans as at that date and, without limitation, investors should refer to, and carefully consider, further details in respect of the Provisional Portfolio set out in 12 *Provisional Portfolio summary data*:

Feature	Weighted average	Minimum	Maximum
Loan Principal Balance of Mortgage Loans	€103,329.94	€175.71	€968,838.37
Indexed Current LTV of Mortgage Loans	64.56%	0.06%	150.00%
Seasoning of Mortgage Loans (Months)	221.10	11	416
Remaining term of Mortgage Loans (Months)	306.50	1	480

5.4 Asset Warranties

Pursuant to the Asset Sale Agreement, on the Closing Date the Seller will give the Asset Warranties in relation to the Mortgage Certificates, the Non-Mortgage Loan Sub-participations and related Loans and/or (as applicable) their Mortgage Security in the Portfolio as indicated in 11.5.2 *Asset Warranties given by the Seller*.

5.5 Servicing of the Portfolio

On or about the Closing Date, the Asset Title Holder, the Asset Primary Servicer, the Asset Account Provider, the Asset Special Servicer, the Asset Special Servicer Guarantor, the Issuer and the Security Trustee will enter into an Asset Services Agreement pursuant to which:

(a) the Asset Title Holder will agree to provide on a day-to-day basis the Asset Title Duties in relation to the Portfolio, which comprise carrying out the Asset Title Non-Delegable Obligations (including agreeing to continue to be, holder of formal title to, and lender of record of Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio) and, as the Asset Primary Servicer, providing the Asset Primary Services (see further 14.2 *Asset Title Duties*); and

(b) the Asset Special Servicer will agree to provide on a day-to-day basis the Asset Special Services in relation to the Portfolio as a contractor appointed by the Asset Title Holder, but also on account and for the benefit of the Issuer (see further 14.3 *Asset Special Services*).

The Asset Title Holder and the Asset Special Servicer may delegate some of their functions to a third party provided that the Asset Title Holder or, as applicable, the Asset Special Servicer remains liable for the failure of, and for the performance of, any functions so delegated, subject in each case to the liability regime set out in the Asset Services Agreement.

The fees payable to the Asset Title Holder and the Asset Special Servicer are indicated in 9 *Fees*.

See 8.2 *Non-rating triggers table* in respect of the circumstances in which the appointment of the Asset Special Servicer may be terminated or when the Asset Special Servicer may resign and the related steps to be taken.

The Noteholders do not have any right to instruct the Note Trustee or the Security Trustee to terminate the appointment of the Asset Special Servicer. The Issuer can terminate the appointment of the Asset Special Servicer in the circumstances indicated in 8.2.1 *Asset Special Servicer Termination Event*.

Pursuant to the Corporate Services Agreement (see 14.10 *Corporate Services*), the Corporate Servicer will agree, following notice being given to terminate the appointment of the Asset Special Servicer under the Asset Services Agreement, to use commercially reasonable efforts to select and appoint, on behalf of the Issuer (prior to a Security Realisation Date) or the Security Trustee (at any other time), a substitute Asset Special Servicer in satisfaction of the conditions set out in the Asset Services Agreement applicable to the appointment of a substitute Asset Special Servicer.

5.6 REO Holding Services

As summarised in 14.4 *REO Holding Services*, a REO Structure will be implemented by the Issuer for a REO Holder to be established to provide REO Holding Services which include the REO Holder holding ownership of REOs (being Mortgage Properties in respect of which a foreclosure occurs or deed in lieu (*dación en pago o para pago*) is agreed with the Debtor) and having arrangements to manage, market and sell the REO and, in some cases, rent it out prior to sale, because the structure of the Issuer does not allow it to hold real estate assets.

6. Overview of the capital structure and Notes

6.1 Note Specified Terms

The following are the Note Specified Terms relating to (1) the Investment Notes and form part of the Note Conditions as applied to the Investment Notes by the Note Trust Deed and (2) the Loan Notes and form part of the Note Conditions as applied to the Loan Notes by the A Loan Note Agreement. The indicated details apply to each Class of Notes unless stated otherwise.

6.1.1 Constitution of the Notes

The Notes (the **Notes**) comprise the Investment Notes and the Loan Notes.

The Investment Notes (the **Investment Notes**) are debt securities constituted by the Note Trust Deed (the **Note Trust Deed**) entered into on 4 August 2026 or such other date as is agreed between the Issuer and the Note Trustee (the **Closing Date**, and being the issue date of the Investment Notes) between the Issuer, the Note Trustee and the Security Trustee and each entry in relation to the relevant Investment Note in the Note Register, and comprise each Class of Notes (other than the A Loan Notes) indicated in the table set out in 6.1.2 *Classes of Notes*.

The Loan Notes (the **Loan Notes**) are debt securities constituted by the A Loan Note Agreement (the **A Loan Note Agreement**) entered into on the Closing Date (being the issue date of the Loan Notes) between the Issuer, the A Loan Noteholder, the Principal Paying Agent, the Note Calculation Agent, the Note Registrar, the Framework Administrator, the Note Trustee and the Security Trustee and each entry in relation to the relevant Loan Note in the Note Register, and comprise the A Loan Notes indicated in the table set out in 6.1.2 *Classes of Notes*.

Each Class of Notes:

(a) has the name indicated in the *Class of Notes* column in the table set out in 6.1.2 *Classes of Notes*; and

(b) is within the tranche (each being a **Tranche**) indicated adjacent to the name of that Class in the Tranche column in that table.

Most Senior Tranche means at any time each Class of Notes outstanding at that time which at that time is within the most senior Tranche as indicated by the order of rows in the table in 6.1.2 *Classes of Notes* treating Tranche A as the most senior and Tranche X as the most junior (and where there is more than one Class Notes in a Tranche, all of those Classes of Notes rank *pari passu* for the purposes of this definition).

6.1.2 Classes of Notes

Class of Notes	Tranche	US Classification
A Loan Notes	A	Reg S
A Notes	A	Reg S and Rule 144A
B Notes	B	Reg S and Rule 144A
C Notes	C	Reg S and Rule 144A
D Notes	D	Reg S and Rule 144A
E Notes	E	Reg S and Rule 144A
F Notes	F	Reg S and Rule 144A
Z Notes	Z	Reg S and Rule 144A
X Notes	X	Reg S and Rule 144A

For the avoidance of doubt, where a Class of Notes includes Reg S Notes and Rule 144A Notes, those Reg S Notes are comprised within that Class (and do not constitute a separate Class) and those Rule 144A Notes are comprised within that Class (and do not constitute a separate Class).

6.1.3 Note Currency

EUR.

6.1.4 **Note Initial Principal Amount**

Class of Notes	Initial principal amount
A Loan Notes	EUR 100,000,000
A Notes	EUR 265,201,000
B Notes	EUR 32,321,000
C Notes	EUR 23,481,000
D Notes	EUR 13,536,000
E Notes	EUR 11,050,000
F Notes	EUR 6,077,000
Z Notes	EUR 107,403,000
X Notes	EUR 300,000

6.1.5 **Reference Creditor**

At any time, the **Reference Creditor** comprises:

(a) (while any Notes are outstanding) all Holders of Notes which, at that time, are in the Most Senior Tranche; and

(b) (while no Notes are outstanding) the Subordinated Noteholder.

6.1.6 **Issue Price**

99.35% in respect of the A Loan Notes, 99.35% in respect of the A Notes, 98.88% in respect of the B Notes, 98.89% in respect of the C Notes, 96.76% in respect of the D Notes, 95.81% in respect of the E Notes, 93.87% in respect of the F Notes, 22.20% in respect of the Z Notes and 0.01% in respect of the X Notes.

6.1.7 **Interest Rate**

In respect of a Class of Notes which is indicated as having a Floating Rate in the *Interest basis* column in the row relating to that Class in the table below, the Interest Rate in respect of an Interest Period relating to that Class shall be the higher of:

(a) the Reference Rate indicated in the *Reference Rate* in respect of that Class plus the Interest Margin applicable in respect of that Interest Period relating to that Class; and

(b) 0% per annum.

In respect of a Class of Notes which is indicated as having a Floating Rate in the *Interest basis* column in the row relating to that Class in the table below, the applicable Interest Margin is:

- for each day in an Interest Period relating to that Class which ends prior to the Step-up Date, the rate per annum indicated in that row in the *Prior to Step-up Date* column of that table; and
- for each day in an Interest Period relating to that Class which starts on or after the Step-up Date, the rate per annum indicated in that row in the *From/after Step-up Date* column of that table.

In respect of a Class of Notes which is indicated as having a Fixed Rate in the *Interest basis* column in the row relating to that Class in the table below, the applicable Interest Rate is:

- for each day in an Interest Period relating to that Class which ends prior to the Step-up Date, the rate per annum indicated in that row in to the *Prior to Step-up Date* column of that table; and
- for each day in an Interest Period relating to that Class which starts on or after the Step-up Date, the rate per annum indicated in that row in the *From/after Step-up Date* column of that table.

In respect of a Class of Notes which is indicated as having a Residual Rate in the *Interest basis* column in the row relating to that Class in the table below, the applicable Interest Rate in respect of an Interest Period relating to that Class is:

- for each day in an Interest Period relating to that Class which ends prior to an Acceleration Date, the rate per annum which would result in the total Interest Amount for that Class of Notes being equal to the total amount available to be allocated and applied on that Payments Date at Priority Level 31 of the Normal Priority of Payments in respect of that Payments Date.
- for each day in an Interest Period which starts on or after an Acceleration Date, the rate per annum which would result in the total Interest Amount for that Class of Notes being equal to the total amount available to be allocated and applied on that Payments Date at Priority Level 15 of the Accelerated Priority of Payments in respect of that Payments Date.

			Interest Margin/Fixed Rate per annum	
Class of Notes	Interest basis	Reference Rate	Prior to Step-up Date	From/after Step-up Date
A Loan Notes	Floating Rate	3 month EURIBOR	1.0%	2.0%
A Notes	Floating Rate	3 month EURIBOR	1.0%	2.0%
B Notes	Floating Rate	3 month EURIBOR	1.5%	2.5%
C Notes	Floating Rate	3 month EURIBOR	2.0%	3.0%
D Notes	Floating Rate	3 month EURIBOR	2.5%	3.5%
E Notes	Floating Rate	3 month EURIBOR	3.5%	4.5%
F Notes	Floating Rate	3 month EURIBOR	4.0%	5.0%
Z Notes	Fixed Rate	–	8.0%	8.0%
X Notes	Residual Rate	–	N/A	N/A

6.1.8 **Interest deferral**

Interest due and payable on the Notes outstanding will be deferred on each Payments Date to the extent that there are insufficient funds available at the applicable Priority Level of the Normal Priority of Payments if:

(a) the Accelerated Priority of Payments is not applicable on that Payments Date; and

(b) those Notes are not, as at the start of that Payments Date, within the Most Senior Tranche,

provided that where there is Note Deferred Interest Outstanding in respect of those Notes prior to those Notes becoming within the Most Senior Tranche, such Note Deferred Interest Outstanding shall continue to be deferred on each Payments Date except to the extent that it becomes payable under and in accordance with Note Base Condition 5.2(b) *Payment of Note Deferred Interest Outstanding*.

For the avoidance of doubt, Interest Deferral does not apply to any Note which, as at the start of a Payments Date, is within the Most Senior Tranche.

No interest shall accrue on amounts which form part of the Note Deferred Interest Outstanding in respect of Notes.

6.1.9 **Interest accrual method** Actual/360.

6.1.10 **Business Day convention** Modified Following.

6.1.11 **Payments Date** Each Payments Scheduled Date, being 25 January, 25 April, 25 July and 25 October in each year in each year except as indicated in the definition of Payments Date.

6.1.12 **First Payments Date** The first Payments Scheduled Date, being 27 October 2026.

6.1.13 **First Interest Period** The period from (and including) the Closing Date to (and excluding) the first Payments Date.

6.1.14 **Final Maturity Date** The Payments Scheduled Date occurring in October 2070.

6.1.15	**Step-up Date**	The **Step-up Date** is the Payments Scheduled Date occurring in July 2031.
6.1.16	**Optional Redemption Date**	Each Payments Scheduled Date occurring on or after the earlier of: (a) the Step-up Date; and (b) the **Clean-up Date**, being the first Payments Date following the Collection End Date upon which: (1) the aggregate Loan Principal Balance in respect of all Mortgage Loans relating to the Mortgage Certificates in the Portfolio as at that Collection End Date, is equal to or less than (2) the EUR amount which is the result of 10% multiplied by the aggregate Loan Principal Balance in respect of all Mortgage Loans relating to the Mortgage Certificates in the Portfolio as at the start of the Portfolio Cut-Off Date, is an **Optional Redemption Date**.
6.1.17	**Optional Redemption Conditions**	The relevant Payments Date is an Optional Redemption Date. **Redemption Notes** means at any time: (a) all of the Rated Notes outstanding at that time (if any); and (b) each other Class of Notes outstanding at that time (if any) which the notice given by the Issuer under Note Base Condition 6.4(a) indicates is to be redeemed on the applicable Optional Redemption Date.
6.1.18	**Optional Redemption Additional Tax Circumstances**	None.
6.1.19	**Optional Redemption Additional Tax Conditions**	None.
6.1.20	**Pre-acceleration redemption profile**	Sequential, tranched pass-through amortisation on each Payments Date subject to, and in accordance with the Normal Priority of Payments, in each case as indicated in the Payments Rules.
6.1.21	**Post-acceleration redemption profile**	Sequential, tranched pass-through amortisation on each Payments Date subject to, and in accordance with, the Accelerated Priority of Payments, in each case as indicated in the Payments Rules.
6.1.22	**Form of the Notes**	In respect of each Class of Investment Notes: a Global Note (being a global debt security) relating to that Class in registered form which is intended upon issue to be deposited with one of Euroclear and Clearstream as common safekeeper and registered in the name of a nominee of one of Euroclear and Clearstream, Luxembourg acting as common safekeeper, (i.e. the New Safekeeping Structure) (subject to Note Base Condition 2.8 *Removal of Notes from Clearing Systems*). In respect of each Class of Loan Notes: a Definitive Note relating to that Class in registered form issued upon issue to the A Loan Noteholder.
6.1.23	**Application for Listing**	In respect of each Class of Investment Notes: the Official List of the Financial Conduct Authority and the London Stock Exchange plc's main market. None of the Loan Notes will be listed on the Official List or admitted to trading on the London Stock Exchange plc's main market.
6.1.24	**Clearance / settlement**	In respect of each Class of Investment Notes: Euroclear and Clearstream, Luxembourg are the Clearing Systems (in each case subject to Note Base Condition 2.8 *Removal of Notes from Clearing Systems*). None of the Loan Notes will be held in the Clearing Systems.

6.1.25 **Intended to be held in a manner which would allow Eurosystem eligibility**

In respect of each Class of Investment Notes: yes. Note that the designation 'yes' simply means that the Investment Notes are intended upon issue to be deposited with one of Euroclear and Clearstream as common safekeeper, and registered in the name of a nominee of one of Euroclear and Clearstream acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

6.1.26 **Clearing system codes**

Class of Notes	Reg S Notes ISIN	Reg S Notes Common Code	Rule 144A Notes ISIN	Rule 144A Notes Common Code
A Notes	XS3389626816	338962681	XS3389628275	338962827
B Notes	XS3389627038	338962703	XS3389628358	338962835
C Notes	XS3389627202	338962720	XS3389628432	338962843
D Notes	XS3389627384	338962738	XS3389628515	338962851
E Notes	XS3389627467	338962746	XS3389628788	338962878
F Notes	XS3389627624	338962762	XS3389628861	338962886
Z Notes	XS3389627970	338962797	XS3389628945	338962894
X Notes	XS3389628192	338962819	XS3389629240	338962924

6.1.27 **Note Ratings**

The **Rating Agencies** in relation to the Transaction are S&P Global Ratings Europe Limited (**S&P**) and Kroll Bond Rating Agency Europe Limited (**KBRA**). **Rated Notes** means the A Loan Notes, the A Notes, the B Notes, the C Notes, the D Notes, the E Notes and the F Notes.

The following are the Note Ratings in relation to each Class of the Notes which are expected to be assigned by the Rating Agencies on the Closing Date:

Class of Notes	S&P	KBRA
A Loan Notes	AAA(sf)	AAA(sf)
A Notes	AAA(sf)	AAA(sf)
B Notes	AA(sf)	AA(sf)
C Notes	A(sf)	A-(sf)
D Notes	BBB(sf)	BBB-(sf)
E Notes	BB(sf)	BB-(sf)
F Notes	B(sf)	B-(sf)
Z Notes	N/A	N/A
X Notes	N/A	N/A

6.1.28 **Minimum Denomination**

EUR 300,000 and integral multiples of EUR 1,000 in excess of that minimum denomination.

6.1.29 **Specified Offices**

The Note Trustee Specified Office is 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom.

The Note Registrar Specified Office is Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland.

The Principal Paying Agent Specified Office is Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland.

The Note Calculation Agent Specified Office is Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland.

6.1.30 **Issuer Additional Covenants**

The Issuer shall not dispose of the Portfolio other than:

(a) for the purposes of funding an optional redemption of the Notes pursuant to, and in accordance with, Note Base Condition 6.3 *Optional redemption for taxation and other reasons* or 6.4 *Full redemption at the option of the Issuer*;

(b) a disposal pursuant to the Portfolio Purchase Option under and in accordance with the Portfolio Purchase Option Deed;

(c) as part of an enforcement and/or realisation of the Security by the Security Trustee in respect of such Security Assets; or

(d) as part of a transfer or substitution transaction as referred to in Note Base Condition 14.9 *Transfer and substitution of Issuer and/or Notes*.

6.2 Rights of Noteholders and relationship with other Security Creditors

Please refer to 15 *Certain features of the Notes* and 17 *Note Base Conditions* for further detail in respect of the rights of Noteholders, the conditions for exercising such rights and their relationship with other Security Creditors.

6.2.1 **Issue of the Notes**

The Issuer will issue the Investment Notes on the Closing Date under the Note Trust Deed and will issue the Loan Notes on the Closing Date under the A Loan Note Agreement.

6.2.2 **Ranking of the Notes**

In respect of each Class of Notes, the Notes within that Class will rank *pari passu* and rateably without any preference or priority among themselves as to payments of principal and interest. See further Note Base Condition 3.1 *Status*.

The Class A Loan Notes and Class A Notes will rank *pari passu* and rateably without any preference or priority among themselves as to payments of principal and interest.

Each Class of Notes, will rank subject to, and in accordance with:

- (prior to an Acceleration Date) the Normal Priority of Payments; and
- (from and after an Acceleration Date) the Accelerated Priority of Payments,

in each case as applied according to the Payments Rules (see 19 *Payments Rules*).

Certain amounts due by the Issuer to its other Security Creditors (and, prior to an Acceleration Date, certain unsecured creditors) will rank in priority to all Classes of the Notes. See further 19.10 *Normal Priority of Payments* and 19.11 *Accelerated Priority of Payments*.

6.2.3 **Security**

The Notes are secured and will share the security with the other Security Liabilities in accordance with the Security Documents (see further 20 *Security and intercreditor arrangements*), which provide, among other things that all the receipts from the Security Assets (including upon enforcement of the security in respect of those Security Assets) shall only be applied in accordance with the Payments Rules.

6.2.4 **Interest provisions**

Please see Note Base Condition 5 *Interest* and 6.1.7 *Interest Rate* to 6.1.13 *First Interest Period*.

6.2.5 **Deferral of interest**

To the extent that, on any Payments Date, the Accelerated Priority of Payments is not applicable and the Issuer does not have sufficient funds to pay in full interest on the Notes of any Class and Interest Deferral is applicable at that time in relation to that Class of Notes (see Note Base Condition 5.1 *Accrual of interest* and 6.1.8 *Interest deferral*), that shortfall will be deferred until the first Payments Date on which the Issuer has sufficient funds (and until such time shall be included in the Note Deferred Interest Outstanding in relation to that Class of Notes), provided that the payment of such deferred interest shall not be deferred beyond the Final Maturity Date or, if earlier, a Note Acceleration Date. No interest shall accrue or be payable on any amounts of Note Deferred Interest Outstanding. Interest Deferral will not apply to the A Notes and A Loan Notes given that they are within the Most Senior Tranche from and including the Closing Date.

6.2.6 **Gross-up**

None of the Issuer, the Note Registrar, the Principal Paying Agent and any other person will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes.

6.2.7 **Redemption**

The Notes are subject to the following optional or mandatory redemption events:

- mandatory redemption of the Notes in whole on the Final Maturity Date (see 6.1.14 *Final Maturity Date*), as fully set out in Note Base Condition 6.1 *Redemption at Final Maturity Date*;
- mandatory redemption of the Notes in part on any Payments Date (commencing on the first Payments Date), but prior to an Acceleration Date, to the extent that Available Normal Funds are applied thereto in accordance with the Normal Priority of Payments, as fully set out in Note Base Condition 6.2 *Mandatory redemption in part*;
- optional redemption of the Notes exercisable by the Issuer in whole on any Payments Date following the date on which there is a change in tax law or other applicable law, as fully set out in Note Base Condition 6.3 *Optional redemption for taxation and other reasons*, 6.1.18 *Optional Redemption Additional Tax Circumstances* above and 6.1.19 *Optional Redemption Additional Tax Conditions* above; and
- optional redemption of the Notes exercisable by the Issuer in whole on any Optional Redemption Date, as fully set out in Note Base Condition 6.4 *Full redemption at the option of the Issuer*, 6.1.16 *Optional Redemption Date* and 6.1.17 *Optional Redemption Conditions* above (see also 15.5 *Portfolio Purchase Option and early redemption of the Notes*).

Any Note redeemed pursuant to the above redemption provisions (other than mandatory redemption in part) will be redeemed in full at an amount equal to the Note Principal Amount Outstanding of the relevant Note to be redeemed together with accrued (and unpaid) interest on the Note Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption.

6.2.8 **Estimated average lives of the Notes**

The term estimated average life refers to the average amount of time that will elapse from the date of issuance of the Notes to the date of distribution to the Noteholders of amounts distributed in net reduction of principal of the Notes (assuming no losses).

The estimated average lives of the Notes cannot be stated or estimated, as they vary according to circumstances which are not predictable (including, for example among other things, the actual rate of redemption of the Mortgage Loans in the Portfolio). However, calculations of hypothetical estimated average lives of the Notes can be made based on certain assumptions as described in 16 *Estimated average lives of the Notes*.

The calculated hypothetical estimated average lives of the Notes must be viewed with considerable caution and not be relied upon for any purpose.

6.2.9 **Events of default**

As fully set out in Note Base Condition 9.1 *Definition of Note Event of Default*, which broadly includes (where relevant, subject to the applicable grace period and detailed criteria):

- non-payment by the Issuer of interest in respect of the Notes in the Most Senior Tranche on the due date for payment;
- non-payment by the Issuer of principal in respect of the Notes on the due date for payment;
- material breach of contractual obligations by the Issuer under the Transaction Documents, provided that, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders in the Most Senior Tranche; and
- Supervening Insolvency Events in relation to the Issuer.

6.2.10 **Enforcement**

For so long as any Notes remain outstanding, if a Note Event of Default has occurred and is continuing:

- the Note Trustee may, and
- the Note Trustee shall:

- if so requested in writing by the holders of at least 25% of the Note Principal Amount Outstanding of the Notes in the Most Senior Tranche; or
- if so directed by a Noteholder Extraordinary Resolution of the Noteholders in the Most Senior Tranche,

deliver a Note Acceleration Notice to the Issuer and institute such proceedings or take such action or step as may be required in order to enforce the Security in respect of the Security Assets in accordance with the Security Documents.

The Note Trustee shall not be obliged to deliver a Note Acceleration Notice or institute such proceedings or take such action or step, unless it shall have been fully indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities.

6.2.11 **Limited recourse**

The Notes and other Security Liabilities are limited recourse obligations of the Issuer, and, if not paid in full, amounts outstanding are subject to a final write-off, which is described in more detail in Note Base Condition 11.2 *Limited recourse*.

6.2.12 **Non petition**

The Noteholders and other Security Creditors shall not be entitled to take any steps (otherwise than in accordance with the Security Intercreditor Deed, the Note Trust Deed and, in the case of the Notes, the Note Conditions):

- to direct the Note Trustee to enforce the Security or take any proceedings against the Issuer to enforce the Security other than, in the case of Noteholders, when expressly permitted to do so under the Note Conditions; or
- to take or join any person in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or
- to take any step or procure or cause another person to take any step that would constitute or result in or, with the giving of notice and/or elapse of time and/or the forming of an opinion or the making or giving of any determination or certification, would constitute or result in an Insolvency Supervening Event or any other insolvency in relation to the Issuer; or
- to take or join in taking of any steps or proceedings which would result in any of the Payments Rules not being observed.

See further Note Base Condition 11.1 *No action by Noteholders*.

6.2.13 **Governing Law**

English law.

6.2.14 **Prior to an Event of Default**

The Issuer or the Note Trustee may convene a Noteholder meeting (at the cost of the Issuer) for any purpose, including consideration of Noteholder Resolutions.

The Note Trustee shall be obliged to convene a Noteholder meeting (at the cost of the Issuer), subject to it being indemnified and/or secured and/or prefunded to its satisfaction, upon the request in writing of Noteholders of the relevant Class or Classes holding not less than 10% of the aggregate Note Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

However, the Noteholders are not entitled to instruct or direct the Issuer to take any action, either directly or through the Note Trustee, except where expressly permitted and entitled to do so under the Transaction Documents.

6.2.15 **Resolutions of Noteholders**

Participants in resolutions: Note Base Condition 12.3 *Separate and combined resolutions* indicates when a Noteholder Resolution must be passed by a separate Class or can be passed by a combination of Classes of Notes.

Resolution Notes means in connection with a proposed or actual Noteholder Resolution, the Notes outstanding held by the relevant Noteholders who are eligible to vote in relation to that Noteholder Resolution.

Methods:

- a resolution can be made/approved at a meeting duly convened and held; or

	• where the Notes are held on behalf of a Clearing System or Clearing Systems, a resolution proposed by the Issuer or the Note Trustee (as the case may be) can be approved by way of electronic consents communicated through the electronic communication systems of the relevant Clearing System(s) in accordance with their operating rules and procedures; or • a resolution can be made/approved by written resolution, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the relevant Noteholders, in each case in accordance with the Note Trust Deed and the Note Conditions and, as applicable, the A Loan Note Agreement.
Notice period for a meeting:	• For an initial meeting: 21 clear days. • For a reconvened meeting: Not less than 10 clear days and not more than 42 clear days.
Quorum for a meeting:	• For a meeting involving at least one Noteholder Extraordinary Resolution in respect of a Note Basic Terms Modification: for an initial meeting at least 75% (and for a reconvened meeting at least 50%) of the Note Principal Amount Outstanding of the Resolution Notes. • For a meeting involving at least one Noteholder Extraordinary Resolution (but none in respect of a Note Basic Terms Modification): for an initial meeting at least 50% (and for a reconvened meeting at least 25%) of the Note Principal Amount Outstanding of the Resolution Notes. • For a meeting involving at least one Noteholder Ordinary Resolution (but no Noteholder Extraordinary Resolution): for an initial meeting at least 25% (and for a reconvened meeting at least 10%) of the Note Principal Amount Outstanding of the Resolution Notes.
Required votes to pass a resolution at a meeting:	• For a Noteholder Ordinary Resolution: more than 50% of, upon a show of hands, the persons voting, or, if a poll is demanded, the votes cast on that poll. • For a Noteholder Extraordinary Resolution (including in respect of a Note Basic Terms Modification): at least 75% of, upon a show of hands, the persons voting, or, if a poll is demanded, the votes cast on that poll. • When a poll is held in respect of a Noteholder Resolution, each EUR 1 of Note Principal Amount Outstanding of the Resolution Notes counts as one vote. • When a show of hands is used, each person voting has one vote.
Required votes to pass a resolution by electronic consent:	• For a Noteholder Ordinary Resolution: more than 50% of the Note Principal Amount Outstanding of the Resolution Notes voting. • For a Noteholder Extraordinary Resolution (including in respect of a Note Basic Terms Modification): at least 75% of the Note Principal Amount Outstanding of the Resolution Notes voting.
Written resolution:	• For a Noteholder Ordinary Resolution: Noteholders holding more than 50% of the Note Principal Amount Outstanding of the Resolution Notes. • For a Noteholder Extraordinary Resolution (including in respect of a Note Basic Terms Modification): Noteholders holding at least

75% of the Note Principal Amount Outstanding of the Resolution Notes.

6.2.16 **Matters requiring Noteholder Extraordinary Resolution**

The following matters require a Noteholder Extraordinary Resolution:

- to approve any Note Basic Terms Modification;
- to approve the substitution of any person for the Issuer as principal obligor under the Notes;
- to direct the Note Trustee to give a Note Acceleration Notice;
- to instruct the Security Trustee to give a Security Realisation Notice;
- to approve or assent to any modification of the provisions contained in the Notes or the Note Conditions;
- to remove the Note Trustee and/or the Security Trustee;
- to approve the appointment of a new Note Trustee and/or Security Trustee;
- to authorise the Note Trustee or any other person to execute all documents and do all things necessary to give effect to any Noteholder Extraordinary Resolution; and
- to appoint any persons as a committee to represent the interests of the Noteholders and to convey upon such committee any powers which the Noteholders could themselves exercise by Noteholder Extraordinary Resolution.

See Note Base Condition 12 *Noteholder Resolution*s for more detail.

The sanction of a Note Basic Terms Modification requires a Noteholder Extraordinary Resolution of each Class of Notes then outstanding.

Except where the Transaction Documents expressly state that a Noteholder Extraordinary Resolution is required in relation to a matter, each Noteholder Resolution shall be a Noteholder Ordinary Resolution.

6.2.17 **Relationship between Noteholders**

Subject to the provisions governing a Note Basic Terms Modification, a Noteholder Resolution of Noteholders of each Class of Notes within the Most Senior Tranche at the applicable time shall be binding on all other Classes of Notes and would override any resolution to the contrary of the Classes which at that applicable time are not within the Most Senior Tranche. See Note Base Condition 12 *Noteholder Resolutions* for more detail.

6.2.18 **Relationship between Noteholders and other Security Creditors**

The Security Trustee will not be bound to take any steps, institute any proceedings, exercise its rights, powers, authorities or discretions and/or to take any other action under or in connection with any of the Transaction Documents (including, without limitation, enforcing the Security Assets and/or lodging an appeal in any proceedings) unless:

- the Security Trustee is directed to do so by a Noteholder Resolution passed by the Noteholders (the instructing party) in accordance with the Security Intercreditor Deed provided that:
  - the Security Trustee shall not act at the direction of such instructing party if such instructing party is not the Reference Creditor unless either: to do so would not in its opinion conflict with the interests of such Reference Creditor(s); or such action is sanctioned by the Reference Creditor; and
  - the Security Trustee may at all times, whether or not so directed, take such action in respect of any right, power or discretion which is personal to the Security Trustee or is to preserve or protect the Security Trustee's position or is of a purely administrative nature; and
- the Security Trustee has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may render itself liable or which it may incur by so doing.

6.2.19 **Provision of Information to the Noteholders**

The Issuer will, from the Closing Date until the earlier of redemption in full of the last outstanding Notes or the Final Maturity Date, provide ongoing post-issuance information reporting in the form of a monthly information pack (the **Investor Information Pack**) which will include:

(a) the information required to be disclosed in accordance with the Issuer's obligations under the Transparency Rules as set out in the Subordinated Note Facility Agreement as referred to in 21.3 *EU and UK transparency and reporting requirements*; and

(b) the information required to be disclosed in accordance with the Risk Retention Holder's obligations under the Retained Interest as set out in the Subordinated Note Facility Agreement and as referred to in 21.2.2 *EU and UK risk retention undertakings*.

See further 1.2.3 *Post issuance transaction reporting*.

6.2.20 **Communication with Noteholders**

Other than the quarterly Investor Information Packs referenced above, any notice to be given by the Issuer or the Note Trustee to Noteholders shall be given in one of the following ways:

- so long as the Notes are held in the Clearing Systems, by delivery to the relevant Clearing System for communication by it to Noteholders; or
- so long as the Notes are no longer held in the Clearing Systems, published in the *Financial Times* or, if such newspaper shall cease to be published or, if timely publication such newspaper is not practicable, in such other English newspaper or newspapers as the Note Trustee shall approve in advance having a general circulation in Ireland; or
- so long as the Notes are listed on a recognised stock exchange, by delivery in accordance with the notice requirements of that exchange.

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or a category of them if, in its sole opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require. For more detail see Note Base Condition 16 *Notices*.

6.2.21 **Modification**

Please see Note Base Condition 14 *Modifications, authorisations, waivers and substitution* which sets out circumstances in which the Note Trustee and/or Security Trustee may or, in some circumstances, is obliged to, without the consent or sanction of the Noteholders or any other Security Creditors, agree modifications and/or grant waivers.

6.2.22 **Rating Certificates**

The implementation of certain matters will, pursuant to the Note Conditions and other Transaction Documents, be subject to the receipt of a Rating Certificate from the Issuer in relation to each Rating Agency in connection with any event, circumstances and/or proposal relating to the Transaction and the actual and/or potential impact on a rating by that Rating Agency. The definition of Rating Certificate in Note Base Condition 13 *Rating Certificates* indicates that the Rating Certificate may be effective (and therefore satisfy such requirement) if, among other things, the relevant Rating Agency has failed to respond and/or declined to provide a confirmation and/or has provided (by an appropriately authorised person) only an oral confirmation, in each case provided specified procedures are followed by, or on behalf, of the Issuer with a view to obtaining a written confirmation from that Rating Agency. Notwithstanding a Rating Certificate being effective to satisfy such requirement, the relevant Rating Agency may proceed to take a Rating Adverse Action (also defined in Note Base Condition 13 *Rating Certificates*) in connection with the relevant event, circumstances and/or proposal.

6.2.23 **Paying agent, registrar and calculation agent**

On the Closing Date the Issuer, the Principal Paying Agent, the Note Calculation Agent, the Cash Administrator, the Note Registrar, the Framework Administrator, the Note

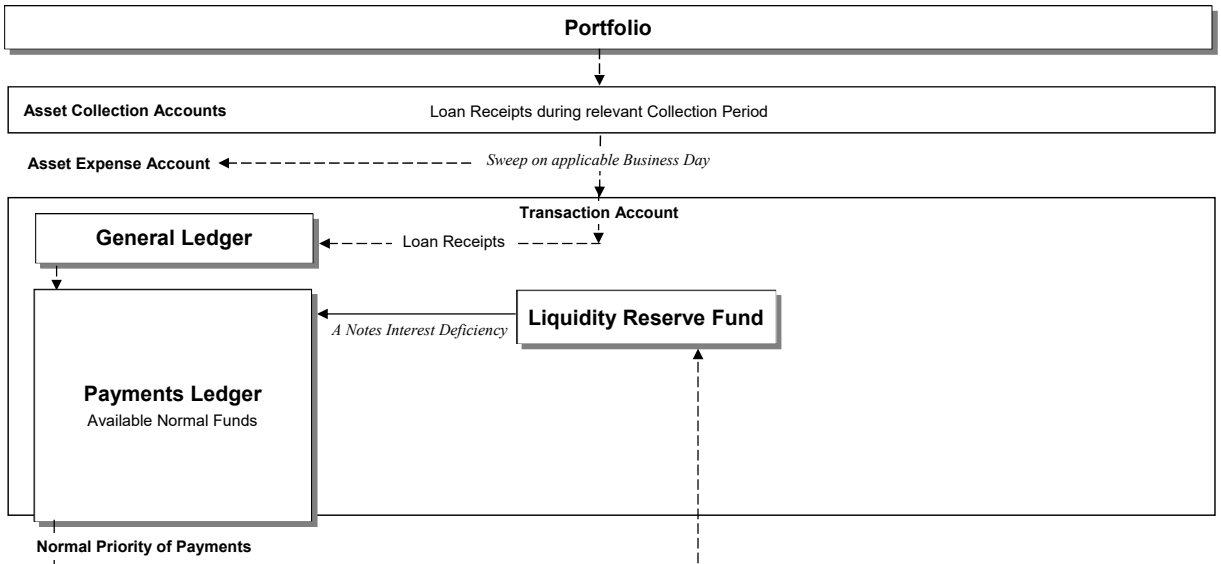
Trustee and the Security Trustee will enter the Note Services Agreement (see 14.9.1 *Appointment of the Note Agents*) pursuant to which:

- the Note Registrar will agree, among other things, to act as registrar and maintain registers in relation to the Notes, in each case as contemplated in 14.9.2 *Overview of Note Register Services*, and
- the Principal Paying Agent will agree, among other things, to provide paying agency services in relation to the Notes, in each case as contemplated in 14.9.3 *Overview of Note Paying Agency Services*, and
- the Note Calculation Agent will agree, among other things, to provide calculation agent services in determining the Reference Rate in relation to the Floating Rate Notes as contemplated in 14.9.4 *Overview of Note Calculation Services*.

7. Overview of credit structure and cashflows

7.1 Summary of cashflows

Below is a diagrammatic illustration of certain aspects of the cashflows under the Payments Rules prior to an Acceleration Date which are described in more detail in 19 *Payments Rules*.

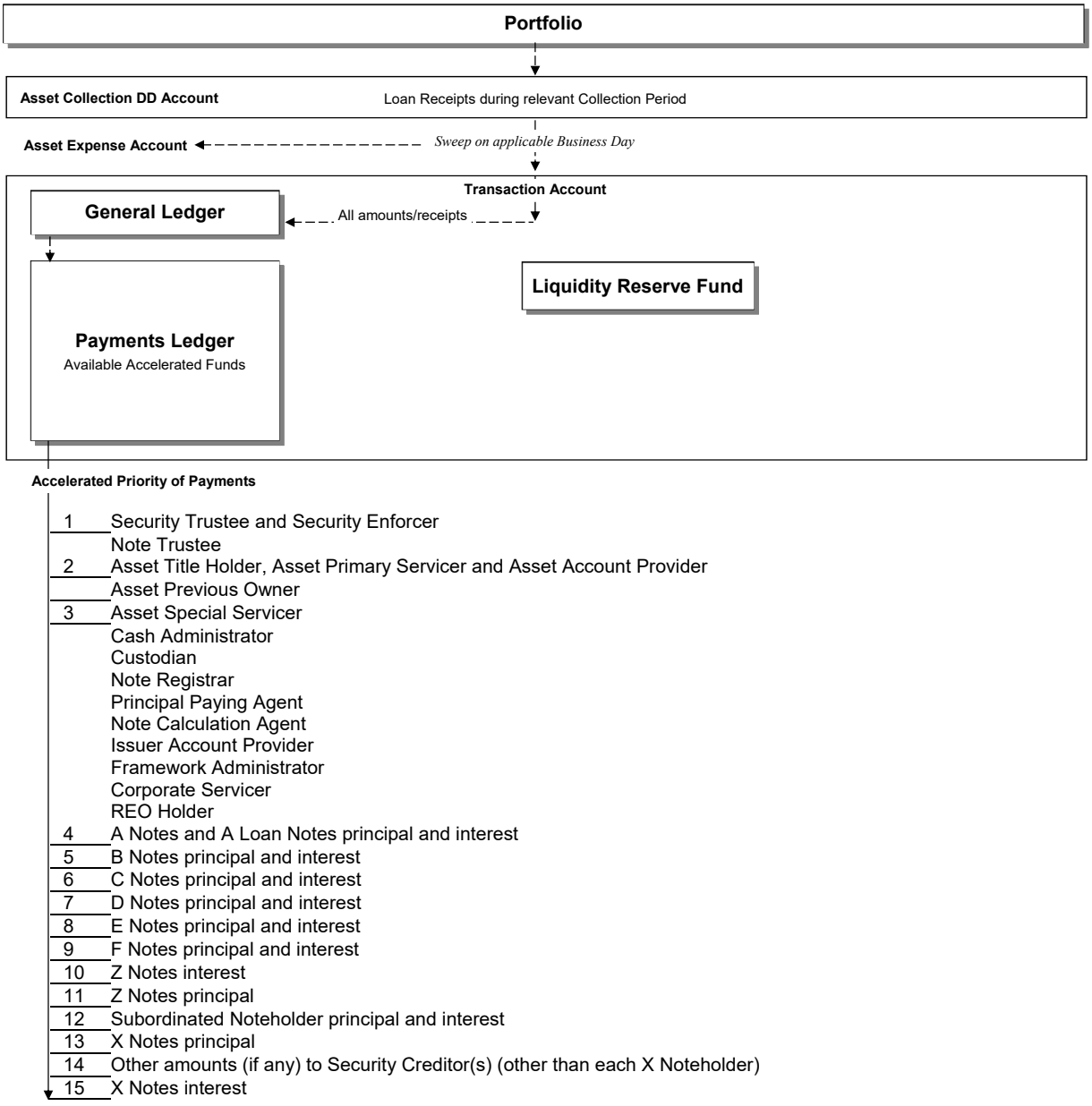


Normal Priority of Payments

1 Security Trustee
Note Trustee
2 Asset Title Holder, Asset Primary Servicer and Asset Account Provider
Asset Previous Owner
3 Third Party Amounts (due and provision)
Issuer tax excluding Irish corporation tax
4 Asset Special Servicer
Cash Administrator
Custodian
Note Registrar
Principal Paying Agent
Note Calculation Agent
Issuer Account Provider
Framework Administrator
Corporate Servicer
REO Holder
Issuer Profit Accrual Amount
5 Hedge Premium shortfall to replacement Hedge Provider
6 A Notes and A Loan Notes interest
7 Replenish Liquidity Reserve Required Amount
8 B Notes senior interest (if conditions met)
9 C Notes senior interest (if conditions met)
10 D Notes senior interest (if conditions met)
11 E Notes senior interest (if conditions met)
12 F Notes senior interest (if conditions met)
13 On the first Payments Scheduled Date only, the Excess Note Funding Amount (if any), which shall be applied *pro rata* and *pari passu* as follows:
(a) Rated Notes principal, and
(b) Z Notes Principal Backed Amount, and then
14 Target Amortisation Amount sequentially in or towards:
(a) A Notes and A Loan Notes principal until the Note Principal Amount Outstanding is €0, and then
(b) B Notes principal until the Note Principal Amount Outstanding is €0, and then
(c) C Notes principal until the Note Principal Amount Outstanding is €0, and then
(d) D Notes principal until the Note Principal Amount Outstanding is €0, and then
(e) E Notes principal until the Note Principal Amount Outstanding is €0, and then
(f) F Notes principal until the Note Principal Amount Outstanding is €0

15 B Notes subordinated interest
16 C Notes subordinated interest
17 D Notes subordinated interest
18 E Notes subordinated interest
19 F Notes subordinated interest
20 A Notes and A Loan Notes principal
21 B Notes principal
22 C Notes principal
23 D Notes principal
24 E Notes principal
25 F Notes principal
26 Z Notes interest
27 Z Notes principal
28 Subordinated Noteholder principal and interest
29 X Notes principal
30 Other amounts (if any) to Security Creditor(s) (other than each X Noteholder)
31 X Notes interest

Below is a diagrammatic illustration of certain aspects of the cashflows under the Payments Rules on or after an Acceleration Date which are described in more detail in 19 *Payments Rules*.



7.2 Overview of Transaction credit structure

The general credit structure of the Transaction includes the following elements:

- The Liquidity Reserve Fund as summarised in 19.2 *Liquidity Reserve Fund*.
- The Hedge Agreement with the Hedge Provider as summarised in 18.9 *Hedging of some interest basis risks*.
- The A Loan Note Agreement with the A Loan Noteholder as summarised in 18.5 *A Loan Note Agreement*.
- The Subordinated Note Facility Agreement with the Subordinated Noteholder as summarised in 18.6 *Subordinated Note Facility Agreement*.
- The Asset Services Agreement with the Asset Account Provider as summarised in 18.10.1 *Asset Accounts*, pursuant to which the Asset Account Provider will provide the Asset Accounts (being the Asset Collection DD Account, the Asset Collection Manual Account, the Asset Collection Sweep Account and the Asset Expense Account) to the Issuer in its name. The Asset Collection DD Account and Asset

Collection Manual Account are operated by the Asset Primary Servicer and the Asset Collection Sweep Account and Asset Expense Account are operated by the Asset Special Servicer, in each case pursuant to the Asset Services Agreement.

- The Custody Agreement with the Custodian as summarised in 14.8 *Custody Services*.
- The Issuer Account Agreement with the Issuer Account Provider as summarised in 18.10.2 *Issuer Accounts*, pursuant to which the Issuer Account Provider will provide two Issuer Accounts (being the Transaction Account and the Hedge Collateral Account) to the Issuer in its name and operated by the Cash Administrator pursuant to the Cash Administration Agreement.
- The structured system of ledgers and cashflows for the collection, holding and application of the Issuer's receipts as summarised in 19.1.6 *Structured book-keeping system of Ledgers* and 19.1.7 *Ledgers*.
- The rules and procedures, as summarised in 19 *Payments Rules*, applicable to the administration of the Issuer's funds (including, in particular, Loan Receipts in respect of the Portfolio) including, in particular:
  - the procedures to be followed on each Payments Calculation Date as summarised in 19.6 *Payments Calculation Date procedures*;
  - the procedures to be followed on each Payments Date as summarised in 19.8 *Payments Date procedures*; and
  - the Priority of Payments summarised in 19.10 *Normal Priority of Payments* and 19.11 *Accelerated Priority of Payments* (see also the diagrams in 7.1 *Summary of cashflows*) which, among other things, provide for the subordination of each Class of Notes to each other Class of Notes (if any) that ranks senior to it in the Priority of Payments.
- The rating triggers summarised in 8.1 *Rating triggers table*, applicable to the Hedge Provider, Issuer Account Provider and Asset Account Provider, and the arrangements for action to be taken upon a trigger event occurring.

7.2.1 **Credit enhancement**

Credit enhancement for the Notes includes, without limitation, the following:

- the subordination of payments of interest and/or principal on Notes (if any) that rank junior to such Class in the applicable Priority of Payments,
- overcollateralisation provided by the aggregate Loan Principal Balance of the Portfolio exceeding the aggregate Note Initial Principal Amount of the Notes, in each case as at the end of the Portfolio Cut-Off Date, thus potentially providing greater Loan Receipts to be applied as Available Normal Funds or, as applicable, following an Acceleration Date to be applied as Available Accelerated Funds (see 18.3 *Overcollateralisation*), and
- the availability of unutilised Liquidity Reserve Fund (if any) following redemption of the A Notes and A Loan Notes to be applied as Available Normal Funds or, as applicable, following an Acceleration Date to be applied as Available Accelerated Funds (see 19.8.4 *Transfer of excess Liquidity Reserve Fund*).

See further 18 *Credit structure* and 19 *Payments Rules*.

7.2.2 **Liquidity support**

Liquidity support for the Notes includes, without limitation, the following:

- the subordination of payments of interest and/or principal on Notes (if any) that rank junior to such Class in the applicable Priority of Payments, and
- in respect of the A Notes and A Loan Notes, the availability of the Liquidity Reserve Fund to reduce an A Notes Interest Deficiency (see 19.8.3 *Reduction of A Notes Interest Deficiency*).

See further 18 *Credit structure* and 19 *Payments Rules*.

7.3 Issuer Accounts

All receipts of the Issuer from the Portfolio and the Transaction Parties relating to this Transaction are required by the Transaction Documents to be paid into the Issuer Accounts (apart from the amounts to be paid into the Asset Expense Account). Each Issuer Account is a segregated account which is opened, maintained and used exclusively for this Transaction.

7.4 Cash management

On or about the Closing Date the Issuer, the Security Trustee, the Note Trustee, the Framework Administrator and the Cash Administrator will enter into the Cash Administration Agreement pursuant to which the Cash Administrator will be appointed by the Issuer to provide Cash Administration Services as contemplated in 14.7 *Cash Administration Services*, including (in summary):

- record credits to, and debits from a system of ledgers used to organise the Issuer's funds (including, without limitation, the Liquidity Reserve Fund Ledger) as and when required;
- administer the Payments Rules which are described in more detail in 19 *Payments Rules* to 19.11 *Accelerated Priority of Payments* inclusive (including, without limitation, making the calculations, allocations and payments according to the Priority of Payments on each Payments Date); and
- prepare and provide each Investor Report as referred to in 21.3.2(a) *Investor Report*.

The Cash Administrator may delegate some of its cash management functions to a third party provided that the Cash Administrator remains liable for the failure of, and for the performance of, any functions so delegated.

The fees payable to the Cash Administrator are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction* below.

Section 8.2 *Non-rating triggers table* summarises the circumstances in which the appointment of the Cash Administrator may be terminated or when the Cash Administrator may resign and the related steps to be taken.

In the absence of a Cash Administrator Termination Event, Noteholders do not have any right to instruct the Note Trustee or Security Trustee to terminate the appointment of the Cash Administrator.

8. Triggers tables

8.1 Rating triggers table

The following summarises ratings triggers applicable to certain Transaction Parties (there are no ratings triggers in relation to any other Transaction Party):

	Transaction Party	Required ratings/triggers	Contractual requirements on occurrence of breach of ratings trigger include the following:
8.1.1	**Issuer Account Provider**	It does not have: (a) *S&P*: a long-term issuer rating of at least A by S&P; and (b) *KBRA*: a long-term senior unsecured debt rating or credit assessment of at least BBB- by KBRA, or, if such debt rating or credit assessment is not available, a long-term issuer rating of at least A by S&P, alternatively to each of the above, such other ratings that are consistent with the then published criteria of the relevant Rating Agency as being the minimum ratings that are required to support the then rating of the Notes in the Most Senior Tranche.	The consequences of breach include: (a) the Issuer Account Provider arranges (within 60 calendar days) for a suitably rated third party to become co-obligor or guarantor in respect of the obligations of the Issuer Account Provider, or (b) the Framework Administrator is required (at the cost of the Issuer) to use reasonable endeavours to arrange for the transfer (within 60 calendar days) of each Issuer Account to an appropriately rated bank or financial institution on (unless not practicable) substantially similar terms to those set out in, as applicable, the Issuer Account Agreement, or (c) as long as any of the Rated Notes are still outstanding, to take such other actions as may be agreed with the relevant Rating Agency to maintain or restore the rating of the Notes in the Most Senior Tranche.
8.1.2	**Hedge Provider (or its credit support provider under the Hedge Agreement)**	S&P Global Ratings' '*General: Counterparty Risk Methodology*', dated 25 July 2025 (the **S&P Criteria**) permit four different S&P Frameworks (being 'Strong', 'Medium', 'Low' and 'No Collateral'), each containing collateral and transfer ratings triggers, and the contractual requirements that should apply on the occurrence of breach of a collateral or transfer ratings trigger by the Hedge Provider. **S&P Framework** means at any time, the framework for selecting ratings triggers, and the contractual requirements that applies at that time pursuant to the S&P Criteria in respect of the occurrence of breach of a ratings trigger by the Hedge Provider. Subject to certain conditions specified in the Hedge Agreement, the Hedge Provider may designate a different S&P Framework by providing written notice of such change on reasonable request by S&P to the Issuer, the Security Trustee and S&P. The 'No Collateral' S&P Framework is expected to apply on the Closing Date. **S&P Highest Rated Notes** means at any time, each Class of Notes (if any) which at that time have the highest rating by S&P.	**S&P Remedial Action** means the Hedge Provider takes one of the following actions: (a) it transfers its rights and obligations to an appropriated rated entity that is eligible to be a Hedge Provider under the applicable S&P Criteria; (b) it obtains a guarantee from an appropriated rated entity that is eligible to be a co-obligor or guarantor under the applicable S&P Criteria; or (c) it takes such other action (as confirmed by S&P and which could include taking no action) as a result of which the S&P Highest Rated Notes will be rated by S&P at the same level as immediately prior to (as applicable) the relevant S&P Initial Rating Event or an S&P Other Rating Event. *S&P Initial Rating Event* Subject to the terms of the Hedge Agreement, if an S&P Initial Rating Event occurs and the Strong, Medium or Low S&P Framework applies at such time, the Hedge Provider will be obliged, within 10 Business Days to post collateral (to the extent required, depending on the value of the Hedge Cap Transaction in accordance with the credit support annex in the Hedge Agreement) unless it takes an S&P Remedial Action.

Transaction Party	Required ratings/triggers	Contractual requirements on occurrence of breach of ratings trigger include the following:
	S&P required ratings Neither the Hedge Provider (or its successor) nor any applicable credit support provider from time to time in respect of the Hedge Provider has either (a) if a resolution counterparty rating by S&P is unavailable, an issuer credit rating by S&P, or (b) a resolution counterparty rating by S&P at least as high as the relevant S&P Initial Required Rating (an **S&P Initial Rating Event**). **S&P Initial Required Rating** means the relevant rating specified in the S&P Initial Rating Event column relating to the applicable S&P Framework which corresponds to the then current rating assigned by S&P to the S&P Highest Rated Notes as specified in the S&P Required Rating Table. Neither the Hedge Provider (or its successor) nor any applicable credit support provider from time to time in respect of the Hedge Provider has either (a) if a resolution counterparty rating by S&P is unavailable, an issuer credit rating by S&P, or (b) a resolution counterparty rating by S&P at least as high as the relevant S&P Other Required Rating (an **S&P Other Rating Event**). **S&P Other Required Rating** means the relevant rating specified in the S&P Other Rating Event column relating to the applicable S&P Framework which corresponds to the then current rating assigned by S&P to the S&P Highest Rated Notes as specified in the S&P Required Rating Table.	Subject to the terms of the Hedge Agreement, if an S&P Initial Rating Event occurs and the No Collateral S&P Framework applies at such time, there is no requirement to provide collateral and the Hedge Provider may take an S&P Remedial Action. The Issuer may also terminate the Hedge Agreement if the Hedge Provider fails to post collateral as indicated above in the relevant time period. *S&P Other Rating Event* Subject to the terms of the Hedge Agreement, if an S&P Other Rating Event occurs and the Strong, Medium or Low S&P Framework applies at such time, the Hedge Provider must use commercially reasonable endeavours to, within 90 calendar days, (at its discretion) take an S&P Remedial Action. Whilst that process is on-going, the Hedge Provider must also provide collateral within 10 Business Days (to the extent required, depending on the value of the Hedge Cap Transaction). Subject to the terms of the Hedge Agreement, if an S&P Other Rating Event occurs and the No Collateral S&P Framework applies at such time, the Hedge Provider must use commercially reasonable endeavours to, within 90 calendar days, (at its discretion) take an S&P Remedial Action. Whilst that process is on-going, there is no requirement of the Hedge Provider to provide collateral. The Issuer may also terminate the Hedge Agreement if the Hedge Provider fails to take the relevant actions indicated above in the relevant time period.
	KBRA required ratings For so long as the A Loan Notes, the A Notes, the B Notes, the C Notes, the D Notes, the E Notes or the F Notes are rated by KBRA: failure by the Hedge Provider and any applicable credit support provider from time to time in respect of the Hedge Provider to maintain the S&P Initial Required Ratings and the S&P Other Required Ratings (irrespective of whether all of such Classes of Notes are rated by S&P at the applicable time and, to the extent that any such Class of Notes are not	The requirements as set out in relation to a S&P Initial Rating Event and a S&P Other Rating Event (as applicable) above shall apply.

Transaction Party	Required ratings/triggers	Contractual requirements on occurrence of breach of ratings trigger include the following:

rated by S&P at the applicable time, the then applicable equivalent KBRA ratings in respect of that Class of Notes shall be used to determine the corresponding S&P Initial Required Ratings and S&P Other Required Ratings).

S&P Required Rating Table means the following table:

Rating of S&P Highest Rated Notes	Strong S&P Framework		Medium S&P Framework		Low S&P Framework		No Collateral S&P Framework	
	S&P Initial Rating Event	S&P Other Rating Event	S&P Initial Rating Event	S&P Other Rating Event	S&P Initial Rating Event	S&P Other Rating Event	S&P Initial Rating Event	S&P Other Rating Event
AAA	A-	BBB-	A-	BBB	A-	BBB+	NA	A
AA+	A-	BBB-	A-	BBB	A-	BBB+	NA	A
AA	BBB+	BB+	BBB+	BBB-	BBB+	BBB	NA	A-
AA-	BBB+	BB+	BBB+	BBB-	BBB+	BBB	NA	A-
A+	BBB	BB	BBB	BB+	BBB	BBB-	NA	BBB+
A	BBB	BB	BBB	BB+	BBB	BBB-	NA	BBB
A-	BBB-	BB-	BBB-	BB	BBB-	BB+	NA	BBB-
BBB+	BBB-	BB-	BBB-	BB	BBB-	BB+	NA	BBB-
BBB	BBB-	BB-	BBB-	BB	BBB-	BB+	NA	BBB-
BBB-	BB+	B+	BB+	BB-	BB+	BB	NA	BB+
BB+	BB+	B+	BB+	BB-	BB+	BB	NA	BB+
BB	BB	B	BB	B+	BB	BB-	NA	BB
BB-	BB-	B-	BB-	B	BB-	B+	NA	BB-
B+	B+	B-	B+	B-	B+	B	NA	B+
B	B	B-	B	B-	B	B-	NA	B

8.2 Non-rating triggers table

Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
8.2.1 **Asset Special Servicer Termination Event**	*Replacement by the Asset Title Holder* The Asset Title Holder may require the replacement of the Asset Special Servicer if any of the following events (each being an **Asset Special Servicer Termination Event**) occurs: (a) a material breach of the service levels specified in the Asset Services Agreement (being the failure by the Asset Special Servicer to meet a service level for 3 consecutive measurement periods, constituting a *2nd penalty level*) which is not remedied by the Asset Special Servicer adopting the corrective measures notified by the Asset Title Holder within 30 Business Days following the notification of such *2nd penalty level* by the Asset Title Holder; (b) a substantial breach of 5 or more key performance indicators (KPIs) specified in the Asset Services	The substitute Asset Special Servicer must be a person agreed in writing by the Asset Title Holder and the Issuer. If the Asset Special Servicer is replaced: (a) the substitute Asset Special Servicer (and, where applicable, the substitute Asset Special Servicer Guarantor) shall subrogate into the contractual position of the original Asset Special Servicer (and, where applicable, the original Asset Special Servicer Guarantor) under the Asset Services Agreement as soon as reasonably practicable following its designation, assuming the rights and obligations arising thereunder; (b) until such subrogation has taken place, the Asset Special Servicer shall continue providing the Asset Special Services during the time from the termination or ordinary expiration date to effective assumption of the tasks by the Asset Title Holder or by the substitute

Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
	Agreement which is not remedied within 30 Business Days; (c) a serious or repeated breach of any of the Asset Special Servicer's obligations under the Asset Services Agreement (other than those obligations set forth in clauses 7 and 8 thereof) and, if capable of remedy, is not remedied to the satisfaction of the Asset Title Holder within 30 Business Days following the earlier of: (1) the date the Asset Special Servicer became aware of the circumstance that gave rise to the breach in question, or (2) the date the Asset Special Servicer receives a notice of such breach from the Asset Title Holder; (d) a change of control of the Asset Special Servicer; (e) the Asset Special Servicer is or will become insolvent or pre-insolvency or insolvency proceedings can be commenced in relation to the Asset Special Servicer or dissolution process can be commenced in relation to the Asset Special Servicer; (f) if the Asset Special Servicer ceases to carry on business; (g) the Asset Special Servicer fails to obtain or maintain the licences, registrations or regulatory approvals necessary to comply with its obligations in the Asset Services Agreement; (h) fines or penalties are imposed on the Asset Title Holder as a result of a final court decision or binding settlement for an annual amount exceeding €80,000 or an aggregate amount of €350,000 for the term of the Asset Services Agreement as a result of: (1) failure by the Asset Special Servicer to comply with its obligations under the Asset Services Agreement; or (2) failure by the Asset Special Servicer to comply with regulations (including regional regulations) applicable at any time (including relating to prevention of money laundering,	Asset Special Servicer unless so directed by the Issuer; (c) the substitution of the Asset Special Servicer shall be carried out in an orderly manner and in accordance with the succession protocol and shall not cause any damage, prejudice or cost to the Asset Title Holder; and (d) the Issuer shall bear all costs, expenses and taxes arising from the substitution of the Asset Special Servicer, including, in particular, any costs, expenses and taxes required for new developments needed for the provision of the Asset Special Services, as well as any legal advisory costs incurred by the Asset Title Holder in connection with such substitution.

Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
	social rent and economically vulnerable debtors, the accession regulations, data protection); or (3) wilful default or negligence by the Asset Special Servicer in the provision of the Asset Special Services; and/or (i) the Asset Title Holder is unable to provide the Asset Primary Services or comply with the Asset Title Non-Delegable Obligations as a result of: (1) failure by the Asset Special Servicer to comply with its obligations under the Asset Services Agreement; or (2) failure by the Asset Special Servicer to comply with regulations (including regional regulations) applicable at any time (including relating to prevention of money laundering, social rent and economically vulnerable debtors, the accession regulations, data protection); or (3) wilful default or negligence by the Asset Special Servicer in the provision of the Asset Special Services. *Replacement by the Issuer* The Issuer may also require the replacement of the Asset Special Servicer: (a) if any one or more of Asset Special Servicer Termination Events (c), (d), (e), (f) and/or (g) occur; and (b) at any time, with the prior consent of the Asset Title Holder, provided that: (1) the substitute Asset Special Servicer is a person agreed in writing by the Asset Title Holder and the Issuer (and the Asset Title Holder and the Issuer have pre-agreed three such persons); (2) at least 4 years have passed since the Closing Date; (3) at least 90 calendar days prior written notice is given by the Issuer; (4) the replacement under this paragraph (b) can only made once during the entire term of the Asset Services Agreement;	

	Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
		(5) the Issuer indemnifies and holds Asset Title Holder harmless from any damages, economic losses, or liabilities incurred by Asset Title Holder or arising for Asset Title Holder (including reasonable and duly documented expenses incurred as a consequence of such substitution); and (6) the Issuer reimburses the Asset Title Holder for the Asset Title Holder internal costs incurred in relation to the substitution up to a maximum of EUR 100,000 and the Issuer reimburses the Asset Title Holder external costs incurred in relation to the substitution.	
8.2.2	**Options to terminate the Asset Services Agreement**	*Termination by Asset Special Servicer* The Asset Special Servicer, may terminate the Asset Services Agreement early in any of the following circumstances: (a) failure by the Issuer to pay the Asset Special Servicer Fee for at least 2 Payments Dates and such failure has not been remedied by the Issuer within 10 Business Days from the Issuer receiving written notification from the Asset Special Servicer requiring rectification; and (b) with the prior written consent of the Issuer, in the event that the Asset Title Holder seriously or repeatedly breaches any of its substantial obligations under the Asset Services Agreement and, if capable of remedy, is not remedied to the satisfaction of the Asset Title Holder within 20 Business Days following the earlier of: (1) the date the Asset Title Holder became aware of the circumstance that gave rise to the breach in question, or (2) the date the Asset Title Holder receives a notice of such breach from the Asset Special Servicer. *Termination by Asset Title Holder* See 8.2.3 *Option to terminate appointment of Asset Title Holder*.	The same as indicated above in relation to notification of any Asset Special Servicer Termination Event (see 8.2.1 *Asset Special Servicer Termination Event*), *mutatis mutandis*.

Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
8.2.3 **Option to terminate appointment of Asset Title Holder**	The Asset Title Holder may terminate the Asset Services Agreement early, without being obliged to pay the Asset Special Servicer any compensation or indemnity, without prejudice to the Asset Title Holder's right to demand from the Asset Special Servicer or the Issuer, as applicable, damages in accordance with the Asset Services Agreement, in any of the following circumstances: (a) the Issuer does not pay the Asset Title Holder the Asset Title Holder Fee for at least 2 Payments Dates and such failure has not been remedied by the Issuer within 5 Business Days from the Issuer receiving written notification from the Asset Title Holder requiring rectification; (b) breach of specified obligations under the Asset Services Agreement by the Asset Special Servicer and, if capable of remedy, is not remedied to the satisfaction of the Asset Title Holder within 20 Business Days following the earlier of: (1) the date the Asset Special Servicer became aware of the circumstance that gave rise to the breach in question, or (2) the date the Asset Special Servicer receives a notice of such breach from the Asset Title Holder; (c) breach of specified representations and warranties by the Asset Special Servicer and, if capable of remedy, is not remedied to the satisfaction of the Asset Title Holder within 20 Business Days following the earlier of: (1) the date the Asset Special Servicer became aware of the circumstance that gave rise to the breach in question, or (2) the date the Asset Special Servicer receives a notice of such breach from the Asset Title Holder; and/or (d) if there is a replacement of the Asset Special Servicer upon an Asset Special Servicer Termination Event, the replacement Asset Special Servicer (and, where applicable, the replacement Asset Special Servicer Guarantor) has not been subrogated to	The same as indicated above in relation to notification of any Asset Special Servicer Termination Event (see 8.2.1 *Asset Special Servicer Termination Event*), *mutatis mutandis*. In particular, the succession protocol indicated in the Asset Services Agreement shall apply (see the contractual requirements described in 8.2.1 *Asset Special Servicer Termination Event*), *mutatis mutandis*. The Asset Title Holder shall continue to perform the Asset Title Duties (including the Asset Title Non-Delegable Obligations and Asset Primary Services) until such time as a successor asset title holder has been appointed or the Mortgage Certificates have been transferred or cancelled and a successor Asset Title Holder (if applicable) has assumed those duties. The Issuer shall bear all costs, expenses and taxes arising from the transfer of the Mortgage Certificates and the transition of the Asset Title Holder's role.

	Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
		the Asset Special Servicer's contractual position in the Asset Services Agreement within 20 Business Days following the occurrence of the Asset Special Servicer Termination Event.	
8.2.4	**Cash Administrator termination**	The occurrence of any of the following (each a **Cash Administrator Termination Event**) (subject to applicable grace periods for remedy and materiality thresholds) in relation to the Cash Administrator: (a) failure to make a payment; (b) non-compliance with any obligation under the Transaction Documents; (c) force majeure is continuing after 10 Business Days; (d) an insolvency event in respect of it; (e) unlawfulness or illegality in respect of the Cash Administrator; or (f) a Security Realisation Date is given in respect of the Security Assets.	Following the occurrence of the relevant Cash Administrator Termination Event the Issuer (after consulting the Framework Administrator and with the prior written consent of the Security Trustee) or the Security Trustee may terminate the appointment of the Cash Administrator under the Cash Administration Agreement and the Issuer is obliged to use reasonable endeavours to appoint a replacement Cash Administrator in satisfaction of the conditions set out in the Cash Administration Agreement applicable to the appointment of a replacement Cash Administrator. Any termination of the appointment of the relevant Cash Administrator will not occur until a replacement has been appointed. If a replacement has not been appointed within 60 days, the Cash Administrator is entitled to select and require the Issuer to appoint a replacement Cash Administrator in satisfaction of those conditions.
8.2.5	**Option to terminate appointment of Cash Administrator**	The Cash Administrator may terminate its appointment, at the expense of the Issuer, by notice, or the Issuer (after consultation with the Framework Administrator and with the prior written consent of the Security Trustee) may terminate the appointment of the Cash Administrator by notice, *provided that* in each case such notice is given not less than 90 days prior to the date of termination and a replacement Cash Administrator has been appointed and (unless the Framework Administrator certifies to the Note Trustee and the Security Trustee that, taking into account the then prevailing market conditions, it is not practicable) enters into an agreement with the Issuer substantially on the same terms as the Cash Administration Agreement. The Cash Administrator may resign its appointment, at the expense of the Issuer, on not less than 90 days written notice to the Issuer, the Framework Administrator and the Security Trustee *provided that* a substitute cash administrator has been appointed and (unless the Framework Administrator certifies to the Note Trustee and the Security	Following notice being given to terminate the appointment of the then Cash Administrator under the Cash Administration Agreement, the Issuer is obliged to use reasonable endeavours to appoint a replacement Cash Administrator in satisfaction of the conditions set out in the Cash Administration Agreement applicable to the appointment of a replacement Cash Administrator. If a replacement has not been appointed within 60 days, the Cash Administrator is entitled, at the expense of the Issuer, to select and require the Issuer to appoint a replacement Cash Administrator in satisfaction of those conditions.

	Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
		Trustee that, taking into account the then prevailing market conditions, it is not practicable) enters into an agreement with the Issuer substantially on the same terms as the Cash Administration Agreement.	
8.2.6	**Custodian termination**	The occurrence of any of the following (each a **Custodian Termination Event**) (subject to applicable grace periods for remedy and materiality thresholds) in relation to the Custodian: (a) failure to make a payment; (b) non-compliance with any obligation under the Transaction Documents; (c) force majeure is continuing after 10 Business Days; (d) an insolvency event in respect of it; (e) it is or it becomes unlawful for the Custodian to perform its obligations; or (f) a Security Realisation Date is given in respect of the Security Assets.	Following the occurrence of the relevant Custodian Termination Event and while it is continuing the Issuer or the Framework Administrator (in each case with the prior written consent of the Security Trustee) or the Security Trustee may terminate the appointment of the Custodian under the Custody Agreement and the Issuer is obliged to use reasonable endeavours to appoint a replacement Custodian in satisfaction of the conditions set out in the Custody Agreement applicable to the appointment of a replacement Custodian. Any termination of the appointment of the Custodian will not occur until a replacement has been appointed. If a replacement has not been appointed within 60 days, the Custodian is entitled to select and require the Issuer to appoint a replacement Custodian in satisfaction of those conditions.
8.2.7	**Option to terminate appointment of Custodian**	The Custodian may terminate its appointment, at the expense of the Issuer, by notice, or the Issuer (with the prior written consent of the Framework Administrator) may terminate the appointment of the Custodian by notice, *provided that* in each case such notice is given not less than 90 days prior to the date of termination and a replacement Custodian has been appointed and (unless the Framework Administrator certifies to the Note Trustee and the Security Trustee that, taking into account the then prevailing market conditions, it is not practicable) enters into an agreement with the Issuer substantially on the same terms as the Custody Agreement.	Following notice being given to terminate the appointment of the then Custodian under the Custody Agreement, the Issuer is obliged to use reasonable endeavours to appoint a replacement Custodian in satisfaction of the conditions set out in the Custody Agreement applicable to the appointment of a replacement Custodian. If a replacement has not been appointed within 60 days, the Custodian is entitled, at the expense of the Issuer, to select and require the Issuer to appoint a replacement Custodian in satisfaction of those conditions.
8.2.8	**Issuer Account Provider termination**	The occurrence of any of the following (each an **Issuer Account Provider Termination Event**) (subject to applicable grace periods for remedy and materiality thresholds) in relation to the Issuer Account Provider: (a) a Tax deduction or withholding is imposed, or it appears likely to be imposed, in respect of the interest payable by it;	Following the occurrence of the relevant Issuer Account Provider Termination Event the Issuer (after consulting the Framework Administrator and with the prior written consent of the Security Trustee) or the Security Trustee may terminate the appointment of the Issuer Account Provider under the Issuer Account Agreement and the Issuer is obliged to use reasonable endeavours and at its expense to appoint a replacement of the Issuer Account Provider in

	Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
		(b) non-compliance with any obligation under the Transaction Documents; (c) it ceases to be an authorised credit institution under section 9A of the Irish Central Bank Act 1971; (d) an insolvency event in respect of it; (e) unlawfulness or illegality in respect of it; or (f) a Security Realisation Date is given in respect of the Security Assets.	satisfaction of the conditions set out in the Issuer Account Agreement applicable to the appointment of a replacement Issuer Account Provider. If a replacement has not been appointed within 60 days, the Issuer Account Provider, at the expense of the Issuer, is entitled to select and require the Issuer to appoint a replacement Issuer Account Provider in satisfaction of those conditions.
8.2.9	**Option to terminate appointment of Issuer Account Provider**	The Issuer Account Provider may terminate its appointment, at the expense of the Issuer, by notice, or the Issuer (after consultation with the Framework Administrator and with the prior written consent of the Security Trustee) may terminate the appointment of the Issuer Account Provider by notice, *provided that* in each case such notice is given not less than 90 days prior to the date of termination and a replacement Issuer Account Provider, which is an authorised credit institution under section 9 or 9A of the Irish Central Bank Act 1971 with the required ratings, has been appointed and (unless the Framework Administrator certifies to the Note Trustee and the Security Trustee that, taking into account the then prevailing market conditions, it is not practicable) enters into an agreement with the Issuer substantially on the same terms as the Issuer Account Agreement.	Following notice being given to terminate the appointment of the Issuer Account Provider under the Issuer Account Agreement, the Issuer is obliged to use reasonable endeavours to appoint a replacement of the Issuer Account Provider in satisfaction of the conditions set out in the Issuer Account Agreement applicable to the appointment of a replacement Issuer Account Provider. If a replacement has not been appointed within 60 days, the Issuer Account Provider, at the expense of the Issuer, is entitled to select and require the Issuer to appoint a replacement Issuer Account Provider in satisfaction of those conditions.
8.2.10	**Corporate Servicer termination**	The occurrence of any of the following (each an **Corporate Servicer Termination Event**) (subject to applicable grace periods for remedy and materiality thresholds) in relation to the Issuer Account Provider: (a) the Corporate Servicer or the Issuer breaches any of the terms of the Corporate Services Agreement and, where such breach is capable of remedy, has not remedied such breach within 14 days after service of notice requiring the same to be remedied; or (b) an insolvency event occurs in relation to the Corporate Servicer.	Following the occurrence of the relevant Corporate Servicer Termination Event the Framework Administrator (with the prior written consent of the Security Trustee) or the Security Trustee may terminate the appointment of the Corporate Servicer under the Corporate Services Agreement and the Issuer is obliged to use reasonable endeavours to appoint a replacement of the Corporate Servicer in satisfaction of the conditions set out in the Corporate Services Agreement applicable to the appointment of a replacement Corporate Servicer. If a replacement has not been appointed within 60 days, the Corporate Servicer is entitled to select and require the Issuer to appoint a replacement Corporate Servicer in satisfaction of those conditions.
8.2.11	**Option to terminate appointment of**	The Corporate Servicer may terminate its appointment by notice, or the Issuer (after consultation with the Framework	Following notice being given to terminate the appointment of the Corporate Servicer under the Corporate Services Agreement,

Nature of trigger	Description of trigger	Contractual requirements on occurrence of trigger include the following:
Corporate Servicer	Administrator and with the prior written consent of the Security Trustee) may terminate the appointment of an Corporate Servicer by notice, *provided that* in each case such notice is given not less than 90 days prior to the date of termination and a replacement Corporate Servicer has been appointed and (unless the Framework Administrator certifies to the Note Trustee and the Security Trustee that, taking into account the then prevailing market conditions, it is not practicable) enters into an agreement with the Issuer substantially on the same terms as the Corporate Services Agreement.	the Framework Administrator is obliged to use reasonable endeavours to appoint a replacement of the Corporate Servicer in satisfaction of the conditions set out in the Corporate Services Agreement applicable to the appointment of a replacement Corporate Servicer. If a replacement has not been appointed within 60 days, the Corporate Servicer is entitled to select and require the Issuer to appoint a replacement Corporate Servicer in satisfaction of those conditions.

9. Fees

9.1 Fees table

The following table sets out the main ongoing fees to be paid by the Issuer to the relevant Transaction Parties. VAT is currently chargeable for standard supplies provided in Ireland at 23% and VAT is currently chargeable for standard supplies provided in Spain at 21%.

Unless indicated otherwise, where are fee is calculated using a per annum rate in respect of a specified period, that fee will be calculated for that period by reference to the number of days elapsed in that period and a 365 day year.

	Type of Fee	Amount of Fee	Priority in cashflows	Frequency
9.1.1	**Asset Special Servicer fees**	While Pepper Spanish Servicing, S.L.U. is the Asset Special Servicer, the applicable Asset Special Servicer Fee plus additional fees, according to a specified scale, for specific services (in each case plus any applicable VAT). See 9.2 *Fees definitions*. In addition, the costs referred to in 19.4(e) *Net proceeds on the Closing Date* include some upfront fees payable to Pepper Spanish Servicing, S.L.U. If a replacement Asset Special Servicer is appointed in accordance with the terms of the Asset Services Agreement, the Issuer shall pay the replacement Asset Special Servicer for its services a fee to be determined at the time of such appointment (plus any applicable VAT).	Payable under the Normal Priority of Payments or, as applicable, the Accelerated Priority of Payments.	Quarterly in arrear on each Payments Date.
9.1.2	**Asset Title Holder fees**	While Banco Bilbao Vizcaya Argentaria, S.A. is the Asset Title Holder, the applicable Asset Title Holder Fee (see 9.2 *Fees definitions*) on each Payments Date (in each case plus any applicable VAT). If a replacement asset title holder is appointed in accordance with the terms of the Asset Services Agreement, the Issuer shall pay the replacement asset title holder for its services an Asset Title Holder Fee to be determined at the time of such appointment (plus any applicable VAT).	Payable under the Normal Priority of Payments or, as applicable, the Accelerated Priority of Payments.	Quarterly in arrear on each Payments Date.
9.1.3	**Other fees and expenses of the Issuer relating to the Transaction**	Estimated at EUR 180,000 (inclusive of any applicable VAT).	Payable under the Normal Priority of Payments or, as applicable, the Accelerated Priority of Payments, in each case ahead of all outstanding Notes.	Quarterly in arrear on each Payments Date.

Type of Fee		Amount of Fee	Priority in cashflows	Frequency
9.1.4	**Fees related to the admission to trading of the Investment Notes**	The Issuer estimates that the total expenses incurred or to be incurred by the Issuer in relation to the admission of the Investment Notes to trading on the London Stock Exchange plc's main market will be approximately GBP 32,880 (exclusive of any applicable VAT).	Not applicable (these fees are paid from proceeds of the issue of the Notes).	On or shortly after the Closing Date.

9.2 Fees definitions

Asset Special Servicer Fee means in respect of a Payments Date (excluding any double counting or duplication), the sum of the following in relation to the Collection Period most recently ended before that Payments Date:

(a) a special services fee, being in relation to that Collection Period the sum of the result of the following calculation for each calendar month in that Collection Period:

the aggregate Loan Current Balance of each Loan relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio which is an Asset Special Services Loan but is not a Defaulted Mortgage Loan, in each case as at the start of the first day of that calendar month,	×	0.3350% per annum	×	the number of days in that calendar month divided by 360

(b) a master services fee, being in relation to that Collection Period the sum of the result of the following calculation for each calendar month in that Collection Period:

the aggregate Loan Current Balance of each Loan relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio, in each case as at the start of the first day of that calendar month,	×	0.0875% per annum	×	the number of days in that calendar month divided by 360

(c) the aggregate amount of Procedural Milestone Fees in respect of each Procedural Milestone that has been achieved during that Collection Period;

(d) the aggregate amount of Procedural Settlement Fee that has accrued during that Collection Period;

(e) a net Loan Realisations fee, being in relation to that Collection Period:

(1) the aggregate amount calculated by applying the following rates to the following segments of the aggregate Loan Realisations as at the end of the last day of that Collection Period:

Segment	Rate
EUR 0 to <= EUR 250,000	3.20%
> EUR 250,000 to <= EUR 500,000	3.00%
> EUR 500,000 to <= EUR 1,000,000	2.75%
> EUR 1,000,000	2.50%

less

(2) the sum of the amount payable under this paragraph (d) of this definition on each of the previous Payments Dates,

provided that in respect of each Loan which becomes subject to a Loan Realisations process, the minimum Loan Realisations fee in respect of that Loan is EUR 1,500; and

(f) in respect of each each Loan relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio which:

(1) due to a restructuring, loan novation or payment agreement effected as part of performance of the Asset Special Services, is less than 30 days in arrears at the end of that Collection Period; and

(2) was 30 or more days in arrears during the immediately preceding Collection Period is an Asset Special Services Loan,

a restructuring success fee equal to 0.50% of the Loan Current Balance of each such Loan, in each case as at the start of the first day of that calendar month,

provided that for each of the fees referred to in paragraphs (a) to (f) above, the applicable fee rate shall be increased on the first day of the Collection Period that starts in July in each year, where the amount of that increase will be the prevailing rate applicable immediately before that first day multiplied by the Index Rate published in the calendar month immediately prior to that Collection Period.

Asset Title Holder Fee means in respect of a Payments Date (excluding any double counting or duplication), the sum of the following:

(a) the following amount in relation to the Collection Period most recently ended before that Payments Date, the aggregate of the result of the following calculation:

the aggregate Loan Specified Balance of each Loan relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio, in each case as at the end of the last day of the previous Collection Period,	×	the applicable rate	×	Collection Period Day Count Fraction

where that applicable rate is:

(1) for each day on or before 31 December 2026 the rate of 0.1132% per annum; and

(2) then on 1 January 2027 and each anniversary of 1 January 2027, the result of:

(A) the rate that was applicable prior to that day, plus

(B) that rate multiplied by the Index Rate; plus

(b) (if that Payments Date is a Payments Scheduled Date which occurs in July in a year after the year in which the Closing Date occurs), the amount (if positive) by which:

(1) EUR 100,000,

exceeds

(2) the sum of the amount payable under paragraph (a) of this definition on that Payments Date and on each of the 3 most recent previous Payments Scheduled Dates.

Collection Period Day Count Fraction means in relation to a Collection Period, the number of days in that Collection Period divided by 360.

Index Rate means at any time the annual rate of variation of Spain's Consumer Price Index (*Índice de Precios de Consumo*) (or, as applicable, any rate generally regarded as its successor for reflecting consumer prices inflation) for the 12 months ending in the calendar month immediately preceding the month in which that time occurs as published by the National Institute of Statistics (*El Instituto Nacional de Estadística*) (or, as applicable, any body generally regarded as its successor for publishing the official rate of consumer prices inflation).

Loan Realisations means at any time all gross recoveries received in relation to Loans which at the time of such receipt are Defaulted Mortgage Loans.

Loan Specified Balance means in respect of a Loan as at a date, the total of the following as at the end of that date:

- the outstanding principal of such Loan;
- ordinary interest which has been accrued, corresponding to 3 instalments following default; and
- the costs and expenses, pending reimbursement, by the relevant Debtors.

Procedural Milestone means the occurrence of an event indicated in the *Judicial milestone* column of the Procedural Table in relation to a judicial proceeding indicated in the *Type of proceeding* column of the Procedural Table in the same row as that event, in each case in relation to a Loan and/or (as applicable) its Mortgage Security relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio.

Procedural Milestone Fee means in relation to a Procedural Milestone, the amount indicated in the *Fee* column of the Procedural Table in the row relating to that Procedural Milestone (and, for the avoidance of doubt, such amounts include all the stages of the judicial proceedings, as well as the following services and expenses: drafting of the relevant document; legal advice to the Issuer; and any fees of court representatives (*procurador*) until the end of the judicial proceeding).

Procedural Settlement Fee means EUR 250 where:

(a) following commencement of a judicial proceeding has been commenced in relation to a Loan relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio an extrajudicial agreement is reached with the relevant debtor and, as a consequence thereof, that judicial proceeding has ceased; and

(b) evidence of the above has been provided by the Asset Special Servicer to the Issuer and Framework Administrator.

Procedural Table means the following table:

Type of proceeding	Judicial milestone	Fee
Foreclosure	Filing (*Presentación de la demanda*)	EUR 600
Foreclosure	Admission (*Despacho de ejecución*)	EUR 400
Foreclosure	Request of auction (*Solicitud de subasta*)	EUR 500
Foreclosure	End auction (*Fin Subasta*)	EUR 400
Foreclosure	Award (*Adjudicación*)	EUR 500
Foreclosure	Possession (*Posesión*)	EUR 200
Foreclosure	Appeal (*Apelación*)	EUR 150
Ordinary	Statement of defence (*Contestación de la demanda*)	EUR 600
Ordinary	Pre-trial (*Audiencia previa*)	EUR 400
Ordinary	Ruling (*Sentencia*)	EUR 400
Ordinary	Trial (*Juicio*)	EUR 500
Ordinary	Appeal (*Apelación*)	EUR 500
Bankruptcy	Communication (*Comunicación de créditos*)	EUR 400
Bankruptcy	Ending (*Fin*)	EUR 500
Bankruptcy	Allegations (*Alegaciones*)	EUR 300
Bankruptcy	Determination (*Calificación*)	EUR 500

10. Additional information about certain Transaction Parties

10.1 Lugo Funding 2026-1 DAC

10.1.1 Establishment and ownership of the Issuer

(a) **Incorporation**

The Issuer is a designated activity company limited by shares incorporated in Ireland on 20 January 2026 (under company registration number 806551) under the Companies Act 2014. The Issuer's Legal Entity Identifier (or LEI) is 213800CURJ6B651ZJA77.

(b) **Share capital of the Issuer held by a charitable trust**

The authorised share capital of the Issuer is EUR1,000 divided into 1,000 ordinary shares of EUR 1.00 each.

The entire issued share capital of the Issuer, which comprises 1 ordinary share of EUR 1.00 (fully paid), is held by the Share Trustee under the terms of a trust established under Irish law by a Share Trust Deed dated 4 February 2026 (the **Share Trust Deed**) on discretionary trust for the benefit of certain charitable purposes.

10.1.2 Issuer contact details

The address of the Issuer's registered office is 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland and its telephone number is +353 1544 1600.

10.1.3 Office holders and employees

(a) **Directors of the Issuer**

The current directors of the Issuer are Jacques de Patoul, Flore Jane Culjak and Anne Browning, each of whose business address is 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland and each of whose principal activity or business occupation is corporate director.

(b) **Company secretary of the Issuer**

The company secretary of the Issuer is Law Debenture (Ireland) Limited, being a private company limited by shares incorporated in Ireland on 21 January 2008 (under company registration number 452098) under the Companies Act 2014 and whose business address is 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland.

10.1.4 Auditors of the Issuer

Ernst & Young (being registered to carry out audit work by Chartered Accountants Ireland), whose address is EY Building, Harcourt Centre, Harcourt Street, Dublin 2, D02 YA40, Ireland, are the Issuer's auditors.

10.1.5 Employees of the Issuer

The Issuer has no employees.

10.1.6 Activities of the Issuer

(a) **Special purpose company for the Transaction**

The principal objects of the Issuer are set out in clause 3 of its memorandum of association and include amongst other things the power to issue securities, to acquire, sell or otherwise deal with financial assets (including loans) and to raise or borrow money and to grant security over its assets for such purposes.

The Issuer will be managed in accordance with its memorandum of association and articles of association and with the provisions of English law.

The Issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed securities within the meaning of the UK Prospectus Regulation. The activities of the Issuer will be restricted by the Transaction Documents and will be limited, among other things, to acting as the Issuer in relation to the Transaction as an investment company, including issuing the Notes, purchasing the Portfolio, appointing Transaction Servicers (see 14.1 *Overview of provision of services to the Issuer*) and exercising of related rights and powers referred to in this Prospectus or reasonably incidental thereto.

(b) **Issuer's activities since it was established**

The Issuer has not commenced operations and has not engaged, since its incorporation, in any material activities other than those incidental to its incorporation under the Companies Act 2014 authorisation and issue of the Notes, the matters referred to or contemplated in this Prospectus and the authorisation,

execution, delivery and performance of the other documents referred to in this Prospectus to which it is a party and matters which are incidental or ancillary to the foregoing.

