

## IMPORTANT NOTICE

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

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER IN ANY JURISDICTION. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION. THE ISSUER OF THE NOTES HAS NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE INVESTMENT COMPANY ACT. THE NOTES ARE BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. THE NOTES MAY NOT AT ANY TIME BE TRANSFERRED OR SOLD TO OR FOR THE ACCOUNT OF A U.S. PERSON.

**Confirmation of your representations:** This prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. By accessing this prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the prospectus by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories or possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) you have not duplicated, distributed, forwarded, transferred or otherwise transmitted, and will not duplicate, distribute, forward, transfer or otherwise transmit, this document or any other presentational or other materials concerning this offering (including electronic copies thereof) to any other person, and (e) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005. If you are unable to agree and do not confirm each of the items above, then you will not be eligible to view this prospectus or make an investment decision with respect to the Notes on the basis of the information set out in this prospectus, and you must destroy all copies of this prospectus immediately and notify us forthwith of having done so.

**ERISA Considerations:** the Notes may not be acquired or held by any Benefit Plan Investor. See "*Purchase and Transfer Restrictions*" below.

You are reminded that any investment decision as to any purchase of Notes must be made solely on the basis of information contained in this prospectus. No representation, warranty or undertaking is made hereby or is to be implied by any person as to the completeness, accuracy or fairness of the information contained in this prospectus and none of the Issuer, Abbey National Treasury Services PLC, U.S. Bank Trustees Limited, Elavon Financial Services DAC, UK Branch or any of their respective affiliates, officers, employees, or agents, accepts any liability or responsibility whatsoever in respect hereof.

This prospectus has been sent to you in electronic format. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer or Abbey National Treasury Services PLC, nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the prospectus distributed to you in electronic format and the hard copy version available to you on request from the Issuer or Abbey National Treasury Services PLC.

# GRAFTON CLO 2016-1 DESIGNATED ACTIVITY COMPANY

(a private company with limited liability incorporated under the laws of Ireland with company number 594450)

## GBP 100,000,000 Portfolio Credit Linked Notes due 2024

### The Notes

On such date as Grafton CLO 2016-1 Designated Activity Company (the "**Issuer**") and Banco Santander, S.A. (the "**Lead Manager**") agree (the "**Closing Date**"), the Issuer will issue the GBP 100,000,000 Portfolio Credit Linked Notes due 2024 (the "**Notes**").

This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive 2003/71/EC (as amended) (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc (the "**ISE**") or other regulated markets for the purposes of the Markets in Financial Instruments Directive 2004/39/EC ("**MiFID**") or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the ISE for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained, or if obtained, will be maintained.

References in this Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on the regulated market of the ISE and have been admitted to the Official List (the "**Official List**"). The regulated market of the ISE is a regulated market for the purposes of MiFID. This Prospectus constitutes a "**prospectus**" for the purposes of Article 5 of the Prospectus Directive in relation to the Issuer.

### Obligations of Issuer Only

The Notes will be obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any of the other parties to the transactions described in this Prospectus and any suggestion otherwise, express or implied, is expressly excluded.

### Form of Notes

The Notes will initially be represented on issue by a temporary global note in bearer form (the "**Temporary Global Note**") without interest coupons attached. The Notes will be deposited on or about the Closing Date with a common depository for Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"). The Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (the "**Permanent Global Note**") representing the Notes, without interest coupons attached, not earlier than 40 days after the Closing Date (*provided that* certificates as to non-U.S. beneficial ownership have been received). Ownership interests in the Temporary Global Note and the Permanent Global Note will be shown on, and transfers thereof will only be effected through, records maintained by Clearstream, Luxembourg and Euroclear and their respective participants. Interests in the Permanent Global Note will be exchangeable for Definitive Notes in bearer form only in certain limited circumstances as set forth therein.

The Notes have not been approved or disapproved by the United States Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of this offering or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Issuer has not been registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**") and the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws. The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("**Regulation S**") and the Notes may not at any time be offered or sold within the United States or to U.S. Persons as defined in Regulation S ("**U.S. Persons**"). See "*Subscription and Sale*".

The Issuer is not, and will not be, regulated by the Central Bank by virtue of the issue of the Notes. Any investment in the Notes does not have the status of a bank deposit and is not subject to the deposit protection scheme operated by the Central Bank.

### Risk Factors

Each person contemplating making an investment in the Notes must make its own investigation and analysis of the creditworthiness of the Issuer, the Protection Buyer and the Reference Portfolio and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. A prospective investor who is in any doubt whatsoever as to the risks involved in investing in the Notes should consult its own independent professional advisors.

It should be remembered that the price of securities and the income from them can go down as well as up.

A discussion of certain factors, which should be considered by prospective Noteholders in connection with an investment in the Notes, is set out in the section entitled "*Risk Factors*".

**Arranger**

**Abbey National Treasury Services PLC**

**Lead Manager**

**Banco Santander, S.A.**

The date of this Prospectus is 22 December 2016

## **Responsibility Statements**

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the meaning of such information.

The Notes are only intended to be offered in the primary market to, and held by, investors who are particularly knowledgeable in investment matters.

The information in the sections headed "*Origination and Servicing of Reference Obligations*", "*Description of the Initial Reference Portfolio*" (the "**ANTS Information**") has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from such information, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **Representations about the Notes**

No person is or has been authorised in connection with the issue and sale of the Notes to make any representation or provide any information other than as contained in this Prospectus and, if given or made, such representation or information should not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger, the Lead Manager, the Trustee, the Principal Paying Agent, the Agent Bank, the Protection Buyer, the Cash Deposit Bank, the Common Depositary, the Custodian, the Account Bank, the Cash Administrator, the Corporate Services Provider, the Note Calculation Agent or the Calculation Agent (the "**Transaction Parties**") (each as described in this Prospectus) or any person affiliated with them.

None of the Transaction Parties or any person affiliated with them have separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Transaction Parties or any person affiliated with them as to the accuracy or completeness of the information contained in this Prospectus or any other information supplied in connection with the Notes, their distribution or the future performance and adequacy of the Notes. Each person receiving this Prospectus acknowledges that such person has not relied on any of the Transaction Parties or any other person affiliated with any of them in connection with any investigation of the accuracy of the information contained herein and/or its investment decision.

## **Financial condition of the Issuer**

Neither the delivery of this Prospectus nor the offer, sale, allocation, solicitation or delivery of any Note shall, in any circumstances, create any implication or constitute a representation that there has been no adverse change or event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer or in any other information contained herein since the date of this Prospectus or that the information contained herein is correct as at any time subsequent to the date of this Prospectus.

## **Selling Restrictions**

No action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction except as described in this Prospectus. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part thereof) comes are required by the Issuer and the Lead Manager to inform itself about and to observe any such restrictions.

Neither this Prospectus nor any part hereof constitutes an offer of, or an invitation by, or on behalf of, the Issuer or the Lead Manager to subscribe for or purchase any of the Notes. Neither this Prospectus, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstance in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any part hereof nor any other prospectus, form of application, advertisement, other offering material or other information may be issued, distributed or published in any country or jurisdiction, except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

None of the Issuer or the Lead Manager or any of their representatives is making any representation to any offeree or purchaser of the Notes offered by this Prospectus regarding the legality of an investment by such an offeree or purchaser under appropriate legal, investment or similar laws. Prospective purchasers should consult with their advisers as to the legal, tax, business, financial and related aspects of a purchase of the Notes.

For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus, see "*Subscription and Sale*" below.

**Any individual intending to invest in any instrument described in this Prospectus should consult his or her professional adviser and ensure that he or she fully understands all the risks associated with making such an investment and has sufficient financial resources to sustain any loss that may arise from it.**

### **Withholding Tax**

Payments of interest, principal and premium (if any) in respect of the Notes will be made subject to any applicable withholding taxes and none of the Issuer, the Principal Paying Agent nor any other person will be obliged to pay additional amounts as a consequence thereof. See "*Taxation In Ireland*".

### **Interpretation**

References in this Prospectus to "**Sterling**" and "**GBP**" are to the lawful currency of the United Kingdom.

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

This Prospectus contains summaries believed to be accurate with respect to certain terms of certain documents and such summaries are qualified in their entirety by reference to such documents. The contents of this Prospectus are not to be construed as legal, business or tax advice.