10.1.7 **Financial statements and current status**

(a) **Financial periods and accounting reference date of the Issuer**

The Issuer's accounting reference date is 31 December. The current financial period of the Issuer will end on 31 December 2026.

(b) **Financial statements of the Issuer**

Since its incorporation on 20 January 2026, the Issuer has not prepared any statutory financial statements. The first statutory financial statements of the Issuer will be prepared for the period which ends on 31 December 2026.

Those financial statements will be prepared according to International Financial Reporting Standards as adopted by the European Union based on Regulation (EC) No 1606/2002. Those financial statements will be independently audited and include the independent auditor's audit report which states, among other things, that those financial statements give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2014. Throughout the period in which any Notes are outstanding, such financial statements shall be available in electronic form which may be viewed free of charge on the website of the United Kingdom's National Storage Mechanism at:

https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

The Issuer is not required by Irish law to, and does not intend to, publish interim financial statements.

10.1.8 **No material adverse change**

Since 20 January 2026 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the financial position or financial performance of the Issuer.

10.1.9 **No significant adverse proceedings**

The Issuer is not and has not been involved in any governmental, legal or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position and profitability nor is the Issuer aware that any such proceedings are pending or threatened.

10.1.10 **Annual confirmation to Security Trustee and Note Trustees**

As a continuing obligation, written confirmation will be provided by the Issuer to the Security Trustee and each Note Trustee annually that no Note Event of Default or other matter which the directors of the Issuer consider is required to be brought to the attention of the Security Trustee or such Note Trustee has occurred.

10.2 Banco Bilbao Vizcaya Argentaria, S.A.

Banco Bilbao Vizcaya Argentaria, S.A. (**BBVA**) will be: (1) the Asset Title Holder in relation to the Portfolio (being the issuer of the Mortgage Certificates), the Asset Account Provider in relation to the Asset Accounts and the Asset Primary Servicer in relation to the Asset Services Agreement, and (2) the Asset Previous Owner in relation to the Asset Purchase Accession Agreements.

Banco Bilbao Vizcaya Argentaria, S.A. is a company (sociedad anónima) incorporated under the laws of Spain with Tax Identification Number (N.I.F.) A-48265169, registered with the Mercantile Registry of Vizcaya under volume 2.083, sheet 1, page BI-17-A and inscription 1.ª and with a registered address at Plaza de San Nicolás 4, Bilbao 48005, Spain.

BBVA is a Spanish credit institution and the parent company of the BBVA Group. The BBVA Group is an international diversified financial group with a significant presence in retail banking, wholesale banking and asset management. The BBVA Group also operates in the insurance sector and conducts its activities mainly in Spain, Mexico, Turkey and South America, while maintaining an active presence in the rest of Europe, the United States and Asia.

As at the date of this Prospectus, the following ratings have been assigned in relation to BBVA: Standard & Poor's: A+ long-term senior preferred debt and long-term issuer rating; A-1 short-term debt; and stable outlook. Fitch Ratings Ireland Limited: A long-term senior preferred debt and long-term issuer default rating); F-1 short-term issuer default rating; and stable outlook. Moody's: A2 long-term senior preferred debt and long-term issuer rating; P-1 short-term debt; and stable outlook. DBRS Ratings GmbH: A (High) long-term senior preferred debt and long-term issuer rating; R-1 (High) short-term debt; and positive outlook.

10.3 Pepper Spanish Servicing, S.L.U. and Pepper Advantage Limited

Pepper Spanish Servicing, S.L.U. will be the Asset Special Servicer in relation to the Portfolio and Pepper Advantage Limited will be the Asset Special Servicer Guarantor, in each case pursuant to the Asset Services Agreement.

Pepper Spanish Servicing, S.L.U. is a limited liability company (sociedad limitada) incorporated under the laws of Spain (with Tax Identification Number (N.I.F.) B-88444260), registered with the Mercantile Registry of Madrid under volume 39455, sheet 120, section 8, page 700511 and with a registered address at Calle Albasanz 15, Edificio B, Planta 1º, 28037 Madrid, Spain.

Pepper Spanish Servicing, S.L.U., trading as Pepper Advantage, provides third party administration and credit management services in Spain to its clients in relation to performing and re-performing loans across a broad range of asset classes, including residential mortgages, commercial real estate loans and secured and unsecured consumer loans.

Pepper Advantage Limited is a company incorporated under the laws of England and Wales (registration number 06549766), whose registered office is at Harman House, 1 George Street, Uxbridge, Middlesex UB8 1QQ, United Kingdom (and having Spanish Tax Identification Number (N.I.E.) N0079886H). The corporate purpose of Pepper Advantage Limited is, in summary in the provision to third parties outside the group of companies to which it belongs, of management, administration and collection services of all types of loans and financial products, on its own behalf or on behalf of third parties, as well as the analysis and research of the same.

The Pepper Advantage business activity in Spain includes: debt management and recovery; active management and supervision of client loan portfolios covering the full spectrum of debt types (including performing loans, reperforming Loans and non-performing loans). These activities include monitoring the debtor's financial situation and carrying out the pertinent administrative procedures for collection of debt, managing or implementing payment solutions that best suit debtors in accordance with its client's policies or for the implementation of the recovery strategies that may be necessary for non-performing loans. These strategies include pre-litigation recovery processes (write-off payments, standstill agreements, loan sales and portfolio sales) as well as contentious recovery processes (foreclosure, bankruptcy proceedings or payment dations, order for payment proceedings). The management of performing loans and reperforming loans accounted for 81% of the assets under management for during the 2025 financial year, being its main activity, as well as its main source of income.

10.4 Barclays Bank PLC

Barclays Bank PLC will be the Hedge Provider in relation to the Transaction.

Barclays Bank PLC (**Barclays Bank**, and together with its subsidiary undertakings, the **Barclays Bank Group**) is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank is limited. It has its registered head office at 1 Churchill Place, Canary Wharf, London E14 5HP, United Kingdom (telephone number +44 (0)20 7116 1000). Barclays Bank was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Acts 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from 'Barclays Bank International Limited' to 'Barclays Bank PLC'. The whole of the issued ordinary share capital of Barclays Bank is beneficially owned by Barclays PLC. Barclays PLC (together with its subsidiary undertakings, the **Barclays Group** or **Barclays**) is the ultimate holding company of Barclays Group.

Barclays is a diversified bank with five operating divisions comprising: Barclays UK, Barclays UK Corporate Bank, Barclays Private Bank and Wealth Management, Barclays Investment Bank and Barclays US Consumer Bank supported by Barclays Execution Services Limited, the Barclays Group-wide service company providing technology, operations and functional services to businesses across the Barclays Group.

Barclays Bank PLC is the non-ring-fenced bank within the Barclays Group and its principal activity is to offer products and services designed for larger corporate, private bank and wealth management, wholesale and international banking clients. The Barclays Bank Group contains the Barclays UK Corporate Bank (UKCB), Barclays Private Bank and Wealth Management (PBWM), Barclays Investment Bank (IB) and Barclays US Consumer Bank (USCB) businesses. Barclays Bank PLC offers customers and clients a range of products and services spanning consumer and wholesale banking.

Barclays UK broadly represents businesses within the Barclays Group that sit within Barclays Bank UK PLC, the UK ring-fenced bank, and its subsidiaries, and comprises UK Personal Banking, UK Business

Banking and Barclaycard Consumer UK. The UK Personal Banking business offers retail solutions to help customers with their day-to-day banking needs, the UK Business Banking business serves business clients, from high growth start-ups to small-and-medium-sized enterprises, with specialist advice, and the Barclaycard Consumer UK business offers flexible borrowing and payment solutions. From 1 November 2024, Barclays UK includes the retail banking business (Tesco Bank) acquired from Tesco Personal Finance plc – which includes credit cards, unsecured personal loans, savings and operating infrastructure.

The short-term unsecured obligations of Barclays Bank are rated A-1 by S&P Global Ratings UK Limited, P-1 by Moody's Investors Service Limited and F1 by Fitch Ratings Ltd and the unsecured unsubordinated long term obligations of Barclays Bank are rated A+ (stable) by S&P Global Ratings UK Limited, A1 (stable) by Moody's Investors Service Limited and A+ (stable) by Fitch Ratings Ltd..

10.5 U.S. Bank Trustees Limited

U.S. Bank Trustees Limited will be the Security Trustee and the Note Trustee in relation to the Transaction.

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom.

U.S. Bank Trustees Limited is part of the worldwide corporate trust business of the U.S. Bancorp group (the **U.S. Bank Corporate Trust Business**):

- In Europe, the U.S. Bank Corporate Trust Business is conducted in combination with U.S. Bank Europe DAC and U.S. Bank Global Corporate Trust Limited (the legal entities through which corporate trust banking and agency appointments are conducted) and U.S. Bank National Association (the legal entity through which the U.S. Bank Corporate Trust Business conducts business in the United States).
- The U.S. Bank Corporate Trust Business is one of the world's largest providers of corporate trust services with more than USD 4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds.
- The U.S. Bank Corporate Trust Business provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and custody through its network of more than 50 U.S.-based offices and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB) is the parent company of U.S. Bank National Association, the fifth largest commercial bank in the United States. Visit U.S. Bancorp on the web at www.usbank.com.

10.6 U.S. Bank Global Corporate Trust Limited

U.S. Bank Global Corporate Trust Limited will be the Cash Administrator in relation to the Transaction.

U.S. Bank Global Corporate Trust Limited is a limited liability company incorporated under the laws of England and Wales with its registered office at 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom.

U.S. Bank Global Corporate Trust Limited is part of the U.S. Bank Corporate Trust Business (see further in 10.5 *U.S. Bank Trustees Limited*).

10.7 U.S. Bank Europe DAC

U.S. Bank Europe DAC will be the Issuer Account Provider, the Custodian, the Note Registrar, the Principal Paying Agent and the Note Calculation Agent in relation to the Transaction.

U.S. Bank Europe DAC is a designated activity company incorporated under the laws of Ireland with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland.

U.S. Bank Europe DAC is a bank, is authorised and regulated by the Central Bank of Ireland and is a wholly owned subsidiary of U.S. Bank National Association.

U.S. Bank Europe DAC, trading as U.S. Bank Global Corporate Trust, is an integral part of the U.S. Bank Corporate Trust Business (see further in 10.5 *U.S. Bank Trustees Limited*).

The short-term unsecured issuer obligations of U.S. Bank Europe DAC are currently rated A-1 by S&P and P-1 by Moody's, and its short-term issuer default rating by Fitch is F1; the long-term unsecured unsubordinated issuer obligations of U.S. Bank Europe DAC are currently rated A+ by S&P (stable) and A2 (negative) by Moody's, and its long-term issuer default rating by Fitch is A+ (stable). The short-term deposits obligations of U.S. Bank Europe DAC are currently rated P-1 by Moody's and F1 by Fitch; and

the long-term deposits obligations of U.S. Bank Europe DAC are currently rated A1 by Moody's and A+ (stable) by Fitch.

10.8 Porta Falsa DAC

Porta Falsa DAC will be the Seller and the Framework Administrator in relation to the Transaction.

Porta Falsa DAC is a designated activity company incorporated in Ireland on 17 April 2025 (registered number A-48265169) and its registered office is at 8-34 Percy Place, Percy Exchange, Dublin 4, D04 P5K3, Ireland.

Porta Falsa DAC is a wholly owned subsidiary of CSV (see 10.10 *Continental Structured Ventures, Ltd.*) and it makes and holds investments in financial assets according to investment policies and investment processes set by CSV using a combination of funding provided by CSV or funding raised through structured financing transactions and carries out certain administrative activities in connection with those investments.

10.9 BNP Paribas

BNP Paribas will be the A Loan Noteholder in relation to the Transaction.

The registered office of BNP Paribas is at 16 boulevard des Italiens, 75009 Paris, France.

BNP Paribas's organisation is based on three operating divisions: Corporate and Institutional Banking (CIB), Commercial, Personal Banking & Services (CPBS) and Investment and Protection Services (IPS). These divisions include the following businesses.

- Corporate and Institutional Banking division, combines:
  - Global Banking,
  - Global Markets, and
  - Securities Services.
- Commercial, Personal Banking & Services division, covers:
  - Commercial & Personal Banking in the Euro-zone:
    - Commercial & Personal Banking in France (CPBF),
    - BNL banca commerciale (BNL bc), Italian Commercial & Personal Banking,
    - Commercial & Personal Banking in Belgium (CPBB), and
    - Commercial & Personal Banking in Luxembourg (CPBL),
  - Commercial & Personal Banking outside the Euro-zone, organised around Europe-Mediterranean, covering Commercial & Personal Banking outside the Euro- zone, in particular in Central and Eastern Europe, Türkiye and Africa, and
  - Specialised Businesses:
    - BNP Paribas Personal Finance,
    - Arval and BNP Paribas Leasing Solutions, and
    - New Digital Businesses (in particular Nickel, Floa, Lyf) and BNP Paribas Personal Investors.
- Investment and Protection Services division, combines:
  - Insurance (BNP Paribas Cardiff), and
  - Wealth and Asset Management: BNP Paribas Asset Management, BNP Paribas Real Estate, the management of the BNP Paribas Group's portfolio of unlisted and listed industrial and commercial investments (BNP Paribas Principal Investments) and BNP Paribas Wealth Management.

The information contained in this section relates to and has been obtained from BNP Paribas. The information concerning BNP Paribas and the BNP Paribas Group contained herein is furnished solely to provide limited introductory information regarding BNP Paribas and the BNP Paribas Group and does not purport to be comprehensive.

The delivery of the information contained in this section shall not create any implication that there has been no change in the affairs of BNP Paribas or the BNP Paribas Group since the date hereof, or that the information contained or referred to in this section is correct as of any time subsequent to its date.

For up-to-date financial information concerning BNP Paribas, including quarterly results since the last fiscal year end, please refer to https://invest.bnpparibas/en/.

10.10 Continental Structured Ventures, Ltd.

Continental Structured Ventures, Ltd. (**CSV**) will be the Risk Retention Holder and Subordinated Noteholder in relation to the Transaction. It will subscribe all of the Allocated Notes upon the Closing Date and is the parent of the Seller and has set the investment policies and process which the Seller is obliged to apply in its activities (including in relation to the Portfolio).

CSV was incorporated in the Cayman Islands on 12 August 2016 (registration number DM-314164 and legal entity identifier 549300YLHNLFBI8O8A26) and its registered office is at c/o Waystone Corporate Services (Cayman) Limited, SIX Cricket Square, George Town, Grand Cayman KY1-1103, Cayman Islands. Its shareholders are a Delaware limited liability company, a Cayman Islands limited liability company and a Delaware limited partnership that are private fund entities, managed by One William Street Capital Management, L.P., that invest in asset backed and credit related investments.

CSV funds its investment business through a combination of capital contributions (i.e. equity) from its shareholders and repo transactions with third parties and the amounts CSV receives from investments made through the deployment of the capital and funding transactions.

CSV's business is managed by its two directors who are also, respectively, the Chief Executive Officer and Chief Operating Officer of One William Street Capital Management, L.P., an investment management firm headquartered in New York, United States of America, which is registered with the Securities and Exchange Commission as an Investment Adviser and which, as at the date of this Prospectus, has more than 130 employees and over US$8.0 billion of assets under management. This means that the responsible decision makers of CSV have the required experience to enable CSV to pursue its established business strategy, as well as an adequate corporate governance arrangement in accordance with Article 2(7)(b) of EC Commission Delegated Regulation 2023/2175, UK SECN 5.3.6R(2) and Article 2(6)(b) of Chapter 4 of the UK PRA SR.

CSV's core business is investing in financial assets, currently focussed on the residential mortgage sector in the United Kingdom and certain European countries.

Some of CSV's investments are structured as purchasing residential mortgages either from the relevant originators or using call rights.

As part of its business, CSV identifies and develops and maintains business relationships with independent mortgage originators who are prepared to originate residential mortgages according to criteria and terms pre-agreed with CSV and then, after origination, to sell and assign those mortgages to CSV or an investment vehicle of CSV.

In relation to its other investments, among other things CSV holds notes issued by issuers in relation to securitisation transactions which are not (and are not expected to become) risk retention positions for the purposes of the Securitisation Frameworks. The capital invested by CSV in relation to those other investments exceed the amount deployed by CSV in respect of risk retention positions held by CSV for the purposes of the Securitisation Frameworks.

CSV also holds a package of investment securities and, subject to certain conditions, entitle CSV to exercise rights to acquire all the UK residential mortgages owned by the relevant issuer of those securities upon a redemption of those securities.

Furthermore, in 2018 CSV made an equity investment in a wholly owned subsidiary of CSV which entered into a mortgage sale agreement to purchase residential mortgages from an English mortgage lender. The residential mortgages were subsequently sold.

As at the date of this Prospectus, since establishing its business, CSV has raised and deployed capital contributions from its shareholders exceeding US$ 1.009 billion.

Among other things, the summary above shows that CSV was not established, and does not operate, for the sole purpose of securitising exposures within the meaning of Article 6(1) of the EU Securitisation Regulation, UK SECN 5.2.5R and Article 6(1) of Chapter 2 of the UK PRA SR, and that CSV has a business strategy and the capacity to meet payment obligations consistent with a broader business enterprise and involving material support from capital, assets, fees or other income available to CSV, relying neither on the Loans being securitised in respect of the Portfolio, nor on any interests retained or proposed to be retained by CSV (in accordance with in accordance with Article 2(7)(a) of EC Commission Delegated Regulation 2023/2175, UK SECN 5.3.6R(1) and Article 2(6)(a) of Chapter 4 of the UK PRA SR), as well as any corresponding income from such Loans and interests.

10.11 Law Debenture (Ireland) Limited

Law Debenture (Ireland) Limited will be the Corporate Servicer in relation to the Transaction.

Law Debenture (Ireland) Limited was incorporated on 21 January 2008 in Ireland (registration number 452098) and its registered office is at 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland.

Law Debenture (Ireland) Limited was established to provide, and provides, independent directors and administrative services to special purpose vehicles set up in connection with securitisation, project and structured finance transactions.

The information contained in 10.2 *Banco Bilbao Vizcaya Argentaria, S.A.* to 10.11 *Law Debenture (Ireland) Limited* inclusive has been obtained respectively from each of the persons to which the information relates. The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of those persons since the date of this Prospectus, or that the information contained or referred to in this section is correct as of any time subsequent to the date of this Prospectus.

11. The Portfolio

11.1 Composition of the Portfolio

11.1.1 Categories of assets in the Portfolio

The core assets of the Issuer will comprise the **Portfolio**, being at any time the Mortgage Certificates and the Non-Mortgage Loan Sub-participations at that time. See further 11.1.2 *Mortgage Certificates* and 11.1.5 *Non-Mortgage Loan Sub-participations*.

11.1.2 Mortgage Certificates

The Portfolio predominantly comprises the **Mortgage Certificates**, being at any time each mortgage transfer certificate (*certificado de transmisión de hipoteca*) and, as applicable, each mortgage participation (*participaciones hipotecarias*) issued by the Asset Title Holder in relation to a Mortgage Loan whereby the holder of that mortgage transfer certificate or, as applicable, mortgage participation participates in (and that mortgage transfer certificate or, as applicable, mortgage participation represents) the risks and benefits of the creditor's rights in connection with that Mortgage Loan and its related Mortgage Security, in each case:

(a) which is identified in the Portfolio Sale Data Completion Schedule (see 11.2.1 *Asset Sale Agreement*); and

(b) to the extent that at that time the Issuer has not disposed of, and there has been no full redemption and discharge of, that mortgage transfer certificate or, as applicable, mortgage participation.

The Mortgage Certificates are regulated under the **Mortgage Certificate Regulations**, being:

(a) Spanish Royal Decree-Law 24/2021 of 2 November 2021, as well as any other regulation that supplements that Spanish Royal Decree-Law;

(b) Spanish Royal Decree-Law 716/2009 of 24 April 2009; and

(c) any other regulation (including supplementary to the above Spanish Royal Decree-Laws) that is in force on the Closing Date and regulates the issuance of a mortgage transfer certificate (*certificado de transmisión de hipoteca*) or, as applicable, a mortgage participation (*participaciones hipotecarias*).

Pursuant to Spanish law the Mortgage Certificates are securities representing the economic interest in the relevant underlying Mortgage Loans and their related Mortgage Security. Although there are two types of such security, i.e. mortgage transfer certificates (*certificados de transmisión de hipoteca*) and mortgage participations (*participaciones hipotecarias*), they differ only in the name they are given in order to reflect that the underlying mortgage loans of each type of security are different (e.g. the LTV ratio) and identical rules apply to both types of security. Such mortgage transfer certificates and mortgage participations can only be issued by Spanish credit institutions and Spanish branches of credit institutions authorised in the EU and can only be issued in relation to mortgage loans secured by real estate assets located in Spain.

The Mortgage Certificates are represented in physical nominative form stating, among other things, Spanish law as the law governing the Mortgage Certificates and 100% participation in the principal amount of the corresponding Mortgage Loans. Each Mortgage Certificate grants a right to the holder to receive payments under the corresponding Mortgage Loan, including, without limitation, late payment interest corresponding to the accrued amounts and fees related to the repayment of principal and any other rights attached to the corresponding Mortgage Loan.

Each Mortgage Certificate is issued with a final maturity corresponding to the final maturity of the corresponding Mortgage Loans. However, the rights of the holder of a Mortgage Certificate in respect of the corresponding Mortgage Loan will remain outstanding while any amounts remain due and payable on such Mortgage Loan (for example, where enforcement proceedings are in process or are commenced following the final maturity date of such Mortgage Loan).

The issuance of the Mortgage Certificates does not transfer to the holder any formal title to the underlying Mortgage Loans or their related Mortgage Security but all rights to the proceeds of the enforcement of such Mortgage Loans and their related Mortgage Security will be transferred to the holder of the Mortgage Certificates.

In addition, the Asset Title Holder's role as issuer of the Mortgage Certificates and holder of the Non-Mortgage Loans (see 11.1.5 *Non-Mortgage Loan Sub-participations*) is subject to certain ongoing obligations under the applicable Asset Purchase Agreements (see 11.2.3(a) *Asset Purchase Agreements*), including:

- obligations relating to the issuance, updating and replacement of Mortgage Certificates in accordance with the terms of the applicable Asset Purchase Agreement;
- documentation delivery obligations in accordance with the applicable Asset Purchase Agreement; and
- the automatic cessation of Asset Title Duties (see 14.2 *Asset Title Duties*) in respect of any Mortgage Loan (or the related Mortgage Certificate or Non-Mortgage Loan Sub-participation) that is sold, transferred, disposed of or excluded in accordance with the applicable Asset Purchase Agreement.

11.1.3 **Mortgage Loans**

Mortgage Loans means at any time credit rights in relation to each loan and facility agreement granted to one or more corporates or individuals:

(a) for the purposes of financing the acquisition, construction or renovation of a residence located in Spain (each a **Residential Mortgage Property**) or granted for the subrogation of the contractual position by corporates or individuals in respect of loans originally granted to developers for the construction of such Residential Mortgage Properties; or

(b) for the financing of the acquisition, construction or renovation of real estate assets located in Spain other than a residence including commercial and industrial premises, garages and land plots (each a **Non-Residential Mortgage Property**),

each being secured by a mortgage of the relevant Residential Mortgage Property or, as applicable, Non-Residential Mortgage Property and, therefore, in accordance with the Mortgage Certificate Regulations, is eligible to back the issuance of a Mortgage Certificate in relation to such loan or facility agreement (as applicable) and, in each case:

(1) which is identified in the Portfolio Sale Data Completion Schedule (see 11.2.1 *Asset Sale Agreement*); and

(2) to the extent that at that time the Issuer has not disposed of and there has been no full redemption and discharge of the Mortgage Certificate in relation to such loan or facility agreement (as applicable).

As indicated in 12.11 *Mortgage Property type*, for 95.61% of the Mortgage Loans in the Provisional Portfolio, by Loan Principal Balance, the relevant Mortgage Property is a Residential Mortgage Property and for the remaining 4.39% the relevant Mortgage Property is a Non-Residential Mortgage Property.

11.1.4 **Mortgage Security**

The **Mortgage Security** in relation to a Mortgage Loan comprises a first (*primer rango*), second or subsequent ranking mortgage over the relevant Residential Mortgage Property or Non-Residential Mortgage Property (as applicable) (each a **Mortgage Property**) and certain accessory rights (including the applicable insurances). In the case of second and subsequent ranking mortgages, the relevant senior ranking mortgages (*hipotecas de rango previo*), either:

(a) secure mortgage loans (granted either by the relevant Originator or by third parties) that have been already repaid in full but have not yet been cancelled with the Land Registry; or

(b) secure mortgage loans which legal and economic rights will also be purchased, through the Mortgage Certificates, by the Issuer on the Closing Date pursuant to the Asset Sale Agreement,

in each case over a Mortgage Property located in Spain.

Mortgage means a Mortgage Loan and the related Mortgage Security.

The Mortgage Loans are not guaranteed by any additional security interest other than the related Mortgage Security although certain Mortgage Loans benefit from a personal guarantee.

See further 12.13 *Mortgage Security ranking* and 12.11 *Mortgage Property type* for some further details of the Mortgage Security relating to the Provisional Portfolio.

There will be no revaluation of any of the Mortgage Properties for the purposes of the issue of the Notes. Section 12 *Provisional Portfolio summary data* provides summary information of the LTV's of the Mortgage Loans relating to Mortgage Certificates in the Provisional Portfolio calculated using the origination valuations made available to the Issuer (i.e. the valuations obtained as at the date of the original initial origination of such Mortgage Loans).

LTV means at any time in relation to a Mortgage Loan, the result of expressing the principal amount outstanding in respect of that Mortgage Loan as a percentage of the lower of the purchase price and the applicable valuation of the relevant Mortgage Property.

11.1.5 Non-Mortgage Loan Sub-participations

As indicated in 11.1.1 *Categories of assets in the Portfolio*, the Portfolio also comprises some **Non-Mortgage Loan Sub-participations**, being at any time sub-participations granted by the Asset Title Holder in relation to a Non-Mortgage Loan held by the relevant sub-participant at that time in relation to the risks associated with that Non-Mortgage Loan and the right to receive all cash flows received, recovered and/or generated in respect of that Non-Mortgage Loan, in each case which is identified in the Portfolio Sale Data Completion Schedule (see 11.2.1 *Asset Sale Agreement*) and at that time the Issuer has not disposed of and there has been no full redemption and discharge of such sub-participation or, as applicable, Non-Mortgage Loan.

Non-Mortgage Loans means at any time credit rights in respect of each loan which is not secured by a mortgage and which, therefore, in accordance with the Mortgage Certificate Regulations, is not eligible to back the issuance of a Mortgage Certificate in relation to that loan, in each case:

(a) which:

(1) is identified in the Portfolio Sale Data Completion Schedule (see 11.2.1 *Asset Sale Agreement*); or

(2) prior to that time was a Mortgage Loan but remains outstanding and has become an unsecured loan following disposal of the Mortgage Property by the REO Holder; and

(b) at that time the Issuer has not disposed of and there has been no full redemption and discharge of such loan.

Loan indistinctively means a Mortgage Loan or a Non-Mortgage Loan.

The grant of the Non-Mortgage Loan Sub-participations is purely a contractual arrangement and does not transfer to the Issuer any formal title or direct rights to the underlying Non-Mortgage Loans. However, amounts received and/or recovered by the Asset Title Holder in respect the underlying Non-Mortgage Loans are Loan Receipts (see 18.2 *Funds derived from the Portfolio*) and the Asset Title Holder has a contractual obligation to pay those amounts into the applicable Asset Collection Account (see 18.10.1 *Asset Accounts*) and will then be transferred by the Asset Primary Servicer into the Transaction Account as indicated in 19.5.2 *Sweep to Transaction Account* (and credited to the General Ledger) and be applied as indicated in 19.8 *Payments Date procedures*.

11.1.6 Originators of the Portfolio

The Mortgage Loans and Mortgage Security relating to the Mortgage Certificates in the Portfolio and the Non-Mortgage Loan Sub-participations in the Portfolio were originated by each of the following (each being an **Originator**):

(a) Banco Bilbao Vizcaya Argentaria, S.A.; and

(b) Ahorrogestion Hipotecario, Ascat Vida, Banca Catalana, Banco De Alicante, Banco De Comercio, Banco Hipotecario De España, Caixa D'Estalvis Comarcal De Manlleu, Caixa D'Estalvis De Catalunya, Caixa D'Estalvis De Manresa, Caixa D'Estalvis De Sabadell, Caixa D'Estalvis De Tarragona, Caixa D'Estalvis De Terrassa, Caixa D'Estalvis Unio De Caixes De Manlleu, Sabadell I Terrassa, Caja De Ahorros De Cataluña, Catalunya Banc, Banco Exterior de España and Unnim Banc (each being a **BBVA Integrated Entity**).

Each BBVA Integrated Entity was absorbed by and/or merged with BBVA or one of more subsidiaries of BBVA and, where necessary, transfers were effected resulting in BBVA becoming the lender of record and beneficial owner of the assets in the Portfolio, in each case prior to the Seller entering into the Asset Purchase Agreements with BBVA (see 11.2.3 *Acquisition of Portfolio by Seller*).

11.2 Purchase of the Portfolio

11.2.1 Asset Sale Agreement

On or about the Closing Date, the Seller, the Issuer and the Security Trustee will enter into the Asset Sale Agreement (the **Asset Sale Agreement**) pursuant to which the Seller will:

(a) sell, transfer and assign its interests in the Portfolio on the Closing Date to the Issuer (including by virtue of the issue on the Closing Date by the Asset Title Holder of new Mortgage Certificates in

favour of the Issuer in respect of Mortgage Loans in the Portfolio, in replacement of the Mortgage Certificates in respect of Mortgage Loans in the Provisional Portfolio prior to the Closing Date);

(b) agree to transfer to the Issuer on the Closing Date the **Portfolio Sale Reconciliation Amounts**, being all of the Loan Principal Receipts and Loan Revenue Receipts in respect of the Portfolio from and including the day after 30 June 2026 (the **Portfolio Cut-Off Date**) to and including the day before the Closing Date (and the Loan Principal Receipts and Loan Revenue Receipts in respect of Loans that were in the Provisional Portfolio but have redeemed on or before the Closing Date),

subject to a reconciliation process in respect of those Loan Principal Receipts and Loan Revenue Receipts to be completed between the Seller and the Issuer as soon as reasonably practicable following the Closing Date.

That reconciliation is expected to take account of the following arrangements:

(1) the Subordinated Noteholder will make an advance of EUR 8,500,000 to the Issuer on the Closing Date (the **Portfolio Interim Collections Funding Advance**), being sized to exceed the Portfolio Interim Collection Amounts and such advance shall be credited to the General Ledger on the Closing Date (see 19.5.5(m));

(2) arrangements will be entered in to between the Warehouse, the Asset Title Holder and the Subordinated Noteholder on the Closing Date pursuant to which the Asset Title Holder will agree to ensure that the Portfolio Interim Collection Amounts are credited to the relevant bank account of the Warehouse until the Portfolio Collections Transition Date;

(3) arrangements will be entered in to between the Warehouse and the Subordinated Noteholder on the Closing Date pursuant to which the Warehouse will be obliged to pay:

  (A) all Portfolio Interim Collection Amounts (to the extent that in aggregate they do not exceed the Portfolio Interim Collections Funding Advance) directly to the Subordinated Noteholder as soon as practicable following receipt into the relevant bank account of the Warehouse (and the Subordinated Noteholder will agree with the Issuer that the Portfolio Interim Collection Amounts received by the Subordinated Noteholder from the Warehouse shall be treated as part repayment of the Portfolio Interim Collections Funding Advance for and on behalf of the Issuer); and

  (B) all Portfolio Interim Collection Amounts (to the extent that in aggregate they exceed the Portfolio Interim Collections Funding Advance) directly to the Transaction Account of the Issuer and a corresponding credit shall be made to the General Ledger;

(4) as soon as practicable following the Portfolio Collections Transition Date, the excess of the Portfolio Interim Collections Funding Advance over the aggregate Portfolio Interim Collection Amounts received by the Subordinated Noteholder from the Warehouse, shall be repaid by the Issuer to the Subordinated Noteholder (and a corresponding debit made to the General Ledger, (see 19.5.5(n))).

Portfolio Collections Transition Date means the date (expected to be around 4 September 2026) that the Asset Title Holder completes the implementation of arrangements for Loan Receipts in respect of the Portfolio to be credited to the Asset Accounts instead of to a bank account of the Warehouse; and

Portfolio Interim Collection Amounts, being all of the Loan Receipts in respect of the Portfolio from and including 1 July 2026 to the Portfolio Collections Transition Date.

The transfer of the Mortgage Certificates and the address of the Issuer (as the new holder) will be notified by the Issuer to the Asset Title Holder in the Asset Purchase Accession Agreements.

With effect on and from the Closing Date, the Seller shall cease to have any rights, title, interest or benefit in the Mortgage Loans and Mortgage Security relating to Mortgage Certificates and the Non-Mortgage Loan Sub-participations. The transfer of the participation in the rights, interest and benefit in such Mortgage Loans and Mortgage Security and the assignment of the Non-Mortgage Loan Sub-participation in favour of the Issuer will be full and unconditional throughout the remaining term until the maturity of each such Mortgage Loan and, as applicable, Non-Mortgage Loan. In accordance with Spanish law, the transferor (the Seller) shall not be responsible to the transferee (the Issuer) for the solvency of the Asset Title Holder as the issuer of the Mortgage Certificates or of the relevant underlying borrower, nor shall the transferor be responsible to the transferee for ensuring that the relevant Mortgage Security is sufficient.

In relation to the sale of the Portfolio under the Asset Sale Agreement, the Seller will be obliged to deliver to the Issuer on the Closing Date:

(5) a **Portfolio Sale Data Cut-Off Schedule**, being a data schedule setting out certain details in respect of each Mortgage Certificate and each Non-Mortgage Loan Sub-participation in the Portfolio as at the Portfolio Cut-Off Date; and

(6) a **Portfolio Sale Data Completion Schedule**, being a data schedule setting out those details in respect of each Mortgage Certificate and each Non-Mortgage Loan Sub-participation in the Portfolio as at a date shortly before the Closing Date.

11.2.2 **Consideration for purchase of Portfolio**

The consideration (**Portfolio Sale Consideration**), which is due and payable on the Closing Date, to be paid by the Issuer to the Seller in respect of the sale of the Portfolio to the Issuer on the Closing Date pursuant to the Asset Sale Agreement (after taking into account the Portfolio Sale Reconciliation Amounts to be paid by the Seller to the Issuer as referred to in 11.2.1(b) *Asset Sale Agreement*), being determined as indicated in 19.4 *Net proceeds on the Closing Date*.

The Portfolio Sale Consideration will be funded as indicated in 19.4 *Net proceeds on the Closing Date*.

11.2.3 **Acquisition of Portfolio by Seller**

(a) **Asset Purchase Agreements**

On 19 June 2025, the Asset Previous Owner and the Seller entered into an agreement (the **Asset Purchase No.1 Agreement**) pursuant to which, on the applicable Asset Purchase Completion Date, the Asset Previous Owner issued to the Seller some of the Mortgage Certificates that will be replaced on the Closing Date (see 11.2.1(a)) and granted to the Seller some of the Non-Mortgage Loan Sub-participations that are comprised in the Portfolio at the Closing Date.

On 18 December 2025, the Asset Previous Owner and the Seller entered into an agreement (the **Asset Purchase No.2 Agreement**) pursuant to which, on the applicable Asset Purchase Completion Date, the Asset Previous Owner issued to the Seller the remainder of the Mortgage Certificates that will be replaced on the Closing Date (see 11.2.1(a)) and granted to the Seller the remainder of the Non-Mortgage Loan Sub-participations that are comprised in the Portfolio at the Closing Date.

See further 12.30 *Loans by Asset Purchase Agreement*.

Asset Purchase Agreements means the Asset Purchase No.1 Agreement and the Asset Purchase No.2 Agreement.

Asset Purchase Completion Date means 16 September 2025 in relation the Asset Purchase No.1 Agreement and 11 March 2026 in relation to the Asset Purchase No.2 Agreement.

Asset Purchase Cut-Off Date means 6 March 2025 in relation the Asset Purchase No.1 Agreement and 16 October 2025 in relation to the Asset Purchase No.2 Agreement.

Asset Purchase Reference Data means in relation to an Asset Purchase Agreement, the formal data reference relating to the Loans provided to the Seller as part of the completion of the sale and purchase under the relevant Asset Purchase Agreement.

(b) **On-sale to Warehouse**

Each time that a Mortgage Certificate was issued to the Seller pursuant to an Asset Purchase Agreement, the Seller immediately on-sold its rights and interests in that Mortgage Certificate (and endorsed that Mortgage Certificate) to Lugo 2025-1 DAC (the **Warehouse**), being a company incorporated under the laws of Ireland (registration number 789520), whose registered office is at 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland (and having Spanish Tax Identification Number (N.I.F.) N0379895F), which is a special purpose vehicle in respect of a warehouse financing structure.

Each time that a Non-Mortgage Loan Sub-participation was granted to the Seller pursuant to an Asset Purchase Agreement, the Seller immediately on-sold its rights and interests in that Non-Mortgage Loan Sub-participation to the Warehouse.

(c) **Repurchase from Warehouse**

Upon the Closing Date, the Seller will reacquire the Portfolio from the Warehouse immediately before the Seller sells the Portfolio to the Issuer pursuant to the Asset Sale Agreement.

11.2.4 **Asset Purchase Accession Agreements**

In relation to each Asset Purchase Agreement, in satisfaction of certain requirements in that Asset Purchase Agreement, on or about the Closing Date, the Asset Previous Owner, the Asset Title Holder, the Seller and the Issuer will enter into an accession agreement (each, an **Asset Purchase Accession Agreement**, i.e. there will be a separate Asset Purchase Accession Agreement in respect of each Asset Purchase Agreement) pursuant to which:

(a) the Issuer will partially accede to the relevant Asset Purchase Agreement and assume in its entirety, jointly and severally with the Seller and the Asset Purchase Guarantor, towards the Asset Previous Owner, the obligations set forth in certain Clauses of the relevant Asset Purchase Agreement, with the following being a general indication of the main subject matter of such Clauses:

- Clause 12 requiring the Issuer to enter into the Asset Services Agreement;
- Clause 17.3 requiring the Issuer to reimburse the Asset Title Holder for fines or pecuniary sanctions imposed by final resolution or binding transaction resulting directly from regulatory breaches by the Issuer after the applicable Asset Purchase Completion Date to the extent not exclusively attributable to the Asset Title Holder;
- Clause 17.4 regulating arrangements relating to claims by Debtors declaring the existence of an Unfair Term (see 11.5.3 *Compensation for certain losses arising from Unfair Terms*) during the period of 24 months from the relevant Asset Purchase Completion Date and the resulting obligation to return amounts to the Debtor (the **Claim Amount**);
- Clause 18 regulating arrangements relating to claims or actions with third-parties that could result in an obligation of any party to the relevant Asset Purchase Agreement to indemnify, pay or sanction any other such party;
- Clause 19 allowing the Asset Title Holder to reacquire Loans and, as applicable, related Mortgage Security (including by removing them from the Mortgage Certificates):
  - where any Loan may, in the reasonable opinion of the Asset Title Holder, cause any reputational damage or harm to the Asset Title Holder;
  - where a Debtor or holder has filed a written claim against the Asset Title Holder, directly, or through any court, tribunal, administrative body, supervisor, or regulator (including, in particular, the Bank of Spain or the Spanish Data Protection Agency) or a consumer protection association, or a claim has been filed with the Asset Title Holder's customer service;
  - where the Asset Title Holder is aware of a serious and repeated breach by the Asset Special Servicer of its substantial obligations under the Asset Services Agreement, which, where applicable, could give rise to an Asset Special Servicer Termination Event; and/or
  - in certain other specified circumstances (including consolidation of proceedings, nullity of foreclosure procedures and criminal actions),

  and, in each case and as specified in the relevant Asset Purchase Agreement, the Asset Title Holder shall pay a repurchase price to the Issuer, which may be increased by a penalty if the aggregate 'individualised value amount' exceeds a threshold;
- Clause 20 restricting the Issuer and the Seller from access to personal data relating to the Debtors and arrangements for the Asset Special Servicer may maintain contact with the Debtors and, as the data processor, on behalf of and for the account of the Asset Title Holder, notifying specified Debtors of the transfer of their data;
- Clause 21 regulating compliance with data protection laws by the Issuer and the Seller and obliging them to indemnify the Asset Title Holder for any damage caused by any breach of those laws;
- Clause 24 allowing the Asset Title Holder to require the Issuer to take a transfer of formal title to the underlying Mortgage Loans and Non-Mortgage Loans when the aggregate outstanding current balance is less than EUR 15,694,904.27 in relation to the Asset Purchase No.1 Agreement and EUR 15,882,244.47 in relation to the Asset Purchase No.2 Agreement, and associated indemnification obligations;

- Clause 25 keeping confidential all details relating to the relevant Asset Purchase Agreement and information provided in connection with it and operations relating to it subject to comparatively narrow carve-outs (including the Issuer and the Seller disclosing to third parties to exercise any of their rights or obligations derived from the acquisition of the Mortgage Loans and Non-Mortgage Loans) but always excluding disclosure of the aggregate purchase price;
- Clause 27 requiring, among others, the Issuer and the Seller to be responsible for all withholdings and payments on account of taxes in relation to payments to be made by the Asset Title Holder in connection with the relevant Asset Purchase Agreement (including the Mortgage Certificates and Non-Mortgage Loan Sub-participations) and to fully indemnify the Asset Title Holder from any taxes arising from any administrative or judicial criteria or from the interpretation that the tax authority may make of the current regulations in the course of any administrative action (including withholdings on account of taxes required from the Asset Title Holder) and damages that the Asset Title Holder may suffer that are caused (directly or indirectly) by the payments and incomes of any nature paid by the Asset Title Holder to any of them, and that derive from the Portfolio;
- Clause 28 requiring that payments need to be made a party's notified bank account;
- Clause 29 (being the **Portfolio Transfer Conditions**), among other things:
  - restricting any assignment by the Seller of its rights under the relevant Asset Purchase Agreement;
  - requiring transfer of the Mortgage Certificates and Non-Mortgage Loan Sub-participations to either be with the consent of the Asset Title Holder or subject to the satisfaction of specified conditions;
- Clause 30 prohibiting the use of the Asset Title Holder's name;
- Clause 32 requiring the Asset Title Holder to cooperate with and provide assistance with predominantly informational aspects in relation to private or public securitisations of the Portfolio; and
- Clause 33 indicating the governing law to be common Spanish law and applies the exclusive jurisdiction of the courts and tribunals of the city of Madrid,

without the Issuer being bound by the rest of the clauses of the relevant Asset Purchase Agreements;

(b) the Issuer will expressly acknowledge and assume the general liability regime set out in Clauses 15, 16 and 17 of the relevant Asset Purchase Agreement regulating (among other things): termination, the respective liabilities of the parties (including as a result of acceding to it and including allocation of risk; and claims, remedies and liabilities (including limitations and exclusions of liability) regarding breaches of representations, warranties and covenants given by the parties to the relevant Asset Purchase Agreement (including, without limitation, the imposition of fines or pecuniary sanctions on a party arising from regulatory breaches by the other party and claims relating to Unfair Terms (as described in 11.2.4(a)));

(c) pursuant to the terms of the relevant Asset Purchase Agreement (as assumed by the Issuer under the relevant Asset Purchase Accession Agreement), the Issuer may be subject to indemnity and liability obligations:

- indemnifying the Asset Previous Owner for any breach by the Issuer of its obligations under the relevant Asset Purchase Agreement or the falsity, inaccuracy or incorrectness of any of the representations made by the Issuer pursuant to Clause 13.2 of each Asset Purchase Agreement (see 11.2.4(d) below), subject to the liability regime set out in Clauses 15 and 17 of the relevant Asset Purchase Agreement and subject to the following limitations:
  - damages are limited to direct economic damages actually suffered, and expressly exclude indirect damages, loss of profit, moral or reputational, punitive, contingent or unquantifiable damages, and damages recovered under insurance policies or from third parties;
  - the maximum aggregate liability to the Asset Previous Owner for all damages for all types of liability on a combined basis under the relevant Asset Purchase Agreement is capped at EUR 60,180,403.90 in relation to the Asset Purchase No.1 Agreement and

EUR 59,724,894.52 in relation to the Asset Purchase No.2 Agreement in relation to that Asset Purchase Agreement;

- liability for breaches of certain capacity-related representations (in paragraphs (a) and (c) to (g) of Clause 13.2 of the relevant Asset Purchase Agreement) will expire 18 months after the relevant Asset Purchase Completion Date, subject to claims notified on or before such date, while liability for other breaches continues on an ongoing basis following the date of the relevant Asset Purchase Agreement);

- any increased costs for the Debtors from the applicable Asset Purchase Completion Date resulting from the issuance of the Mortgage Certificates to the Issuer, any subsequent transfer thereof, the Non-Mortgage Loan Sub-participations, or the assumption of management by the Asset Special Servicer of the management of the Mortgages and Non-Mortgage Loans;

- in respect of third-party claims (*reclamaciones de terceros*) from which an obligation to indemnify, pay or sanction any party under each Asset Purchase Agreement could arise, the party receiving such claim must notify the obligated party promptly; the obligated party must assume the defence of such claim (subject to its obligation to formally agree to indemnify the other party for all damages, costs and expenses resulting therefrom) or, failing such assumption, the receiving party may acquiesce without prejudice to its rights under the relevant Asset Purchase Agreement (such indemnity being due and payable only upon final judicial resolution or binding settlement);

- following completion of a direct sale and transfer of Mortgage Loans and Non-Mortgage Loans to the Issuer pursuant to Clause 24 of the relevant Asset Purchase Agreement, the Issuer must assume all obligations under the relevant loan agreements and indemnify and defend the Asset Previous Owner from any failure by the Issuer (or any entity appointed by the Issuer to manage the Mortgages and Non-Mortgage Loans) to comply with any obligations relating to such Mortgages and Non-Mortgage Loans;

- the Issuer will hold the Asset Previous Owner harmless in respect of any withholdings or deductions on account of taxes as a result of a change of law and/or official criteria, and fully indemnify the Asset Previous Owner from any taxes arising from administrative or judicial criteria or from the interpretation that the tax authority may make of applicable regulations (including withholdings on account of taxes required from the Asset Previous Owner) and any damages caused (directly or indirectly) by payments paid by the Asset Previous Owner to the Issuer and deriving from the Portfolio;

- in the event of any assignment by the Issuer or transfer of the Mortgage Certificates and Non-Mortgage Loan Sub-participations in breach of the conditions set out in Clause 29 of the relevant Asset Purchase Agreement, the Asset Previous Owner's liability is automatically discharged and the Issuer must hold the Asset Previous Owner harmless from any resulting damage, cost, expense or tax, as well as from any claims by third-party acquirers; and

- the Issuer is also liable to indemnify the Asset Previous Owner for any damages caused by any failure by the Issuer or any of its assignees or pledgees to comply with the requirements or obligations relating to the assignments or pledges set out in Clause 29 of the relevant Asset Purchase Agreement, and any such non-compliance will result in the automatic discharge of the Asset Previous Owner's liability under the relevant Asset Purchase Agreement in its entirety;

(d) the Issuer will confirm and represent to the Asset Previous Owner that, as of the Closing Date, it complies with representations and warranties in paragraphs (a) to (g), (i) to (r) and (t) to (w) of Clause 13.2 of the relevant Asset Purchase Agreement, relating to, among other things:

- capacity, valid constitution, solvency, authorisations, due execution and non-contravention;

- anti-money laundering, anti-terrorist financing and customer identification compliance;

- no prior contact with Debtors and no awareness of breach of Asset Previous Owner’s representations;

- absence of proceedings and assumption of credit risk inherent to the Mortgage Loans, Non-Mortgage Loans, the Mortgage Certificates and the Non-Mortgage Loan Sub-participations;

- selection of the Asset Special Servicer as manager and administrator of the Mortgage Loans and Non-Mortgage Loans; and

- compliance representations (the **Asset Purchase Compliance Representations**), including: Irish establishment and registration status, anti-corruption, sanctions, legal and tax compliance, tax residence and substance in Ireland, and qualification as professional client or qualified investor;

(e) the Issuer will acknowledge and agree that the Asset Purchase Compliance Representations must be complied with and shall be deemed repeated by the Issuer on each date on which a payment attributable to the Portfolio is made in favour of the Issuer;

(f) the Issuer will acknowledge and agree that its accession to the relevant Asset Purchase Agreement is made solely for the purpose of assuming obligations against the Asset Previous Owner as from the Closing Date and not rights (except the right to receive the payments in respect of the Mortgage Certificates in accordance with the Mortgage Certificate Regulations and the terms and conditions set forth in the relevant Asset Purchase Agreement and the Asset Services Agreement);

(g) the Asset Title Holder will acknowledge and agree to: (1) the transfer of the Mortgage Certificates in the Portfolio to the Issuer; (2) the transfer to the Issuer of the right to receive from the Asset Title Holder any cash flows generated by the Non-Mortgage Loans through the Non-Mortgage Loan Sub-participations in the Portfolio; and (3) the accession of the Issuer to the relevant Asset Purchase Agreement as established in the relevant Asset Purchase Accession Agreement; and

(h) as a result of the endorsement of the Mortgage Certificates in the Portfolio by the Seller to the Issuer, the Asset Title Holder will fully acknowledge the transfer of those Mortgage Certificates to the Issuer for the purposes of article 32.1 of Spanish Royal Decree 716/2009, and the special register referred to in the third additional provision established in Spanish Royal Decree-Law 24/2021.

As a result of the endorsement of the Mortgage Certificates and the transfer of the Non-Mortgage Loan Sub-participations to the Issuer, the parties will expressly acknowledge that the Warehouse has ceased to hold Mortgage Certificates and Non-Mortgage Loan Sub-participations for the purposes of the relevant Asset Purchase Agreement and, consequently, the Warehouse's accession to each Asset Purchase Agreement (as documented in the original accession agreements) will be terminated with effect from the Closing Date, and the Warehouse will be released from all liability and obligations assumed thereunder from the Closing Date.

The **Asset Purchase Guarantor** (being London Wall Capital Investments LLP, a limited liability partnership incorporated under the laws of England and Wales (registration number OC396015), whose registered office is at 4th Floor, 140 Aldersgate Street, London EC1A 4HY, United Kingdom (and having Spanish Tax Identification Number (N.I.F.) N0370101H)) has entered into guarantees in favour of the Asset Title Holder in relation to the liabilities of the Seller and the Warehouse to the Asset Title Holder in respect of each Asset Purchase Agreement and certain terminated administration agreements in satisfaction of the applicable requirement in Clause 29 of the relevant Asset Purchase Agreement relating to the acquisition of the Mortgage Certificates and Non-Mortgage Loan Sub-participations by the Warehouse (see above and 11.2.3(b) *On-sale to Warehouse*). The Asset Purchase Guarantor will enter into further guarantees in favour of the Asset Title Holder in relation to the liabilities of the Seller and the Issuer to the Asset Title Holder in respect of each Asset Purchase Agreement and the Asset Services Agreement in satisfaction of the applicable requirement in Clause 29 of the relevant Asset Purchase Agreement relating to the acquisition of the Mortgage Certificates and Non-Mortgage Loan Sub-participations by the Issuer. However, Asset Purchase Guarantor is not a Transaction Party and each such guarantee is not a Transaction Document.

11.2.5 **Portfolio limited due diligence**

The description of the Portfolio in this Prospectus has been prepared on the basis of the results of the due diligence performed in connection with the Seller's acquisition, pursuant to the Asset Purchase Agreements, of the Portfolio from the Asset Previous Owner, and is limited in its scope.

(a) **Portfolio acquisition legal due diligence**

In connection with the acquisition of the Portfolio from the Asset Previous Owner, the Risk Retention Holder, the Issuer and the Seller and/or entities on their behalf undertook the following due diligence and verifications with respect to the Portfolio, comprising a review of the following:

(1) a limited scope legal due diligence report by Allen Overy Shearman Sterling LLP, dated 17 February 2025, reviewing contractual documentation provided to it by the Asset Previous Owner in relation to a sample of 25 of the Mortgage Loans and their related Mortgage Security relating to Mortgage Certificates (including enforceability of specified types of clauses and transferability) issued in connection with the Asset Purchase No.1 Agreement; and

(2) a limited scope legal due diligence report by Allen Overy Shearman Sterling LLP, dated 25 November 2025, reviewing contractual documentation provided to it by the Asset Previous Owner in relation to a sample of 25 of the Mortgage Loans and their related Mortgage Security relating to Mortgage Certificates (including enforceability of specified types of clauses and transferability) issued in connection with the Asset Purchase No.2 Agreement.

The Security Trustee will not have reliance on such due diligence, verifications or reports.

(b) **Portfolio securitisation due diligence**

In connection with the Transaction, the Issuer, the Joint Lead Managers, the Risk Retention Holder and the Seller and/or entities on their behalf undertook the following due diligence and verifications with respect to the Portfolio:

(1) a due diligence call prior to the Closing Date with the Asset Special Servicer (in which the Asset Special Servicer participated on a strictly no liability and no responsibility basis);

(2) a due diligence call prior to the Closing Date with the Asset Previous Owner and Asset Title Holder (in which the Asset Previous Owner and Asset Title Holder participated on a strictly no liability and no responsibility basis);

(3) the Joint Lead Managers reviewed the documents by Allen Overy Shearman Sterling LLP referred to in 11.2.5(a) *Portfolio acquisition legal due diligence*; and

(4) the third-party due diligence report referred to in 21.7 *Rule 15Ga-2 under the U.S. Exchange Act*.

11.3 Formal title to the Portfolio

As indicated in 11.1.2 *Mortgage Certificates*, the issuance of the Mortgage Certificates does not transfer to the holder (i.e. the Issuer) any formal title to the underlying Mortgage Loans or their related Mortgage Security but all rights to the proceeds of the enforcement of such Mortgage Loans and their related Mortgage Security will be transferred to the holder of the Mortgage Certificates.

As indicated in 11.1.5 *Non-Mortgage Loan Sub-participations*, the grant of the Non-Mortgage Loan Sub-participations is purely a contractual arrangement and does not transfer to the Issuer any formal title or direct rights to the underlying Non-Mortgage Loans.

Instead, the Asset Title Holder will continue to hold formal title to, and be lender of record in relation to, the underlying Mortgage Loans and their related Mortgage Security and the Non-Mortgage Loans as indicated in 14.2 *Asset Title Duties*.

11.4 Lending Criteria relating to the Portfolio

The following (in which references to applicant(s) includes each prospective borrower and each other prospective obligor or surety) is a summary of some aspects of the lending criteria (**Lending Criteria**) which ought to have been applied by the applicable Originator in relation to the origination of the relevant Mortgage Loans relating to Mortgage Certificates in the Portfolio (with non-material variations to reflect the differing identities of the Debtors and minor changes to the Lending Criteria).

Notwithstanding the investigations undertaken by the Risk Retention Holder and the Seller, neither the Risk Retention Holder, nor the Seller nor the Issuer can from a factual point of view give assurances that the Lending Criteria were always applied consistently at the time of origination of the Mortgages and Non-Mortgage Loans or that different criteria were not applied by the Originator. See further 4.2.8(d) *Lending Criteria*.

11.4.1 Qualitative limitations

The relevant Originator's analysis of a proposed Mortgage Loan ought to have prioritised the following, although exceptions may have been made and a case may have received a more in-depth analysis of one of these aspects or of others:

- *Loan to value*: analysis of the value of the proposed Mortgage Property in relation to the principal amount of the proposed Mortgage Loan. Appraisal by an official surveyor was to be used when mandatory by law. Verification of the characteristics of the proposed Mortgage Property, especially the existence of warnings or qualifications. Factors such as the kind of residence, age of the proposed Mortgage Property, location, lay-out, finishing, orientation, etc were also to be taken into account.
- *Debt to income*: analysis of the monthly net incomes of the applicant(s), personal and family status (age, number of members of the family unit, single-parent or two parent family) and employment stability (years in job, type of agreement, professional level of the applicant(s), etc.).

- *Maturity*: Until 2013, no more than 40 years. From 2013, no more than 30 years.

11.4.2 **Loan assessment documents**

- *Internal documentation:*

  The following internal documentation ought to have been obtained by the relevant Originator:

  - Mortgage Loan application. In addition to data regarding the Mortgage Loan application, a declaration of the value of the assets of the applicant(s), as applicable, was included.
  - Report with the proposal of the branch, being a document analysing the potential applicant(s)'s situation and proposing approval or denial of the proposed Mortgage Loan.
  - List of risks generated automatically when a loan is entered into in relation to each of the applicant(s), be they borrowers or guarantors, including the applicant(s)'s financial position, including: liabilities, assets, RAI (*Registro de Aceptaciones Impagadas*), Credit Bureau, CIRBE (*Central de Información de Riesgos del Banco de España*), ASNEF (*Asociación Nacional de Establecimiento Financieros de Crédito*) and Experian Credit Bureau's BADEXCUG financial database.

  In addition to this internal documentation, information was to be obtained from other sources:

  - Movements in the accounts (composition/nature of income and charges, frequency, diversification, origin, average/specific balances, etc.).
  - Analysis of applicant(s)'s credit history as borrower or surety.

- *External documentation:*

  The following external documentation ought to have been obtained by the relevant Originator:

  - Proof of use of the proposed Mortgage Loan.
  - Appraisal of the proposed Mortgage Property, carried out by an authorised appraisal company.
  - Register review of the proposed Mortgage Property verifying ownership of the proposed Mortgage Property and status of liens or encumbrances.
  - Identification by way of tax identification number (NIF), residence card, passport, foreigner identification number (NIE) or identity document of the country of origin.
  - Evidence of income: personal income tax return (or equivalent), property tax return and photocopy of the three most recent payroll stubs.
  - Deeds of ownership and/or register verifications of other properties owned by the applicant(s). In the case of properties mortgaged by other entities, the 3 most recent mortgage receipts were to be provided.

11.4.3 **Appraisals**

- In conformity with the law in force, the appraisal of the proposed Mortgage Property ought to have been carried out by independent companies duly registered in an Official Register with the Bank of Spain.
- By virtue of the Ministerial Orders of 30 November 1994, 27 March 2003 and 28 February 2008, the relevant Originator ought to have only engaged five appraisal companies for the appraisal of proposed Mortgage Properties.

11.4.4 **Insurance**

- The proposed Mortgage Property ought to have been insured against the risk of fire at an amount insured which was not to be less than the new or gross replacement cost (the sum necessary to replace the proposed Mortgage Property with another having the same characteristics).
- A damages insurance policy ought to have been required to provide cover for an amount equivalent to the appraisal value of the proposed Mortgage Property after deducting the value of the land.

11.4.5 **Approval criteria**

The relevant Originator's analysis of a proposed Mortgage Loan ought to have prioritised the following (although for some applications a more in-depth analysis of one of these aspects or other aspects may have been carried out):

- **Analysis of the applicant**
  The following matters relating to the application ought to have been considered by the relevant Originator as part of the origination process:
  - Personal and family status (age, number of members of the family unit, single-parent or two parent family).
  - Previous history with the relevant Originator and applicant(s)'s credit history (direct debits, insurance, length of time as customer, significant experience and favourable creditworthiness in other transactions, average amounts owed, etc).
  - Employment stability (years in job, type of agreement, professional level of the applicant(s), etc.).
  - Borrowing capacity (study of borrowing capacity of the applicant(s), analysis of applicant(s)'s susceptibility to possible increases in interest rates).
  - Wealth.
- **Analysis of the proposed Mortgage Property**
  The following matters relating to the proposed Mortgage Property ought to have been considered by the relevant Originator as part of the origination process:
  - Analysis of the appraisal, verifying especially the existence of warnings or qualifications. Factors such as the kind of residence, age of the proposed Mortgage Property, location, lay-out, finishing, orientation, etc. are also taken into account.
  - Analysis of the register check, verifying surface areas, ownership, liens, etc..
  - Immediately after the analysis of the above referred matters, the approval or rejection of the proposed Mortgage Loan ought to have been decided. The relevant Originator could also, depending on the financing percentage and the employment status of the applicant(s), ask for additional guarantees (guarantors, deposits, etc) so that the transaction may be approved.

For some aspects of the assessment process, the relevant Originator may have used scoring as a tool assisting in objectively evaluating risk and in making the final decision when extending proposed Mortgage Loans to individuals:

- *Behaviour scoring:* to value the applicant(s)'s positioning with the relevant Originator, with an advance classification using a monthly score reflecting the applicant's payment capacity, resulting from a study of the behaviour of income, payments, use of credit card limits, direct debit of invoices, repayment of other loans, etc; and
- *Loan scoring:* (after applying behaviour scoring, if the resulting score was less than that required for the proposed Mortgage Loan, or if information necessary to obtain that score was not available) to value the applicant's risk profile associated with the proposed Mortgage Loan by calculating a score that translated into a probability of non-payment. The valuation was the result of a study of information from the application for the proposed Mortgage Loan, the use thereof, the percentage of mortgage insurance, and so on.

11.5 Asset Warranties

11.5.1 No investigations etc by Issuer or any Transaction Party

As indicated in more detail in 4.2.8 *Searches, investigations and Asset Warranties in relation to the Portfolio*, the Issuer and the Security Trustee will rely entirely on the Asset Warranties regarding all matters and the circumstances relating to the Portfolio and will not make, or cause to be made, any enquiries, searches or investigations (including, without limitation, those which a prudent purchaser of the Portfolio would normally make). See also 1.1.4 *Prospective investors to conduct independent investigation and analysis*.

11.5.2 Asset Warranties given by the Seller

Pursuant to the Asset Sale Agreement, on the Closing Date the Seller will represent and warrant to the Issuer and the Security Trustee in relation to:

- the Mortgage Certificates in the Portfolio;
- the Mortgage Loans and Mortgage Security relating to Mortgage Certificates in the Portfolio;

- the Non-Mortgage Loan Sub-participations in the Portfolio; and
- the Non-Mortgage Loans relating to the Non-Mortgage Loan Sub-participations in the Portfolio,

(in each case as indicated below) that each of the following statements (each an **Asset Warranty**) are true and accurate on the Closing Date (the **Asset Warranty Date**):

(a) The Asset Title Holder is the only, full and legitimate owner of all those Mortgage Loans.

(b) Those Mortgage Loans are legitimate and existing, and are enforceable or claimable in accordance with current legislation in case of default (provided that, for clarification purposes, nothing in this section constitutes an Asset Warranty that those Mortgage Loans can be claimed through a specific claim procedure).

(c) The Asset Title Holder can make the Issuer participate in those Mortgage Loans, by virtue of the Mortgage Certificates, without the need for the consent of their Debtors for those Mortgage Loans to serve as underlying assets for such Mortgage Certificates.

(d) None of those Mortgage Loans have been assigned to third parties other than the Seller by the Asset Title Holder, nor have they been used as the object of the issuance of mortgage participations, mortgage transfer certificates, mortgage bonds, mortgage notes, or any other type of financial instrument.

(e) The mortgages granted as security for those Mortgage Loans exist and are duly registered in the name of the Asset Title Holder in the corresponding property registries, and hold a registry rank not lower than that reflected in the schedule of details relating to those Mortgage Loans delivered by the Seller pursuant to the Asset Sale Agreement.

(f) In relation to the applicable Asset Purchase Reference Data relating to those Mortgage Loans:

(1) the Loan Current Balance of each of the Mortgage Loans indicated in that Asset Purchase Reference Data as of the applicable Asset Purchase Cut-Off Date is accurate, correct, and truthful as of that Asset Purchase Cut-Off Date; and

(2) all other information in that Asset Purchase Reference Data correspond as of the applicable Asset Purchase Cut-Off Date with those available in the Seller's systems, with the detail and content generated by said systems.

(g) Those Mortgage Loans, as well as the contracts and agreements from which they derive, are subject to Spanish legislation and are denominated in euros.

(h) Those Mortgage Loans are free of any charge, encumbrance, or third-party rights other than those that may result by mandatory law, without prejudice to the right that the Debtor may exercise in accordance with Article 1,535 of the Spanish Civil Code, if such exercise proceeds, regarding those Mortgage Loans that may be classified as litigious credits in accordance with Article 1.535 of the Spanish Civil Code or under similar regional legislation.

(i) The Seller has not been considered a person especially related to any of the Debtors for the purposes of the provisions of articles 282, 283, and 284 of the Spanish Insolvency Law and, to the best of its knowledge and belief, has no knowledge of any action or procedure aimed at classifying the Asset Title Holder as a person especially related to any of the Debtors.

(j) The aggregate Loan Current Balance as of the applicable Asset Purchase Cut-Off Date of those Mortgage Loans that may be considered insolvent did not exceed the **Asset Insolvency Limit**, being means EUR 15,539,641 in relation to the Asset Purchase No.1 Agreement and EUR 15,833,917 in relation to the Asset Purchase No.2 Agreement.

For the purposes of this Clause, "insolvent" shall be understood to mean those Mortgage Loans in which the declaration of insolvency of the primary debtor or principal debtor has been published in the Spanish Official State Gazette prior to the applicable Asset Purchase Cut-Off Date.

This representation shall only be considered breached if the percentage of Mortgage Loans whose primary debtors or principal debtors were insolvent on or before the applicable Asset Purchase Cut-Off Date exceeds the Asset Insolvency Limit in relation to the relevant Asset Purchase Agreement, and only those exceeding that Asset Insolvency Limit shall be considered in breach of this Asset Warranty.

In this regard, the Seller and the Issuer expressly state that:

(1) In the event that such Asset Insolvency Limit is exceeded as a result of the Issuer giving a notice of alleged breach of this Asset Warranty to the Seller before the Asset Warranty Liability Deadline, the loans that were not identified as 'insolvent' in the applicable Asset Purchase Reference Data shall be considered in breach of this Asset Warranty, and among these, in order of the date of the insolvency of the primary debtor or principal debtor (i.e. starting with those whose declaration of insolvency is furthest from the applicable Asset Purchase Completion Date).

In the event that all Mortgage Loans by application of this Asset Warranty were identified as 'insolvent' in the applicable Asset Purchase Reference Data, the Mortgage Loans that exceed such Asset Insolvency Limit shall be considered in breach of this Asset Warranty after being ordered according to the age of the declaration of insolvency of the primary debtor or principal debtor (i.e. starting with those whose declaration of insolvency is furthest from the applicable Asset Purchase Completion Date); and

(2) In the event that, once such Asset Insolvency Limit is reached, the Issuer gives a notice of alleged breach of this Asset Warranty to the Seller, on or before the Asset Warranty Liability Deadline, additional insolvent Mortgage Loans that lead to the breach of this Asset Warranty, the credits contained in such subsequent communications shall be considered in breach of this Asset Warranty.

(k) From the applicable Asset Purchase Cut-Off Date until the Closing Date (exclusive), the Asset Title Holder has managed the Mortgage Loans following its usual management and administration policies, and with at least the same management standard that it has been applying to the rest of the loans in its portfolio of a similar nature to the Mortgage Loans.

(l) There are no provisions under the agreements documenting the Mortgage Loans obliging a further advance to be disbursed in relation to a Mortgage Loan.

(m) None of the Debtors of the Mortgage Loans have any contractual set-off right that results in the Issuer being entitled to collect an amount less than the Loan Specified Balance of the Mortgage Loan in question.

(n) The Asset Title Holder's right to demand the collection of the Mortgage Loans has not expired, nor has it been extinguished in accordance with applicable legislation.

(o) The Mortgage Loans have been originated and formalised by the Asset Title Holder (or to the best of the Asset Title Holder's knowledge by its predecessors in title, as applicable) in the ordinary course of its activity.

The origination of the Mortgage Loans by the Asset Title Holder (or, to the best of the Asset Title Holder's knowledge and belief, by its predecessors in title, as applicable), was carried out in accordance with the usual origination practices of such financial entity for credits of similar nature at the time of their origination.

(p) The Asset Title Holder (or, to the best of the Asset Title Holder's knowledge, its predecessors in title, as applicable):

(1) has applied to Mortgage Loans the same sound and well-defined loan origination policies that it applied to other loans and credits of a similar nature originated on or around the date of formalization of said Mortgage Loans; and

(2) had effective systems functioning and clearly established processes in place for the application of such origination policies and analogous criteria based on a thorough assessment of the Debtors' creditworthiness and taking into account those factors relevant to the verification of the likelihood of the Debtors fulfilling their obligations under the contracts that document the Credits.

(q) The regular principal and interest instalments of each Mortgage Loan are repaid by the Debtors through direct debit in bank accounts, which are processed automatically with prior authorisation from the corresponding Debtor at the time of the transaction formalisation.

(r) The Asset Title Holder applied to the Mortgage Loans and the Non-Mortgage Loans in respect of the Portfolio the same sound and well-defined criteria for credit-granting which the Asset Title Holder

applied and applies to the same type of loans originated by the Asset Title Holder but which are not in the Portfolio.

(s) To that end, the Asset Title Holder applied the same clearly established processes for approving and (where relevant) amending, renewing and refinancing the Mortgage Loans and the Non-Mortgage Loans in respect of the Portfolio and the same type of loans originated by the Asset Title Holder during the same period as those Mortgage Loans and the Non-Mortgage Loans but which are not in the Portfolio.

(t) The Asset Title Holder had effective systems in place throughout the period in which those Mortgage Loans and the Non-Mortgage Loans were originated to apply those criteria and processes in order to ensure credit-granting in relation to those Mortgage Loans and the Non-Mortgage Loans and the same type of loans originated by the Asset Title Holder during the same period was based on a thorough assessment of the obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting the obligor's obligations under the credit agreement.

(u) The Portfolio does not include any Mortgage Loan that was marketed and underwritten on the premise that the Mortgage Loan applicant or, where applicable, intermediaries were made aware that the information provided by the Mortgage Loan applicant might not be verified by the Asset Title Holder.

(v) The Asset Title Holder has not selected the Mortgage Loans and the Non-Mortgage Loans in respect of the Portfolio with the aim of rendering losses on those Mortgage Loans and the Non-Mortgage Loans, measured over the life of the relevant Asset Purchase Agreement transaction, or over a maximum of 4 years where the life of that transaction is longer than 4 years, higher than the losses over the same period on comparable assets held on the balance sheet of the Asset Title Holder.

(w) With respect to those Non-Mortgage Loans, that to the best of the Seller's knowledge and belief and after making the reasonable and appropriate checks customary in the sale or transfer of risks and benefits of credit portfolios of similar composition and size:

(1) The Asset Title Holder is the only, full and legitimate owner of all those Non-Mortgage Loans.

(2) Those Non-Mortgage Loans are legitimate and existing.

(3) The Asset Title Holder can make the Issuer participate in the risks and benefits of those Non-Mortgage Loan, by virtue of the relevant Non-Mortgage Loan Sub-participation, without the need for the consent of their Debtors.

(x) With respect to those Mortgage Certificates: once all the completion acts have been executed on the Closing Date, those Mortgage Certificates will give the Issuer full participation in the risks and benefits of all the Mortgage Loans subject to those Mortgage Certificates, as well as all those rights that correspond to it in accordance with the applicable Spanish regulations governing the issuance of mortgage participations (*participaciones hipotecarias*) and mortgage transfer certificates (*certificados de transmisión de hipoteca*).

(y) With respect to those Non-Mortgage Loan Sub-participations:

(1) The Non-Mortgage Loan Sub-participations will grant the Issuer, once all the completion acts have been executed on the Closing Date, full participation in the risks and benefits of all the Non-Mortgage Loans subject to the Non-Mortgage Loan Sub-participations, in accordance with the terms thereof established in the Asset Sale Agreement.

(2) The Seller holds all the rights to receive from the Asset Title Holder any cash-flows (*flujos de efectivo*) generated by those Non-Mortgage Loans through the Non-Mortgage Loan Sub-participations, that can be freely assigned pursuant to the provisions of the relevant Asset Purchase Agreement.

11.5.3 Compensation for certain losses arising from Unfair Terms

(a) **Definition of Unfair Term**

Unfair Term means any clause included in the contractual documentation of a Mortgage Loan that is declared null and void for being unfair or abusive by a final judicial decision or binding settlement (including, by way of example and without limitation, a clause related to unfair ordinary or default interest rates, IRPH reference index, a floor clause (*cláusula suelo*), nullity of early termination, as well as any other clause that is subject to review and/or claim for unfairness and/or for not complying with the material transparency control in accordance with consolidated case law issued by the Supreme Court as of the date of the relevant Asset Purchase Agreement.

(b) **Certain liabilities relating to an Unfair Term**

Pursuant to the Asset Sale Agreement, the Seller will covenant to the Issuer and the Security Trustee that if, with respect to any Mortgage Loan in relation to the Portfolio, during period of 24 months from the Asset Purchase Completion Date relating to the relevant Asset Purchase Agreement relating to that Mortgage Loan:

(1) a judicial claim is made by a Debtor against the Asset Title Holder or the Issuer or both (as the case may be) under a final judgment or binding resolution or settlement issued or agreed within the Asset Warranty Liability Deadline applicable to that Mortgage Loan which is approved by the Asset Title Holder that declares the existence of any Unfair Term; and

(2) consequently, the Asset Title Holder, the Issuer or both of them (as the case may be) are obliged to return to the Debtor amounts paid by the Debtor to the Asset Title Holder under said Mortgage Loan,

the parties shall seek to offset or reduce the outstanding Loan balance by the claim amount.

If offset or reduction of the outstanding balance is admitted and is equal to or exceeds the Loan Current Balance, the Seller will have no liability.

If offset or reduction of the outstanding balance is admitted but the balance is less than the Loan Current Balance, the Seller may, at its sole discretion, indemnify the Issuer or request the exclusion of that Mortgage Loan from the relevant Mortgage Certificate in each case in accordance with the Asset Sale Agreement.

If offset or reduction of the outstanding balance is not admitted and a final judgment or binding settlement expressly requires payment in cash to the Debtor, the Seller's liability will be limited to the portion of the claim amount attributable to amounts paid by the Debtor to the Asset Title Holder until the applicable Asset Purchase Cut-Off Date (exclusive), together with the proportional share of interest and costs (if any), and the Issuer shall be liable for the portion of the claim amount attributable to amounts paid from the applicable Asset Purchase Cut-Off Date (exclusive), together with the proportional share of interest and costs (if any).

11.5.4 **Remedies for breach of Asset Warranties**

(a) **Procedures for an alleged breach of the Asset Warranties**

The Asset Sale Agreement will include the following procedures for determining whether a breach of an Asset Warranty has occurred and, as applicable, the potential Asset Warranty Damages Amount:

Loan and/or Mortgage Security

(1) The Issuer may give notice (an **Asset Warranty Alleged Breach Notice**) of an alleged breach of an Asset Warranty in relation to a Loan and/or (as applicable) Mortgage Security in respect of the Portfolio (an **Asset Warranty Alleged Breach Loan**) provided that such notice by the Issuer is given:

(A) as soon as possible after, and in any event not later than the date that is 1 month after the date that the Issuer became aware of the alleged breach; and

(B) not later than the **Asset Warranty Liability Deadline**, being the date that is 18 months from the Asset Purchase Completion Date relating to the relevant Asset Purchase Agreement relating to that Mortgage Loan and/or Mortgage Security.

(2) There is then a dispute opportunity period in which the Seller can, if it has grounds, give notice (an **Asset Warranty Dispute Notice**) that it wishes to dispute the alleged breach of Asset Warranty and/or the potential Asset Warranty Damages Amount relating to that alleged breach (including an explanation of the reasons for such dispute), such dispute opportunity period being:

(A) 20 Business Days from the date of the Issuer's notice of that alleged breach, if there are 30 or less Mortgage Loans in the same Asset Warranty Alleged Breach Cohort;

(B) 40 Business Days from the date of the Issuer's notice of that alleged breach, if there are between 31 and 89 Mortgage Loans (inclusive) in the same Asset Warranty Alleged Breach Cohort; or

(C) 80 Business Days from the date of the Issuer's notice of that alleged breach, if there are 90 or more Mortgage Loans in the same Asset Warranty Alleged Breach Cohort.

Asset Warranty Alleged Breach Cohort means in relation to a calendar month, each Mortgage Loan which has been the subject of a notice of alleged breach of an Asset Warranty given by the Issuer in that calendar month.

(3) In the event that the Seller notifies the Issuer of its acceptance of the existence of Asset Warranty Alleged Breach Loans, the parties shall attempt to reach an agreement in good faith to resolve the relevant dispute (and during which, if capable of remedy, the Seller may remedy the basis of the alleged breach of Asset Warranty), such resolution period (the **Asset Warranty Resolution Period**) being:

(A) 40 Business Days from the date of receipt by the Seller of the Asset Warranty Alleged Breach Notice, if there are 30 or less Mortgage Loans in the same Asset Warranty Alleged Breach Cohort;

(B) 60 Business Days from the date of receipt by the Seller of the Asset Warranty Alleged Breach Notice, if there are between 31 and 89 Mortgage Loans (inclusive) in the same Asset Warranty Alleged Breach Cohort; or

(C) 100 Business Days from the date of receipt by the Seller of the Asset Warranty Alleged Breach Notice, if there are 90 or more Mortgage Loans in the same Asset Warranty Alleged Breach Cohort.

During the Asset Warranty Resolution Period, the Seller may remedy (to the extent remediable) the fact giving rise to the classification of the relevant Loans as Asset Warranty Alleged Breach Loans. The Issuer undertakes to collaborate diligently and in good faith with the Seller to attempt to remedy the defect or breach giving rise to the existence of the Asset Warranty Alleged Breach Loan, carrying out such actions as may be reasonably required by the Seller to enable the remedy of the relevant flaw or defect.

While the Asset Warranty Resolution Period is subsisting in relation to one or more Loans, the Issuer shall not be permitted to make any additional claims against the Seller in respect of those Asset Warranty Alleged Breach Loans which were the subject of the relevant Asset Warranty Alleged Breach Notice. Likewise, the Seller shall in no event be obligated to indemnify the amount of any loss until the applicable Asset Warranty Resolution Period has expired.

(4) If the Issuer gives an Asset Warranty Alleged Breach Notice in relation to a Loan and/or (as applicable) Mortgage Security and either:

(A) the applicable dispute opportunity period referred to in 11.5.4(a)(2) above expires without the Seller having given an Asset Warranty Dispute Notice or any other response to the Issuer in relation to the Asset Warranty Alleged Breach Notice;

(B) the Seller has issued an Asset Warranty Dispute Notice; or

(C) the Asset Warranty Resolution Period has expired without the relevant defect having been remedied or without the parties having reached an agreement regarding the Asset Warranty Alleged Breach Loans or, as applicable, the Asset Warranty Agreed Amount, the Asset Warranty Damages Amount or the amount of the loss,

the Issuer may initiate legal action in relation to the breach of Asset Warranty not later than the date which is 6 months after expiry of that dispute opportunity period or, as applicable, that resolution period.

In the event that the Issuer and the Seller reach an agreement on the validity and amount of the claim, or a final judgment has been issued obliging the Seller to address the Issuer's claim, the Seller will be entitled to alternatively choose either:

- the exclusion of the Loan at a price equal to the Asset Warranty Agreed Amount; or
- compensation for damages for an amount equal to the Asset Warranty Damages Amount.

Mortgage Certificate or Non-Mortgage Loan Sub-participation

(5) The Issuer may give notice of an alleged breach of an Asset Warranty in relation to a Mortgage Certificate or Non-Mortgage Loan Sub-participation in respect of the Portfolio provided that such notice by the Issuer is given not later than the applicable Asset Warranty Liability Deadline.

(6) If such a notice of an alleged breach is given by the Issuer and the breach is capable of remedy, there is a resolution period in which the Seller may remedy the basis of the alleged breach of Asset Warranty), such resolution period being 30 Business Days from the date of the Issuer's notice of that alleged breach.

(7) If the Issuer gives notice of an alleged breach of an Asset Warranty in relation to a Mortgage Certificate or Non-Mortgage Loan Sub-participation and either:

(A) the breach is not capable of remedy; or

(B) the breach is capable of remedy and the applicable resolution period referred to in 11.5.4(a)(6) above expires without the Seller having remedied the basis of the alleged breach of Asset Warranty,

the Seller will be entitled to alternatively choose either:

(A) the exclusion of the Loan at a price equal to the Asset Warranty Agreed Amount; or

(B) compensation for damages for an amount equal to the Asset Warranty Damages Amount,

within 10 Business Days (provided that such breach is sufficiently proven to the Seller) subject to the limits indicated in 11.5.4(c) *Limits on liability regarding Asset Warranties*.

(b) **Damages for breaches of Asset Warranties**

Asset Warranty Damages Amount means in relation to a breach of an Asset Warranty, the amount of direct economic damages actually suffered by the Issuer subject to the limits indicated in 11.5.4(c) *Limits on liability regarding Asset Warranties*.

Asset Warranty Agreed Amount means in relation to a Loan in respect of the Portfolio:

(a) the 'individualised value amount' indicated in the Asset Sale Agreement in relation to that Loan;

(b) plus notarial fees and, where applicable, registration fees actually incurred by the Issuer in relation to that Loan on its initial acquisition of the related Mortgage Certificate;

(c) plus the costs and expenses of the Issuer incurred in relation to servicing and recovery in relation to that Loan provided that such costs and expenses are reasonable, market-based, and duly justified by the Issuer (subject to a cap of 10% of the 'individualised value amount);

(d) minus the Loan Principal Receipts received by the Issuer in relation to that Loan;

(e) minus the aggregate amount of each Asset Warranty Damages Amount (if any) paid by the Seller to the Issuer in relation to that Loan,

subject to the limits indicated in 11.5.4(c) *Limits on liability regarding Asset Warranties*.

(c) **Limits on liability regarding Asset Warranties**

The Asset Sale Agreement will include a range of limits on the liability of the Seller for breaches of Asset Warranties, including (without limitation):

(1) The Seller will not be liable for any breach of an Asset Warranty (whether relating to a Mortgage Certificate, a Non-Mortgage Loan Sub-participation, a Loan and/or Mortgage Security) unless a notice of the alleged breach of the relevant Asset Warranty is duly given under 11.5.4(a)(1) or, as applicable, 11.5.4(a)(5) above on or before the applicable Asset Warranty Liability Deadline.

(2) The Seller will not be liable for any breach of an Asset Warranty in relation to a Loan:

(A) unless and until the aggregate Asset Warranty Damages Amount in respect of breaches of one of more Asset Warranties in relation to that Loan exceeds EUR 5,000, or

(B) if the Asset Warranty Damages Amount in respect of breaches of one of more Asset Warranties in relation to a Loan are less than EUR 5,000, unless and until breach(es) of one of more Asset Warranties also apply to one or more other Loans and arise from identical facts and the aggregate Asset Warranty Damages Amounts in relation to those breach(es) in relation to that Loan and those other Loans exceed EUR 5,000.

(3) The Seller will not be liable for any breach of an Asset Warranty in relation to a Loan to the extent that the aggregate Asset Warranty Damages Amount in respect of all breaches of Asset

Warranties in relation to that Loan exceeds the 'individualised value amount' indicated in the Asset Sale Agreement in relation to that Loan.

(4) The Seller will not be liable for any breaches of Asset Warranties in relation to the Loans relating to the Asset Purchase No.1 Agreement, unless and until, and only to the extent that, the aggregate Asset Warranty Damages Amount in respect of such breaches exceeds EUR 4,026,436.

(5) The Seller will not be liable for any breaches of Asset Warranties in relation to the Loans relating to the Asset Purchase No.2 Agreement, unless and until, and only to the extent that, the aggregate Asset Warranty Damages Amount in respect of such breaches exceeds EUR 4,037,847.

(6) The Seller is not liable for any breaches of:

(A) the Asset Warranties relating to Mortgage Loan in 11.5.2(a) to 11.5.2(e) inclusive, and

(B) the Asset Warranty relating to Mortgage Certificates in 11.5.2(x),

in each case relating to the Asset Purchase No.1 Agreement, to the extent that, the aggregate Asset Warranty Damages Amount and other damages payable in respect of such breaches (each inclusive of taxes and expenses) exceeds EUR 201,321,811.

(7) The Seller is not liable for any breaches of:

(A) the Asset Warranties relating to Mortgage Loan in 11.5.2(a) to 11.5.2(e) inclusive, and/or

(B) the Asset Warranty relating to Mortgage Certificates in 11.5.2(x),

in each case relating to the Asset Purchase No.2 Agreement, to the extent that, the aggregate Asset Warranty Damages Amount and other damages payable in respect of such breaches (each inclusive of taxes and expenses) exceeds EUR 201,892,371.

(8) The Seller is not liable for:

(A) any breaches of Asset Warranties (whether relating to a Mortgage Certificate, a Non-Mortgage Loan Sub-participation, a Loan and/or Mortgage Security), and/or

(B) any other breaches of the Asset Sale Agreement,

(excluding Asset Warranties referred to in 11.5.4(c)(6) or 11.5.4(c)(7) above) to the extent that, the aggregate Asset Warranty Damages Amount and other damages payable in respect of such breaches (each inclusive of taxes and expenses) exceeds EUR 100,803,545.

(9) Where the Seller has a valid mirror claim against the Asset Title Holder under an Asset Purchase Agreement in respect any breach of Asset Warranties (whether relating to a Mortgage Certificate, a Non-Mortgage Loan Sub-participation, a Loan and/or Mortgage Security) (see 11.5.4(d) *Mirror claim of the Seller*), the Seller's liability for such breach shall equal the net amount received by the Seller in respect of such claim from the Asset Title Holder.

(d) **Mirror claim of the Seller**

Pursuant to the Asset Sale Agreement, the Seller will covenant to the Issuer and the Security Trustee that if:

(1) the Issuer gives notice of an alleged breach of an Asset Warranty (whether relating to a Mortgage Certificate, a Non-Mortgage Loan Sub-participation, a Loan and/or Mortgage Security); and

(2) the Seller has a mirror claim against the Asset Title Holder under an Asset Purchase Agreement,

the Seller will immediately make such a claim to the Asset Title Holder and shall take all required actions in accordance with the provisions of the relevant Asset Purchase Agreement to receive all amounts in respect of such claim from the Asset Title Holder, provided that the Seller shall not be treated as breaching that covenant in the event that the Seller and the Asset Title Holder fail to reach an agreement regarding the validity and amount of that claim, and a judgment is issued determining that the Asset Title Holder is not obligated to address that claim.

(e) **Funding and payment of Asset Warranty Damages Amount**

If the Seller must pay an Asset Warranty Damages Amount in respect of a breach of an Asset Warranty:

(1) the Subordinated Noteholder may (but is not obliged to) make an advance to the Issuer under the Subordinated Note Facility Agreement not exceeding the relevant Asset Warranty Damages Amount in respect of such breach and that advance (if any) will be paid into the Transaction Account and a corresponding credit made to the General Ledger; and

(2) the Seller shall pay the Issuer the amount (if any) by which the Asset Warranty Damages Amount in respect of such breach exceeds such advance made to the Issuer under the Subordinated Note Facility Agreement in respect of such breach, which amount will be paid into the Transaction Account and a corresponding credit made to the General Ledger; provided that, alternatively the Seller may opt to pay (if higher) the amount (if any) by which the Asset Warranty Agreed Amount exceeds such advance made to the Issuer under the Subordinated Note Facility Agreement in respect of such Asset Warranty Breach, which amount will be paid into the Transaction Account and a corresponding credit made to the General Ledger.