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meaning set out in this Prospectus. A glossary of defined terms which are used but otherwise undefined in this Prospectus is set out in the section entitled "*Glossary of Defined Terms*".

An index of defined terms appears at the end of this Prospectus.

Any website mentioned herein does not form part of this Prospectus.

### **Documents Incorporated by Reference**

All amendments and supplements to this Prospectus prepared by the Issuer from time to time shall be deemed to be incorporated in, and to form part of, this Prospectus, provided, however, that any statement contained in this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

### **Notice to U.S. Persons**

The Notes have not been, and will not be, registered under the Securities Act, the securities laws of any State of the United States or the securities laws of any other jurisdiction. The Notes and any beneficial interests therein may not at any time be reoffered, resold, pledged, exchanged or otherwise transferred except to persons who are not U.S. Persons in an offshore transaction meeting the requirements of Regulation S.

### **Forward-looking Statements**

This Prospectus contains statements which constitute forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical facts included in this Prospectus, are forward-looking statements and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates",

"continues", "intends", "plans", or similar terms. Prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Lead Manager, the Note Trustee, the Security Trustee, the Agents and the Administrator have not attempted to verify any such statements, nor do they make any representations, express or implied, with respect thereto.

### **PRIIPs Regulation**

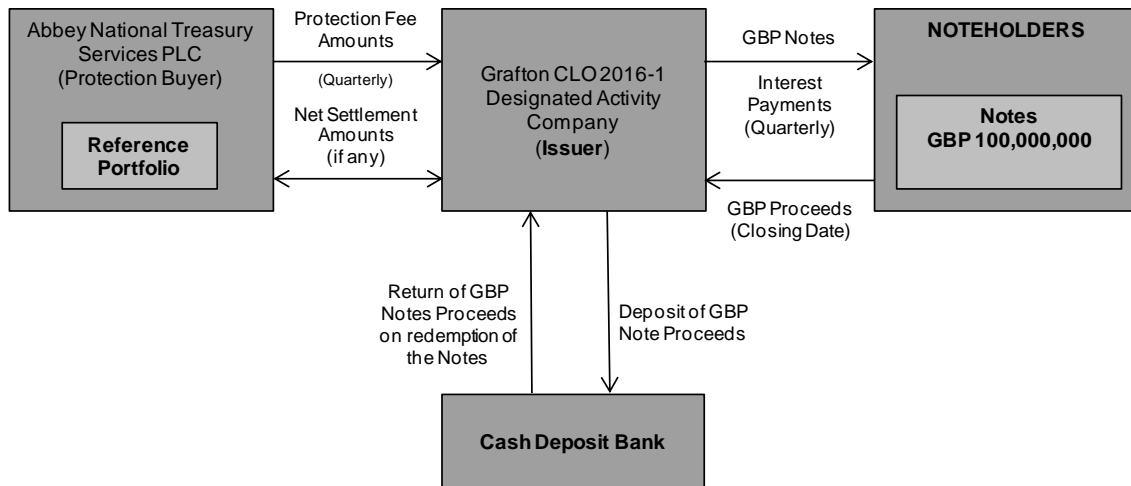
The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. Each of the Issuer and the Lead Manager expressly disclaims any responsibility for offering or selling the Notes or otherwise making them available to any retail investor in the EEA.

## CONTENTS

	<b>Page</b>
TRANSACTION DIAGRAM.....	1
TRANSACTION PARTIES.....	2
OVERVIEW OF TERMS .....	3
RISK FACTORS .....	15
OVERVIEW OF LENDING MARKET AND ORIGINATION AND SERVICING OF REFERENCE OBLIGATIONS .....	37
DESCRIPTION OF THE INITIAL REFERENCE PORTFOLIO .....	40
ISSUER .....	43
ABBAY NATIONAL TREASURY SERVICES PLC .....	52
CREDIT PROTECTION DEED .....	54
ELIGIBILITY AND REPLENISHMENT CRITERIA .....	62
THE CASH DEPOSIT BANK AGREEMENT, CUSTODY AGREEMENT AND COLLATERAL MANAGEMENT AGREEMENT.....	70
SUMMARY OF OTHER TRANSACTION DOCUMENTS .....	75
USE OF PROCEEDS .....	77
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM .....	78
TERMS AND CONDITIONS OF THE NOTES .....	80
TAXATION IN IRELAND.....	108
SUBSCRIPTION AND SALE .....	112
BOOK ENTRY CLEARANCE PROCEDURES.....	120
GENERAL INFORMATION .....	122
GLOSSARY OF DEFINED TERMS.....	124
INDEX OF DEFINED TERMS .....	137

## TRANSACTION DIAGRAM

This summary of terms and transaction overview is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus. In the event of any inconsistency between this summary of terms and transaction overview and the information provided elsewhere in this Prospectus, the information provided elsewhere in this Prospectus shall prevail.





## TRANSACTION PARTIES

<b>Issuer</b>	Grafton CLO 2016-1 Designated Activity Company (the " <b>Issuer</b> "), a private company with limited liability, incorporated under the laws of Ireland and having its registered office at 3 <sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64. The Issuer was established on 9 December 2016 for the purpose of engaging in the transactions described in this Prospectus. The entire issued share capital of the Issuer is held by TMF Management (Ireland) Limited in its capacity as trustee of the charitable trust established pursuant to the terms of a declaration of trust dated 13 December 2016.
<b>Trustee</b>	U.S. Bank Trustees Limited, a private company incorporated under the laws of England and Wales with limited liability whose registered office is at L5, 125 Old Broad Street, London EC2N 1AR.
<b>Corporate Services Provider</b>	TMF Administration Services Limited, a private company with limited liability incorporated under the laws of Ireland and having its registered office at 3 <sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64.
<b>Protection Buyer</b>	Abbey National Treasury Services PLC, a public limited company incorporated under the laws of England and Wales with limited liability whose registered office is at 2 Triton Square, Regent's Place, London NW1 3AN.
<b>Cash Deposit Bank</b>	Abbey National Treasury Services PLC
<b>Cash Administrator</b>	Abbey National Treasury Services PLC
<b>Agent Bank</b>	Abbey National Treasury Services PLC
<b>Principal Paying Agent</b>	Elavon Financial Services DAC, UK Branch, a designated activity company registered in Ireland with Companies Registration Office (registered number 418442), with its registered office at Block E, Cherrywood Business Park, Dublin, Ireland, acting through its UK Branch (registered number BR009373) from its offices at L5, 125 Old Broad Street, London EC2N 1AR, United Kingdom.
<b>Note Calculation Agent</b>	Abbey National Treasury Services PLC
<b>Calculation Agent</b>	Abbey National Treasury Services PLC
<b>Collateral Manager</b>	Abbey National Treasury Services PLC
<b>Custodian</b>	Elavon Financial Services DAC, UK Branch
<b>Account Bank</b>	Elavon Financial Services DAC, UK Branch
<b>Verification Agent</b>	PricewaterhouseCoopers LLP, a limited liability partnership registered in England with registered number OC303525 and having its registered office at 1 Embankment Place, London WC2N 6RH.

## OVERVIEW OF TERMS

*The following overview of terms does not purport to be complete and is taken from, and qualified in its entirety by, the more detailed information contained elsewhere in this Prospectus and certain of the documents referred to below, and, without limitation, the Conditions. Words or expressions used but not expressly defined in this overview of terms shall have the meanings given to them elsewhere in this Prospectus, including the Conditions. An index of defined terms is set out at the back of this Prospectus. This overview of terms is not a summary for the purposes of the Prospectus Directive 2003/71/EC.*

### **Transaction Overview**

On the Closing Date, the Issuer will, concurrently with the issuance of the Notes enter into the Credit Protection Deed with the Protection Buyer pursuant to which the Issuer will sell credit protection to the Protection Buyer in respect of a portfolio, designated by the Protection Buyer, of Reference Entities and related Reference Obligations. In return for periodic payments of Protection Fee Amounts, the Issuer will be liable to make, amongst other things, Protection Payment Amounts to the Protection Buyer upon the occurrence of a Credit Event in relation to any of the Reference Entities and the fulfilment of certain other conditions.