(f) **Exclusion and repurchase options**

If the parties have reached an agreement on the validity and amount of a claim in respect of a breach of an Asset Warranty in relation to a Loan, or a final judgment has been issued obliging the Seller to address the Issuer's claim in respect of that breach, the Seller will be entitled to alternatively choose either:

(1) exclude the relevant Loan from the relevant Mortgage Certificate or (as applicable) Non-Mortgage Loan Sub-participation, paying the Asset Warranty Agreed Amount to the Issuer; or

(2) pay the Asset Warranty Damages Amount as compensation for direct damages suffered by the Issuer, which must be sufficiently proven to the Seller.

The Seller may use either remedy at its sole discretion. The use of the exclusion remedy under paragraph (1) above expressly excludes any compensation for damages to the Issuer, and in no case may the amount of compensation for damages exceed the Asset Warranty Agreed Amount.

(g) **Procedures administered by the Asset Special Servicer or Framework Administrator**

The procedures set out in the relevant Asset Sale Agreement in relation to actual or potential breaches of Asset Warranties by the Seller shall be administered by the Framework Administrator on behalf of the Issuer in accordance with, as applicable, the Framework Administrator's obligations under the Framework Administration Agreement.

See 4.2.8 *Searches, investigations and Asset Warranties in relation to the Portfolio* and 4.4.2 *Limits on recourse etc. to Transaction Parties* for some particular investment considerations relating to the purchase of the Portfolios.

11.6 Overview of Portfolio characteristics

The Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio have one or more of the following characteristics:

11.6.1 Loan Documentation

All of the Loans were originated by the relevant Originator using sets of pro forma loan origination documentation developed and maintained by it which included its standard loan conditions, which ought to have applied to other loans of a similar nature originated by the relevant Originator on or around the date on which the relevant Loan was granted, including loans not comprised within the Portfolio (the **Loan Documentation**, which may be amended in relation to a Loan by any Loan Variation relating to that Loan). The Loan Documentation contains various covenants for, and undertakings by, the borrower and, as applicable, any other guarantor, surety or obligor in relation to the Loan (each being a **Debtor**), including covenants to make payments either monthly (each a **Loan Monthly Payment**) or as notified to the Debtor and pay premiums on buildings insurance policies effected in relation to the relevant Mortgage Property. The Loan Documentation will also contain provisions for the usual remedies of a mortgagee upon default by the Debtor.

11.6.2 Governing law

The Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio are governed by the laws of Spain.

11.6.3 **Scheduled repayment of Loans**

The Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio comprise **Repayment Loans**, being a Loan to the extent that the principal amount in respect of that Loan is required to be amortised by scheduled repayments of principal by the Debtor during the term of that Loan so that:

(a) the entire principal amount of that Loan is repaid by its stated maturity date; or

(b) in some cases the scheduled amortisation is required only on a specified proportion of the principal amount outstanding in respect of that Loan and, consequently, upon the maturity of that Loan, the relevant Debtor will be required to make a 'bullet' principal repayment that will represent the entirety of the principal amount then outstanding (see 4.2.3(d) *Risks relating to Repayment Loans with material bullet payment at maturity* for some particular investment considerations relating to such cases).

See further 12.23 *Mortgage Loans amortisation type*.

The **Loan Principal Balance** in respect of a Loan on any given date is the then principal amount outstanding in respect of that Loan at such time (but avoiding double counting) including:

- the original amount advanced to the relevant Debtor in relation to that Loan and any further amount advanced on or before that given date to the relevant Debtor in relation to that Loan; and
- any interest, disbursement, legal expense, fee, charge, rent, service charge, premium or payment which has been properly capitalised in accordance with the relevant Loan Documentation or with the relevant Debtor's consent and added to the amounts secured or intended to be secured by the related Loan,

as at the end of the Business Day immediately preceding that given date less any prepayment, repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding that given date and excluding any retentions made but not released by the end of the Business Day immediately preceding that given date.

The **Loan Current Balance** in respect of a Loan on any given date is the aggregate balance of that Loan at such time (but avoiding double counting) including:

- the Loan Principal Balance of that Loan; and
- any other amount (including, for the avoidance of doubt, interest and arrears of interest) which is accrued (whether or not due) and which has not been paid by the relevant Debtor in relation to that Loan and has not been capitalised in accordance with the relevant Loan Documentation or with the relevant Debtor's consent,

as at the end of the Business Day immediately preceding that given date.

11.6.4 **Mortgage Loan Interest Rates**

The Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio comprise Loans each of which is (or, following an agreed period, may become) wholly or partially:

(a) a **Fixed Rate Loan** during each agreed period (typically the entire term of the Loan) in which interest accrues at a fixed rate of interest which is not capable of being reset during that period; or

(b) a **Tracker Rate Loan** during each agreed period (typically the entire term of the Loan) in which interest accrues at a fixed margin over a specified reference rate indicated in that section (each a **Tracker Rate**) as determined periodically in accordance with the applicable Loan Documentation.

See further 12.21 *Mortgage Loans current Tracker Rate* and 12.19 *Mortgage Loans by current interest rate*.

See 4.1.6 *Interest rate basis risks between the Notes and the Loans* and 18.9 *Hedging of some interest basis risks* for some particular considerations relating to the interest basis of the Mortgage Loans in the Portfolio.

11.6.5 **Arrears Loans**

The Portfolio includes **Arrears Loans** in respect of which the Debtors are in arrears and 12 *Provisional Portfolio summary data* includes some further information regarding the level of arrears as at the Provisional Portfolio Date (see also 13 *Historical data*). See 4.2 *Risks relating to the Security Assets* for some particular considerations relating to Arrears Loans.

Months in Arrears means at any time in relation to a Loan, the amount (expressed to 1 decimal place) calculated as the maximum between zero and the arrears balance in respect of that Loan divided by the monthly payment due at the relevant date of determination, and for the avoidance of doubt it is not linked to measurements of days past due.

11.7 Loan Variations

Pursuant to the Asset Services Agreement, the Issuer will undertake not to agree to or make any variation to the terms and/or conditions of any Loan and/or (as applicable) its Mortgage Security relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio (a **Loan Variation**) unless it is an Administrative Loan Variation. Pursuant to the Asset Services Agreement, the Issuer and the Asset Special Servicer shall indemnify the Asset Title Holder for any damage arising from any Loan Variation (including, in particular, those arising from claims by third parties and/or regulators).

An **Administrative Loan Variation** means:

(a) a periodic variation of the floating Loan interest rate where the existing terms of the relevant Mortgage Loan provide for such periodic variation and such variation is made in accordance with those existing terms; and/or

(b) a variation to the terms and/or conditions of that Loan and/or (as applicable) its Mortgage Security which is made in accordance with and to comply with a mandatory requirement of applicable law, statute, regulation; and/or

(c) a variation to the terms and/or conditions of that Loan and/or (as applicable) its Mortgage Security which is routinely made by a lender and/or servicer, provided that such variation complies with applicable law and regulation at all times (including, in particular, money laundering regulations, social rental and economically vulnerable debtor regulations, voluntary accession regulations, data protection regulations and any other applicable regulations, including regional regulations); and/or

(d) a variation to the terms and/or conditions of that Loan and/or (as applicable) its Mortgage Security to control or manage arrears in respect of that Loan,

provided that, in each case (other than as a result of the Asset Title Holder, the Asset Primary Servicer and/or the Asset Special Servicer applying the applicable arrears, repossessions or forbearance policy under and in accordance with the Asset Services Agreement), at the end of the day that such variation becomes effective there is no Mortgage Loan in respect of that Loan which is a Fixed Rate Loan and which was not a Fixed Rate Loan in respect of that Loan prior to such variation becoming effective. See further 14.3.4 *Restructuring of Loans*.

Where a permitted Loan Variation is to be made, the Asset Title Holder, the Asset Primary Servicer and/or the Asset Special Servicer will administer the making of the relevant Loan Variation by the Asset Title Holder in each case on the basis that the relevant Loan and (as applicable) its Mortgage Security will, as varied by that Loan Variation, continue to be comprised within the Portfolio.

11.8 Certain aspects of Spanish law relating to Loans

11.8.1 Spanish laws affecting the validity and/or enforceability of contract terms

(a) **Courts and case law**

There is an increasing tendency in recent years for Spanish borrowers (mostly individuals who have financed the acquisition of their home and qualify as consumers) to file claims alleging that certain provisions included in the relevant loan agreements and/or mortgages are unfair and, therefore, invalid and unenforceable, in particular due to:

- **Substantive Unfairness**, being where the nature, terms and/or effect of the relevant clause is unfair; and
- **Formation Unfairness**, being where the clause and its actual economic and legal impact (particularly regarding aspects such as interest, costs or risks) is not sufficiently visible, understandable and/or clearly worded (for example, where hidden amongst complex conditions and/or using confusing technical language).

In addition, there is a strong trend in Spanish case law that leans towards declaring the unfairness of many clauses regularly used by financial institutions in the residential mortgage market (specifically those clauses listing events of default or clauses regulating the early termination of a loan). Such case law is not static and has changed over time in certain instances as a consequence of new legal developments and/or the change of position(s) of higher courts. In some instances, this lack of stable

criteria has caused a variety of different decisions by courts on similar issues throughout time and, ultimately, uncertainty among lower courts, borrowers and lenders on the outcome of the disputes.

While Spain does not follow a U.S.-style class action model, collective actions are expressly contemplated under Spanish law and are distinct from a joinder of individual claims. In a collective action, a contested contractual term may be assessed in abstract, and the resulting judgment can produce effects for the affected consumer group (potentially impacting the entire relevant portfolio), whereas joined individual claims bind only the participating consumers and still require an individualised assessment. Although there is not a strong general tradition of collective actions in Spain, they are used increasingly in the banking and financial services sector. It cannot be ruled out that a substantial number of proceedings, both individual and collective, may be brought, with outcomes varying depending on the applicable legal framework and circumstances (see 4.2.3(k) *Proposed enhancement of procedural framework for collective actions*.

(b) **Key legislation relating to unfair terms**

Many of the court decisions relating to unfair terms involve the analysis and application of requirements contained in a range of Spanish and EU legislation over the years, as applicable at the relevant time, including, in particular:

- EU Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts (as amended, the **Unfair Terms in Consumer Contracts Directive**);
- Spanish Royal Legislative Decree 1/2007, of 16 November, approving the Consolidated Text of the General Consumer and user protection law and other complementary laws (as amended, the **Consumers and Users Protection Law**, *Texto Refundido de la Ley General para la Defensa de los Consumidores y Usuarios*) which revised in a single text General Law 26/1984 of 19 July 1984 for the Protection of Consumers and Users, and the rules transposing the European Union Directives issued on matters of consumer protection, which affect the aspects regulated in that law, adjusting, clarifying and harmonising the legal texts requiring revision; and
- Spanish Act 7/1998, of 13 April, on General Contract Terms (*Ley de Condiciones Generales de la Contratación*), which establishes the incorporation control applicable to standard terms (including in business to business settings) and provides the framework for nullity of general terms that contravene mandatory rules.

In addition, the Spanish Law 5/2019 of 15 March 2019 (the **Real Estate Credit Contract Law**, *Ley de Contratos de Crédito Inmobiliario*) entered into force on 16 June 2019 and implements in Spain Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property (commonly known as the Mortgage Credit Directive). However, the Real Estate Credit Contract Law goes beyond that Directive and extends the scope of application to any natural person acting as borrower, surety or guarantor, regardless of whether he or she is a consumer or not. The Real Estate Credit Contract Law also regulates aspects not provided for in that Directive, such as the distribution of expenses associated with the contracting of loans or the regulation of lenders' early termination rights.

All the provisions of the Real Estate Credit Contract Law and its developing regulations are mandatory except where expressly provided otherwise. Acts which violate the Real Estate Credit Contract Law, as well as the waiver of the rights granted in the Real Estate Credit Contract Law, are null and void.

In accordance with its first transitory provision, the Real Estate Credit Contract Law applies to loan agreements entered into after its entry into force.

However, the provisions of the Real Estate Credit Contract Law are applicable to agreements entered into before that time if they are amended or subject to subrogation after that time. Subrogation also comprises the subrogation of the debtor due to the transfer of the mortgaged property. Accordingly, if any of the Mortgage Loans and Mortgage Security within the scope of the Real Estate Credit Contract Law were/are amended or subrogated after 16 June 2019, its provisions would apply.

The Real Estate Credit Contract Law also contemplates retroactive application of its requirements on early termination and the exercise of the debtor's right to early repayment in certain cases.

(c) **Overview of consequence of clause being declared an unfair term**

The main consequence of a clause in an agreement being declared unfair by a court is that such clause will be considered null and void. In practice, this implies that the agreement will have to be interpreted as if the clause had never been in the agreement, while the rest of the clauses in the agreement will remain binding for the parties, provided the agreement can survive without the unfair clause. However,

as indicated below, in some circumstances Spanish law will allow the agreement to be treated as including a replacement clause that is considered fair.

(d) **Early termination and/or acceleration of loan agreements**

As a general rule under Spanish law, acceleration (early termination) of loan agreements is construed restrictively. Except where otherwise required by mandatory law, Spanish courts will typically only uphold acceleration grounded on material payment default; breaches of ancillary covenants are, as a rule, insufficient to justify acceleration or foreclosure.

(1) *Post-Real Estate Credit Contract Law framework* (applying to agreements within scope of the Real Estate Credit Contract Law, executed on or after 16 June 2019, and, pursuant to its transitional regime, earlier agreements that have been novated or subrogated thereafter):

- *Mandatory thresholds and notice*: Article 24 of the Real Estate Credit Contract Law allows acceleration only if:
  - in the first half of the loan term, arrears reach at least 12 monthly instalments or 3% of the principal; or
  - in the second half, at least 15 monthly instalments or 7% of the principal;

  and, in all cases, after the lender has served a prior demand granting at least one month to cure. Any contractual clause purporting to accelerate on terms less protective than Article 24 is null and void.
- *No judicial rewriting of unfair terms*: If an acceleration clause is declared unfair, courts will not rewrite it; but instead, to preserve the contract and avoid detriment to the consumer, the mandatory regime of Article 24 of the Real Estate Credit Contract Law applies directly, where legally available.

- *Interim regime* (comprising agreements executed from 15 May 2013, the Spanish Law 1/2013 of 15 May (**Law 1/2013**) amended to 15 June 2019): Article 693.2 of Spanish Law 1/2000 of 7 January (as amended, the **Spanish Civil Procedure Law**) introduced a statutory floor of 3 missed monthly instalments (or equivalent) to require that, for a lender to accelerate a loan in full, the debtor must have failed to pay at least 3 monthly instalments or equivalent. Accordingly, any acceleration provision in a mortgage loan granted before 15 May 2013 might be considered unfair by the Spanish courts, where the debtors are 'consumers' (as defined in Article 3 of the Consumers and Users Protection Law). Spanish Supreme Court case-law (including the 11 September 2019 judgment) requires a case-by-case assessment of the seriousness and proportionality of default; in that analysis, Article 24 of the Real Estate Credit Contract Law operates as a first-order indicative benchmark and may be applied as the mandatory substitute regime where legally admissible.
- *Legacy regime* (comprising agreements executed before 15 May 2013): Spanish Supreme Court case-law 1has generally deemed unfair those acceleration clauses triggered by fewer than 3 unpaid instalments. Spanish courts assess whether the consumer's breach is essential and sufficiently serious in light of the loan's amount and duration, and whether the breach was remediable. When needed to avoid consumer prejudice, Spanish courts may preserve the contract and apply the statutory standard reflected in Article 24 of the Real Estate Credit Contract Law as the reference framework

After many cases with differing outcomes, the following is the current case law position on such early termination or acceleration clauses, reflecting a ruling of the Spanish Supreme Court on 11 September 2019 (which follows a preliminary ruling of the European Court of Justice (**ECJ**) on 26 March 2019):

- An acceleration clause which includes any breach of contract as a termination event is unfair. Subject to that, acceleration clauses in mortgage loan agreements do not constitute Substantive Unfairness, but it is necessary to assess any Formation Unfairness.
- A mortgage loan agreement cannot subsist if the enforcement of the mortgage granted as security of the loan becomes impossible or extremely difficult as a result of the elimination of the acceleration clause, as the lender would have never granted the loan if the mortgage would not be enforceable. This would result in the annulment of the entire mortgage loan agreement itself and would trigger the obligation of the debtor to reimburse the mortgage loan in full with immediate effect. This implies very unfavourable consequences for the debtor as it would have the obligation to immediately repay in full the amounts owed under the mortgage loan agreement

and lose all the enforcement protections foreseen for consumers under the mortgage special foreclosure procedural rules set out in the Spanish Civil Procedure Law.

- National courts can replace an unfair acceleration clause with an existing alternative national legal provision, being Article 693.2 of the Spanish Civil Procedure Law (see above) which has to be construed in the light of Article 24 of the Real Estate Credit Contract Law (see below) in order to determine if the acceleration by the lender is justified according to the seriousness of the debtor's default.
- The following guidance rules apply in respect of ongoing mortgage foreclosure proceedings, provided that the relevant real estate property has not been yet delivered to the acquirer after the foreclosure:
    - proceedings in which the mortgage loan was accelerated on the basis of an unfair acceleration clause declared null before Law 1/2013 entered into force must be terminated and all actions completed in the context of those proceedings shall be revoked (including the eventual award of the mortgaged property);
    - proceedings in which the mortgage loan was accelerated on the basis of an unfair acceleration clause declared null, after Law 1/2013 was in force and the default of the debtor was not compliant with the required seriousness and proportionality criteria (which as per the foregoing reasoning should be evaluated in the light of the provisions set out under Article 24 of the Real Estate Credit Contract Law) must be terminated and all actions completed in the context of those proceedings shall be revoked (again, this would include the award of the mortgaged property); and
    - proceedings in which the mortgage loan was accelerated on the basis of an unfair clause declared null, after Law 1/2013 was in force and the default of the debtor was compliant with the seriousness and proportionality criteria foreseen under Article 24 of the Real Estate Credit Contract Law can continue.

It is important to note that the Spanish Supreme Court has been careful in expressly stating that in those cases where the enforcement proceeding is to be terminated, it will be possible for the lender to file a new foreclosure action, always provided that the default of the borrower on which the new foreclosure action is based is compliant with the terms and conditions in Article 24 of the Real Estate Credit Contract Law.

Under Article 24 of the Real Estate Credit Contract Law, the lenders' right to early termination will depend on the number of unpaid loan instalments already due and payable and on the dates throughout the life of the loan in which the payment default occurs:

- If the default occurs during the second half of the term of the loan, early termination is only allowed after a default equal to 7% of the total commitments undrawn under the loan agreement. This requirement shall be deemed met if there are 15 outstanding monthly instalments or a number of outstanding instalments that means that the debtor has failed to repay an amount at least equivalent to a 15-month period.
- If the default occurs during the first half of the term of the loan, early termination is only allowed after a default equivalent to 3% of the total commitments undrawn under the loan agreement. Such percentage shall be deemed unpaid if there are 12 outstanding monthly instalments or a number of outstanding instalments that means that the debtor has failed to repay an amount at least equivalent to a 12-month period.

In addition, for the lenders to terminate a loan early, the Real Estate Credit Contract Law requires that the lender, when demanding payment, grants the borrower one month to fulfil his or her obligations and flags that the lack of payment in that timeframe will imply that full repayment of the loan shall be claimed.

These new early termination rules do not allow agreement to the contrary.

These new early termination rules also apply to agreements entered into before the entry into force of the Real Estate Credit Contract Law unless the debtor claims that the provisions on early termination in that agreement are more favourable. However, these new early termination terms will not apply to agreements that were declared to be terminated early before the entry into force of the Real Estate Credit Contract Law, regardless of whether or not foreclosure proceedings have been initiated and whether or not they have been stayed.

(e) **Early repayment fees**

As a general rule, the lender must not charge any (full or partial) early repayment fee on loans, with the following exceptions:

- For floating interest rate loans, a fee may be contractually agreed for some of the following cases (mutually exclusive):
  - during the first five years of the loan term, with a limit of 0.15% of the early repaid amount; and
  - during the first three years of the loan term, with a limit of 0.25% of the early repaid amount.
- For fixed interest rate loans, a fee may be contractually agreed for some of the following cases:
  - during the first ten years of the loan term, with a limit of 2% of the early repaid amount; and
  - subsequently, with a limit of 1.5% of the early repaid amount.

These fees are not allowed to exceed the amount of the financial loss that the lender may suffer.

The Real Estate Credit Contract Law encourages the conversion of mortgage loans contracted at floating interest rates to fixed rate loans.

Also, the Real Estate Credit Contract Law fixes lower early repayment fees in the event of novation of the applicable interest rate or subrogation of a third party in the creditor's rights, provided that this involves the application of a fixed rate in substitution of a floating rate during the rest of the term of the agreement. Therefore, if the conversion occurs within the first three years of the term of the loan, the early repayment fee can be included in the loan agreement but limited to 0.05% of the capital repaid early. On the contrary, if the conversion is carried out at a later stage, no fee may be applied.

This incentive to convert to fixed rate agreements will apply regardless of whether the contract was concluded before or after the entry into force of the Real Estate Credit Contract Law.

(f) **IRPH as a Tracker Rate**

The **IRPH** (*Índice de Referencia de los Préstamos Hipotecarios* or Mortgage Loan Reference Index) has been used as a Tracker Rate to calculate the interest rate in mortgage loans (see 12.21 *Mortgage Loans current Tracker Rate*). The IRPH was an official reference index, calculated and published by the Bank of Spain (*Banco de España*) but was abolished by Spanish Law 14/2013 of 27 September on support for entrepreneurs and their internationalisation (**Law 14/2013**) and replaced by the substitutive Tracker Rate indicated in the relevant mortgage loan agreement or, if that substitutive Tracker Rate also ceased to exist, by a specific index called the 'average index for mortgage secured loans of more than three years for the acquisition of free dwellings granted by credit entities in Spain' (*tipo medio de los préstamos hipotecarios a más de tres años, para adquisición de vivienda libre, concedidos por las entidades de crédito en España*), calculated and published by the Bank of Spain.

After many court cases with differing outcomes, the following is the current case law position on clauses that specify IRPH as the Tracker Rate:

- The ECJ decision of 12 December 2024 (C-300/23) has established (in line with the Spanish Supreme Court) that the IRPH clause does not inherently constitute Substantive Unfairness and the assessment of any Substantive Unfairness of an IRPH clause must consider the specific circumstances of each case, comparing the interest rate resulting from the IRPH clause with other market rates at the time of the loan agreement.
- Two Spanish Supreme Court judgments of 11 November 2025 (nos. 1590/2025 and 1591/2025) have systematised this approach:
  - transparency turns on the consumer's real ability to access the relevant information (in practice, clear guidance to the State Official Gazette (*Boletín Oficial del Estado*) and to Bank of Spain Circular 5/1994 may suffice), and lack of transparency does not automatically entail unfairness; and
  - unfairness must be assessed by reference to the effective price at inception (IRPH plus spread) against market rates for equivalent loans, without presuming the lender's good faith solely from the official nature of the index.

For example, on 13 July 2023, the ECJ issued a ruling regarding, amongst others, the potentially unfair nature of not applying a negative differential to a floating interest rate indexed to IRPH included in a mortgage loan agreement granted to a consumer considering the preamble of the Circular 5/1994 issued by the Bank of Spain. Similarly, the ECJ has decided that a clause which calculates IRPH using potentially unfair clauses (such as opening fees) does not inherently constitute Substantive Unfairness.

- The ECJ has ruled that it is for the Spanish national courts to determine whether the IRPH clause constitutes Formation Unfairness. The ECJ determined that such clauses should be drafted in a clear way and negotiated individually and information surrounding the IRPH was easily accessible to a reasonably informed consumer without requiring it to carry out actions assimilable to legal investigation and enabling the average consumer to understand the method of calculating the variable interest rate and to evaluate the economic implications of the IRPH clause on their financial obligation. Spanish courts need to decide on a case-by-case basis, in light of the circumstances under which the loan was granted (including the publicity and information provided at the time to the claimant by the relevant lender), whether the lender complied with the information obligations imposed by the laws implementing the Unfair Terms in Consumer Contracts Directive and the national transparency rules imposed at the time (Circular 8/1990). It is therefore possible that, upon enquiring on these issues, Spanish Courts find floating interest rate clauses indexed to IRPH included in the Loans to be unfair if the above requirements are not deemed to have been met.

  However, the ECJ has also ruled that banks were not required to deliver a full explanation of the mathematical formula or the historical evolution of the IRPH index, provided that sufficient indications were given to allow consumers to access this information published in the State Official Gazette (*Boletín Oficial del Estado*). However, the ECJ emphasised that if such indications were not provided, banks must offer a complete definition of the index and any other pertinent information, including any warnings from the Bank of Spain about the index's particularities.

- The ECJ has also ruled that if the IRPH clause is found to be unfair and therefore, null and void, the judge cannot modify the clause by adding a negative differential to remedy the imbalance (i.e. contrary to some decisions of Spanish courts that the IRPH index be replaced with EURIBOR (which is currently lower)).

  If the agreement cannot subsist without the unfair clause and is, therefore null and void, this would prevent collection/recovery of the amounts that the lender expected to be due under the mortgage loan or to enforce the mortgage loan in accordance with its stated terms (which would imply that any amounts received under the relevant mortgage loan would have to be delivered back to the debtor). This ruling emphasizes the importance of case-by-case analysis to determine the viability of IRPH-related claims, considering the specific loan agreement details and the information provided to the consumer.

While these rulings have been perceived positively by markets and financing institutions, Spanish courts may still, on a case by case basis, declare IRPH indexed clauses unfair where the transparency requirements are not met or where, at inception, the effective price (IRPH plus spread) is shown to be markedly disproportionate against market rates for equivalent loans. Although the Spanish Supreme Court's judgments of 11 November 2025 are intended to stabilise this analysis, but outcomes will continue to depend on the ECJ on IRPH clauses specific contractual and informational context.

(g) **Interest rate floor clauses**

Interest rate floor clauses set a minimum interest rate for Loans.

The Spanish Supreme Court declared in a landmark decision on 9 May 2013 that certain interest rate floor clauses shall be deemed as null and void on a prospective basis (i.e. lenders were only required to reimburse borrowers for additional interest paid after that date). However, the ECJ later ruled in December 2016 that the nullity of floor clauses should have full retroactive effect, thus requiring lenders to reimburse all excess amounts charged since the loan's origination (and this has been followed by the Spanish Supreme Court) leading to numerous claims by debtors for reimbursement.

In addition, by a decision dated 9 July 2020, the ECJ allowed consumers to enter agreements with lenders confirming the validity of floor clauses and waiving legal actions, provided consumers were aware of the clause's non-binding nature and its consequences. National courts must determine if there was genuine negotiation and if consumers understood the financial implications of such settlement

agreement. Consumers can waive the right to challenge the original floor clause if done with informed consent but cannot waive future legal actions regarding amended clauses. The Spanish Supreme Court confirmed on 5 November 2020 that such agreements are valid if consumers are duly informed and the waiver pertains only to claims related to the floor clause.

Since the end of 2016, the interest rate floor clauses in respect of the Loans entered into with debtors who qualify as consumers are not being applied. However, interest rate floor clauses included in mortgage loans entered into with debtors who did not qualify as consumers (therefore not protected under the Unfair Terms in Consumer Contracts Directive) were not disapplied.

(h) **Default interest**

With effect from 15 May 2013, Law 1/2013 of 14 May 2013 on measures to reinforce protection of mortgage debtors, debt restructuring and social leases (**Law 1/2013**) amended Article 114 of the Spanish Decree of 8 February 1946 (approving the official drafting of the Spanish mortgage law), default interest on mortgage loans granted for the acquisition of a debtor's principal residence and secured by a mortgage on such property shall not exceed 3 times the legal interest rate (*interés legal del dinero*, being a rate published by the Bank of Spain for the purpose of calculating the amount which must be paid in relation to the default of payment obligations (by the borrowers), generally applicable in cases where such rate has not been agreed between the parties) and will only accrue on the principal pending payment.

However, if a debtor provides evidence of being at risk of social exclusion, the above 3 times limitation does not apply and is replaced by the aggregate of the ordinary interest rate under the relevant mortgage loan plus 2% (being the maximum default interest set out in Article 4 of Royal Decree 6/2012, of 9 March 2012, on urgent measures to protect mortgagors without resources, as amended by, among others, Law 1/2013 (the **RD 6/2012**)).

Therefore, mortgage loans granted after 15 May 2013 should include such limitation on the default interest (and, on the contrary, mortgage loans granted before such date may contain default interest provisions that do not comply with the above limitation). The three times limitation will also apply to mortgage loans granted before 15 May 2013, where: (1) interest was agreed before 15 May 2013 but it accrued after 15 May 2013; and (2) although the interest accrued before 15 May 2013, it had not been paid by 15 May 2013.

The Spanish Supreme Court has ruled in several cases from 22 April 2015 onwards that clauses breaching the 3 times legal interest rate limitation were unfair (and, therefore, null and void) in loans entered into by consumers (as defined in Article 3 of Consumers and Users Protection Law).

The consequence of these interest provisions being declared unfair is that the lender is not entitled to collect any default interest whatsoever and any defaulted interest already collected must be returned to the debtors.

The Real Estate Credit Contract Law provides that in loans or credit facilities concluded by individuals and backed by a mortgage on real estate properties for residential use, default interest will be calculated in any case by adding 3 percentage points to the ordinary interest. This interest can only accrue on the due and payable principal amount of the loan and cannot be capitalised. This rule does not allow agreement to the contrary.

(i) **Changes in interest rate**

The Real Estate Credit Contract Law establishes that the interest rate may not be altered to the detriment of the borrower during the term of the contract, except by mutual written agreement. In any case, in floating interest rate transactions, a downward limit to the floating interest rate cannot be set, although the interest paid on these transactions cannot be negative.

(j) **Allocation of expenses, costs and taxes**

After many court cases with differing outcomes, the following is the current case law position on clauses allocating certain costs, expenses and taxes on debtors:

- *Notarial fees and agency fees* – The Spanish Supreme Court has confirmed that the lender must reimburse 50% of the notarial fees and agency fees.
- *Registry fees* – The Spanish Supreme Court has confirmed that registry fees have to be paid in full by the lender (i.e. it must reimburse 100% of these fees).
- *Upfront fees* - In addition, on 16 March 2023, the ECJ issued a ruling confirming that upfront fees borne by borrowers in relation to the granting of the mortgage loans are not considered to

be an essential element of the agreement and may therefore be claimed by borrowers for reimbursement.

- *Agency fees* – The Spanish Supreme Court has ruled that agency fees are to be paid in full by the lender.
- *Taxes* – Royal Decree-Law 17/2018 of 8 November (**RDL 17/2018**) amended the Consolidated Text of the Law on Transfer Tax and Stamp Duty (*Ley del Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*), approved by the Royal Legislative Decree 1/1993 of 24 September, to require that the lender be liable for taxes deriving from the granting of the mortgage deeds.

  On 23 January 2019, the Spanish Supreme Court issued a ruling confirming the exclusion of stamp duty from the amounts required to be reimbursed to consumers, but this does not apply to mortgage loans entered into after 10 November 2018 (being when RDL 17/2018 came into force).

The ECJ decision of 16 July 2020 decided (in line with decisions issued by the Spanish Supreme Court) that, in principle, a contractual clause allocating expenses to the consumers which is declared unfair is treated as having never existed and, therefore, the national courts shall apply the provisions of national law which regulate the allocation of expenses. The ECJ stated that if these provisions result in the debtor being liable for all or part of these expenses, neither Article 6(1) nor Article 7(1) of the Unfair Terms in Consumer Contracts Directive precludes the consumer from being refused reimbursement of that part of the costs which he/she has to bear.

Although the Spanish Supreme Court's ruling on 24 July 2020 states that the ECJ's decision confirmed the Spanish Supreme Court's position in a ruling dated 23 January 2019, the ECJ decision could lead to disputes before the Spanish courts since the allocation of expenses provided for in the Spanish Supreme Court ruling dated 23 January 2019 may be considered to be inconsistent with the provisions of national law. Accordingly, it is possible that certain debtors may make a claim to be reimbursed the amounts paid as a consequence of the application of these clauses.

Additionally, the Real Estate Credit Contract Law requires the allocation of expenses between lender and borrower to be as follows in relation to agreements to which it applies:

- Property valuation costs: to be paid by the borrower.
- Management paralegal fees: to be paid by the lender.
- Notary fees for the mortgage loan deed: to be paid by the lender.
- Charge for notarial copies: to be paid by the person requesting them.
- Land Registry fee: to be paid by the lender.
- Stamp Duty: in accordance with the applicable tax legislation (which generally attributes the status of taxpayer to lenders). However, if during the term of the loan one or more subrogations take place, in accordance with Law 2/1994 of 30 March on Subrogations and Amendments of Mortgage Loans, the subrogee lender must be reimbursed by the subrogor for the proportional part of the tax and the expenses corresponding to him at the time the loan is granted.

(k) **Arrangement fees**

An arrangement fee clause regulates the remuneration of certain services necessary for the examination, constitution and personalised processing of an application for a loan.

Judgements of the Spanish Supreme Court on 23 January 2019 and 29 May 2023 and the ECJ on 16 July 2020 and 16 March 2023 have indicated that, to assess whether an arrangement fee clause is valid, it is necessary to: (1) enable the consumer to assess the economic consequences of the clause and whether the consumer is able to understand the nature of the services provided in return for the charges provided for in the clause; (2) verify that there is no overlap between the different charges provided for in the contract or between the services they compensate for; (3) check that the lender has provided the mandatory information in accordance with national regulations and whether it has included it in its prior offer or advertising in relation to the type of contract concluded; (4) assess the attention which the average consumer pays to an arrangement fee clause, insofar as it requires the full payment of a substantial amount from the moment the loan or credit is granted and (5) assess whether it is proportional to the loan amount.

Lack of transparency does not in itself render the arrangement fee null, but it triggers a content review focused on whether a genuine service was actually provided, whether there is any duplication of charges for the same cost or service, and whether the fee is proportionate to the loan amount. In the absence of a real service or where there is duplication, Spanish courts have deemed such fees unfair.

In relation to Loans to which the Real Estate Credit Contract Law applies: Article 14.3 of that Law requires that fees may only be charged for services related to loans that have been firmly requested or expressly accepted by a borrower or potential borrower and if they relate to services actually provided or expenses incurred that can be substantiated; and Article 14.4 of that Law requires that the arrangement fee shall be payable only once.

(l) **Collection fees**

The Spanish Supreme Court judgment on 25 October 2019 established that a collection fee clause, which compensates the lender for the costs incurred in pursuing a consumer's non-payment of instalments, would not to be considered unfair if: (1) the existence of effective collection efforts before the consumer; (2) it can only be applied once for each default, regardless of the number of efforts; (3) it consists of a single amount (as percentage rates are not allowed); and (4) it cannot be applied automatically.

(m) **Conversion of real estate loans into foreign currency**

The Real Estate Credit Contract Law gives the borrower a right to convert mortgage loans to an alternative currency, which may be:

- the currency in which the borrower earns most of the income or in which the borrower has most of the assets, as indicated at the time of the most recent credit worthiness assessment for the loan agreement; or
- the currency of the member state in which the borrower was resident on the date the loan agreement is granted or is resident at the time the borrower requests the conversion.

The borrower needs to opt for one of these alternatives at the time of requesting the conversion. The exchange rate to be used is that in force as published by the ECB on that date, unless otherwise contractually agreed.

A borrower which is not a consumer may agree on a system for limiting the exchange rate risk to which that borrower is exposed, instead of the right to request conversion.

Where the borrower is a consumer, any breach of these requirements entitles the borrower to require the agreement to be amended so that it is deemed to have been granted from the outset in the currency in which he or she earns the bulk of his or her income.

(n) **Tying practices**

The Real Estate Credit Contract Law, with some exceptions, generally prohibits tying practices (i.e. where, in order to subscribe for the loan, the purchase of other differentiated products or services is required). However, the Bank of Spain is authorised to lay down criteria for the uniform application of the practices relating to permitted tied selling by means of a circular. The competent authorities (i.e., the Bank of Spain or the competent body of each Spanish region) may authorise specific tied sales when it is demonstrated that the products jointly offered represent a clear benefit to the borrowers. Any contract tied to a loan that does not comply, to the detriment of the borrower, with the requirements of the Real Estate Credit Contract Law will be null and void. The nullity of loan clauses affecting tied products does not imply the nullity of the loan.

As an exception to the foregoing, the borrower may be required to take out an insurance policy guaranteeing compliance with the obligations under the loan, an insurance policy for damage to the real estate property and any others, as established in mortgage loan legislation. The lender is obliged to accept alternative policies with levels of coverage equivalent to those already proposed by the lender without this leading to a worsening of the terms and conditions of the loan.

Likewise, and provided that they serve as collateral for the loan, the loan may be linked to the borrower, spouse, common-law partner or relative by consanguinity or affinity up to the second degree contracting certain financial products.

Subject to the limits foreseen in the Real Estate Credit Contract Law, bundling practices (i.e., those offers of a loan and other differentiated products or services when the loan is also offered separately) are permitted. Notwithstanding this, the lenders are obliged to present, as a transparency measure, two budgets: one that includes the loan and the rest of the products combined and the other separately.

See 4.5.3 *Risks arising from regulation of contract terms of certain Loans* for some risks relating to the above.

11.8.2 Other general Spanish law considerations

(a) **Force Majeure**

Spanish law recognises the doctrine of force majeure (*fuerza mayor*), permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of such contractual obligation. However, the doctrine can be waived by the parties contractually.

(b) **Set-off**

Under Spanish law, Debtors having a credit right against the lender of record may exercise their right of set-off in respect of any amounts due to the lender of record under the Loans provided that the legal requirements to set-off are met. The requirements to set-off are contemplated in Articles 1,195 to 1,202 of the Spanish Civil Code, which in summary requires the existence of mutual obligations that are due, liquid and payable and not subject to any dispute.

(c) **Compulsory purchase**

Any property in Spain may at any time be compulsorily acquired by, among others, a public authority or governmental department on public interest grounds (for example, a proposed redevelopment or infrastructure project).

Under the legal rules relating to compulsory purchase, the owners and occupiers of a property subject to a compulsory purchase proposal will be entitled to receive a market value based price for the property (*justiprecio*). Beneficiaries of security (*in rem* rights) over the property (e.g. the mortgagees) will be summoned to the expropriation proceeding to allow them to uphold their interests in the property.

11.8.3 Housing regulation

Law 12/2023 of 24 May, for the right to housing (the **Spanish Housing Law**), became effective on 26 May 2023 and aims to regulate certain aspects, such as establishing a set of duties and burdens for owners, public aids for housing, strengthening of protective measures for vulnerable tenants in an eviction process and extension of such protection to certain occupants, creation of a housing stock for vulnerable people or limitation to rental levels under leases in specific 'rental-stressed' areas and, in addition, **Spanish Autonomous Communities** (*Comunidades Autónomas*) (being, as applicable, Catalonia, Valencia, Andalusia or Madrid) have had certain legislative powers transferred to them and some have developed protective measures that may be applicable at a regional level. This section includes summaries of the main measures as relevant to the Transaction, being:

- the letting of Mortgage Properties by the relevant Debtor or, following foreclosure, by the REO Holder;
- the foreclosure process in relation to Mortgage Loans and their related Mortgage Security; and
- the holding of Mortgage Properties by the REO Holder and management by the REO Asset Servicer.

(a) **Stressed housing market areas - SHMAs**

The Spanish Housing Law permits a Spanish Autonomous Community to declare an area as a 'stressed housing market area' (*zonas de mercado residencial tensionado*) (**SHMA**) when: (1) the average burden of the cost of the mortgage or of the lease rent on the personal or household budget, plus basic expenses and supplies, exceeds 30% of the average income of the households;; and (2) the purchase or rental price of the dwelling has experienced in the 5 years prior to the declaration as a SHMA, a percentage of accumulated growth at least 3 percentage points higher than the percentage of accumulated growth of the consumer price index of the corresponding Spanish Autonomous Community. As at the date of this Prospectus, several autonomous communities, including Catalonia (Catalonia, Vasque Country, Navarra and Galicia) have declared SHMAs in different municipalities.

An area will remain a SHMA for an initial period of three years, which may be extended indefinitely on an annual basis if the requirements for being a SHMA are still in existence.

(b) **Large Property Holders**

In addition, the Spanish Housing Law defines a 'large property holder' (*grandes tenedores*) (**Large Property Holder**) as an individual or legal entity that owns more than 10 dwellings (or, if the Spanish Autonomous Community so decides (and Catalonia has so decided), more than 5 dwellings) or 1,500 sqm of residential gross leasable area, excluding storage rooms and parking spaces.

(c) **Rent control**

For new leases with residential purposes in respect of a dwelling in a SHMA:

- The rent of the new lease will have to be the same as the last rent under the lease in force in the last 5 years, but updated pursuant to the annual indexation methodology agreed on such former lease (and without passing to the tenant any additional costs or expenses not agreed in the former lease), except for the possibility of increases of up to 10% in certain cases (such as when the residential unit has undergone certain improvement works or when the agreement is signed, initially or through mandatory extensions for the landlord, for 10 years or more).
- When the landlord is a Large Property Holder, the rent of the new lease may not exceed the maximum rent limit applicable to the relevant SHMA in accordance with the national reference rental price index (*Sistema Estatal de Referencia de Precios de Alquiler de Vivienda*) which became effective from 16 March 2024 and taking into account the conditions and characteristics of the rented dwelling and the building in which it is located.

  That limitation also applies, regardless of whether or not the landlord is a Large Property Holder or not, to any new lease agreements entered into in respect of the relevant dwelling where it has not been subject to any lease agreement in the last 5 years, provided that this requirement is, subject to certain technical requirements, indicated in the formal declaration creating that SHMA.
- During the term of the lease, the rent may only be adjusted by the landlord or the tenant on the anniversary date of the lease, in accordance with the terms agreed upon by the parties. In the absence of an express agreement, no rent adjustment shall apply to the lease.
- In the event of an express agreement between the parties regarding a mechanism for adjusting the rent that does not specify the reference index or methodology, the rent shall be adjusted for each annual period based on the annual variation of the Competitiveness Guarantee Index as of the date of each adjustment using the latest publication of that Index at that time.
- In any case, the increase resulting from the annual rent adjustment may not exceed the result of applying the percentage change in the Consumer Price Index as of the date of each adjustment, using as the reference month for the adjustment the month corresponding to the latest index published on the contract's adjustment date.
- The updated rent shall be payable by the tenant starting from the month following that in which the interested party notifies the other party in writing, stating the percentage change applied and, if the tenant so requests, attaching the appropriate certification from the National Institute of Statistics.

(d) **Lease term extensions**

The term of a lease may be freely agreed by the parties. If the term is less than 5 years, or less than 7 years if the landlord is an entity, upon the expiration of the lease, it will automatically extend for 1 year terms until the lease reaches a minimum duration of 5 years, or 7 years if the landlord is a entity, unless the tenant notifies the landlord, at least 10 days prior to the last day of the initial or, as applicable, extended term, of the tenant's intention not to renew it.

If, upon the expiry of the term (including any extension), after the lease has been in effect for at least 5 years, or 7 years if the landlord is a entity, the landlord has not given at least 4 months advance notice and the tenant has not given at least 2 months advance notice of their intention not to renew it, the lease shall be automatically extended for annual terms up to a maximum of 3 additional years, unless the tenant notifies the landlord 1 month prior to the expiration date of any such additional annual term of the tenant's intention not to renew the lease.

Upon request by the tenant, an extraordinary extension of the lease term may be granted for a maximum period of 1 year, during which the terms and conditions established for the current lease will continue to apply. This request for an extraordinary extension will require the tenant to provide proof of a situation of social and economic vulnerability based on a report or certificate issued within the last year by municipal or regional social services, and must be accepted by the landlord when the landlord is a Large Property Holder, unless a new lease agreement has been signed between the parties.

Additionally, for lease agreements with residential purposes already executed and located in a SHMA, after the mandatory extension period (5 years for individual landlords or 7 years if the landlord is an entity) or the subsequent tacit extension of 3 years has expired, the lessee may extend the lease annually up to 3 years under the same terms, regardless of whether the landlord is a Large Property Holder or not.

(e) **Pre-emption and redemption rights**

Some Spanish Autonomous Communities (being Catalonia, Valencia, Madrid and Andalucia) have enacted laws which, subject to differing details and circumstances, grant themselves pre-emption and redemption rights which give them priority rights to acquire dwellings which, for example, are being sold as a result of mortgage foreclosures, mortgage debt compensation agreements (*dación en pago de deuda con garantía hipotecaria*) or out of court arrangements with non performing debtors. These laws are intended to allow these dwellings, following aquisition by the relevant Spanish Autonomous Community to be made available for public housing.

Accordingly, there may be a risk that where the REO Holder is seeking to sell a REO which is subject to such laws, the sale of that REO is subject to a pre-emption right and/or a redemption right by the relevant Spanish Autonomous Community which might result in delays in the recovery and amount of net sale proceeds amounts.

(f) **Empty dwellings**

Additionally, outside the SHMAs, the Spanish Housing Law seeks to incentivise the availability of more dwellings, with reduced rents (with less scope to challenge rents), through favourable tax treatment (e.g. tax deductions on the net personal income obtained from residential leases, the reductions ranging from 50% to 90% depending on certain parameters) through the modification of the Regulatoy Law of Local Public Treasuries approved by Royal Decree 2/2004.

The Spanish Housing Law also seeks to discourage the holding of unoccupied 'empty dwellings', being those that remain unoccupied continuously and without cause for more than 2 years. In these cases, the property tax (*impuesto sobre bienes inmuebles*) may be increased between 50% and 150% depending on the vacancy length, and the number of unoccupied dwellings owned by the same owner. This should not apply to the REO Holder as it is not an individual.

However, in addition, some Spanish Autonomous Communities (being Catalonia, Valencia and Andalucia) have enacted laws which, subject to differing details and circumstances, provide a range of rights and powers against the owner of one or more dwellings which are considered by those laws to be empty dwellings and are not complying with the requirements of those laws. This includes rights and powers to, among other things, instruct proceedings to ascertain whether the dwellings are not complying with the requirements; notifying the persons responsible to correct this situation within a specified period; impose fines for non-compliance and apply additional taxes in respect of the relevant dwellings.

In the case of Catalonia and Valencia, those rights and powers include, subject to differing details and circumstances, the right to appropriate the use of the dwellings to the provision of public housing for up to 7 years (expropriation of the use, not the ownership of the dwellings).

Also, from 2015 Catalonia introduced a tax on entities owning residential properties located in certain designated municipalities in Catalonia which are vacant for more than 2 years without proper cause. The tax is payable yearly and is calculated on the total square metres of the vacant properties, with the rate of tax increasing in bands, ranging from €13.30 for the lowest band of 5,000 square metres (after a 150 square metre exempt band) to €39.90 per square metre for the highest band, being any excess over 40,000 square metres.

Accordingly, there may be a risk that where the REO Holder is seeking to sell a REO, it may be an empty dwelling which is subject to such laws (although the REO Asset Servicer will have an obligation under the REO Asset Services Agreement to seek to avoid any non-compliance with such laws).

(g) **Mandatory social leases**

In the case of Catalonia and Valencia, in the event of foreclosure proceedings of a mortgaged property, if the circumstances of the mortgagor(s) qualify as those of social emergency and the foreclosed property is the only and permanent residence (*vivienda habitual*) of such mortgagor(s) (without any alternative residence), then the relevant entity will be obliged to offer a social lease to the mortgagor(s) (together with, in the case of Valencia, an option to purchase the property).

(h) **Evictions of tenants, mortgage foreclosures and auctions**

The Spanish Housing Law introduces significant amendments to the provisions set out in the Spanish Civil Procedural Law (*Ley de Enjuiciamiento Civil*) on tenant eviction processes, mortgage foreclosures and real estate auctions where the occupant of the property is in a situation of economic vulnerability. In general terms, the law extends the scope of protection of occupants when vulnerability criteria are identified. These modifications hinder and lengthen the applicable procedure

for owners (such as Debtors or the REO Holder) to recover or obtain, as applicable, possession of their dwellings.

In tenant eviction processes, mortgage foreclosures and real estate auctions, claimants that are Large Property Holders are obliged to indicate that the claimant is a Large Property Holder, whether the property constitutes a permanent residence of the occupant and prove whether the occupant of the property is in a situation of economic vulnerability and, if so, the claimant must also prove that it has taken part in conciliation or mediation proceedings, which will be established by the competent authorities.

In criminal proceedings brought to evict squatters (*delito de usurpación*) from a property that is not the owner's residence, if the eviction is petitioned as a precautionary measure and among those occupying the property there are dependent persons, victims of domestic violence or minors, the competent regional and local authorities will be notified so that they can adopt appropriate support and protection measures.

In addition, under the Spanish Housing Law the automatic resumption from 31 December 2025, of the eviction procedures that were suspended under RDL 11/2020, will not apply where the claimant is a Large Property Holder. Instead, the resumption of such procedures will only occur if the Large Property Holder requests and proves that it has submitted to the conciliation or mediation procedure that the Spanish public administrations establish for this purpose.

See 4.2.3(g) *Risks relating to enforcement procedures* for some risks relating to the above.

11.8.4 **Codes of Good Practices**

(a) **2012 Code of Good Practices**

The Code of Good Practices (*Código de Buenas Prácticas*) set out in the schedule to RD 6/2012 (as amended, the **2012 Code of Good Practices**) contains a set of measures applicable to eligible vulnerable borrowers which may affect the recovery of the unpaid amounts under the Mortgage Loans and the period for foreclosure of the property. Such measures may include, among others, debt restructuring arrangements involving grace periods for principal repayments, extensions of the loan maturity, reductions in the applicable interest rate during certain periods, and, where applicable, partial debt forgiveness (*quitas*). In certain circumstances and subject to the conditions established therein, the 2012 Code of Good Practices may also allow the borrower to satisfy the secured obligations through a transfer of the mortgaged property to the lender in full discharge of the debt (*dación en pago*).

(b) **2023 Code of Good Practices**

On 23 November 2022, the Spanish Government approved Royal Decree-Law 19/2022 of 22 November (**RDL 19/2022**) implementing a code of good practices to alleviate the rise in interest rates on mortgage loans on primary residences, amending RDL 6/2012.

By virtue of RDL 19/2022, as developed by the Agreement of the Council of Ministers of 22 November 2022, published in the State Official Gazette (*Boletín Oficial del Estado*) on 24 November 2022, among others, the 2012 Code of Good Practices was amended to create a new temporary code of good practices (as amended (including by Law 7/2024), the **2023 Code of Good Practices** and, together with the 2012 Code of Good Practices, the **Codes of Good Practices**) pursuant to which Debtors were entitled to request the application of certain relief measures (subject to the Debtor's compliance with the requirements therein) no later than 23 November 2025 (or 24 May 2026 for the DANA Affected Debtors, see 11.8.5 *Measures to address damage caused by DANA*). As both such deadlines have now passed, applications under the 2023 Code of Good Practices are no longer available.

The 2023 Code of Good Practices is limited in scope to individuals who are borrowers of residential mortgage loans granted prior to 31 December 2022, whose acquisition price does not exceed €300,000 and who are deemed vulnerable in accordance with the subjective criteria set out in the Agreement of the Council. Subject to the eligibility requirements, borrowers could request among others:

- the extension of the term of the relevant Mortgage Loan for up to 7 (subject to the total term of the loan following the extension being no more than 40 years); or
- the conversion of the Mortgage Loan from a floating interest rate to a fixed interest rate mortgage loan (subject to the market rates offered by the relevant lender at that time).

Moreover, the Codes of Good Practice include, among other things, the granting of grace periods for certain borrowers.

As of the Provisional Portfolio Date, the Loan Principal Balance of the Mortgage Loans which (1) benefit from the application of an outgoing grace period amounted to €1,313,645.41; and (2) do not benefit from an ongoing grace period amounted to €559,147,930.17.

As of the date of this Prospectus, the Asset Title Holder has acceded to the 2012 Code of Good Practices and the relief measures contained therein may be applied to eligible Debtors by the Asset Title Holder and the Asset Special Servicer in accordance with the Asset Services Agreement. While the 2023 Code of Good Practices is no longer in force, the relief measures contained therein may have been applied to eligible Debtors by the Asset Title Holder.

See 4.2.3(g) *Risks relating to enforcement procedures* for some risks relating to the above.

11.8.5 **Measures to address damage caused by DANA**

In response to the high altitude isolated depression (*depresión aislada en niveles altos*) between 28 October and 4 November 2024 (**DANA**), on 5 November 2024 the Government of Spain approved Royal Decree-Law 6/2024 (as amended by virtue of Royal Decree-law 8/2024 of 28 November, **RDL 6/2024**), which introduced several urgent measures to address the impact of damages caused by DANA on specific municipalities. In addition, on 11 November 2024, the Government of Spain approved Royal Decree-Law 7/2024 (**RDL 7/2024**), which adopted further urgent measures with respect to the immediate response, reconstruction and revitalisation following the DANA.

Collectively, these measures include financial aid, tax relief and social security measures for individuals and businesses impacted by the DANA, including a suspension of interest and principal payments under loans and credits, whether secured by mortgage or not (i.e. a moratorium of principal and interest for a period of 3 months, followed by an extension of the moratorium on principal repayment for an additional period of 9 months).

See 4.2.3(g) *Risks relating to enforcement procedures* for some risks relating to the above.

11.8.6 **Credit servicers and credit purchasers**

The draft bill of administrators and credit purchasers (*anteproyecto de ley de administradores y compradores de créditos*) (the **Credit Servicers and Credit Purchasers Bill**), which proposes to amend, among others, Law 16/2011 of June 24 on consumer credit agreements, and the Real Estate Credit Contract Law, has been approved by the Council of Ministers and has begun its parliamentary approval process with a public hearing.

The Credit Servicers and Credit Purchasers Bill regulates, in its second final provision, certain amendments to Real Estate Credit Contract Law, including:

(a) lenders must have debt renegotiation policies for all types of debtors (such as, among others, extensions of maturity dates, deferral of payment of all or part of the instalments, interest rate reduction, offering grace periods, partial repayment, currency conversion or partial forgiveness, and debt consolidation) approved by the highest governing body, aimed at reasonably reaching renegotiated agreements before demanding full repayment or resorting to legal actions (although the current text of the Credit Servicers and Credit Purchasers Bill does not specify whether there are minimum standards to be followed);

(b) offering borrowers in a situation of economic vulnerability the possibility of repaying the loan or credit by paying an amount resulting from applying a write-off or partial forgiveness to the prematurely matured debt, aligned with the estimated amount that could be obtained from a sale to a third party, prior to the sale or assignment of the matured loan (among other matters);

(c) in the event of an assignment of credit rights or contractual position, the borrower may assert against the new holder, borrowers the same exceptions and defences that they had against the original lender, including set-off;

(d) obligations arising from customer protection and transparency regulations, particularly those of Real Estate Credit Contract Law, will be fully transferred to the third-party assignee, and the codes of good practice to which the assignor adhered will continue to apply; and

(e) certain pre-information obligations regarding the modification of credit contract terms following such assignment (including set-off).

12. Provisional Portfolio summary data

The Mortgage Certificates and Non-Mortgage Loan Sub-participations to be sold to the Issuer on the Closing Date will be in respect of the Loans and (as applicable) their Mortgage Security in the Provisional Portfolio (see 5.3.1 *Features of the Provisional Portfolio*) excluding each such Loan and Mortgage Security which has been fully redeemed and/or discharged before the Closing Date.

The statistical and other information contained in this Prospectus relating to the Provisional Portfolio (including, without limitation, the table in 5.3.1 *Features of the Provisional Portfolio* (which provides some selected aggregated figures) and the tables in this section 12 (which give further selected information)) (the **Provisional Portfolio Data**) has been compiled by reference to the Provisional Portfolio as at the Provisional Portfolio Date. The characteristics of the Loans and (as applicable) their Mortgage Security relating to the Mortgage Certificates and Non-Mortgage Loan Sub-participations in the Portfolio to be sold to the Issuer on the Closing Date will differ from those indicated by the Provisional Portfolio Data as a result of, among other things, repayments and redemptions of the Mortgage Loans from the Provisional Portfolio Date to the Closing Date.

The Provisional Portfolio Data has been extracted from information provided by the Asset Special Servicer (which information has been subject to rounding and therefore columns of percentages may not add up to 100%). None of the Provisional Portfolio Data has been the subject of an audit and neither the Asset Special Servicer, the Seller nor any other Transaction Party is providing any representations or warranties in respect of the Provisional Portfolio Data.

Provisional Balance means in relation to a Loan in the Provisional Portfolio, the Loan Principal Balance of that Loan as at the Provisional Portfolio Date. Investors should note that all of the statistical information which relates to, or is calculated by reference to, the Loan Principal Balance, aggregate Loan Principal Balance or aggregate Provisional Balance in respect of the Provisional Portfolio as of the Provisional Portfolio Date in the tables below include an element of accrued interest and fees.

All of the Loans forming part of the Provisional Portfolio were originated in the period between January 1992 and February 2026, with the latest scheduled maturity of any Mortgage Loan in the Provisional Portfolio being not later than 31 August 2065.

The Issuer confirms that the assets 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 to carefully review this Prospectus together with any amendments or supplements thereto.

Pool Stratification

12.1 Stratification summary

Characteristics	Total
Total original Loan Principal Balance - all Loans	€815,883,274
Total original Loan Principal Balance - Mortgage Loans	€765,545,955
Total original Loan Principal Balance - Non-Mortgage Loans	€50,337,318
Total Loan Principal Balance - all Loans	€600,060,247
Total Loan Principal Balance - Mortgage Loans	€560,461,576
Total Loan Principal Balance - Non-Mortgage Loans	€39,598,671
Total number of Loans	7,458
Total number of Mortgage Loans	5,424
Total number of Mortgage Properties	5,425
Average Loan Principal Balance of Mortgage Loans	€103,330
Maximum Loan Principal Balance of Mortgage Loans	€968,838
Minimum Loan Principal Balance of Mortgage Loans	€176
Weighted average original loan to value of Mortgage Loans (by Loan Principal Balance)	77.76%
Weighted average indexed current loan to value of Mortgage Loans (by Loan Principal Balance)	64.56%
Weighted average seasoning of Mortgage Loans (Months, by Loan Principal Balance)	221.10
Weighted average remaining term of Mortgage Loans (Months, by Loan Principal Balance)	306.50
Less than 60 months since restructuring of Mortgage Loans (by Loan Principal Balance)	68.70%
Weighted average current interest rate of Mortgage Loans (by Loan Principal Balance)	3.09%
Tracker Rate Mortgage Loans (by Loan Principal Balance)	64.72%
Weighted average current interest rate margin of Tracker Rate Mortgage Loans (by Loan Principal Balance)	1.42%
Mortgage Loans where Mortgage Property is in Barcelona (by Loan Principal Balance)	26.56%
Performing Mortgage Loans (by Loan Principal Balance)	44.50%
Mortgage Loans 1 or more months in arrears (by Loan Principal Balance)	55.50%
Mortgage Loans 3 or more months in arrears (by Loan Principal Balance)	15.14%
Mortgage Loans with active grace period (by Loan Principal Balance)	0.23%
Restructured Mortgage Loans (by Loan Principal Balance)	92.00%

12.2 Originators

Originator	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
BBVA and the BBVA Integrated Entities	5,424	100.00%	560,461,576	100.00%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.3 Mortgage Loans by original Loan Principal Balance

Mortgage Loans original Loan Principal Balance range (€)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 50,000	605	11.15%	21,215,920	3.79%
>= 50,000 < 100,000	1,423	26.24%	78,743,935	14.05%
>= 100,000 < 200,000	2,251	41.50%	241,873,231	43.16%
>= 200,000 < 300,000	852	15.71%	142,554,162	25.44%
>= 300,000 < 400,000	215	3.96%	50,462,089	9.00%
>= 400,000 < 500,000	53	0.98%	15,640,693	2.79%
>= 500,000 < 600,000	7	0.13%	2,491,982	0.44%
>= 600,000 < 700,000	10	0.18%	3,550,758	0.63%
>= 700,000 < 800,000	4	0.07%	2,105,002	0.38%
>= 800,000 < 900,000	2	0.04%	740,731	0.13%
>= 900,000 < 1,000,000	0	0.00%	0	0.00%
>= 1,000,000	2	0.04%	1,083,073	0.19%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum	€410.00
Maximum	€2,430,000.00
Average	€141,140.48

12.4 Mortgage Loans by current Loan Principal Balance

Mortgage Loans Loan Principal Balance range (as at the Provisional Portfolio Date) (€)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 50,000	1,388	25.59%	39,233,390	7.00%
>= 50,000 < 100,000	1,560	28.76%	116,641,968	20.81%
>= 100,000 < 200,000	2,003	36.93%	280,634,305	50.07%
>= 200,000 < 300,000	392	7.23%	93,145,266	16.62%
>= 300,000 < 400,000	61	1.12%	20,529,017	3.66%
>= 400,000 < 500,000	12	0.22%	5,145,284	0.92%
>= 500,000 < 600,000	4	0.07%	2,219,884	0.40%
>= 600,000 < 700,000	3	0.06%	1,943,623	0.35%
>= 700,000 < 800,000	0	0.00%	0	0.00%
>= 800,000 < 900,000	0	0.00%	0	0.00%
>= 900,000 < 1,000,000	1	0.02%	968,838	0.17%
>= 1,000,000	0	0.00%	0	0.00%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum	€175.71
Maximum	€968,838.37
Average	€103,329.94

12.5 Mortgage Property original valuation (loan level)

Mortgage Property original valuation (loan level) range (€)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 50,000	106	1.95%	3,742,197	0.67%
>= 50,000 < 100,000	666	12.28%	31,676,052	5.65%
>= 100,000 < 200,000	1,985	36.60%	158,236,876	28.23%
>= 200,000 < 300,000	1,262	23.27%	156,765,759	27.97%
>= 300,000 < 400,000	484	8.92%	75,577,886	13.48%
>= 400,000 < 500,000	196	3.61%	36,714,623	6.55%
>= 500,000 < 600,000	91	1.68%	19,318,143	3.45%
>= 600,000 < 700,000	37	0.68%	8,312,936	1.48%
>= 700,000 < 800,000	14	0.26%	3,276,639	0.58%
>= 800,000 < 900,000	15	0.28%	5,262,244	0.94%
>= 900,000 < 1,000,000	5	0.09%	2,051,978	0.37%

Mortgage Property original valuation (loan level) range (€)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 1,000,000	13	0.24%	4,145,342	0.74%
No data	550	10.14%	55,380,900	9.88%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.6 Mortgage Loans by original loan to value (loan level)

Mortgage Loans by original loan to value (loan level) range (%) *	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0.00% < 10.00%	42	0.77%	1,970,957	0.35%
>= 10.00% < 20.00%	115	2.12%	5,302,819	0.95%
>= 20.00% < 30.00%	167	3.08%	9,425,662	1.68%
>= 30.00% < 40.00%	233	4.30%	13,842,662	2.47%
>= 40.00% < 50.00%	340	6.27%	26,830,543	4.79%
>= 50.00% < 60.00%	495	9.13%	50,236,485	8.96%
>= 60.00% < 70.00%	646	11.91%	69,816,699	12.46%
>= 70.00% < 80.00%	1,473	27.16%	164,678,288	29.38%
>= 80.00% < 90.00%	719	13.26%	84,945,868	15.16%
>= 90.00% < 100.00%	348	6.42%	42,082,447	7.51%
>= 100.00%	846	15.60%	91,329,145	16.30%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum *	2.59%
Maximum *	406.84%
Weighted Average *	77.76%

* Original Loan to value is capped at 100% for Loans with no original valuation data available.

12.7 Mortgage Property current valuation (loan level)

Mortgage Property current valuation (loan level) range (as at the Provisional Portfolio Date), as determined by the most recently available appraisals by the Legal Title Holder (€)*	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 50,000	179	3.30%	8,237,553	1.47%
>= 50,000 < 100,000	1,100	20.28%	67,261,207	12.00%
>= 100,000 < 200,000	2,541	46.85%	240,492,543	42.91%
>= 200,000 < 300,000	996	18.36%	130,847,522	23.35%
>= 300,000 < 400,000	352	6.49%	58,446,019	10.43%
>= 400,000 < 500,000	143	2.64%	28,497,933	5.08%
>= 500,000 < 600,000	60	1.11%	12,309,004	2.20%
>= 600,000 < 700,000	22	0.41%	5,097,553	0.91%
>= 700,000 < 800,000	10	0.18%	2,491,621	0.44%
>= 800,000 < 900,000	12	0.22%	3,245,776	0.58%
>= 900,000 < 1,000,000	5	0.09%	2,189,224	0.39%
>= 1,000,000	4	0.07%	1,345,620	0.24%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

* For the purposes of allocating Mortgage Property valuations at Loan level, the valuation amount represents the sum of the relevant *pro rata* Mortgage Property valuations, calculated by reference to the Loan ID and the lien seniority of each Loan at Mortgage Property level.

12.8 Mortgage Loans by current loan to value (loan level)

Mortgage Loans by current loan to value (loan level) range (%) *	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0.00% < 10.00%	253	4.66%	3,205,068	0.57%
>= 10.00% < 20.00%	380	7.01%	11,842,410	2.11%
>= 20.00% < 30.00%	430	7.93%	21,379,590	3.81%
>= 30.00% < 40.00%	456	8.41%	32,376,794	5.78%
>= 40.00% < 50.00%	512	9.44%	46,177,802	8.24%
>= 50.00% < 60.00%	527	9.72%	58,913,120	10.51%
>= 60.00% < 70.00%	547	10.08%	68,571,507	12.23%
>= 70.00% < 80.00%	543	10.01%	72,285,335	12.90%

Mortgage Loans by current loan to value (loan level) range (%) *	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 80.00% < 90.00%	442	8.15%	62,028,464	11.07%
>= 90.00% < 100.00%	362	6.67%	50,836,308	9.07%
>= 100.00%	972	17.92%	132,845,177	23.70%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum *	0.08%
Maximum *	150.00%
Weighted Average *	77.68%

* Calculated at connection level, taking into consideration all Mortgage Loans linked at Mortgage Property level, subject to a cap of 150%.

12.9 Mortgage Loans indexed current valuation (loan level)

Mortgage Loans indexed current valuation (loan level) range (as at the Provisional Portfolio Date) calculated using the most recent available property valuations, adjusted in line with the INE quarterly index (€)*	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 50,000	90	1.66%	4,564,148	0.81%
>= 50,000 < 100,000	686	12.65%	37,660,088	6.72%
>= 100,000 < 200,000	2,289	42.20%	191,888,918	34.24%
>= 200,000 < 300,000	1,347	24.83%	156,883,462	27.99%
>= 300,000 < 400,000	570	10.51%	83,310,593	14.86%
>= 400,000 < 500,000	218	4.02%	40,120,238	7.16%
>= 500,000 < 600,000	120	2.21%	23,009,219	4.11%
>= 600,000 < 700,000	49	0.90%	9,393,975	1.68%
>= 700,000 < 800,000	20	0.37%	4,225,415	0.75%
>= 800,000 < 900,000	10	0.18%	1,962,932	0.35%
>= 900,000 < 1,000,000	13	0.24%	3,293,824	0.59%
>= 1,000,000	12	0.22%	4,148,764	0.74%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

* For the purpose of allocating property valuations at Loan level, collateral records are sorted using the following order of priority: 1. Loan ID; 2. original valuation date; 3. lien; and 4. current valuation date. Where multiple collateral records share the same Loan ID, original valuation date and lien, the latest current valuation date is selected.

Indexed current valuations are calculated using the most recent available Mortgage Property valuations, adjusted in line with the INE quarterly index.

As some Mortgage Property valuations were undertaken before the availability of HPI data (i.e. prior to March 2007), the relevant start index is not available. In such cases, the current valuation is treated as the indexed current valuation.

12.10 Mortgage Loans by indexed current loan to value (loan level)

Mortgage Loans by indexed current loan to value (loan level) range (%) *	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0.00% < 10.00%	343	6.32%	5,076,940	0.91%
>= 10.00% < 20.00%	497	9.16%	18,751,009	3.35%
>= 20.00% < 30.00%	512	9.44%	31,909,229	5.69%
>= 30.00% < 40.00%	655	12.08%	54,262,717	9.68%
>= 40.00% < 50.00%	626	11.54%	69,585,812	12.42%
>= 50.00% < 60.00%	622	11.47%	78,382,497	13.99%
>= 60.00% < 70.00%	634	11.69%	84,743,263	15.12%
>= 70.00% < 80.00%	476	8.78%	68,177,570	12.16%
>= 80.00% < 90.00%	368	6.78%	53,536,152	9.55%
>= 90.00% < 100.00%	249	4.59%	34,494,919	6.15%
>= 100.00%	442	8.15%	61,541,469	10.98%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum *	0.06%
Maximum *	150.00%
Weighted Average *	64.56%

*Calculated considering all Mortgage Loans linked at Mortgage Property level, subject to a cap of 150%.

12.11 Mortgage Property type

Mortgage Property type	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Residential	5,221	96.26%	535,848,303	95.61%
Industrial	3	0.06%	534,466	0.10%
Commercial	53	0.98%	7,567,190	1.35%
Other	147	2.71%	16,511,616	2.95%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.12 Geographic distribution of Mortgage Properties

Area of Spain	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
A Coruña	129	2.38%	11,092,105	1.98%
Álava	4	0.07%	199,063	0.04%
Albacete	30	0.55%	2,053,272	0.37%
Alicante	436	8.04%	40,585,632	7.24%
Almería	111	2.05%	9,472,915	1.69%
Asturias	83	1.53%	6,476,110	1.16%
Ávila	13	0.24%	1,035,631	0.18%
Badajoz	74	1.36%	4,451,139	0.79%
Barcelona	1,117	20.59%	148,881,769	26.56%
Burgos	15	0.28%	1,410,304	0.25%
Cáceres	11	0.20%	644,723	0.12%
Cádiz	224	4.13%	18,431,387	3.29%
Cantabria	23	0.42%	2,377,448	0.42%
Castellón	93	1.71%	9,393,645	1.68%
Ceuta	11	0.20%	1,181,584	0.21%
Ciudad Real	59	1.09%	5,178,750	0.92%
Córdoba	69	1.27%	6,623,283	1.18%
Cuenca	22	0.41%	2,261,557	0.40%
El Hierro	163	3.01%	13,843,277	2.47%
Fuerteventura	111	2.05%	10,061,222	1.80%
Gerona	147	2.71%	17,935,412	3.20%
Gran Canaria	3	0.06%	279,135	0.05%
Granada	112	2.06%	9,709,267	1.73%
Guadalajara	17	0.31%	2,272,655	0.41%
Guipúzcoa	21	0.39%	2,946,805	0.53%
Huelva	52	0.96%	4,291,970	0.77%
Huesca	5	0.09%	475,533	0.08%
Illes Balears	11	0.20%	1,571,582	0.28%
Jaén	57	1.05%	3,858,656	0.69%
La Gomera	13	0.24%	1,609,396	0.29%
La Palma	1	0.02%	135,219	0.02%
La Rioja	17	0.31%	1,145,953	0.20%
Lanzarote	19	0.35%	1,822,502	0.33%
León	44	0.81%	2,953,822	0.53%
Lérida	100	1.84%	8,636,861	1.54%
Lugo	24	0.44%	1,265,571	0.23%
Madrid	362	6.67%	45,287,779	8.08%
Málaga	184	3.39%	19,233,123	3.43%
Mallorca	110	2.03%	14,269,428	2.55%
Melilla	11	0.20%	1,046,363	0.19%
Menorca / Ibiza / Formentera	11	0.20%	1,069,899	0.19%
Murcia	223	4.11%	19,581,078	3.49%
Navarra	21	0.39%	2,214,097	0.40%
Ourense	11	0.20%	480,640	0.09%
Palencia	8	0.15%	308,432	0.06%
Pontevedra	76	1.40%	6,515,741	1.16%
Salamanca	41	0.76%	3,336,577	0.60%
Segovia	9	0.17%	934,348	0.17%
Sevilla	211	3.89%	17,125,609	3.06%
Soria	3	0.06%	239,891	0.04%
Tarragona	206	3.80%	22,171,169	3.96%
Tenerife	17	0.31%	1,157,655	0.21%
Teruel	52	0.96%	6,778,752	1.21%
Toledo	87	1.60%	8,685,094	1.55%
Valencia	231	4.26%	23,697,635	4.23%
Valladolid	46	0.85%	4,201,945	0.75%

Area of Spain	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Vizcaya	25	0.46%	2,649,128	0.47%
Zamora	19	0.35%	1,661,177	0.30%
Zaragoza	19	0.35%	1,250,859	0.22%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.13 Mortgage Security ranking

Mortgage Security ranking	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
First ranking	5,182	95.54%	545,466,681	97.32%
Second or lower ranking	242	4.46%	14,994,895	2.68%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.14 Year of origination

Year of origination range	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
1992 – 2009	4,339	80.00%	455,549,146	81.28%
2010 – 2014	613	11.30%	61,561,908	10.98%
2015 – 2019	285	5.25%	24,393,041	4.35%
2020 – 2024	181	3.34%	18,315,943	3.27%
2025	6	0.11%	641,537	0.11%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.15 Year of Mortgage Loan scheduled maturity

Year of Mortgage Loan scheduled maturity range (as at the Provisional Portfolio Date)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
2025 – 2034	689	12.70%	18,475,099	3.30%
2035 – 2039	611	11.26%	36,380,937	6.49%
2040 – 2044	588	10.84%	49,483,331	8.83%
2045 – 2049	1,195	22.03%	133,828,074	23.88%
2050 – 2054	1,107	20.41%	145,403,541	25.94%
2055 – 2059	651	12.00%	85,880,787	15.32%
2060 or later	583	10.75%	91,009,807	16.24%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.16 Mortgage Loans seasoning

Mortgage Loans seasoning range (as at the Provisional Portfolio Date) (Months) *	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 24	38	0.70%	4,885,319	0.87%
>= 24 < 48	64	1.18%	6,305,184	1.12%
>= 48 < 72	76	1.40%	7,208,703	1.29%
>= 72 < 96	77	1.42%	6,704,032	1.20%
>= 96 < 120	112	2.06%	9,766,390	1.74%
>= 120 < 144	153	2.82%	13,247,352	2.36%
>= 144 < 168	170	3.13%	16,306,113	2.91%
>= 168 < 192	279	5.14%	28,147,674	5.02%
>= 192 < 216	733	13.51%	73,981,151	13.20%
>= 216 < 240	1,559	28.74%	196,433,687	35.05%
>= 240 < 264	1,152	21.24%	125,016,034	22.31%
>= 264 < 288	534	9.85%	41,737,266	7.45%
>= 288 < 312	261	4.81%	17,756,845	3.17%
>= 312 < 336	136	2.51%	8,408,383	1.50%
>= 336 < 360	55	1.01%	2,827,610	0.50%
>= 360	25	0.46%	1,729,831	0.31%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum (Months)	11
Maximum (Months)	416
Weighted Average (Months)	221.10

12.17 Mortgage Loans remaining term to maturity

Mortgage Loans remaining term to maturity range (as at the Provisional Portfolio Date) (Months)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 60	294	5.42%	4,581,127	0.82%
>= 60 < 120	523	9.64%	20,131,156	3.59%
>= 120 < 180	595	10.97%	38,349,081	6.84%
>= 180 < 240	612	11.28%	55,143,137	9.84%
>= 240 < 300	1,267	23.36%	145,018,491	25.87%
>= 300 < 360	1,018	18.77%	135,023,517	24.09%
>= 360 < 420	578	10.66%	78,236,055	13.96%
>= 420 < 480	536	9.88%	83,848,789	14.96%
>= 480 < 540	1	0.02%	130,224	0.02%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum (Months)	1
Maximum (Months)	480
Weighted Average (Months)	306.50

12.18 Mortgage Loans current interest rate type

Mortgage Loans current interest rate type	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Tracker Rate Loan	4,053	74.72%	362,727,877	64.72%
Fixed Rate Loan	1,371	25.28%	197,733,699	35.28%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.19 Mortgage Loans by current interest rate

Mortgage Loans current interest rate range (as at the Provisional Portfolio Date) (%)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
< 0.50%	9	0.17%	1,629,154	0.29%
>= 0.50% < 1.50%	55	1.01%	8,360,769	1.49%
>= 1.50% < 2.50%	1,062	19.58%	157,478,628	28.10%
>= 2.50% < 3.50%	2,305	42.50%	222,066,939	39.62%
>= 3.50% < 4.50%	1,554	28.65%	139,309,513	24.86%
>= 4.50% < 5.50%	371	6.84%	27,643,567	4.93%
>= 5.50% < 6.50%	62	1.14%	3,806,864	0.68%
>= 6.50%	6	0.11%	166,142	0.03%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum	0.00%
Maximum	9.16%
Weighted Average	3.09%

12.20 Mortgage Loans by current interest rate margin

Mortgage Loans current interest rate margin range (as at the Provisional Portfolio Date) (%)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Fixed Rate Loans	1,371	25.28%	197,733,699	35.28%
>= 0.50% < 1.50%	2,192	40.41%	201,334,395	35.92%
>= 1.50% < 2.50%	1,482	27.32%	132,756,562	23.69%
>= 2.50% < 3.50%	318	5.86%	24,843,460	4.43%
>= 3.50% < 4.50%	55	1.01%	3,627,319	0.65%
>= 4.50% < 5.50%	5	0.09%	108,307	0.02%
>= 5.50% < 6.50%	0	0.00%	0	0.00%
>= 6.50%	1	0.02%	57,834	0.01%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum	0.25%
Maximum	6.75%
Weighted Average	1.42%

12.21 Mortgage Loans current Tracker Rate

Mortgage Loan interest rate reference index (Tracker Rate)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Euribor 12 month	634	11.69%	51,995,189	9.28%
Euribor 6 month	3,418	63.02%	310,613,726	55.42%
Not applicable (Fixed Rate Loan)	1,372	25.29%	197,852,661	35.30%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.22 Mortgage Loans principal payment frequency

Mortgage Loans principal payment frequency	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Monthly	5,423	99.98%	560,445,985	100.00%
B-annual	1	0.02%	15,591	0.00%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.23 Mortgage Loans amortisation type

Mortgage Loans amortisation type	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
French amortisation	4,899	90.32%	489,030,823	87.26%
Equal instalments with final balloon payment	515	9.49%	70,610,494	12.60%
Other	10	0.18%	820,259	0.15%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.24 Restructured Mortgage Loans

Whether a restructured Mortgage Loan?	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Yes	4,657	85.86%	515,636,346	92.00%
No	767	14.14%	44,825,230	8.00%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.25 Mortgage Loans by number of months since restructuring

Mortgage Loans number of months since restructuring range (as at the Provisional Portfolio Date) (Months)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 6	86	1.59%	11,503,132	2.05%
>= 6 < 12	186	3.43%	25,015,758	4.46%
>= 12 < 18	352	6.49%	48,591,504	8.67%
>= 18 < 24	851	15.69%	125,054,833	22.31%
>= 24 < 60	1,517	27.97%	174,882,172	31.20%
>= 60	1,664	30.68%	130,575,096	23.30%
No restructuring	768	14.16%	44,839,081	8.00%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

Minimum	1
Maximum	299.00
Weighted Average	49.75

12.26 Mortgage Loans purpose

Mortgage Loan purpose	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Home purchase	4,114	75.85%	440,359,420	78.57%
Re-mortgage	1,164	21.46%	109,815,400	19.59%
Other	146	2.69%	10,286,755	1.84%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.27 Mortgage Loans with active grace period

Whether Mortgage Loan has an active grace period?	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Yes	13	0.24%	1,313,645	0.23%
No	5,411	99.76%	559,147,930	99.77%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.28 Year of end of Mortgage Loan grace period

Year of Mortgage Loan scheduled maturity range (as at the Provisional Portfolio Date)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
2025	85	1.57%	9,365,945	1.67%
2026 – 2029	16	0.29%	1,952,785	0.35%
2030 – 2034	2	0.04%	233,199	0.04%
2035 – 2039	0	0.00%	0	0.00%
2040 – 2044	2	0.04%	99,227	0.02%
2045 or later	2	0.04%	148,931	0.03%
Not in grace period	5,317	98.03%	548,661,488	97.89%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.29 Mortgage Loans number of months in arrears

Mortgage Loans number of month(s) in arrears (as at the Provisional Portfolio Date) (Months)	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
>= 0 < 1	2,301	42.42%	249,382,133	44.50%
>= 1 < 2	1,737	32.02%	175,627,693	31.34%
>= 2 < 3	557	10.27%	50,615,805	9.03%
>= 3 < 6	583	10.75%	55,957,470	9.98%
>= 6 < 12	199	3.67%	21,846,757	3.90%
>= 12	47	0.87%	7,031,718	1.25%
Total	**5,424**	**100.00%**	**560,461,576**	**100.00%**

12.30 Loans by Asset Purchase Agreement

Category of Loan	Number of Mortgage Loans	% of Total	Aggregate Provisional Balance (€)	% of Total
Asset Purchase No.1 Agreement All Loans	3,666	49.16%	292,647,840	48.77%
Asset Purchase No.1 Agreement Mortgage Loans	2,697	36.16%	274,256,270	45.70%
Asset Purchase No.1 Agreement Non-Mortgage Loans	969	12.99%	18,391,570	3.06%
Asset Purchase No.2 Agreement All Loans	3,792	50.84%	307,412,407	51.23%
Asset Purchase No.2 Agreement Mortgage Loans	2,727	36.56%	286,205,305	47.70%
Asset Purchase No.2 Agreement Non-Mortgage Loans	1,065	14.28%	21,207,102	3.53%
Total	**7,458**	**100.00%**	**600,060,247**	**100.00%**

13. Historical data

Date	[1] Payments due (€)	[1] Payments made (€)	[2] Weighted average pay rate
31 Jan 2020	1,913,589	1,975,307	94%
29 Feb 2020	1,939,060	1,020,340	42%
31 Mar 2020	3,344,798	2,794,460	79%
30 Apr 2020	2,048,201	1,656,774	82%
31 May 2020	2,066,202	1,182,154	50%
30 Jun 2020	3,269,797	2,550,874	75%
31 Jul 2020	1,858,129	1,817,180	132%
31 Aug 2020	1,781,696	1,674,286	123%
30 Sep 2020	1,767,426	1,462,106	89%
31 Oct 2020	1,795,168	1,246,410	59%
30 Nov 2020	3,127,780	2,158,021	72%
31 Dec 2020	1,743,174	1,860,348	105%
31 Jan 2021	1,723,986	1,301,462	66%
28 Feb 2021	1,674,683	1,725,534	98%
31 Mar 2021	3,046,487	2,467,485	99%
30 Apr 2021	1,744,453	2,248,395	117%
31 May 2021	1,819,244	1,769,085	100%
30 Jun 2021	1,887,603	1,906,641	146%
31 Jul 2021	1,893,287	1,658,406	75%
31 Aug 2021	3,534,362	2,233,634	65%
30 Sep 2021	2,071,722	2,021,601	101%
31 Oct 2021	2,085,779	1,848,540	77%
30 Nov 2021	3,763,906	2,626,137	68%
31 Dec 2021	2,139,971	2,237,458	105%
31 Jan 2022	2,136,927	1,933,629	90%
28 Feb 2022	2,144,578	2,169,217	134%
31 Mar 2022	2,149,297	2,196,516	100%
30 Apr 2022	2,158,644	1,659,528	71%
31 May 2022	3,936,522	2,700,511	69%
30 Jun 2022	2,221,157	2,250,087	98%
31 Jul 2022	2,236,423	1,694,980	94%
31 Aug 2022	4,103,379	2,592,975	65%
30 Sep 2022	2,404,107	2,169,703	89%
31 Oct 2022	2,417,919	2,314,705	102%
30 Nov 2022	2,502,817	2,813,750	114%
31 Dec 2022	2,551,145	2,066,125	73%
31 Jan 2023	4,546,405	2,639,883	60%
28 Feb 2023	2,869,107	2,344,006	82%
31 Mar 2023	2,876,349	2,631,021	91%
30 Apr 2023	2,921,585	2,159,076	70%
31 May 2023	5,034,172	3,121,204	63%
30 Jun 2023	3,123,243	2,947,975	98%
31 Jul 2023	3,073,322	2,624,896	101%
31 Aug 2023	3,043,778	2,582,719	88%
30 Sep 2023	3,103,104	2,313,706	71%
31 Oct 2023	5,559,672	3,439,697	70%
30 Nov 2023	3,103,447	2,941,171	97%
31 Dec 2023	3,120,617	2,587,847	81%
31 Jan 2024	5,785,385	3,763,829	71%
29 Feb 2024	3,211,086	2,992,902	92%
31 Mar 2024	3,218,136	2,665,201	76%
30 Apr 2024	5,899,276	4,026,484	69%
31 May 2024	3,226,971	3,495,500	110%
30 Jun 2024	3,213,504	2,994,098	90%
31 Jul 2024	5,815,255	4,889,578	151%
31 Aug 2024	5,790,207	2,773,585	53%
30 Sep 2024	5,805,076	3,988,017	71%
31 Oct 2024	3,140,319	4,003,192	149%
30 Nov 2024	3,123,453	3,214,879	106%
31 Dec 2024	5,731,010	4,240,074	78%
31 Jan 2025	3,097,063	4,174,861	137%
28 Feb 2025	3,019,750	4,382,356	120%
31 Mar 2025	2,983,827	3,575,498	131%
30 Apr 2025	2,970,936	3,214,497	113%
31 May 2025	2,974,221	3,072,070	102%
30 Jun 2025	4,233,036	3,912,157	101%
31 Jul 2025	2,955,943	3,003,346	103%
31 Aug 2025	2,953,667	1,906,576	63%
30 Sep 2025	4,230,216	3,713,719	96%
31 Oct 2025	2,974,998	3,023,661	101%
30 Nov 2025	2,963,486	1,834,971	60%

Date	[1] Payments due (€)	[1] Payments made (€)	[2] Weighted average pay rate
31 Dec 2025	4,231,475	3,823,065	100%
31 Jan 2026	4,220,833	2,038,276	49%
28 Feb 2026	2,962,252	2,768,487	93%
31 Mar 2026	2,962,252	3,755,185	128%

[1] *Payments due* and *Payments made* are calculated based solely on collections from the secured portions of loans that were outstanding at the Provisional Portfolio Date in the Provisional Portfolio. Loans that have been previously redeemed or terminated are not included in the above table.

[2] Pay rates are calculated solely with reference to secured loans included at the Provisional Portfolio Date in the Provisional Portfolio. For each applicable period, weighted averages are determined using the outstanding loan balances as weighting factors.

14. Provision of services to the Issuer

14.1 Overview of provision of services to the Issuer

The Issuer is a special purpose company and does not have any employees (see 10.1.3 *Office holders and employees*). As described in this section, the Issuer either has or will enter into agreements under which it will engage service providers to provide certain services in connection with the Issuer's business and the Transaction.

The **Transaction Services** comprise the Asset Title Duties, the Asset Special Services, the REO Holding Services, the Asset Account Services, the Issuer Account Services, the Cash Administration Services, the Custody Services, the Note Services, the Corporate Services and the Framework Administration Services, each being described in this section.