On each Note Payment Date immediately following a Payment Date under the Credit Protection Deed upon which the Issuer is obliged to pay a Protection Payment Amount to the Protection Buyer, subject to the terms of the Conditions, the Adjusted Principal Balance of the Notes will be reduced, without any commensurate payment to Noteholders, by the amount of the relevant Protection Payment Amount, on a *pro rata* and *pari passu* basis until the Adjusted Principal Balance of each Note is reduced to zero. The Adjusted Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Principal Balance of such Note is zero. Reductions to the Adjusted Principal Balance of the Notes may, in certain circumstances, be subsequently reinstated with interest. To the extent not previously paid or reduced, the Adjusted Principal Balance of, and accrued and unpaid interest on, the Notes will be due and payable on the Final Redemption Date.

On the Closing Date, the proceeds of the issue of the Notes will be deposited by the Issuer into the Cash Deposit Account. The Issuer will secure its obligations in respect of the Cash Deposit Account (amongst other accounts) by *inter alia* granting a first fixed charge in favour of the Trustee on behalf of itself and the Secured Creditors as more particularly set out in the Deed of Charge.

The balance of the Cash Deposit Account will be applied from time to time to pay, amongst other things, any Protection Payment Amounts that may be payable by the Issuer under the Credit Protection Deed and, to the extent not so applied, will be used to redeem the Notes as described below.

### **The Notes**

#### **Initial Principal Balance**

The Notes will have an Initial Principal Balance of GBP 100,000,000.

The Notes will be issued on the terms and conditions set forth in, and have the benefit of, the Trust Deed and will be secured pursuant to the Deed of Charge.

The Notes will be issued by the Issuer.

<b><i>Closing Date</i></b>	22 December 2016
<b><i>Scheduled Redemption Date</i></b>	The Note Payment Date scheduled to fall on 21 December 2022.
<b><i>Final Redemption Date</i></b>	The Note Payment Date that falls two years after the Scheduled Redemption Date, currently expected to be 21 December 2024.
<b><i>Note Business Day</i></b>	Any Day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange currency deposits) in London and Dublin, other than a Saturday or Sunday.
<b><i>Ratings</i></b>	The Notes will not be rated by any rating agency.
<b><i>Status</i></b>	The Notes will constitute secured, limited recourse obligations of the Issuer and rank <i>pari passu</i> and without preference amongst themselves.
<b><i>Interest in respect of the Notes</i></b>	<p>Interest on each Note will accrue on a periodic basis on the Adjusted Principal Balance of such Note from and including the Closing Date and will accrue provided that the Adjusted Principal Balance of such Note is in excess of zero.</p> <p>Interest payable on each Note in respect of a Note Interest Period will be calculated as such Note's pro rata share of an amount determined by the Note Calculation Agent to be the sum of:</p> <ul style="list-style-type: none"> <li>(a) the amount calculated by applying the relevant Interest Rate for such Note Interest Period to the Adjusted Principal Balance of the Notes as of the first day of such Note Interest Period (after giving effect to any adjustment to the Adjusted Principal Balance on such date) and multiplying the product by the actual number of days in such Note Interest Period divided by 360; and</li> <li>(b) the Protection Fee Component Amount in respect of the relevant Note Payment Date; and</li> <li>(c) any positive or negative Make-Up Protection Fee Amount in respect of the relevant Note Payment Date; and</li> <li>(d) the Negative Interest Shortfall Amount (if any) in respect of the immediately preceding Note Payment Date,</li> </ul> <p>and rounding the resulting figure to the nearest GBP 0.01, <i>provided that</i>, the Interest Amount in respect of any Note Interest Period may not be less than zero. If the Interest Amount in respect of a Note Payment Date would have been a negative amount but for the proviso at the end of the preceding sentence, such negative amount shall constitute the "<b>Negative Interest Shortfall Amount</b>" in respect of that Note Payment Date. For the avoidance of doubt, the Negative Interest Shortfall Amount shall be expressed as a negative amount.</p> <p>Such interest shall be payable in arrear, on each Note Payment Date subject as provided in Condition 8 (<i>Payments</i>).</p>
<b><i>Interest Rate</i></b>	The Interest Rate applicable prior to the Termination Date in respect of the Notes shall be 3- month GBP-LIBOR per annum subject to a minimum of zero.