Each person who agrees to provide Transaction Services is referred to as a **Transaction Servicer** and each agreement pursuant to which such person agrees to provide the relevant Transaction Services is referred to as a **Transaction Services Agreement**.

14.2 Asset Title Duties

On the Closing Date an Asset Services Agreement (the **Asset Services Agreement**) will be entered into between the Asset Title Holder, the Asset Primary Servicer, the Asset Account Provider, the Asset Special Servicer, the Asset Special Servicer Guarantor, the Issuer and the Security Trustee.

In accordance with Article 26 of Spanish Royal Decree 716/2009 (see further 11.1.2 *Mortgage Certificates*), the custody and management of the Mortgage Loans and their related Mortgage Security relating to Mortgage Certificates in the Portfolio is required to be performed by the Asset Title Holder. Accordingly, pursuant to the Asset Services Agreement, the Asset Title Holder will agree:

(a) to act as primary servicer (in its role as the Asset Primary Servicer) and to carry out the Asset Primary Services (being as summarised in 14.2.2 *Asset Primary Services*) in relation to those Mortgage Loans and their related Mortgage Security and the Non-Mortgage Loans on the account and for the benefit of the Issuer, and through the Asset Special Servicer by way of subcontracting of the Asset Special Services to the Asset Special Servicer (see 14.3 *Asset Special Services*), who will act as a subcontractor on behalf of the Asset Title Holder; and

(b) in its capacity as formal title holder and 'lender of record' of those Mortgage Loans and their related Mortgage Security and the Non-Mortgage Loans, to carry out the Asset Title Non-Delegable Obligations (being as summarised in 14.2.3 *Asset Title Non-Delegable Obligations*) on account and for the benefit of the Issuer, being those duties and obligations of a non-delegable nature corresponding to the Asset Title Holder as issuer of the Mortgage Certificates, as manager of the underlying Mortgage Loans and their related Mortgage Security and the Non-Mortgage Loans and as supervised credit institution,

(the Asset Primary Services and the Asset Title Non-Delegable Obligations being the **Asset Title Duties**).

The fees payable to the Asset Title Holder in respect of the Asset Title Duties are included in 9.1.2 *Asset Title Holder fees*.

See further 8.2 *Non-rating triggers table* regarding the circumstances in which the Asset Title Holder can resign and/or in which its appointment can be terminated.

14.2.2 Asset Primary Services

The **Asset Primary Services** which the Asset Primary Servicer will agree to provide pursuant to the Asset Services Agreement include the following:

(a) **Management of data relating to Loans**

The Asset Primary Servicer will keep all the data related to the Loans and will ensure its integrity in accordance with the standards described in the Asset Services Agreement.

The Asset Primary Servicer will update all the data relating to the Loans every Business Day in accordance with the information available to it by virtue of its status as the formal holder of the Loans, the fulfilment of the Asset Title Non-Delegable Obligations, the payments in respect of the Loans by the Debtors and the information provided by the Asset Special Servicer as a result of the provision of the Asset Special Services.

The Asset Primary Servicer will provide the Asset Special Servicer with the updated Loan data each Business Day in accordance with the provisions of the Asset Services Agreement.

(b) **Maintenance of documentation relating to Loans**

The Asset Primary Servicer must comply with the obligations of custody and maintenance of the documentation relating to the Loans indicated in the Asset Services Agreement.

(c) **Loan Variations**

The Asset Primary Servicer will manage the making of Loan Variations in accordance with the provisions of the Asset Services Agreement and the protocols that are notified by the Asset Special Servicer.

(d) **Asset Account Services**

The Asset Primary Servicer will provide the Asset Account Services (see 14.5 *Asset Account Services*) and carry out the debits or credits to the Asset Accounts, as applicable, and will receive those payments, on behalf of the Issuer, in the Asset Accounts of the Issuer, as applicable, in accordance with the provisions of the Asset Services Agreement.

The Asset Primary Servicer will transfer all payments made by the Debtors with respect to the Loans to the Asset Accounts in accordance with the provisions of the Asset Services Agreement.

The Asset Primary Servicer will carry out the reconciliation of the Asset Accounts and the Asset Primary Servicer's reconciliation accounts in accordance with the provisions of the Asset Services Agreement.

The Asset Primary Servicer will make any corresponding debits and/or credits to the Asset Accounts based on the updated Loan data provided each Business Day and which have been previously reconciled, all in accordance with the provisions of the Asset Services Agreement.

(e) **Communications relating to the Loans**

The Asset Primary Servicer will inform the Asset Special Servicer and, where applicable, the Issuer, of any request (including Loan Variations) made by any Debtor in relation to the Loans and of any documentation it receives in relation to the Loans, including any notification, and will provide such documentation to the Asset Special Servicer.

(f) **Collaboration with the Asset Special Servicer**

The Asset Primary Servicer will collaborate with the Asset Special Servicer, ensuring that the corresponding the Asset Primary Servicer employees attend any meetings that the parties deem appropriate for this purpose, in the resolution of any incidents or operational problems that may arise in relation to the Asset Special Servicer Services and/or the Asset Primary Services.

The Asset Primary Servicer will agree to provide the Asset Primary Services directly or indirectly, through any company in its group and/or those third parties that the Asset Primary Servicer sub-contracts for the provision of the Asset Primary Services. Such third parties will be freely appointed (and their services contracted) by the Asset Primary Servicer, and the Asset Primary Servicer will be required to pay any fees, commissions, costs and expenses of such third parties. The Asset Primary Servicer (and its sub-contractors) will be the exclusive provider of the Issuer with respect to the Asset Primary Services in relation to the Portfolio.

Subject to the Asset Special Servicer providing the Asset Special Services in compliance with the Asset Services Agreement, the Asset Primary Servicer will undertake to perform the Asset Primary Services with the same operations that the Asset Primary Servicer applies at any time for its own portfolio of loans and credits that are in the same situation and with substantially similar characteristics to the Loans, in compliance with the protocols indicated in the Asset Services Agreement and the applicable regulations at all times (including, in particular, the money laundering prevention regulations, the social rental and economically vulnerable Debtors regulations, the accession regulations, the data protection regulations and guidelines and any other regulations (including regional regulations) that are applicable to the Loans at any given time).

In the event of a change in the ownership of a Mortgage Property (as a result of an adjudication, an auction assignment, a sale, a deed in lieu of payment or any other form of transfer), the Asset Primary Servicer and the Issuer will document, where appropriate, the extinction of the Mortgage Certificate (or part of it) that corresponds to the underlying Mortgage Loan in question.

14.2.3 **Asset Title Non-Delegable Obligations**

The **Asset Title Non-Delegable Obligations** which the Asset Title Holder will agree to carry out pursuant to the Asset Services Agreement include the following:

(a) The preparation and sending of the forms, reports or communications that the Asset Title Holder must prepare or send to the Central Credit Register of the Bank of Spain, the Bank of Spain, the European Central Bank or the competent authority, in compliance with the information obligations established in the applicable regulations at any given time.

(b) The preparation and sending of the tax forms, reports or communications that the Asset Title Holder must prepare or send to the tax authorities and to the Debtors, in compliance with the information obligations established in the applicable tax regulations at any given time.

(c) The preparation and sending of the forms, reports or communications that the Asset Title Holder must prepare or send to Debtors in compliance with the regulations on transparency and customer protection, including, in particular, those that must be carried out in accordance with the provisions of the social rent and economically vulnerable Debtors regulations and the applicable protocol indicated in the Asset Services Agreement.

(d) The updating, re-issuance and replacement of the Mortgage Certificates in accordance with the applicable provisions of the Asset Purchase Agreements.

(e) The attention to and resolution of complaints and claims submitted by Debtors to the Asset Title Holder's customer service team, by virtue of the provisions of Order ECO/734/2004 of 11 March 2004 on the customer service departments and services and the customer ombudsman of financial institutions in accordance with the provisions of the applicable protocol indicated in the Asset Services Agreement and, in any case, in compliance with the obligations set forth in Organic Law 1/2025, of 2 January 2025, on measures in the matter of efficiency of the public justice service, all in accordance with the criteria and internal policies applied by the Asset Title Holder to its own loan portfolio.

(f) Compliance with applicable regulations regarding:

- transparency and customer protection, including, in particular, the drafting of communications to be made to Debtors as a result of the application of the social rental and economically vulnerable Debtors regulations in accordance with the provisions of the applicable protocol indicated in the Asset Services Agreement;
- prevention of money laundering, terrorist financing and customer identification (know your customer), including, in particular, updating information relating to Debtors and verifying the origin of funds in the event that payment is made to the Asset Title Holder in accordance with the applicable protocol indicated in the Asset Services Agreement; and
- the sanctions imposed by the United Nations, the United Kingdom, the European Union, the Kingdom of Spain, and/or the Office of Foreign Assets Control (*OFAC*) of the United States Department of the Treasury relating to international trade matters affecting banking transactions, as well as the EU Consolidated List of Financial Sanctions Targets and the Investment Ban List of His Majesty's Treasury of the United Kingdom, as well as the United Nations Security Council Consolidated List.

(g) Compliance with any other obligations that, in accordance with the provisions of current or future regulations, must be treated as Asset Title Non-Delegable Obligations, as well as those others that the Asset Title Holder considers according to its internal policies that it applies to its own loan portfolio.

14.2.4 **Certain liabilities under the Asset Services Agreement**

Pursuant to the Asset Services Agreement:

(a) The Asset Title Holder will only assume liability towards the Issuer in the event of breach by the Asset Title Holder of its obligations under the Asset Services Agreementt, provided that the Asset Title Holder will not assumed any liability in the event of wilful misconduct (*dolo*) or gross negligence (*negligencia grave*) attributable to the Asset Special Servicer or the Issuer. The Asset Title Holder shall in no event be liable in connection with the performance of the obligations of the Issuer or of the Asset Special Servicer under the Asset Services Agreement or in respect of the provision by the Asset Special Servicer of any of the Asset Special Services.

(b) The Issuer (and if applicable the Asset Special Servicer) will be entitled to proceed against the Asset Title Holder in the event of failure by the Asset Title Holder to pay the Issuer any amounts paid by

Debtors under the Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio corresponding to the Issuer not resulting from non-payment by Debtors and directly attributable to the Asset Title Holder.

(c) The Asset Special Servicer will agree to indemnify and hold harmless the Asset Title Holder for any damage, financial loss or liability incurred by the Asset Title Holder (including reasonable and duly documented expenses incurred in the defence of its interests) whether of the nature of a fine, penalty, third-party indemnification, or otherwise:

(1) in the event that the Asset Title Holder terminates the Asset Services Agreement following the occurrence of any Asset Special Servicer Termination Event (other than failure by the Issuer to pay the Asset Title Holder Fee); or

(2) as a consequence of:

(A) actions taken by the Asset Title Holder on the basis of incorrect or erroneous information or documentation provided, directly or indirectly, by the Asset Special Servicer, except where there is wilful misconduct or gross negligence attributable to the Asset Title Holder, or

(B) breach by the Asset Special Servicer of any of its obligations under the Asset Services Agreement. In all cases, any fine, penalty or indemnification must have been imposed pursuant to a final judicial resolution or binding settlement (and the Asset Special Servicer is obliged to maintain an insurance policy for its liabilities).

(d) The Asset Special Servicer will assume liability for breach of any of its obligations under the Asset Services Agreement, provided that the Asset Special Servicer will not assume any liability where there is wilful misconduct or gross negligence attributable to the Asset Title Holder or the Issuer. In no case will the Asset Special Servicer have any liability in relation to the obligations of the Asset Title Holder or the Issuer under the Asset Services Agreement.

(e) The Issuer will agree to indemnify and hold harmless the Asset Title Holder for any damage, financial loss or liability effectively incurred by the Asset Title Holder (including reasonable and duly documented expenses incurred in the defence of its interests) whether of the nature of a fine, penalty, third-party indemnification, or otherwise:

(1) as a consequence of any action taken by the Asset Special Servicer in the administration of the Loans or in the exercise of the powers granted under the Asset Services Agreement, where the Asset Special Servicer has followed specific instructions of the Issuer in relation to such action, except where there is wilful misconduct (*dolo*) or gross negligence (*negligencia grave*) attributable to the Asset Title Holder;

(2) in the event that the Asset Title Holder terminates the Asset Services Agreement following the occurrence of the non-payment termination event referred to in 8.2.3(a) *Option to terminate appointment of Asset Title Holder*; and

(3) as a result of any breach by the Issuer of any of its obligations under the Asset Services Agreement,

except where there is wilful misconduct or gross negligence attributable to the Asset Title Holder (and the Issuer shall be entitled to be indemnified by the Asset Special Servicer).

(f) The Issuer will be entitled to bring action to recover against the Asset Special Servicer if the damage, financial harm or liability to be compensated by the Issuer to the Asset Title Holder arises from a breach by the Asset Special Servicer.

(g) The Issuer will agree to indemnify and hold harmless the Asset Title Holder in respect of any damage, financial loss or liability incurred effectively (including reasonable and duly documented expenses incurred in the defence of its interests):

(1) in the event that the Asset Title Holder terminates the Asset Services Agreement following the failure by the Issuer to pay the Asset Title Holder Fee; or

(2) in respect of any tax consequence from the mechanics, management and custody obligations under the Asset Services Agreement; and

(3) as a consequence of breach by the Issuer of any of its obligations under the Asset Services Agreement.

(h) The Asset Special Servicer Guarantor will guarantee to the Asset Title Holder and the Issuer the liabilities of the Asset Special Servicer under the Asset Services Agreement.

In the event that the Asset Special Servicer fails to comply with its indemnification obligations under the Asset Services Agreement, the Asset Special Servicer Guarantor will agree, for so long as the Asset Services Agreement remains in force, to indemnify and hold harmless the Asset Title Holder on the terms applicable to the Asset Special Servicer's liability under the Asset Services Agreement.

14.2.5 Service Level Monitoring

Pursuant to the Asset Services Agreement, the quality of the Asset Special Services provided by the Asset Special Servicer on behalf of the Asset Title Holder will be analysed and evaluated based on specific key performance indicators (KPIs) set out in the Asset Services Agreement (each, an **Asset Service Level**). Each Asset Service Level will be measured on a quarterly or monthly basis, as specified for each key performance indicator. The first measurement of Asset Service Levels will take place in the first calendar quarter or month (as applicable) following the date that is 6 months after the Closing Date.

Each Asset Service Level in each measurement period must be equal to or exceed the minimum compliance threshold specified for the relevant key performance indicator. If the Asset Special Servicer fails to meet an Asset Service Level in any measurement period, the following penalty levels will apply depending on the duration of such breach:

(a) 1st penalty level: if that breach persists for one measurement period, the Asset Title Holder will formally notify the Asset Special Servicer of such breach and require its immediate rectification, identifying corrective measures as the Asset Title Holder may consider appropriate to remedy the situation; and

(b) 2nd penalty level: if that breach persists for three consecutive measurement periods, a material breach of Asset Service Levels will be deemed to have occurred for the purposes of 8.2.1 *Asset Special Servicer Termination Event*.

If, following notification by the Asset Title Holder of the 2nd penalty level, the Asset Special Servicer fails to adopt the corrective measures notified by the Asset Title Holder within 30 Business Days, the Asset Title Holder will be entitled to replace the Asset Special Servicer in accordance with the Asset Services Agreement.

The penalty levels for each such breach will be independent from one another.

14.3 Asset Special Services

14.3.1 Appointment of Asset Special Servicer

Pursuant to the Asset Services Agreement, the Asset Special Servicer will agree to provide the Asset Special Services (being as summarised in 14.3.2 *Overview of Asset Special Services* to 14.3.4 *Restructuring of Loans*) in relation to those Mortgage Loans and their related Mortgage Security and the Non-Mortgage Loans as a contractor appointed by the Asset Title Holder, but also on account and for the benefit of the Issuer.

See further 8.2 *Non-rating triggers table* regarding the circumstances in which the Asset Special Servicer can resign and/or in which its appointment can be terminated.

The fees payable to the Asset Special Servicer in respect of the Asset Special Services are indicated in 9.1.1 *Asset Special Servicer fees*.

Asset Special Services Loan means at any time a Loan which is 5 or more Business Days in arrears or which is a Defaulted Mortgage Loan.

14.3.2 Overview of Asset Special Services

The **Asset Special Services** which the Asset Special Servicer will agree to provide pursuant to the Asset Services Agreement include the following:

(a) **Management and recovery of Loans**

- The Asset Special Servicer will carry out the management and recovery of the Loans that are not Asset Special Services Loans in a reactive manner, and must limit itself to responding to the requests made by the Debtors and complying with the rest of the Asset Special Services and the obligations assumed by the Asset Special Servicer, all in accordance with the Asset Services Agreement.

- The Asset Special Servicer will carry out the management and recovery of Asset Special Services Loan both through negotiations with the Debtors in order to reach amicable agreements, and through the forced execution of the obligations assumed by them through judicial or extrajudicial procedures including, for clarification purposes, the deposit by the Issuer (and managed by the Asset Special Servicer) of any amounts that may be necessary to be able to participate in the auctions related to the execution procedures related to Loans in default or arrears.
- The Asset Special Servicer will take all actions that are reasonably necessary or convenient to ensure the preservation and maximisation of value and the recovery of the Asset Special Services Loan, minimising risks for the Asset Title Holder.
- The Asset Special Servicer will avoid, at all times, conflicts of interest that may arise in the exercise of its management work as a result of the ownership of assets of a similar nature to that of the Loans or its management of other loans and credits of a similar nature derived from the provision of services to customers other than the Asset Title Holder.

(b) **Legal direction and legal advice in legal proceedings for the claim of Loans in arrears**

The Asset Special Servicer will, following the instructions of the Issuer, carry out, on behalf of the Asset Title Holder and on behalf of the Issuer, judicial actions that are necessary in relation to the recovery of the Asset Special Services Loans, including actions against the Debtors through appropriate legal proceedings, in accordance with the provisions of the Spanish Civil Procedure Law and other applicable regulations.

(c) **Out-of-court actions in relation to the recovery and recovery of Loans**

The Asset Special Servicer, on behalf of the Asset Title Holder and on behalf of the Issuer, where appropriate, will carry out the extrajudicial actions that are applicable in relation to the collection and recovery of the Asset Special Services Loans taking into account any regulations (including regional regulations) that are applicable to the Asset Special Services Loans at any given time).

(d) **Lawsuits and claims**

The Asset Special Servicer shall, on behalf of the Asset Title Holder:

- initiate (only in the event that the Issuer and the Asset Special Servicer deem it appropriate) and assume the management and legal direction with respect to any lawsuit or claim against, or made by, any of the Debtors in relation to the Asset Special Services Loans, unless the Asset Title Holder assumes the management and legal direction of the corresponding lawsuit pursuant to the Asset Primary Services or Asset Title Non-Delegable Obligations; and
- allow the Asset Title Holder to assume the management and legal direction with respect to any such claim.

(e) **Complementary services**

In addition to the services described above, the Asset Special Servicer shall carry out any complementary or ancillary actions to those services that are necessary or convenient for their effective provision.

(f) **Assistance and collaboration services**

The Asset Special Servicer will agree to provide the Asset Title Holder and Asset Primary Servicer with the following assistance and collaboration services in relation to all Loans:

- The Asset Special Servicer will carry out any actions that are necessary for the Asset Title Holder and Asset Primary Servicer to comply with the Asset Primary Services, the Asset Title Non-Delegable Obligations and any current or future mandatory regulations.
- The Asset Special Servicer will deliver the information and documentation that, in accordance with the regulations in force at any given time, is necessary for the Asset Title Holder to comply with the Asset Title Non-Delegable Obligations in relation to the Loans, in the format agreed between them (subject to the adjustments imposed at any time by the corresponding regulator), which is compatible with the Asset Title Holder's systems and allows the Asset Title Holder to process them in order to comply with the Asset Title Non-Delegable Obligations, in accordance with the regulations in force at all times. The information will be delivered within periods that allow the Asset Title Holder to comply with the Asset Primary Services, the Asset Title Non-Delegable Obligations and any current or future mandatory regulations at any time.
- The Asset Special Servicer will send monthly reports to the Asset Title Holder of the performance data regarding the service levels specified in the Asset Services Agreement.

- The Asset Special Servicer will send the individualised communications that must be sent to each Debtor at all times in accordance with the provisions of the social rental and economically vulnerable Debtors regulations.
- The Asset Special Servicer will refer Debtors to contact the Asset Title Holder in the event that the Asset Title Holder needs:
    - to submit a claim under any of the insurance policies taken out with the Debtors and the intervention of the Asset Title Holder or its agents is necessary;
    - to attend to a claim or complaint made by any of the Debtors by the customer service team;
    - to open a will;
    - prepare any certificate or report that must be prepared by the Asset Title Holder; or
    - carry out any other action that must be carried out by the Asset Title Holder,

  in each case in accordance with applicable protocols indicated in the Asset Services Agreement.
- The Asset Special Servicer will issue the relevant instructions to the Asset Title Holder's dedicated back-office team, if necessary:
    - to cancel all or part of any Loan;
    - to modify inconsistencies detected in relation to the data of any of the Loans;
    - to apply the funds that would have originated from the sale of any of the Mortgage Properties;
    - to account for the auction of any of the Mortgage Properties and to apply the price of the auction assignment to the outstanding balance of the corresponding Loan;
    - to apply the income derived from court orders;
    - to modify the details of the Debtors or the terms and conditions of the Loans;
    - to report any subrogation; or
    - to enable the Asset Title Holder to comply with the obligations established in the Asset Services Agreement;

  in each case in accordance with applicable protocols indicated in the Asset Services Agreement.
- The Asset Special Servicer will provide or request from the Asset Title Holder in accordance with the applicable protocols indicated in the Asset Services Agreement, any information and documentation that is necessary for the judicialisation of any of the Loans or to respond to the request made by any third party to the Asset Title Holder.
- The Asset Special Servicer will upon request by the Asset Title Holder, the Asset Special Servicer will provide the Asset Title Holder, with sufficient notice, with the data in its possession and that are necessary for the Asset Title Holder to be able to comply, in a timely manner, with the Asset Title Non-Delegable Obligations.

The Asset Title Holder will grant and maintain a power of attorney in force in favour of the Asset Special Servicer, so that the Asset Special Servicer, acting through any of its proxies with sufficient powers for such purposes, may, in accordance with the instructions of the Issuer, on behalf of the Asset Title Holder, require by any judicial means the Debtors of the Loan in arrears at any time to pay their debt and bring legal action against the Debtors, in addition to other powers required for the exercise of their functions all in accordance with the terms and conditions set out in the applicable protocols indicated in the Asset Services Agreement.

14.3.3 **Setting of Interest Rates in relation to Tracker Rate Loans**

Where the Loan Documentation applicable to Tracker Rate Loans require the interest rate to be reset, the Asset Primary Servicer will administer any change in the interest rate applicable to those relevant Tracker Rate Loans in accordance with that Loan Documentation.

14.3.4 **Restructuring of Loans**

Loans and/or (as applicable) their Mortgage Security relating to any Mortgage Certificate or Non-Mortgage Loan Sub-participation in the Portfolio may be subject to being restructured to reflect a Debtor's then circumstances and affordability, current and historic performance in meeting their payment obligations and (as applicable) the value of the underlying Mortgage Property.

Certain Loans and/or (as applicable) their Mortgage Security may have already been restructured and/or may be restructured in the future and from time to time at the discretion of the Asset Special Servicer in accordance with the terms of the Asset Services Agreement.

The following are the primary types of restructuring types which have been utilised, and may in the future be utilised by the Asset Special Servicer:

(a) **Complex restructure**

The Asset Special Servicer may agree with the Debtor of a Loan to restructure such Loan with a view to adjusting the Debtor's monthly repayment amount to an amount which is lower than that which was originally agreed with such Debtor. A complex restructure will involve combining multiple restructuring options such as splitting the Debtor's Loan into a Split Loan (so that interest is payable only in respect of the Main Loan Account), a term extension, a temporary or permanent rate reduction and/or capitalisation, among others.

(b) **Term extension**

The Asset Special Servicer may agree with the Debtor of a Loan to restructure such Loan by extending its term to a date which is after the then applicable maturity date of such Loan with a view to adjusting the Debtor's monthly repayment amount to an amount which is lower than that which was originally agreed with such Debtor;

(c) **Arrears capitalisation**

The Asset Special Servicer may agree with the Debtor of a Loan to restructure such Loan by capitalising the outstanding arrears amount of such Debtor which are added to the Loan Principal Balance of such Loan. The increased Loan Principal Balance is then paid over the remaining term of the relevant Loan. This restructuring type is often combined with other restructuring options at such time. This restructure may result in increased monthly repayment amounts for a Debtor due to the increase Loan Principal Balance of the relevant Loan (unless such restructure is combined with other restructuring features such as term extensions and rate reductions);

(d) **Interest rate reduction**

The Asset Special Servicer may agree with the Debtor of a Loan to restructure such Loan by reducing the interest rate paid by that Debtor in respect of such Loan with a view to adjusting the Debtor's monthly repayment amount to an amount which is lower than that which was originally agreed with such Debtor. Any such rate reduction may be for a limited period of time only or permanent. Where the rate reduction is for a limited period of time only, upon the expiry of such period during which a reduced interest rate is charged on the relevant Loan the interest rate of the relevant Loan will revert to the main refinancing operations rate of the European Central Bank. This restructuring type can be combined with other restructuring options at such time (such as extending the maturity date on the Loan).

(e) **Personal Insolvency Act restructuring**

As part of an arrangement agreed for the settlement of both secured and unsecured debt of a Debtor, the Asset Special Servicer may agree with the Debtor of a Loan to restructure such Loan with a view to adjusting the Debtor's monthly repayment amount to an amount which is lower than that which was originally agreed with such Debtor through one or more restructuring options such as, among other things, term extensions, partial write-off and/or rate reductions.

(f) **Split Loans**

The Asset Special Servicer can offer Split Loans when required to do so under arrears management procedures. One of the arrears management procedures that the Asset Special Servicer has established is a facility whereby a Debtor in arrears may be entitled to split their Loan into a Split Loan. A **Split Loan** is a Loan divided into 2 accounts with a view to reducing the relevant Debtor's monthly repayments, being:

(1) the principal balance on which interest continues to be charged (the **Main Loan Account**); and

(2) the portion of the principal balance that is warehoused until the final redemption date of the Loan with the principal balance being payable on such final redemption date (the **Warehoused Loan Account**).

Under a Split Loan, the relevant Debtor is not required to repay the balance of the Warehoused Loan Account until the end of the Loan term, or the Warehoused Loan Account may be written-off at a pre-agreed future date, subject to the performance by the relevant Debtor on the Main Loan Account until that date. This means that, with effect from the date that a Loan becomes a Split Loan, the relevant Debtor's monthly payments will be lower than they were prior to the split (and in line with what the Debtor can afford to pay over time). At the end of the Loan term, the Debtor will owe the full outstanding balance of the Loan (including the relevant Warehoused Loan Account), or the relevant Warehoused Loan Account will be written off at a pre-agreed future date, if the Debtor is able to perform by the terms of the Main Loan Account at least until that date. The arrears management procedures permit discretion to be exercised by the appropriate officers of the Asset Special Servicer in many circumstances. These same procedures (and if different, any arrears management procedures which may be required by a relevant Loan indemnity insurer), as from time to time varied in accordance with the policies used by the Asset Special Servicer in respect of arrears arising on the Loans.

(g) **NPL Disposal**

As an alternative to foreclosure or other enforcement proceedings in respect of a non-performing Loan, the Asset Special Servicer may, at its discretion, pursue the sale of such Loan (or a pool of such Loans) to a third-party purchaser (a **NPL Disposal**), subject to the following conditions:

- a NPL Disposal may only be pursued where, in the reasonable opinion of the Asset Special Servicer, the net present value of the expected recovery from such sale (having regard to timing, estimated recovery rates, and associated costs and expenses) is superior to the net present value of the expected recovery from the alternative foreclosure or enforcement scenario in respect of the relevant Loan or Loans;
- the Asset Special Servicer must be satisfied that the proposed NPL Disposal would not, in the reasonable opinion of the Asset Title Holder, cause any reputational damage or harm to Banco Bilbao Vizcaya Argentaria, S.A. (in its capacity as Asset Title Holder) and, for this purpose, the Asset Special Servicer shall consult with the Asset Title Holder prior to proceeding with any such NPL Disposal; and
- any NPL Disposal must be carried out in accordance with the terms of the Asset Services Agreement and the applicable provisions of the Asset Purchase Agreements (including the conditions relating to the transfer of Mortgage Certificates and Non-Mortgage Loan Sub-participations set out in Clause 29 thereof) and any other applicable Transaction Document.

The proceeds of any NPL Disposal shall constitute Loan Receipts and shall be applied in accordance with the Payments Rules (see 19 *Payments Rules*). A NPL Disposal will result in the relevant Loan (and, as applicable, its related Mortgage Security) ceasing to form part of the Portfolio upon completion of the sale, and the Issuer will have no further economic interest in or exposure to such Loan from that date.

For the avoidance of doubt, the availability of a NPL Disposal as a non-performing Loan resolution strategy is without prejudice to the right of the Asset Title Holder to reacquire Loans pursuant to Clause 19 of the applicable Asset Purchase Agreement (see 11.2.4 *Asset Purchase Accession Agreements*) in the circumstances specified therein.

14.3.5 Aspects of enforcement relating to Mortgage Loans

(a) **Role of Asset Title Holder**

Spanish Royal Decree 716/2009 provides that the Asset Title Holder, as the issuer of the Mortgage Certificates, and, in certain circumstances only, the holder of the Mortgage Certificates will be the only entities entitled to enforce the corresponding Mortgage Loan and its Mortgage Security. Notwithstanding the above, the Asset Title Holder is entitled to delegate to third parties a number of servicing duties regarding the Mortgage Loans corresponding to the Mortgage Certificates.

The holder of a Mortgage Certificate is vested, pursuant to Article 31 of Royal Decree 716/2009 and the First Additional Provision of Royal Decree-Law 24/2021, with the following rights in the event of default by the relevant borrower under the Mortgage Loan:

(1) the right to compel the Asset Title Holder as the issuer of the Mortgage Certificates to commence enforcement of the relevant Mortgage Loan and its Mortgage Security;

(2) the right to join proceedings with the Asset Title Holder (with the same legal rights) for the enforcement by the Asset Title Holder against the relevant Debtor and to appear to that effect in any enforcement proceedings brought by the Asset Title Holder;

(3) should the Asset Title Holder fail to commence enforcement proceedings within 60 calendar days from being compelled to do so by the holder, the right to subrogate in such enforcement for the amount of the holder's participation in the relevant Mortgage Loan and its Mortgage Security; and

(4) in the event that the proceedings brought by the Asset Title Holder against the relevant Debtor are stayed, the right to substitute itself for the Asset Title Holder as enforcing party and to resume the proceedings.

In addition, on 20 October 2021 the Spanish Supreme Court issued a judgement that sought to conclude a recurring doctrinal debate as to which entity holds the right to enforce mortgage loans within securitisation transactions. That judgment states that the lender of record, has by legal imperative the right of standing in foreclosure and ordinary proceedings (*derecho de legitimación activa*). However, this does not prevent the holder of the Mortgage Certificates from also having standing in the terms described above.

(b) **Initial overview**

The judicial enforcement of a mortgage that has been properly set up may be channelled through a foreclosure procedure (*procedimiento de ejecución sobre bienes hipotecados*, see further 14.3.5(h) *Judicial foreclosure procedure*).

Such procedure may take, on average, between 18 to 24 months to be completed (assuming that the relevant mortgagor or debtors are not declared insolvent or decide to file for pre-insolvency proceedings pursuant to Article 585 of the Spanish Insolvency Law and consequently obtained the protection foreseen under Article 586 of Spanish Insolvency Law or other unexpected circumstances). These timings might be at the longer end of the spectum if there is an initial hearing following the debtor's objection to the enforcement procedure, as well as a subsequent appeal. However, this average period is always subject to unpredictable factors, among them the court's workload or the region where it is located.

There is also a notarial foreclosure procedure which may be also available under certain conditions and can be quicker but is subject to various uncertainties (see further 14.3.5(i) *Notarial enforcement procedure*).

(c) **Regulatory considerations**

There are a range of Spanish laws and codes of practice which can, among other things, have a significant adverse impact the enforcement of loans and mortgages in Spain, including as indicated in:

- 11.8.3 *Housing regulation*;
- 11.8.4 *Codes of Good Practices*; and
- 11.8.5 *Measures to address damage caused by DANA*.

(d) **Debtor's debt under the loan must be due and payable.**

The debtor's debt under the loan must be liquid, due and payable (*líquida, vencida y exigible*) before commencing enforcement of the loan and/or related mortgage. Spanish law is restrictive regarding the ability to accelerate a loan prior to expiry of the loan term. Only material non-remedied breaches or the expiry of its term would allow a lender to terminate a facility and to enforce the relevant security. A conservative approach based on the existing case law suggests that breaches of payment obligations are the only breaches that ensure the possibility to accelerate. So the fact that a circumstance may be considered a termination event under a facility does not necessarily mean that it would be accepted by the Court for accelerating the loan. See further 11.8.1(d) *Early termination and/or acceleration of loan agreements*.

(e) **Other legal considerations**

In addition, as indicated in 11.8.1 *Spanish laws affecting the validity and/or enforceability of contract terms*:

- there is an increasing tendency in recent years for Spanish debtors (mostly individuals who have financed the acquisition of their home and qualify as consumers) to file claims alleging that certain provisions included in the relevant loan agreements and/or mortgages are unfair and, therefore, invalid and unenforceable; and
- there is a strong trend in Spanish case law that leans towards declaring the unfairness of many clauses regularly used by financial institutions in the residential mortgage market

which can, among other things, have a significant adverse impact the enforcement of loans and mortgages in Spain.

(f) **Registered beneficiary at land registry**

Enforcement of a mortgage requires the Asset Title Holder, as the issuer of the Mortgage Certificates, to be the registered beneficiary at the Land Registry. The assignment of the mortgage from the initial beneficiary to the assignee would trigger stamp duty at a rate which varies depending on the location of the property.

(g) **Possession of original copies of all the relevant deeds**

Enforcement of a mortgage also requires possession of original copies of all the relevant deeds with enforceable provisions (*copias con fuerza ejecutiva*). In practice, it is not uncommon that the original copy with enforceable effects has been lost. In such case, both parties would have to give theirconsent to the issuance of a new enforceable copy by the notary who executed the deed in the first place, which is unlikely to happen in most cases. Under such circumstance, the Spanish General Directorate for Registries and Notaries issued a resolution on 28 June 2018 which confirmed that notaries are able to issue a new deed with enforceable provisions (*copia con fuerza ejecutiva*) to the new lender that has acceded to the financing after the acquisition of the debt secured with a mortgage, where the new lender has previously been unable to obtain another copy. Moreover, there is also a voluntary proceeding whereby the interested party would request from a court a decision ordering the notary to grant a new enforceable copy of the relevant deed. This proceeding usually takes around 6-8 months.

(h) **Judicial foreclosure procedure**

The following is a summary of some key characteristics of the judicial foreclosure procedure for enforcement of a mortgage:

- The lender is only entitled to request the enforcement of the mortgage through the foreclosure procedure based on the provisions contained in the deed or deeds of mortgage that have been recorded at the Land Registry (e.g. maturity date, mortgage maximum liability etc.);
- The mortgaged assets may be sold through two different procedures:
  - *Subasta judicial* - an auction to be published in the official platform for auctions; and
  - *Realización por persona o entidad especializada* - the assets can be sold by an expert or specialised entity subject to the agreement by the parties and the court's approval taking into account the nature and characteristics of the asset.

(i) **Notarial enforcement procedure**

The notarial enforcement procedure may be also available under certain conditions, namely that the notarial enforcement procedure has been agreed upon in the mortgage loan agreement and that certain circumstances have been included in the relevant clause.

The requirements to be met are mainly the same as stated for the judicial foreclosure procedure. However, the notarial procedure can save time, as the duration of the enforcement is ordinarily less than in the judicial foreclosure procedure, because there are no intervals between steps.

It should be noted that notaries are very reluctant to proceed with enforcement if they anticipate that some problems will arise during the course of the notarial enforcement procedure. In particular, the notary may suspend the sale if evidence is provided that a competent judicial body has been requested to issue a decision decreeing the impropriety of the sale due to the existence of unfair clauses in the mortgage loan agreement, or its continuation without the application of the unfair clauses. In addition, the notary is expressly empowered to warn the parties if any clause in the loan or mortgage may be unfair.

Even assuming that the Mortgage Properties provide adequate security for the Mortgage Loans relating to the Mortgage Certificates in the Portfolio, delays could be encountered in connection with enforcement and recovery of the Mortgage Loans, resulting in corresponding delays in the receipt of related proceeds by the Issuer.

See 4.2.3(g) *Risks relating to enforcement procedures* for some risk factors relating to the above.

14.4 REO Holding Services

14.4.1 REOs

The Mortgage Loans underlying the Mortgage Certificates in the Portfolio include mortgages of Spanish real estate assets (i.e. the Mortgage Properties) as collateral (see 11.1.4 *Mortgage Security*). If a foreclosure or deed in lieu (*dación en pago o para pago*) is agreed with the Debtor in relation to the relevant real estate asset (from that point onwards being a **REO**), it is necessary to have a structure which can be used to hold ownership of the REO with arrangements to manage, market and sell the REO and, in some cases, rent it out prior to sale, because the structure of the Issuer does not allow it to hold real estate assets.

Accordingly, when the Asset Special Servicer becomes aware that the first REO is expected to occur in relation to the Portfolio, the Issuer will agree in the English Security Deed to procure that the structure and arrangements summarised in this section 14.4 (the **REO Structure**) are implemented on a date (the **REO Start Date**) prior to the time that first REO needs to be held.

14.4.2 REO Holder

Among the initial steps to create the REO Structure will be the establishment of the **REO Holder** which is anticipated to be either an Irish limited partnership (the **REO LP Approach**) or a Spanish limited liability company (*sociedad de responsabilidad limitada unipersonal*) (the **REO Company Approach**):

(a) **REO LP Approach**

Where the REO LP Approach is used:

(1) The Issuer, as the initial sole limited partner of the REO Holder (the **REO Limited Partner**) and Lugo 2025-1 DAC, as the sole general partner of the REO Holder (the **REO General Partner**), will enter into a limited partnership agreement (the **REO Limited Partnership Agreement**) and, upon the Irish Companies Registration Office issuing a certificate of registration, the REO Holder will be formed as an Irish limited partnership under the Irish Limited Partnerships Act 1907 (the **Irish LP Act**).

(2) The REO Limited Partner:

(A) will contribute EUR 1 to the capital of the REO Holder and, by section 4(2) of the Irish LP Act, shall not be liable for the debts or obligations of the REO Holder beyond that amount; and

(B) as required by section 6(1) of the Irish LP Act, shall not take part in the management of the partnership business and shall not have power to bind the REO Holder.

(3) The REO General Partner:

(A) will not make any contribution to the capital of the REO Holder and, by section 4(2) of the Irish LP Act, shall have unlimited liability for the debts or obligations of the REO Holder; and

(B) shall be responsible for and carry out the management of the partnership business, and has power to bind the REO Holder and, according, all documents.

(4) Although the REO Holder would not have separate legal personality, it is a legally recognised business arrangement between the partners and its activities can and would be conducted in the REO Holder's name, and it would have separate financial statements and tax reference numbers and the REO General Partner would sign, for and on behalf of the REO Holder, all documents relating to the REO Holder and its activities and, where applicable, hold title to assets for and on behalf of the REO Holder.

(b) **REO Company Approach**

Where the REO Company Approach is used, it is anticipated that the Issuer will acquire from the REO Corporate Servicer (see 14.4.6 *REO Corporate Services Agreement*) all of the shares in relation to an unused Spanish limited liability company, having a share capital of EUR 3,000, and, on or around the

REO Start Date the Issuer would enter into a Spanish REO Share Pledge as referred to in 20.2.3(e) *Spanish REO Share Pledge*.

REO Constitutional Document means the REO Limited Partnership Agreement where the REO LP Approach is used or the articles of association (*estatutos*) of the REO Holder where the REO Company Approach is used.

REO Issuer Documents means the each REO Constitutional Document, the REO Loan Facility Agreement, (if the REO Company Approach is used) the Spanish REO Share Pledge and (if the REO LP Approach is used) the REO Irish Security Deed.

REO Issuer Ownership Interest means at any time the rights and interests of the Issuer at that time pursuant to the REO Constitutional Documents.

14.4.3 **REO Holding Services and REO Loan Facility Agreement**

As part of the establishment of the REO Structure, on or around the REO Start Date the REO Holder will enter into an English law governed loan facility agreement (the **REO Loan Facility Agreement**) with the Issuer.

(a) **REO Holding Services**

Under the terms of the REO Loan Facility Agreement, the REO Holder will covenant to the Issuer that the REO Holder will:

(1) maintain and operate the REO Structure and not make any material changes without the prior consent of the Issuer (not to be unreasonably withheld or delayed);

(2) acquire and hold each REO relating to the Mortgage Loans that arises from time to time through the relevant foreclosure procedures or friendly repossession procedures in relation to the Mortgage Properties relating to those Mortgage Loans; and

(3) procure that the REO Asset Services are provided in relation to each such REO,

(the **REO Holding Services**).

(b) **REO Loan Facility**

Under the terms of the REO Loan Facility Agreement, the Issuer will grant a EUR loan facility (the **REO Loan Facility**) to the REO Holder pursuant to which the Issuer commits to advance sufficient funds to the REO Holder in order to: (1) establish the REO Structure; (2) acquire REOs relating to the Mortgage Loans through the relevant foreclosure procedures or friendly repossession procedures; and (3) pay any fees, costs and expenses incurred in connection with the REO Holding Services, the REO Asset Services Agreement, the REO Account Agreement and the REO Corporate Services Agreement in so far as relating to or allocated to the REOs relating to the Mortgage Loans from time to time.

(c) **REO Loan Advances**

Under the terms of the REO Loan Facility Agreement, the REO Holder will be authorised to draw down, with the approval of the Issuer, in compliance with the procedure set out in the REO Loan Facility Agreement, one or more advances (each a **REO Loan Advance**) provided that the Issuer and Cash Administrator have received at least 3 Business Days before the proposed date of drawdown a completed notice of drawdown specifying the drawdown date and the amount of each REO Loan Advance requested. Each REO Loan Advance will be credited to the REO Transaction Account.

(d) **Interest under the REO Loan Facility**

Interest under the REO Loan Facility shall accrue on a daily basis on the principal amount outstanding in respect of the REO Loan Facility (the **REO Loan Principal Debt**) at the rates set out in the REO Loan Facility Agreement until the REO Loan Facility Termination Date and shall be payable on the first Business Day of each calendar month in respect of interest accrued during the preceding calendar month. Interest on the REO Loan Facility shall accrue on each day and the basis of a year of 360 days and the number of days actually comprised in the relevant calendar month.

The rate of interest on the REO Loan Facility for each calendar month is EURIBOR (as at the start of that calendar month) plus an arm's length margin to be notified by the Issuer on the basis of a transfer pricing study to be prepared on or after the date of the REO Loan Facility Agreement.

If the REO Holder does not have sufficient cash proceeds in respect of the REOs relating to the Mortgage Loans to make the payment obligations set out in the REO Loan Facility Agreement, the accrued interest shall be automatically capitalised and added to the REO Loan Principal Debt and will

subsequently be treated as principal under the REO Loan Facility for all purposes, including for the accrual of interest or any repayment or prepayment.

Interest accrued but not capitalised shall become immediately due and payable if all amounts due in respect of the REO Loan Facility are immediately due and payable under the REO Loan Facility Agreement.

(e) **Repayment and prepayment of the REO Loan Facility**

The REO Holder shall repay the REO Loan Principal Debt and any accrued and unpaid interest, in cash or in kind, on the **REO Loan Facility Termination Date**, being the date on which the Notes have been redeemed in full.

If the REO Company Approach is used, the Issuer will undertake, and the REO Holder will accept, that an amount equal to the amount of that new Advance multiplied by the result of 100% minus the REO Debt Percentage, may be immediately contributed by the Issuer, as the sole shareholder of the REO Holder, as an in-kind contribution by way of an 'other shareholder's contribution' (*aportaciones de socios o propietarios*) to the account, resulting in an equity increase of the REO Holder. The Issuer and the REO Holder agree that this contribution amount shall be varied as is necessary to maintain the overall REO Debt Percentage and comply with applicable Spanish corporate law requirements. Should such a contribution occur, the Issuer REO Facility Ledger shall be updated accordingly. Between the first and tenth day of every Month, the REO Holder shall make, and the Issuer shall accept, a contribution above mentioned. **REO Debt Percentage** means the REO Loan Principal Debt as a percentage of total funding or capital structure for the REO Holder, as determined in accordance with a transfer pricing study to be prepared after completion.

In the event that the fair market value of a REO acquired through a court enforcement foreclosure procedure is less than the value of the winning bid rights (*cesión de remate*) assigned by the lender-of-record to the REO Holder, the Issuer will return the difference to the REO Holder. The Issuer may repay such amount by set-off against the REO Loan Principal Debt.

14.4.4 REO Account Agreement

As part of the establishment of the REO Structure, on or around the REO Start Date the REO Holder will enter into a bank account services agreement (the **REO Account Agreement**) with a Spanish bank (the **REO Account Provider**) pursuant to which the REO Holder will open and maintain one or more bank accounts (each a **REO Transaction Account**) with the REO Account Provider and the REO Account Provider will agree to provide bank account services to the REO Holder which are similar to (and on terms similar to) what is indicated in 14.6 *Issuer Account Services*.

14.4.5 REO Asset Services Agreement

As part of the establishment of the REO Structure, on or before the REO Start Date the REO Holder will enter into a Spanish law governed REO asset services agreement (the **REO Asset Services Agreement**) with Pepper Spanish Servicing, S.L.U. (the **REO Asset Servicer**) pursuant to which the REO Asset Servicer will agree to provide the REO asset services summarised in this 14.4.5 (the **REO Asset Services**) and one or more Spanish law governed powers of attorney will be granted by or on behalf of the REO Holder to the REO Asset Servicer to facilitate the provision of the REO Asset Services.

(a) **REO property management**

The REO Asset Services include all sale, letting, marketing, commercialisation, management and administration services (including services ancillary thereto) performed by the REO Asset Servicer with a view to maximising the value of each REO held by the REO Holder from time to time including, without limitation:

(1) handing the registration of the relevant REOs in the name of REO Holder in Land Registry and the Cadastre;

(2) the maintenance of the REOs;

(3) establishing, monitoring and administering the insurance policies relating to the REOs;

(4) the payment of outgoings relating to the REOs, including all taxes, owners' association fees, and contributions to repairs;

(5) ensuring that all documents, deeds, policies, certificates, electronic files and keys are custodied and providing reasonable access to them to the Issuer, the REO Holder, their respective auditors or other advisers; and

(6) maintaining all computer and other records relating to the REOs in such a way that they can be easily identified and distinguished from those relating to other REOs (and in particular from those relating to any other properties managed by the REO Asset Servicer for other customers).

In particular, if a REO is awarded to the Issuer and/or any REO Holder or in any other manner the REO Holder becomes the owner of any REO, the REO Asset Servicer shall sell that REO as soon as practicable, taking account of prevailing market conditions, in strict compliance with any criteria and procedures provided from time to time by the Issuer.

In a Spanish mortgage enforcement proceeding, any surplus generated within the enforcement process (i.e. any excess of the REO auction price / adjudication value over the total liability that was owing on the relevant mortgage loan, after applying the relevant statutory order of payment) would be payable to the next ranking mortgage lender (if any) and, thereafter, to the borrower (i.e. such excess would not be retained by the REO Holder). That legal position will be taken into account in the value of the REO in the REO Holder's financial statements. Accordingly, and depending on the enforcement outcome and valuation mechanics, there may be limited scope for the REO Holder to make any cash profit in respect of REOs.

However, where the REO Holder is awarded title to a REO as adjudicatee following a failed auction, the adjudication amount/value is determined in accordance with the statutory enforcement mechanics. Any surplus for statutory distribution purposes is assessed within the enforcement process by reference to that determined auction price / adjudication value. If the REO Holder subsequently sells the REO in a private sale, any excess over that determined auction price / adjudication value is not automatically payable to the next ranking mortgage lender (if any) and, thereafter, the borrower under the statutory surplus distribution mechanics (i.e. such excess could be retained by the REO Holder). Even if the REO Holder receives such excess amounts in relation to some REOs, the interest and fees payable by the REO Holder to REO Holder Security Creditors under the REO Transaction Documents would be deducted in calculating any taxable profits for the purposes of Spanish tax.

(b) **REO Transaction Account**

The REO Asset Services include the REO Asset Servicer operating the REO Transaction Account and maintaining a separate ledger (a **REO Lender Ledger**) in which it records each debit and credit to the REO Transaction Account in connection with the Issuer and/or the REOs relating to the Mortgage Loans (and no other debit or credit).

The REO Asset Servicer will agree to ensure that all amounts received by the REO Holder in connection with the Issuer and/or the REOs relating to the Mortgage Loans (including, without limitation, sale proceeds, rent and insurance claim proceeds) are paid directly into the REO Transaction Account and credited to the REO Lender Ledger.

The REO Asset Servicer will pay fees and expenses incurred by the REO Holder in connection with the Issuer and/or the REOs relating to the Mortgage Loans (including the fees and expenses payable under the REO Transaction Documents) from the REO Transaction Account to the extent that the REO Lender Ledger has a sufficient credit balance and upon making such a payment shall make a corresponding debit to the REO Lender Ledger. If the REO Lender Ledger does not have a sufficient credit balance, REO Asset Servicer can administer the drawing of a REO Loan Advance.

On the first Business Day of each calendar month, the REO Asset Servicer will make a payment from the REO Transaction Account equal to the amount, if any, by which the credit balance of the REO Lender Ledger (if any) exceeds a reasonable provision for expenses expected to be incurred in carrying out the REO Asset Services prior to the first Business Day of the next calendar month, to the Issuer's Transaction Account, such amount being applied first to accrued interest outstanding under the REO Loan Facility and then to the repayment or prepayment of the REO Loan Principal Debt.

(c) **REO reporting**

The REO Asset Servicer will agree to prepare and deliver a monthly report in relation to the REOs with all relevant information, marketing activity, sales and leases (if any) agreed or completed and the dates and amounts, expenses incurred or paid, profits received in relation to sales or leases (if any), and to keep accurate records in relation to the REOs.

(d) **Provision of the REO Asset Services**

The REO Asset Servicer will agree:

(1) to provide the REO Asset Services with the same degree of diligence, prudence and operating practice which, at the relevant time, would reasonably and ordinarily be expected from a skilled

and experienced servicer engaged in the same or a similar business as the one of the REO Asset Servicer;

(2) to deploy and maintain the necessary technical and organisational resources (including equipment and qualified professionals) as are necessary to fulfil its obligations under the REO Asset Services Agreement;

(3) to comply with all laws and regulations applicable from time to time and, in particular, those relating to tax, employment, consumer protection and anti-money laundering and prevention of terrorist financing; and

(4) to comply with any and all reasonable instructions and guidelines that REO Holder may provide at any time.

(e) **Liability**

The REO Asset Servicer shall hold the REO Holder harmless from any damage, direct economic loss or liability but excluding loss of profit that REO Holder actually incurs or suffers as a result of a breach by the REO Asset Servicer of the REO Asset Services Agreement.

The REO Holder shall hold the REO Asset Servicer harmless from any damage, direct economic loss or liability but excluding loss of profit that REO Holder actually incurs or suffers as a result of a breach by the REO Holder of the REO Asset Services Agreement or any action duly carried out by the REO Asset Servicer following REO Holder's instructions.

(f) **REO Asset Servicer fees**

The fees payable to the REO Asset Servicer under the REO Asset Services Agreement:

(1) shall be a percentage of the award value of the REOs; and

(2) shall be payable in arrear on the 1st Business Day of each calendar month to the extent that the credit balance of the REO Lender Ledger is sufficient and any unpaid amount shall be deferred without any penalty and without the accrual of interest until the next 1st Business Day of a calendar month where the credit balance of the REO Lender Ledger is sufficient.

(g) **REO Asset Servicer termination**

The REO Asset Services Agreement may be early terminated by the REO Holder, by giving written notice to the REO Asset Servicer with effect from the date (which shall not be prior to the date of the notice) indicated in the notice, in the following circumstances:

(1) if the Servicing Agreement is terminated;

(2) if the REO Asset Servicer breaches or ceases to comply with its obligations under the REO Asset Services Agreement and such breach is not remedied and continues without being remedied beyond the remedy periods described above or where the same breach has occurred and been remedied on 3 previous occasions;

(3) the revocation of a licence, registration or administrative permit held by the REO Asset Servicer and required for the REO Asset Servicer to provide one or more of the REO Asset Services that are the subject-matter of the REO Asset Services Agreement, unless it is the result of, or attributable to, a change in the applicable legislation, in which case the REO Asset Servicer shall have the period of time established in the regulatory amendment in question to obtain the licence, registration or administrative permit; and/or

(4) if any insolvency event occurs in relation to the REO Asset Servicer.

In addition, REO Holder may terminate the appointment of the REO Asset Servicer under the REO Asset Services Agreement by giving 30 days' prior notice to the REO Asset Servicer provided that 4 years have elapsed since the Closing Date.

The provision of the REO Asset Services in respect of an REO shall terminate for that REO if the REO is removed from the REOs under management of the REO Holder for any reason or sold or otherwise transferred.

Upon termination of the REO Asset Services Agreement, for any reason, the REO Asset Servicer must perform all necessary actions until it achieves the total transfer of the management of the REOs to REO Holder, the new servicer or the new owner, ensuring that all management functions are carried out in an orderly manner which is not detrimental to REO Holder.

14.4.6 **REO Corporate Services Agreement**

As part of the establishment of the REO Structure, on or before the REO Start Date the REO Holder and, if the REO LP Approach is used, the REO General Partner will enter into a corporate services agreement (the **REO Corporate Services Agreement**) with a person who is experienced in providing corporate services in relation to structured finance special purpose vehicles (the **REO Corporate Servicer**) pursuant to which the REO Corporate Servicer will agree to provide corporate services in relation to the REO Holder and, if the REO LP Approach is used, the REO General Partner which are similar to (and on terms similar to) what is indicated in 14.10 *Corporate Services*. Where the REO LP Approach is used the REO Corporate Servicer will be established in Ireland, and where the REO Company Approach is used the REO Corporate Servicer will be established in Spain.

14.4.7 **REO security documents**

(a) **REO Spanish Bank Accounts Pledge**

As part of the establishment of the REO Structure, on or around the REO Start Date the REO Holder will enter into a Spanish law governed deed of pledge pursuant to which the REO Holder will create and agree to create Security Interests in favour of a security trustee (the **REO Security Trustee**) for the benefit of the REO Holder Security Creditors in respect of credit rights arising from each Issuer Account and each Asset Account (the **REO Spanish Bank Accounts Pledge**).

(b) **REO Irish Security Deed**

If the REO LP Approach is adopted for the REO Holder, on or around the REO Start Date the REO Holder and each REO Holder Security Creditor will enter into an Irish law governed security deed (the **REO Irish Security Deed**) pursuant to which, among other things, the REO Holder will create and agree to create Security Interests in favour of the REO Security Trustee for the benefit of the REO Holder Security Creditors:

- a charge by way of first fixed security of the REO Holder's present and future rights under the REO Holder's transaction documents governed by Irish law (see 3.3.3 *Governing law*) and any other present and future assets (in so far as not already subject to an effective first fixed security pursuant to the REO Spanish Bank Accounts Pledge) from time to time of the Issuer (which may take effect, in certain cases, as floating charges or equitable charges and thus rank behind the claims of certain creditors); and
- a first floating charge (ranking behind the claims of certain creditors and the fixed security created pursuant to the REO Spanish Bank Accounts Pledge) in respect of all the assets of the REO Holder.

(c) **REO Holder Security Creditors**

REO Holder Security Creditors means the REO Security Trustee, the Issuer (in relation to the REO Loan Facility Agreement and each REO Constitutional Document), the REO Asset Servicer, the REO Account Provider, the REO Corporate Servicer and, if the REO LP Approach is used, any REO Additional Lender.

The REO Structure will be established so as to that the legal arrangements between the REO Holder, the REO Security Trustee and each other REO Holder Security Creditor is substantially the same as the corresponding legal arrangements indicated in 20.1.2 *Security Intercreditor Deed*.

The REOs held by any REO Holder will not be subject to any separate Security Interest.

(d) **REO Holder general covenants**

The REO Holder will covenant with (if the REO LP Approach is used) the REO Security Trustee in the REO Irish Security Deed, or (if the REO Company Approach is used) the Issuer in the REO Loan Facility Agreement, that the REO Holder will:

(1) not:

(A) have any activities or enter into any documents;

(B) sell, convey, transfer, lease, assign or otherwise dispose of any of its assets;

(C) grant, create or permit to exist any security over (including the grant of security or trust over) any of its assets;

(D) use, invest or otherwise deal with any of its assets or grant any option or right to acquire any of its assets;

(E) incur or permit to subsist any indebtedness;

(F) make any loans, grant any credit or give any guarantee or indemnity to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation to any other person;

(G) have any interest in any bank account; or

(H) issue any shares or grant any voting rights in or over the REO Holder,

other than as contemplated under and in accordance with the **REO Transaction Documents** (being each document referred to in this section 14.4 in respect of which the REO Holder a party);

(2) not consolidate or merge with any other person;

(3) not commingle its funds or assets with those of any other person;

(4) not have any employees or premises or have any subsidiaries or become a director or officer of any person;

(5) at all times to carry on and conduct its affairs in a proper and efficient manner in its own name and in accordance with its constitutive documents and all laws and regulation applicable to it and comply with and perform all its obligations under the REO Transaction Documents;

(6) to cause to be prepared, separate from those of any other person, and certified by its auditors in respect of each financial year, accounts in such form as will comply with relevant legal and accounting requirements for the time being;

(7) at all times to keep or procure the keeping of proper books of account and records separate from those of any other person;

(8) hold itself out and identify itself as a separate and distinct business under its own name and not as a division or part of any other person, and maintain and use separate stationery, invoices and cheques bearing its name and not the name of any other person;

(9) conduct its business and affairs such that, at all times, its 'centre of main interests' for the purposes of the recast EU Insolvency Regulation shall not be in any Member State and it will not have any 'establishment' (as defined in the recast EU Insolvency Regulation) in any Member State, in each case other than as indicated in the REO Transaction Documents; and

(10) give notice in writing to the Issuer of the occurrence of any event of default under the REO Loan Facility Agreement immediately upon becoming aware thereof.

14.4.8 **Use of the REO Structure for other structured financings on a segregated basis**

If the REO LP Approach is used, the REO Structure will be established so that it can be used, on a segregated basis, for other structured financings involving Spanish mortgage loans where the Risk Retention Holder or one or more of its affiliates is the sponsor of and/or risk retention holder in respect of such structured financing and (among other things):

(a) the special purpose vehicle in respect of that structured financing (being a **REO Additional Lender**) accedes to the REO Limited Partnership Agreement as a further limited partner and accedes to the REO Irish Security Deed as a further REO Holder Security Creditor;

(b) the REO Additional Lender and the REO Holder enter into a loan facility agreement substantially similar to the REO Loan Facility Agreement in relation to the REOs relating to that structured financing;

(c) the REO Asset Services Agreement will be structured so that the REO Asset Servicer provides REO Asset Services in relation to the REOs relating to that structured financing on a segregated basis; and

(d) the REO Asset Servicer will maintain and operate a separate REO Lender Ledger for all the payments and receipts relating to that REO Additional Lender, that loan facility agreement and the REOs relating to that structured financing.

14.4.9 **Certain tax aspects relating to the REO Holder**

(a) **Spanish income tax**

It is expected that the REO Holder will be liable to submit a Spanish tax return and pay Spanish tax (whether corporation income tax or non-resident income tax, as applicable) on its taxable profits (being its revenue after deduction of tax deductible expenses) at the general corporate income tax rate of 25% provided that, in case that the REO LP Approach is used, the REO Holder is expected to:

- be deemed to act in Spain through an agent authorised to hire for the purposes of Article 38 of the Spanish Non-Resident Income Tax Law, approved by Royal Decree Legislative 5/2004, of March 5; and
- qualify as a tax disregarded entity for Spanish tax purposes in accordance with the criterion issued by the General Directorate of Taxes in its resolution of February 6, 2020, regarding the consideration of certain foreign entities as disregarded entities.

(b) **Spanish transfer tax**

Second and subsequent transfers of residential properties in Spain are generally subject to non-recoverable Spanish transfer tax ranging from 2% to 13%, depending on the region where the property is located, but subject to certain reduced rates available in some regions (such as Madrid and Andalucía) if certain requirements set forth under the regional regulations are met (mainly, that the acquiring entities are engaged in the purchase and sale of real estate properties, that the assets are accounted for as stock and re-sold within a certain time period, etc.). Pursuant to Decree-Law 5/2025 approved by the Catalan Regional Government on 25 March 2025, which became effective from 27 June 2025, the following transactions in relation to properties in Catalonia will be subject to a 20% transfer tax (instead of the standard maximum rate of 13%): (1) transfers of residential properties to Large Property Owners (which may include the REO Holder, see 11.8.3(b) *Large Property Holders*); and (2) transfers of entire residential buildings (even if transferred progressively).

(c) **Irish tax**

If the REO LP Approach is used, the REO Holder will, in addition, be liable to submit an Irish tax return but would be treated as transparent for Irish tax purposes and all the revenues and expenses of the REO Holder would be allocated to the REO Limited Partner (i.e. the Issuer), and none to the REO General Partner, and, accordingly, will be included in the Irish tax position of the Issuer (which is subject to the Section 110 Regime).

14.5 Asset Account Services

14.5.1 Appointment of Asset Account Provider

In addition, pursuant to the Asset Services Agreement:

(a) each of the following bank accounts (each an **Asset Collection Account**) will be maintained with the Asset Account Provider and operated by the Asset Special Servicer:

(1) the **Asset Collection DD Account**;

(2) the **Asset Collection Manual Account**; and

(3) the **Asset Collection Sweep Account**; and

(b) a bank account (the **Asset Expense Account**) will be maintained by the Issuer with the Asset Account Provider and operated by the Asset Special Servicer; and

(c) the Asset Account Provider will agree to provide Asset Account Services in return for a fee.

See further 8 *Triggers tables* regarding the circumstances in which the Asset Account Provider can resign and/or in which its appointment can be terminated.

14.5.2 Overview of Asset Account Services

The services (being the **Asset Account Services**) to be performed by the Asset Account Provider under the Asset Services Agreement include:

- providing the Issuer with each Asset Collection Account and the Asset Expense Account (each being, together with any replacement or further accounts maintained from time to time under the Asset Services Agreement, an **Asset Account**);
- providing statements in respect of each such Asset Account (which may be satisfied by the statements being made available through the Asset Account Provider's online facilities); and

- carrying out instructions received from the Asset Special Servicer including, without limitation, the debiting and crediting of amounts.

The Asset Services Agreement also sets out the arrangements for the operation of each Asset Account including the issue of mandates by the Issuer authorising specified persons to operate each relevant Asset Account.

The fees payable to the Asset Account Provider in respect of the Asset Services Agreement are included in 9.1.2 *Asset Title Holder fees*.

The Asset Account Provider will not pay any interest on amounts standing to the credit of any Asset Account.

14.6 Issuer Account Services

14.6.1 Appointment of Issuer Account Provider

On the Closing Date an Issuer Account Agreement (the **Issuer Account Agreement**) will be entered into between the Issuer, the Issuer Account Provider, the Cash Administrator, the Framework Administrator and the Security Trustee pursuant to which:

(a) a bank account (the **Transaction Account**) will be maintained by the Issuer with the Issuer Account Provider and operated by the Cash Administrator;

(b) a bank account (the **Hedge Collateral Account**) will be maintained by the Issuer with the Issuer Account Provider and operated by the Cash Administrator; and

(c) the Issuer Account Provider will agree to provide Issuer Account Services in return for a fee.

See further 8 *Triggers tables* regarding the circumstances in which the Issuer Account Provider can resign and/or in which its appointment can be terminated.

14.6.2 Overview of Issuer Account Services

The services (being the **Issuer Account Services**) to be performed by the Issuer Account Provider under the Issuer Account Agreement include:

- providing the Issuer with the Transaction Account and the Hedge Collateral Account (each being, together with any replacement or further accounts maintained from time to time under the Issuer Account Agreement, an **Issuer Account**);
- paying interest on amounts standing to the credit of such Issuer Account;
- providing statements in respect of each such Issuer Account (which may be satisfied by the statements being made available through the relevant Issuer Account Provider's online facilities); and
- carrying out instructions received from the Cash Administrator including, without limitation, the debiting and crediting of amounts.

The Issuer Account Agreement also sets out the arrangements for the operation of each Issuer Account including the issue of mandates by the Issuer authorising specified persons to operate each relevant Issuer Account.

The fees payable to the Issuer Account Provider in respect of the Issuer Account Agreement are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

14.7 Cash Administration Services

14.7.1 Appointment of Cash Administrator

On the Closing Date a Cash Administration Agreement (the **Cash Administration Agreement**) will be entered into between the Issuer, the Cash Administrator, the Framework Administrator and the Security Trustee pursuant to which the Cash Administrator will agree to provide Cash Administration Services in return for a fee.

See further 8.2 *Non-rating triggers table* regarding the circumstances in which the Cash Administrator can resign and/or in which its appointment can be terminated.

14.7.2 Overview of Cash Administration Services

The services (being the **Cash Administration Services**) to be performed by the Cash Administrator under the Cash Administration Agreement include:

- acting as Payments Administrator and administering the Payments Rules, each as defined in 19.1 *Payments Rules core definitions*, including, without limitation, making calculations, allocations, transfers and payments on each Payments Calculation Date and on each Payments Date (including pursuant to each applicable Priority of Payments) as indicated in those Payments Rules (see further 19 *Payments Rules*);
- operating each Issuer Account according to the applicable terms of the Transaction Documents;
- establishing and maintaining each Ledger and making credits and debits to the relevant Ledger at the times, in the amounts and in the manner indicated in the Transaction Documents (see further 19 *Payments Rules*); and
- preparing and providing a monthly Investor Report after each Payments Date setting out, among other things, certain aggregated loan data in relation to the Portfolio and the application of funds according to the Priority of Payments.

For the purpose of the Cash Administration Services, the Cash Administrator will be authorised to operate the Issuer Accounts.

Each Investor Report shall be sent by the Cash Administrator to the person maintaining the Transaction Information Website (being such person as is notified by the Issuer or the Framework Administrator to the Cash Administrator from time to time).

In providing such services in relation to Investor Report, the Cash Administrator will not assume any responsibility for the Issuer's obligations as the entity responsible to fulfil the reporting obligations under any Securitisation Framework, any regulatory and/or implementing technical standards or any guidance relating to the same, and also assumes no responsibility or liability to the Noteholders, any potential investor in the Notes or any other party including for their use or onward disclosure of the information or documentation on the Transaction Information Website and shall have the benefit of the powers, protections and indemnities granted to it under the Cash Administration Agreement and the other Transaction Documents.

The Cash Administrator shall not have any duty to monitor, enquire or satisfy itself as to the veracity, accuracy or completeness of any documentation provided to it in connection with the preparation of any Investor Report or whether or not the provision of such information accords with applicable law, regulation or guidance and shall be entitled to rely conclusively upon any instructions given by (and any determination by) the Issuer (or the Framework Administrator on its behalf) regarding the same, provided that such instructions are given in accordance with the Transaction Documents, and shall have no obligation, responsibility or liability whatsoever for the provision of information and documentation on the Transaction Information Website. The Investor Reports may include disclaimers reflecting the above summary.

The fees payable to the Cash Administrator in respect of the Cash Administration Services are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

14.8 Custody Services

14.8.1 Appointment of Custodian

On the Closing Date a Custody Agreement (the **Custody Agreement**) will be entered into between the Issuer, the Framework Administrator, the Custodian, the Cash Administrator and the Security Trustee pursuant to which the Custodian will agree to provide Custody Services in return for a fee.

See further 8.2 *Non-rating triggers table* regarding the circumstances in which the Custodian can resign and/or in which its appointment can be terminated.

14.8.2 Overview of Custody Services

The services (being the **Custody Services**) to be performed by the Custodian under the Custody Agreement include:

- providing **Custody Accounts** to the Issuer comprising:
  - one or more **Custody Securities Accounts** to be used for holding Hedge Collateral in the form of securities received by the Issuer pursuant to the Hedge Agreement; and

- one or more **Custody Cash Accounts** to be used for holding, pending transfer to the Hedge Collateral Account and/or Transaction Account, cash proceeds and/or income received in respect of securities held in a Custody Securities Account;

- operating each Custody Account according to the applicable terms of the Custody Agreement and other Transaction Documents;

- providing statements in respect of each such Custody Account (which may be satisfied by the statements being made available through the Custodian's online facilities); and

- carrying out instructions received from the Issuer under and in accordance with the Custody Agreement in relation to the Custody Accounts.

The fees payable to the Custodian in respect of the Custody Services are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

14.9 Note Services

14.9.1 Appointment of the Note Agents

On the Closing Date a **Note Services Agreement** (the **Note Services Agreement**) will be entered into between the Issuer, the Principal Paying Agent, the Note Calculation Agent, the Cash Administrator, the Note Registrar, the Framework Administrator, the Note Trustee and the Security Trustee pursuant to which:

- the Note Registrar will agree to provide the services indicated in 14.9.2 *Note Register Services* in relation to the Transaction in return for a fee;

- the Principal Paying Agent will agree to provide the services indicated in 14.9.3 *Note Paying Agency Services* in relation to the Transaction in return for a fee; and

- the Note Calculation Agent will agree to provide the services indicated in 14.9.4 *Note Calculation Services* in relation to the Transaction in return for a fee.

The Note Register Services, the Note Paying Agency Services and Note Calculation Services are referred to as the **Note Services**.

Each of the Note Registrar, Principal Paying Agent and Note Calculation Agent is referred to a **Note Agent**.

See further 8.2 *Non-rating triggers table* regarding the circumstances in which the Note Registrar, Principal Paying Agent and/or the Note Calculation Agent can resign and/or in which its appointment can be terminated.

14.9.2 Overview of Note Register Services

The services (being the **Note Register Services**) to be performed by the Note Registrar under the Note Services Agreement include:

- establishing, maintaining and operating the Note Register in relation to the Notes;

- issuing, authenticating, procuring the effectuation of (if applicable) and delivering certificates in respect of the Notes (when required);

- dealing with transfers of Notes (as described in 26 *Transfer Regulations*) and the cancellation of Notes; and

- exchanging interests in Global Notes for definitive Notes.

The fees payable to the Note Registrar in respect of the Note Register Services are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

14.9.3 Overview of Note Paying Agency Services

The services (being the **Note Paying Agency Services**) to be performed by the Principal Paying Agent under the Note Services Agreement include:

- paying or causing to be paid (at the places and in the manner provided in the Note Conditions) on the Issuer's behalf the amounts due in respect of Notes in accordance with the applicable Priority of Payments (and, therefore, act as principal paying agent and provide paying agency services in relation to such Notes) using the amounts paid to it for such purpose in accordance with the applicable Payments Rules.

- arranging for the issuance of notices in relation to Notes; and

- providing services in relation to arranging and holding of any meetings of Noteholders in respect of those Notes.

The fees payable to the Principal Paying Agent in respect of the Note Paying Agency Services are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

14.9.4 Overview of Note Calculation Services

The services (being the **Note Calculation Services**) to be performed by the Note Calculation Agent under the Note Services Agreement include determining and calculating Interest Rates applicable to Notes and calculating certain amounts payable to Noteholders in respect of Notes. See further 17 *Note Base Conditions*.

The fees to the Note Calculation Agent in respect of the Note Calculation Services are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

14.10 Corporate Services

14.10.1 Appointment of Corporate Servicer

On the Closing Date a Corporate Services Agreement (the **Corporate Services Agreement**) will be entered into between the Corporate Servicer, the Share Trustee, the Issuer, the Framework Administrator and the Security Trustee pursuant to which the Corporate Servicer will agree to provide Corporate Services in return for a fee.

See further 8.2 *Non-rating triggers table* regarding the circumstances in which the Corporate Servicer can resign and/or in which its appointment can be terminated.

14.10.2 Overview of Corporate Services

The services (being the **Corporate Services**) to be performed by the Corporate Servicer under the Corporate Services Agreement include:

- providing the services of directors of the Issuer in Ireland, providing a company secretary for the Issuer and providing persons to act as signatories of the Issuer;
- the performance of all general book-keeping, secretarial, registrar and company administration services as may be required in the normal course of the businesses of the Issuer and, in order to comply with the laws and regulations of Ireland, dealing with correspondence relating to the businesses of the Issuer (in each case except to the extent to be prepared by, maintained by or dealt with by another Transaction Servicer);
- making available telephone, email and registered office facilities and within its premises such non–exclusive space as may be necessary for the purposes of the businesses of the Issuer and, in particular, facilities for meetings of the directors of the Issuer from time to time; and
- following notice being given to terminate the appointment of an Asset Special Servicer under the applicable Asset Services Agreement, to use commercially reasonable efforts to select and appoint, on behalf of the Issuer (prior to a Security Realisation Date) or the Security Trustee (at any other time), a substitute Asset Special Servicer in satisfaction of the conditions set out in that Asset Services Agreement applicable to the appointment of a substitute Asset Special Servicer.

The fees payable to the Corporate Servicer in respect of the Corporate Services are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

14.11 Framework Administration Services

14.11.1 Appointment of Framework Administrator

On the Closing Date a Framework Administration Agreement (the **Framework Administration Agreement**) will be entered into between the Issuer, the Framework Administrator and the Security Trustee pursuant to which the Framework Administrator will agree to provide **Framework Administration Services** in return for a fee.

See further 8.2 *Non-rating triggers table* regarding the circumstances in which the Framework Administrator can resign and/or in which its appointment can be terminated.

14.11.2 Overview of Framework Administration Services

The administration services (being the **Framework Administration Services**) to be performed by the Framework Administrator under the Framework Administration Agreement include using its reasonable efforts in:

- assisting the Issuer in obtaining and (and if requested to do so by the Issuer) in maintaining the listing of Notes;
- assisting the Issuer in liaising with any Rating Agency in connection with the ratings of the Notes;
- assisting the Issuer in liaising with the Hedge Provider in connection with the Hedge Agreement;
- assisting the Issuer in relation to establishing and implementing the REO Structure as contemplated in 14.4 *REO Holding Services*;
- when required under a Transaction Document, identifying and referring persons to the Issuer for potential appointment as a replacement Transaction Servicer and providing such information to the Issuer on matters relating to such appointment and structuring of applicable Transaction Services and the negotiation of Transaction Services Agreements as the Issuer may request or reasonably require;
- administration of the Issuer's obligations in respect of any alleged or actual breach of an Asset Warranty (see 11.5.4 *Remedies for breach of Asset Warranties*); and
- upon the Issuer Account Provider ceasing to have the relevant required ratings, carrying out procedures with a view to arranging for a guarantor or a replacement with the required ratings (but without any liability if such procedures are not successful),

and it may (but is not obliged to) provide administrative services to the Issuer in relation to each other Transaction Document (except where any Transaction Document specifies that another party is to provide the relevant services and/or carry out the relevant things).

The fees payable to the Framework Administrator in respect of the Framework Administration Services are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

15. Certain features of the Notes

The information set out in this section relating to the Clearing Systems, Book Entry Interests and the rules, regulations and procedures of the relevant Clearing Systems is derived from information obtained from the Clearing Systems and the Issuer believes that such sources are reliable, but prospective investors are advised to make their own enquiries as to such procedures. The Issuer accepts responsibility for the accurate reproduction of such information from publicly available information and, as far as the Issuer is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. Such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the relevant Clearing Systems currently in effect and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer or any other Transaction Party (nor any person associated with any of them), will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described in this Prospectus.

15.1 Issue and constitution of Notes

15.1.1 Constitution under Note Trust Deed and by entry in Note Register

As indicated in 6.1.1 *Constitution of the Notes*:

(a) the Issuer will enter into the Note Trust Deed on the Closing Date pursuant to which each of the Investment Notes will be constituted and by appropriate entries being made in the Note Register; and

(b) the Issuer will enter into the A Loan Note Agreement on the Closing Date pursuant to which each of the Loan Notes will be constituted and by appropriate entries being made in the Note Register.

Entry of a person's name in the Note Register as the Noteholder in respect of a Note is conclusive evidence of that person's title to and ownership of that Note.

References in this Prospectus to **Noteholder** mean the person in whose name a Note is registered in the Note Register (Note Base Condition 1.1 *Definitions*).

The Issuer will on, or as soon as reasonably practicable after, the date of this Prospectus issue a notice through the London Stock Exchange plc's regulatory news service regarding the publication of this Prospectus and that notice will, among other things, indicate the aggregate Note Initial Principal Amount of the Notes being listed, being EUR 559,369,000.

15.1.2 Note Register

Pursuant to the Note Services Agreement, the Note Registrar (see 14.9.1 *Appointment of the Note Agents*) is responsible for maintaining an up-to-date Note Register in relation to the Notes. The Note Register shall be kept at an office of the Note Registrar in respect of which prior written notice of the address has been given by the Note Registrar to the Issuer, the Framework Administrator and the Security Trustee.

Among other things, the Note Registrar will be required to enter into the relevant Note Register the names and addresses of current and previous Noteholders of each Note and the relevant dates of all transfers of, registrations of and cessations of holdings of Notes, the Note Initial Principal Amount and the dates and amounts of each redemption of principal in respect of each Note.

The Note Registrar will not be liable for any mistake in the Note Register or in any purported copy except to the extent that the mistake is attributable to the Note Registrar's own fraud, gross negligence or wilful default.

In order to calculate the amount payable to each Noteholder, the relevant Note Register may be closed by the relevant Note Registrar from 3:30pm on such Business Day as the Issuer determines from time to time (not exceeding 5 consecutive Business Days) and be re-opened at the commencement of business on the Business Day immediately following the day the amounts payable to each Noteholder are payable.

Subject to the provisions of the relevant Note Conditions, the Note Register shall be made available by the relevant Note Registrar at its Note Registrar Specified Office to a Noteholder and its authorised representatives for inspection of that part of the Note Register which relates to that Noteholder free of charge at any reasonable time when such Note Registrar Specified Office is open for business.

See 14.9.2 *Note Register Services* for further details relating to the maintenance of the Note Register.

15.1.3 **Note Conditions**

The Investment Notes shall be issued on and subject to the applicable Note Conditions, being the Note Base Conditions (set out in 17 *Note Base Conditions*) as supplemented and amended in respect of each issue of Notes by the Note Specified Terms (set out in 6.1 *Note Specified Terms*).

The Loan Notes shall be issued on and subject to the A Loan Note Agreement.

15.1.4 **Note Additional Provisions**

In addition, as provided in Note Base Condition 2.1 *Constitution*, each Investment Note will be subject to, and each Noteholder will be bound by, and is deemed to have notice of, all the Note Additional Provisions (which comprise the provisions of the Payments Rules, the Note Trust Deed, the Note Services Agreement, each of the Security Documents and (in the case of the Investment Notes) the applicable Transfer Regulations and are available for inspection as indicated in 1.2 *Availability of information for inspection*).

15.1.5 **Governing Law**

The Notes will be governed by, and construed in accordance with, English law (see Note Base Condition 18.1 *English law*).

15.2 Form and holdings of the Notes

15.2.1 **Form of Notes**

The Notes will be issued in registered form (see Note Base Condition 2.2 *Form*).

15.2.2 **Denomination of Notes**

The Notes will be issued in the denominations specified in the *Minimum Denomination* section in the Note Specified Terms (see Note Base Condition 2.3 *Denominations and permitted holdings*). No Notes will be issued with a denomination of less than EUR 300,000.

15.2.3 **Note certificates only issued in limited circumstances**

No certificates (each, in relation to a Note, being a **Note Certificate**) or other evidence of title will be issued in respect of a Note unless:

- the Issuer determines that certificates should be made available as required by law or chooses to make certificates available; or
- a Note Certificate is specifically requested by the relevant Noteholder and specifically agreed to between the Issuer and such Noteholder.

Any such Note Certificates would be evidence of entitlement only. In the event of any inconsistency between a Note Certificate or other evidence of title and an entry in the relevant Note Register, the entry in the relevant Note Register will always govern.

15.3 Notes held in a Clearing System

15.3.1 **Clearing Systems and Global Notes**

All Investment Notes in a Class will upon the Closing Date be registered in the name of a person (being the **Global Noteholder**) as common safekeeper, common depositary, custodian and/or nominee for each clearing system specified in relation to such Class in the *Clearance / settlement* section of the Note Specified Terms (each being a Clearing System). Each Investment Note is a **Global Note** throughout the period in which it is registered in the name of a Global Noteholder as common safekeeper, common depositary, custodian and/or nominee for a Clearing System.

If Euroclear Bank SA/NV, as operator of the Euroclear System (**Euroclear**) and/or Clearstream Banking, *S.A.*, Luxembourg (**Clearstream, Luxembourg**) is a Clearing System in relation to a Class, the Global Note will be held by the Global Noteholder under the arrangements for registered notes known as the 'new safekeeping structure' which Euroclear and Clearstream have designed in co-operation with market participants (**New Safekeeping Structure**).

While Euroclear and/or Clearstream is a Clearing System in relation to a Class, the Issuer understands that:

- Euroclear and Clearstream 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 each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream each also deal with domestic securities markets in several countries through established depository and custodial relationships.
- Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective Clearing System Participants may settle trades with each other.
- Clearing System Participants in both Euroclear and Clearstream are world-wide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations.
- Indirect access to both Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with a Clearing System Participant of either system.

15.3.2 **Holding of beneficial interests in Global Notes**

Ownership of interests by any person (other than the relevant Global Noteholder) in Global Notes will be limited to such interests (if any) that arise under applicable laws in favour of:

- persons (each a **Clearing System Participant**) that have an account with a relevant Clearing System relating to such Global Notes (including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearing System, either directly or indirectly); or
- persons (each a **Clearing System Indirect Participant**) that hold interests in the Global Notes through Clearing System Participants or through other Clearing System Indirect Participants;

each such interest being a **Book Entry Interest**.

The Issuer expects that, upon registration of Investment Notes in the name of a Global Noteholder, the relevant Clearing System will credit each of its Clearing System Participants' accounts on such Clearing System's book-entry registration and transfer system with the principal amount of Investment Notes for which that Clearing System Participant has subscribed and paid (as advised to the relevant Clearing System by the relevant Note Subscriber(s)).

The Issuer understands that Book Entry Interests in the Global Notes will be shown on, and transfers of Book Entry Interests or an interest in Book Entry Interests will be effected only through, accounts and records in the respective Clearing System Participants' name on such Clearing System's book-entry registration and transfer system maintained by the relevant Clearing System (with respect to the Book Entry Interests of their Clearing System Participants) and on the accounts and records of Clearing System Participants or Clearing System Indirect Participants (with respect to the Book Entry Interests of their Clearing System Indirect Participants).

15.3.3 **Clearing System Participants etc are not Noteholders**

The Global Noteholder will be treated by the Issuer, the Note Trustee, the Note Registrar, the Principal Paying Agent and Security Trustee and any of their respective agents as the Noteholder of the relevant Investment Notes for all purposes whatsoever. Clearing System Participants or Clearing System Indirect Participants in a Clearing System:

- (in the case of Investment Notes) will not be considered Noteholders of such Investment Notes under the Note Conditions or the Note Trust Deed;
- will have no rights in respect of Global Notes under any Transaction Document (including, without limitation, the Note Conditions, the relevant Note Trust Deed, the Security Documents and the relevant Note Transaction Services Agreement);
- will not be entitled to have Global Notes registered in their names; and
- will not receive or be entitled to receive Note Certificates for such Notes,

in each case, unless and until such Notes are removed from each relevant Clearing System as described in 15.3.7 *Removal of Investment Notes from Clearing Systems*.

15.3.4 **Rules and procedures of the relevant Clearing System etc**

A Clearing System Participant's Book Entry Interests and overall contractual relations with a Clearing System are governed by the respective rules and operating procedures of the relevant Clearing System and any applicable laws. Accordingly:

- each person holding a Book Entry Interest in respect of a Global Note must rely on the rules and procedures of the relevant Clearing System; and
- Clearing System Indirect Participants must rely on the procedures of the Clearing System Participants or Clearing System Indirect Participants through which such person owns any Book Entry Interest in the relevant Global Notes;

in each case, to influence or direct the exercise any rights and obligations of a Noteholder in respect of Global Notes.

The Issuer understands that, under existing industry practices, if either:

- the Issuer or the relevant Note Trustee requests any action of owners of Book Entry Interests in Global Notes; or
- if an owner of a Book Entry Interest in a Global Note desires to give instructions or take any action that a Noteholder is entitled to give or take under the Note Trust Deed,

the relevant Clearing System would authorise the Clearing System Participants owning the relevant Book Entry Interest in the Global Note to give instructions or take such action, and such Clearing System Participants would authorise Clearing System Indirect Participants to give or take such action or would otherwise act upon the instructions of such Clearing System Indirect Participants.

Each Clearing System acts under such rules and operating procedures only on behalf of its Clearing System Participants, and has no record of or relationship with persons holding Book Entry Interests through its Clearing System Participants.

15.3.5 **Procedures applicable to transfers of Book Entry Interests in Global Notes**

Permitted transfers of a Book Entry Interest in a Global Note will be subject to and effected in accordance with the rules and procedures for the time being of the relevant Clearing System.

15.3.6 **Notices to Noteholders may be made to the Clearing System**

Any notice to Noteholders in respect of Global Notes shall be deemed to have been duly given if sent to each relevant Clearing System in respect of such Global Notes and shall be deemed to have been given on the date on which such notice was so sent (see Note Base Condition 16 *Notices*).

15.3.7 **Removal of Investment Notes from Clearing Systems**

Investment Notes which are Global Notes will remain as such until the occurrence of the circumstances specified in Note Base Condition 2.8 *Removal of Notes from Clearing Systems*.

15.3.8 **Clearing System codes and identification numbers for Global Notes**

The Clearing System codes and identification numbers (being the **Common Code** and **ISIN** (or International Securities Identification Number) where Euroclear and Clearstream are Clearing Systems in respect of the relevant Global Notes) for each Class comprising Global Notes are indicated in 6.1.26 *Clearing system codes*.

15.3.9 **Regulation S Global Note legend**

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any of the Investment Notes are outstanding, the Regulation S Global Notes will bear a legend substantially as set forth below:

"Neither this Note nor beneficial interests herein have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or other jurisdiction of the United States. The Issuer has not been registered and does not intend to register as an investment company under the United States Investment Company Act of 1940, as amended. Consequently, this Note may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, a U.S. Person (as defined in Regulation S under the U.S. Securities Act ("U.S. Persons") except in reliance on an exemption from, or in a transaction not subject to, such registration requirements. This Note is being offered for sale outside the United States in accordance with Regulation S under the U.S. Securities Act. This legend shall cease to apply upon the expiry of the period of 40 days after the completion of the distribution of all the Notes of the tranche of which this Note forms part.

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: (a) to a non-U.S. Person in an offshore transaction meeting the requirements of rule 903 or 904 of Regulation S under

the U.S. Securities Act, or (b) to a person whom the holder reasonably believes is a Qualified Institutional Buyer (as defined in Rule 144A under the U.S. Securities Act) in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act and in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction. 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, as applicable, to the Note Registrar or its respective agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Euroclear or Clearstream, Luxembourg, as applicable, or to such other entity as is requested by an authorised representative of such clearing system or such other name as is requested by an authorised representative of such clearing system (and any payment hereon is made to such clearing system or to such other entity as is requested by an authorised representative of such clearing system), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, whether 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.

By its acquisition and holding of this Note (or any interest herein), each purchaser and transferee of this Note or any interest herein will be deemed to have represented, warranted and agreed that: (a) it is not, and is not acting on behalf of (and for so long as it holds this Note or any interest herein will not be, and will not be acting on behalf of) (1) an "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Part 4 of Subtitle B of Title I of ERISA, (2) a "plan" (as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Tax Code")), to which Section 4975 of the U.S. Tax Code applies, or (3) a person or entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity, and (b) either (1) it is not, and is not acting on behalf of (and for so long as it holds this Note or any interest herein will not be, and will not be acting on behalf of) a governmental, church or non-U.S. plan subject to a U.S. federal, state, local, non-U.S. or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code (such law or regulation, a "Similar Law"), or (2) it is a governmental, church, non-U.S. or other plan and (A) its acquisition, holding and disposition of this Note or any interest herein will not constitute or result in a violation of any Similar Law, and (B) the purchaser or transferee is not and, for so long as it holds this Note or interest herein, will not be subject to any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in the Notes by virtue of its interest herein and thereby subject the Issuer or persons responsible for the investment and operation of the Issuer's assets to any Similar Law. Any purported purchase or transfer of this Note that does not comply with these requirements shall be null and void *ab initio*.

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 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor including, without limitation, a person who is one (or more) of: (1) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); (2) a customer within the meaning of Directive 2016/97 (as amended, the "EU Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II, (3) not a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); or (4) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. No key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation. No

disclosure document required by the FCA Product Disclosure Sourcebook ("DISC") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

In addition to what is indicated in the next paragraph, 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: (1) the target market for the Notes is "eligible counterparties" and "professional clients", each as defined in EU MiFID II; and (2) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

In addition to what is indicated in the preceding paragraph, 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: (1) the target market for the Notes is "eligible counterparties", as defined in the FCA Handbook Conduct of Business Sourcebook, and "professional clients", as defined in Article 2(1)(13A) of UK MiFIR; and (2) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook 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.".

15.3.10 **Rule 144A Global Note legend**

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any of the Investment Notes are outstanding, a Rule 144A Global Note will bear a legend substantially as set forth below:

"Neither this Note nor beneficial interests herein have been or will be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or other jurisdiction of the United States and the Notes may not be offered, sold or otherwise transferred except in reliance on an available exemption therefrom. Each purchaser of this Note is hereby notified that the seller of this Note is relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A thereunder. The Issuer has not been registered and does not intend to register as an investment company under the United States Investment Company Act of 1940, as amended.

Unless this Note is presented by an authorised representative of Euroclear or Clearstream, Luxembourg, as applicable, to the Note Registrar or its respective agent for registration of transfer, exchange or payment, and any Note issued is registered in the name of Euroclear or Clearstream, Luxembourg, as applicable, or to such other entity as is requested by an authorised representative of such clearing system or such other name as is requested by an authorised representative of such clearing system (and any payment hereon is made to such clearing system or to such other entity as is requested by an authorised representative of such clearing system), any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful inasmuch as the registered owner hereof, whether Euroclear or Clearstream, Luxembourg, has an interest herein.

The holder of this Note agrees for the benefit of the Issuer that (a) this Note may be offered, resold, pledged or otherwise transferred only (1) in the United States to a person whom the holder reasonably believes is a Qualified Institutional Buyer (as defined in Rule 144A under the U.S. Securities Act) in a transaction meeting the requirements of Rule 144A under the U.S. Securities Act or (2) outside the United States in an offshore transaction in accordance with rule 903 or 904 under the U.S. Securities Act, in each of cases (1) and (2) in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction, and (b) the holder will, and each subsequent holder is required to, notify any purchaser of this Note from it of the resale restrictions referred to in (a) above. Any purported transfer of this Note that does not comply with the foregoing requirements shall be null and void *ab initio*, 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.

By its acquisition and holding of this Note (or any interest herein), each purchaser and transferee of this Note or any interest herein will be deemed to have represented, warranted and agreed that: (a) it is not, and is not acting on behalf of (and for so long as it holds this Note or any interest herein will not be, and will not be acting on behalf of) (1) an "employee benefit plan" as defined in Section 3(3) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), which is subject to Part 4 of Subtitle B of Title I of ERISA, (2) a "plan" (as defined in Section 4975(e)(1) of the U.S. Internal Revenue Code of 1986, as amended (the "U.S. Tax Code")), to which Section 4975 of the U.S. Tax Code applies, or (3) a person or entity whose underlying assets include "plan assets" by reason of any such employee benefit plan's or plan's investment in the entity, and (b) either (1) it is not, and is not acting on behalf of (and for so long as it holds this Note or any interest herein will not be, and will not be acting on behalf of) a governmental, church or non-U.S. plan subject to a U.S. federal, state, local, non-U.S. or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code (such law or regulation, a "Similar Law"), or (2) it is a governmental, church, non-U.S. or other plan and (A) its acquisition, holding and disposition of this Note or any interest herein will not constitute or result in a violation of any Similar Law, and (B) the purchaser or transferee is not and, for so long as it holds this Note or interest herein, will not be subject to any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in the Notes by virtue of its interest herein and thereby subject the Issuer or persons responsible for the investment and operation of the Issuer's assets to any Similar Law. Any purported purchase or transfer of this Note that does not comply with these requirements shall be null and void *ab initio*.

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 Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor including, without limitation, a person who is one (or more) of: (1) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "EU MiFID II"); (2) a customer within the meaning of Directive 2016/97 (as amended, the "EU Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II, (3) not a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 ("UK MiFIR"); or (4) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024. No key information document required by Regulation (EU) No 1286/2014 (as amended, the "EU PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the European Economic Area has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the European Economic Area may be unlawful under the EU PRIIPs Regulation. No disclosure document required by the FCA Product Disclosure Sourcebook ("DISC") for offering, selling or distributing the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering, selling or distributing the Notes or otherwise making them available to any retail investor in the UK may be unlawful under DISC and the Consumer Composite Investments (Designated Activities) Regulations 2024.

In addition to what is indicated in the next paragraph, 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: (1) the target market for the Notes is "eligible counterparties" and "professional clients", each as defined in EU MiFID II; and (2) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

In addition to what is indicated in the preceding paragraph, 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: (1) the target market for the Notes is "eligible counterparties", as defined

in the FCA Handbook Conduct of Business Sourcebook, and "professional clients", as defined in Article 2(1)(13A) of UK MiFIR; and (2) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook 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.".

15.4 Procedures for payments in respect of the Notes

15.4.1 Note Conditions and Note Services Agreement

Each payment of principal and interest in respect of each Note shall be made in accordance with Note Base Condition 8 *Payments* as supplemented by the applicable Note Specified Terms. As part of the relevant Principal Paying Agent Services, the relevant Principal Paying Agent will administer the applicable payment procedures and arrangements which apply in relation to the Notes (see section 14.9.3 *Overview of Note Paying Agency Services*).

15.4.2 Payments only made to registered Noteholder of Notes

Principal and interest on each Note will be payable to the registered Noteholder of that Note and such registered Noteholder (being the relevant Global Noteholder in respect of a Global Note) will be the only person entitled to receive payments in respect of that Note and the Issuer will be discharged by payment to, or to the order of the registered Noteholder of that Note in respect of each amount so paid. No person other than the registered Noteholder of the Note shall have any claim against the Issuer in respect of any payment due on that Note.

15.4.3 Taxation

Payments of principal and interest in respect of the Notes will be made subject to withholding tax (if any) applicable to the Notes without the Issuer being obliged to pay further amounts as a consequence (see Note Base Condition 7 *Taxation* (and the A Loan Note Agreement contains some supplemental provisions applicable to Holders of A Loan Notes).

15.4.4 Credits to Clearing System Participants etc in respect of payments on the Global Notes

The Issuer expects that:

- (in accordance with the rules and procedures for the time being of the relevant Clearing System) after receipt of a payment in respect of a Global Note, the relevant Clearing System will promptly credit its Clearing System Participants' accounts with payments in amounts proportionate to their respective Book Entry Interests in such Global Note as shown in the records of each relevant Clearing System in relation to the relevant Class; and
- payments by Clearing System Participants to owners of Book Entry Interests in a Global Note held through such Clearing System Participants or through Clearing System 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 their 'street name' or in the names of nominees for such customers.

However, each such credits and payment made or to be made will be the responsibility of the relevant Clearing System or such Clearing System Participants or Clearing System Indirect Participants (as appropriate) and none of the Issuer, the Security Trustee, the Note Trustee, any Note Subscriber, any Note Registrar, any Principal Paying Agent and any of their respective agents will have any responsibility or liability for any aspect of any such payment or credit made or to be made by any Clearing System, Clearing System Participant or Clearing System Indirect Participant on account of Book Entry Interests in a Global Note or Book Entry Interests in a Global Note held through any Clearing System Participant or Clearing System Indirect Participant or for maintaining, supervising or reviewing any records of any Clearing System, Clearing System Participant or Clearing System Indirect Participant relating to any such payments, credits and Book Entry Interests.

15.4.5 Record of payments in Note Register

The Issuer will procure that a record of each payment made in respect of a Note, distinguishing between any payment of principal and/or payment of interest, will be recorded in the Note Register in respect of such Note by the Note Registrar and such record shall be prima facie evidence that the payment in question has been made.

15.5 Portfolio Purchase Option and early redemption of the Notes

15.5.1 Grant of Portfolio Purchase Option

On the Closing Date, the Issuer will enter into a deed (the **Portfolio Purchase Option Deed**) with the Portfolio Purchase Option Holder pursuant to which it will grant to the Portfolio Purchase Option Holder an option (the **Portfolio Purchase Option**) for the Portfolio Purchase Option Holder (or its nominated purchaser) to acquire the Portfolio for an amount not less than the Portfolio Purchase Price on a Business Day specified by the Portfolio Purchase Option Holder in a Portfolio Purchase Option Exercise Notice or, as applicable, Portfolio Purchase Option Exercise Deed (being the **Portfolio Purchase Completion Date**), provided that such specified day is not later than the relevant Optional Redemption Date nominated in that Portfolio Purchase Option Exercise Notice or, as applicable, Portfolio Purchase Option Exercise Deed and not earlier than the 5th Business Day before that Optional Redemption Date. The Portfolio Purchase Option Holder is entitled to assign its rights under the Portfolio Purchase Option Deed (including, without limitation, in respect of the Portfolio Purchase Option) in which case references to the Portfolio Purchase Option Holder are to the relevant assignee.

15.5.2 Exercise of Portfolio Purchase Option

(a) In the relevant Portfolio Purchase Option Exercise Notice or, as applicable, Portfolio Purchase Option Exercise Deed or by a separate certificate signed by an officer of the Portfolio Purchase Option Holder issued on or before the relevant Portfolio Purchase Option Exercise Notice or, as applicable, Portfolio Purchase Option Exercise Deed, the Portfolio Purchase Option Holder must have certified to the Issuer and the Security Trustee (upon which the Security Trustee may rely absolutely without liability or enquiry) that it (or its nominated purchaser) will have the necessary funds to pay the Portfolio Purchase Price on the applicable Portfolio Purchase Completion Date.

The Portfolio Purchase Option Holder may, on giving not more than 70 nor less than 3 Business Days' notice prior to the relevant Optional Redemption Date, deliver a notice (a **Portfolio Purchase Option Exercise Notice**) to the Issuer (with a copy to the Security Trustee, the Framework Administrator, the Hedge Provider, the Payments Administrator and the Principal Paying Agent) indicating that it is exercising the Portfolio Purchase Option in respect of the Portfolio Purchase Completion Date specified such Portfolio Purchase Option Exercise Notice.

As soon as reasonably practicable following receipt of a valid Portfolio Purchase Option Exercise Notice, the Issuer shall acknowledge that Portfolio Purchase Option Exercise Notice by counter-signing it and delivering such counter-signed notice to the Portfolio Purchase Option Holder, the Security Trustee, the Framework Administrator, the Hedge Provider, the Payments Administrator and the Principal Paying Agent.

Alternatively, the Issuer and the Portfolio Purchase Option Holder may, not more than 70 nor less than 3 Business Days' prior to the relevant Optional Redemption Date, enter into a deed (a **Portfolio Purchase Option Exercise Deed**) agreeing the relevant details of the exercise of the Portfolio Purchase Option and the arrangements for the sale of the Portfolio to the Portfolio Purchase Option Holder on the applicable Portfolio Purchase Completion Date and deliver a copy of such Portfolio Purchase Option Exercise Deed to the Portfolio Purchase Option Holder, the Security Trustee, the Framework Administrator, the Hedge Provider, the Payments Administrator and the Principal Paying Agent.

(b) Upon the Issuer counter-signing a Portfolio Purchase Option Exercise Notice and delivering such counter-signed notice to the Portfolio Purchase Option Holder or entering into a Portfolio Purchase Option Exercise Deed with the Portfolio Purchase Option Holder, the Issuer shall:

(1) complete the sale of the Portfolio to the Portfolio Purchase Option Holder (or its nominated purchaser) on the applicable Portfolio Purchase Completion Date; and

(2) comply with the applicable conditions indicated in Note Base Condition 6.4 *Full redemption at the option of the Issuer* and 6.1.17 *Optional Redemption Conditions* and carry out a full redemption of all the Notes on the relevant Optional Redemption Date.

The completion of the sale of the Portfolio will include arrangements so that the REOs held by the REO Holder in connection with the Portfolio are either:

- transferred to the Portfolio Purchase Option Holder (or its nominee); or
- (if the REO LP Approach is used) reallocated within the REO Structure to a REO Additional Lender nominated by the Portfolio Purchase Option Holder.

15.5.3 **Portfolio Purchase Price**

(a) The **Portfolio Purchase Price** in respect of the sale of the Portfolio on a Portfolio Purchase Completion Date is the amount required for the Issuer to carry out a full redemption of all the Rated Notes on that Portfolio Purchase Completion Date if it is also an Optional Redemption Date or, if not, on the next Optional Redemption Date in accordance with Note Base Condition 6.4 *Full redemption at the option of the Issuer* and 6.1.17 *Optional Redemption Conditions*.

(b) The Portfolio Purchase Option Holder may request the Issuer (with a copy to the Security Trustee, the Framework Administrator and the Payments Administrator), not more than 75 nor less than 3 Business Days' notice prior to an Optional Redemption Date, to provide a notice to Portfolio Purchase Option Holder specifying an estimate of the Portfolio Purchase Price that would apply on the Portfolio Purchase Completion Date (such estimate being on the basis of the information available to the Issuer and the Payments Administrator at the time such estimate is provided).

As soon as reasonably practicable following receipt of such a request, the Issuer shall procure that the Payments Administrator, on behalf of the Issuer, shall send to the Portfolio Purchase Option Holder a notice specifying an estimate of the Portfolio Purchase Price that would apply on the Portfolio Purchase Completion Date (such estimate being on the basis of the information available to the Issuer and the Payments Administrator at the time such estimate is provided) (the **Portfolio Purchase Option Estimated Price**).

15.5.4 **Seller may repurchase**

Apart from where the Portfolio Purchase Option applies (see 15.5 *Portfolio Purchase Option and early redemption of the Notes*), the Seller may purchase all of the Portfolio and the REOs held by the REO Holder in connection with the Portfolio if the Issuer exercises any of its rights to redeem the Notes in full prior to the applicable Final Maturity Date (see 6.2.7 *Redemption*).

15.6 Limited role and liability of Note Trustee

15.6.1 **Change of Note Trustee**

Subject to certain restrictions, the Note Trustee may resign its appointment, at the expense of the Issuer, upon not less than three months prior written notice although such resignation shall not take effect until a successor Note Trustee has been duly appointed. In order to be eligible to act as Note Trustee, among other things, such successor Note Trustee must agree to be bound by the terms of the Security Documents and must meet the applicable eligibility requirements under the Note Trust Deed. If within 60 days of having given notice of its intention to retire, the Issuer has failed to appoint a replacement Note Trustee, the outgoing Note Trustee will be entitled to appoint its successor.

15.6.2 **Note Trustee fee and expenses**

Each Note Trustee is entitled to charge a fee for its role under the relevant Note Trust Deed and other Transaction Documents to which it is a party and is entitled to reimbursement of certain expenses incurred by it in connection with the relevant Note Trust Deed and those other Transaction Documents, payable on each Payments Date subject to and in accordance with the relevant Priority of Payments. The fees payable to the Note Trustee are included in 9.1.3 *Other fees and expenses of the Issuer relating to the Transaction*.

15.6.3 **Exclusion of liability and limitations on duties**

Among other things, the Note Trust Deed will provide that:

- the Note Trustee will not be responsible for supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Note Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties;
- the Note Trustee will not be responsible for 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 Note Trustee shall not be bound or concerned to make any investigation into the Security Assets or the validity or enforceability of the relevant Security or Security Assets (including, without limitation, the creditworthiness of any obligor in respect of loans in the Portfolio or whether the cashflows from the Portfolio and the Notes are matched);
- the Note Trustee will not be liable to any Noteholder or other Security 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 security holder in relation to the Security Assets and has no responsibility in

relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents;

- any action taken by the Note Trustee under the Note Trust Deed or any Transaction Documents binds all of the Noteholders; and
- each Noteholder shall be solely responsible for making its own independent appraisal of, and investigation into, the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Note Trustee shall not at any time have any responsibility for making any such appraisal or investigation and each Noteholder must make its own determination of whether or not to request the Note Trustee to take a particular course of action.

15.6.4 **Indemnification of the Note Trustee**

The Note Trust Deed will contain provisions for indemnification of the Note Trustee and for its relief from responsibility for the validity, sufficiency and enforceability (which the Note Trustee has not investigated) of the Security or the Security Assets, including provisions relieving it from taking proceedings to enforce repayment or from taking any action in accordance with the Security Documents without being first indemnified and/or prefunded and/or secured to its satisfaction.

15.6.5 **Entitlement of the Note Trustee**

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any matter referred to in 15.8 *Modifications, authorisations, waivers and substitution*) the Note Trustee shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee shall not be entitled to require, nor shall any Noteholders be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any exercise upon individual Noteholders.

15.6.6 **Other dealings**

The Note Trustee and its subsidiaries or associated companies will be entitled to enter into business transactions with the Issuer, any issuer or guarantor of or other obligor in respect of the assets, rights and/or benefits comprising the Security Assets or any Transaction Party, or any of their respective subsidiaries or associated companies without accounting to any Noteholder for any profit resulting therefrom.

15.7 Meetings and resolutions of Noteholders

The Note Trust Deed (which also applies to the Loan Notes by virtue of the A Loan Note Agreement) will include provisions for convening and holding meetings and the passing of resolutions that are summarised in 6.2.15 *Resolutions of Noteholders* to 6.2.17 *Relationship between Noteholders*. See further Note Base Condition 12 *Noteholder Resolutions*.

15.8 Modifications, authorisations, waivers and substitution

Note Base Condition 14 *Modifications, authorisations, waivers and substitution* is incorporated into and applies to the Note Trust Deed (which also applies to the Loan Notes by virtue of the A Loan Note Agreement) and sets out circumstances in which the Note Trustee and/or the Security Trustee may or, in relation to a Compliance Modification, shall, without any consent or sanction of the Noteholders or any of the other Security Creditors, agree to or make a modification, authorisation or waiver in respect of the Note Conditions or, in so far as applicable, any other Transaction Document to which the Note Trustee and/or, as applicable, the Security Trustee is a party or in relation to which the Security Trustee holds Security. Such modifications may include, without limitation:

- the transfer of the Issuer to another jurisdiction;
- the substitution of any other company or other entity (incorporated in any jurisdiction) in place of the Issuer as principal debtor under the Note Trust Deed, the Notes and the Security Documents;
- the substitution of the Notes in whole but not in part only, for other securities or instruments having substantially the same rights and benefits as such Notes;
- a change of the law governing the Notes, the Note Trust Deed and/or the Security Documents; and
- a change in the place of residence of the Issuer for taxation.

Each such modification, authorisation, waiver, transfer and substitution shall be binding on all Noteholders and each other Security Creditor.

16. Estimated average lives of the Notes

16.1 Estimated average life and modelling assumptions

The expression **estimated average life** refers to the average amount of time that will elapse from the date of issuance of the Notes to the date of distribution to the Noteholders of amounts distributed in net reduction of principal of the Notes (assuming no losses). The estimated average lives of the Notes cannot be stated or estimated, as they vary according to circumstances which are not predictable (including, for example among other things, the actual rate of redemption of the Mortgage Loans relating to Mortgage Certificates in the Portfolio). However, calculations of hypothetical estimated average lives of the Notes can be made based on certain assumptions. The tables below were prepared based on the characteristics of the Mortgage Loans relating to the Mortgage Certificates to be included in the Portfolio and the following additional assumptions (the **EAL Modelling Assumptions**) being true throughout the life of the Notes from and including the Closing Date:

(1) (a) in the first scenario the Portfolio Purchase Option Holder exercises the Portfolio Purchase Option on the first Optional Redemption Date and the Issuer exercises its right to redeem the Notes under Note Condition 6.4 *Full redemption at the option of the Issuer*, or

(b) in the second scenario the Portfolio Purchase Option Holder exercises the Portfolio Purchase Option on the Clean-up Date and the Issuer exercises its right to redeem the Notes under Note Condition 6.4 *Full redemption at the option of the Issuer*;

(2) the Hedge Agreement is not terminated and the Hedge Provider fully complies with its obligations under the Hedge Agreement;

(3) the Hedge Cap Rate is 2.50% from the Closing Date to (but excluding) the Payments Scheduled Date in April 2027, and then 3% to (but excluding) the Payments Scheduled Date in July 2030 and then 5% to (but excluding) the Payments Scheduled Date in October 2035;

(4) such Mortgage Loans are fully performing and there are no arrears or enforcements;

(5) such Mortgage Loans are subject to a CPR (excluding scheduled principal redemptions) of between 0% per annum and 20% per annum as shown in 16.2 *Estimated average life tables*;

(6) no Security Realisation Notice has been or is served on the Issuer and no Note Event of Default has occurred or occurs;

(7) no Debtors accept any different mortgage products offered by the Asset Title Holder or the Asset Special Servicer;

(8) the Security is not enforced and no Acceleration Date occurs;

(9) the Mortgage Certificates are sold to the Issuer for value as at the Provisional Portfolio Date, with the amortisation schedule of the Provisional Portfolio calculated as of the Portfolio Cut-Off Date, with an assumption that collections are only available from the accrual starting date being 1 July 2026;

(10) the Provisional Portfolio Date is 30 June 2026;

(11) in relation to the following Classes of Notes, the ratio of the Note Initial Principal Amount of the relevant Class to the to the aggregate Loan Principal Balance of the Provisional Portfolio as at the Provisional Portfolio Date is: 66.10% in relation to the A Notes and A Loan Notes; 5.85% in relation to the B Notes; 4.25% in relation to the C Notes; 2.45% in relation to the D Notes; and 2.00% in relation to the E Notes; 1.10% in relation to the F Notes;

(12) the Notes are issued on or about 30 July 2026;

(13) the Payments Scheduled Dates are on 25 January, 25 April, 25 July and 25 October in each year with the first Payments Scheduled Date being on or about 25 October 2026;

(14) in relation to each such Mortgage Loan, scheduled amortisation is calculated on an individual Mortgage Loan basis in accordance with the contractual repayment terms of that Mortgage Loan and is aggregated on a monthly basis;

(15) unscheduled amortisation of such Mortgage Loans is calculated on an aggregate basis by applying the CPR to the adjusted opening balance of those Mortgage Loans, having deducted any scheduled amortisation payments due for that same period;

(16) the annualised CPR consists of both partial and full prepayments of the principal under those Mortgage Loans;

(17) the prepayments and scheduled payments of those Mortgage Loans are calculated on an 30/360 basis;

(18) the interest payable on the Notes is calculated on an Actual/360 basis;

(19) the weighted average lives of the Notes are calculated on an Actual/365 basis;

(20) the interest rate payable on each such Mortgage Loan remains constant over the life of that Mortgage Loan;

(21) 1 month EURIBOR remains at a rate of 1.942% per annum, 3 month EURIBOR remains at a rate of 2.190% per annum, 6 month EURIBOR remains at a rate of 2.516% per annum and 1 year EURIBOR remains at a rate of 2.782% per annum;

(22) amounts credited to each Asset Account and the Transaction Account have a yield of 0% per annum;

(23) the Interest Margins prior to and from and after a Step-up Date are as shown in 6.1.7 *Interest Rate*;

(24) the special services fee referred to in 9.2(a) is 0.335% per annum and the master services fee referred to in 9.2(b) is 0.0875% per annum in each case of the aggregate Loan Principal Balance of all of the Mortgage Loans in the Portfolio as at the previous Payments Scheduled Date (calculated based on an Actual/360 basis);

(25) the Asset Title Holder Fee referred to in 9.1.2 *Asset Title Holder fees* is the greater of 0.1132% per annum of the aggregate Loan Principal Balance of all of the Mortgage Loans in the Portfolio as at the previous Payments Scheduled Date (calculated based on an Actual/360 basis) and €100,000 per annum,; and

(26) all transaction related senior fees and expenses other than those described in EAL Modelling Assumptions (24) and (25) are assumed to be EUR 180,000 per annum (inclusive of VAT) (payable in equal quarterly instalments) calculated on a 30/360 basis.

CPR means, on any Payments Calculation Date, the annualised principal prepayment rate of all the Mortgage Loans during the previous Collection Period calculated as follows:

$$1 - ((1 - R) \wedge (12))$$

where **R** equals the results (expressed as a percentage) of the total principal prepayments received by the Issuer during the immediately preceding Collection Period (having deducted any scheduled repayments) divided by the aggregate Loan Principal Balance of the Mortgage Loans as at the first day of that Collection Period.

EAL Modelling Assumption (1) reflects the current intention of the Issuer but no assurance can be given that such assumption will occur as described.

EAL Modelling Assumption (5) is stated as an average annualised repayment rate as the repayment rate for one Interest Period may be substantially different from that for another.

The average lives of the Notes are subject to factors largely outside the control of the Issuer and consequently there is no assurance that the EAL Modelling Assumptions will prove in any way to be realistic. For example, the Issuer does not expect that the Mortgage Loans will prepay at a constant rate until maturity, or that there will be no defaults or delinquencies on the Loans. The actual characteristics and performance of the Mortgage Loans are likely to differ from the EAL Modelling Assumptions. In particular, the diverse remaining terms to maturity of the Mortgage Loans in the Portfolio could produce slower or faster principal distributions than the lives indicated in the tables at the various percentages of CPR specified, even if the weighted average remaining term to maturity of the Mortgage Loans in the Portfolio is assumed. The CPRs shown in the tables below are purely illustrative and do not represent the full range of possibilities for constant annual rates of prepayment and do not purport to be either an historical description of the prepayment experience of any pool of loans or a prediction of the expected rate of prepayment of any loans, including the Mortgage Loans to be included in the Portfolio.

The tables below are hypothetical in nature and are provided only to give a general sense of how the principal cashflows might behave under various prepayment scenarios. Any difference between the EAL Modelling Assumptions and, among other things, the actual prepayment or loss experience on the Mortgage Loans will affect the redemption profile of the Notes and cause the weighted average lives of the Notes to differ (which difference could be material) from the corresponding information in the tables for each indicated

CPR. The calculated hypothetical estimated average lives of the Notes must be viewed with considerable caution and not be relied upon for any purpose.

For more information in relation to the risks involved in the use of the above hypothetical estimated average lives see 4.1.11 *Yield to maturity and prepayment of Notes is variable and unpredictable*.

16.2 Estimated average life tables

The following tables illustrate some hypothetical estimated average lives of the Rated Notes calculated by reference to the indicated assumed CPRs and on the basis of the EAL Modelling Assumptions:

16.2.1 Hypothetical estimated average lives of the Rated Notes (in years) – With early redemption on the Step-up Date

Class of Notes	0% CPR	2.5% CPR	5% CPR *	7.5% CPR	10% CPR	15% CPR	20% CPR
A Notes and A Loan Notes	4.29	3.87	3.46	3.08	2.72	2.07	1.62
B Notes	4.99	4.99	4.99	4.99	4.99	4.91	3.89
C Notes	4.99	4.99	4.99	4.99	4.99	4.99	4.35
D Notes	4.99	4.99	4.99	4.99	4.99	4.99	4.68
E Notes	4.99	4.99	4.99	4.99	4.99	4.99	4.94
F Notes	4.99	4.99	4.99	4.99	4.99	4.99	4.99

16.2.2 Hypothetical estimated average lives of the Rated Notes (in years) – Without early redemption on the Step-up Date and with early redemption on the Clean-up Date

Class of Notes	0% CPR	2.5% CPR	5% CPR *	7.5% CPR	10% CPR	15% CPR	20% CPR
A Notes and A Loan Notes	9.15	6.01	4.39	3.44	2.82	2.07	1.62
B Notes	19.06	13.70	10.36	8.23	6.79	4.97	3.89
C Notes	20.40	14.98	11.44	9.14	7.55	5.55	4.35
D Notes	21.26	15.84	12.21	9.79	8.12	5.98	4.68
E Notes	21.85	16.43	12.72	10.24	8.52	6.30	4.94
F Notes	22.26	16.84	13.08	10.56	8.77	6.50	5.11

* Pricing CPR.

17. Note Base Conditions

The conditions applied to the Investment Notes by the Note Trust Deed will comprise the following Note Base Conditions except to the extent amended, varied, disapplied and supplemented as indicated in the Note Specified Terms set out in 6.1 *Note Specified Terms* and the conditions applied to the Loan Notes by the A Loan Note Agreement will comprise the following Note Base Conditions except to the extent amended, varied, disapplied and supplemented as indicated in the Note Specified Terms set out in 6.1 *Note Specified Terms* and in the A Loan Note Agreement:

1. Interpretation

1.1 Definitions

In the Note Conditions:

A Loan Note means a Note issued by the Issuer and constituted by the A Loan Note Agreement and an entry in the Note Register and, together with the other A Loan Notes, the **A Loan Notes**.

A Loan Note Agreement means the A Loan Note Agreement entered into in relation to the Transaction on the Closing Date between the Issuer, the A Loan Noteholder, the Principal Paying Agent, the Note Calculation Agent, the Note Registrar, the Framework Administrator, the Note Trustee and the Security Trustee.

Acceleration Date has the meaning indicated in the Payments Rules.

Actual/360 means the actual number of days in the Interest Period divided by 360.

Amounts Due has the meaning indicated in the Payments Rules.

Business Day means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in London, Dublin and Luxembourg which is a day on which TARGET2 is open for the settlement of payments in EUR.

Cash Administrator means at any time the person that is the Cash Administrator under the Cash Administration Agreement at that time, being at the Closing Date U.S. Bank Global Corporate Trust Limited a limited company registered in England and Wales having the registration number 05521133 and a registered address of 125 Old Broad Street, Fifth Floor, London, EC2N 1AR, United Kingdom (and having Spanish Tax Identification Number (N.I.F.) N-6061432H).

Cash Administration Agreement means the Cash Administration Agreement entered into in relation to the Transaction on the Closing Date between the Issuer, the Cash Administrator, the Framework Administrator and the Security Trustee.

Closing Date has the meaning indicated in the Note Specified Terms.

Class means a class of Notes indicated in 6.1.2 *Classes of Notes* in the Note Specified Terms.

Day Count Fraction means in relation to the calculation of interest for an Interest Period in respect of a Class of Notes, the result of applying, in respect of that Interest Period, the calculation indicated in 6.1.9 *Interest accrual method* in the Note Specified Terms.

English Security Deed means the English Security Deed entered into on or about the Closing Date between the Issuer and the Security Trustee.

EU Credit Rating Agencies Regulation means Regulation (EC) No. 1060/2009, together with official supplementary measures, as amended, varied, superseded or substituted from time to time and any relevant binding technical standards, regulations, instruments, rules, policy statements, guidance, transitional relief or other implementing measures in relation thereto by any official body of the European Union, in each case as in force, interpreted and applied as at that time.

EUR, **€** or **euro** are references to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome of 25 March 1957, as amended from time to time.

EURIBOR means in relation to a Note or Class of Floating Rate Notes in relation to an Interest Period, the Reference Rate determined for that Class of Floating Rate Notes in relation to that Interest Period in accordance with Note Base Condition 5.3 *Reference Rate*.

EURIBOR Banks means in relation to the Reference Rate, four major banks in the EURIBOR Market which the Issuer (as approved by the Framework Administrator) may appoint from time to time in accordance with Note Base Condition 5.3(f) *EURIBOR Banks*.

EURIBOR Financial Centre means in relation to the Reference Rate the principal financial centre for EUR.

EURIBOR Market means in relation to determination of the Reference Rate that will apply for an Interest Period in relation to Notes, the Euro-zone interbank market for EUR deposits, or, if a Reference Rate Modification has become effective for those Notes, such other market as is specified in that Reference Rate Modification to apply to the determination of the Reference Rate Replacement in relation to those Notes.

EURIBOR Screen means in relation to determination of the Reference Rate in relation to an Interest Period:

(a) if no Reference Rate Modification has become effective, Reuters Screen page EURIBOR01 or Bloomberg Screen EUR0003M (or such replacement page on the Reuters or, as applicable, Bloomberg service which displays the information) or, if that service ceases to display the information, such other screen service as may be selected by the Issuer; or

(b) if a Reference Rate Modification has become effective, such other source as is specified in that Reference Rate Modification to apply to the determination of the Reference Rate Replacement.

Euro-zone means at any time the region comprised of the member states of the European Union that at that time use the single currency in accordance with the Treaty of Rome of 25 March 1957, establishing the European Community, as amended from time to time.

EUWA means the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020, as amended, varied, superseded or substituted from time to time.

FATCA means:

(a) sections 1471 to 1474 of the United States Internal Revenue Code of 1986, as amended, or any regulations thereunder or any official interpretations thereof;

(b) any treaty, law or regulation (or official interpretations thereof) of any other jurisdiction, or relating to an intergovernmental agreement between the United States and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to any treaty, law or regulation referred to in paragraphs (a) or (b) above with the United States Internal Revenue Service, the United States government or any governmental or taxation authority in any other jurisdiction.

Final Maturity Date means in relation to a Class of Notes or a Note in a Class, the date indicated in relation to that Class of Notes 6.1.14 *Final Maturity Date* in the Note Specified Terms.

Fixed Rate means, in relation to a Fixed Rate Note in a Class at any time, the Interest Rate applicable to that Fixed Rate Note at that time.

Fixed Rate Note means at any time a Note in a Class that is indicated in 6.1.7 *Interest Rate* in the Note Specified Terms as having an Interest Rate which is a fixed rate at that time.

Floating Rate means, in relation to a Floating Rate Note in a Class at any time, the Interest Rate applicable to that Floating Rate Note at that time.

Floating Rate Note means at any time a Note in a Class that is indicated in 6.1.7 *Interest Rate* in the Note Specified Terms as having an Interest Rate which is a floating rate at that time.

Framework Administrator means at any time the person(s) who is the Framework Administrator under the Framework Administration Agreement at that time, being at the Closing Date Porta Falsa DAC a designated activity company incorporated under the laws of Ireland (Companies Registration Office number 786649), having its registered office at 8-34 Percy Place, Percy Exchange, Dublin 4, D04 P5K3, Ireland (and having Spanish Tax Identification Number (N.I.F.) N0360537E).

Framework Administration Agreement means the Framework Administration Agreement and entered into on the Closing Date between the Issuer, the Framework Administrator and the Security Trustee in relation to the Transaction.

Hedge Rate Modification means in relation to the Hedge Agreement (if any):

(a) a change of the sources, procedures and methodology to be used to determine the rate (including, for the avoidance of doubt, the floating rate option and any cap rate) used to calculate the amount payable by the relevant Hedge Provider respect of one or more hedge transactions under that Hedge Agreement where such change is consequential upon the fallback provisions under the Hedge Agreement arising in relation to the reference rate used to calculate the floating rate payments by the Hedge Provider and/or the occurrence of a Reference Rate Modification and, if any, each Interest Margin Modification and solely for the purpose of preserving, so far as reasonably and commercially practicable, the relationship between that rate and the Interest Rates of the Notes following such Reference Rate Modification and, if applicable, each Interest Margin Modification so as to reflect the relationship that would have applied in the absence of such fallback provisions becoming application and/or the occurrence of that Reference Rate Modification and, if applicable, each Interest Margin Modification; and

(b) such amendments to that Hedge Agreement and/or the other Transaction Documents as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change,

which change has become effective upon compliance with the applicable provisions of the Hedge Agreement and/or Note Base Condition 14.1 *Trustee's right of modification* or Note Base Condition 14.3 *Compliance Modification* or, as applicable, which change is proposed under any such Note Base Condition.

Interest Deferral means in relation to a Class of Notes or a Note in a Class at any time, that at that time interest that would otherwise be due and payable on Notes in that Class shall be deferred in the circumstances indicated in 6.1.8 *Interest deferral* in the Note Specified Terms.

Interest Margin means at any time in relation to Notes in a Class, the percentage per annum (if any) indicated in 6.1.7 *Interest Rate* in the Note Specified Terms as being the Interest Margin applicable to that Class at that time or, if an Interest Margin Modification has become effective at that time, such other margin as is specified in that Interest Margin Modification to apply to those Notes in that Class.

Interest Margin Modification means in relation to Notes in a Class, a change of the Interest Margin in respect of such Notes solely in relation to and consequential upon a Reference Rate Modification (which, for the avoidance of doubt, may include specifying sources, procedures and a methodology to be used to calculate the applicable Interest Margin applicable at specified times and/or an increase or a decrease to the Interest Margin or changing it to 0% per annum) and solely for the purpose of preserving, so far as reasonably and commercially practicable, what would have been the expected floating rate of interest applicable to such Notes had no such Reference Rate Modification been effected, which change has become effective under Note Base Condition 14.1 *Trustee's right of modification*, Note Base Condition 14.3 *Compliance Modification* or a Noteholder Extraordinary Resolution or, as applicable, which change is proposed under any such Note Base Condition or proposed Noteholder Extraordinary Resolution.

Interest Period means, in relation to a Note, the period from (and including) a Payments Date in respect of that Note to (but excluding) the next succeeding Payments Date in respect of that Note (except in the case of the first such period, which shall be from (and including) the Closing Date to (but excluding) the first Payments Date in respect of that Note).

Interest Rate means, in relation to Notes in a Class, the Interest Rate indicated in 6.1.7 *Interest Rate* in the Note Specified Terms as being applicable to that Class at that time.

Interest Rate Setting Date means in relation to determination of a Reference Rate in relation to an Interest Period, the first day of that Interest Period or, if a Reference Rate Modification has become effective, such other day as is specified in that Reference Rate Modification to apply to the determination of the Reference Rate Replacement in relation to Notes.

Interest Rate Setting Time means in relation to determination of a Reference Rate, at or about 11.00 a.m. Brussels time or, if a Reference Rate Modification has become effective, such other time as is specified in that Reference Rate Modification to apply to the determination of the Reference Rate Replacement in relation to Notes denominated in the relevant Note Currency.

Interest Rounding Convention means in relation to a figure, unless specified otherwise, such figure rounded, if necessary, to the nearest one–hundred thousandth of a percentage point, 0.000005 being rounded upwards.

Investment Note means a Note issued by the Issuer and constituted by the Note Trust Deed and an entry in the Note Register to which these Note Base Conditions apply and, together with the other Investment Notes, the **Investment Notes**.

Irish Security Deed means the Irish Security Deed entered into on or about the Closing Date between the Issuer and the Security Trustee.

Issuer means Lugo Funding 2026-1 DAC, a designated activity company incorporated under the laws of Ireland whose registered number is 806551 and whose registered office is at 38/39 Fitzwilliam Square West, Dublin 2, D02 NX53, Ireland (and having Spanish Tax Identification Number (N.I.F.) N0405570C) or, as from the time that a substitution occurs as referred to in Note Base Condition 14.9 *Transfer and substitution of Issuer and/or Notes*, the relevant substitute entity.

Listing Institution means in relation to Notes:

(a) the competent authority indicated in 6.1.23 *Application for Listing*; or

(b) any other competent authority which has approved the listing of such Notes and/or admitted such Notes to trading from time to time and which is approved for the purposes of the Note Trust Deed relating to such Notes by the Note Trustee.

Loan Note means A Loan Note.

Local Business Day means in relation to payment to be made by the Principal Paying Agent, a day which:

(a) is a Business Day; and

(b) if the payment is to be made in relation to a Global Note, is a day on which the relevant Clearing System is open for business.

Most Senior Tranche has the meaning indicated in 6.1.1 *Constitution of the Notes* in the Note Specified Terms.

Note means (as applicable) an Investment Note and/or a Loan Note.

Note Additional Provisions means the provisions of the Payments Rules, the Note Trust Deed, the Note Services Agreement, each Security Document and (in the case of the Investment Notes) the Transfer Regulations.

Note Basic Terms Modification means a modification of certain terms including, among other things, a modification which would have the effect of:

(a) changing any date fixed for payment of (as applicable) principal, interest or any other amount in respect of any Class of the Notes (including, for the avoidance of doubt, the Final Maturity Date);

(b) (except as a result of any Reference Rate Modification) altering the amount of principal or interest or any other amount due on any date in respect of any Class of the Notes;

(c) (except for any Reference Rate Modification) altering the method of calculating the amount of any payment in respect of any Class of the Notes on any date;

(d) altering the quorum required at any meeting of Noteholders or majority required to pass a Noteholder Extraordinary Resolution;

(e) altering the currency in which amounts due in respect of any Class of the Notes are payable;

(f) altering the relevant Priority of Payments applicable to any Class of the Notes;

(g) (except in accordance with Note Base Condition 14.9 *Transfer and substitution of Issuer and/or Notes* and Clause 7 *Substitution, transfer and exchange* of the EUFASF Note Trust Terms forming part of the Note Trust Deed) to effect the exchange, conversion or substitution of any Class of the Notes for, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(h) restricting the transferability of any Class of the Notes;

(i) altering the definition of Security Assets; or

(j) altering the definition of Note Basic Terms Modification.

Note Base Conditions means these Note Base Conditions.

Note Calculation Agent means at any time the person that is the Note Calculation Agent under the Note Services Agreement at that time, being at the Closing Date U.S. Bank Europe DAC a designated activity company registered in Ireland with the Companies Registration Office, registered number 418442 with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland (and having Spanish Tax Identification Number (N.I.F.) N0071817-A).

Note Calculation Agent Specified Office means the office of the Note Calculation Agent indicated in 6.1.29 *Specified Offices* in the Note Specified Terms or such other office of which prior notice is given under these Note Base Conditions.

Note Conditions means in respect of any Notes, these Note Base Conditions as supplemented and amended in respect of those Notes by the Note Specified Terms applicable to those Notes (in each case applied to those Notes by the Note Trust Deed).

Note Currency means at any time in relation to a Note, the currency in which that Note is denominated at that time.

Note Currency Unit means in relation to a Note, 0.01 in the Note Currency of that Note (for example, if the Note Currency of a Note is EUR, the Note Currency Unit would be EUR 0.01).

Note Deferred Interest Outstanding means in relation to a Note at any time the total amount of interest which has been deferred pursuant to Note Base Condition 5.2(a) *Payment and deferral of Scheduled Interest* and remains outstanding at that time.

Note Initial Principal Amount in relation to a Class of Notes, means the amount specified in relation to that Class in the Note Initial Principal Amount section in the relevant Note Specified Terms and, in relation to a Note, means the amount indicated as such in relation to that Note in the Note Register.

Note Payments Date means in relation to any payment, the due date of that payment or if that due date is not a Local Business Day, the next succeeding Local Business Day.

Note Principal Amount Outstanding means at any time in relation to a Note, the Note Initial Principal Amount of that Note less the aggregate amount of all principal amounts in respect of that Note that have been paid prior to such date.

Note Register means the register maintained by the Note Registrar in relation to the Notes pursuant to the Note Services Agreement.

Note Register Record Date means in connection with any payment, the 15th day before (in the case of Notes in definitive form) or one business day (being for this purpose a day on which the relevant Clearing System is open for business) before the due date for payment of the relevant amount.

Note Registrar means at any time the person that is the Note Registrar under the Note Services Agreement at that time, being at the Closing Date U.S. Bank Europe DAC, a designated activity company registered in Ireland with the Companies Registration Office, registered number 418442 with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland (and having Spanish Tax Identification Number (N.I.F.) N0071817-A).

Note Registrar Specified Office means the office of the Note Registrar indicated in 6.1.29 *Specified Offices* in the Note Specified Terms or such other office of which prior notice is given under these Note Base Conditions.

Note Services Agreement means the Note Services Agreement entered into on the Closing Date between the Issuer, the Principal Paying Agent, the Note Calculation Agent, the Cash Administrator, the Note Registrar, the Framework Administrator, the Note Trustee and the Security Trustee in relation to the Transaction.

Note Specified Terms means in relation to Notes section 6.1 *Note Specified Terms* in the Prospectus.

Note Trust Deed means the Note Trust Deed entered into on the Closing Date between the Issuer, the Note Trustee and the Security Trustee which applies these Note Base Conditions to the Notes.

Note Trustee Appointee means any delegate, agent, nominee, custodian, attorney or manager appointed by the Note Trustee pursuant to the provisions of the Transaction Documents.

Note Trustee Specified Office means the office of the Note Trustee indicated in 6.1.29 *Specified Offices* in the Note Specified Terms or such other office of which prior notice is given under these Note Base Conditions.

Note Trustee means at any time the person(s) who is/are the Note Trustee under the Note Trust Deed at that time, being at the Closing Date U.S. Bank Trustees Limited a limited liability company incorporated under the laws of England and Wales whose registered number is 02379632 with its registered office at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom (and having Spanish Tax Identification Number (N.I.F.) N-8264640-G).

Noteholder in relation to a Note at any time means the person in whose name such Note is registered at that time in the Note Register (or, in the case of a joint holding, the first named person).

outstanding means, in relation to any Class of Notes, all the Notes in such Class which have been issued other than:

(a) those Notes which have been redeemed in full in accordance with the relevant Note Conditions;

(b) those Notes in respect of which the date for redemption in accordance with the relevant Note Conditions has occurred and the redemption moneys wherefore (including premium, if any, and all interest (howsoever described) accrued thereon to the date for such redemption) have been duly paid to the Security Trustee, the relevant Note Trustee, the relevant Principal Paying Agent or the relevant Note Registrar as provided in the relevant Note Services Agreement (and, where appropriate, notice has been given to the Noteholders in respect of such Notes) and remain available for payment in respect of such Notes;

(c) those Notes in respect of which claims have become prescribed in accordance with the relevant Note Conditions;

(d) those Notes which have been purchased by the Issuer; and

(e) those Notes which have been cancelled under the relevant Note Conditions,

provided that for each of the following purposes, namely:

(1) the quorum, right to attend and vote at any meeting of the Noteholders of any Class or Classes thereof;

(2) passing or making a Noteholder Resolution (whether made in writing, by Electronic Consent and/or at a meeting) of the Noteholders of any Class or Classes thereof;

(3) any direction or request by the Noteholders or any Class or Classes thereof;

(4) the determination of how many and which such Notes are for the time being outstanding for the purposes of the Note Trust Deed (including, without limitation, provision relating to meetings of Noteholders), the Security Intercreditor Deed, the Note Services Agreement and the relevant Note Conditions;

(5) any discretion, power or authority (whether vested by operation of law or contained in the Note Trust Deed, the Security Documents, the Note Services Agreement and the relevant Note Conditions) which the Security Trustee, the Note Trustee, the Note Registrar, the Principal Paying Agent and/or the Cash Administrator is required, expressly or impliedly, to exercise in or by reference to the interests of any of the Noteholders or any Class or Classes thereof; and

(6) the determination by the Security Trustee and/or the Note Trustee whether any event, circumstance, matter or thing (including, without limitation, a Note Event of Default) is, in its opinion, materially prejudicial to the interests of the Noteholders or any Class or Classes thereof,

those Notes (if any) shall be deemed not to remain outstanding in the circumstances indicated in the *Disenfranchisement* section in the Note Specified Terms.

Payee means in relation to a Note, the person listed at the close of business on the Note Register Record Date in the Note Register as the Noteholder of that Note.

Payee Permitted Account means, a EUR account maintained by the payee with a bank in a city in which banks have access to the TARGET2 system.

Payee Record Address means in connection with any payment, the address shown as the address of the Payee in the Note Register at the close of business on the relevant Note Register Record Date.

Payments Date has the meaning indicated in the *Payments Rules* section in the Prospectus.

Payments Rules has the meaning indicated in the *Payments Rules* section in the Prospectus.

Principal Paying Agent means at any time the person that is the Principal Paying Agent under the Note Services Agreement at that time, being at the Closing Date U.S. Bank Europe DAC a designated activity company registered in Ireland with the Companies Registration Office, registered number 418442 with its registered office at Block F1, Cherrywood Business Park, Cherrywood, Dublin 18, D18 W2X7, Ireland (and having Spanish Tax Identification Number (N.I.F.) N0071817-A).

Principal Paying Agent Specified Office means the office of the Principal Paying Agent indicated in 6.1.29 *Specified Offices* in the Note Specified Terms or such other office of which prior notice is given under these Note Base Conditions.

Priority of Payments has the meaning indicated in the Payments Rules.

Prospectus means the prospectus published by the Issuer and formally approved under the PRM prior to the Closing Date in connection with the issuance of the Notes.

Qualified Institutional Buyers means qualified institutional buyers as defined in Rule 144A.

Redemption Notes has the meaning indicated in 6.1.17 *Optional Redemption Conditions* in the Note Specified Terms.

Reference Creditor has the meaning indicated in 6.1.5 *Reference Creditor* in the Note Specified Terms.

Reference Rate means in relation to a Class of Notes which are Floating Rate Notes, EURIBOR where 'EURIBOR' is indicated in 6.1.7 *Interest Rate* in the Note Specified Terms as being the Reference Rate in respect of those Floating Rate Notes.

Reference Rate Modification means:

(a) a change of the sources, procedures and methodology to be used to calculate the Reference Rate in respect of Notes to the Reference Rate Replacement; and

(b) such amendments to the Note Conditions and/or Transaction Documents as are necessary or advisable in the reasonable judgment of the Issuer to facilitate such change,

which have become effective under Note Base Condition 14.1 *Trustee's right of modification*, Note Base Condition 14.3 *Compliance Modification* or a Noteholder Extraordinary Resolution or, as applicable, which change is proposed under any such Note Base Condition or proposed Noteholder Extraordinary Resolution.

Reference Rate Modification Certificate means a certificate delivered under Note Base Condition 14.3(g) *Change to Reference Rate etc.*.

Reference Rate Official Body means in respect of a relevant benchmark:

(a) the central bank for the currency in which that benchmark is denominated;

(b) any central bank or other supervisory authority which is responsible for supervising that benchmark and/or the administrator of that benchmark;

(c) a group of those central banks or other supervisory authorities (including the Financial Stability Board); or

(d) any working group or committee sponsored by, chaired or co-chaired by, approved by, or constituted at the request of:

  (1) the central bank for the currency in which that benchmark is denominated; and/or

  (2) any central bank or other supervisory authority which is responsible for supervising that benchmark and/or the administrator of that benchmark; and/or

  (3) a group of those central banks or other supervisory authorities (including the Financial Stability Board).

Reference Rate Replacement means at any time a rate calculated or, as applicable, to be calculated, using the sources, procedures and methodology specified in the relevant Reference Rate Modification Certificate.

Reference Rate Quotation Period means in relation to determination of a Reference Rate that will apply for an Interest Period:

(a) (where the Note Specified Terms specify that an interpolation shall apply to determine the Reference Rate for that Interest Period) each period that the *Interest Rate* section in the Note Specified Terms indicates shall be used in such calculation; or

(b) (in any case where the Note Trustee or Security Trustee causes an Interest Period to be shortened or extended) each period (and, if applicable, interpolation) notified by the Note Trustee or Security Trustee to the Note Calculation Agent and the Issuer to be used for the determination of that Reference Rate;

(c) (in any other case) the period indicated in relation to the description of the Reference Rate applicable to the relevant Class in the *Interest Rate* section in the Note Specified Terms (for example, if such description is '3 month EURIBOR' then such period is 3 months),

or, if a Reference Rate Modification has become effective, such other period as is specified in that Reference Rate Modification to apply to the determination of the Reference Rate Replacement that will apply for an Interest Period.

Reg S means Regulation S under the U.S. Securities Act.

Reg S Distribution Compliance Period means, with respect to any Reg S Notes, the period prior to the first Business Day that is 40 days after the later of the commencement of the offering of such Reg S Notes and the Closing Date relating to such Reg S Notes.

Reg S Notes means at any time Notes which are not Rule 144A Notes at that time.

Residual Rate means, in relation to a Residual Rate Note in a Class at any time, the Interest Rate applicable to that Residual Rate Note at that time.

Residual Rate Note means at any time a Note in a Class that is indicated in 6.1.7 *Interest Rate* in the Note Specified Terms as having an Interest Rate which is a residual rate at that time.

RMBS Comparable Transaction means at any time a public residential mortgage backed securities transaction where the initial issue date has occurred within 18 months prior to that time and where the relevant prospectus, approved by the applicable listing authority or regulated market administrator and prepared for the initial public offering of such securities, indicates that it includes RMBS Securities and all of the relevant residential mortgages are either owner occupier mortgages and/or buy to let mortgages and are secured upon residential properties located in Spain and where those RMBS Securities are not fully redeemed at that time.

RMBS Securities means EUR denominated floating rate residential mortgage backed securities which are listed in London or Dublin and publicly rated 'AA-' or higher by S&P, 'AA-' or higher by Fitch, 'Aa3' or higher by Moody's or 'AA-' or higher by KBRA.

Rule 144A means Rule 144A under the U.S. Securities Act.

Rule 144A Notes means at any time Notes which:

(a) are in a Class in respect of which 'Rule 144A' is indicated in the '*US Classification*' column in the table in 6.1.2 *Classes of Notes* in the Note Specified Terms; and

(b) are required to be held by or for the account of Qualified Institutional Buyers (as beneficial owners) at that time.

Securitisation Framework means:

(a) Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (as amended before, and in force on, the Closing Date, excluding any national measures by any member state of the EU and the associated Regulation (EU) 2017/2401 (including, without limitation, subordinate legislation regulatory technical standards); and

(b) the Securitisation Regulations 2024 (SI 2024/102), as amended, the Securitisation Part of the rulebook of published policy of the Prudential Regulation Authority of the Bank of England and the securitisation sourcebook of the FCA Handbook (including, without limitation, subordinate legislation regulatory technical standards).

Security means at any time the security interests subsisting at such time which were created by the Issuer in favour of the Security Trustee under or pursuant to the Security Documents.

Security Documents means each Spanish Security Document, the Irish Security Deed, the English Security Deed, the Security Intercreditor Deed and each Security Supplemental Deed.

Security Intercreditor Deed means the Security Intercreditor Deed entered into on the Closing Date between, among others, the Issuer, the Framework Administrator, and the Security Trustee in relation to the Transaction.

Security Interest means any mortgage or sub-mortgage, fixed or floating charge or sub-charge, pledge, lien, assignment or assignation by way of security or subject to a proviso for redemption, encumbrance, hypothecation, retention of title, or other security interest whatsoever howsoever created or arising and its equivalent or analogue whatever called in any other jurisdiction, and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing (including any hold back or flawed asset arrangement) and any agreement, whether conditional or otherwise to create or grant any of the same.

Security Supplemental Deed means at any time each document entered into by the Issuer at or before that time pursuant to the Irish Security Deed and/or the English Security Deed by which the Issuer grants or creates additional security interests in favour of the Security Trustee.

Security Trustee means at any time the person(s) who is/are the Security Trustee under the Security Documents at that time, being at the Closing Date U.S. Bank Trustees Limited a limited liability company incorporated under the laws of England and Wales whose registered number is 02379632 with its registered office at 125 Old Broad Street, Fifth Floor, London EC2N 1AR, United Kingdom (and having Spanish Tax Identification Number (N.I.F.) N-8264640-G).

Security Trustee Appointee means any delegate, agent, nominee, custodian, attorney or manager appointed by the Security Trustee pursuant to the provisions of the Transaction Documents.

Security Trustee Specified Office means the office of the Security Trustee indicated in 6.1.29 *Specified Offices* in the Note Specified Terms or such other office of which prior notice is given under these Note Base Conditions.

Spanish Security Document means:

(a) a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors in respect of each Mortgage Certificate held by the Issuer;

(b) a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors in respect of credit rights arising from each Issuer Account and each Asset Account;

(c) a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors over credit rights arising from the Spanish Transaction Documents;

(d) a Spanish law governed notarial deed of irrevocable power of attorney granted by the Issuer in favour of the Security Trustee (for the benefit of the Security Creditors), which shall remain in force until the full discharge of the Security Liabilities, pursuant to which the Security Trustee will be authorised, upon the occurrence of a Security Realisation Date or certain failures by the Issuer to comply with its obligations in relation to the Spanish Security Documents, to act on behalf of the Issuer in connection with the creation, perfection and enforcement of the Security Interests under the other Spanish Security Documents, including, among others, the execution of public or private documents, the making of any required notifications, the registration of the relevant Security Interests, the management and application of proceeds and the transfer or realisation of the pledged assets; and

(e) if a Spanish limited liability company (*sociedad de responsabilidad limitada unipersonal*) is established to real estate assets where a foreclosure or deed in lieu (*dación en pago o para pago*) is agreed with the debtor in relation to a mortgage loan, a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors over the Issuer's shares in that company.

TARGET2 means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system (which utilises a single shared platform and which was launched on 19 November 2007).

Transaction means the transaction described in the Prospectus.

Transaction Documents has the meaning indicated in the Framework Terms.

Transfer Form means in relation to an Investment Note, a document substantially in the form of Transfer Form set out in a Schedule to the Note Trust Deed and in relation to a Loan Note, a document substantially in the form of Transfer Form set out in a Schedule to the A Loan Note Agreement or, in each case, in such other form as the Issuer and the Note Registrar may agree.

Transfer Regulations means the regulations comprising the provisions set out in section 26 *Transfer Regulations* of the Prospectus (as at the Closing Date) subject to any amendments, supplements or disapplications specified in the Note Specified Terms, or as agreed from time to time between the Issuer, the Note Trustee and the Note Registrar.

UK Credit Rating Agencies Regulation means Regulation (EC) No. 1060/2009 together with each official supplementary measures (including, without limitation, technical standards and delegated regulations) published in relation thereto by any official body of the United Kingdom, in each case as in force, interpreted and applied as at that time (without taking into account any corresponding national measures), as it and they form part of domestic law in the United Kingdom by virtue of the EUWA.

U.S. Exchange Act means the United States Securities Exchange Act of 1934, as amended.

U.S. Investment Company Act means the United States Investment Company Act of 1940, as amended.

U.S. Person means a U.S. person as defined in Reg S.

U.S. Securities Act means the United States Securities Act of 1933, as amended,

1.2 Expressions defined in the Note Specified Terms

Expressions defined in the Note Specified Terms shall have the same meaning in the Note Conditions except as expressly provided in the Note Conditions or the context otherwise requires.

1.3 Standard Interpretation Provision

Clause 1 of the Framework Terms (which sets out definitions and interpretation provisions) referred to in the Note Trust Deed will apply for the purposes of interpretation of the Note Conditions except as expressly provided in the Note Conditions or the context otherwise requires.

1.4 Standard Security Creditor Provision

The Standard Security Creditor Provision (as defined in the Framework Terms) applies to the Note Conditions as if set out in this Note Base Condition 1.4 *Standard Security Creditor Provision*.

2. Constitution, form, denomination and title

2.1 Constitution

Each Investment Note is constituted and issued by the Issuer under the Note Trust Deed, and each Loan Note is constituted and issued by the Issuer under the A Loan Note Agreement and, in each case, an entry in the Note Register and each Note is subject to, and each Noteholder is bound by, and is deemed to have notice of, all the Note Additional Provisions (including, without limitation, in respect of:

(a) provisions in the Note Additional Provisions relating to meetings of Noteholders and the passing of resolutions by Noteholders;

(b) the powers of the Note Trustee and Security Trustee under the Note Additional Provisions to agree modifications to Transaction Documents and grant waivers and consents; and

(c) the protections, limits of liability and indemnities given to the Note Trustee and Security Trustee in the Note Additional Provisions).

Each Noteholder is bound by, and is deemed to have notice of, all the provisions of the Transaction Documents.

The Issuer shall procure that copies of each of the Note Additional Provisions are available for inspection during normal business hours at the Note Trustee Specified Office, Security Trustee Specified Office and Note Registrar Specified Office. Copies of the Transaction Documents (excluding any schedules containing personal information) are available for inspection by Noteholders during normal business hours at the registered office of the Issuer, the initial registered office of which is set out below.

Each Note is a separate debt of the Issuer and may be transferred separately from any other Note.

2.2 **Form**

Each Note is and will be in registered form.

2.3 **Denominations and permitted holdings**

The Notes in each Class are issued, and separate registered holdings of the Notes in a Class shall be held, in any denomination where the aggregate Note Initial Principal Amount of such holding of Notes complies with the applicable denomination requirements indicated in 6.1.28 *Minimum Denomination* in the Note Specified Terms (each denomination which complies with those requirements being a **Note Authorised Denomination**).

The Note Initial Principal Amount of each Note will be recorded in the Note Register.

2.4 **Effect of entries in the Note Register**

Each entry in the Note Register in respect of a Note constitutes:

(a) to the fullest extent permitted by applicable law, sufficient and conclusive evidence to all persons and for all purposes that the person in whose name such Note is registered in the Note Register is the absolute registered owner of that Note regardless of any notice to the contrary, any notice of ownership, theft or loss, or of any trust or other interest in that Note or of any writing on that Note (other than a valid Transfer Form duly completed and executed by the then current Noteholder);

(b) for the benefit of the person in whose name such Note is so registered, a separate and individual acknowledgement by the Issuer of its indebtedness to that person and of the vesting in such person of all rights vested in a Noteholder by the Note Trust Deed, the Note Conditions and the Security Documents; and

(c) an unconditional and irrevocable undertaking and promise by the Issuer to the person in whose name such Note is so registered that, for value received, the Issuer shall make all payments of (in the case of such Note) principal and interest in respect of that Note, in each case in accordance with the Note Trust Deed, the Note Conditions and the Security Documents.

In relation to each Noteholder, by subscribing for or taking a transfer of a Note or for such Noteholder being entered on the Note Register or for any other consideration, such Noteholder agrees to be bound by the terms and conditions applicable to the Notes.

2.5 **Title and transfers**

(a) **Registration required to transfer title**
Title to a Note passes by registration in the Note Register and no transfer of a Note will be valid or effective unless and until the relevant entries in respect of such transfer are entered on the Note Register.

(b) **Transfer Regulations apply to transfers**
Transfers of interests in the Investment Notes and entries on the Note Register relating to the Investment Notes may be made subject, in each case, to compliance with the Transfer Regulations.

Transfers of interests in the Loan Notes and entries on the Note Register relating to the Loan Notes may be made subject, in each case, to compliance with the A Loan Note Agreement.

(c) **Changes to the Transfer Regulations**
The Transfer Regulations may be changed by the Issuer with the prior written approval of the Note Trustee and the Note Registrar.

(d) **Provision of copies of the Transfer Regulations**
A copy of the then current Transfer Regulations will be sent by the Note Registrar to any Noteholder who so requests.

2.6 **Certificates**

(a) No definitive registered certificates or other evidence of title will be issued in respect of a Note unless the Issuer determines that certificates should be made available as required by law or certificates are specifically requested by the relevant Noteholder and specifically agreed to between the Issuer and such Noteholder.

(b) Any such certificates (if and when issued) will be evidence of entitlement only.

(c) In the event of any inconsistency between a definitive registered certificate or other evidence of title and an entry in the Note Register, the entry in the Note Register will always govern.

2.7 **Global Notes**

Except to the extent indicated otherwise in the Note Specified Terms, all Investment Notes in a Class will be and will remain registered in the name of the person (being the **Global Noteholder**) nominated and/or appointed by the relevant Clearing System(s) as common safekeeper, common depositary, custodian and/or nominee for the clearing system(s) applicable to such Class (each a **Clearing System**) as indicated in the *Clearance / settlement* section in the Note Specified Terms throughout the period from (and including) the Closing Date relating to such Investment Notes to the date (if any) upon which such Investment Notes are transferred from the relevant Global Noteholder pursuant to Note Base Condition 2.8 *Removal of Notes from Clearing Systems*).

For so long as any of the Investment Notes are represented by a Global Note, transfers and exchanges of beneficial interests in such Global Note and entitlement to payments under such Global Note will be effected subject to and in accordance with the rules and procedures from time to time of the applicable Clearing System(s).

Each Investment Note is a **Global Note** throughout the period in which it is registered in the name of a Global Noteholder as common safekeeper, common depositary, custodian and/or nominee for or on behalf of a Clearing System. A **Reg S Global Note** is a Global Note representing Reg S Notes in the relevant Clearing System(s) (the relevant **Reg S Clearing System**) and a **Rule 144A Global Note** is a Global Note representing Rule 144A Notes in the relevant Clearing System(s) (the relevant **Rule 144A Clearing System**). Throughout each period (if any) in which a Note is not represented by a Global Note, it will be in the form of a definitive note (each a **Definitive Note**). Each Loan Note will be upon and from issue a Definitive Note.

Unless and until Investment Notes cease to be Global Notes in respect of a Class pursuant to Note Base Condition 2.8 *Removal of Notes from Clearing Systems* each Global Note registered in the name of a Global Noteholder may not be transferred except:

(a) to reduce the Note Principal Amount Outstanding of a Global Note relating to a Class held in a Clearing System and to increase the Note Principal Amount Outstanding of the corresponding Global Note of the same Class held in another Clearing System as provided in the Transfer Regulations, and

(b) as a whole where the relevant Clearing System requires such Global Note to be transferred to a different person to act as Global Noteholder for that Clearing System or to a successor of that Clearing System.

2.8 **Removal of Notes from Clearing Systems**

If in relation to any Global Note in respect of a Class:

(a) any Clearing System relating to such Class:

(1) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise); or

(2) has notified the Issuer that it is at any time unwilling or unable to continue as a Clearing System in respect of the relevant Global Note; or

(3) announces an intention permanently to cease business as a clearing system; or

(4) in fact ceases to, or be able to, operate as a clearing system,

and, in any such case, a successor to such Clearing System is not appointed by the Issuer, with the prior written consent of the Note Trustee, within 14 days of such closure, notification or cessation; or

(b) as a result of any amendment to, or change in:

(1) the laws or regulations of Ireland (or of any political sub-division of Ireland) or of any authority in or of Ireland having power to tax; or

(2) 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 in relation to any Investment Note, the Issuer, any Principal Paying Agent or any Note Registrar is, or will be, required to make any deduction or

withholding from any payment in respect of that Note which would not be required were that Note not a Global Note,

then, within 30 days of the occurrence of the relevant event, but in any event not prior to the expiry of the Reg S Distribution Compliance Period, the Issuer will (at the Issuer's expense) procure that all Investment Notes in such Class are transferred from the relevant Global Noteholder to and registered in the Note Register in the name of the then relevant participants in the Clearing System (or their nominees) in each case in relation to a Investment Note for a Note Initial Principal Amount equal to the Note Initial Principal Amount, notified by the relevant Clearing System to the Note Registrar as then being credited to such participant's account with such Clearing System.

3. Status, Security and Priority of Payments

3.1 Status

Notes within a Class will rank *pari passu* without any preference among each other Note within that Class.

The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other Transaction Parties.

3.2 Security and Priority of Payments

The Notes are secured by the Security in accordance with, and subject to, the terms of the Security Documents and the Payments Rules (including, without limitation, the Priority of Payments).

4. General covenants

So long as any of the Notes remain outstanding, except as envisaged in any of the Transaction Documents, the Issuer will not, without the prior written consent of the Note Trustee:

(a) create or permit to subsist any mortgage, sub-mortgage, assignment, assignation, standard security, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation or other security interest whatsoever upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(c) open nor have any interest in any account whatsoever with any financial institution other than the Issuer Accounts or LTH Accounts save where such account is immediately charged in favour of the Security Trustee so as to form part of the Security and the Security Trustee receives from such financial institution an acknowledgement of the security rights and interests of the Security Trustee and an agreement that it will not exercise any right of set off it might otherwise have against the account in question;

(d) have any subsidiaries, subsidiary undertakings (as defined in the Companies Act 2006) or employees (other than the Issuer's officers) or premises;

(e) act as a director of or hold any office in any company or other organisation;

(f) amend, supplement or otherwise modify its Memorandum or Articles of Association or other constitutive documents;

(g) pay any dividend or make any other distribution to its shareholders or issue any further shares;

(h) incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness or any obligation of any other person;

(i) consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(j) transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(k) be or apply to become part of any value added tax (VAT) group in Ireland or elsewhere;

(l) engage in any activities in the United States (directly or through agents), or derive any income from sources within the United States as determined under U.S. federal income tax laws, or hold any

property that would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under U.S. federal income tax laws;

(m) permit any of the Transaction Documents or the Security in respect of the Security Assets to be amended, invalidated, rendered ineffective, terminated, postponed or discharged, or consent to any variation thereof, or exercise any powers of consent or waiver in relation thereto, or permit any party to any of the Transaction Documents or any other person whose obligations form part of the Security in respect of the Security Assets to be released from such obligations, or dispose of any part of the Security Assets; or

(n) fail to comply with anything indicated in 6.1.30 *Issuer Additional Covenants* in the Note Specified Terms.

5. Interest

5.1 Accrual of interest

(a) **Accrual of Scheduled Interest**
In respect of each Note, interest (**Scheduled Interest**) shall accrue at the Interest Rate relating to that Note on its Note Principal Amount Outstanding on each day (both before and after judgment) from and including the Closing Date until (but excluding) the earlier of:

(1) such day as that Note is fully redeemed; or

(2) if circumstances referred to in Note Base Condition 8.3 *Delays in making payments* occur, such day as that Note would have been fully redeemed had those circumstances not occurred.

5.2 Payment and deferral of interest

(a) **Payment and deferral of Scheduled Interest**
In relation to each Note, on each Payments Date the Issuer will pay, in the applicable Note Currency, an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Payments Date, *provided that*, if:

(1) Interest Deferral is applicable in respect of such Note for such Interest Period;

(2) an Acceleration Date has not occurred on or before that Payments Date; and

(3) following the allocation and payments made pursuant to the relevant Priority of Payments on such Payments Date, all or part of such Interest Amount remains unpaid,

then the unpaid amount shall be deferred (and shall be deemed to be not due and payable) and, on and including that Payments Date, such unpaid amount:

(A) shall be added to, and form part of, the Note Deferred Interest Outstanding in respect of that Note; and

(B) shall cease to be Scheduled Interest and shall cease to form part of that Interest Amount.

Such Interest Amount, less such unpaid amount (if any) as is deferred, shall become and be due and payable by the Issuer on such Payments Date.

(b) **Payment of Note Deferred Interest Outstanding**
In relation to each Note, on each Payments Date where:

(1) an Acceleration Date has not occurred on or before that Payments Date; and

(2) the funds available at the Priority Level of the relevant Priority of Payments applicable to payment of interest on such Note on such Payments Date exceed the full Interest Amount in respect of that Note (without any part of that Interest Amount being deferred under Note Base Condition 5.2(a) *Payment and deferral of Scheduled Interest*),

the Issuer shall pay, in the applicable Note Currency, the then Note Deferred Interest Outstanding (if any) in respect of that Note to the extent that such funds are sufficient to do so (and the amount that is so payable shall become and be due and payable on that Payments Date).

(c) **Payment of accrued interest from Acceleration Date**
In relation to each Note, on and from the earlier of:

(1) the Final Maturity Date in relation to that Note; and

(2) the occurrence of an Acceleration Date,

all Scheduled Interest and all Note Deferred Interest Outstanding shall be due and payable (if it is not already due and payable).

5.3 **Reference Rate**

Where the calculation of the Interest Rate for a Class of Floating Rate Notes in relation to an Interest Period involves the Reference Rate, then the Note Calculation Agent will, as soon as practicable after the Interest Rate Setting Time on each Interest Rate Setting Date, determine the then level of the Reference Rate, if a Reference Rate Modification has become effective, in accordance with the sources, methodology and procedures specified in that Reference Rate Modification, or, if a Reference Rate Modification has not become effective, as follows:

(a) **Determination from EURIBOR Screen**
If the Note Calculation Agent can determine the offered rate for deposits in EUR for the Reference Rate Quotation Period appearing on the EURIBOR Screen at, or as soon as practicable after, the Interest Rate Setting Time on that Interest Rate Setting Date, then that offered rate shall be the Reference Rate for that Class of Notes in relation to that Interest Period.

(b) **Determination from EURIBOR Banks**
Where the Note Calculation Agent cannot determine the Reference Rate in accordance with Note Base Condition 5.3(a):

(1) the Note Calculation Agent will request the principal office in the EURIBOR Financial Centre of each of the EURIBOR Banks to provide its quotation for the rate at which deposits in EUR, in an amount that is representative for a single transaction in that market at that time, for the Reference Rate Quotation Period, are offered by it to prime banks in the EURIBOR Market at, or about, the Interest Rate Setting Time on the Interest Rate Setting Date; and

(2) if at least two such quotations are received by the Note Calculation Agent, the Reference Rate for that Class of Notes in relation to that Interest Period shall be the arithmetic mean (rounded in accordance with the relevant Interest Rounding Convention) of all the quotations which are received, as calculated by the Note Calculation Agent.

(c) **Determination of Reference Rate from other banks**
If Note Base Condition 5.3(b) applies, but at the relevant time only one or none of such EURIBOR Banks provide the relevant quotations:

(1) the Note Calculation Agent will request the principal office in the EURIBOR Financial Centre of each of at least three major banks participating in the EURIBOR Market, selected by the Issuer (as approved by the Framework Administrator in its absolute discretion), to provide its quotation for the rate at which deposits in EUR, in an amount that is representative for a single transaction in that market at that time, for the Reference Rate Quotation Period, are offered by it to prime banks in the EURIBOR Market at, or about, the Interest Rate Setting Time on the Interest Rate Setting Date; and

(2) if at least two quotations are received by the Note Calculation Agent (including each quotation, if any, received under Note Base Condition 5.3(b)), the Reference Rate for that Class of Notes in relation to that Interest Period shall be the arithmetic mean (rounded in accordance with the relevant Interest Rounding Convention) of all the quotations which are received (including each quotation, if any, received under Note Base Condition 5.3(b)), as calculated by the Note Calculation Agent.

(d) **Determination of Reference Rate using previous rate**
If Note Base Condition 5.3(c) applies but insufficient quotations are received, the Reference Rate for that Class of Notes in relation to that Interest Period shall be the Reference Rate most recently determined in relation to Notes having the relevant denomination in relation to a previous Interest Period.

(e) **Interpolation to determine Reference Rate**
Where interpolation is to be used to determine the Reference Rate for an Interest Period, the Reference Rate shall be determined for that Interest Period by the linear interpolation of Reference Rates determined in the manner indicated in this Note Base Condition 5.3 *Reference Rate* for each of the two periods specified to be interpolated.

(f) **EURIBOR Banks**
The Issuer will procure that, so long as any Note remains outstanding in respect of which the Interest Rate requires the determination of a Reference Rate, there shall at all times be at least four EURIBOR Banks with offices in the relevant EURIBOR Financial Centre.

If any EURIBOR Bank (acting through its relevant office) is unable or unwilling to continue to act as a EURIBOR Bank then the Issuer will use reasonable commercial efforts to appoint another EURIBOR Bank (as approved by the Framework Administrator in its absolute discretion) with an office in the relevant EURIBOR Financial Centre to act as such in its place.

The Issuer reserves the right at any time to terminate the appointment of any EURIBOR Bank provided that a replacement has been appointed prior to the time such termination takes effect.

The Issuer shall cause notice of any such appointment and/or termination to be given to Noteholders as soon as reasonably practicable in accordance with Note Base Condition 16 *Notices*.

5.4 **Interest calculations and notifications**

(a) **Determination of Interest Rate**

The Note Calculation Agent will in relation to each Class of Notes, as soon as practicable after the Interest Rate Setting Time on each Interest Rate Setting Date in relation to an Interest Period for that Class of Notes, determine the Interest Rate applicable to that Class of Notes for that Interest Period.

(b) **Calculation of Class Scheduled Interest Amount**

In relation to each Class of Notes, the Note Calculation Agent will in relation to each Interest Period applicable to that Class of Notes, on the Payments Calculation Date that occurs after the Interest Rate Setting Date in relation to that Interest Period, determine the **Class Scheduled Interest Amount** for that Class of Notes in relation to that Interest Period, being the result of:

Note Principal Amount Outstanding at the start of that Interest Period (after taking account of the application of amounts that were allocated and paid on such day under the Priority of Payments)	×	Interest Rate for that Class in relation to that Interest Period	×	Day Count Fraction for that Interest Period

(c) **Calculation of Class Note Deferred Interest Outstanding**

In relation to each Class of Notes, the Note Calculation Agent will in relation to each Interest Period applicable to that Class of Notes, on the Payments Calculation Date that occurs after the Interest Rate Setting Date in relation to that Interest Period, determine the **Class Note Deferred Interest Outstanding** for that Interest Period, being the aggregate Note Deferred Interest Outstanding in respect of each Note in that Class at the start of that Interest Period (after taking account of the application of amounts to be allocated and paid on the relevant day under the Priority of Payments).

(d) **Calculation of Interest Amount for each Note**

The Note Calculation Agent will in relation to each Class of Notes, as soon as practicable after determining the Class Scheduled Interest Amount for an Interest Period in respect of such Class of Notes, determine on the relevant Payments Calculation Date the **Interest Amount** for each Note in that Class in respect of that Interest Period, by apportioning that Class Scheduled Interest Amount between the Notes in that Class *pro rata* to the Note Principal Amount Outstanding that remained in respect of each Note in that Class as at the first day of that Interest Period (after taking account of the application of amounts to be allocated on that day under the Priority of Payments), rounding each amount so apportioned down to the nearest Note Currency Unit.

(e) **Notice of Interest Rate, Class interest amounts etc and Payments Date**

Except where an Acceleration Date has occurred, as soon as practicable after each Payments Calculation Date, the Note Calculation Agent will cause the following details to be notified to the Issuer, the Cash Administrator, the Note Trustee, the Principal Paying Agent and the Note Registrar:

(1) the Interest Rate for each Class of the Notes for the related Interest Period;

(2) the Class Scheduled Interest Amount for each Class of the Notes for the related Interest Period;

(3) (if any) the Class Note Deferred Interest Outstanding for each Class of the Notes for the related Interest Period; and

(4) the Payments Date that follows the end of the related Interest Period.

As soon as reasonably practicable after receiving such notice, the Principal Paying Agent shall cause those details to be published in accordance with Note Base Condition 16 *Notices* and (for as long as the Notes are listed on or with a Listing Institution and the rules of such Listing Institution require) notified to such Listing Institution.

(f) **Publication does not preclude subsequent adjustments**
The relevant details published under Note Base Condition 5.4(e) *Notice of Interest Rate, Class interest amounts etc and Payments Date* may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice to Noteholders in the event of any extension or shortening of the relevant Interest Period.

(g) **Determination by an appointee**
If the Note Calculation Agent does not at any time for any reason make the relevant determinations and calculations in accordance with Note Base Conditions 5.4(a) to 5.4(e) *Notice of Interest Rate, Class interest amounts etc and Payments Date* inclusive (including, where applicable, carry out the procedures indicated in Note Base Condition 5.3) on an Interest Rate Setting Date or, as applicable, a Payments Calculation Date and no alternative arrangement has been made under the Transaction Documents for the making of such determinations and calculations, a person appointed by the Issuer for this purpose (which may be, but is not obliged to be, the Framework Administrator) may determine the relevant amounts and rates to be such amounts and rates as, in its absolute discretion (having such regard as it shall think fit to the procedures described in this Note Base Condition 5 *Interest*), it shall deem fair and reasonable in all the circumstances in the manner provided in this Note Base Condition 5 *Interest* (in each case without that person having any liability as a result) and each such determination of such amounts and rates by that person shall be deemed to have been made by the Note Calculation Agent.

6. Redemption, purchase and cancellation

6.1 Redemption at Final Maturity Date

Except to the extent previously redeemed and cancelled as provided in the Note Conditions, the Issuer shall redeem the Notes in each Class at their Note Principal Amount Outstanding on the Final Maturity Date together with any accrued (and unpaid) interest up to (and including) the Final Maturity Date.

6.2 Mandatory redemption in part

On each Payments Date which occurs prior to an Acceleration Date, to the extent that, in accordance with the application of the Priority of Payments (and the Payments Rules), there are amounts available to be applied in payment of Amounts Due in respect of principal outstanding on that Class of Notes, such amounts shall be and become Amounts Due in respect of such Class of Notes on such Payments Date.

6.3 Optional redemption for taxation and other reasons

(a) **Adverse Tax Circumstances**
Adverse Tax Circumstances means that:

(1) on the next Payments Date:

(A) the Issuer would be required to deduct or withhold from any payment of principal or interest in respect of any Notes; or

(B) the Issuer or any Hedge Provider would be required to deduct or withhold from amounts payable by it under any Hedge Agreement,

any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Ireland or any political sub-division thereof or any authority thereof or therein; or

(2) the Issuer would on or after the next Closing Date:

(A) become subject to Irish corporation Tax in an accounting period on an amount which materially exceeds the aggregate amount retained in the Issuer Profit Ledger during that accounting period; and/or

(B) not be entitled to relief for the purposes of any applicable tax law for any material amount which it is obliged to pay, or is treated as receiving for the purposes of such tax law under the Transaction Documents; or

(3) any event or circumstances indicated in the *Optional Redemption Additional Tax Circumstances* section in the Note Specified Terms has/have occurred.

(b) **Tax redemption procedure**
The Issuer shall redeem all of the Notes, in each case at their Note Principal Amount Outstanding, together with all accrued interest, on a Payments Date specified in the notice referred to in paragraph (1) below provided that each of the following conditions is satisfied:

(1) the Issuer has given written notice in accordance with Note Base Condition 16 *Notices* not more than 60 Business Days and not less than 3 Business Days before that Payments Date to the Note Trustee and the Noteholders of its intention to redeem the Notes under this Note Base Condition 6.3; and

(2) the Issuer certifies to the Note Trustee (upon which certification the Note Trustee shall be entitled to rely without further enquiry or liability) immediately prior to giving the notice referred to in paragraph (1) above that there are Adverse Tax Circumstances; and

(3) a legal opinion from independent legal advisers of recognised standing in form and substance satisfactory to the Note Trustee has been delivered confirming the legal aspects of the relevant Adverse Tax Circumstances; and

(4) the Issuer will be in a position on that Payments Date to discharge (and so certifies to the Note Trustee, upon which certification the Note Trustee shall be entitled to rely without further enquiry or liability):

(A) all its accrued liabilities in respect of the Notes (including, in each case, all accrued interest outstanding); and

(B) all amounts required under the Security Intercreditor Deed (and applicable Priority of Payments) to be paid in priority to or *pari passu* with those liabilities; and

(5) the Issuer has complied with the conditions indicated in the *Optional Redemption Additional Tax Conditions* section in the Note Specified Terms.

6.4 **Full redemption at the option of the Issuer**

The Issuer shall redeem all of the Redemption Notes, in each case at their Note Principal Amount Outstanding, together with all accrued interest, on a Payments Date specified in the notice referred to in paragraph (a) below provided that each of the following conditions is satisfied:

(a) the Issuer has given written notice in accordance with Note Base Condition 16 *Notices* not more than 60 Business Days and not less than 3 Business Days before that Payments Date to the Note Trustee and the Noteholders of its intention to redeem the Redemption Notes under this Note Base Condition 6.4; and

(b) the Issuer will be in a position on that Payments Date to discharge (and so certifies to the Note Trustee upon which certification the Note Trustee shall be entitled to rely without further enquiry or liability):

(1) all its accrued liabilities in respect of the Redemption Notes to be redeemed (including, in each case, all accrued interest outstanding); and

(2) all amounts required under the Security Intercreditor Deed (and applicable Priority of Payments) to be paid in priority to or *pari passu* with those liabilities; and

(c) the Issuer has complied with the conditions indicated in the *Optional Redemption Conditions* section in the Note Specified Terms.

6.5 **Notice of redemption is irrevocable**

Notice given by the Issuer to redeem Note pursuant to Note Base Condition 6.3 *Optional redemption for taxation and other reasons* or Note Base Condition 6.4 *Full redemption at the option of the Issuer* may not be withdrawn and upon giving such notice the Issuer shall be bound to redeem the Note in accordance with that notice and Note Base Condition 6.3 *Optional redemption for taxation and other reasons* or, as applicable, Note Base Condition 6.4 *Full redemption at the option of the Issuer*.

6.6 **Repayment calculations and notifications**

(a) **Determination of Class Repayment Amount**

If an Acceleration Date has not occurred, the Issuer shall cause the Cash Administrator to determine (and the Cash Administrator will determine on behalf of the Issuer), on each Payments Calculation Date in relation to each Class of Notes, the **Class Repayment Amount** for that Class, being the amount of principal that is expected (upon the basis of information the available to the Cash Administrator (including, without limitation, as notified to the Cash Administrator by a relevant party to the Transaction), to be repaid in respect of that Class pursuant to the applicable Priority of Payments on the Payments Date immediately following that Payments Calculation Date.

(b) **Calculation of Repayment Amount and Note Principal Amount Outstanding for each Note**
If an Acceleration Date has not occurred, the Issuer shall cause the Cash Administrator to calculate (and the Cash Administrator will calculate on behalf of the Issuer) on each Payments Calculation Date in relation to each Class of Notes:

(1) the expected **Repayment Amount** for each Note in that Class in respect of the Payments Date immediately following that Payments Calculation Date, by apportioning the relevant Class Repayment Amount between the Notes in that Class *pro rata* to the Note Principal Amount Outstanding of each Note in that Class as at the start of that Payments Calculation Date, rounding each amount so apportioned down to the nearest Note Currency Unit; and

(2) the expected Note Principal Amount Outstanding for each Note in that Class in respect of the Payments Date immediately following that Payments Calculation Date (after taking account of the application of amounts to be allocated and paid on that Payments Date under the Priority of Payments), by subtracting the relevant Repayment Amount in respect of such Note from the Note Principal Amount Outstanding of that Note as at the start of that Payments Calculation Date; and

(3) the aggregate expected Note Principal Amount Outstanding for that Class in respect of the Payments Date immediately following that Payments Calculation Date (after taking account of the application of amounts to be allocated and paid on that Payments Date under the Priority of Payments).

(c) **Notice of Repayment Amount and Note Principal Amount Outstanding etc**
Except where an Acceleration Date has occurred, as soon as practicable after making the relevant determination under Note Base Condition 6.6(a) and calculations under Note Base Condition 6.6(b) on a Payments Calculation Date, the Cash Administrator will cause the results of that determination and those calculations to be notified to the Issuer, the Note Calculation Agent, the Note Trustee, the Principal Paying Agent and the Note Registrar. As soon as reasonably practicable after receiving such notice, the Principal Paying Agent shall cause:

(1) the Class Repayment Amount; and

(2) the aggregate expected Note Principal Amount Outstanding for that Class calculated under Note Base Condition 6.6(b);

to be published in accordance with Note Base Condition 16 *Notices* and (for as long as the Notes are listed on or with a Listing Institution and the rules of such Listing Institution require) notified to such Listing Institution.

(d) **Publication does not preclude subsequent adjustments**
The relevant details published under Note Base Condition 6.6(c) *Notice of Repayment Amount and Note Principal Amount Outstanding etc* may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice to Noteholders in the event that the actual amounts allocated and paid on the relevant Payments Date in accordance with the Payments Rules are different to what was expected as at the time the relevant determination and calculations were made on the relevant Payments Calculation Date.

(e) **Determination or calculations by an appointee**
If the Cash Administrator does not at any time for any reason make the relevant determination in accordance with Note Base Condition 6.6(a) and calculations in accordance with Note Base Condition 6.6(b) on a Payments Calculation Date and no alternative arrangement has been made under the Transaction Documents for the making of such determination and calculations, a person appointed by the Issuer for this purpose (which may be, but is not obliged to be, the Framework Administrator) may (but has no obligation to) make such determination and calculations (without that person having any liability as a result) in accordance with this Note Base Condition (based on information supplied to it by the Issuer or the Cash Administrator or any other party to the Transaction) and each such determination and calculation shall be deemed to have been made by the Cash Administrator.

6.7 **Purchase of Notes by the Issuer**

The Issuer may purchase Notes in the open market or otherwise at any price and subject to receipt by the Issuer of an amount (whether by any sale permitted under the Security Documents of the Security Assets (or in the case of a purchase of some only of the Notes, a proportion of the Security Assets corresponding to the proportion of the Notes to be purchased) or otherwise) which is sufficient to fund the purchase price payable by the Issuer.

Subject to any contrary agreement between the seller of any Note to be purchased by the Issuer pursuant to this Note Base Condition 6.7, no interest will be payable with respect to a Note purchased pursuant to this Note Base Condition 6.7 in respect of the period from and including the first day of the then current Interest Period relating to that Note.

The Issuer will not exercise any rights in its capacity as a Noteholder of Notes purchased pursuant to this Note Base Condition 6.7 or as a person beneficially entitled to, or participating in, the Security Assets.

In particular, the Issuer will not vote at any meeting of Noteholders, or other persons interested or participating in, or entitled to the rights or benefits (or a part thereof) of, the Security Assets or give any consent, waiver, indulgence, time or notification or make any declaration in relation to such Security Assets.

6.8 **Cancellation**

All Notes which are redeemed in full shall, unless otherwise permitted by the Note Conditions, be cancelled by the Note Registrar.

All Notes which are purchased by the Issuer pursuant to Note Base Condition 6.7 *Purchase of Notes by the Issuer* shall, unless otherwise permitted by the Note Conditions, be cancelled by the Note Registrar.

7. Taxation

7.1 **No withholdings or deductions except as required by law**

All payments in respect of the Notes will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer, the Note Trustee, the Principal Paying Agent or the Note Registrar (as the case may be) is required by applicable law to make any such payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature.

7.2 **Withheld or deducted amount to be paid to relevant authorities**

In that event, the Issuer, the Note Trustee, the Principal Paying Agent or the Note Registrar (as the case may be) shall make such payments after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted.

7.3 **No gross up**

Neither the Issuer nor any Principal Paying Agent, Note Registrar, Note Trustee or the Security Trustee will be obliged to make any additional payments to the Noteholders (if any) in respect of such withholding or deduction.

7.4 **Withholding or deduction not a Note Event of Default**

Notwithstanding that the Note Trustee, the Issuer, the Principal Paying Agent or the Note Registrar are required to make such withholding or deduction, making such withholding or deduction shall not constitute a Note Event of Default.

8. Payments

8.1 **Means of making payments**

Payments in respect of each Note (being interest payments and principal repayments):

(a) will be made to the relevant Payee; and

(b) will be made by transfer to a Payee Permitted Account.

8.2 **Time of payment**

Payment instructions will be initiated on such date necessary for payments to be received for value on the Payments Date.

8.3 **Delays in making payments**

A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from:

(a) a payment not being made or a transfer not being initiated on the due date for a payment as a result of that due date not being a Local Business Day; and

(b) the Principal Paying Agent having not received before the relevant Note Register Record Date written notice of a Payee Permitted Account for the Payee.

8.4 **Partial payments**

If the Principal Paying Agent makes a partial payment in respect of any Note, the Issuer shall procure, and the Note Registrar will ensure, that the amount and date of such payment are noted on the Note Register.

8.5 **Fiscal and other laws; no commission or expenses**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations (including laws and regulations to which the Issuer agrees to be subject), and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. No commissions or expenses shall be charged to the Noteholders in respect of such payments.

8.6 **Conclusive effect of notifications etc**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Note Conditions, whether by the EURIBOR Banks (or any of them), the Cash Administrator, the Principal Paying Agent, the Note Registrar or the Note Calculation Agent shall (in the absence of any manifest error) be binding on the Issuer, all Noteholders, the Security Trustee and the Note Trustee.

None of the EURIBOR Banks, the Cash Administrator, the Principal Paying Agent, the Note Registrar, the Note Calculation Agent, the Security Trustee or the Note Trustee, in each case in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under the Note Conditions, have any liability to the Issuer or the Noteholders.

9. Note Event of Default

9.1 **Definition of Note Event of Default**

Note Event of Default means in relation to Notes any of the following events:

(a) **Non-payment**
The Issuer fails to pay:

(1) any amount of principal in respect of the Notes within 7 days of the due date for payment of such principal; or

(2) any amount of interest in respect of Notes within 14 days of the due date for payment of such interest,

(for the avoidance of doubt, any deferral of interest in accordance with Note Base Condition 5.2(a) *Payment and deferral of Scheduled Interest* shall not constitute a Note Event of Default); or

(b) **Breach of other obligations**
the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or under the other Transaction Documents and such default:

(1) is, in the opinion of the Note Trustee, incapable of remedy; or

(2) is a default which is, in the opinion of the Note Trustee, capable of remedy and remains unremedied for 30 days (or such longer period as the Note Trustee may permit) after the Note Trustee has given written notice of such default to the Issuer,

and provided that the Note Trustee shall have certified that in its opinion such default is materially prejudicial to the interests of the Noteholders of the Most Senior Tranche (and, for the purposes of this Note Base Condition 9.1(b), any failure to perform or observe any obligation shall be deemed remediable notwithstanding that the failure results from not doing an act or thing by a particular time); or

(c) **Insolvency Supervening Event**
the occurrence of an Insolvency Supervening Event; or

(d) **Cessation of business**
the Issuer (other than for the purposes of a solvent amalgamation or reconstruction of the Issuer on terms previously approved in writing by the Security Trustee or approved by a Noteholder Extraordinary Resolution of the Noteholders of Notes in the Most Senior Tranche), ceases or, through or consequent upon an official action of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business; or

(e) **Unlawfulness**
it is unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes and the Note Trustee has certified that in its opinion this is materially prejudicial to the interests of the Noteholders of Notes in the Most Senior Tranche.

9.2 **Definition of Insolvency Supervening Event**

Insolvency Supervening Event means any corporate action, legal proceedings, formal application or other procedure or step is validly taken in relation to or with a view to:

(a) a winding-up, dissolution, examinership, administration, moratorium of the whole or any substantial part of the indebtedness, or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of, or in relation to, the Issuer other than a solvent liquidation or reorganisation of the Issuer on terms previously approved in writing by the Security Trustee (acting in accordance with the Security Intercreditor Deed) or approved by the Reference Creditor; or

(b) the appointment of an examiner, administrator or other receiver, liquidator, trustee in sequestration or other similar official in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer (other than in respect of a solvent liquidation of the Issuer on terms previously approved in writing by the Security Trustee acting in accordance with the Security Intercreditor Deed or approved by the Reference Creditor); or

(c) any expropriation, attachment, sequestration, distress, execution or diligence affects the whole or any substantial part of the assets of the Issuer and which is (1) not discharged within 15 Business Days (or such other period previously approved in writing by the Security Trustee acting in accordance with the Security Intercreditor Deed or approved by the Reference Creditor) or (2) is not being disputed in good faith with a reasonable prospect of success,

or any analogous corporate action, legal proceedings or other procedure or step is taken in respect of the Issuer or its assets in any jurisdiction.

9.3 **Note Acceleration Notice**

If a Note Event of Default occurs and is continuing:

(a) the Note Trustee at its discretion may; and

(b) the Note Trustee shall:

(1) if so requested in writing by the Noteholders of at least 25% in Note Principal Amount Outstanding of the Notes outstanding in the Most Senior Tranche; or

(2) if so directed by a Noteholder Extraordinary Resolution of Noteholders of the Notes outstanding in the Most Senior Tranche or, if no Notes are outstanding,

by giving written notice (a **Note Acceleration Notice)** to the Issuer and the Security Trustee, declare in such notice any date (being a date on or after the date of that notice) to be a **Note Acceleration Date** (provided that the Note Trustee shall not be obliged to deliver a Note Acceleration Notice unless it has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby become liable, or which it may incur by so doing).

9.4 **Consequences of Acceleration Date**

The occurrence of a Note Acceleration Date shall also constitute the occurrence of an Acceleration Date (but without prejudice to other events and/or circumstances which may constitute the occurrence of an Acceleration Date).

Upon the occurrence of an Acceleration Date, the Notes of each Class shall become immediately due and payable without further action or formality at their Note Principal Amount Outstanding together with any accrued Note Deferred Interest Outstanding.

10. Enforcement by trustees

10.1 **Enforcement proceedings**

The Note Trustee may, at its discretion and without further notice, take (or direct the Security Trustee to take) any action, step or proceedings as it thinks fit to enforce its rights under the Note Trust Deed in respect of the Notes and under the other Transaction Documents and/or, at any time on or after the occurrence of an Acceleration Date, enforce the Security over the Security Assets, but it shall not be bound to do so unless:

(a) either:

(1) so requested in writing by the Noteholders of at least 25% of the Note Principal Amount Outstanding of Notes outstanding in the Most Senior Tranche; or

(2) so directed by a Noteholder Extraordinary Resolution of Noteholders of Notes outstanding in the Most Senior Tranche; and

(b) it has been indemnified and/or secured and/or prefunded to its satisfaction against all liabilities to which it may thereby become liable and/or which it may incur by so doing.

10.2 **Directions to the trustees**

If the Note Trustee and/or, as applicable, the Security Trustee shall take any action, step or proceedings described in Note Base Condition 10.1 *Enforcement proceedings* it may take such action, step or proceedings without having regard to the effect of such action on individual Noteholders or any other Security Creditor, provided that so long as any Notes in the Most Senior Tranche are outstanding, the Note Trustee and/or, as applicable, the Security Trustee shall not, and shall not be bound to, act at the request or direction of the Noteholders of Notes outstanding of any other Class that are in any other Tranche unless:

(a) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of Notes outstanding in each Tranche senior to the Tranche comprising such other Class; or

(b) (if the Note Trustee and/or, as applicable, the Security Trustee is not of that opinion) such action is sanctioned by a Noteholder Extraordinary Resolution of the Noteholders in each Tranche senior to the Tranche comprising such other Class.

10.3 **Restrictions on disposal of Issuer's assets**

If an Acceleration Date has occurred otherwise than by reason of non-payment of any amount due in respect of the Notes, the Security Trustee will not be entitled to dispose of the Security Assets or any part thereof unless either:

(a) a sufficient amount would be realised to allow payment in full of all amounts owing to the Noteholders of the Notes after payment of all other claims ranking in priority to the Notes in accordance with the Accelerated Priority of Payments; or

(b) the Note Trustee is of the opinion, which shall be binding on the Noteholders and the other Security Creditors, reached after considering at any time and from time to time at its discretion the advice of an investment bank or other financial adviser selected by the Note Trustee (and if the Note Trustee is unable to obtain such advice having made reasonable efforts to do so this Note Base Condition 10.3(b) shall not apply), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts due in respect of the Notes of each Class after payment of all other claims ranking in priority to the Notes in accordance with the Accelerated Priority of Payments,

provided that the Note Trustee shall not be bound to make the determination contained in Note Base Condition 10.3(b) unless the Note 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.

11. No action, limited recourse and prescription

11.1 **No action by Noteholders**

Only the Note Trustee and/or, as applicable, the Security Trustee may pursue the remedies available under the general law, under the Security or under any Transaction Document and no Noteholder shall be entitled to proceed directly against the Issuer to enforce any such remedies or enforce the Security or any Transaction Document. In particular, no Noteholder, nor any person acting on behalf of such Noteholder (other than the Security Trustee or the Note Trustee where appropriate), is entitled to:

(a) take or join any other person (other than the Security Trustee) in taking any step or procure or cause another person to take any step that would constitute or result in or, with the giving of notice and/or elapse of time and/or the forming of an opinion or the making or giving of any determination or certification, would constitute or result in an Insolvency Supervening Event or any other insolvency in relation to the Issuer;

(b) take or join any other person (other than the Security Trustee) in taking against the Issuer and/or the Security Assets any step (including the exercise of any withholding, right of set-off or other right of deduction) or exercising any Security Interest or any right of subrogation for the purpose of recovering or enforcing any of the liabilities owing to it at any time by the Issuer;

(c) take or join any person in taking steps against the Issuer for the purposes of obtaining payment of any amount due whatsoever from the Issuer to such Noteholder or such person, including, without limitation, the making of a statutory demand and the appointment of a receiver;

(d) take any steps or proceedings which would result in any of the provisions of Part 3 (*Payments Rules*) of the Security Intercreditor Deed not being observed;

(e) apply for, obtain or take any step to obtain or join any other person (other than the Security Trustee) in applying for or obtaining an injunction, an interdict, a declaration, damages, judgment, a decree or other order against the Issuer in relation to any Transaction Document (other than in relation to any breach or alleged breach by the Security Trustee of its obligations or duties to that Noteholder under the Transaction Documents);

(f) take or initiate any proceedings or steps against the Issuer to enforce any Transaction Document;

(g) permit the Issuer to pay, prepay, repay, redeem, purchase, or otherwise acquire any of the Security Liabilities owed by the Issuer (including any obligation under any Hedge Agreement), except to the extent, at the times and in the manner permitted by the Transaction Documents;

(h) take, accept or receive the benefit of any Security Interest, guarantee, indemnity or other assurance against financial loss from the Issuer in respect of any of the Security Liabilities owed to it except as expressly permitted pursuant to the Security Intercreditor Deed; or

(i) do anything inconsistent with the Security or the terms of the Security Documents;

provided that the above provisions of this Note Base Condition 11.1:

(1) are without prejudice to any action or step which is expressly permitted under the terms of the Security Intercreditor Deed;

(2) shall not prevent such Noteholder, when entitled to do so pursuant to the terms of a Security Liability owing to such Noteholder, claiming or declaring such Security Liability due and payable; and

(3) shall not prevent such Noteholder from proving for the full amount owing to it by the Issuer in the liquidation of the Issuer.

11.2 Limited recourse

All amounts, obligations and liabilities due, owing, incurred or payable by the Issuer (whether actual or contingent, present or future, contractual or non-contractual) to a Noteholder from time to time are, and shall continue to be, limited in recourse and immediately with effect from (and including) the occurrence of any Security Post Realisation Date:

(a) each Noteholder shall cease to have any right or claim against the Issuer in respect of any such amounts, obligations and liabilities; and

(b) all of such amounts, obligations and liabilities shall be treated as discharged and extinguished and cease to exist in full.

11.3 Prescription

Claims against the Issuer for payment of principal in respect of the Notes shall be prescribed and become void unless made within 10 years from the due date for payment.

Claims against the Issuer for payment of other amount (including interest) in respect of the Notes shall be prescribed and become void unless made within 5 years from the due date for payment.

12. Noteholder Resolutions

12.1 Resolution provisions in Note Trust Deed

The Note Trust Deed contains provisions for making and/or approving Noteholder Resolutions of each Class and, in certain cases, more than one Class in respect of any matter affecting their interests.

12.2 **Definitions relating to Noteholder Resolutions**

Electronic Consent means consent given by way of electronic consents communicated through the electronic communications system of the relevant Clearing System(s) to the Note Registrar and/or the Note Trustee in accordance with the operating rules and procedures of the relevant Clearing System(s);

Meeting Quorum means for a meeting:

(a) involving at least one Noteholder Extraordinary Resolution in respect of a Note Basic Terms Modification: for an initial meeting at least 75% (and for a reconvened meeting at least 50%) of the Note Principal Amount Outstanding of the Resolution Notes;

(b) involving at least one Noteholder Extraordinary Resolution (but none in respect of a Note Basic Terms Modification): for an initial meeting at least 50% (and for a reconvened meeting at least 25%) of the Note Principal Amount Outstanding of the Resolution Notes; or

(c) involving at least one Noteholder Ordinary Resolution (but no Noteholder Extraordinary Resolution): for an initial meeting at least 25% (and for a reconvened meeting at least 10%) of the Note Principal Amount Outstanding of the Resolution Notes;

Noteholder Extraordinary Resolution means a Noteholder Resolution made or, as applicable, approved by the applicable Resolution Threshold in respect of a Noteholder Extraordinary Resolution;

Noteholder Ordinary Resolution means a Noteholder Resolution which is not a Noteholder Extraordinary Resolution;

Noteholder Resolution means:

(a) a resolution made or, as applicable, approved by the relevant Noteholders equalling or exceeding the applicable Resolution Threshold at a meeting, where the applicable Meeting Quorum of the relevant Noteholders of Resolution Notes is present, duly convened and held in accordance with the Note Trust Deed and the Note Conditions; or

(b) where all the relevant Notes are held on behalf of a Clearing System or Clearing Systems, a resolution proposed by the Issuer or the Note Trustee (as the case may be) and made or, as applicable, approved by way of Electronic Consents by the relevant Noteholders of Resolution Notes equalling or exceeding the applicable Resolution Threshold; or

(c) a resolution made or, as applicable, approved by in writing by one or more of the relevant Noteholders of Resolution Notes equalling or exceeding the applicable Resolution Threshold signing (or a person signing on behalf of the relevant Noteholder) at least one document or counterpart document setting out the resolution;

Resolution Notes means in connection with a proposed or actual Noteholder Resolution, the Notes outstanding and held, as at the meeting record date, by the relevant Noteholders who are eligible to vote in relation to that Noteholder Resolution;

Resolution Threshold means:

(a) for a Noteholder Extraordinary Resolution (including in respect of a Note Basic Terms Modification) made or, as applicable, approved:

(1) at a meeting: at least 75% of, upon a show of hands, the persons voting, or, if a poll is demanded, the votes cast on that poll;

(2) by Electronic Consents: at least 75% of the Note Principal Amount Outstanding of the Resolution Notes voting; or

(3) in writing: Noteholders holding at least 75% of the Note Principal Amount Outstanding of the Resolution Notes; and

(b) for a Noteholder Ordinary Resolution made or, as applicable, approved:

(1) at a meeting: more than 50% of, upon a show of hands, the persons voting, or, if a poll is demanded, the votes cast on that poll;

(2) by Electronic Consents: more than 50% of the Note Principal Amount Outstanding of the Resolution Notes voting; or

(3) in writing: Noteholders holding more than 50% of the Note Principal Amount Outstanding of the Resolution Notes,

and for such purposes:

(A) when a poll is held in respect of a Noteholder Resolution, each EUR 1 of Note Principal Amount Outstanding of the Resolution Notes counts as one vote; and

(B) when a show of hands is used, each person voting has one vote.

12.3 **Separate and combined resolutions**

(a) **Note Basic Terms Modification**
A Note Basic Terms Modification shall not be effective unless sanctioned by Noteholders of Notes outstanding of each Class having separately made or, as applicable, approved a Noteholder Extraordinary Resolution approving such Note Basic Terms Modification.

(b) **Effect of resolutions on more junior Tranche**
A Noteholder Resolution of Noteholders in a Class of Notes (other than in relation to a Note Basic Terms Modification) will be binding on the Noteholders of each Class in a more junior Tranche irrespective of the effect on the interests of the Noteholders of each such Class in a more junior Tranche.

(c) **Effect of resolutions on other different Classes**
A Noteholder Resolution of Noteholders in a Class of Notes shall not be effective unless it does not relate to a Note Basic Terms Modification and in the opinion of the Note Trustee such Noteholder Resolution:

(1) will not be materially prejudicial to the interests of the Noteholders of Notes outstanding of each Class in a more senior Tranche, or it is sanctioned by a Noteholder Extraordinary Resolution of the Noteholders of Notes in each more senior Tranche; and

(2) (if such Noteholder Resolution was not passed by each Noteholder of Notes in each other Class in the same Tranche) will not be materially prejudicial to the interests of the Noteholders of Notes outstanding in each other Class in that Tranche, or it is sanctioned by a Noteholder Extraordinary Resolution of the Noteholders of Notes in each other Class in that Tranche.

For the avoidance of doubt, a Noteholder Resolution of Noteholders in a Class will be binding on the Noteholders of Notes outstanding of each Class in a more junior Tranche, provided that it does not relate to a Note Basic Terms Modification.

(d) **Resolutions affecting only one Class**
Except as indicated in Note Base Condition 12.3(a) *Note Basic Terms Modification*, a Noteholder Resolution which in the opinion of the Note Trustee affects the Notes of only one Class shall only be made or, as applicable, approved by Noteholders of Notes outstanding in that Class.

(e) **Combined resolutions may be used if no conflict**
Except as indicated in Note Base Conditions 12.3(a) *Note Basic Terms Modification*, 12.3(b) *Effect of resolutions on more junior Tranche*, 12.3(c) *Effect of resolutions on other different Classes* or 12.3(d) *Resolutions affecting only one Class*, no separate Noteholder Resolutions of Noteholders of Notes of different Classes will be required unless the Note Trustee determines that there may be a conflict in the interests of the Noteholders of Notes outstanding of one Class and the Noteholders of Notes outstanding of another Class in relation to a Noteholder Resolution.

12.4 **Convening of meeting of Noteholders**

A meeting of Noteholders of Notes in a particular Class or Classes:

(a) may be convened by the Note Trustee or the Issuer at any time; and

(b) must be convened by the Note Trustee (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of the relevant Class or Classes holding not less than 10% of the aggregate Note Principal Amount Outstanding of the outstanding Notes of the relevant Class or Classes.

12.5 **Binding effect of resolutions**

Each Noteholder Resolution duly made and/or approved in accordance with the Note Trust Deed by Noteholders of one or more Classes of Notes shall be binding upon all Noteholders of such Class or Classes, whether or not participating in the making and/or approval of such Noteholder Resolution.

However, a Noteholder Resolution does not entitle the Issuer, the Security Trustee, a Note Trustee and/or any other Security Creditor to override, modify and/or breach a covenant made to, or agreement made with, any party under the Transaction Documents except where such party agrees and/or such covenant expressly indicates that a Noteholder Resolution can entitle such override, modification and/or breach.

13. Rating Certificates

13.1 Definition of Rating Adverse Action and Rating Certificate

Rating Adverse Action means at any time in relation to a Rating Agency in connection with any event, circumstances and/or proposal relating to the Transaction:

(a) a downgrade, withdrawal or suspension of the then current ratings assigned to any Class of Notes by such Rating Agency or such Rating Agency placing any such Notes on rating watch negative (or equivalent); or

(b) where the event, circumstances and/or proposal involves the substitution of the Notes in whole but not in part only, for other securities or instruments, either:

(1) such other securities or instruments not having a rating equal to or higher than the then current ratings assigned by such Rating Agency to the corresponding substituted Notes; or

(2) such other securities or instruments having the same such rating but being on watch negative (or equivalent) when the then current ratings assigned by such Rating Agency to the corresponding substituted Notes are not on watch negative (or equivalent);

Rating Certificate means at any time in relation to a Rating Agency in connection with any event, circumstances and/or proposal relating to the Transaction and the actual and/or potential impact on a rating by that Rating Agency, a certificate by the Issuer to the Note Trustee and the Security Trustee:

(a) attaching a copy of a written confirmation or affirmation (in any form acceptable to the Note Trustee or the Security Trustee) from such Rating Agency that such event, circumstances and/or proposal would not result in a Rating Adverse Action by such Rating Agency; or

(b) certifying that the Issuer:

(1) has not received any such written confirmation or affirmation from that Rating Agency, but

(2) has received oral confirmation from an appropriately authorised person at such Rating Agency that such event, circumstances and/or proposal would not result in a Rating Adverse Action by such Rating Agency; or

(c) certifying that the Issuer has requested such written confirmation or affirmation from that Rating Agency in relation to such event, circumstances and/or proposal and:

(1) such Rating Agency indicated to the Issuer that it does not consider such written confirmation or affirmation necessary in relation to such event, circumstances and/or proposal; or

(2) such Rating Agency indicated to the Issuer that it does not, as a matter of practice or policy, provide such types of written confirmation or affirmation; or

(3) during the 30 days from and including the date of delivery of such request no substantive response to such request has been received by the Issuer from that Rating Agency,

and such Rating Agency has not indicated to the Issuer that such event, circumstances and/or proposal would result in a Rating Adverse Action by such Rating Agency.

13.2 Trustees can rely on Rating Certificates etc

In respect of the exercise of any power, duty, trust, authority or discretion as contemplated under the Note Conditions or in relation to any of the Transaction Documents, the Note Trustee and the Security Trustee shall be entitled but not obliged to rely upon absolutely without enquiry or liability and take into account:

(a) any written confirmation or affirmation (in any form acceptable to the Note Trustee and the Security Trustee) from a relevant Rating Agency that any event, circumstances and/or proposal will not result in any Rating Adverse Action by that Rating Agency; and/or

(b) a Rating Certificate in relation to any event, circumstances and/or proposal,

and shall not be required to investigate any action taken by the Issuer or the relevant Rating Agency in connection with a Rating Certificate.

14. Modifications, authorisations, waivers and substitution

14.1 Trustee's right of modification

The Note Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Security Creditors, concur (and direct the Security Trustee to concur) with the Issuer and any other relevant parties in making:

(a) **No material prejudice**
any modification (except a Note Basic Terms Modification) to any of the Notes (including the Note Conditions and/or, as applicable, the A Loan Note Agreement) and/or Transaction Documents:

(1) in relation to which the Note Trustee's and/or, as applicable, the Security Trustee's consent is required, if, in the opinion of the Note Trustee, such modification will not be materially prejudicial to the interests of the Noteholders of Notes outstanding; provided that the Note Trustee shall have regard only to the interests of the Noteholders of Notes outstanding in a Class which are in a more junior Tranche than Notes in another Class, if, in the opinion of the Note Trustee, there is no conflict between the interests of the Noteholders of Notes outstanding in such Class which are in such more junior Tranche and the interests of the Noteholders of Notes outstanding in the relevant Class which are in the relevant more senior Tranche; and/or

(2) in relation to which the Reference Creditor's consent or approval would otherwise be required, if, in the opinion of the Note Trustee, such modification will not be materially prejudicial to the interests of the Reference Creditor; and/or

(b) **Manifest error etc**
any modification to the Notes (including the Note Conditions and/or, as applicable, the A Loan Note Agreement) or any of the Transaction Documents and/or rectification of an error (including, without limitation, failure to do something, including failure to execute and deliver any document which was expected to be executed and delivered) in relation to which its consent is required, if, in the opinion of the Note Trustee, such modification and/or rectification is made to correct a manifest error or an error which is of a formal, minor or technical nature.

14.2 Trustee's right of waiver

The Note Trustee may at any time and from time to time, without the consent or sanction of the Noteholders or any other Security Creditors, authorise or waive any breach or proposed breach of any of the provisions contained in the Notes (including the Note Conditions and/or, as applicable, the A Loan Note Agreement) or any of the Transaction Documents (including a Note Event of Default or Potential Note Event of Default) if, in the opinion of the Note Trustee, the Noteholders will not be materially prejudiced by such authorisation or waiver provided that:

(a) the Note Trustee shall have regard only to the interests of the Noteholders of Notes outstanding in a Class which is in a more junior Tranche than another Class of Notes, if, in the opinion of the Note Trustee, there is no conflict between:

(A) the interests of the Noteholders of Notes outstanding in such Class which are in such more junior Tranche; and

(B) the interests of the Noteholders of Notes outstanding in the relevant Class which are in the relevant more senior Tranche; and

(b) the Note Trustee shall not exercise any powers conferred upon it by this Note Base Condition 14.2 in contravention of:

(1) a request or direction in writing made by the Noteholders of at least 25% of the Note Principal Amount Outstanding of Notes outstanding in the Most Senior Tranche; or

(2) an express direction by a Noteholder Extraordinary Resolution of Noteholders of Notes outstanding in the Most Senior Tranche;

but so that no such direction or request shall:

(A) affect any authorisation or waiver previously given or made; or

(B) authorise or waive any such proposed breach or breach relating to a Note Basic Terms Modification unless the Noteholders of Notes outstanding in each Class of Notes has, by Noteholder Extraordinary Resolution, so authorised its exercise.

14.3 **Compliance Modification**

Notwithstanding the provisions of this Note Base Condition 14 *Modifications, authorisations, waivers and substitution* and subject to Note Base Condition 14.6 *Limitations relating to Compliance Modification*, the Note Trustee shall be obliged, without any consent or sanction of the Noteholders or any of the other Security Creditors, to concur (and direct the Security Trustee to concur) with the Issuer in making any modification to the Notes (including the Note Conditions) or any other Transaction Document to which the Note Trustee and/or, as applicable, the Security Trustee is a party or in relation to which the Security Trustee holds Security (a **Compliance Modification**), where:

(a) **Compliance Permitted Purpose**
the Compliance Modification is for a Compliance Permitted Purpose;

(b) **Not a Note Basic Terms Modification**
the Note Trustee is satisfied in its discretion that the Compliance Modification is not in respect of a Note Basic Terms Modification;

(c) **Notice of proposed Compliance Modification**
the Issuer has provided at least 30 calendar days' prior written notice of the proposed Compliance Modification to the Noteholders of each Class in accordance with Note Base Condition 16 *Notices* and to the Note Trustee and the Security Trustee;

(d) **Compliance Modification certification**
a written certification by the Issuer (a **Compliance Modification Certificate**) has been provided to the Note Trustee and the Security Trustee, both at the time the Note Trustee and the Security Trustee is notified of the proposed Compliance Modification and on the date that such Compliance Modification takes effect, that the Compliance Modification is required solely for such Compliance Permitted Purpose and has been drafted solely to such effect;

(e) **Consent of each relevant Transaction Party**
where the Compliance Modification involves a modification to a Transaction Document, each Security Creditor which is party to that Transaction Document has consented to the Compliance Modification (unless such Transaction Document indicates that such consent is not required);

(f) **Change to rating agency servicer criteria**
where the proposed Compliance Modification is for the Compliance Permitted Purpose indicated in Note Base Condition 14.4(a) *Change to rating agency servicer criteria*:

(1) the relevant Transaction Servicer has provided a written certification to the Issuer or the Note Trustee and the Security Trustee that the proposed Compliance Modification is necessary for the Compliance Permitted Purpose indicated in Note Base Condition 14.4(a) *Change to rating agency servicer criteria*;

(2) where the certification under paragraph (1) above is provided to the Issuer but not to the Note Trustee and the Security Trustee, the Issuer has provided a written certification to the Note Trustee and the Security Trustee that is has received a certification from the relevant Transaction Servicer that complies with paragraph (1) above;

(3) in relation to each Rating Agency, either:

(A) the relevant Transaction Servicer provides to the Issuer, the Note Trustee and the Security Trustee a written confirmation or affirmation from that Rating Agency that the proposed Compliance Modification would not result in a Rating Adverse Action by such Rating Agency;

(B) the relevant Transaction Servicer certifies in writing to the Issuer, the Note Trustee and the Security Trustee that such Transaction Servicer or, as applicable, such Transaction Servicer has been unable to obtain a written confirmation or affirmation from that Rating Agency, but has received oral confirmation from an appropriately authorised person at each of the Rating Agencies that such Compliance Modification would not result in a Rating Adverse Action by such Rating Agency; or

(C) the Issuer certifies to the Note Trustee and the Security Trustee in the Compliance Modification Certificate that the Issuer has informed that Rating Agency of the proposed

Compliance Modification and that Rating Agency has not indicated to the Issuer that such Compliance Modification would result in a Rating Adverse Action by such Rating Agency; and

(4) the relevant Transaction Servicer (other than the Principal Paying Agent, the Note Calculation Agent, the Cash Administrator, the Note Registrar, the Note Trustee and the Security Trustee) pays all fees, costs and expenses (including legal fees) incurred by the Issuer, the Note Trustee and the Security Trustee in connection with such Compliance Modification;

(g) **Change to Reference Rate etc.**
where the proposed Compliance Modification is for the Compliance Permitted Purpose indicated in Note Base Condition 14.4(j) *Change to Reference Rate etc.*, a written certification by the Framework Administrator, on behalf of the Issuer, has been provided to the Note Trustee and the Security Trustee:

(1) certifying that such Compliance Modification is being undertaken due to:

(A) a material disruption to the Euro-zone interbank offered rate for EUR deposits (as applicable, the **Existing Reference Rate**), an adverse change in the methodology and/or procedures for calculating the Existing Reference Rate or the Existing Reference Rate ceasing to exist or be published;

(B) the insolvency or cessation of business of the Existing Reference Rate administrator (in circumstances where no successor Existing Reference Rate administrator has been appointed);

(C) a public statement by the Existing Reference Rate administrator that it will cease publishing Existing Reference Rate permanently or indefinitely (in circumstances where no successor Existing Reference Rate administrator has been appointed that will continue publication of the Existing Reference Rate);

(D) a public statement by the supervisor of the Existing Reference Rate administrator that the Existing Reference Rate has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner;

(E) a public statement by the supervisor of the Existing Reference Rate administrator that means the Existing Reference Rate may no longer be used or that its use is subject to restrictions or adverse consequences; or

(F) the reasonable expectation of the Framework Administrator that any of the events specified in sub-paragraphs (A), (B), (C), (D) or (E) above will occur or exist within 6 months of the proposed effective date of such Compliance Modification;

(2) specifying the sources, procedures and methodology to be used to determine a rate which is to be used as the relevant Reference Rate Replacement instead of the sources, procedures and methodology used to determine the Existing Reference Rate;

(3) certifying that the main source of determining such Reference Rate Replacement is:

(A) a reference rate published, endorsed, approved or recognised by an applicable Reference Rate Official Body;

(B) the reference rate specified in relation to the interest rate in respect of the highest rated RMBS Securities in relation to at least 5 RMBS Comparable Transactions; or

(C) such other reference rate as the Framework Administrator has reasonably determined;

(4) specifying whether or not there is to be an Interest Margin Modification in relation to any Notes and, if so, specifying each change to the Interest Margin in respect of such Notes (including, as applicable, the sources, procedures and a methodology to be used to calculate the applicable Interest Margin applicable at specified times) on or after the Reference Rate Modification becoming effective;

(5) for each Class of Notes:

(A) if there is to be an Interest Margin Modification in relation to Notes in that Class, certifying that such Interest Margin Modification will preserve, so far as reasonably and commercially practicable, what would have been the expected floating rate of interest applicable to such Notes had no such Reference Rate Modification been effected; or

(B) if there is to be no Interest Margin Modification in relation to Notes in that Class, certifying that no Interest Margin Modification is needed in respect of such Notes to preserve, so far as reasonably and commercially practicable, what would have been the expected floating rate of interest applicable to such Notes had no Reference Rate Modification been effected;

(6) if there is to be an Interest Margin Modification in relation to any Notes, certifying that the Interest Margin Modification applies:

(A) an interest rate maintenance adjustment mechanism (if any) which has been published, endorsed, approved or recognised by an applicable Reference Rate Official Body and which can be used in the context of a transition from the initial Reference Rate to the Reference Rate Replacement;

(B) an interest rate maintenance adjustment mechanism (if any) which in all material respects has been used in conjunction with a similar Reference Rate Modification in at least 5 RMBS Comparable Transactions; or

(C) another interest rate maintenance adjustment mechanism,

and also certifying the rationale (as set out in such certification in reasonable detail) for selecting the relevant interest rate maintenance adjustment mechanism applied by such Interest Margin Modification for the purpose of preserving, so far as reasonably and commercially practicable, what would have been the expected floating rate of interest applicable to such Notes had no such Reference Rate Modification been effected and (where relevant) for not selecting the other interest rate maintenance adjustment mechanism(s) (if any) referred to in Note Base Conditions 14.3(g)(6)(A) or 14.3(g)(6)(B);

(7) if there is to be an Interest Margin Modification in relation to any Notes, certifying for each Class of Notes, other than the Notes in the Most Senior Tranche, that either:

(A) the Interest Margin Modification (if any) applicable to such Notes shall be at least equal to the highest Interest Margin Modification applicable the Notes in any more senior Tranche; or

(B) (where that is not the case) the Reference Rate Modification and Interest Margin Modification will not be made unless approved by a Noteholder Extraordinary Resolution is passed by that Class of Notes;

(8) specifying whether or not there is to be Hedge Rate Modification in relation to a Hedge Agreement and, if so, specifying the sources, procedures and methodology to be used to determine the rate (including, for the avoidance of doubt, the floating rate option and any spread rate) used to calculate the amount payable by the relevant Hedge Provider in respect of one or more basis rate hedge transactions under that Hedge Agreement on and/or after the Reference Rate Modification becoming effective; and

(9) certifying that the Framework Administrator has paid and/or will pay all fees, costs and expenses (including legal fees) properly incurred, on or before the proposed effective date of such Compliance Modification:

(A) by the Issuer, the Hedge Provider, the Note Trustee and the Security Trustee in connection with such modification; and

(B) by each other party to the relevant Transaction Documents proposed to be amended in connection with such modification,

(without prejudice to the Framework Administrator's right to be reimbursed in respect of such payments under and in accordance with the Framework Administration Agreement);

(h) **Rating Agency consultation**
(where the proposed Compliance Modification is not for the Compliance Permitted Purpose indicated in Note Base Condition 14.4(a) *Change to rating agency servicer criteria*) in relation to each Rating Agency, the Issuer provides a Rating Certificate in relation to each Rating Agency in respect of the proposed Compliance Modification;

(i) **Compliance Modification Objection**
either:

(1) there is no Compliance Modification Objection (see Note Base Condition 14.5 *Compliance Modification Objection*); or

(2) (including where there is a Compliance Modification Objection) a Noteholder Ordinary Resolution of the Noteholders of Notes outstanding in the Most Senior Tranche has been passed in favour of the Compliance Modification has been passed in favour of the Compliance Modification;

(j) **Change to REO Structure or REO Transaction Documents**
where the proposed Compliance Modification is for the Compliance Permitted Purpose indicated in Note Base Condition 14.4(k) *Change to REO Structure or REO Transaction Documents*, a written certification by the Framework Administrator, on behalf of the Issuer, has been provided to the Note Trustee and the Security Trustee certifying that such Compliance Modification is being undertaken for the Compliance Permitted Purpose indicated in Note Base Condition 14.4(k) and satisfies the requirements indicated in Note Base Condition 14.4(k); and

(k) **Compliance Modification Additional Conditions**
each of the conditions (if any) indicated in the *Modification Additional Conditions* section in the Note Specified Terms are satisfied.

14.4 **Compliance Permitted Purpose**

Compliance Permitted Purpose means for the purpose of:

(a) **Change to rating agency servicer criteria**
complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies and/or any introduction of new or additional criteria of one or more of the Rating Agencies which may be applicable from time to time after the Closing Date in order to allow a Transaction Servicer:

(1) to remain eligible to perform its role as the relevant Transaction Servicer in conformity with such criteria and/or

(2) 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);

(b) **Change to rating agency other criteria**
complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies and/or any introduction of new or additional criteria of one or more of the Rating Agencies which may be applicable from time to time after the Closing Date for any other purpose other than a purpose indicated in paragraph (a) above;

(c) **Change to credit rating agencies regulations**
complying with any changes (or seeking to maintain similar treatment following such changes) in the requirements of the EU Credit Rating Agencies Regulation and/or UK Credit Rating Agencies Regulation and/or any introduction of new or additional applicable legislation, regulations, official guidance and/or technical standards relating to the EU Credit Rating Agencies Regulation and/or UK Credit Rating Agencies Regulation, in each case after the Closing Date;

(d) **Change to securitisation requirements**
complying with any changes (or seeking to maintain similar treatment following such changes), after the Closing Date, in the requirements of:

(1) any Securitisation Framework; or

(2) any other applicable legislation, regulations, official guidance and/or technical standards relating to the requirements of any Securitisation Framework and/or similar types of requirements applicable to securitisations,

and/or any introduction of new or additional applicable legislation, regulations, official guidance and/or technical standards relating to the requirements of any Securitisation Framework and/or similar types of requirements applicable to securitisations;

(e) **Listing requirements**
enabling the Notes to be (or to remain) listed on or with a Listing Institution;

(f) **FATCA compliance**
enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto);

(g) **European market infrastructure regulations compliance**
enabling the Issuer or any of the other Transaction Parties to comply with UK EMIR;

(h) **Liquidity coverage compliance**
enabling any Class of Notes to comply with the criteria set out in:

(1) Article 13 (*Level 2B securitisations*) of 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; and/or

(2) Article 13 (*Level 2B securitisations*) of 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 in so far as it forms part of the domestic law in the United Kingdom by virtue of the EUWA,

(in each case as amended, supplemented, consolidated and/or replaced from time to time) and/or any related regulations, official guidance and/or technical standards;

(i) **Change to Solvency II and similar requirements**
complying with any changes (or seeking to maintain similar treatment following such changes), after the Closing Date, in the requirements of:

(1) EU Directive 2009/138/EC of 25 November 2009 (commonly known as Solvency II) and Commission Delegated Regulation (EU) 2015/35 each as amended, supplemented, consolidated and/or replaced from time to time;

(2) domestic law in the United Kingdom which implemented all or part of EU Directive 2009/138/EC of 25 November 2009 and/or other domestic law in the United Kingdom relating to corresponding aspects to which that EU Directive applies;

(3) Commission Delegated Regulation (EU) 2015/35, as amended, supplemented, consolidated and/or replaced from time to time, in so far as it forms part of the domestic law in the United Kingdom; or

(4) any other applicable legislation, regulations, official guidance and/or technical standards relating to the requirements of that EU Directive, that Commission Delegated Regulation, such domestic laws in the United Kingdom and/or similar types of requirements applicable to on the taking-up and pursuit of the business of insurance and reinsurance,

and/or any introduction of new or additional applicable legislation, regulations, official guidance and/or technical standards relating to the requirements of that EU Directive, that Commission Delegated Regulation, such domestic laws in the United Kingdom and/or similar types of requirements applicable to securitisations;

(j) **Change to Reference Rate etc.**
for the purpose of a Reference Rate Modification and (if applicable) one or more Interest Margin Modifications and/or (if applicable) a Hedge Rate Modifications; and/or

(k) **Change to REO Structure or REO Transaction Documents**
for the purpose of modifying the REO Structure and/or the REO Transaction Documents (including, without limitation, the REO Issuer Documents) to comply with any requirements of applicable legislation, regulations, case law, official guidance and/or technical standards relating to the requirements of the laws of Spain, Ireland or the EU and/or to achieve legal, operational, accounting and/or tax benefits or efficiencies which will not be materially prejudicial to the interests of the Issuer in the REO Structure and/or the REO Transaction Documents.

14.5 **Compliance Modification Objection**

Compliance Modification Objection means, in relation to a Compliance Modification, that:

(a) Noteholders representing at least 10% of the aggregate Note Principal Amount Outstanding of the Notes outstanding in the Most Senior Tranche have notified the Issuer and the Note Trustee 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 period referred to in Note Base Condition 14.3(c) *Notice of proposed* that they do not consent to such Compliance Modification; and

(b) where such notification is made other than through the applicable Clearing System, such notification is accompanied by evidence to the Note Trustee's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

14.6 **Limitations relating to Compliance Modification**

Other than where specifically provided otherwise in Note Base Condition 14.3 *Compliance Modification* or any Transaction Document to which the Note Trustee and, as applicable, the Security Trustee is a party:

(a) when implementing any modification pursuant to Note Base Condition 14.3 *Compliance Modification* (save to the extent the Note Trustee considers that the proposed Compliance Modification would constitute a Note Basic Terms Modification), the Note Trustee:

(1) shall not consider the interests of the Noteholders, any other Security Creditor or any other person;

(2) shall act and rely solely and without further investigation on any certificate or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to Note Base Condition 14.3 *Compliance Modification*; and

(3) shall not be liable to the Noteholders, any other Security Creditor or any other person for so acting or relying, irrespective of whether any such Compliance Modification is or may be materially prejudicial to the interests of any such person; and

(b) the Note Trustee and, as applicable, the Security Trustee shall not be obliged to agree to any Compliance Modification which, in the sole opinion of the Note Trustee and/or, as applicable, the Security Trustee would have the effect of:

(1) exposing the Note Trustee and/or, as applicable, the Security Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction; or

(2) increasing the obligations or duties, or decreasing the rights or protection, of the Note Trustee and/or, as applicable, the Security Trustee in the Transaction Documents and/or the Note Conditions.

14.7 **Notice of modification, waiver etc**

Unless the Note Trustee otherwise agrees, the Issuer shall cause the relevant modification, authorisation or waiver made under Note Base Conditions 14.1 *Trustee's right of modification*, 14.2 *Trustee's right of waiver* or 14.3 *Compliance Modification* to be notified as soon as reasonably practicable after it has been made to:

(a) the Noteholders in accordance with Note Base Condition 16 *Notices*;

(b) so long as any Note rated by a Rating Agency remains outstanding, each Rating Agency; and

(c) (if the relevant modification, authorisation or waiver is in relation to, or anything referred to in, or anything applicable to, a Transaction Document) each other party to that Transaction Document (unless such Transaction Document indicates that no such notice is required).

14.8 **Binding effect of modification, waiver etc**

Each modification, authorisation or waiver made under Note Base Conditions 14.1 *Trustee's right of modification*, 14.2 *Trustee's right of waiver* or 14.3 *Compliance Modification* (a **Note Base Condition Authorisation)** shall be binding on all Noteholders and each other Security Creditor.

However, a Note Base Condition Authorisation does not entitle the Issuer, the Security Trustee, the Note Trustee and/or any other Security Creditor to override, modify and/or breach a covenant made to, or agreement made with, any party under the Transaction Documents except where such party agrees and/or such covenant expressly indicates that a Note Base Condition Authorisation can entitle such override, modification and/or breach.

14.9 **Transfer and substitution of Issuer and/or Notes**

Subject to such amendment of the Note Trust Deed, the Security Documents and such other conditions as the Note Trustee may, without the consent of the Noteholders, require (including, without limitation, the transfer of all or part of the relevant Security and Security Assets), the Note Trustee may, without the consent of the Noteholders (but subject to the Note Trustee being satisfied that the interests of the Noteholders of Notes outstanding will not be materially prejudiced as a result of the relevant transfer, substitution or exchange), agree to:

(a) the transfer of the Issuer to another jurisdiction; and/or

(b) the substitution of any other entity (constituted in any jurisdiction) in place of the Issuer as principal debtor under the Note Trust Deed, the Notes and the Security Documents; and/or

(c) the substitution of the Notes in whole but not in part only, for other securities or instruments having substantially the same rights and benefits as such Notes,

provided that, in each case, a Rating Certificate is provided in respect of each Rating Agency that maintains a rating of any Notes. Such transfer or substitution shall be subject to the relevant provisions of the Note Trust Deed, and other Transaction Documents and to such amendments thereof as the Note Trustee may deem appropriate and, in each case, shall be binding on the Noteholders.

14.10 **Change of governing law**

In the case of such a transfer or substitution referred to in Note Base Condition 14.9 *Transfer and substitution of Issuer and/or Notes,* the Note Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change of the law governing the Notes, the Note Trust Deed, the Security Documents and/or any of the Transaction Documents provided that such change would not in the opinion of the Note Trustee be materially prejudicial to the interests of Noteholders of Notes outstanding in the Most Senior Tranche.

14.11 **Change of tax residence**

The Note Trustee may, without the consent of the Noteholders agree to a change in the place of residence of the Issuer for taxation purposes provided the Issuer does all such things as the Note Trustee may require in order that such change in the place of residence of the Issuer for taxation purposes is fully effective and complies with such other requirements in the interests of the Noteholders as it may direct.

14.12 **No tax indemnity**

No Noteholder shall, in connection with any modification, authorisation, waiver, transfer or substitution referred to in this Note Base Condition 14 *Modifications, authorisations, waivers and substitution*, be entitled to claim from the Issuer any indemnification or payment in respect of any tax consequence of any such modification, authorisation, waiver, transfer or substitution upon individual Noteholders).

15. Note Trustee and Security Trustee protections

15.1 **Trustees' right to Indemnity**

Under the Transaction Documents, each of the Note Trustee and the Security Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed for any liabilities incurred by it in priority to the claims of the Noteholders. In addition, each of the Note Trustee and the Security Trustee is entitled to enter into business transactions with the Issuer and any entity relating to the Issuer without accounting for any profit.

15.2 **Trustees not responsible for loss or for monitoring**

The Note Trustee and the Security Trustee will not be responsible for:

(a) any loss, expense or liability which may be suffered as a result of any assets or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of any agent of the Issuer or by any person on behalf of the Note Trustee and/or the Security Trustee; or

(b) monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents.

15.3 **Regard to Classes of Noteholders**

In the exercise of its powers and discretions under the Note Conditions and the Note Trust Deed, the Note Trustee will have regard to the interests of each Class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction.

16. Notices

All notices to Noteholders or any category of them shall be deemed to have been validly given to those Noteholders:

(a) if sent to them by first class post (or its equivalent) or (if posted to an address outside Ireland) by airmail at the respective addresses on the Note Register, and in such case such notice will be deemed to have been given on the 7th day after the date of posting; or

(b) if information concerned in such notice shall appear on the relevant page of the EURIBOR Screen or such other medium for the electronic display of data as may be approved by the Note Trustee and notified to Noteholders, and in such case such notice shall be deemed to have been given on the first date on which such information appeared on such page or other medium; or

(c) if published in the *Financial Times* or, if such newspaper shall cease to be published or, if timely publication therein is not practicable, in such other leading daily newspaper or newspapers printed in the English language as the Note Trustee shall approve in advance having (individually or in combination) a general circulation in the United Kingdom and Ireland and, if any Rule 144A Note remains outstanding, the United States, and in each such case such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner required in the newspaper or in one of the newspapers referred to above; or

(d) whilst the Notes then held by those Noteholders are represented by a Global Note, if delivered to each relevant Clearing System in relation to such Note for communication by such Clearing System to the relevant participants in such Clearing System, and in such case such notice shall be deemed to have been given to the relevant Noteholders on the day of such delivery to each relevant Clearing System; or

(e) any other method or methods of giving notice sanctioned in advance by the Note Trustee if:

(1) in the Note Trustee's sole opinion, such other method or methods is/are reasonable having regard to market practice then prevailing and to the requirements of the stock exchanges, competent listing authorities and/or quotation systems on or by which the Notes are then listed, quoted and/or traded; and

(2) notice is/are given to those Noteholders (in such manner as the Note Trustee shall require) or such other method or methods and the time that notice, given by such other method or methods, shall be deemed to have been given to the relevant Noteholders,

and where a notice is given to those Noteholders using more than one of the methods described in the above paragraphs of this Note Base Condition, such notice shall be deemed to have been given on the first date on which such notice is deemed to have been given under those paragraphs.

17. Maintenance and protection of agents

17.1 Maintenance of Note Registrar, Principal Paying Agent and Note Calculation Agent

The Issuer will procure that, so long as any Note remains outstanding, there shall at all times be:

(a) a person acting as Note Registrar in Ireland who agrees with the Issuer and the Note Trustee to perform everything expressed to be performed by the Note Registrar in the Note Conditions, as applicable; and

(b) a person acting as Principal Paying Agent in Ireland who agrees with the Issuer and the Note Trustee to perform everything expressed to be performed by the Principal Paying Agent in the Note Conditions, as applicable; and

(c) a person acting as Note Calculation Agent who agrees with the Issuer and the Note Trustee to perform everything expressed to be performed by the Note Calculation Agent in the Note Conditions, as applicable.

17.2 Change of Note Registrar, Principal Paying Agent or Note Calculation Agent

The Issuer reserves the right at any time, subject to the terms of the relevant Note Services Agreement, to terminate the appointment of the Note Registrar, the Principal Paying Agent and/or the Note Calculation Agent and will procure that notice of any such termination will be given to Noteholders.

If any person shall be unable or unwilling to continue to act as the Note Registrar, the Principal Paying Agent or, as applicable, Note Calculation Agent, or if the appointment of the Note Registrar, the Principal

Paying Agent or, as applicable, Note Calculation Agent shall be terminated at the expense of the Issuer and the Issuer will, with the prior written consent of the Note Trustee, appoint the London office of a leading bank engaged in the London interbank market to act as the Note Registrar, the Principal Paying Agent or, as applicable, Note Calculation Agent in such person's place, provided that neither the resignation of nor termination of the appointment of the Note Registrar, the Principal Paying Agent or, as applicable, Note Calculation Agent shall take effect until a successor Note Registrar, Principal Paying Agent or, as applicable, Note Calculation Agent approved by the Note Trustee has been appointed.

If the Issuer fails to appoint a replacement Note Registrar, Principal Paying Agent or, as applicable, Note Calculation Agent in accordance with the terms of the Note Services Agreement the Note Trustee may, at the expense of the Issuer, appoint such replacement Note Registrar, Principal Paying Agent or, as applicable, Note Calculation Agent on behalf of and in the name of the Issuer.

17.3 Notice of changes

Notice of any change in any of the Note Registrar, the Principal Paying Agent and/or the Note Calculation Agent or in their Specified Offices shall promptly be given by the Issuer to the Noteholders in accordance with the Note Base Condition 16 *Notices*.

17.4 Note Registrar etc solely agents of Issuer

In acting under the Note Services Agreement, any other applicable Transaction Document and in connection with the Notes, each Note Registrar, Principal Paying Agent and Note Calculation Agent acts solely as an agent of the Issuer and (to the extent provided in the Note Services Agreement) the Note Trustee and does not have or assume any obligations towards, or relationship of agency or trust for or with, any Noteholder.

18. Governing law and submission to jurisdiction

18.1 English law

The Notes and Note Conditions, and all non-contractual obligations arising from or connected with them, are governed by and shall be construed in accordance with English law.

18.2 English courts

The Issuer submits to the exclusive jurisdiction of the Courts of England for all purposes in connection with the Notes and Note Conditions.

The Courts of England have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and Note Conditions (including a dispute relating to non-contractual obligations or a dispute regarding the existence, validity or termination of any of the Notes or the consequences of their nullity) and accordingly any legal action or proceedings arising out of or in connection with the Notes and Note Conditions shall be brought in the Courts of England.

18. Credit structure

18.1 Arrangements relating to the Issuer's funds

18.1.1 Structure to use assets funded by debt to service that debt

On the Closing Date:

- the net proceeds received by the Issuer in respect of the issue of Notes will primarily be applied by the Issuer in paying the Portfolio Sale Consideration for the Portfolio, funding the Liquidity Reserve Initial Required Amount and payment of the Hedge Premium in relation to the Hedge Cap Transaction (see further 19.4 *Net proceeds on the Closing Date*); and
- the Issuer will enter into arrangements in relation to the Transaction with the intention that, among other things, on or about the Closing Date each Rating Agency assigns each initial Note Rating to the Rated Notes (see 6.1.27 *Note Ratings*).

18.1.2 Arrangements and credit features to fund payments to Noteholders and maintain ratings

This section describes some arrangements and features which will be entered into by the Issuer for the purpose of:

- establishing and funding the Liquidity Reserve Fund (see 18.4 *Reserve Fund*);
- providing some hedging in respect of the Issuer's exposure to certain interest rate risks (see 18.9 *Hedging of some interest basis risks*);
- collecting, holding, organising and managing the Issuer's funds for application in or towards its liabilities in respect of the Notes and its liabilities to other Transaction Parties (see 18.2 *Funds derived from the Portfolio* and 18.10 *Holding and investment of the Issuer's funds*); and
- achieving and maintaining each rating (if any) in respect of such Notes from each relevant Rating Agency (see 18.7 *Credit enhancement for the Notes*, 18.8 *Liquidity support for the Notes* and 18.11 *Arrangements relating to Note Ratings*).

18.2 Funds derived from the Portfolio

Following application of the proceeds of the relevant Notes in or towards the purchase of the Portfolio (see 19.4 *Net proceeds on the Closing Date*), the primary source of the Issuer's funds from time to time will be **Loan Receipts**, being receipts in respect of the Loans and/or (as applicable) their Mortgage Security relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio, including:

(a) **Loan Principal Receipts** being at any time all amounts received or recovered in respect of principal at that time in respect of any such Loan and/or (as applicable) its Mortgage Security including, without limitation:

(1) principal amounts received from Debtors in respect of such Loan and/or (as applicable) its Mortgage Security representing monthly repayments of principal;

(2) redemption proceeds representing or appropriated to principal in respect of such Loan;

(3) prepayments of principal in respect of such Loan;

(4) amounts received in respect of capitalised interest, capitalised expenses and capitalised arrears in respect of such Loan (but excluding accrued interest and arrears of interest which have not been capitalised);

(5) net amounts, representing or appropriated to principal, in respect of such Loan which are recovered on enforcement of the such Loan and/or (as applicable) its Mortgage Security (including, if applicable, the proceeds of sale of the relevant Mortgage Property) (and, unless indicated otherwise in this Prospectus, such amount shall be recorded when the Framework Administrator decides that no further enforcement procedures shall be carried out or that all enforcement procedures taken shall be discontinued in relation to such Loan and/or (as applicable) its Mortgage Security);

(6) (if applicable) net amounts, representing or appropriated to principal, received under an insurance policy to which the Issuer is entitled in respect of the relevant Mortgage Property relating to such Loan and its Mortgage Security; and

(7) the proceeds, representing or appropriated to principal, received from the sale by the Issuer (including, without limitation, re-transfer or re-assignment of its interest in the Mortgage Certificate or, as applicable, Non-Mortgage Loan Sub-participation relating to such Loan and/or (as applicable) its Mortgage Security under the terms of the Asset Sale Agreement).

(b) **Loan Revenue Receipts** being all amounts received or recovered in respect of such Loan and/or (as applicable) its Mortgage Security other than Loan Principal Receipts, such amounts will include, without limitation, amounts received from the Debtor in respect of such Loan and/or (as applicable) its Mortgage Security representing monthly payment of interest and amounts in respect of fees.

The assets backing the Transaction have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes.

18.3 Overcollateralisation

The aggregate Loan Principal Balance of the Portfolio as at the Portfolio Cut-Off Date exceeds the aggregate Note Initial Principal Amount of the Rated Notes and the Z Notes Principal Backed Amount by approximately EUR 39,492,132.79 (such amount being the aggregate Loan Principal Balance of the Non-Mortgage Loans relating to the Non-Mortgage Loan Sub-participations in the Portfolio). That overcollateralisation potentially provides greater Loan Receipts to be applied as Available Normal Funds or, as applicable, following an Acceleration Date to be applied as Available Accelerated Funds on a Payments Date.

18.4 Reserve Fund

On the Closing Date, the Issuer will establish the Liquidity Reserve Fund which will be funded, held, applied, replenished and released as indicated in 19.2 *Liquidity Reserve Fund*.

18.5 A Loan Note Agreement

On the Closing Date the Issuer, the A Loan Noteholder, the Principal Paying Agent, the Note Calculation Agent, the Note Registrar, the Framework Administrator, the Note Trustee and the Security Trustee will enter an agreement (the **A Loan Note Agreement**) pursuant to which the Issuer will constitute and issue, and the A Loan Noteholder will subscribe for, all of the A Loan Notes. See further 15.1 *Issue and constitution of Notes*.

The A Loan Noteholder will not be obliged to subscribe for the A Loan Note unless, among other things, the A Loan Noteholder has received, on or prior to the Closing Date, confirmation of the ratings indicated in relation to the A Loan Note in 6.1.27 *Note Ratings* being assigned to the A Loan Notes.

The A Loan Notes are not offered pursuant to this Prospectus and the information in this section (and other sections of the Prospectus in relation to the A Loan Notes) is included for information purposes only.

18.5.1 Form

The A Loan Notes will be issued in definitive, registered form (i.e. will be Definitive Notes). See further 15.2 *Form and holdings of the Notes*.

18.5.2 Status of the A Loan Notes

The obligations of the Issuer in respect of the A Loan Notes constitute direct, secured and limited recourse obligations of the Issuer and rank pro rata **and** pari passu without preference or priority among themselves in relation to payment of interest and principal at all times, and senior to all other Classes of Notes (other than the A Notes with which the A Loan Notes rank *pari passu* and *pro rata* in relation to payment of interest and principal at all times), as provided in the Note Base Conditions and the other Transaction Documents.

18.5.3 Terms and conditions of the A Loan Notes

The terms and conditions applied to the A Loan Notes by the A Loan Note Agreement will comprise the Note Base Conditions except to the extent amended, varied, disapplied and supplemented as indicated (a) in the Note Specified Terms set out in 6.1 *Note Specified Terms* and (b) in the A Loan Note Agreement.

In particular (without limitation) the terms and conditions applicable to the in relation to:

(a) timing and method of payments under the A Notes;

(b) accrual, calculation, funding, ranking and payment of interest in respect of the A Notes;

(c) calculation, funding, ranking and payment of principal in respect of the A Notes;

(d) early redemption, purchase and cancellation in respect of the A Notes;

(e) the occurrence of Note Event of Defaults and the giving of a Note Acceleration Notice in relation to Investment Notes; and

(f) the provisions relating to a Noteholder Resolutions,

apply equally to the A Loan Notes.

18.5.4 **Security for the A Loan Notes**

The A Loan Noteholders are Security Creditors and parties to, and subject to, the Security Security Intercreditor Deed. See further 20.1 *Security Creditors and the Security Trustee*.

18.5.5 **Transfer of the A Loan Notes**

A Loan Noteholders may transfer or assign their interests in the relevant A Loan Notes subject to following the procedures in the A Loan Note Agreement (which include, in certain cases, obtaining the prior written consent of the Issuer).

18.5.6 **No conversion to Investment Notes**

The A Loan Notes are not convertible to A Notes or any other Class of Investment Notes.

18.5.7 **Modification and waiver**

For so long as the A Loan Notes are outstanding, they will (together with any A Notes then outstanding) be the Most Senior Tranche. Amendments, waivers or variations to the Transaction Documents may be approved by A Loan Noteholders in accordance with the terms of the Note Trust Deed and the A Loan Note Agreement.

The A Loan Noteholders may convene and/or attend meetings and form or count in a quorum at any meeting of the Holders of Notes in the Most Senior Tranche (i.e. the A Notes and A Loan Notes) including for the purpose of passing resolutions (including Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions) of the Holders of Notes in the Most Senior Tranche. For the avoidance of doubt, if the A Loan Noteholders attend meetings of the Holders of Notes in the Most Senior Tranche (i.e. the A Notes and A Loan Notes) in person and also provide a written confirmation (or the Note Trustee provides such confirmation on behalf of the A Loan Noteholders) then the first form of direction provided by the A Loan Noteholders (or the Note Trustee on their behalf) shall prevail.

In addition, the A Loan Noteholders may convene and/or attend meetings and form or count in a quorum at any meeting of the Holders of the A Loan Notes as a separate Class (see, for example, Note Base Condition 12.3(a) *Note Basic Terms Modification*) and may pass resolutions (including Noteholder Extraordinary Resolutions and Noteholder Ordinary Resolutions) as a separate Class by themselves (or through the Note Trustee) consenting in writing to the relevant matter to which such Noteholder Resolutions relate.

18.5.8 **Governing law**

The A Loan Note Agreement and the A Loan Notes and any non-contractual obligations arising out of or in connection with it or, as applicable, them will be governed by English law.

18.6 Subordinated Note Facility Agreement

On the Closing Date the Issuer, the Subordinated Noteholder, the Risk Retention Holder, the Framework Administrator, the Note Trustee and the Security Trustee will enter an agreement (the **Subordinated Note Facility Agreement**) pursuant to which:

(a) the Subordinated Noteholder will agree to make the Portfolio Interim Collections Funding Advance to the Issuer on the Closing Date as contemplated in 11.2.1 *Asset Sale Agreement* above; and

(b) the Subordinated Noteholder may agree, from time to time, to make other advances to the Issuer as contemplated in 11.5.4(e) *Funding and payment of Asset Warranty Damages Amount* and

19.5.5 *Additional intra-period daily payments* (there is no commitment of the Subordinated Noteholder to make any such other advances and, as at the Closing Date, no such other advances are agreed to be made).

For each advance is made by the Subordinated Noteholder under the Subordinated Note Facility Agreement, no interest is payable on such advance.

Amounts repaid in relation to the Subordinated Note Facility Agreement shall not be available to be redrawn by the Issuer unless the Subordinated Noteholder agrees otherwise.

18.7 Credit enhancement for the Notes

Credit enhancement in relation to each Class of Notes (see 6.1.2 *Classes of Notes*) is provided in the following manner:

(a) the subordination of payments of interest and/or principal on Notes (if any) that rank junior to such Class in the applicable Priority of Payments,

(b) overcollateralisation provided by the aggregate Loan Principal Balance of the Portfolio exceeding the aggregate Note Initial Principal Amount of the Notes, in each case as at the end of the Portfolio Cut-Off Date, thus potentially providing greater Loan Receipts to be applied as Available Normal Funds or, as applicable, following an Acceleration Date to be applied as Available Accelerated Funds (see 18.3 *Overcollateralisation*), and

(c) the availability of unutilised Liquidity Reserve Fund (if any) following redemption of the A Notes and A Loan Notes to be applied as Available Normal Funds or, as applicable, following an Acceleration Date to be applied as Available Accelerated Funds (see 19.8.4 *Transfer of excess Liquidity Reserve Fund*).

See further 19 *Payments Rules*.

18.8 Liquidity support for the Notes

Liquidity support in relation to each Class of Rated Notes (see 6.1.2 *Classes of Notes*) prior to an Acceleration Date is provided in the following manner:

(a) the subordination of payments of interest and/or principal on Notes (if any) that rank junior to such Class in the applicable Priority of Payments, and

(b) in respect of the A Notes and A Loan Notes, the availability of the Liquidity Reserve Fund to reduce an A Notes Interest Deficiency (see 19.8.3 *Reduction of A Notes Interest Deficiency*).

See further 19 *Payments Rules*.

18.9 Hedging of some interest basis risks

18.9.1 Hedge Agreement

On the Closing Date the Issuer and the Hedge Provider will enter into a 2002 ISDA Master Agreement (including the related schedule, credit support annex and, as entered into on or after the Closing Date, each confirmation, the **Hedge Agreement**) as contemplated in 18.9 *Hedging of some interest basis risks* in the Prospectus.

18.9.2 Interest rate risk

The interest rate payable by the Issuer with respect to the Notes is an amount calculated by reference to a variable reference rate of EURIBOR. To provide a level of hedging against the possible variance (subject to the Hedge Cap Rate described below) between:

- the rates of interest payable on Mortgage Loans in the Portfolio; and
- a rate of interest calculated by reference to EURIBOR payable on the Rated Notes,

during the period from and including the Closing Date to the Payments Scheduled Date falling in October 2035 the Issuer will enter into an interest rate cap transaction (the **Hedge Cap Transaction**) with the Hedge Provider on the Closing Date. The Hedge Cap Transaction will be governed by the Hedge Agreement.

18.9.3 **Hedge calculations and payments**

In connection with the Hedge Cap Transaction the Issuer will make an upfront premium payment (the **Hedge Premium**) to the Hedge Provider on the Closing Date in an amount equal to approximately EUR 5,931,000 (see 19.4(d) *Net proceeds on the Closing Date*).

Under the Hedge Cap Transaction, for each Interest Period falling prior to the termination date of the Hedge Cap Transaction, the Hedge Provider will pay to the Issuer on the related Payments Date an amount (the **Interest Period Hedge Provider Amount**) which is the product of:

(a) the higher of 0% and the result of:

(1) EURIBOR for the relevant Interest Period,

less

(2) the Hedge Cap Rate for the relevant Interest Period; and

(b) the Hedge Notional Amount for the relevant Interest Period; and

(c) the applicable day count fraction specified in the Hedge Agreement.

If an Interest Period Hedge Provider Amount is to be paid by the Hedge Provider to the Issuer in respect of that Payments Date, that payment will constitute Available Normal Funds or, as applicable Available Accelerated Receipts and be applied on that Payments Date according to the Normal Priority of Payments or, as applicable, the Accelerated Priority of Payments (see 19.8.7 *Allocation and payment from Payments Ledger*).

The Hedge Cap Transaction will include a schedule (the **Hedge Notional Amount Schedule**) indicating:

- the **Hedge Notional Amount** in respect of an Interest Period, being the amount shown in the Hedge Notional Amount column in the then Hedge Notional Amount Schedule in the row relating to the month in which the Payments Calculation Date in respect of the start of that Interest Period falls; and
- the **Hedge Cap Rate** in respect of an Interest Period, being the percentage shown in the Hedge Cap Rate column in the then Hedge Notional Amount Schedule in the row relating to the month in which the Payments Calculation Date in respect of the start of that Interest Period falls.

The Hedge Notional Amount Schedule in respect of the Hedge Cap Transaction as at the Closing Date is as follows:

From and including the Payments Scheduled Date in:	To but excluding the Payments Scheduled Date in:	Hedge Notional Amount - €	Hedge Cap Rate
Closing Date	October 2026	29,309,171	2.50%
October 2026	January 2027	95,254,807	2.50%
January 2027	April 2027	95,254,807	3.00%
April 2027	July 2027	95,254,807	3.00%
July 2027	October 2027	95,254,807	3.00%
October 2027	January 2028	95,254,807	3.00%
January 2028	April 2028	95,254,807	3.00%
April 2028	July 2028	95,254,807	3.00%
July 2028	October 2028	205,164,200	3.00%
October 2028	January 2029	227,146,078	3.00%
January 2029	April 2029	249,127,957	3.00%
April 2029	July 2029	266,713,460	3.00%
July 2029	October 2029	275,506,211	3.00%
October 2029	January 2030	276,971,670	3.00%
January 2030	April 2030	263,782,542	3.00%
April 2030	July 2030	250,593,415	3.00%
July 2030	October 2030	237,404,288	5.00%
October 2030	January 2031	224,215,161	5.00%
January 2031	April 2031	219,818,785	5.00%
April 2031	July 2031	233,007,912	5.00%
July 2031	October 2031	246,197,040	5.00%
October 2031	January 2032	259,386,167	5.00%
January 2032	April 2032	272,575,294	5.00%
April 2032	July 2032	278,437,128	5.00%
July 2032	October 2032	269,644,377	5.00%
October 2032	January 2033	256,455,250	5.00%
January 2033	April 2033	234,473,371	5.00%
April 2033	July 2033	212,491,493	5.00%
July 2033	October 2033	190,509,614	5.00%
October 2033	January 2034	168,527,735	5.00%
January 2034	April 2034	146,545,857	5.00%
April 2034	July 2034	124,563,978	5.00%
July 2034	October 2034	102,582,100	5.00%
October 2034	January 2035	80,600,221	5.00%
January 2035	April 2035	58,618,343	5.00%
April 2035	July 2035	36,636,464	5.00%
July 2035	October 2035	14,654,586	5.00%

18.9.4 **Certain tax aspects of hedge transaction**

The Issuer is not obliged, under the Hedge Agreement, to gross up payments made by it if a withholding or deduction for or on account of taxes is imposed on payments made under the Hedge Cap Transaction.

The Hedge Provider will generally be obliged to gross up payments made by it to the Issuer if a withholding or deduction for or on account of tax is imposed on payments made by it under the Hedge Cap Transaction (other than a withholding imposed pursuant to FATCA). However, if the Hedge Provider is required to gross up a payment under the Hedge Cap Transaction due to a change in the law, the Hedge Provider may terminate the Hedge Cap Transaction.

18.9.5 **Hedge early termination**

The Hedge Cap Transaction may be terminated in whole or in part (a **Hedge Early Termination Event**) in certain circumstances including, but not limited to (in each case as more specifically provided for in the Hedge Agreement):

- if the Hedge Provider or the Issuer fails to pay any amounts due and payable in accordance with the terms of the Hedge Agreement and any applicable grace period has expired;
- if the Hedge Provider is downgraded and fails to comply with the requirements of the downgrade provisions contained in the Hedge Agreement (as described in 18.9.6 *Hedge Provider ratings*);
- upon the occurrence of the Security Trustee serving a Security Realisation Notice on the Issuer or if any of the Notes becomes due and payable in whole (not in part) prior to the Final Maturity Date pursuant to Note Base Condition 6 *Redemption, purchase and cancellation* or is otherwise cancelled, redeemed or repaid in whole (but not in part) for any reason;
- upon the entry into, amendment or supplement of any Transaction Document or waiver or consent without the prior written consent of the Hedge Provider where such consent is required as indicated in 18.9.8 *Consent for amendments affecting Hedge Provider*;
- a change of law results in the obligations of one or both of the parties becoming illegal;
- a change in tax law occurs which has the effect that a party to the Hedge Agreement will be required to make any withholding in respect of any payments to the other party; and
- certain force majeure events occur and result in one or both of the parties being prevented from performing its obligations, receiving payments or complying with any material provision of the Hedge Agreement.

Upon an early termination of the Hedge Cap Transaction (including a partial early termination) the Hedge Provider may be liable to make a termination payment to the Issuer. This termination payment will be calculated and payable in EUR. The amount of any termination payment will be based on the market value of the terminated hedge (or, as applicable, terminated part of the hedge) as determined on the basis of quotations sought from leading dealers as to the costs of entering into a transaction with the same terms and conditions that would have the effect of preserving the economic equivalent of the respective full payment obligations of the parties (or, in some circumstances, based upon a good faith determination of total losses and costs (or gains) of the determining party) and will include unpaid amounts that became due and payable prior to the date of termination, taking account of any Hedge Collateral transferred by the Hedge Provider to the Issuer under the Hedge Agreement.

Upon early termination of a Hedge Agreement, the Issuer will endeavour, although this cannot be guaranteed, to find a replacement Hedge Provider that will enter into a replacement for the relevant Hedge Agreement.

18.9.6 **Hedge Provider ratings**

Section 8.1.2 *Hedge Provider (or its credit support provider under the Hedge Agreement)* summarises the action that needs to be taken by the Hedge Provider if it ceases to have the ratings specified in that table.

To the extent required to be provided pursuant to the credit support annex of the Hedge Agreement, collateral (a **Hedge Collateral**) provided by the Hedge Provider is required to take the form of either EUR cash or EUR denominated negotiable debt securities issued by the government of certain EU countries having a sovereign rating at least as high as A from S&P. The Hedge Provider will be responsible for determining (in accordance with stipulated parameters) the amount of such Hedge Collateral which is required to be transferred and/or returned. The Issuer shall appoint the Custodian to hold for safekeeping in a Custody Securities Account such securities received by the Issuer under the Hedge Agreement, including to keep all records and documentation relating to those securities deposited, and to hold in a Custody Cash Account any cash, distributions and monies received in respect of those securities (see 14.8 *Custody Services*).

18.9.7 **Transfer by Hedge Provider**

The Hedge Provider may, subject to certain conditions specified in the Hedge Agreement including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Hedge Agreement to another entity with the ratings set out in 8.1.2 *Hedge Provider (or its credit support provider under the Hedge Agreement)* above, or whose present and future obligations owing to the Issuer under the Hedge Agreement are unconditionally and irrevocably guaranteed by an entity which has such ratings.

18.9.8 **Consent for amendments affecting Hedge Provider**

The Issuer, the Security Trustee, the Note Trustee and other parties to the Transaction Deed will agree with the Hedge Provider that, any entry into a new Transaction Document and/or any modification of, supplement to, waiver or consent in respect of any Transaction Document shall be ineffective in the circumstances and to the extent indicated in 4.1.17(c) *Certain modifications require the consent of the Hedge Provider*.

18.9.9 **UK EMIR and EU EMIR**

Section 4.6.4 *EU and UK European Market Infrastructure Regulation* discusses certain aspects of UK EMIR and EU EMIR in relation to the Hedge Cap Transaction, the Issuer and the Hedge Provider. In the Hedge Agreement the Issuer and the Hedge Provider will agree that they will consent to, and take all such steps as are reasonably required to give effect to any amendment to the Hedge Agreement as they may agree at such time is necessary to ensure that the terms of the Hedge Agreement, and their obligations under the Hedge Agreement, will be in compliance with any clarifications, updates or modification to rules, regulations, directions, processes, guidelines and procedures relating to UK EMIR and/or EU EMIR that become operative or applicable, provided that if any such terms or obligations would, in the reasonable opinion of the Hedge Provider or counsel to any party, contravene or result in conflict with other laws or regulations applicable to that party, they shall work in good faith to find a suitable alternative in order to avoid such contravention or resolve such conflict and provided that such amendment or waiver shall only become valid if it is notified to the Rating Agencies and if it is (in this form) required to comply with EU EMIR and/or UK EMIR and/or the technical standards under EU EMIR and/or UK EMIR.

18.10 Holding and investment of the Issuer's funds

18.10.1 **Asset Accounts**

As indicated in 14.5 *Asset Account Services*, pursuant to the Asset Services Agreement four Asset Accounts (being the Asset Collection DD Account, the Asset Collection Manual Account, the Asset Collection Sweep Account and the Asset Expense Account) will be maintained by the Issuer in its name with the Asset Account Provider. The Asset Collection DD Account and Asset Collection Manual Account are operated by the Asset Primary Servicer and the Asset Collection Sweep Account is operated by the Asset Special Servicer, in each case pursuant to the Asset Services Agreement and as indicated in the Payments Rules (see 14.7 *Cash Administration Services* and 19 *Payments Rules*).

(a) **Asset Collection Accounts**

Pursuant to the Asset Services Agreement, the Asset Primary Servicer will agree to ensure that all Loan Receipts in respect of the Portfolio collected by direct debit are credited to the Asset Collection DD Account and all other Loan Receipts in respect of the Portfolio are credited to the Asset Collection Manual Account, in each case as contemplated in 19.5.1 *Payments into Asset Collection Accounts*.

Amounts received into the Asset Collection DD Account and the Asset Collection Manual Account (other than amounts transferred to the Asset Expense Account as indicated below) will be transferred by the Asset Primary Servicer into the Asset Collection Sweep Account and then all amounts in the Asset Collection Sweep Account will be transferred by the Asset Special Servicer into the Transaction Account as indicated in 19.5.2 *Sweep to Transaction Account*.

(b) **Asset Expense Account**

Pursuant to the Asset Services Agreement, the Asset Special Servicer will agree to ensure that the Asset Expense Account shall be exclusively used for paying certain routine expenses incurred in carrying out the Asset Special Services (and the Asset Special Servicer shall be permitted to transfer Loan Receipts in respect of the Portfolio from the Asset Collection Accounts to the Asset Expense Account, up to a budget pre-agreed with the Framework Administrator, for the purpose of funding payment of such expenses).

18.10.2 **Issuer Accounts**

As indicated in 14.6 *Issuer Account Services*, pursuant to the Issuer Account Agreement two Issuer Accounts (being the Transaction Account and the Hedge Collateral Account) will be maintained by the Issuer in its name with the Issuer Account Provider and operated by the Cash Administrator pursuant to the Cash Administration Agreement and as indicated in the Payments Rules (see 14.7 *Cash Administration Services* and 19 *Payments Rules*).

All amounts which are from time to time received by the Issuer in respect of Security Assets (other than as indicated in 18.10.1 *Asset Accounts*) will be paid directly into an Issuer Account (see further 14.6 *Issuer Account Services*). No other moneys will be credited to any Issuer Account. The Hedge Collateral Account will only be used for holding Hedge Collateral (if any) from time to time posted by the Hedge Provider under the Hedge Agreement (see 18.9.6 *Hedge Provider ratings* and 8.1.2 *Hedge Provider (or its credit support provider under the Hedge Agreement)*).

(a) **Interest earned on Issuer Accounts**

Pursuant to the Issuer Account Agreement, the Issuer Account Provider will agree to pay interest on the daily balance of the Issuer Accounts at the variable rate (being EURIBOR, as determined by the Issuer Account Provider from time to time, less a specified margin) set out in a fee terms document between the Issuer and the Issuer Account Provider, such interest to accrue on a daily basis. Such interest will be credited to the relevant Issuer Account and:

- an amount equal to the portion of such interest (if any) which was earned on amounts representing Hedge Collateral shall be paid to the Hedge Provider; and
- the remainder shall be applied in the manner specified in the relevant Payments Rules.

(b) **Negative interest on Issuer Accounts**

The Issuer Account Agreement includes clauses whose effect is that, in the event that for a period the amount of interest payable in respect of an Issuer Account would otherwise be a negative amount, no amount of interest is payable by the Issuer Account Provider to the Issuer and, instead, the Issuer shall pay a utilisation fee to the Issuer Account Provider equal to that negative amount expressed as a positive number. See further 4.2.11 *Negative interest rates in respect of the Issuer Accounts*.

18.10.3 **Ledgers**

As indicated in 19.1.6 *Structured book-keeping system of Ledgers*, in accordance with the terms of the Cash Administration Agreement, the Cash Administrator will establish and maintain on behalf of the Issuer a system of Ledgers in the Issuer's books for the purpose of organising, managing and administering the Issuer's funds. At all times the aggregate of the balances of the Ledgers will at such times equal the aggregate of the balances of each of the Issuer Accounts. Debits and credits shall be made to the Ledgers shall be increased and decreased at the times and in the amounts indicated in 19 *Payments Rules*.

18.11 Arrangements relating to Note Ratings

18.11.1 **Note Ratings**

The ratings in respect of the relevant Notes that are expected to be assigned by the Rating Agencies on or about the Closing Date (the **Note Ratings**) are indicated in 6.1.27 *Note Ratings*.

The Note Ratings reflect the views of the relevant Rating Agency and are based on, among other things, the Loans and the structural features of the transaction (including, without limitation, the ratings of certain other Transaction Parties).

A Note Rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn at any time by the relevant Rating Agency. See further 4.1.15 *Ratings of the Notes*.

18.11.2 **Rating triggers**

The table in 8.1 *Rating triggers table* indicates steps that are to be taken if and when a trigger event indicated in that table occurs. That table includes persons who are required to provide funds to and/or hold funds for the Issuer who will have or could have material payment obligations or liabilities to the Issuer and/or in respect of funds to which the Issuer is beneficially entitled.

Although no assurance that Notes will maintain their initial or any other particular ratings can be given (see 4.1.15 *Ratings of the Notes*), those steps, if taken upon the occurrence of the applicable trigger event and intended to reduce the likelihood of that event adversely affecting the then Note Ratings of the Rated Notes.

18.11.3 **Non-rating triggers**

The table in 8.2 *Non-rating triggers table* indicates steps that are to be taken if and when a trigger event indicated in that table occurs and, where specified in that table, the ratings that a replacement needs to have and the period within which a replacement is to be appointed.

19. Payments Rules

19.1 Payments Rules core definitions

The **Payments Rules** comprise:

(a) the definitions, concepts, procedures, arrangements and priorities of payments specified and/or referred to in this 19.1 *Payments Rules core definitions* to 19.11 *Accelerated Priority of Payments* inclusive; and

(b) (except to the extent inconsistent with those definitions, concepts, procedures, arrangements and priorities of payments) the applicable provisions of the Cash Administration Agreement.

19.1.1 Priority of Payments

Priority of Payments means as applicable:

(a) the Normal Priority of Payments in respect of each Payments Date occurring prior to an Acceleration Date; and

(b) the Accelerated Priority of Payments in respect of each Payments Date occurring on or after an Acceleration Date.

Accelerated Priority of Payments means the making of allocations and payments in accordance with the table set out in 19.11 *Accelerated Priority of Payments* and in the order of the Priority Levels indicated in that table and applying the Priority Interpretation Rules (see 19.9 *Priority Interpretation Rules*), being applicable when indicated in the definition of Priority of Payments.

Normal Priority of Payments means the making of allocations and payments in accordance with the table set out in 19.10 *Normal Priority of Payments* and in the order of the Priority Levels indicated in that table and applying the Priority Interpretation Rules (see 19.9 *Priority Interpretation Rules*), being applicable when indicated in the definition of Priority of Payments.

A reference to **Amounts Due** at any time is to all accrued amounts (including, without limitation, in respect of indemnity payments, fees, costs, and expenses) due, payable and outstanding at that time (and any value added tax thereon) by or from the Issuer.

Third Party Amounts means at any time all accrued amounts (including, without limitation, in respect of indemnity payments, fees, costs, and expenses) due, payable and outstanding at that time (and any value added tax thereon) by or from the Issuer to persons who are not Transaction Parties (including insurance contracts maintained by or on behalf of the Issuer and audit fees, if any) which are incurred without breach by the Issuer of the Transaction Documents and payment of which is not provided for elsewhere in any Priority of Payments.

19.1.2 Payments Date

Payments Date means each Payments Scheduled Date and each Payments Additional Date.

Payments Additional Date means:

(a) each date (not being a Payments Scheduled Date) upon which the Note Principal Amount Outstanding in relation to any Class of Notes becomes due and payable prior to the relevant Final Maturity Date in relation to such Notes as a result of the Issuer exercising any right under the Note Conditions or, as applicable, A Loan Note Agreement to fully redeem that Class of Notes; and

(b) if an Acceleration Date has occurred, each date the Security Trustee may specify from time to time in a notice to the Issuer and to the Payments Administrator.

Payments Scheduled Date while an Acceleration Date has not occurred, means 25 January, 25 April, 25 July and 25 October in each year commencing from and including 27 October 2026 or, if any such day is not a Business Day, the immediately following Business Day.

19.1.3 Payments Calculation Date

Payments Calculation Date means the 4th Business Day immediately preceding each Payments Date which occurs.

19.1.4 **Acceleration Date**

Acceleration Date means the first to occur of the following:

(a) a Note Acceleration Date occurs;

(b) a Security Realisation Date occurs; or

(c) a date upon which the Note Principal Amount Outstanding in relation to any Class of Notes becomes due and payable prior to the relevant Final Maturity Date in relation to such Notes as a result of the Issuer exercising any right under the Note Conditions or, as applicable, A Loan Note Agreement to fully redeem that Class of Notes.

19.1.5 **Payments Administrator**

The **Payments Administrator** is:

(a) (if an Acceleration Date has occurred) the person (who may be, but does not need to be, the Security Trustee) specified by the Security Trustee as Payments Administrator as indicated in a notice, if any, given by the Security Trustee to the Issuer and the Cash Administrator; and

(b) the Cash Administrator in any other case.

19.1.6 **Structured book-keeping system of Ledgers**

In accordance with the terms of the Cash Administration Agreement, the Cash Administrator will establish and maintain on behalf of the Issuer a system of memorandum accounts or ledgers and accounting records in the Issuer's books for the purpose of organising, managing and administering the Issuer's funds (as held in the manner described in 18.10 *Holding and investment of the Issuer's funds*), where a memorandum account in the Issuer's books representing cash funds is designated and referred to as a **Ledger** and amounts are referred to as being "debited" from and "credited" to a Ledger.

In addition, the Cash Administrator will establish and maintain on behalf of the Issuer a **Hedge Collateral Securities Record**, being a non-cash memorandum account to record securities deposited with and received from the Custodian.

19.1.7 **Ledgers**

The Ledgers will comprise:

- a **General Ledger**;
- a **Payments Ledger**;
- a **Liquidity Reserve Fund Ledger**;
- a **Hedge Collateral Ledger**;
- an **Issuer REO Facility Ledger**; and
- an **Issuer Profit Ledger**.

At all times the aggregate of the balances of the Ledgers will at such times equal the aggregate of the balances of each of the Issuer Accounts.

Debits and credits shall be made to the Ledgers at the times and in the amounts indicated in the Transaction Documents (in particular, in the Security Documents, the Cash Administration Agreement and the Payments Rules).

19.2 Liquidity Reserve Fund

The Liquidity Reserve Fund:

(a) will be funded on the Closing Date from part of the proceeds from the Notes in an amount equal to the Liquidity Reserve Initial Required Amount (being EUR 6,573,000) (see 19.4(c));

(b) will be applied as contemplated in 19.8.3 *Reduction of A Notes Interest Deficiency* or, as applicable, 19.8.4 *Transfer of excess Liquidity Reserve Fund*; and

(c) may be replenished up to the Liquidity Reserve Required Amount to the extent of Available Normal Funds at Priority Level 7 of the Normal Priority of Payments.

Liquidity Reserve Fund means at any time the then credit balance (if any) of the Liquidity Reserve Fund Ledger.

Liquidity Reserve Initial Required Amount means EUR 6,573,000.

Liquidity Reserve Required Amount means:

(a) on any Payments Date up to (but excluding) the date that the A Notes and A Loan Notes are redeemed in full, an amount equal to the greater of:

(1) the aggregate Note Principal Amount Outstanding of the A Notes and A Loan Notes on the Payments Calculation Date immediately prior to such Payments Date multiplied by 1.5%; and

(2) the aggregate Note Initial Principal Amount of the A Notes and A Loan Notes on the Closing Date multiplied by 0.5%; and

(b) thereafter, EUR 0.

19.3 Issuer Profit Ledger

19.3.1 Overview of Issuer Profit Ledger

Priority Level 4 of the Normal Priority of Payments provides for allocation and payment of an amount to the Issuer Profit Ledger on each Payments Date in respect of the **Issuer Profit Accrual Amount** (being EUR 1,200 per annum in respect of each financial year of the Issuer (each an **Issuer Financial Year**)).

The crediting of such amounts to the Issuer Profit Ledger and the application of those amounts as described below is primarily to assist the achievement of, and to be consistent with, the expected tax position of the Issuer for Irish corporation tax and expected accounting treatment of the Issuer for the preparation of certain financial statements (in each case, as at the date of this Prospectus).

19.3.2 Application of funds in Issuer Profit Ledger

Following the last day of each Issuer Financial Year the **Issuer Profit Annual Distribution Amount** is the amount credited to the Issuer Profit Ledger during such Issuer Financial Year less the amount of Irish corporation tax payable by the Issuer in respect of such amount.

On each occasion that Irish corporation tax is to be paid by the Issuer, the relevant amount of that payment shall be paid out of the Transaction Account to the Revenue Commissioners of Ireland and a corresponding debit made to the Issuer Profit Ledger.

Prior to the occurrence of a Security Realisation Date:

- if the amount standing to the credit of the Issuer Profit Ledger is equal to or exceeds the applicable Issuer Profit Annual Distribution Amount, the Issuer may, in its discretion and subject to applicable legal requirements and its constitutional documents, from time to time declare a dividend in respect of its shares not exceeding the accrued aggregate Issuer Profit Annual Distribution Amount standing to the credit of the Issuer Profit Ledger at the date of declaration provided that only one such dividend may be declared in each Issuer Financial Year; and
- an amount equalling the amount of such dividend may then be withdrawn from the Transaction Account by the Issuer and an appropriate debit made to the Issuer Profit Ledger by the Cash Administrator and such amount shall then be applied in payment to those entitled to such dividend.

19.4 Net proceeds on the Closing Date

On the Closing Date the Cash Administrator shall administer the following upon receipt by the Issuer of the net proceeds in respect of the issue of each Class of Notes:

(a) all of those net proceeds and that amount shall be credited to the Transaction Account (and a corresponding credit made to the General Ledger) except to the extent that, as part of the closing cash flow arrangements, amounts are transferred directly to persons who would receive such amounts as the ultimate payee;

(b) if the Excess Note Funding Amount exceeds EUR 0, an amount equal to that Excess Note Funding Amount shall be debited to the General Ledger and credited to the Payments Ledger, where:

Excess Note Funding Amount means the amount by which:

(1) the aggregate Note Initial Principal Amount of the Rated Notes plus the Z Notes Principal Backed Amount,

exceeds

(2) the aggregate Loan Principal Balance in respect of the Mortgage Loans shown in the Portfolio Sale Data Completion Schedule;

(c) an amount equal to the Liquidity Reserve Initial Required Amount (being EUR 6,573,000) shall be debited to the General Ledger and credited to the Liquidity Reserve Fund Ledger;

(d) approximately EUR 5,931,000 will be debited to the General Ledger and paid to the Hedge Provider in respect of the Hedge Premium payable by Issuer in relation to the Hedge Cap Transaction (see 18.9.3 *Hedge calculations and payments*);

(e) approximately EUR 3,500,000 will be retained in the General Ledger to fund payment of certain upfront costs incurred by Issuer in relation to the Transaction; and

(f) the remainder will be applied in payment of the part of the Portfolio Sale Consideration in respect of the Mortgage Certificates and Non-Mortgage Loan Sub-participations in the Portfolio (and a corresponding debit made to the General Ledger).

19.5 Intra-period daily payments

19.5.1 Payments into Asset Collection Accounts

Pursuant to the Asset Services Agreement, the Asset Primary Servicer will agree to ensure that:

(a) all Loan Receipts in respect of the Portfolio (including Loan Monthly Payments) collected by direct debit by the Debtors are credited to the Asset Collection DD Account and all other Loan Receipts in respect of the Portfolio are credited to the Asset Collection Manual Account; and

(b) amounts credited to the Asset Collection DD Account and the Asset Collection Manual Account (other than amounts transferred to the Asset Expense Account) will be transferred by the Asset Primary Servicer each Business Day (in the case of the Asset Collection DD Account) and weekly (in the case of the Asset Collection Manual Account) into the Asset Collection Sweep Account.

19.5.2 Sweep to Transaction Account

Under the Asset Services Agreement the Asset Special Servicer will agree to transfer to the Transaction Account, on a weekly basis, the credit balance on the Asset Collection Sweep Account (other than amounts transferred to the Asset Expense Account).

19.5.3 Portfolio data

Pursuant to the Asset Services Agreement the Asset Special Servicer will undertake:

(a) to reconcile each amount received in respect of the Portfolio and make an entry in each appropriate Loan account maintained by it in relation to each Loan relating to a Mortgage Certificate and/or Non-Mortgage Loan Sub-participation in the Portfolio; and

(b) to provide periodic reports to the Cash Administrator and the Framework Administrator in relation to amounts received in respect of the Portfolio indicating (among other things):

(1) the amount of Loan Receipts to be credited to the General Ledger;

(2) the amount of Loan Receipts which the Asset Special Servicer has transferred to the Asset Expense Account in accordance with the Asset Services Agreement; and

(3) the amount of principal losses incurred in respect of Loans in the Portfolio as a result of Loan Principal Receipts having been credited to the Asset Collection DD Account but not having subsequently been credited to the Transaction Account due to the terms of the Asset Services Agreement not being complied with (including, without limitation, upon a default by a party thereto and/or insolvency and/or other creditor enforcement proceedings in respect of the Asset Title Holder and/or Asset Account Provider),

including, in each case, an indication of the Collection Period that such amounts are attributable to; and

(c) to provide an indication of the Portfolio Cumulative Initial Default Amount as at the start of each Payments Calculation Date and an indication of how it has been calculated.

Portfolio Cumulative Initial Default Amount means at any time the aggregate at that time of in relation to each Mortgage Loan which became a Defaulted Mortgage Loan at any time after the end of the Portfolio Cut-Off Date only, the Loan Principal Balance of such other Mortgage Loan as at the end of the date it was first determined to have become a Defaulted Mortgage Loan (regardless of whether or not such Mortgage Loan has ceased to be a Defaulted Mortgage Loan from time to time).

Defaulted Mortgage Loan means at any time a Mortgage Loan relating to any Mortgage Certificate in the Portfolio:

(a) which is, at that time, 12 or more Months in Arrears;

(b) which is, at that time, subject to enforcement proceedings; and/or

(c) in respect of which an Asset Warranty Breach has occurred at or before that time.

19.5.4 **Collection Periods**

Collection Period means in relation to a Payments Calculation Date and the Payments Date which follows that Payments Calculation Date, the period from (and including) the relevant Collection Start Date to (and including) the relevant Collection End Date.

Collection First Date means the 1st day of the calendar month in which the Closing Date occurs.

Collection Start Date means:

(a) in respect of the first Collection Period, the Collection First Date; and

(b) in respect of each subsequent Collection Period, the day immediately after the end of the immediately preceding Collection Period.

Collection End Date means:

(a) in relation to a Collection Period relating to a Payments Additional Date, the day immediately prior to the Payments Calculation Date preceding that Payments Additional Date; and

(b) in relation to a Collection Period relating to a Payments Scheduled Date, the last day of the calendar month prior to the calendar month in which that Payments Scheduled Date falls.

19.5.5 **Additional intra-period daily payments**

(a) When the Issuer or the Framework Administrator notifies the Cash Administrator that an amount received by the Issuer is an advance under the Subordinated Note Facility Agreement in respect of an Asset Warranty Breach, the Cash Administrator shall pay that advance (if any) into the Transaction Account and make a corresponding credit made to the General Ledger.

(b) On each occasion that an amount is credited to the Transaction Account by the Issuer Account Provider in respect of interest earned on the Transaction Account, the Cash Administrator shall make a corresponding credit to the Payments Ledger.

(c) On each occasion that an amount is credited to the Hedge Collateral Account by the Issuer Account Provider in respect of interest earned on the Hedge Collateral Account, the Cash Administrator shall make a corresponding credit to the Hedge Collateral Ledger.

(d) On each occasion that an amount is credited to the Transaction Account by the Hedge Provider in respect of a scheduled payment under the Hedge Cap Transaction, the Cash Administrator shall make a corresponding credit to the Payments Ledger.

(e) On each occasion that an amount is credited to the Hedge Collateral Account by the Hedge Provider in respect of a posting of Hedge Collateral under the Hedge Agreement, the Cash Administrator shall make a corresponding credit to the Hedge Collateral Ledger.

(f) When the Issuer or the Framework Administrator notifies the Cash Administrator that an amount is due and payable to the Hedge Provider from the Hedge Collateral Account, the Cash Administrator shall pay such amount from the Hedge Collateral Account to the Hedge Provider and make a corresponding debit to the Hedge Collateral Ledger.

(g) When the Issuer or the Framework Administrator notifies the Cash Administrator that an amount is due and payable from the Hedge Collateral Account to the Issuer or a third party, the Cash Administrator shall pay such amount from the Hedge Collateral Account to the Transaction Account (where the amount is payable to the Issuer) or to the relevant third party (as applicable) and make a corresponding debit to the Hedge Collateral Ledger.

(h) On each occasion that securities are posted by the Hedge Provider as Hedge Collateral under the Hedge Agreement and credited to a Custody Securities Account, the Cash Administrator shall make a corresponding increased to the Hedge Collateral Securities Record.

(i) On each occasion that securities are transferred to the Hedge Provider as return of Hedge Collateral under the Hedge Agreement and debited to a Custody Securities Account, the Cash Administrator shall make a corresponding decrease to the Hedge Collateral Securities Record.

(j) On each occasion that cash is paid to the Hedge Collateral Account from a Custody Cash Account, the Cash Administrator shall make a corresponding credit to the Hedge Collateral Ledger.

(k) When the Issuer or the Framework Administrator notifies the Cash Administrator that an amount received by the Issuer is a payment of interest or principal in respect of the REO Loan Facility Agreement or an amount payable to the Issuer in respect of any other REO Issuer Document, the Cash Administrator shall pay that amount into the Transaction Account and make a corresponding credit made to the Issuer REO Facility Ledger.

(l) When the Issuer or the Framework Administrator notifies the Cash Administrator that an amount is due and payable to the REO Holder (being a REO Loan Advance under the REO Loan Facility), the Cash Administrator shall pay such amount from the Transaction Account to the REO Holder and make a corresponding debit to the Issuer REO Facility Ledger.

(m) When the Issuer or the Framework Administrator notifies the Cash Administrator that an amount received by the Issuer on the Closing Date is the Portfolio Interim Collections Funding Advance from the Subordinated Noteholder under the Subordinated Note Facility Agreement, the Cash Administrator shall pay that advance (if any) into the Transaction Account and make a corresponding credit made to the General Ledger.

(n) When the Issuer or the Framework Administrator notifies the Cash Administrator that an amount is due and payable to the Subordinated Noteholder (being, following the Portfolio Collections Transition Date, the excess of the Portfolio Interim Collections Funding Advance over the aggregate Portfolio Interim Collection Amounts received by the Subordinated Noteholder from the Warehouse), the Cash Administrator shall pay such amount from the Transaction Account to the Subordinated Noteholder and make a corresponding debit to the General Ledger.

19.6 Payments Calculation Date procedures

19.1.3 *Payments Calculation Date* sets out the definition of Payments Calculation Date.

The Payments Administrator shall administer the following on each Payments Calculation Date:

19.6.1 Estimate of Payments Date allocations and payments

on that Payments Calculation Date, the Payments Administrator will estimate and plan the administration of the procedures set out in 19.8 *Payments Date procedures* and, in particular, the debits, credits, transfers and payments to be made on the next Payments Date, in each case upon the basis of information the available to it (including, without limitation, as notified to the Payments Administrator by a relevant Transaction Party, any:

(a) amounts in respect of the Hedge Provider under the Hedge Agreement;

(b) amounts in respect of the Subordinated Noteholder under the Subordinated Note Facility Agreement;

(c) amounts in respect of the REO Holder under the REO Loan Facility Agreement;

(d) interest from the Issuer Account Provider under the Issuer Account Agreement; and

(e) amounts in accordance with the terms of any Disposal Transaction),

and taking into account any further amounts expected to be paid directly to any payee on or before the next Payments Date in relation to a Disposal Transaction.

19.7 Prior to Payments Date

On the Business Day before a Payments Date, the Payments Administrator shall arrange for the aggregate amount calculated as being available to be applied to amounts owing to Noteholders in accordance with the relevant Priority of Payments to be paid out of the Transaction Account to the Principal Paying Agent in accordance with the Note Services Agreement and an appropriate debit made to the General Ledger or, if an Acceleration Date has occurred, to the Payments Ledger.

19.8 Payments Date procedures

The Payments Administrator shall administer the following consecutive steps on each Payments Date:

19.8.1 Transfer from General Ledger

(*being consecutive step 1 of the Payments Date procedures*)

on that Payments Date:

(a) if an Acceleration Date has not occurred prior to that Payments Date, the amount standing to the credit of the General Ledger less:

(1) such amount, if any, of the Loan Receipts which is attributable to the Collection Period which started in the same calendar month in which that Payments Date occurs; and

(2) such amount, if any, as is required to pay Third Party Amounts to be paid prior to that Payments Date for which a provision was made pursuant to the Normal Priority of Payments on the previous Payments Date; and

(b) if an Acceleration Date has occurred, the total amount standing to the credit of the General Ledger,

shall be credited to the Payments Ledger (and a corresponding debit made to the General Ledger); and then

19.8.2 A Notes Interest Deficiency calculation

(*being consecutive step 2 of the Payments Date procedures*)

if an Acceleration Date has not occurred prior to that Payments Date, on that Payments Date, the Payments Administrator will calculate whether there will be an A Notes Interest Deficiency on that Payments Date, where:

A Notes Interest Deficiency means in relation to a Payments Date, the amount (if any) by which:

(a) the maximum amount in aggregate that, if sufficient funds were available, could be allocated on that Payments Date at Priority Levels 1 (*Security Trustee*) to 6 (*A Notes and A Loan Notes interest*) (inclusive) of the Normal Priority of Payments,

would be more than:

(b) the aggregate amount that would be allocated and paid on that Payments Date in respect of Priority Levels 1 (*Security Trustee*) to 6 (*A Notes and A Loan Notes interest*) (inclusive) of the Normal Priority of Payments; and then

19.8.3 Reduction of A Notes Interest Deficiency

(*being consecutive step 3 of the Payments Date procedures*)

on that Payments Date, if an Acceleration Date has not occurred prior to that Payments Date, if the Payments Administrator has calculated that there would be an A Notes Interest Deficiency on that Payments Date, then the lesser of:

(a) the amount of that A Notes Interest Deficiency; and

(b) the amount standing to the credit of the Liquidity Reserve Fund Ledger,

shall be debited to the Liquidity Reserve Fund Ledger and credited to the Payments Ledger; and then

19.8.4 **Transfer of excess Liquidity Reserve Fund**

(*being consecutive step 4 of the Payments Date procedures*)

on that Payments Date:

(a) if:

(1) an Acceleration Date has not occurred prior to that Payments Date; and

(2) the Liquidity Reserve Required Amount is more than EUR 0 and the Liquidity Reserve Fund exceeds that Liquidity Reserve Required Amount,

the amount of the excess shall be debited to the Liquidity Reserve Fund Ledger and credited to the Payments Ledger;

(b) if the Liquidity Reserve Required Amount is EUR 0 or an Acceleration Date has occurred on or prior to that Payments Date the total amount standing to the credit of the Liquidity Reserve Fund Ledger shall be debited to the Liquidity Reserve Fund Ledger and credited to the Payments Ledger; and then

19.8.5 **Determination of application of Rated Notes Interest Subordination**

(*being consecutive step 5 of the Payments Date procedures*)

on that Payments Date, if an Acceleration Date has not occurred prior to that Payments Date, the Payments Administrator shall determine the application of Rated Notes Interest Subordination in respect of the B Notes, the C Notes, the D Notes, the E Notes and the F Notes, where:

Rated Notes Interest Subordination applies to a Class of Notes in respect of a Payments Date where:

(a) that Class of Notes is not in the Most Senior Tranche at the Payments Calculation Date relating to that Payments Date; and

(b) at the start of that Payments Calculation Date the Portfolio Cumulative Initial Default Amount is at least:

(1) 24.00% in the case of the B Notes;

(2) 22.00% in the case of the C Notes;

(3) 20.00% in the case of the D Notes;

(4) 18.25% in the case of the E Notes; or

(5) 16.75% in the case of the F Notes,

of the Portfolio Cut-Off Date Principal Balance; and then

19.8.6 **Calculation of Target Amortisation Amount**

(*being consecutive step 6 of the Payments Date procedures*)

if an Acceleration Date has not occurred prior to that Payments Date, on that Payments Date the Payments Administrator will calculate the Target Amortisation Amount in respect of that Payments Date, where:

Target Amortisation Amount means in relation to a Payments Date, the lesser of:

(a) the higher of EUR 0 and the result of:

(1) the Available Normal Funds in respect of that Payments Date,

less

(2) the aggregate Priority Level Maximum Amount in respect of Priority Levels 1 (*Security Trustee and Note Trustee*) to 12 (*F Notes senior interest*) inclusive of the Normal Priority of Payments;

(b) the higher of EUR 0 and the result of:

(1) the Note Principal Amount Outstanding of the Rated Notes as at the start of that Payments Date plus the Z Notes Principal Backed Amount in respect of that Payments Date,

less

(2) the aggregate Loan Principal Balance of each Mortgage Loan which is not:

(A) a Defaulted Mortgage Loan; and/or

(B) a Mortgage Loan which, prior to the Portfolio Cut-Off Date, is 12 or more Months in Arrears (unless such Mortgage Loan has at any time following the Closing Date less than 12 Months in Arrears),

in each case at the end of the Collection End Date immediately prior to that Payments Date; and

(c) the Note Principal Amount Outstanding of the Rated Notes as at the start of that Payments Date.

Z Notes Principal Backed Amount means:

(a) prior to and including the first Payments Scheduled Date, EUR 100,830,000; and

(b) after and excluding the first Payments Scheduled Date, EUR 100,830,000, *minus* 18.25% of the amount distributed under Priority Level 13 *Excess Note Funding Amount* of the Normal Priority of Payments on the first Payments Scheduled Date.

19.8.7 **Allocation and payment from Payments Ledger**

(*being consecutive step 7 of the Payments Date procedures*)

on such Payments Date, the amount standing to the credit of the Payments Ledger (being, if an Acceleration Date has not occurred prior to that Payments Date, the **Available Normal Funds** or, if an Acceleration Date has occurred prior to that Payments Date, being the **Available Accelerated Funds**) shall be allocated, transferred and paid to the relevant payees in accordance with (or, if the payee is the Issuer, shall be credited to the ledger indicated in) the Normal Priority of Payments or, if an Acceleration Date has occurred, in accordance with the Accelerated Priority of Payments (in each case making an appropriate debit to the Payments Ledger).

19.9 Priority Interpretation Rules

Priority Level means a level of a Priority of Payments as indicated in the *Level* column of the relevant Priority of Payments.

Priority Payee means the person entitled to an allocation and/or payment according to a Priority of Payments as indicated in the *Payee* column of the relevant Priority of Payments in respect of a Priority Level.

Priority Level Maximum Amount means at any time in relation to the allocation and/or payment (as applicable) of an amount to a Priority Payee at a particular Priority Level of a Priority of Payments, the maximum potential amount that can be allocated and/or paid (as applicable) to such Priority Payee at that time in respect of the liabilities specified in the Priority Level Maximum Amount column of that Priority of Payments relation to such Priority Payee at that Priority Level.

Each of the following is a **Priority Interpretation Rule** in relation to a Priority of Payments on the relevant Payments Date:

(a) The relevant amounts to be applied according to that Priority of Payments shall be allocated and paid in consecutive descending order of the Priority Levels appearing in the relevant Priority of Payments, starting with Priority Level 1 (being the highest ranking Priority Level).

(b) Where two or more items appear at the same Priority Level (whether within the same row in respect of a Priority Level or in two or more rows having the same Priority Level number followed by the "=" sign), the amount available for allocation and/or payment (as applicable) at that Priority Level shall be allocated and/or paid (as applicable) *pro rata* to the specified Priority Level Maximum Amount in respect of each payee appearing at that Priority Level.

(c) Unless expressly indicated otherwise, each Priority Level Maximum Amount is the relevant amount as at the relevant Payments Date on which funds are being allocated in accordance with the relevant Priority of Payments.

(d) In the event that any amount is to be allocated and paid in accordance with the relevant Priority of Payments to a Hedge Provider under a Hedge Agreement in exchange for an amount payable by that Hedge Provider under the same Hedge Agreement, then in calculating the allocations and payments under the relevant Priority of Payments such amount payable by that Hedge Provider shall not be

treated as part of the funds available for allocation and payment under more senior Priority Levels of that Priority of Payments (this is to ensure that amounts payable by that Hedge Provider do not fund allocations and payment at a more senior Priority Level).

(e) Where an amount is to be allocated and paid in accordance with the relevant Priority of Payments, such allocation and payment shall be first made from funds available for allocation at the relevant Priority Level which are in the same currency as the currency in which such amount is payable.

(f) In the event that any amount is to be allocated and paid in accordance with the relevant Priority of Payments and the money available at a particular level of that priority does not comprise a sufficient amount in the relevant currency in which such amount is to be allocated and paid, the Payments Administrator shall (on behalf of the Issuer) convert such of that available money into such currency at the then prevailing spot rate of exchange as may be required in order to be applied in or towards such allocation and payment.

19.10 Normal Priority of Payments

Normal Priority of Payments

Level	Payee	Priority Level Maximum Amount	Ledger to be credited
1	Security Trustee	All Amounts Due to the Security Trustee and any Security Trustee Appointee under the Transaction Documents.	–
1 =	Note Trustee	All Amounts Due to the Note Trustee and any Note Trustee Appointee under the Transaction Documents.	–
2	Asset Title Holder, Asset Primary Servicer and Asset Account Provider	All Amounts Due to the Asset Title Holder, the Asset Primary Servicer and Asset Account Provider under the Asset Services Agreement or other Transaction Documents.	–
2 =	Asset Previous Owner	All Amounts Due to the Asset Previous Owner under the Asset Purchase Agreements.	–
3 =	Issuer	All Amounts Due in respect of Third Party Amounts then accrued and remaining unpaid plus an amount to provide for any such Third Party Amounts expected to become due and payable by the Issuer before the next succeeding Payments Date.	General Ledger
3 =	Issuer	An amount to provide for the Issuer's liability or possible liability of the Issuer in respect of any Tax (except Irish corporation tax chargeable by reference to (and payable out of) the Issuer Profit Accrual Amount).	General Ledger
4 =	Asset Special Servicer	All Amounts Due to the Asset Special Servicer under the Asset Services Agreement or other Transaction Documents.	–
4 =	Cash Administrator	All Amounts Due to the Cash Administrator under the Cash Administration Agreement or other Transaction Documents.	–
4 =	Custodian	All Amounts Due to the Custodian under the Custody Agreement or other Transaction Documents.	–
4 =	Note Registrar	All Amounts Due to the Note Registrar under the Note Services Agreement or other Transaction Documents.	–
4 =	Principal Paying Agent	All Amounts Due to the Principal Paying Agent under the Note Services Agreement or other Transaction Documents.	–
4 =	Note Calculation Agent	All Amounts Due to the Note Calculation Agent under the Note Services Agreement or other Transaction Documents.	–
4 =	Issuer Account Provider	All Amounts Due to the Issuer Account Provider under the Issuer Account Agreement or other Transaction Documents.	–
4 =	Framework Administrator	All Amounts Due to the Framework Administrator under the Framework Administration Agreement or other Transaction Documents.	–

Normal Priority of Payments

Level	Payee	Priority Level Maximum Amount	Ledger to be credited
4 =	Corporate Servicer	All Amounts Due to the Corporate Servicer under the Corporate Services Agreement or other Transaction Documents.	–
4 =	REO Holder	All Amounts Due to the REO Holder under the REO Issuer Documents.	–
4 =	Issuer	An amount to provide for any amounts expected to become due and payable by the Issuer to the REO Holder under the REO Issuer Documents before the next succeeding Payments Date.	General Ledger
4 =	Issuer	The Issuer Profit Accrual Amount.	Issuer Profit Ledger
5	Replacement Hedge Provider	The shortfall (if any) for payment of the Hedge Premium (if any) to a replacement Hedge Provider (where the Hedge Collateral is insufficient).	–
6	A Noteholders and A Loan Noteholders	The total amount of accrued interest due and payable on the A Notes and A Loan Notes.	–
7	Issuer	If the Note Principal Amount Outstanding in respect of the A Notes will be more than EUR 0 after that Payments Date, the amount required to increase the amount standing to the credit of the Liquidity Reserve Fund Ledger to the Liquidity Reserve Required Amount.	Liquidity Reserve Fund Ledger
8	B Noteholders	The total amount of accrued interest due and payable on the B Notes, except where Rated Notes Interest Subordination applies to the B Notes.	–
9	C Noteholders	The total amount of accrued interest due and payable on the C Notes, except where Rated Notes Interest Subordination applies to the C Notes.	–
10	D Noteholders	The total amount of accrued interest due and payable on the D Notes, except where Rated Notes Interest Subordination applies to the D Notes.	–
11	E Noteholders	The total amount of accrued interest due and payable on the E Notes, except where Rated Notes Interest Subordination applies to the E Notes.	–
12	F Noteholders	The total amount of accrued interest due and payable on the F Notes, except where Rated Notes Interest Subordination applies to the F Notes.	–
13	Noteholders as indicated below	On the first Payments Scheduled Date only, the Excess Note Funding Amount (if any), which shall be applied *pro rata* and *pari passu* as follows:	
	Noteholders of Rated Notes	(a) in or towards payment of the Note Principal Amount Outstanding in respect of the Rated Notes; and	–
	Z Noteholders	(b) in or towards payment of the Z Notes Principal Backed Amount in respect of the Z Notes; and then	–
14	Noteholders as indicated below	The Target Amortisation Amount, which shall be applied sequentially as follows (not *pro rata* and not *pari passu*):	–
	A Noteholders and A Loan Noteholders	(a) in or towards payment of the Note Principal Amount Outstanding in respect of the A Notes and A Loan Notes; and then	–

Normal Priority of Payments

Level	Payee	Priority Level Maximum Amount	Ledger to be credited
	B Noteholders	(b) in or towards payment of the Note Principal Amount Outstanding in respect of the B Notes; and then	–
	C Noteholders	(c) in or towards payment of the Note Principal Amount Outstanding in respect of the C Notes; and then	–
	D Noteholders	(d) in or towards payment of the Note Principal Amount Outstanding in respect of the D Notes; and then	–
	E Noteholders	(e) in or towards payment of the Note Principal Amount Outstanding in respect of the E Notes; and then	–
	F Noteholders	(f) in or towards payment of the Note Principal Amount Outstanding in respect of the F Notes.	–
15	B Noteholders	The total amount of accrued interest due and payable on the B Notes.	–
16	C Noteholders	The total amount of accrued interest due and payable on the C Notes.	–
17	D Noteholders	The total amount of accrued interest due and payable on the D Notes.	–
18	E Noteholders	The total amount of accrued interest due and payable on the E Notes.	–
19	F Noteholders	The total amount of accrued interest due and payable on the F Notes.	–
20	A Noteholders and A Loan Noteholders	The Note Principal Amount Outstanding in respect of the A Notes and A Loan Notes.	–
21	B Noteholders	The Note Principal Amount Outstanding in respect of the B Notes.	–
22	C Noteholders	The Note Principal Amount Outstanding in respect of the C Notes.	–
23	D Noteholders	The Note Principal Amount Outstanding in respect of the D Notes.	–
24	E Noteholders	The Note Principal Amount Outstanding in respect of the E Notes.	–
25	F Noteholders	The Note Principal Amount Outstanding in respect of the F Notes.	–
26	Z Noteholders	The total amount of accrued interest due and payable on the Z Notes.	–
27	Z Noteholders	The Note Principal Amount Outstanding in respect of the Z Notes.	–
28	Subordinated Noteholder	Such amount (if any) of the total principal, indemnity payments, fees, costs, expenses and any other amount, in each case which has accrued and is outstanding to the Subordinated Noteholder under the Subordinated Note Facility Agreement.	–
29	X Noteholders	(a) If the relevant Payments Date is the last to occur in relation to the Transaction, the total amount of principal which is outstanding in respect of the X Notes; or (b) in any other case, the total amount of principal which is outstanding in respect of the X Notes less EUR 1,000.	–
30	The relevant Security Creditor(s) (other than each X Noteholder)	All other amounts (including fees, interest, principal, costs and expenses, if any) due and payable to any other Security Creditor (other than each X Noteholder in respect of the X Notes) in respect of any Transaction Document (in each case in so far as such amounts are not eligible for allocation at any higher Priority Level of this Normal Priority of Payments).	–

Normal Priority of Payments

Level	Payee	Priority Level Maximum Amount	Ledger to be credited
31	X Noteholders	The remaining unallocated balance of the Payments Ledger (after the amounts allocated and paid in higher Priority Levels of this Normal Priority of Payments) (being interest on the X Notes).	–

19.11 Accelerated Priority of Payments

Accelerated Priority of Payments

Level	Payee	Priority Level Maximum Amount	Ledger to be credited
1 =	Security Trustee	All Amounts Due to the Security Trustee and any Security Trustee Appointee under the Transaction Documents.	–
1 =	Security Enforcer	All Amounts Due to any Security Enforcer in respect of the Security Assets.	–
1 =	Note Trustee	All Amounts Due to the Note Trustee and any Note Trustee Appointee under the Transaction Documents.	–
2	Asset Title Holder, Asset Primary Servicer and Asset Account Provider	All Amounts Due to the Asset Title Holder, the Asset Primary Servicer and Asset Account Provider under the Asset Services Agreement or other Transaction Documents.	–
2 =	Asset Previous Owner	All Amounts Due to the Asset Previous Owner under the Asset Purchase Agreements.	–
3 =	Asset Special Servicer	All Amounts Due to the Asset Special Servicer under the Asset Services Agreement or other Transaction Documents.	–
3 =	Cash Administrator	All Amounts Due to the Cash Administrator under the Cash Administration Agreement and the other Transaction Documents.	–
3 =	Custodian	All Amounts Due to the Custodian under the Custody Agreement or other Transaction Documents.	–
3 =	Note Registrar	All Amounts Due to the Note Registrar under the Note Services Agreement and the other Transaction Documents.	–
3 =	Principal Paying Agent	All Amounts Due to the Principal Paying Agent under the Note Services Agreement and the other Transaction Documents.	–
3 =	Note Calculation Agent	All Amounts Due to the Note Calculation Agent under the Note Services Agreement and the other Transaction Documents.	–
3 =	Issuer Account Provider	All Amounts Due to the Issuer Account Provider under the Issuer Account Agreement and the other Transaction Documents.	–
3 =	Framework Administrator	All Amounts Due to the Framework Administrator under the Framework Administration Agreement and the other Transaction Documents.	–
3 =	Corporate Servicer	All Amounts Due to the Corporate Servicer under the Corporate Services Agreement and the other Transaction Documents.	–
3 =	REO Holder	All Amounts Due to the REO Holder under the REO Issuer Documents.	–
4	A Noteholders and A Loan Noteholders	The total amount of principal and interest outstanding on the A Notes and A Loan Notes.	–
5	B Noteholders	The total amount of principal and interest outstanding on the B Notes.	–
6	C Noteholders	The total amount of principal and interest outstanding on the C Notes.	–
7	D Noteholders	The total amount of principal and interest outstanding on the D Notes.	–

Accelerated Priority of Payments

Level	Payee	Priority Level Maximum Amount	Ledger to be credited
8	E Noteholders	The total amount of principal and interest outstanding on the E Notes.	–
9	F Noteholders	The total amount of principal and interest outstanding on the F Notes.	–
10	Z Noteholders	The total amount of interest outstanding on the Z Notes.	–
11	Z Noteholders	The total amount of principal outstanding on the Z Notes.	–
12	Subordinated Noteholder	Such amount (if any) of the total principal, indemnity payments, fees, costs, expenses and any other amount, in each case which has accrued and is outstanding to the Subordinated Noteholder under the Subordinated Note Facility Agreement.	–
13	X Noteholders	(a) If the relevant Payments Date is the last to occur in relation to the Transaction, the total amount of principal which is outstanding in respect of the X Notes; or (b) in any other case, the total amount of principal which is outstanding in respect of the X Notes less EUR 1.	–
14	The relevant Security Creditor(s) (other than each X Noteholder)	All other amounts (including fees, interest, principal, costs and expenses, if any) due and payable to any other Security Creditor (other than each X Noteholder in respect of the X Notes) in respect of any Transaction Document (in each case in so far as such amounts are not eligible for allocation in any higher Priority Level of this Accelerated Priority of Payments).	–
15	X Noteholders	The remaining unallocated balance of the Payments Ledger (after the amounts allocated in higher Priority Levels of this Accelerated Priority of Payments) (being interest on the X Notes).	–

20. Security and intercreditor arrangements

20.1 Security Creditors and the Security Trustee

20.1.1 Security Creditors

The **Security Creditors** means each Transaction Party other than the Issuer.

20.1.2 Security Intercreditor Deed

On the Closing Date, the Security Trustee, the Issuer and others will enter into a Security Intercreditor Deed (the **Security Intercreditor Deed**) with each of the then Security Creditors pursuant to which the Security Trustee, among other things, will declare that the Security is held by the Security Trustee upon trust for itself and all the other Security Creditors as security for all the Issuer's liabilities from time to time (whether present, future, actual and/or contingent) to the Security Creditors (the **Security Trust**). Pursuant to the Security Intercreditor Deed each Security Creditor party thereto and/or bound thereby (among other things):

- acknowledges and confirms to the Security Trustee the terms of the security trust set out in the Security Intercreditor Deed including, without limitation, the Security Trust for the holding, enforcement, realisation and distribution of the Security Assets (being the Security Trust property) according to the terms of the Security Trust set out in the Security Intercreditor Deed (including, without limitation, that the Security Assets shall be allocated and applied in accordance with the Payments Rules);
- acknowledges and confirms to the Security Trustee, the role, appointment and authority of the Security Trustee to, among other things, hold, enforce, realise and distribute the Security Assets as trustee for the Security Creditors in accordance with the Security Documents (including, without limitation, the Security Trust) and to exercise all and any of such party's rights of enforcement against the Issuer and the Security Assets;
- acknowledges and confirms that only the Security Trustee may pursue the remedies available under the Security Documents and the Note Conditions or, as applicable, A Loan Note Agreement to enforce the rights of the Noteholders and other Security Creditors and that none of the Security Creditors (other than the Security Trustee) shall be entitled to proceed directly against the Issuer or any assets of the Issuer (in particular, shall not be entitled to petition or take any other step for the winding–up of the Issuer in relation to such sums or otherwise, see further Note Base Condition 11.1 *No action by Noteholders*); and
- acknowledges and confirms that upon the occurrence of a Security Post Realisation Date (see 20.3.4 *Security Post Realisation Date*), the Security Trustee and each other Security Creditor shall cease to have any right or claim against the Issuer in respect of any amounts, obligations and liabilities due, owing, incurred or payable by the Issuer (whether actual or contingent, present or future, contractual or non-contractual) and all of such amounts, obligations and liabilities shall be treated as discharged and extinguished and cease to exist in full and the Security Trustee and each other Security Creditor shall not take and shall not be entitled to take any further action or steps against the Issuer or any of its assets to recover any sum still unpaid or enforce any liability outstanding in respect of the Security Liabilities (see Note Base Condition 11.2 *Limited recourse*).

and each Transaction Document will contain a provision under which, among other things, each party to that Transaction Document makes similar acknowledgements (see further 20.3 *Enforcement and realisation of Security*). As part of establishing the REO Structure (see 14.4 *REO Holding Services*), the REO Holder will accede to the Security Intercreditor Deed as an additional Security Creditor.

20.1.3 Main roles of the Security Trustee

In accordance with the terms of the Security Intercreditor Deed, the Security Trustee is principally responsible for holding the security created by the Security Documents and for taking action with respect to the Security on behalf of the Security Creditors upon the occurrence of certain events as set forth in the Security Documents.

20.1.4 Change of Security Trustee

Subject to certain restrictions, the Security Trustee may resign its appointment, at the expense of the Issuer, upon not less than three months' prior written notice although such resignation shall not take effect until a successor Security Trustee has been duly appointed. In order to be eligible to act as Security Trustee, among other things, such successor Security Trustee must agree to be bound by the terms of the Security Documents and must meet the applicable eligibility requirements under the Security Intercreditor Deed. If within 60 days of having given notice of its intention to retire, the Issuer has failed to appoint a replacement

Security Trustee, the outgoing Security Trustee will be entitled to appoint its successor provided that, upon being contacted in relation to such successor, each Rating Agency does not indicate that such appointment will result in a Rating Adverse Action by such Rating Agency in respect of the Notes.

20.1.5 **Security Trustee fee and expenses**

The Security Trustee is entitled to charge a fee (the **Security Trustee Fee**) for its role under the Security Documents and other Transaction Documents to which it is a party and is entitled to reimbursement of all costs, charges and expenses incurred by it in connection with the Security Documents and any other Transaction Documents, payable on each Payments Date subject to and in accordance with the relevant Priority of Payments.

20.2 Security in respect of the Security Assets

20.2.1 **Security Documents**

As indicated in Note Base Condition 1.1 *Definitions*, the Security Documents comprise each Spanish Security Document, the Irish Security Deed (see 20.2.4 *Irish Security Deed*), the English Security Deed (see 20.2.5 *English Security Deed*), the Security Intercreditor Deed (see 20.1.2 *Security Intercreditor Deed*) and each Security Supplemental Deed.

20.2.2 **Security and Security Assets**

Pursuant to each Spanish Security Document, the Irish Security Deed and the English Security Deed (together with each supplement thereto from time to time) the Issuer will create security (the **Security**) over all of the Issuer's assets from time to time (the **Security Assets**) in favour of the Security Trustee as security for all the Issuer's liabilities from time to time (whether present, future, actual and/or contingent) to the Security Creditors (the **Security Liabilities**, including, without limitation, its obligations to the Noteholders and other Security Creditors from time to time).

20.2.3 **Spanish Security Documents**

On the Closing Date (or on or around the REO Start Date in relation to the Spanish REO Share Pledge, if applicable) the Issuer will enter into each of the following documents (each a **Spanish Security Document**):

(a) **Spanish Assets Pledge**

a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors in respect of each Mortgage Certificate held by the Issuer (the **Spanish Assets Pledge**);

(b) **Spanish Bank Accounts Pledge**

a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors in respect of credit rights arising from each Issuer Account and each Asset Account (the **Spanish Bank Accounts Pledge**);

(c) **Spanish Document Rights Pledge**

a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors over credit rights arising from the Spanish Transaction Documents (the **Spanish Document Rights Pledge**);

(d) **Spanish Security Attorney Deed**

a Spanish law governed notarial deed of irrevocable power of attorney (the **Spanish Security Attorney Deed**) granted by the Issuer in favour of the Security Trustee (for the benefit of the Security Creditors), which shall remain in force until the full discharge of the Security Liabilities, pursuant to which the Security Trustee will be authorised, upon the occurrence of a Security Realisation Date or certain failures by the Issuer to comply with its obligations in relation to the Spanish Security Documents, to act on behalf of the Issuer in connection with the creation, perfection and enforcement of the Security Interests under the other Spanish Security Documents, including, among others, the execution of public or private documents, the making of any required notifications, the registration of the relevant Security Interests, the management and application of proceeds and the transfer or realisation of the pledged assets; and

(e) **Spanish REO Share Pledge**

if the REO Company Approach is adopted (see 14.4.2 *REO Holder*), a Spanish law governed deed of pledge pursuant to which the Issuer will create and agree to create Security Interests in favour of the

Security Trustee for the benefit of the Security Creditors over the Issuer's shares in the REO Holder (the **Spanish REO Share Pledge**).

Each Spanish Security Document will be governed by Spanish law and, unless the Security Trustee decides otherwise (in its absolute discretion), any Security over the Security Assets located in Spain or governed by Spanish law will be taken only pursuant to the Spanish Security Documents and under Spanish law.

20.2.4 **Irish Security Deed**

On the Closing Date the Issuer will enter into an Irish Security Deed (the **Irish Security Deed**) pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors, which includes:

- a charge by way of first fixed security of:
  - the Issuer's present and future rights under the Transaction Documents governed by Irish law (see 3.3.3 *Governing law*); and
  - the Issuer's present and future rights to all moneys standing to the credit from time to time of each bank account in which the Issuer has an interest including each Issuer Account (which may take effect as a floating charge and thus rank behind the claims of certain creditors);
- a first fixed charge over any other present and future assets (in so far as not already subject to an effective first fixed security pursuant to the Irish Security Deed, the Spanish Security Documents or English Security Deed) from time to time of the Issuer (which may take effect, in certain cases, as floating charges or equitable charges and thus rank behind the claims of certain creditors); and
- a first floating charge (ranking behind the claims of certain creditors and the fixed security created pursuant to the Irish Security Deed, the Spanish Security Documents, the English Security Deed and each Security Supplemental Deed) in respect of all the assets of the Issuer.

The Irish Security Deed will be governed by Irish law and, unless the Security Trustee decides otherwise (in its absolute discretion), any Security over the Security Assets located in Ireland or governed by Irish law will be taken only pursuant to the Irish Security Deed and under Irish law.

20.2.5 **English Security Deed**

On the Closing Date the Issuer will enter into an English Security Deed (the **English Security Deed**) pursuant to which the Issuer will create and agree to create Security Interests in favour of the Security Trustee for the benefit of the Security Creditors, which includes:

- an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's present and future rights under the Transaction Documents governed by English law (see 3.3.3 *Governing law*); and
- a first fixed charge over any other present and future assets located in England and/or Wales or governed by English law (in so far as not already subject to an effective first fixed security pursuant to the Irish Security Deed or English Security Deed) from time to time of the Issuer (which may take effect, in certain cases, as floating charges or equitable charges and thus rank behind the claims of certain creditors); and
- a first floating charge (ranking behind the claims of certain creditors and the fixed security created pursuant to the Irish Security Deed, the English Security Deed and each Security Supplemental Deed) in respect of all the assets of the Issuer.

The English Security Deed will be governed by English law and, unless the Security Trustee decides otherwise (in its absolute discretion), any Security over the Security Assets located in England and/or Wales or governed by English law will be taken only pursuant to the English Security Deed and under English law.

20.2.6 **Restrictions on perfection of security interests**

Unless and until the Security in respect of the relevant Security Assets becomes enforceable (and then, in the case of steps to be taken by the Issuer, only in accordance with the directions of the Security Trustee) or a Security Realisation Date occurs, the Security Trustee will not be entitled to take, other than as aforementioned, or perfect any security interest over or with respect to the Security Assets in accordance with the requirements of any applicable laws (but the Issuer will, in so far as it is entitled to do so, perfect its title to any Security Asset to the extent that the requirements of a Rating Agency so require in connection

with a rating of a particular Class of Notes by that Rating Agency at the request of the Issuer). Under Spanish law, until a pledge over credit rights arising from bank accounts or agreements is notified to the relevant debtors under such credit rights, it may not be deemed as validly perfected for the purposes of Article 1,863 of the Spanish Civil Code.

20.3 Enforcement and realisation of Security

The Security Documents set out the general procedures by which the Security Trustee may take steps to enforce the Security created by the Issuer and realise the Security Assets.

20.3.1 Enforcement of Security relating to, and realisation of, Security Assets

(a) **Security Realisation Notice**

The Security Trustee at its discretion may, or if directed to do so by the Reference Creditor, shall (subject in each case to being indemnified, secured and/or prefunded to its satisfaction) serve a notice (a **Security Realisation Notice**) on the Issuer if any Note is outstanding, if any Note Event of Default has occurred and the Note Trustee of has specified a Note Acceleration Date.

(b) **Security Realisation Date**

From and including the time when the Security Trustee serves a Security Realisation Notice on the Issuer (such time being a **Security Realisation Date**):

- all of the Security in respect of the Security Assets shall become immediately enforceable;
- if not already crystallised, any floating charge comprised in the Security shall crystallise in relation to the relevant Security Assets; and
- no amount may be drawn from any Issuer Account except to the extent that it is applied in accordance with the order of priorities set out in the applicable Priority of Payments.

(c) **Security Protection Notice**

The Security Trustee at its discretion may serve a notice (a **Security Protection Notice**) under the Security Documents if:

- any Event of Default occurs, or any event or circumstance occurs which has not been remedied or waived and which with the giving of notice and/or lapse of time and/or determination and/or certification would constitute an Event of Default or any Asset Special Servicer Termination Event occurs;
- any event occurs which with the giving of notice and/or lapse of time and/or determination and/or certification would constitute an Asset Special Servicer Termination Event;
- the Security Trustee believes that any Event of Default or Asset Special Servicer Termination Event has occurred or is about to occur;
- the Security Trustee believes that all or substantially all or any part of the Security Assets are in danger of being seized or sold under any form of distress, diligence or execution levied, executed or threatened or are otherwise in jeopardy; or
- any circumstance occurs which, in the opinion of the Security Trustee prejudices, imperils, threatens or is likely to do any of the foregoing in respect of the Security relating to the relevant Security Assets or the Issuer takes or threatens to take any action that would be prejudicial to or would be inconsistent with such Security.

Upon issue of a Security Protection Notice (and where the Security includes a floating charge in respect of all or any of the Security Assets), the Security Trustee may (and shall if so directed by the relevant Reference Creditor) (to the extent permitted by applicable law) convert by notice any such floating charge into a fixed charge in relation to such of those Security Assets as may be specified (generally or specifically) in that notice or, if none is specified, all the Security Assets.

20.3.2 Enforcement powers and indemnity of Security Trustee

The Security Trustee may, at its discretion and without notice at any time and from time to time, take such steps and institute such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Security Documents in respect of the Notes or any of the other Transaction Documents (including, without limitation, appointing a **Security Enforcer**, being an administrator, an examiner, a receiver or a receiver and manager in respect of the Issuer appointed under a Security Document or pursuant

to any applicable law, and includes more than one such receiver and any substituted receiver and an administrative receiver so appointed).

In respect of the Spanish Security Documents, the Security Creditors (acting through the Security Trustee) shall be entitled to enforce each Spanish Security Document at any time after a Security Realisation Date has occurred. For the purposes of such enforcement, the Security Creditors (acting through the Security Trustee) may, at their own discretion, opt for any of the proceedings to which they may be legally entitled under Spanish law, including:

- the enforcement proceedings for pledged property set out in articles 681 et seq. of the Spanish Law on Civil Procedures (*Ley 1/2000, de 7 de enero, de Enjuiciamiento Civil*);
- in the case of the Spanish Bank Accounts Pledge, the enforcement procedure for financial collateral security referenced in Royal Decree-Law 5/2005 (*Real Decreto-Ley 5/2005*) including by way of appropriation and/or setting off the pledged balance against amounts due and payable under the Security Liabilities;
- the extra-judicial procedure provided in Chapter V of the Spanish Notarial Law (*Ley de 28 de Mayo de 1862, del Notariado*); or
- any other procedure available at the time of enforcement of the relevant Spanish pledge.

In addition, in relation to the Spanish Assets Pledge, the Security Trustee must notify the Asset Previous Owner at least 45 calendar days in advance of its intention to commence any enforcement proceedings in respect of such pledge. If a sale upon enforcement of the pledged Mortgage Certificates and Non-Mortgage Loan Sub-participations to the relevant purchaser(s) does not proceed by way of a permitted transfer of the Mortgage Certificates and Non-Mortgage Loan Sub-participations under the Portfolio Transfer Conditions, then during such 45 calendar days period, the Asset Previous Owner may, at its sole discretion, exercise an option to effect that sale by a direct transfer to the relevant purchaser(s) of all receivables underlying the Mortgage Certificates and Non-Mortgage Loan Sub-participations, in accordance with the terms set out in the Asset Purchase Agreements.

The Security Trustee may, at its discretion and without notice, at any time after the Security has become enforceable (see 20.3.1 *Enforcement of Security relating to, and realisation of, Security Assets*), take such proceedings or steps (including, without limitation, the service of a Security Protection Notice or a Security Realisation Date) as it may think fit to enforce such Security. The Security Trustee shall not be bound to take any such proceedings or steps (including, without limitation, the service of a Security Protection Notice or a Security Realisation Date) unless:

- (while any Notes are outstanding) it is required to do so in accordance with Note Base Condition 10.1 *Enforcement proceedings* (subject to the restrictions contained in the Security Documents to protect the interests of specified Classes of Noteholders) or (in any other case) it has been so directed by the Reference Creditor; and
- the Security Trustee shall have been indemnified and/or prefunded and/or secured to its satisfaction.

20.3.3 **Reporting to Rating Agencies**

The Security Intercreditor Deed contains provisions requiring the Issuer to notify the Rating Agencies upon becoming aware of certain events and upon the Security Trustee taking certain action under the Security Documents or other Transaction Documents.

20.3.4 **Security Post Realisation Date**

Following the Security relating to the Security Assets having become enforceable and/or the Security Assets having been disposed of in accordance with the Transaction Documents, the Security Trustee shall determine (in its absolute discretion) the date (being the **Security Post Realisation Date**) upon which:

- either such Security has been fully realised and/or such Security Assets have been fully disposed of in accordance with the Transaction Documents or any further realisation and/or disposal is either not (in its absolute discretion) reasonably practicable and/or would not (in its absolute discretion) generate any further material benefit for the relevant Security Creditors (taking into account any estimated costs of any further enforcement or realisation); and
- the net proceeds of such realisation and/or disposal have been distributed in accordance with the Payments Rules;

and upon making such determination shall give notice to that effect to the Issuer and the Security Creditors.

20.3.5 **Issuer's centre of main interests**

Under Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the **Recast EU Insolvency Regulation**), the Issuer's centre of main interests (**COMI**) is presumed to be the place of its registered office (i.e. Ireland) in the absence of proof to the contrary and provided that the Issuer did not move its registered office within the 3 months prior to a request to open insolvency proceedings. As to what might constitute "proof to the contrary" regarding the location of a company's COMI, the key decision is that in *Re Eurofood IFSC Ltd* [*2004*] *4 IR 370 (Irish High Court);* [*2006*] *IESC 41 (Irish Supreme Court);* [*2006*] *Ch 508; ECJ Case C- 341/04 (European Court of Justice)*, given in respect of the equivalent provision in the previous EU Insolvency Regulation (being Regulation (EC) No. 1346/2000). In that case, on a reference from the Irish Supreme Court, the European Court of Justice concluded that "factors which are both objective and ascertainable by third parties" would be needed to demonstrate that a company's actual situation is different from that which the location of its registered office is deemed to reflect.

Although it 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 a decision as to the Issuer's COMI (and, if it was found to be in another jurisdiction and not in Ireland, main insolvency proceedings would instead be opened in that jurisdiction), given that the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has retained an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut the presumption that its COMI is located in Ireland and the Issuer has represented in the Transaction Documents that it will have its COMI in Ireland and, on that basis any main insolvency proceedings in respect of the Issuer would fall within the jurisdiction of the courts of Ireland.

20.4 Release and disposal of Security Assets

20.4.1 **Disposal Transactions**

The English Security Deed contains provisions for the release from the Security of the relevant Security Assets (or part thereof) in connection with, among other things, transactions involving the disposal of all or any part of the Security Assets (each being a **Disposal Transaction**) entered from time to time:

- to allow a redemption of Notes by the Issuer pursuant to Note Base Condition 6.3 *Optional redemption for taxation and other reasons* and Note Base Condition 6.4 *Full redemption at the option of the Issuer* in each case subject to and in accordance with the applicable terms of those Note Base Conditions or, as applicable, the corresponding clauses of the A Loan Note Agreement;
- upon completion of a purchase following exercise of the Portfolio Purchase Option in accordance with the Portfolio Purchase Option Deed (see 15.5 *Portfolio Purchase Option and early redemption of the Notes*);
- where the cash proceeds of the relevant transaction, to be received on the same date as any disposal of all or part of such Security Assets, will be sufficient, when applied in accordance with the applicable Payments Rules on the relevant Payments Date, to fully repay and discharge all amounts owing (whether or not then due) in respect of all Notes outstanding;
- (if permitted) following the purchase of all of the Notes by the Issuer pursuant to Note Base Condition 6.7 *Purchase of Notes by the Issuer*;
- as part of an enforcement and/or realisation of the Security by the Security Trustee in respect of such Security Assets;
- as part of a transfer or substitution referred to in Note Condition 14.9 *Transfer and substitution of Issuer and/or Notes*; or
- in any other case with the prior written approval of the Reference Creditor(s) and, if any Notes rated by a Rating Agency will remain outstanding following the relevant Disposal Transaction, a Rating Certificate is provided in relation to each Rating Agency regarding such Disposal Transaction and those Notes,

provided that, in certain of such circumstances, if any Hedge Agreement is outstanding at the relevant time, the Issuer has consulted with the relevant Hedge Provider(s) prior to such disposal to assess the anticipated payments, if any, required to be made by the Issuer under such Hedge Agreement(s) in connection with such disposal and in the reasonable opinion of the Issuer the proceeds of such disposal will be sufficient to meet such payment obligations (if any).

20.4.2 **Features of Disposal Transactions**

Each Disposal Transaction shall be on such terms as the Issuer and the Security Trustee may agree and may include one or more of the following:

- the Security Trustee releasing from the Security all or part of the Security Assets to which such Disposal Transaction relates (the **Disposal Assets**);
- the Issuer entering into and delivering one or more agreements setting out the terms of the Disposal Transaction and effecting the relevant disposal of all or part of the relevant Security Assets to which such Disposal Transaction relates;
- the Issuer entering into and delivering (whether at the relevant initial completion of the relevant Disposal Transaction or at any future time) one or more documents and taking steps from time to time to complete and/or perfect the transfer of title of the Disposal Assets; and/or
- the Issuer taking any steps and entering into and delivering any other documents as are appropriate in connection with the relevant Disposal Transaction.

20.5 Limited role and liability of Security Trustee

20.5.1 **Exclusion of liability and limitations on duties**

Among other things, the Security Documents provide that:

- the Security Trustee will not be responsible for supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Security Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties;
- the Security Trustee will not be responsible for 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 Security Trustee shall not be bound or concerned to make any investigation into the Security Assets or the validity or enforceability of the relevant Security or Security Assets (including, without limitation, the creditworthiness of any obligor in respect of loans in the Portfolio or whether the cashflows from the Portfolio and the relevant Notes are matched);
- the Security Trustee will not be liable to any Noteholder or other Security 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 reasonable prudent security holder in relation to the Security Assets and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents;
- the Security Trustee is under no obligation to maintain any insurance in respect of any part of the Security or Security Assets, whether against loss of such security by theft or fire, in respect of fraud or forgery or against any other risk whatsoever;
- the Security Trustee shall be entitled to rely (without investigation or further enquiry) upon instructions or directions given to it by each Note Trustee as being given on behalf of the Class or Classes of Noteholders specified in such instructions or directions and the Security Trustee shall not be bound in any such case to inquire as to the compliance with the Note Trust Deed or, as applicable, A Loan Note Agreement or be responsible for any loss, liabilities, costs, damages, expenses or inconvenience that may be caused by failing to do so;
- the Security Trustee is exempted from any liability in respect of any loss, diminution in value or theft of all or any part of the Security Assets, from any obligation to insure all or any part of the Security Assets (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder) (or any such document aforesaid);
- any action taken by the Security Trustee under the Security Documents or any other Transaction Documents binds all of the Security Creditors;
- each Security Creditor shall be solely responsible for making its own independent appraisal of, and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Security Trustee shall not at any time have any responsibility for making any such

appraisal or investigation and each Security Creditor must make its own determination of whether or not to request the Security Trustee to take a particular course of action; and

- the Security Trustee shall not be obliged to act in any manner which it has reasonable grounds for believing in good faith to be contrary to law or expose it to any risk of prosecution or other sanction of any kind in any jurisdiction or the withdrawal of, or imposition of any conditions on, any licence, consent or other authorisation issued to the Security Trustee by any governmental or regulatory authority in any jurisdiction.

20.5.2 **Indemnification of the Security Trustee**

The Security Documents contain provisions for indemnification of the Security Trustee and for its relief from responsibility for the validity, sufficiency and enforceability (which the Security Trustee has not investigated) of the Security or the Security Assets, including provisions relieving it from taking proceedings to enforce repayment or from taking any action in accordance with the Security Documents without being first indemnified and/or prefunded and/or secured to its satisfaction, except in certain circumstances (see 20.3 *Enforcement and realisation of Security*).

20.5.3 **Other dealings**

Each of the Security Trustee and its subsidiaries or associated companies is entitled to enter into business transactions with the Issuer, any issuer or guarantor of or other obligor in respect of the assets, rights and/or benefits comprising the Security Assets, or any of their respective subsidiaries or associated companies without accounting to any Noteholder or other Security Creditor for any profit resulting therefrom.

20.6 Modifications by Security Trustee

Note Base Condition 14 *Modifications, authorisations, waivers and substitution* is incorporated into and applies to the Security Intercreditor Deed and sets out circumstances in which the Security Trustee may or, in relation to a Compliance Modification, shall, without any consent or sanction of the Noteholders or any of the other Security Creditor, agree to or make a modification in respect of the Note Base Conditions or, in so far as applicable, any other Transaction Document to which the Security Trustee is a party or in relation to which the Security Trustee holds Security. Unless the Security Trustee agrees otherwise or such Note Base Condition 14 indicates otherwise, each such modification shall be binding on all Noteholders and each other Security Creditor.

21. Certain regulatory aspects of securitisation

Prospective investors should note that other regulatory disclosures, as relevant to the Transaction, are contained elsewhere in this Prospectus. The following outlines certain matters that may be relevant to some investors. It does not purport to be a comprehensive list of regulatory matters that pertain to investors. All investors are responsible for analysing their own regulatory position. In particular, please refer to 1.1 *Prospective investors* and 4 *Risk factors* for further information.

21.1 EU and UK securitisation frameworks

21.1.1 EU Securitisation Framework

From 1 January 2019, Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 (as amended before, and in force on, the Closing Date, excluding any national measures by any member state of the EU, the **EU Securitisation Regulation**) and the associated Regulation (EU) 2017/2401 (together, including, without limitation, subordinate legislation regulatory technical standards, the **EU Securitisation Framework**) began to apply to any securitisations issued from that date, subject to various transitional provisions.

The EU Securitisation Framework applies to this Transaction. Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules made at the national level), where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes.

21.1.2 UK Securitisation Framework

From 1 November 2024, a recast securitisation regime was introduced in the UK comprising (a) the Securitisation Regulations 2024 (SI 2024/102), as amended (the **UK SR 2024**), (b) the Securitisation Part of the rulebook of published policy of the Prudential Regulation Authority of the Bank of England (the **UK PRA SR**) and (c) the securitisation sourcebook of the FCA Handbook (the **UK SECN**) (collectively, including, without limitation, subordinate legislation regulatory technical standards, the **UK Securitisation Framework**).

21.1.3 Basis of and limitations applicable to compliance with UK Securitisation Framework

The obligations of the Issuer and the Risk Retention Holder to comply with aspects of the UK Securitisation Framework (some of which are indicated in this section 21 *Certain regulatory aspects of securitisation*) are only on the following basis (the **Restricted Basis**):

(a) such obligations are strictly contractual pursuant to the terms of the applicable Transaction Documents containing such obligations and only relate to the UK Securitisation Framework as in effect and interpreted on the Closing Date and, to the extent that the UK Securitisation Framework (as in effect and interpreted on the Closing Date) is amended, a change in interpretation is introduced or new rules are introduced in relation to the UK Securitisation Framework (as in effect and interpreted on the Closing Date), in each case, following the Closing Date, the Issuer and the Risk Retention Holder will be under no obligation to comply with such amendments, change(s) in interpretation or new rules unless such amendments, change(s) in interpretation or new rules is favourable to the position of the Issuer and the Risk Retention Holder as at the time they become effective; and

(b) such obligations may, in due course, be satisfied by compliance with, as applicable, an EU Equivalent Requirement.

EU Equivalent Requirement means at any time in relation to any requirement at that time under the UK Securitisation Framework, the Framework Administrator is able to certify, and has certified, to the Issuer and the Note Trustee that a competent UK authority has confirmed that such requirement will be satisfied by compliance with a corresponding requirement under the EU Securitisation Framework due to the application of an equivalency regime or similar analogous concept.

21.1.4 EU and UK Affected Investors

Each **Securitisation Framework** (being, as applicable, the EU Securitisation Framework and the UK Securitisation Framework) implements the revised securitisation framework developed by the Basel Committee, as well as revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation) and due diligence requirements imposed:

(a) by the EU Securitisation Framework on specified investors in a securitisation (each an **EU Affected Investor**), being each of: (1) EU-regulated credit institutions, (2) EU-regulated investment firms, (3) certain alternative investment fund managers which manage and/or market alternative investment funds in the EU, (4) EU regulated insurers or reinsurers, (5) certain investment companies authorized in accordance with Directive 2009/65/EC, (6) managing companies as defined in Directive 2009/65/EC, (7) institutions for occupational retirement provision falling within the scope of Directive (EU) 2016/2341 (subject to certain exceptions), and (8) certain investment managers and authorised entities appointed by such institutions subject; and

(b) by the UK Securitisation Framework on specified investors in a securitisation (each a **UK Affected Investor**), being each of (subject to certain conditions and exceptions): (1) insurance undertakings and reinsurance undertakings as defined in the FSMA; (2) trustees or managers of an occupational pension scheme as defined in the FSMA, and certain fund managers appointed under the UK Pensions Act 1995 in respect of such schemes; (3) alternative investment fund managers as defined in the UK Alternative Investment Fund Managers Regulations 2013 with permission under Part 4A of FSMA (in respect of managing an alternative investment fund), who market or manage alternative investment funds in the UK (and additionally, small registered UK alternative investment fund managers as defined in the UK Alternative Investment Fund Managers Regulations 2013); (4) UCITS as defined in the FSMA, which are authorized open ended investment companies as defined in the FSMA, and management companies as defined in the FSMA; (5) FCA investment firms as defined in Regulation (EU) No 575/2013 as it forms part of UK domestic law by virtue of the EUWA and as amended (the "**UK CRR**"); and (6) CRR firms as defined in the UK CRR (the UK due diligence requirements apply also to certain consolidated affiliates of such CRR firms).

21.1.5 Investor responsibility regarding Securitisation Framework requirements

Each prospective investor is required independently to assess and determine the sufficiency of the information in this Prospectus generally for the purposes of complying with each Securitisation Framework (including, without limitation, the Retention Requirements and the Transparency Rules) and none of the Issuer or any other Transaction Party makes any representation that the information in this Prospectus 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 each Securitisation Framework as applicable in such Noteholder's 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.

For more information as to some risks arising from the Securitisation Framework requirements please see 4.6.3 *Regulatory requirements in relation to aspects of securitisation.*

21.2 EU and UK risk retention requirements

21.2.1 Retention Requirements

Each Securitisation Framework includes a risk retention requirement (the **Retention Requirement**):

(a) being in the case of the EU Securitisation Framework, the requirement under Article 6(1) of the EU Securitisation Regulation (which does not take into account any national measures) to hold a material net economic interest of not less than 5 per cent. in the securitisation (the "**EU Retention Requirement**"), and

(b) being in the case of the UK Securitisation Framework, the requirement, subject to the Restricted Basis, under UK SECN 5.2.1R and Article 6(1) of Chapter 2 of, together with Chapter 4 of, the UK PRA SR to hold a material net economic interest of not less than 5 per cent. in the securitisation (the **UK Retention Requirement**).

21.2.2 EU and UK risk retention undertakings

The Risk Retention Holder, as an originator within the meaning of the EU Securitisation Regulation and, subject to the Restricted Basis, as an originator within the meaning of the UK Securitisation Framework, will undertake to the Issuer and the Note Trustee in the Subordinated Note Facility Agreement, that for so long as required by either Securitisation Framework (but subject to the Restricted Basis in respect of the UK Securitisation Framework) it will:

(a) satisfy the Retention Requirement in respect of that Securitisation Framework on an ongoing basis by holding and retaining on an ongoing basis the applicable Retained Interest;

(b) comply with the applicable disclosure obligations described in Article (7)(1)(e)(iii) of the EU Securitisation Regulation and, subject to the Restricted Basis, UK SECN 6.2.1R(5)(c) and Article (7)(1)(e)(iii) of Chapter 2 of the UK PRA SR by confirming the risk retained by the Risk Retention Holder (including which of the modalities provided for in Article 6(3) of the EU Securitisation Regulation and, subject to the Restricted Basis, UK SECN 5.2.8R(1) and Article 6(3) of Chapter 2 of the UK PRA SR has been applied) through the provision of the information in this Prospectus and disclosure in the Investor Report (as prepared by the Cash Administrator), provided that the Risk Retention Holder will not be in breach of this 21.2.2(b) if it fails to so comply due to events, actions or circumstances beyond its control;

(c) not change the manner in which it retains the applicable Retained Interest from the Closing Date, except to the extent permitted in accordance with the applicable Securitisation Framework, and notify as soon as reasonably practicable any such change to the Note Trustee (on behalf of the Noteholders), the Asset Special Servicer and the Cash Administrator;

(d) not enter into any credit risk mitigation, short position or any other hedge or sale with respect to applicable Retained Interest, except to the extent permitted in accordance with the applicable Securitisation Framework; and

(e) promptly notify the Issuer, the Cash Administrator and the Note Trustee (on behalf of the Noteholders) if for any reason it ceases to hold the applicable Retained Interest in accordance with the requirements of the applicable Securitisation Framework or otherwise fails to comply with its undertakings in 21.2.2(a) to 21.2.2(e).

21.2.3 **Retained Interest**

Retained Interest means:

(a) the holding and retention of the first loss tranche and other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total not less than 5% of the nominal value of the securitised exposures in accordance with Article 6(3)(d) of the EU Securitisation Regulation and, subject to the Restricted Basis, UK SECN 5.2.8R(1)(d) and Article 6(3)(d) of Chapter 2 of the UK PRA SR respectively by holding and retaining Z Notes having a Note Initial Principal Amount of at least EUR 29,599,359.52, being 5% of the aggregate Loan Principal Balance of all Loans in respect of the Mortgage Certificates and Non-Mortgage Loan Sub-participations in the Portfolio as at the Closing Date (being the manner in which the Risk Retention Holder holds and retains the applicable Retained Interest from the Closing Date); or

(b) (if applicable) such other type of holding that satisfies the Retention Requirement in respect of the applicable Securitisation Framework in accordance with 21.2.2(c).

21.2.4 **Change in respect of Retained Interest**

The Risk Retention Holder may sell, assign or transfer the Retained Interest to any party if such sale, assignment, assignation or transfer is permitted by each applicable Securitisation Framework and that party gives the same representations, warranties and undertakings and agreeing to the same obligations as set out in 21.2.2(a) to 21.2.2(e) and certain other representations, warranties and undertakings set out in the Subordinated Note Facility Agreement.

21.3 EU and UK transparency and reporting requirements

21.3.1 **Transparency Rules**

Each Securitisation Framework includes transparency requirements (the **Transparency Rules**):

(a) being in the case of the EU Securitisation Framework, the transparency requirements set out in Article 7 of the EU Securitisation Regulation (the **EU Transparency Rules**), and

(b) being in the case of the UK Securitisation Framework, the transparency requirements set out in Article 7 of Chapter 2 of the UK PRA SR, Chapter 5 of the UK PRA SR (including its Annexes) and Chapter 6 of the UK PRA SR (including its Annexes) (the **UK PRA Transparency Rules**) and UK SECN 6, UK SECN 11 (including its Annexes) and UK SECN 12 (including its Annexes) (the **UK FCA Transparency Rules** and, together with the UK PRA Transparency Rules, the **UK Transparency Rules**),

together with, in each case, the relevant regulatory and implementing technical standards, including the standardised templates adopted by ESMA or, as applicable, the FCA which set out the form in which the relevant reporting entity is required to comply with certain of the periodic reporting requirements.

21.3.2 **Compliance with Transparency Rules**

Whilst the Issuer (as an 'SSPE' for the purposes of each Securitisation Framework) and the Risk Retention Holder (as 'originator' for the purposes of each Securitisation Framework) remain responsible for the provision of the required information to the relevant recipients designated under the applicable Transparency Rules (but subject to the Restricted Basis in respect of the UK Transparency Rules), in the Subordinated Note Facility Agreement the Issuer and the Risk Retention Holder will agree that, for the purposes of Article 7(2) of the EU Securitisation Regulation and, subject to the Restricted Basis, SECN 6.3.1R and Article 7(2) of Chapter 2 of the UK PRA SR respectively, the Issuer is the designated entity under each Securitisation Framework to fulfil the information requirements of that Securitisation Framework (but subject to the Restricted Basis in respect of the UK Securitisation Framework).

The Issuer has delegated certain of its obligations under both sets of Transparency Rules to the Asset Special Servicer under the Asset Services Agreement and appointed the Cash Administrator to assist with certain of its obligations under the Cash Administration Agreement.

The Issuer shall make available the information required by both sets of Transparency Rules (but subject to the Restricted Basis in respect of the UK Transparency Rules) by means of the EU Information Repository. As at the date of this Prospectus, the EU Information Repository is SecRep B.V. (via its website at www.secrep.eu) being a securitisation repository registered in accordance with Article 10 of the EU Securitisation Regulation. In particular, the Issuer will procure that the Cash Administrator will:

(a) **Investor Report**

from the Closing Date publish each quarter a report (prepared by the Cash Administrator) in respect of each Interest Period (each an **Investor Report**), to the extent then required by and in accordance with under Article 7(1) of the EU Securitisation Regulation and, subject to the Restricted Basis, Article 7(1)(e) of Chapter 2 together with Chapter 5 (including its Annexes) and Chapter 6 (including its Annexes) of the UK PRA SR and UK SECN 6.2.1R(5), UK SECN 11 (Annex 12) and UK SECN 12.3 (including its Annexes));

(b) **Loan-by-Loan Report**

from the Closing Date publish each quarter a report (prepared by the Asset Special Servicer) containing certain loan-by-loan information in relation to the Loans relating to the Mortgage Certificates and/or Non-Mortgage Loan Sub-participations in the Portfolio in respect of each Collection Period (each a **Loan-by-Loan Report**), to the extent then required by and in accordance with Article 7(1) of the EU Securitisation Regulation and, subject to the Restricted Basis, Article 7(1)(a) of Chapter 2 together with Chapter 5 (including its Annexes) and Chapter 6 (including its Annexes) of the UK PRA SR and UK SECN 6.2.1R(1) and UK SECN 11 (including its Annexes) and UK SECN 12 (including its Annexes);

(c) **Inside Information and Significant Event Report**

publish at any required time, without delay, any report (prepared by the Issuer or Asset Special Servicer with the assistance of Cash Administrator on the instructions of the Issuer) (each an **Inside Information and Significant Event Report**) as to:

(1) any inside information relating to the Issuer which the Issuer determines it is obliged to make in accordance with Article 17 of Regulation (EU) No. 596/2014 on market abuse to the extent then required by and in accordance with Article 7(1)(f) of the EU Securitisation Regulation and, subject to the Restricted Basis, is so far as that Regulation forms part of domestic law in the United Kingdom to the extent then required by and in accordance with the UK Transparency Rules, and will be disclosed to the public by the Issuer (or the Framework Administrator on its behalf); and/or

(2) any significant event to the extent then required by and in accordance with Article 7(1)(g) of the EU Securitisation Regulation and, subject to the Restricted Basis, the UK Transparency Rules;

(d) **Prospectus and Transaction Documents**

make available, within 15 days of the issuance of the Notes, copies of this Prospectus and the relevant Transaction Documents; and

(e) **Pre-pricing information**

make available any information required to be made available prior to pricing of the Notes to potential investors in the Notes pursuant to Article 7 of the EU Securitisation Regulation and, subject to the Restricted Basis, the UK Transparency Rules,

in each case through the EU Information Repository in the manner prescribed as at the applicable time under the EU Securitisation Framework, and those reports and documents will be available to the Noteholders, relevant competent authorities and, upon request, to potential investors in the Notes through the EU Information Repository.

In addition, the Issuer will procure that Cash Administrator will also publish on the Transaction Information Website all the information that it submits to the EU Information Repository (see 1.2.3 *Post issuance transaction reporting*).

Pursuant to the European Union (General Framework for Securitisation and Specific Framework for Simple, Transparent and Standardised Securitisation) Regulations 2018 of Ireland, an originator, sponsor and securitisation special purpose entity must make a notification to the Central Bank (being the competent authority in Ireland under those Regulations) within 15 working days of the issue of the Notes. Such notification shall be in the manner prescribed in section 6 of those Regulations, as supplemented by certain guidance issued by the Central Bank. The Issuer has confirmed that it will make such a notification in accordance with those Regulations.

21.4 No EU or UK STS Securitisation designation or notification

Each Securitisation Framework makes provision for a securitisation transaction to be designated a simple, transparent and standardised transaction for the purposes of the applicable Securitisation Framework (being, in relation to the applicable Securitisation Framework, an **STS Securitisation**) and provides that such securitisation transactions should be subject to more favourable regulatory treatment, including reduced risk weightings for credit institution and investment firm investors.

In order to obtain this designation in relation to a securitisation transaction, it needs to comply with the requirements set out in Articles 20, 21 and 22 of the EU Securitisation Regulation or, as applicable, UK SECN 2 and one of the originator or sponsor in relation to such securitisation transaction needs to file a notification to ESMA or, as applicable, the FCA confirming the compliance of the relevant securitisation transaction with those requirements.

The Issuer and the Risk Retention Holder have not designated, and do not intend to designate, the Transaction as an STS Securitisation under either Securitisation Framework and the Risk Retention Holder has not made, and does not intend to make, any notification under Article 27(1) of the EU Securitisation or UK SECN 2.5 in respect of the Transaction.

For more information as to the risks specific to the Issuer and/or holding of the Notes not being and not being expected to be designated as a STS Securitisation under either Securitisation Framework, please see 4.6.3(f) *Not a simple, transparent and standardised securitisation*.

21.5 Other EU or UK Securitisation Framework aspects

21.5.1 Notes are not part of a re-securitisation

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

21.5.2 Self-certified loans

The EU Securitisation Framework bans the securitisation of residential mortgage loans made after the entry into force of Directive 2014/17/EU which had been marketed and underwritten on the premise that the loan applicant or, where applicable, intermediaries were made aware that the information provided by the loan applicant might not be verified by the lender (and the UK Securitisation Framework includes a corresponding ban). The Seller has represented that none of the Mortgage Loans relating to the Mortgage Certificates in the Portfolio are self-certified loans originated on or after 21 March 2016 (being the date when Directive 2014/17/EU was implemented in Ireland (by way of the European Union (Consumer Mortgage Loan Agreements) Regulations 2016 S.I. No. 142 of 2016). See 11.5.2(u) *Asset Warranties given by the Seller*.

21.5.3 Credit-granting criteria

The same sound and well defined criteria for credit-granting was applied by the relevant Originator to the exposures in the Portfolio as the criteria which was applied to exposures originated by the relevant

Originator that are not included in the Portfolio. The same clearly established processes for approving and, where relevant, amending, renewing and refinancing credits were applied by the relevant Originator as to exposures originated by the relevant Originator that are not included in the Portfolio and that the relevant Originator had effective systems in place to apply those criteria and processes in order to ensure that credit-granting was based on a thorough assessment of the obligor's creditworthiness taking appropriate account of factors relevant to verifying the prospect of the obligor meeting his obligations under the relevant credit agreement. See 11.5.2(p) *Asset Warranties given by the Seller*.

21.6 U.S. risk retention

21.6.1 U.S. Retention Rules

The credit risk retention regulations implemented by the United States Securities Exchange Commission pursuant to Section 15G of the U.S. Exchange Act, as amended (the **U.S. Retention Rules**) generally require the 'sponsor' of a 'securitization transaction' (as defined by the U.S. Retention Rules) to acquire and retain (either directly and/or through one of its 'majority-owned affiliates' (as defined by the U.S. Retention Rules)) at least 5% of the credit risk of the 'securitized assets' (as defined by the U.S. Retention Rules) of the Issuer (the **U.S. Retained Interest**). As such 'sponsor' in relation to the Transaction, the Risk Retention Holder (in such capacity, the **U.S. Retention Holder**) intends to comply with the requirements of the U.S. Retention Rules by designating itself and/or one of its majority-owned affiliates as the entity that will acquire on the Closing Date and retain the U.S. Retained Interest in the form of an eligible horizontal residual interest (an **EHRI**) in an amount equal to at least 5% of the fair value of the 'ABS interests' (being Z Notes having a Note Initial Principal Amount of at least EUR 29,599,359.52 and all of the X Notes) as determined under U.S. generally accepted accounting principles (**U.S. GAAP**).

The U.S. Retention Holder is obliged by the U.S. Retention Rules to retain, either directly and/or through one of its majority-owned affiliates, the U.S. Retained Interest from the Closing Date until the earlier of:

(a) the later of:

  (1) the 5th anniversary of the Closing Date; and

  (2) the date on which the aggregate unpaid Loan Current Balance of the Loans has been reduced to 25% of the aggregate unpaid Loan Current Balance of the Loans as of the Closing Date; or

(b) the 7th anniversary of the Closing Date (the **Sunset Date**). In order to satisfy this obligation, the U.S. Retention Holder will retain, either directly and/or through one of its majority-owned affiliates, the U.S. Retained Interest through the Sunset Date.

Until the Sunset Date, the U.S. Retention Rules impose limitations on the ability of the U.S. Retention Holder (or its majority-owned affiliate) during such period to dispose of or hedge its risk with respect to the U.S. Retained Interest.

Prior to the Sunset Date, any financing obtained by the U.S. Retention Holder (or its majority-owned affiliate) during such period to purchase or carry the U.S. Retained Interest that is secured by the U.S. Retained Interest must provide for full recourse to the U.S. Retention Holder (or its majority-owned affiliate) and otherwise comply with the U.S. Retention Rules. In addition, prior to the Sunset Date, the U.S. Retention Holder (or its majority-owned affiliate) may not engage in any hedging transactions if payments on the hedge instrument are materially related to the U.S. Retained Interest and the hedge position would limit the credit exposure of the U.S. Retention Holder or its majority-owned affiliate to the U.S. Retained Interest. The retention, financing and hedging limitations set forth in the U.S. Retention Rules will not apply to any Notes held by the U.S. Retention Holder that do not constitute part of the U.S. Retained Interest.

The U.S. Retention Holder, directly and/or through one of its majority-owned affiliates, will acquire and, to the extent required, retain through the Sunset Date an EHRI by retaining Z Notes having a Note Initial Principal Amount of at least EUR 29,599,359.52 and all of the X Notes, the aggregate fair value of which is at least 5% of the fair value of all of the Notes issued by the Issuer as of the Closing Date, as described below. To the extent that the U.S. Retention Holder, directly and/or through one of its majority-owned affiliates, holds an interest in the Notes greater than the amount required for an EHRI, such amount of the interest that exceeds the EHRI requirement may, at any time, be transferred to any third party or an affiliate without affecting its compliance with the U.S. Retention Rules.

For more information as to the risks specific to the Issuer and/or holding of the Notes arising from the U.S. Retention Rules, please see 4.6.3(c) *Certain risks relating to the U.S. Retention Rules* and 4.6.3(d) *Raising of financing against Notes held by Risk Retention Holder for risk retention*.

21.6.2 **Fair value of the U.S. Retained Interest**

(a) **Estimated range of fair values of each class of Notes**

The U.S. Retention Holder has determined an estimated fair value or range of fair values of each Class of Notes, including the EHRI, using a fair value measurement framework under U.S. GAAP.

The estimated fair value or range of fair values of each class of Notes (other than the X Notes) is summarised below, which is subject to certain assumptions (see 21.6.2(b) *Valuation methodology and assumptions, structuring assumptions and discount rate*) and uncertainties (see 21.6.2(d) *Disclaimer regarding estimates of the fair value of the Notes*) and may be updated after the Closing Date (see 21.6.2(c) *Post-Closing Date fair values disclosure*):

Class of Notes	Range of Fair Values (€)	Range of Fair Values as a Percentage of Par of Class of Notes (%)	Fair Values (as a % of all ABS interests issued)
A Loan Notes and A Notes	366,454,817 – 372,254,818	98.92 – 100.48	70.78%
B Notes	32,213,262 – 33,091,725	98.25 – 100.93	6.26%
C Notes	23,361,637 – 24,096,163	98.08 – 101.16	4.55%
D Notes	13,444,654 – 13,922,119	97.91 – 101.39	2.62%
E Notes	10,963,974 – 11,390,911	97.81 – 101.62	2.14%
F Notes	6,021,191 – 6,278,687	97.67 – 101.84	1.18%
Z Notes	57,969,434 – 73,176,713	53.21 – 67.16	12.47%

As of the Closing Date, the estimated fair value of the U.S. Risk Retained Interest as a percentage of the fair value of all ABS Interests issued by the Issuer as of the Closing Date is expected to be at least 5%.

In measuring the estimated fair value or range of fair values, the U.S. Retention Holder used observable and unobservable inputs and their significance in measuring the estimated fair value or range of fair values are reflected in the hierarchy assessment, with Level 1 inputs favoured over Level 3 inputs. Such measurements are subject to certain assumptions (see 21.6.2(b) *Valuation methodology and assumptions, structuring assumptions and discount rate*) and uncertainties (see 21.6.2(d) *Disclaimer regarding estimates of the fair value of the Notes*) and may be updated after the Closing Date (see 21.6.2(c) *Post-Closing Date fair values disclosure*).

- Level 1 inputs – include quoted prices for identical instruments and are the most observable;
- Level 2 inputs – include quoted prices for similar instruments and observable inputs such as interest rates and yield curves; and
- Level 3 inputs – include data not observable in the market and reflect management judgment about the assumptions market participants would use in pricing the instrument.

The estimated fair values or range of fair values of the Rated Notes are categorised within Level 1 or Level 2 of the hierarchy, reflecting factors including the Interest Margins for such Notes and inputs derived from bona fide estimates of the yields, interest rates and prices at which such classes of Notes would be purchased by third-party investors, repurchase lenders or prices for similar instruments. The estimated fair value or range of fair values of in respect of the Unrated Notes is categorised within Level 3 of the hierarchy as inputs to the fair value calculation are generally not observable in the market and reflect the U.S. Retention Holder's assumptions about the considerations that other market participants would employ in evaluating such Unrated Notes.

(b) **Valuation methodology and assumptions, structuring assumptions and discount rate**

To determine the estimated fair values or range of fair values of the Notes, a discounted cash flow method was utilised, which derives an estimate of value based on the present value of the expected future cash flows of the transaction.

Key modelling assumptions were first derived in order to project future cash flows to the transaction by evaluating certain characteristics of the transaction such as structure and collateral composition.

A variety of assumptions are necessary to project the future performance of the collateral when valuing comparable transactions, including prepayment rates, default rates, recovery amounts and recovery timelines.

In general, the valuation assumptions were informed by research reports, discussions with active market participants and representatives of the U.S. Retention Holder, historical collateral performance of issuer deals and comparable deals, and other research and analyses.

After deriving collateral cash flow assumptions, future cash flows on the Notes were projected using a commercially available cash flow modelling application.

In considering collateral assumptions for the transaction, the collateral composition of the underlying portfolio was considered, as well as various scenarios involving defaults and prepayment sensitivities, recovery haircuts and timing delays.

The estimated fair values or range of fair values of the Notes was determined based on the EAL Modelling Assumptions set forth under 16 *Estimated average lives of the Notes* under the pricing 'first scenario' set out therein with (1) the following differences: a constant default rate of 2.50%, loss severity of 20% and recovery lag of 24 months, and (2) where applicable, a call at the earliest date possible assuming proceeds equal to 100% of the Loan Principal Balance of the Portfolio, otherwise no call.

The expected cash flows of the Notes were then discounted at an appropriate discount rate range consistent with market required rate of returns for similar securities.

The discount rate ranges applied to the Rated Notes were generally informed by market research, previously issued re-performing and non-performing mortgage loan transactions, and discussions with active market participants. Additionally, pricing on these Notes was informed by bank syndicate desk colour on similar rated notes, given their relative coupon spread and credit support thickness, and other factors. These Notes were discounted at a discount margin to their corresponding coupon reference index (3 month EURIBOR).

The selected discount margins for the Notes comprised within the U.S. Risk Retained Interest were also generally informed by market research, previously issued re-performing and non-performing mortgage loan transactions and discussions with active market participants, taking also into account the observed market colour for the more senior Notes given their relative coupon spread and credit support thickness. These Notes were discounted at a discount margin to their corresponding coupon reference index (3 month EURIBOR).

Class of Notes	Range of Discount Margins to Optional Redemption Date (bps) / Yield to Maturity (%)
A Loan Notes and A Notes	125 bps – 75 bps
B Notes	180 bps – 120 bps
C Notes	235 bps – 165 bps
D Notes	290 bps – 210 bps
E Notes	395 bps – 305 bps
F Notes	450 bps – 350 bps
Z Notes	20.0% – 15.0%

The U.S. Retention Holder believes that the inputs and assumptions described above include the inputs and assumptions that could have a material impact on the fair value calculation or a prospective Noteholder's ability to evaluate the fair value calculation. The estimated fair value or range of fair values of the Notes were calculated based on the assumptions described above, including assumptions regarding the characteristics and performance of the Portfolio that likely will differ from the actual characteristics and performance of the Portfolio, and are subject to certain assumptions (see 21.6.2(b) *Valuation methodology and assumptions, structuring assumptions and discount rate*) and uncertainties (see 21.6.2(d) *Disclaimer regarding estimates of the fair value of the Notes*) and may be updated after the Closing Date (see 21.6.2(c) *Post-Closing Date fair values disclosure*).

(c) **Post-Closing Date fair values disclosure**

On the first Payments Date following the Closing Date, a statement will be released with valuations prepared by the U.S. Retention Holder that will set forth the following information:

- the fair value, expressed as a percentage of the fair value of all of the Notes issued by the Issuer on the Closing Date, of the U.S. Retained Interest retained pursuant to the EHRI by the U.S. Retention Holder as of the Closing Date, based on actual sale prices and finalised tranche sizes;

- the fair value, expressed as a percentage of the fair value of all of the Notes issued by the Issuer on the Closing Date, of the U.S. Retained Interest retained pursuant to the EHRI that the U.S. Retention Holder is required to retain under the U.S. Retention Rules; and
- to the extent the valuation methodology or any of the key inputs and assumptions that were used in calculating the fair values as disclosed herein materially differs from the methodology or key inputs and assumptions used to calculate the fair value on the Closing Date, descriptions of those material differences.

(d) **Disclaimer regarding estimates of the fair value of the Notes**

Estimates of the fair value of the Notes involve a significant degree of subjective judgement and, as a result, are inherently uncertain. The estimated fair values, and description of inputs and assumptions used to derive such estimated fair values, are forward-looking statements being included in this Prospectus solely for purposes of satisfying the disclosure requirements of the U.S. Retention Rules and should not be relied upon by any person for any other purpose, including for purposes of making an investment decision in the Notes or in assessing the value or future value of any of the Notes (see 1.5 *Forward-looking statements* and 1.6 *Statistical Information*).

Such fair value determinations involve uncertainties and matters of significant judgement on the part of the U.S. Retention Holder, and the U.S. Retention Holder has made its own assumptions and determinations in order to establish fair value. Any such assumptions and determinations may be difficult to make and are inherently uncertain.

Moreover, any value (or range of values) assigned by the U.S. Retention Holder will only be an estimate as of a certain date, which is subject to uncertainties and contingencies, all of which are difficult to predict and beyond the control of the U.S. Retention Holder. Some factors that could cause actual results to differ materially from the information appearing in this section include the ultimate rating and pricing levels on the Notes, rates and timing of defaults, delinquencies, recoveries and prepayments on the Loans, changes in interest rates or exchange rates, as well as market, financial and/or legal uncertainties. As a result, any such values (or range of values) are not intended to be, and should not be construed in any respect as, a guarantee of value or a statement as to the prices at which the Notes may actually be sold.

Given the uncertainty and subjectivity associated with determining the fair value of the Notes, there is and can be no assurance that the value (or range of values) assigned by the U.S. Retention Holder will accurately reflect the actual market value of the Notes, and it is possible that the fair value as determined by the U.S. Retention Holder for any Notes will be materially different from quoted or published prices, from the fair value determinations made by other persons for the same Notes and/or from the actual value that could be or is realised upon the sale of such Notes.

Prospective investors are advised that any information under 21 *Certain regulatory aspects of securitisation* is not intended by the U.S. Retention Holder or any of its affiliates, and should not be construed, to be investment advice with respect to the merits of any Notes or the transactions described in this Prospectus, the suitability of investing in any Notes or any investment decision being considered by any prospective investor, or a recommendation to buy or sell any Notes.

No Transaction Party other than the U.S. Retention Holder will be charged with knowledge of any U.S. Retention Rules, nor will any Transaction Party other than the U.S. Retention Holder be responsible for monitoring, confirming or enforcing any U.S. Retention Rules applicable to the transaction. No Transaction Party other than the U.S. Retention Holder will be liable to any Noteholder or other party for violation of such rules now or hereinafter in effect. No Transaction Party other than the U.S. Retention Holder assumes any responsibility for the U.S. Retention Holder's compliance with the U.S. Retention Rules.

21.7 Rule 15Ga-2 under the U.S. Exchange Act

On 27 August 2014, the SEC approved rules and issued a release regarding third-party due diligence reports. The release relates primarily to Rule 15Ga-2 and Rule 17g-10 under the U.S. Exchange Act, each of which became effective on 10 June 2015. Rule 15Ga-2 requires any issuer or underwriter of asset-backed securities (including, for this purpose, securitisations of residential and commercial mortgage loans as well as other asset classes) rated by a NRSRO to furnish a form (a Form ABS-15G) via the SEC's EDGAR database describing the findings and conclusions of any third-party due diligence report obtained by an issuer or an underwriter, at least five business days prior to the first sale of the asset-backed securities. The filing requirements apply to both publicly registered offerings and unregistered securitisations of assets

offered within the United States such as those relying on Rule 144A. A third party due diligence report is any report containing findings and conclusions relating to due diligence services, which are defined as a review of pool assets for the purposes of issuing findings on: (a) the accuracy of the asset data; (b) determining whether the assets conform to stated underwriting standards; (c) asset value(s); (d) legal compliance by the originator; and (e) any other factor material to the likelihood that the issuer will pay interest and principal as required. These due diligence services are routinely provided by third-party due diligence vendors in asset-backed securities structured transactions and affect their credit ratings.

A Form ABS-15G containing diligence findings and conclusions with respect to a third party due diligence report prepared for the purpose of the transaction contemplated by this Prospectus was prepared and furnished by the U.S. Retention Holder (as sponsor in relation to the Transaction) no later than five U.S. business days prior to the pricing date and is publicly available on the SEC's EDGAR database using the U.S. Retention Holder's CIK number, which is 0002039388. Any such Form ABS-15G is not and will not be, by this reference or otherwise, incorporated into this Prospectus and should not be relied upon by any prospective investor as a basis for making a decision to invest in any Notes. Prospective investors should rely exclusively on this Prospectus in making their investment decisions.

21.8 Rule 17g-5 under the U.S. Exchange Act

In order to permit the Rating Agencies to comply with their obligations under Rule 17g-5 under the U.S. Exchange Act, all information that is provided to the Rating Agencies for the purposes of determining the initial credit ratings of the Notes or undertaking credit rating surveillance of the Notes will be posted on a password-protected internet website, at the same time such information is provided to the Rating Agencies. Any notices or requests to, or any other written communications with or written information provided to, the Rating Agencies, or any of their officers, directors or employees pursuant to, in connection with or related directly or indirectly to the Portfolio, the Notes or otherwise in connection with the transaction described in this Prospectus will be, in each case, posted to that website.

21.9 Rating Agencies

S&P and KBRA are respectively expected to assign ratings to the Rated Notes on or before the Closing Date. As of the date of this Prospectus, each of S&P and KBRA is a credit rating agency established in the European Union and registered under the EU Credit Rating Agencies Regulation and ESMA is obliged to maintain on its website, https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation (the contents of that website do not form part of this Prospectus and are not incorporated by reference into this Prospectus), a list of credit rating agencies registered and certified in accordance with the EU Credit Rating Agencies Regulation. That list must be updated within five working days of the ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the EU Credit Rating Agencies Regulation. Therefore, that list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated list by ESMA.

The ratings that S&P is expected to assign to the Rated Notes on or before the Closing Date will be endorsed by S&P Global Ratings UK Limited and the ratings that KBRA is expected to assign to the Rated Notes on or before the Closing Date will be endorsed by Kroll Bond Rating Agency UK Limited. As of the date of this Prospectus, each of S&P Global Ratings UK Limited and Kroll Bond Rating Agency UK Limited is a credit rating agency established in the United Kingdom and registered under the UK Credit Rating Agencies Regulation and the FCA is obliged to maintain on its website, https://data.fca.org.uk/#/cra/cradetails (the contents of that website do not form part of this Prospectus and are not incorporated by reference into this Prospectus), a list of credit rating agencies registered and certified in accordance with the UK Credit Rating Agencies Regulation. That list must be updated within five working days of the FCA's adoption of any decisions to withdraw the registration of a credit rating agency under the UK Credit Rating Agencies Regulation. Therefore that list is not conclusive evidence of the status of the relevant rating agency as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated list by the FCA.

See 4.1.15 *Ratings of the Notes*, 4.1.16 *Rating Certificates effective notwithstanding absence of response etc from Rating Agency* and 4.6.5 *Requirements as to status of credit rating agencies providing ratings* for some risks and warnings relating to credit rating agencies and ratings.

22. Certain Ireland tax aspects

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the Investment Notes and some other miscellaneous tax matters based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Noteholders who beneficially own their Investment Notes as an investment and who are not associated with the Issuer (otherwise than by virtue of holding the Investment Notes). Particular rules not discussed below may apply to certain classes of taxpayers holding Investment Notes, such as dealers in securities, trusts, etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only and does not discuss all aspects of Irish taxation that may be relevant to any particular holder of Investment Notes. Prospective investors in the Investment Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Investment Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Prospective investors are referred to 1.1 *Prospective investors* (including, without limitation, section 1.1.6 *Prospective investors responsible for their own taxes*). In particular, prospective investors should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Investment Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Ireland.

22.1 Irish withholding tax

In general, tax at the standard rate of income tax (currently 20%) is required to be withheld from payments of Irish source interest, which should include interest payments on the Investment Notes.

The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on an Investment Note so long as the following conditions are met:

(a) the Investment Notes are quoted Eurobonds (**Quoted Eurobonds**), i.e. securities which are issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the official list and the London Stock Exchange plc's main market) and which carry a right to interest; and

(b) the person by or through whom the payment is made is not in Ireland, or if such person is in Ireland, either:

  (1) the Quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear and Clearstream, Luxembourg are, among others, so recognised); or

  (2) the person who is the beneficial owner of the Quoted Eurobond and who is beneficially entitled to the return payable on the Quoted Eurobond is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form; and

(c) one of the following conditions is satisfied:

  (1) the return payable on the relevant Investment Notes is not to any extent dependent on the results of the Issuer's business (or part of the Issuer's business) and does not exceed a reasonable commercial rate of return for the use of the principal advanced under the relevant Investment Note; or

  (2) the Noteholder is resident for tax purposes in Ireland or a person within the charge to Irish corporation tax on receipt of the return payable on the relevant Investment Notes; or

  (3) the Noteholder is subject, without any reduction computed by reference to the amount of such interest, premium or other distribution, to a tax in an EU Double Tax Treaty State which generally applies to profits, income or gains received in that territory, by persons, from sources outside that territory; or

  (4) the Noteholder is not a company which, directly or indirectly, controls the Issuer, is controlled by the Issuer, or is controlled by a third company which also directly or indirectly controls the Issuer (where control includes an ability to participate in the financial and operating decisions of the Issuer where that ability is coupled with ownership of more than 20% of the issued share capital, of the principal value of profit participating financial instruments or financial instruments with a return in excess of a commercial return for the use of the principal issued by the Issuer (or

ownership of any such instruments where they have no principal) or of the return on such financial instruments), and neither the Noteholder, nor any person connected with the Noteholder, is a person or persons:

(A) from whom the Issuer has acquired assets;

(B) to whom the Issuer has made loans or advances;

(C) to whom loans or advances held by the Issuer were made; or

(D) with whom the Issuer has entered into an Eligible Swap Agreement,

where the aggregate value of such assets, loans, advances or Eligible Swap Agreements represents not less than 75% of the assets of the Issuer; or

(5) at the time of issue of the Investment Notes, the Issuer was not in possession, or aware, of any information which could reasonably be taken to indicate whether or not the beneficial owner of the Investment Notes would be subject to tax in an EU Double Tax Treaty State on any interest payments,

where the expressions:

EU Double Tax Treaty State means a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty; and

Eligible Swap Agreement means any agreement, arrangement or understanding that:

(a) provides for the exchange, on a fixed or contingent basis, of one or more payments based on the value, rate or amount of one or more interest or other rates, currencies, commodities, securities, instruments of indebtedness, indices, quantitative measures, or other financial or economic interests or property of any kind, or any interest therein or based on the value thereof, and

(b) transfers to a person who is a party to the agreement, arrangement or understanding or to a person connected with that person, in whole or in part, the financial risk associated with a future change in any such value, rate or amount without also conveying a current or future direct or indirect ownership interest in an asset (including any enterprise or investment pool) or liability that incorporates the financial risk so transferred.

Thus, so long as the Investment Notes continue to be quoted on a recognised stock exchange and are held in a clearing system recognised by the Irish Revenue Commissioners and one of the conditions set out in 22.1(c) above is met, interest on the Investment Notes can be paid by any paying agent acting on behalf of the Issuer free of any withholding or deduction for or on account of Irish income tax. If the Investment Notes continue to be quoted but cease to be held in a recognised clearing system, interest on the Investment Notes may be paid without any withholding or deduction for or on account of Irish income tax provided such payment is made through a paying agent outside Ireland and one of the conditions set out in 22.1(c) above is met.

22.1.2 Encashment tax

In certain circumstances, Irish tax will be required to be withheld at a rate of 25% from interest on any Quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder in respect of Investment Notes. There is an exemption from encashment tax where (1) the beneficial owner of the interest is not resident in Ireland and has made a declaration to this effect in the prescribed form to the encashment agent or bank; or (2) the beneficial owner of the interest is a company which is within the charge to Irish corporation tax in respect of the interest.

22.2 Stamp duty

No stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Investment Notes provided the Issuer remains a qualifying company (within the meaning of section 110 of the Irish Taxes Consolidation Act) and the proceeds of the Investment Notes are used in the course of the Issuer's business.

22.3 Automatic exchange of information

Irish reporting financial institutions, which may include the Issuer, may have reporting obligations in respect of certain investors under both FATCA and CRS (see below).

22.3.1 **Information exchange and the implementation of FATCA in Ireland**

With effect from 1 July 2014 the Issuer may be obliged to report certain information in respect of U.S. investors (Noteholders) in the Issuer to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

As indicated in 4.7.4 *FATCA*, under FATCA, a 30% U.S. withholding tax may be imposed on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service (**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 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 (which came into operation on 1 July 2014) (the **Irish FATCA Regulations**) implementing the information disclosure obligations Irish financial institutions such as the Issuer are required to report certain information with respect to U.S. account holders and non-financial entities controlled by U.S. persons to the Irish Revenue Commissioners. The Irish Revenue Commissioners will provide that information annually to the IRS. Aside from where the Investment Notes are listed in certain circumstances (see below) the Issuer must obtain the necessary information from investors required to satisfy the reporting requirements whether under the IGA, the Irish FATCA Regulations or any other applicable legislation published in connection with FATCA and such information may be sought from each holder and beneficial owner of the Investment Notes. It should be noted that the Irish FATCA Regulations require the 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. However, to the extent that the Investment Notes are listed on a recognised stock exchange (which includes the London Stock Exchange) with the intention that the interests may be traded or are held within a recognised clearing system which is itself a financial institution under the FATCA, the Issuer should have no reportable accounts in a tax year. In that event, the Issuer will make a nil return for that year to the Irish Revenue Commissioners.

While the IGA and Irish FATCA Regulations should serve to reduce the burden of compliance with FATCA, and accordingly the risk of a FATCA withholding on payments to the Issuer in respect of its assets, no assurance can be given in this regard. As such, Noteholders in respect of Investment Notes should obtain independent tax advice in relation to the potential impact of FATCA before investing.

22.3.2 **Common Reporting Standard**

Common Reporting Standard means the common reporting standard comprised in the Standard for Automatic Exchange of Financial Account Information in Tax Matters approved on 15 July 2014 by the Council of the Organisation for Economic Cooperation and Development and any treaty, law or regulation of any other jurisdiction which facilitates the implementation of that standard including Council Directive 2014/107/EU on the Administrative Cooperation in the Field of Taxation (**EU DAC II**)

The Common Reporting Standard framework was first released by the Organisation for Economic Co-operation and Development in February 2014 as a result of the G20 members endorsing a global model of automatic exchange of information in order to increase tax transparency and on 21 July 2014 it published the Standard and this includes the Common Reporting Standard.

The goal of the Common Reporting Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local reporting financial institutions (as defined) relating to account holders who are tax resident in other participating jurisdictions.

EU DAC II implements measures similar to the Common Reporting Standard in a European context and created a mandatory obligation for all Member States to exchange financial account information in respect of residents in other Member States on an annual basis commencing in 2017 in respect of the 2016 calendar year (or from 2018 in the case of Austria).

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of the Common Reporting Standard, while Sections 891E, 891F and 891G of the Irish Taxes Consolidation Act contain measures necessary to implement the

Common Reporting Standard internationally and across the European Union, respectively. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015, giving effect to the Common Reporting Standard from 1 January 2016, came into operation on 31 December 2015.

Over 95 jurisdictions have committed to exchanging information under the Common Reporting Standard and a group of 50 countries, including Ireland, committed to the early adoption of the Common Reporting Standard from 1 January 2016 (known as the **Early Adopter Group**), with the first data exchanges expected to take place in September 2017. All Member States are members of the Early Adopter Group.

The Irish Revenue Commissioners have issued regulations to implement the requirements of the Common Reporting Standard and EU DAC II into Irish law under which Irish financial institutions (such as the Issuer) will be obliged to make a single return in respect of Common Reporting Standard and EU DAC II. For the purpose of complying with its obligations under Common Reporting Standard and EU DAC II, an Irish financial institution (such as the Issuer) shall be entitled to require Noteholders to provide any information regarding their and, in certain circumstances, their controlling persons' tax status, identity or residence in order to satisfy any reporting requirements which the Issuer may have as a result of Common Reporting Standard and EU DAC II and Noteholders will be deemed, by their 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. The information will be provided to the Irish Revenue Commissioners who will exchange the information with the tax authorities of other participating jurisdictions, as applicable. Failure by an Irish financial institution to comply with its Common Reporting Standard and EU DAC II obligations may result in the Issuer being deemed to be non-compliant in respect of its Common Reporting Standard obligations and monetary penalties may be imposed on a non-compliant local reporting financial institutions (as defined in the Common Reporting Standard) under Irish legislation.

The Issuer (or any nominated service provider) will agree that information (including the identity of any Noteholder) supplied for the purposes of Common Reporting Standard and EU DAC II compliance is intended for the Issuer's (or any nominated service provider's) use for the purposes of satisfying Common Reporting Standard and EU DAC II requirements and the Issuer (or any nominated service provider) will agree, to the extent permitted by applicable law, that it will take reasonable steps to treat such information in a confidential manner, except that the Issuer may disclose such information (a) to its officers, directors, agents and advisers, (b) to the extent reasonably necessary or advisable in connection with tax matters, including achieving Common Reporting Standard and EU DAC II compliance, (c) to any person with the consent of the applicable Noteholder, or (d) as otherwise required by law or court order or on the advice of its advisers.

Further information in relation to Common Reporting Standard can be found on the Automatic Exchange of Information (AEOI) webpage on www.revenue.ie.

23. Certain Spanish tax aspects

The following is a summary of the principal Spanish tax consequences for individuals and companies of ownership of the Investment Notes and some other miscellaneous tax matters based on the laws and practice of the Spanish tax authorities currently in force in Spain and may be subject to change. It deals with Noteholders who beneficially own their Investment Notes as an investment and who are not associated with the Issuer (otherwise than by virtue of holding the Investment Notes). Particular rules not discussed below may apply to certain classes of taxpayers holding Investment Notes, such as dealers in securities, trusts, etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only and does not discuss all aspects of Spanish taxation that may be relevant to any particular holder of Investment Notes. Prospective investors in the Investment Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Investment Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Prospective investors are referred to 1.1 *Prospective investors* (including, without limitation, section 1.1.6 *Prospective investors responsible for their own taxes*). In particular, prospective investors should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Investment Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Spain.

23.1 Spanish withholding tax

On the basis that the Issuer is not resident in Spain for tax purposes and does not have a permanent establishment in Spain from which the payments under the Investment Notes are derived, such payments would not constitute Spanish source income and, accordingly, they would be made free of withholding or deduction of any Spanish taxes.

In the case where a Spanish resident entity acted as a depositary, custodian or paying agent under the Investment Notes, a withholding obligation may exist for the depositary, custodian or paying agent under certain conditions.

23.2 Spanish Financial Transaction Tax

The Spanish Financial Transaction Tax, which was approved on 7 October 2020 and came into force on 16 January 2021, only applies on the acquisition of listed shares issued by Spanish companies whose market capitalisation exceeds €1 billion and, therefore, does not apply in relation to transactions involving bonds (including the Investment Notes) or debt or similar instruments, such as preferred securities or derivatives. Prospective holders of the Investment Notes are advised to seek their own professional advice in relation to the Spanish Financial Transaction Tax.

24. Certain U.S. federal income tax aspects

24.1 General

The following discussion summarises certain of the material U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of the Investment Notes.

For purposes of this summary, a **U.S. Holder** is a beneficial owner of an Investment Note that is:

(a) an individual who is a citizen or a resident of the United States, for U.S. federal income tax purposes;

(b) a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organised in or under the laws of the United States, any State thereof, or the District of Columbia;

(c) an estate, whose income is subject to U.S. federal income taxation regardless of its source; or

(d) a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons have the authority to control all of its substantial decisions.

For purposes of this summary, a **Non-U.S. Holder** is a beneficial owner of an Investment Note that is:

(a) a non-resident alien individual for U.S. federal income tax purposes;

(b) a foreign corporation for U.S. federal income tax purposes;

(c) an estate whose income is not subject to U.S. federal income tax on a net basis; or

(d) a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons have the authority to control any of its substantial decisions.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for U.S. federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of more than 182 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

This summary is based on interpretations of the U.S. Tax Code, regulations issued thereunder, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein.

This summary addresses only holders that purchase Investment Notes for cash at initial issuance (and, in the case of the Rated Notes, at their issue price (which is the first price at which a substantial amount of Rated Notes within the applicable Class was sold to investors)) and beneficially own such Investment Notes as capital assets and not as part of a "straddle," "hedge," "synthetic security" or a "conversion transaction" for U.S. federal income tax purposes, or as part of some other integrated investment.

This summary does not discuss all of the tax consequences (such as alternative minimum tax consequences) that may be relevant to particular investors or to investors subject to special treatment under the U.S. federal income tax laws (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; small business investment companies; S corporations; partnerships or investors that hold their Investment Notes through a partnership or other entity treated as a partnership for U.S. federal income tax purposes; U.S. Holders whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; retirement plans or other tax-exempt entities, or persons holding the Investment Notes in tax-deferred or tax-advantaged accounts; or "controlled foreign corporations" (**CFCs**) or "passive foreign investment companies" (**PFICs**) for U.S. federal income tax purposes).

Finally, this summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder of Investment Notes, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the Investment Notes.

The summary of U.S. federal income tax consequences set out below is for general information only. All prospective purchasers of Investment Notes should consult their tax advisers as to the U.S. federal, state and local tax consequences to them of the purchase, ownership and disposition of the

Investment Notes, as well as any consequences arising under the laws of any other taxing jurisdiction to which they may be subject.

24.2 U.S. federal tax treatment of the Issuer

The Issuer will be treated as a foreign corporation for U.S. federal income tax purposes. However, the Issuer has not received any assurance from tax counsel that the Issuer's contemplated activities will not cause it to be engaged in a trade or business in the United States. No ruling will be sought from the IRS regarding this, or any other, aspect of the U.S. federal income tax treatment of the Issuer. Accordingly, in the absence of authority on point, the U.S. federal income tax treatment of the Issuer is not entirely free from doubt, and there can be no assurance that a contrary position may not be asserted successfully by the IRS. The Issuer also could be treated as engaged in a trade or business in the United States for U.S. federal income tax purposes by reason of a change in law or its interpretation. Finally, the Trust Deed could be amended in a manner that permits or causes the Issuer to be engaged in a trade or business in the United States for U.S. federal income tax purposes.

If it is determined that the Issuer is engaged in a trade or business in the United States for U.S. federal income tax purposes, and the Issuer has taxable income that is effectively connected with such U.S. trade or business, the Issuer would be subject under the U.S. Tax Code to the regular U.S. corporate income tax on such effectively connected taxable income (computed possibly without any allowance for deductions) and possibly to a 30% branch profits tax and state and local taxes as well. The imposition of such taxes on the Issuer would materially adversely affect the Issuer's ability to make payments on the Investment Notes. The balance of this summary assumes that the Issuer is not subject to U.S. federal income tax on its net income.

24.3 U.S. federal tax treatment of the Investment Notes

The Issuer intends to treat the A Notes, the B Notes, the C Notes and the D Notes (the **U.S. Tax Debt Notes**) as indebtedness and the E Notes, the F Notes, the Z Notes and the the X Notes as equity (the **U.S. Tax Equity Notes**) for U.S. federal income tax purposes. However, no opinion will be received with respect to such tax characterisation of any of the Investment Notes. Each beneficial owner of a U.S. Tax Debt Note, by acceptance of such U.S. Tax Debt Note, will be deemed to agree to treat such U.S. Tax Debt Note as indebtedness for U.S. federal income tax purposes. Except as otherwise indicated, the balance of this summary assumes that all of the U.S. Tax Debt Notes are treated as indebtedness of the Issuer for U.S. federal, state and local income and franchise tax purposes. Prospective investors in the U.S. Tax Debt Notes should consult their tax advisors regarding the U.S. federal, state and local income and franchise tax consequences to the investors in the event their Rated Notes are treated as equity in the Issuer.

The Issuer intends to treat the U.S. Tax Equity Notes as equity in the Issuer for U.S. federal income tax purposes, and each holder by its purchase of a U.S. Tax Equity Note agrees to treat the U.S. Tax Equity Notes consistently with this treatment.

24.4 U.S. Holders of U.S. Tax Debt Notes

24.4.1 Qualified Stated Interest and Original Issue Discount

U.S. Holders of U.S. Tax Debt Notes generally will be required to include in gross income the U.S. dollar value of payments of "qualified stated interest" accrued or received on their U.S. Tax Debt Notes, in accordance with their usual method of tax accounting, as ordinary interest income. The amount of income recognised by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognised with respect to an interest payment denominated in a currency other than the U.S. dollar (**Foreign Currency**) in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, in the case of an accrual period that spans two taxable years of a U.S. Holder, the part of the period within each taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period (or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the U.S. Holder's taxable year). Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may determine the amount of income utilising the exchange rate in effect on the day of actual receipt. Any such election must be applied to all debt instruments held by the U.S. Holder, and is irrevocable without the consent of the IRS. Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale, exchange or retirement of an Investment Note) denominated in a Foreign Currency, the accrual basis U.S. Holder may recognise U.S.

source exchange gain or loss (taxable as U.S.-source ordinary income or loss) equal to the difference between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars. "Qualified stated interest" generally is stated interest that is unconditionally payable at least annually at a single fixed rate or certain floating rates. Interest is considered "unconditionally payable" if reasonable legal remedies exist to compel timely payment or terms and conditions of the debt instrument make the likelihood of late payment (other than late payment that occurs within a reasonable grace period) or non-payment (ignoring the possibility of non-payment due to default, insolvency or similar circumstances) a remote contingency. Interest payments on the U.S. Tax Debt Notes other than the A Notes (the **Deferrable Notes**) that are not made on a relevant Payments Date will generally be deferred (**Deferred Interest**) until the first Payments Scheduled Date thereafter on which funds are available to the Issuer to fund the payment of such Deferred Interest to the extent of such available funds (see Note Base Condition 5.2(a) *Payment and deferral of Scheduled Interest*) and with Note Base Condition 5.2(b) *Payment of Note Deferred Interest Outstanding*). Consequently, such interest is not unconditionally payable at least annually and should not be treated as "qualified stated interest". Therefore, all of the stated interest payments on each of the Deferrable Notes should be included in the stated redemption price at maturity of such Deferrable Notes, and as a result the Deferrable Notes should be treated as issued with OID. The remainder of this discussion assumes that the stated interest on the A Notes is properly treated as "qualified stated interest" and the stated interest on the Deferrable Notes is not "qualified stated interest".

24.4.2 **Original Issue Discount**

If a U.S. Tax Debt Note is treated as issued with original issue discount (**OID**), a U.S. Holder must include a portion of the OID in gross income as foreign source interest in each taxable year or portion thereof in which the U.S. Holder holds the U.S. Tax Debt Note, generally in advance of the cash payment in respect of the OID (regardless of the U.S. Holder's method of accounting). The amount of a U.S. Tax Debt Note's OID is the excess of the U.S. Tax Debt Note's stated redemption price at maturity over its issue price. Notwithstanding the foregoing, a U.S. Tax Debt Note will not be treated as issued with OID if such excess is less than 0.25% of the U.S. Tax Debt Note's stated redemption price at maturity, or the weighted average maturity (as determined under applicable U.S. Treasury regulations) in the case of an instalment obligation, multiplied by the number of complete years to its maturity. Generally, the issue price of a U.S. Tax Debt Note is the first price at which a substantial amount of the U.S. Tax Debt Notes included in the issue of which such U.S. Tax Debt Note is a part is sold to persons other than bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers. In general, the stated redemption price at maturity of a U.S. Tax Debt Note is the total of all payments (including interest payments) provided by the U.S. Tax Debt Notes that are not payments of qualified stated interest. If the discount on a U.S. Tax Debt Note is less than the above threshold, such discount will be treated as de minimis OID and generally will be included in income on a pro rata basis as principal payments are made on the U.S. Tax Debt Note. Prospective investors should consult their own tax advisers regarding the calculation of OID on the U.S. Tax Debt Notes.

If a U.S. Tax Debt Note is treated as having been issued with OID (a **Discount Note**), a U.S. Holder holding such Discount Note will be required to determine the accrual of OID under a method prescribed by Code Section 1272(a)(6) (the **1272(a)(6) Method**). Under the 1272(a)(6) Method, accruals of OID on a Discount Note will be calculated using an assumption as to the expected payments on the Discount Note. Adjustments are then made to the amount of discount accruing in each taxable year in which the actual prepayment rate differs from the prepayment assumption. The prepayment assumption is to be determined in a manner prescribed in U.S. Treasury regulations; however, these regulations have not been issued. The legislative history states that it is intended that the prepayment assumption used to price a debt instrument will also be used to calculate the OID on such instrument. Prospective investors should consult their own tax advisors regarding the application of these rules and the impact of any prepayments under the Loans.

As an alternative to the above treatments, U.S. Holders may elect to include in gross income all interest with respect to the U.S. Tax Debt Notes, including stated interest, OID, de minimis OID and unstated interest using the method described above for OID. This election generally applies only to the U.S. Tax Debt Note with respect to which it is made and may not be revoked without the consent of the IRS. OID for each accrual period will be determined in the applicable Foreign Currency and then translated into U.S. dollars in the same manner as stated interest accrued by an accrual basis U.S. Holder, as described above. Upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale, exchange or retirement of a U.S. Tax Debt Note), a U.S. Holder may recognise U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference between the amount received

(translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued, regardless of whether the payment is in fact converted into U.S. dollars.

Solely for purposes of the OID rules, the Issuer will assume that the Investment Notes will be retired no later than the Step-up Date. Notwithstanding the preceding sentence, if the Investment Notes are not retired on or before the Step-up Date then the Issuer will treat such Notes as having been reissued on the date of the Step-up Date, solely for purposes of applying the OID rules. If any U.S. Tax Debt Notes are deemed retired and reissued, then such deemed reissued Investment Notes may be treated as issued with OID (taking into account the effects of not exercising the call option, such as an increased coupon).

The OID rules are complex and U.S. Holders should consult their own tax advisers regarding the application of the OID rules in their particular circumstances.

24.4.3 Sale, exchange or retirement of the U.S. Tax Debt Notes

Upon a sale, exchange or retirement of a U.S. Tax Debt Note (other than if they are deemed retired and reissued solely for purposes of the OID rules as described in 24.4 *U.S. Holders of U.S. Tax Debt Notes*), a U.S. Holder generally will recognise gain or loss equal to the difference between the amount realised and the U.S. Holder's adjusted tax basis in the U.S. Tax Debt Note. In general, a U.S. Holder of a U.S. Tax Debt Note will have an adjusted tax basis in such U.S. Tax Debt Note equal to the cost of the U.S. Tax Debt Note to such U.S. Holder, increased by any amounts includible in income by the U.S. Holder as OID, and reduced by any payments thereon other than payments of qualified stated interest. The U.S. dollar cost of a U.S. Tax Debt Note purchased with a Foreign Currency generally will be the U.S. dollar value of the purchase price on the date of purchase, or the settlement date for the purchase, in the case of U.S. Tax Debt Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury regulations, that are purchased by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects). The amount realised does not include amounts attributable to accrued but unpaid interest, which will be taxable as interest income to the extent not previously included in income. Such gain or loss generally will be long-term capital gain or loss if the U.S. Holder has held the U.S. Tax Debt Note for more than one year at the time of disposition. Long-term capital gains recognised by an individual U.S. Holder generally are subject to tax at a lower rate than short-term capital gains or ordinary income. The deductibility of capital losses is subject to limitations. The amount realised on a sale, exchange or retirement for an amount in a Foreign Currency will be the U.S. dollar value of this amount on the date of sale, exchange or retirement, or the settlement date for the sale, in the case of U.S. Tax Debt Notes traded on an established securities market, within the meaning of the applicable U.S. Treasury regulations, sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects).

A U.S. Holder will recognise U.S. source exchange rate gain or loss (taxable as ordinary income or loss) on the sale, exchange or retirement of a U.S. Tax Debt Note equal to the difference, if any, between the U.S. dollar values of the U.S. Holder's purchase price for the U.S. Tax Debt Note (a) on the date of sale, exchange or retirement and (b) the date on which the U.S. Holder acquired the U.S. Tax Debt Note. Any such exchange rate gain or loss (including any exchange gain or loss with respect to the receipt of accrued but unpaid interest) will be realised only to the extent of total gain or loss realised on the sale or retirement.

24.4.4 Reference Rate Modification

The treatment of a Reference Rate Modification for U.S. federal income tax purposes is not entirely clear. It is possible that a Reference Rate Modification could be treated as a deemed exchange that is taxable to U.S. Holders of U.S. Tax Debt Notes. Prospective investors in the U.S. Tax Debt Notes are urged to consult with their tax advisers regarding the potential applicability of these rules to their particular situations.

24.4.5 Alternative Characterisation

It is possible that the U.S. Tax Debt Notes could be treated as "contingent payment debt instruments" for U.S. federal income tax purposes. In this event, the timing of a U.S. Holder's OID inclusions could differ from that described above and any gain recognised on the sale, exchange, or retirement of such Investment Notes would be treated as ordinary income and not as capital gain.

24.5 U.S. Holders of U.S. Tax Equity Notes

24.5.1 Investment in a Passive Foreign Investment Company

The Issuer will be a PFIC for U.S. federal income tax purposes, and U.S. Holders of U.S. Tax Equity Notes will be subject to the PFIC rules, except for certain U.S. Holders that are subject to the rules relating to a CFC (as described below under "*Investment in a Controlled Foreign Corporation*"). U.S. Holders of U.S. Tax Equity Notes should consider making an election under section 1295(a) of the U.S. Tax Code (a **QEF election**) to treat the Issuer as a "Qualified Electing Fund" (**QEF**). Generally, a U.S. Holder makes a QEF

election on IRS Form 8621, attaching a copy of that form to its U.S. federal income tax return for the first taxable year for which it held its U.S. Tax Equity Notes. If a U.S. Holder makes a timely QEF election with respect to the Issuer, the electing U.S. Holder will be required in each taxable year to include in gross income (a) as ordinary income, the U.S. dollar value of the U.S. Holder's pro rata share of the Issuer's ordinary earnings and (b) as long-term capital gain, the U.S. dollar value of the U.S. Holder's pro rata share of the Issuer's net capital gain, whether or not distributed. A U.S. Holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to the U.S. Holder and may not be carried back or forward in computing the Issuer's ordinary earnings and net capital gain in other taxable years. If applicable, the rules relating to a CFC, discussed below generally override those relating to a PFIC with respect to which a QEF election is in effect.

In certain cases in which a QEF does not distribute all of its earnings in a taxable year, the electing U.S. Holder may also be permitted to elect to defer payment of some or all of the taxes on the QEF's income, subject to an interest charge (which is non-deductible to individuals) on the deferred amount. In this regard, prospective purchasers of U.S. Tax Equity Notes should be aware that it is expected that the underlying assets will include high-yield debt obligations and such instruments may have substantial OID, the cash payment of which may be deferred, perhaps for a substantial period of time. In addition, the Issuer may use proceeds from the sale of the underlying assets to retire other classes of Investment Notes. As a result, in any given year, the Issuer may have substantial amounts of earnings for U.S. federal income tax purposes that are not distributed on the U.S. Tax Equity Notes. Thus, absent an election to defer payment of taxes, U.S. Holders that make a QEF election with respect to the Issuer may owe tax on significant "phantom" income.

The Issuer will provide, upon request and at the Issuer's expense, all information and documentation that a U.S. Holder of U.S. Tax Equity Notes making a QEF election with respect to the Issuer is required to obtain for U.S. federal income tax purposes.

A U.S. Holder of U.S. Tax Equity Notes (other than certain U.S. Holders that are subject to the rules relating to a CFC, described below) that does not make a timely QEF election will be required to report the U.S. dollar value of any gain on the disposition of its U.S. Tax Equity Notes as ordinary income, rather than capital gain, and to compute the tax liability on such gain and any "Excess Distribution" (as defined below) received in respect of the U.S. Tax Equity Notes as if such items had been earned rateably over each day in the U.S. Holder's holding period (or a certain portion thereof) for the U.S. Tax Equity Notes. The U.S. Holder will be subject to tax on such gain or Excess Distributions at the highest ordinary income tax rate for each taxable year in which such gain or Excess Distributions are treated as having been earned, other than the current year (for which the U.S. Holder's regular ordinary income tax rate will apply), regardless of the rate otherwise applicable to the U.S. Holder. Further, such U.S. Holder will also be liable for an interest charge (which is non-deductible to individuals) as if such income tax liabilities had been due with respect to each such year. For purposes of these rules, gifts, exchanges pursuant to corporate reorganisations and use of the U.S. Tax Equity Notes as security for a loan may be treated as taxable dispositions of such U.S. Tax Equity Notes. In addition, a stepped-up basis in the U.S. Tax Equity Notes will not be available upon the death of an individual U.S. Holder who has not made a timely QEF election with respect to the Issuer.

An **Excess Distribution** is the amount by which the U.S. dollar value of distributions during a taxable year in respect of an Investment Note exceeds 125% of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. Holder's holding period for the Investment Note).

In many cases, the U.S. federal income tax on any gain on disposition or receipt of Excess Distributions is likely to be substantially greater than the tax if a timely QEF election is made. **A U.S. Holder of U.S. Tax Equity Notes should strongly consider making a QEF election with respect to the Issuer.**

24.5.2 Investment in a Controlled Foreign Corporation

The Issuer will be a CFC if more than 50% of the equity interests in the Issuer, measured by reference to combined voting power or value, are owned directly, indirectly, or constructively by 10% United States shareholders. For this purpose, a "10% United States shareholder" is any United States person that possesses directly, indirectly, or constructively 10% or more of the combined voting power or value of all classes of equity in the Issuer. Thus, a U.S. Holder of U.S. Tax Equity Notes (and/or any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes) possessing directly, indirectly, or constructively 10% or more of the voting power or value of the U.S. Tax Equity Notes (and, if applicable, any Rated Notes

that are treated as equity in the Issuer for U.S. federal income tax purposes) would be treated as a 10% United States shareholder. If more than 50% of the U.S. Tax Equity Notes (and any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes), determined with respect to the combined voting power or value of the U.S. Tax Equity Notes (and, if applicable, any Rated Notes that are treated as equity in the Issuer for U.S. federal income tax purposes), are owned directly, indirectly, or constructively by such 10% United States shareholders, the Issuer will be treated as a CFC. If, for any given taxable year, the Issuer is treated as a CFC, a 10% United States shareholder of the Issuer will be required to include as ordinary income an amount equal to the U.S. dollar value of that person's pro rata share of the Issuer's "subpart F income" at the end of such taxable year (or for taxable years after December 31, 2025, at any time during such taxable year). Among other items, and subject to certain exceptions, "subpart F income" includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties.

If the Issuer is treated as a CFC and a U.S. Holder is treated as a 10% United States shareholder of the Issuer, the Issuer will not be treated as a PFIC with respect to the U.S. Holder for the period during which the Issuer remains a CFC and the U.S. Holder remains a 10% United States shareholder of the Issuer (the "qualified portion" of the U.S. Holder's holding period for the U.S. Tax Equity Notes). As a result, to the extent the Issuer's subpart F income includes net capital gains, such gains will be treated as ordinary income to the 10% United States shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the QEF rules. If the qualified portion of the U.S. Holder's holding period for the U.S. Tax Equity Notes subsequently ceases (either because the Issuer ceases to be a CFC or the U.S. Holder ceases to be a 10% United States shareholder), then solely for purposes of the PFIC rules, the U.S. Holder's holding period for the U.S. Tax Equity Notes will be treated as beginning on the first day following the end of such qualified portion, unless the U.S. Holder has owned any U.S. Tax Equity Notes for any period of time prior to such qualified portion and has not made a QEF election with respect to the Issuer. In that case, the Issuer will again be treated as a PFIC which is not a QEF with respect to the U.S. Holder and the beginning of the U.S. Holder's holding period for the U.S. Tax Equity Notes will continue to be the date upon which the U.S. Holder acquired the U.S. Tax Equity Notes, unless the U.S. Holder makes an election to recognise gain with respect to the U.S. Tax Equity Notes and a QEF election with respect to the Issuer. In the event that the Issuer is a CFC, then, at the request and, possibly, expense of any U.S. Holder that is a 10% United States shareholder with respect to the Issuer, the Issuer will provide the information necessary for the U.S. Holder to comply with any filing requirements that arise as a result of the Issuer's classification as a CFC.

24.5.3 Indirect interests in PFICs and CFCs

If the Issuer owns an underlying asset that is treated as equity in a foreign corporation for U.S. federal income tax purposes, U.S. Holders of U.S. Tax Equity Notes could be treated as owning an indirect equity interest in a PFIC or a CFC and could be subject to certain adverse tax consequences.

In particular, a U.S. Holder of an indirect equity interest in a PFIC is treated as owning the PFIC directly. The U.S. Holder, and not the Issuer, would be required to make a QEF election with respect to each indirect interest in a PFIC. However, certain PFIC information statements are necessary for U.S. Holders that have made QEF elections, and there can be no assurance that the Issuer can obtain such statements from a PFIC, and thus there can be no assurance that a U.S. Holder will be able to make the election with respect to any indirectly held PFIC.

Accordingly, if the U.S. Holder has not made a QEF election with respect to the indirectly held PFIC, the U.S. Holder would be subject to the adverse consequences described above under 24.5.1 *Investment in a Passive Foreign Investment Company* with respect to any Excess Distributions of such indirectly held PFIC, any gain indirectly realised by such U.S. Holder on the sale by the Issuer of such PFIC, and any gain indirectly realised by such U.S. Holder with respect to the indirectly held PFIC on the sale by the U.S. Holder of its U.S. Tax Equity Notes (which may arise even if the U.S. Holder realises a loss on such sale). Moreover, if the U.S. Holder has made a QEF election with respect to the indirectly held PFIC, the U.S. Holder will be required to include in income the U.S. dollar value of its pro rata share of the indirectly held PFIC's ordinary earnings and net capital gain as if the indirectly held PFIC were held directly (as described above), and the U.S. Holder will not be permitted to use any losses or other expenses of the Issuer to offset such ordinary earnings and/or net capital gains. Accordingly, if any of the underlying assets are treated as equity interests in a PFIC, U.S. Holders could experience significant amounts of "phantom" income with respect to such interests.

If an underlying asset is treated as an indirect equity interest in a CFC and a U.S. Holder owns directly, indirectly, or constructively 10% or more of the CFC's voting power or value for U.S. federal income tax purposes, the U.S. Holder generally will be required to include the U.S. dollar value of its pro rata share of the CFC's "subpart F income" as ordinary income at the end of each taxable year, as described above under 24.5.2 *Investment in a Controlled Foreign Corporation*, regardless of whether the CFC distributed any amounts to the Issuer during such taxable year or whether the U.S. Holder made a QEF election with respect to the indirectly held CFC. In addition, the U.S. dollar value of gain realised by the U.S. Holder on the sale by the Issuer of the CFC, and the U.S. dollar value of gain realised by the U.S. Holder on the sale by the U.S. Holder of its U.S. Tax Equity Notes (as described below), generally will be treated as ordinary income to the extent of the U.S. Holder's pro rata share of the CFC's current and accumulated earnings and profits, reduced by any amounts previously taxed pursuant to the CFC rules. U.S. Holders should consult their own tax advisors regarding the tax issues associated with such investments in light of their own individual circumstances.

24.5.4 **Phantom Income**

U.S. Holders may be subject to U.S. federal income tax on the amounts that exceed the distributions they receive on the U.S. Tax Equity Notes. For example, if the Issuer is a CFC and a U.S. Holder is a 10% United States shareholder with respect to the Issuer, or a U.S. Holder makes a QEF election with respect to the Issuer, the U.S. Holder will be subject to U.S. federal income tax with respect to its share of the Issuer's income and gain (to the extent of the Issuer's "earnings and profits"), which may exceed the Issuer's distributions. It is expected that the Issuer's income and gain (and earnings and profits) will exceed cash distributions with respect to (a) debt instruments that were issued with OID and are held by the Issuer, and (b) the acquisition at a discount of the Rated Notes by the Issuer (including by reason of a refinancing or a Reference Rate Modification). U.S. Holders should consult their tax advisors regarding the timing of income and gain on the U.S. Tax Equity Notes.

24.5.5 **Distributions**

The treatment of actual distributions of cash on the U.S. Tax Equity Notes will vary depending on whether the U.S. Holder of such U.S. Tax Equity Notes has made a timely QEF election (as described above). See above under 24.5.1 *Investment in a Passive Foreign Investment Company*. If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent will not be taxable to such U.S. Holder. Distributions in excess of such previously taxed amounts will be treated first as a non-taxable return of capital, to the extent of the U.S. Holder's adjusted tax basis in the U.S. Tax Equity Notes (as described below under 24.5.6 *Sale, redemption, or other disposition*, and then as a disposition of a portion of the U.S. Tax Equity Notes. In addition, a U.S. Holder will recognise exchange gain or loss with respect to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) equal to the difference, if any, between the U.S. dollar value of the distribution on the date received and the U.S. dollar value of the previously taxed amount. Any exchange gain or loss will generally be treated as ordinary income or loss.

If a U.S. Holder has not made a timely QEF election with respect to the Issuer then, except to the extent that distributions are attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the U.S. Tax Equity Notes may constitute Excess Distributions, taxable as described above under 24.5.1 *Investment in a Passive Foreign Investment Company*. Distributions that do not constitute Excess Distributions will be taxable to U.S. Holders as ordinary income upon receipt to the extent of untaxed current and accumulated earnings and profits of the Issuer. Distributions that do not constitute Excess Distributions and are in excess of untaxed current and accumulated earnings and profits of the Issuer will be treated first as a non-taxable return of capital, to the extent of a U.S. Holder's adjusted tax basis in the U.S. Tax Equity Notes, and then as a disposition of a portion of the U.S. Tax Equity Notes and subject to an additional tax reflecting a deemed interest charge, as described below under 24.5.6 *Sale, redemption, or other disposition*.

Distributions on the U.S. Tax Equity Notes will not be eligible for the dividends received deduction, and will not qualify as "qualified dividend income."

24.5.6 **Sale, redemption, or other disposition**

In general, a U.S. Holder of U.S. Tax Equity Notes will recognise gain or loss upon the sale, redemption, or other disposition of the U.S. Tax Equity Notes (including a distribution that is treated as a disposition of the U.S. Tax Equity Notes, as described above under 24.5.5 *Distributions*) equal to the difference between the U.S. dollar value of the amount realised and the U.S. Holder's adjusted tax basis in the U.S. Tax Equity Notes. The U.S. dollar value of the amount realised generally is based on the exchange rate on the date of

the disposition. However, if the U.S. Tax Equity Notes are treated under applicable Treasury regulations as stock or securities traded on an established securities market and the U.S. Holder uses the cash method of accounting, then the U.S. dollar value of the amount realised is based instead on the exchange rate on the settlement date for the disposition. U.S. Holders that use the accrual method of accounting also may elect to use the settlement date valuation, provided that they apply it consistently from year to year.

A U.S. Holder's tax basis in its U.S. Tax Equity Notes initially will equal the U.S. dollar value of the amount paid by the U.S. Holder for the U.S. Tax Equity Notes, determined under rules analogous to the rules for determining the U.S. dollar value of the amount realised. The U.S. Holder's tax basis in the U.S. Tax Equity Notes will be increased by amounts taxable to the U.S. Holder by reason of any QEF election, or by reason of the CFC rules, as applicable, and decreased by the U.S. dollar value of actual distributions by the Issuer that are deemed to consist of such previously taxed amounts or are treated as a non-taxable return of capital, as described above under 24.5.5 *Distributions*.

If the U.S. Holder has made a timely QEF election with respect to the Issuer, then, except to the extent that the Issuer is treated as a CFC and the U.S. Holder is treated as a 10% United States shareholder of the Issuer, gain or loss upon the sale, redemption, or other disposition of the U.S. Tax Equity Notes generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the QEF election from the date of each deemed distribution pursuant to the election (based on the average exchange rate for the applicable taxable year) to the date of the disposition. Any gain or loss in excess of foreign currency exchange gain or loss will be capital gain or loss, and generally will be long-term capital gain or loss if the U.S. Holder has held the U.S. Tax Equity Notes for more than one year at the time of the disposition. In certain circumstances, U.S. Holders who are individuals may be entitled to preferential tax rates for net long-term capital gains; however, the ability of U.S. Holders to offset capital losses against ordinary income is limited.

If a U.S. Holder does not make a timely QEF election with respect to the Issuer as described above and is not subject to the CFC rules, any gain realised on the sale, redemption, or other disposition of a U.S. Tax Equity Note (or any gain deemed to accrue prior to the time a non-timely QEF election is made) will be taxed as ordinary income and subject to an additional tax reflecting a deemed interest charge under the special tax rules described above. See 24.5.1 *Investment in a Passive Foreign Investment Company*.

If the Issuer is treated as a CFC and a U.S. Holder is treated as a 10% United States shareholder of the Issuer, then any gain or loss realised by the U.S. Holder upon a sale, redemption, or other disposition of the U.S. Tax Equity Notes, other than gain or loss subject to the PFIC rules, if applicable, generally will be treated as foreign currency exchange gain or loss, and taxable as ordinary income or loss, to the extent of the positive or negative change in the U.S. dollar value of any amounts previously taxed pursuant to the CFC rules from the date of each deemed distribution pursuant to the CFC rules (based on the average exchange rate for the applicable taxable year) to the date of the disposition. Any gain in excess of foreign currency exchange gain will be treated as ordinary income to the extent of the U.S. dollar value of the U.S. Holder's pro rata share of the Issuer's previously untaxed earnings and profits.

In addition, as described above under 24.5.3 *Indirect interests in PFICs and CFCs*, the U.S. dollar value of any gain attributable to interests in PFICs or CFCs owned by the Issuer may be treated as ordinary income to a U.S. Holder upon the sale, redemption, or other disposition of the U.S. Holder's U.S. Tax Equity Notes.

If the Issuer is treated as a CFC, in certain cases, a corporate U.S. Holder that is a 10% United States shareholder of the Issuer may be eligible for a dividends received deduction to the extent any gain recognised on the disposition of a U.S. Tax Equity Note is treated as ordinary income, or to the extent that such 10% United States shareholder receives a distribution that is treated as a dividend in the year in which it disposes of a U.S. Tax Equity Note, in each case, for U.S. federal income tax purposes. Such U.S. Holders should consult their tax advisors regarding the availability of any dividends received deduction and the impact of such dividends received deduction on any such U.S. Holder's adjusted tax basis in its U.S. Tax Equity Notes.

24.5.7 Receipt of Foreign Currency

U.S. Holders will have a tax basis in any Foreign Currency received in respect of the Investment Notes on a sale, redemption, or other disposition of the Investment Notes equal to the U.S. dollar value of the Foreign Currency on that date. Any gain or loss recognised on a sale, exchange, or other disposition of those Foreign Currencies generally will be ordinary income or loss. A U.S. Holder that converts the Foreign Currency into U.S. dollars on the date of receipt generally should not recognise ordinary income or loss in respect of the conversion.

24.5.8 Transfer and information reporting requirements

A U.S. Holder that purchases the U.S. Tax Equity Notes will be required to file an IRS Form 926 with the IRS if (a) such person is treated as owning, directly or by attribution, immediately after the U.S. Holder's purchase of Investment Notes, at least 10% by vote or value of the Issuer or (b) the amount of cash transferred by such person (or any related person) to the Issuer during the 12-month period ending on the date of such transfer exceeds $100,000.

A U.S. Holder that is treated as owning (actually or constructively) at least 10% by vote or value of the equity of the Issuer for U.S. federal income tax purposes will be required to file an information return on IRS Form 5471 and, possibly, IRS Form 8992, and may be required to provide additional information regarding the Issuer annually on IRS Form 5471 if it is treated as owning (actually or constructively) more than 50% by vote or value of the equity of the Issuer for U.S. federal income tax purposes.

In addition, U.S. Holders of U.S. Tax Equity Notes generally will be required to file an annual PFIC report.

U.S. Holders that fail to comply with these reporting requirements may be subject to adverse tax consequences, including a "tolling" of the statute of limitations with respect to their U.S. tax returns. U.S. Holders should consult their tax advisors with respect to these or any other reporting requirements that may apply with respect to their acquisition or ownership of the U.S. Tax Equity Notes.

24.6 Non-U.S. Holders of Investment Notes

In general, payments on the Investment Notes to a Non-U.S. Holder that provides appropriate tax certifications to the Issuer and gain realised on the sale, exchange or retirement of the Investment Notes by the Non-U.S. Holder will not be subject to U.S. federal income or withholding tax unless (a) such income is effectively connected with a trade or business conducted by such Non-U.S. Holder in the United States, or (b) in the case of gain, such Non-U.S. Holder is a non-resident alien individual who holds the Investment Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

24.7 Selected other aspects of U.S. federal tax

24.7.1 Specified Foreign Financial Asset Reporting

Certain U.S. Holders may be subject to reporting obligations with respect to their Investment Notes if they do not hold their Investment Notes in an account maintained by a financial institution and the aggregate value of their Investment Notes and certain other "specified foreign financial assets" (applying certain attribution rules) exceeds $50,000. Significant penalties can apply if a U.S. Holder is required to disclose its Investment Notes and fails to do so.

24.7.2 3.8% Medicare tax on "net investment income"

U.S. Holders that are individuals or estates and certain trusts are subject to an additional 3.8% tax on all or a portion of their "net investment income," or "undistributed net investment income" in the case of an estate or trust, which may include any income or gain with respect to the Investment Notes, to the extent of their net investment income or undistributed net investment income (as the case may be) that, when added to their other modified adjusted gross income, exceeds $200,000 for an unmarried individual, $250,000 for a married taxpayer filing a joint return (or a surviving spouse), $125,000 for a married individual filing a separate return, or the dollar amount at which the highest tax bracket begins for an estate or trust. The 3.8% Medicare tax is determined in a different manner than the regular income tax and special rules apply with respect to the PFIC and CFC rules described above. U.S. Holders should consult their advisors with respect to the 3.8% Medicare tax.

24.7.3 FBAR reporting

A U.S. Holder of any Class of Investment Notes that are treated as equity in the Issuer for U.S. federal income tax purposes may be required to file FinCEN Form 114 with respect to foreign financial accounts in which the Issuer has a financial interest if the U.S. Holder holds more than 50% of the aggregate outstanding principal amount of such Investment Notes or is otherwise treated as owning more than 50% of the total value or voting power of the Issuer's outstanding equity.

24.7.4 Reportable transactions

A participant in a "reportable transaction" is required to disclose its participation in such a transaction on IRS Form 8886. Any foreign currency exchange loss in excess of $50,000 recognised by a U.S. Holder may be subject to this disclosure requirement. Failure to comply with this disclosure requirement can result in

substantial penalties. U.S. Holders should consult their advisors with respect to the requirement to disclose reportable transactions.

24.7.5 **Information reporting and backup withholding**

Under certain circumstances, the U.S. Tax Code requires "information reporting" annually to the IRS and to each holder, and "backup withholding", with respect to certain payments made on or with respect to the Investment Notes. Backup withholding will apply to a U.S. Holder only if the U.S. Holder (a) fails to furnish its Taxpayer Identification Number which, for an individual, would be his or her Social Security Number, (b) furnishes an incorrect Taxpayer Identification Number, (c) is notified by the IRS that it has failed to properly report payments of interest and dividends, or (d) under certain circumstances, fails to certify, under penalties of perjury, that it has furnished a correct Taxpayer Identification Number and has not been notified by the IRS that it is subject to backup withholding for failure to report interest and dividend payments. The exemption generally is available to U.S. Holders that provide a properly completed IRS Form W-9.

A Non-U.S. Holder that provides an applicable IRS Form W-8, together with all appropriate attachments, signed under penalties of perjury, identifying the Non-U.S. Holder and stating that the Non-U.S. Holder is not a United States person, will not be subject to IRS reporting requirements and U.S. backup withholding.

Information reporting and backup withholding may apply to the proceeds of a sale of Investment Notes made within the United States or conducted through certain U.S. related financial intermediaries, unless the payor receives the statement described above or the Non-U.S. Holder otherwise establishes an exemption.

Backup withholding is not an additional tax and may be refunded (or credited against the holder's U.S. federal income tax liability, if any), provided that certain required information is furnished. The information reporting requirements may apply regardless of whether withholding is required. Copies of the information returns also may be made available to the tax authorities in the country in which a Non-U.S. Holder is a resident under the provisions of an applicable income tax treaty or agreement.

24.7.6 **FATCA**

Under FATCA, the Issuer may be subject to a 30% withholding tax on certain income. Under an IGA entered into between the United States and Spain, the Issuer will not be subject to withholding under FATCA if it complies with implementing legislation that will require the Issuer to provide the name, address, and taxpayer identification number of, and certain other information with respect to, certain holders of Investment Notes to taxing authorities in Spain, which would then provide this information to the IRS. The Issuer shall use commercially reasonable efforts to comply with the IGA and the implementing legislation. However, there can be no assurance that the Issuer will be able to do so. Moreover, the intergovernmental agreement could be amended to require the Issuer to withhold on "passthru" payments to holders that fail to provide certain information or documentation to the Issuer or are certain "foreign financial institutions" that do not comply with FATCA.

24.7.7 **Future legislation and regulatory changes affecting Noteholders**

Future legislation, regulations, rulings or other authority could affect the federal income tax treatment of the Issuer and the Noteholder. The Issuer cannot predict whether and to what extent any such legislative or administrative changes could change the tax consequences to the Issuer and to the U.S. Holder. Prospective Noteholders should consult their tax advisors regarding possible legislative and administrative changes and their effect on the U.S. federal tax treatment of the Issuer and their investment in the Investment Notes.

The discussion above is a general summary. It does not cover all tax matters that may be of importance to a particular Noteholder. Each prospective Noteholder is strongly urged to consult its own tax advisor about the tax consequences of an investment in the Investment Notes under the Noteholder's own circumstances.

25. Subscription and sale of Investment Notes

25.1 Subscription Agreement

The Joint Lead Managers, the Arranger, the, Risk Retention Holder the Seller and the Issuer have entered into an agreement (the **Subscription Agreement**) on or about the date of this Prospectus pursuant to which, subject to certain conditions:

- each Joint Lead Manager has severally agreed (in each case in respect of a stated portion of the Market Notes) with the Issuer to subscribe and pay for, on the Closing Date, all of the A Notes, the B Notes and the C Notes (the **Market Notes**), where the subscription price in respect of relevant Market Notes is the Note Initial Principal Amount of those Market Notes multiplied by the applicable percentage indicated in 6.1.6 *Issue Price*; and
- the Risk Retention Holder has agreed with the Issuer to subscribe and pay for, on the Closing Date, all of the D Notes, the E Notes, the F Notes, the Z Notes and the X Notes (the **Allocated Notes**), where the subscription price in respect of relevant Allocated Notes is the Note Initial Principal Amount of those Allocated Notes multiplied by the applicable percentage indicated in 6.1.6 *Issue Price*,

each such person being a **Note Subscriber** in respect of the Notes subscribed by such person (being the **Note Subscriber Notes)**.

Each Joint Lead Manager may sell all or part of their allocation of Market Notes to subsequent purchasers in individually negotiated transactions at negotiated prices which may vary among different purchasers and which may be greater or less than the issue price of the Market Notes.

The Issuer has agreed in the Subscription Agreement to indemnify the Joint Lead Managers, the Arranger, the Risk Retention Holder and the Seller against certain liabilities and to pay certain costs and expenses in connection with the issue of the Investment Notes.

In the Subscription Agreement:

- each Note Subscriber will undertake to the Issuer that each time that such Note Subscriber makes an offer, purchase or sale of Investment Notes, it will have each consent, approval or permission which is required for such offer, purchase or sale under the laws and regulations in force in any jurisdiction to which it is subject or in which:
  - it makes such offer, purchase or sale; or
  - it has in its possession, or distributes, offering, distribution and/or sale material (including the preliminary Prospectus and this Prospectus),

  in all cases at its own expense, and it will comply with all such laws and regulations;
- each Note Subscriber will undertake to the Issuer that it will not directly or indirectly:
  - offer, sell or deliver any Investment 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 Investment Notes,

  in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and it will procure that all offers and sales of Investment Notes by it will be made on the same terms.

25.1.1 Fees and commissions of Arrangers and Note Subscribers

The Issuer may pay fees and commissions to each Arranger and each Note Subscriber at such rates as may be agreed in the Subscription Agreement. Any such fees and commissions may be deducted from the subscription proceeds or, as the case may be, from the proceeds of sale of the relevant Investment Notes.

25.2 Selling restrictions

In the Subscription Agreement, each Note Subscriber will represent to and agree with the Issuer as follows (being the selling restrictions applicable in respect of the Investment Notes):

25.2.1 Ireland selling restrictions

The Note Subscriber represents and agrees that such Note Subscriber will not offer, sell, place or underwrite or do anything in respect of the Investment Notes other than in conformity with the provisions of:

(a) the European Union (Markets in Financial Instruments) Regulations 2017 of Ireland, including, without limitation, Regulation 5 (*Requirement for Authorisation (and certain provisions concerning MTFs and OTFs)*) thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998;

(b) the Companies Act 2014, the Central Bank Acts 1942 to 2018 of Ireland (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended);

(c) the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, the European Union (Prospectus) Regulations 2019 (as amended) and any rules and guidance issued under Section 1363 of the Companies Act 2014 by the Central Bank of Ireland; and

(d) the Market Abuse Regulation (EU 596/2014) (as amended), the European Union (Market Abuse) Regulations 2016 and any rules and guidance issued under Section 1370 of the Companies Act 2014 by the Central Bank of Ireland.

25.2.2 United Kingdom selling restrictions

The Note Subscriber represents and agrees that in relation to Investment Notes that:

(a) such Note Subscriber has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Investment Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) such Note Subscriber has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Investment Notes in, from or otherwise involving the United Kingdom.

25.2.3 United States selling restrictions

The Note Subscriber agrees:

(a) that the Issuer has not been and will not be registered under the U.S. Investment Company Act and the Investment Notes have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and therefore may not be offered or sold, directly or indirectly, to, or for the account or benefit of, U.S. Persons except, with respect to the Rule 144A Notes only, to persons that are Qualified Institutional Buyers (each for its own account or the account or benefit of other Qualified Institutional Buyers) in reliance on Rule 144A in accordance with any applicable laws of any state within the United States or any other jurisdiction, or federal securities laws. In addition, the Investment Notes cannot be resold in the United States, or outside of the United States to U.S. Persons, except in accordance with the applicable transfer restrictions described herein;

(b) that with respect to the Reg S Notes for which such Note Subscriber has subscribed such Note Subscriber will only offer or sell such Reg S Notes, except in accordance with Rule 903 or 904 of Regulation S or to Qualified Institutional Buyers in reliance on Rule 144A or another available exemption;

(c) that such Note Subscriber will have sent to each affiliate or person receiving a selling commission, fee or other remuneration that purchases Reg S Notes from that Note Subscriber a confirmation or other notice setting forth the restrictions on offers and sales of the Investment Notes within the United States or to, or for the account or benefit of, U.S. Persons to substantially the following effect:

> "The securities covered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or other jurisdiction of the United States, 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 U.S. Securities Act) except to Qualified Institutional Buyers in accordance with Rule 144A or another available exemption from or in a transaction not subject to the registration requirements of the U.S. Securities Act.

In addition, any offer or sale of Investment Notes within the United States by any dealer (whether or not participating in the offering), except in accordance with Regulation S or Rule 144A (if available) or in reliance on an exemption from or in a transaction not subject to registration under the U.S. Securities Act, may violate the registration requirements of the U.S. Securities Act.";

(d) that an offer or sale of the Investment Notes within the United States by that Note Subscriber (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than to Qualified Institutional Buyers in compliance with Rule 144A or in reliance on another exemption from the registration requirements under the U.S. Securities Act;

(e) that with respect to the relevant Rule 144A Notes for which that Note Subscriber has subscribed, that Note Subscriber will directly or through its U.S. broker-dealer affiliates arrange for the offer and resale of Investment Notes only to Qualified Institutional Buyers in reliance on Rule 144A and each purchaser of Investment Notes is hereby notified that the Joint Lead Managers may be relying on the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A (and the minimum aggregate principal amount of Rule 144A Notes is €100,000);

(f) that any Investment Note (or interest therein) is not eligible for purchase by Plans and each purchaser of any such Investment Note will be deemed to have represented, warranted and agreed, for so long as it holds such Investment Note that it is not and will not be, and will not be acting on behalf of, a Plan;

(g) that each purchaser will be deemed to represent that (1) it is not, and is not acting on behalf of (and for so long as it holds this Investment Note or any interest herein will not be, and will not be acting on behalf of) a governmental, church or non-U.S. plan subject to a Similar Law, or (2) it is a governmental, church, non-U.S. or other plan and (A) its acquisition, holding and disposition of any Investment Note or any interest herein will not constitute or result in a violation of any Similar Law, and (B) such purchaser or transferee is not and, for so long as it holds any Investment Note or interest in any Investment Note, will not be subject to any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in the Investment Notes by virtue of its interest herein and thereby subject the Issuer or persons responsible for the investment and operation of the Issuer's assets to any Similar Law; and

(h) that offers and sales of the Investment Notes within the United States or to U.S. persons is further restricted as specified in 26 *Transfer Regulations*.

25.2.4 **Prohibition of sales to EEA retail investors**

The Note Subscriber represents and agrees that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Investment 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:

(1) a retail client as defined in point (11) of Article 4(1) of EU MiFID II; or

(2) a customer within the meaning of the provisions of the EU Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (10) of Article 4(1) of EU MiFID II; or

(3) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression 'offer' includes the communication in any form and by any means of sufficient information on the terms of the offer and the Investment Notes to be offered.

25.2.5 **Prohibition of sales to United Kingdom retail investors**

The Note Subscriber represents and agrees that it has not offered, sold, distributed or otherwise made available and will not offer, sell, distribute or otherwise make available any Investment Notes to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression 'retail investor' means a person who is one (or both) of the following:

(1) not a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

(2) not a qualified investor as defined in paragraph 15 of Schedule 1 to the Public Offers and Admissions to Trading Regulations 2024; and

(b) the expression 'offer' includes the communication in any form and by any means of sufficient information on the terms of the offer and the Investment Notes to be offered so as to enable an investor to decide to purchase or subscribe to the Investment Notes.

25.2.6 **General public offering restrictions**

The Note Subscriber acknowledges that, except for:

(a) the submission of the relevant Prospectus to the relevant Listing Institution;

(b) approval of the relevant Prospectus by the relevant Listing Institution; and

(c) application to the relevant Listing Institution for listing of the Investment Notes,

no action has been, or will be, taken in any jurisdiction by any party to the Subscription Agreement that would permit a public offering of the Investment Notes, or possession, circulation or distribution of this Prospectus or any amendment or supplement to this Prospectus to be issued in connection with the issue of the Investment Notes or any other offering, distribution and/or selling material, in any country or jurisdiction where action for that purpose is required.

26. Transfer Regulations

This section comprises the Transfer Regulations (as defined in Note Base Condition 1.1 *Definitions*).

26.1 Requirements for holdings and transfers

26.1.1 Core requirements

A holding or purported holding of a Note or an interest in a Note (including any interest in a Global Note) or transfer or purported transfer of a Note or any such interest shall not be valid or effective, shall be void *ab initio*, shall not be honoured by the Issuer or the Note Registrar and shall not be registered in the Note Register unless:

(a) following any such registration, the holder, transferor or the transferee (as the case may be) having a separately registered holding of Notes in the Note Register where the aggregate Note Initial Principal Amount of the Notes comprised in that holding would equal a Note Authorised Denomination;

(b) such Note is held or transferred pursuant to a transaction that does not require registration under the U.S. Securities Act;

(c) such Note is held or transferred pursuant to a transaction that complies with the U.S. Risk Retention Rules; and

(d) such holding or transfer complies with each other Transfer Regulation.

26.1.2 Interpretation of these Transfer Regulations

In these Transfer Regulations:

ERISA means the U.S. Employee Retirement Income Security Act of 1974, as amended;

Note Transferee means a purchaser and subsequent transferee who becomes beneficial owner of an Investment Note (including, without limitation where represented by a Book Entry Interest in a Global Note);

Plan means (1) an 'employee benefit plan' as defined in Section 3(3) of ERISA, which is subject to Part 4 of Subtitle B of Title I of ERISA, (2) a 'plan' (as defined in Section 4975(e)(1) of the U.S. Tax Code) to which Section 4975 of the U.S. Tax Code applies, or (3) a person or entity whose underlying assets include 'plan assets' by reason of any such employee benefit plan's or plan's investment in the entity;

Similar Law means a U.S. federal, state, local, non-U.S. or other law or regulation that is substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the U.S. Tax Code;

transferor shall, where the context permits or requires, include joint transferors and be construed accordingly;

U.S. Risk Retention Rules means the final rules promulgated under Section 15G of the U.S. Exchange Act (as amended by Section 941 of the U.S. Dodd-Frank Act) which, among other things, generally require the 'sponsor' (or its majority owned affiliates) of a 'securitization transaction' to retain at least 5% of the economic interest in the 'credit risk' of 'securitized assets', as such terms are defined in those rules; and

U.S. Tax Code means the U.S. Internal Revenue Code of 1986, as amended,

and other expressions have the same meaning as they have in the Note Conditions.

26.2 Restrictions in respect of interests in Global Notes

26.2.1 Prior to expiry of the Reg S Distribution Compliance Period U.S. Persons cannot hold interests in Reg S Notes

Noteholders may hold their interests in a Reg S Global Note directly through the relevant Reg S Clearing System, if they are participants in such Reg S Clearing System or indirectly through organisations that are participants in such Reg S Clearing System. Beneficial interests in a Reg S Global Note may be held only through a Reg S Clearing System at any time.

During the Reg S Distribution Compliance Period, beneficial interests in a Reg S Global Note may not be transferred to a person that takes delivery of a beneficial interest in a Rule 144A Global Note (if any) unless the transfer is to a person that is a Qualified Institutional Buyer in a transaction in reliance on Rule 144A and the transferor provides a written certification as described in paragraph 26.2.2 below.

26.2.2 **Transfers of interests from a Reg S Global Note to a Rule 144A Global Note**

A beneficial interest in the Reg S Global Note relating to a Class of Notes may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note (if any) relating to that Class, prior to the expiration of the Reg S Distribution Compliance Period, only upon receipt by the Note Registrar of a written certificate from the transferor (in the form required by the Note Trust Deed or the Transfer Regulations) to the effect that, among other things, such transfer is being made to a person whom the transferor reasonably believes is a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A. Any beneficial interest in a Reg S Global Note that is so transferred will, upon transfer, cease to be represented by a beneficial interest in such Reg S Global Note and will become represented by a beneficial interest in the Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in such Rule 144A Global Note.

26.2.3 **Transfers of interests from a Rule 144A Global Note to a Reg S Global Note**

A beneficial interest in a Rule 144A Global Note (if any) may be transferred to a person who takes delivery in the form of a beneficial interest in the corresponding Reg S Global Note relating to the same Class of Notes only upon receipt by the Note Registrar of a written certification from the transferor (in the form required by the Note Trust Deed or the Transfer Regulations) to the effect that among other things, such transfer is being made outside the United States to a non-U.S. person in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S. Each beneficial interest in a Rule 144A Global Note so transferred will, upon transfer, cease to be represented by a beneficial interest in that Rule 144A Global Note and will become represented by a beneficial interest in that Reg S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in that Reg S Global Note.

26.3 Representations etc of Note Transferees

Each Note Transferee (other than Porta Falsa and the Joint Lead Managers) of the Investment Notes will be deemed to have acknowledged, represented, warranted and agreed as follows (terms used in this section that are defined in Rule 144A or Regulation S are used herein as defined therein):

(a) in connection with the purchase or transfer of an Investment Note and/or an interest in an Investment Note:

(1) the Note Transferee acknowledges that none of the Issuer or any Transaction Party is acting as a fiduciary or financial or investment adviser for such Note Transferee;

(2) such Note Transferee is not relying and has not relied (for the purposes of making any investment decision or otherwise) upon any advice, counsel or representations (whether written or oral) of the Issuer or any Transaction Party other than (and subject to the terms of) any statements in this Prospectus;

(3) such Note Transferee has consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers to the extent it has deemed necessary and has made its own investment decisions based upon its own judgment and upon any advice from such advisers as it has deemed necessary and not upon any view expressed by the Issuer or any Transaction Party;

(4) in the case of a Reg S Note, such Note Transferee is not a "U.S. Person" (within the meaning of Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate and is acquiring such Investment Notes for its own account or as a fiduciary or agent for other non-U.S. Persons in an offshore transaction (within the meaning of Regulation S) in reliance on an exemption from registration provided by Regulation S;

(5) in the case of a Rule 144A Note, such Note Transferee: (A) it is a Qualified Institutional Buyer, (B) is acquiring such Investment Notes for its own account or as a fiduciary or agent for others (which others must also be Qualified Institutional Buyers) for investment purposes and not for distribution in violation of the U.S. Securities Act, (C) it is able to bear the economic risk of an investment in the Rule 144A Notes and has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of purchasing the Investment Notes, and (D) it is aware, and each beneficial owner of the Investment Notes has been advised, that the sale of such Investment Notes is being made in reliance on Rule 144A;

(b) unless it holds an interest in a Reg S Note and is a person located outside the United States and is not a "U.S. Person" if in the future it decides to resell, pledge or otherwise transfer the Investment Notes

or any beneficial interests in the Investment Notes, it will do so prior to the date which is one year after the later of the Closing Date and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Investment Notes only (1) to the Issuer or any affiliate thereof, (2) inside the United States to a person whom it reasonably believes is a Qualified Institutional Buyer purchasing for its own account or for the account of a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A, (3) outside the United States in compliance with Rule 903 or Rule 904 under the U.S. Securities Act; (4) in reliance on the exemption from registration provided by Rule 144A under the U.S. Securities Act (if available); or (5) pursuant to an effective registration statement under the U.S. Securities Act; in each case in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction;

(c) it will, and will require each subsequent holder to, notify any purchaser of the Investment Notes from it of the resale restrictions referred to in paragraph (b) above, if then applicable;

(d) it is not acquiring the notes with a view to the resale, distribution or other disposition thereof in violation of the U.S. Securities Act;

(e) it understands that the Issuer is not and will not be registered under the U.S. Investment Company Act;

(f) if it is outside the United States and is not a U.S. Person, if it should resell or otherwise transfer the Regulation S Notes prior to the expiration of the Reg S Distribution Compliance Period, it will do so only (1)(A) outside the United States and not to a U.S. Person in compliance with Rule 903 or 904 under the U.S. Securities Act, or (B) to a person whom it reasonably believes is a Qualified Institutional Buyer purchasing for its own account or for the account of a Qualified Institutional Buyer in a transaction meeting the requirements of Rule 144A and (2) in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction;

(g) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any "directed selling efforts" (as defined in Rule 902(c) under the U.S. Securities Act) with respect to the Reg S Notes, and it and they have complied and will comply with the offering restrictions requirement of Regulation S;

(h) neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) under the U.S. Securities Act) in connection with any offer or sale of the Regulation S Notes in the United States;

(i) it understands that the Investment Notes offered in reliance on Rule 144A will be represented by the Rule 144A Global Notes. Before any interest in the Rule 144A Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Regulation S Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Note Trust Deed) as to compliance with applicable securities laws;

(j) it also understands that the Investment Notes offered in reliance on Regulation S will be represented by the Regulation S Global Notes. Before any interest in the Regulation S Global Note may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note, it will be required to provide a transfer agent with a written certification (in the form provided in the Note Trust Deed) as to compliance with applicable securities laws;

(k) it understands that the Issuer, the Note Registrar, the Joint Lead Managers and their affiliates, and others will rely upon the truth and accuracy of the acknowledgements, representations and agreements contained in this section 26.3 *Representations etc of Note Transferees*. If it is acquiring any Investment Notes for the account of one or more Qualified Institutional Buyers it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;

(l) it understands that the Investment Notes are not eligible for purchase by Plans and for so long as it holds any Investment Note or any interest therein it will not be, and will not be acting on behalf of a Plan;

(m) either (1) it is not, and is not acting on behalf of (and for so long as it holds such Investment Note or any interest herein will not be, and will not be acting on behalf of) a governmental, church or non-U.S. plan subject to a Similar Law, or (2) it is a governmental, church, non-U.S. or other plan and (A) its acquisition, holding and disposition of that Investment Note or any interest herein will not

constitute or result in a violation of any Similar Law, and (B) it is not and, for so long as it holds that Investment Note or interest herein, will not be subject to any federal, state, local, non-U.S. or other law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in the Investment Notes by virtue of its interest herein and thereby subject the Issuer or persons responsible for the investment and operation of the Issuer's assets to any Similar Law; and

(n) it is an "eligible counterparty" as defined in EU MiFID II, a "professional client" as defined in EU MiFID II, an "eligible counterparty" as defined in the FCA Handbook Conduct of Business Sourcebook and/or a "professional client" as defined in Article 2(1)(13A) of UK MiFIR, as applicable in each case for the purposes of any product governance target market assessment in respect of the Investment Notes.

26.3.2 **Mandatory transfer/redemption**

Each Note Transferee acknowledges and agrees that in the event that at any time the Issuer determines or is notified that such purchaser was, at the time of acquisition of the Investment Notes or interests thereon, in breach of any of the representations or agreements set out above or otherwise determines that any transfer or other disposition of any Investment Notes would, in the sole determination of the Issuer, require the Issuer to register as an "investment company" under the provisions of the U.S. Investment Company Act, then: (a) the Issuer may consider the acquisition of such Investment Notes or interests therein void *ab initio*, (b) the Issuer has the right to refuse to register or otherwise honour the transfer and (c) the Issuer may require that the Investment Notes or interests therein so purchased be transferred to a person designated by the Issuer, at a price determined by the Issuer based upon its estimation of the prevailing price of the Investment Notes, and by its acceptance of its Investment Notes or interests therein, each such purchaser authorises the Issuer to take such action if warranted and understands that the Issuer shall not be responsible for any losses that may be incurred as a result of any such transfer. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer will have the right, but not the obligation, to force the transfer of, or redeem, any such Investment Notes.

26.4 Manner of transfer

The Notes are transferable in units equal to a Note Authorised Denomination by delivery to the Note Registrar Specified Office (or such other place as the Note Registrar may agree) of:

(a) a duly completed transfer form executed under the hand of the transferor or, where the transferor is a corporation, under such corporation's common seal or under the hand of two of such corporation's officers duly authorised in writing;

(b) if the Transfer Form is executed by some other person on behalf of the transferor or, in the case of the execution of a Transfer Form on behalf of a corporation by such corporation's officers, the original of the document conferring authority of that person or those officers to do so (or a copy of such document certified in such manner as the Note Registrar may require);

(c) the relevant Note Certificate (if a Note Certificate has been issued in respect of the Note to be transferred); and

(d) such other evidence (including legal opinions) as the Issuer and the Note Registrar may reasonably require to prove the validity and effect of the Transfer Form or documents accompanying it, the title of the transferor or his right to transfer the Note and his identity.

The signature of the person effecting a transfer of a Note shall conform to any list of duly authorised specimen signatures supplied by the registered Noteholder or be certified by a recognised bank, notary public or in such other manner as the Note Registrar may require.

26.5 Restriction on registration of transfers

26.5.1 **No registrations while payees are being ascertained**

No Noteholder may require the transfer of a Note to be registered during the period from and including a Note Register Record Date to and including the date that the relevant payment in respect of such Note becomes due.

26.5.2 **No registrations while proxy appointments outstanding**

No Noteholder which has executed a proxy instrument in relation to a meeting of Noteholders may require the transfer of a Note covered by such proxy instrument to be registered until the earlier of the conclusion of such meeting and its adjournment for want of a quorum.

26.5.3 **Single Note Register entry for entire holding of holder**

Unless otherwise requested by a Noteholder and agreed by the Issuer and the Note Registrar, a Noteholder in respect of Notes shall be entitled to have only one subsisting entry in the Note Register in respect of his or (in the case of a joint holding) their entire holding of Notes in a particular Class.

26.6 Persons entitled upon cessation etc

In the event of the dissolution, cessation or death of a Noteholder:

(a) which is not a joint Noteholder, the administrators, executors or similar representatives of such Noteholder; or

(b) which is one or more of joint Noteholders, the remaining or surviving joint Noteholder(s),

shall be the only persons recognised by the Note Registrar and the Issuer as having any title to such Notes.

Any person becoming entitled to Notes in consequence of the dissolution, cessation, death or official bankruptcy or insolvency of the relevant Noteholder may, upon producing such evidence that such person holds the position in respect of which such person proposes to act under this paragraph or of such person's title as the Issuer and the Note Registrar shall require (including legal opinions), be registered as the Noteholder in respect of such Notes or, subject to Transfer Regulations as to transfer, may transfer such Notes.

The Issuer and the Note Registrar shall be at liberty to retain any amount payable upon the Notes to which any person is so entitled until such person shall be registered as aforesaid or such person shall duly transfer the Notes.

26.7 Issue of certificates in relation to transfers

Subject to and without prejudice to Note Base Condition 2.6 *Certificates*:

(a) Joint Noteholders of a Note shall be entitled to one Note Certificate only in respect of their joint holding which shall, except where they otherwise direct, be delivered to the joint Noteholder whose name appears first in the Note Register in respect of the joint holding.

(b) Where a Noteholder transfers part only of his holding comprised in the relevant Note:

(1) (if a Note Certificate is requested by such Noteholder or is required) there shall be delivered to such Noteholder a Note Certificate in respect of the balance of such holding; and

(2) (if a Note Certificate is requested by the relevant transferee or is required) a new Note Certificate in respect of the balance of the Note transferred will be delivered to the transferee;

in each case in accordance with these Transfer Regulations.

(c) If a Note Certificate required to be delivered under these Transfer Regulations, subject to unforeseen circumstances beyond the control of the Note Registrar arising and to the applicable Transfer Regulations having been complied with by the relevant transferor and transferee, the Note Registrar will within 5 Working Days after the date of registration of a transfer of the relevant Note:

(1) where the person entitled to the Note Certificate has requested in writing, despatch (at the risk and at the expense of such person) such Note Certificate by mail to such address such person has specified in such request; or

(2) if no such request has been made, deliver such Note Certificate at its Note Registrar Specified Office to the person entitled to the Note Certificate,

and, for the purposes of this paragraph, **Working Day** means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city in which the Note Registrar has its Note Registrar Specified Office.

26.8 No charge to be made for certain transfers etc

The Issuer and the Note Registrar shall, save in the case of the issue of replacement Notes and where expressly indicated otherwise in these Transfer Regulations, make no charge to any Noteholders for:

(a) the registration or transfer of any holding of Notes; or

(b) the issue of any Note Certificates; or

(c) the delivery of any Note Certificates at the Note Registrar Specified Office;

but such registration, transfer, issue or delivery shall be effected against such indemnity from the Noteholder or the transferee thereof as the Note Registrar may require in respect of any tax or other duty of whatever nature which may be levied or imposed in connection with such registration, transfer, issue or delivery.

27. General information

27.1 Authorisation by Issuer of the Notes

The issue of the Notes was authorised pursuant to a resolution of the board of directors of the Issuer passed on 27 July 2026.

27.2 Clearing Systems, ISINs and Common Codes

Details of the Clearing Systems, the ISINs and Common Codes in respect of the Investment Notes are indicated in 6.1.24 *Clearance / settlement* and 6.1.26 *Clearing system codes*.

27.3 Yield in respect of the Notes

The following table indicates the yield due in respect of each Class of Notes, such yield being calculated on the basis that (a) the relevant investor holds the Notes throughout the period from and including the Closing Date to and including the earliest potential Optional Redemption Date, and (b) such investor purchases the Notes at the relevant Note Issue Price on the Closing Date:

Class of Notes	Yield
A Notes and A Loan Notes	Floating Reference Rate plus 1.0%
B Notes	Floating Reference Rate plus 1.5%
C Notes	Floating Reference Rate plus 2.0%
D Notes	Floating Reference Rate plus 2.5%
E Notes	Floating Reference Rate plus 3.5%
F Notes	Floating Reference Rate plus 4.0%
Z Notes	8.0%
X Notes	N/A

27.4 Use of proceeds

The gross proceeds from the issue of the Notes on the Closing Date will be EUR 471,238,974.

The net proceeds of the issue of the Notes on the Closing Date are expected to amount to approximately EUR 471,238,974 and will be applied on the Closing Date as indicated in 19.4 *Net proceeds on the Closing Date* and in 4.4.6 *Certain interests and potential for conflicts*.

28. Index of definitions

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