***Note Payment Dates***

Each of 21 March, 21 June, 21 September and 21 December in each year, commencing on 21 March 2017 and ending on the Final Redemption Date, provided that, if any such date is not a Note Business Day, the Note Payment Date shall fall on the Next Note Business Day.

***Adjusted Principal Balance***

Amounts of principal payable in respect of the Notes will be determined by reference to the Adjusted Principal Balance of the Notes.

The Adjusted Principal Balance of the Notes means, on any date, the greater of:

- (a) an amount equal to:
  - (i) the Principal Balance of the Notes on such date;  
*minus*
  - (ii) the aggregate amount of Protection Payment Amounts (if any) that have been applied to reduce the Adjusted Principal Balance pursuant to Condition 7(g) (*Reduction and Reinstatement of the Adjusted Principal Balance of the Notes*);  
  
*plus*
  - (iii) the aggregate amount of Protection Payment Adjustment Amounts (if any) that have been applied to increase the Adjusted Principal Balance pursuant to Condition 7(g) (*Reduction and Reinstatement of the Adjusted Principal Balance of the Notes*);  
  
*minus*
  - (iv) on any date on which the Issuer is obliged to redeem the Notes pursuant to Conditions 7 (Redemption, Reduction, Reinstatement and Cancellation) or 11(d) (Consequences of Notes becoming Due and Payable and Delivery of Note Enforcement Notice), the Negative Interest Shortfall Amount (if any) on such date; or
- (b) zero.

***Reductions of Adjusted Principal Balance***

On each Note Payment Date immediately following a Payment Date upon which the Issuer is obliged to pay a Protection Payment Amount to the Protection Buyer, subject to the terms of the Conditions, the Adjusted Principal Balance of the Notes will be reduced, without any commensurate payment to Noteholders, by the amount of the relevant Protection Payment Amount on a *pro rata* and *pari passu* basis until the Adjusted Principal Balance of each Note is reduced to zero. The Adjusted Principal Balance of the Notes will be adjusted automatically and interest shall not accrue on any Note if and for so long as the Adjusted Principal Balance of such Note is zero.

***Principal Reinstatement***

On each Note Payment Date immediately following a Payment Date upon which a Protection Payment Adjustment Amount is paid by the Protection Buyer to the Issuer under the Credit Protection Deed, the Adjusted Principal Balance of the Notes will be increased, without any corresponding payment to the Noteholders at such time,

by an amount equal to such Protection Payment Adjustment Amount as applicable, in order to reinstate any amounts previously applied in reduction of the Adjusted Principal Balance of the Notes such that the Adjusted Principal Balance of the Notes following such re-instatement reflects the then current aggregate losses and potential losses under the Reference Portfolio. Such reinstatement shall be allocated to each Note until the Adjusted Principal Balance of such Note is equal to its Initial Principal Balance *less* any Redemption Amounts previously paid in respect of such Note (the amount so allocated to the Notes being the "**Reinstatement Amount**"). The Note Calculation Agent shall, as soon as reasonably practicable thereafter, notify in writing the Issuer, the Principal Paying Agent, the Cash Administrator and the Trustee of the Adjusted Principal Balance following such reinstatement.

***Timing of Redemption***

The date on which payment in full of principal on the Notes is scheduled to commence is the Scheduled Redemption Date, being 21 December 2022 (or, if such day is not a Note Business Day, on the following Note Business Day).

However, payment of principal on the Notes may commence prior to the Scheduled Redemption Date as a result of (a) the determination of a Protected Tranche Amortisation Amount under the Credit Protection Deed or (b) the occurrence of an Early Redemption Date (including a Tax Redemption Date or an Enforcement Date).

To the extent not previously paid or reduced, the Notes will be redeemed in full on the Final Redemption Date.

***Amortised Redemption***

If the Protection Buyer designates a Protected Tranche Amortisation Amount in respect of any Calculation Date, then the Issuer shall, on the immediately following Note Payment Date, subject to any prior ranking claims in accordance with the applicable Priority of Payments, apply an amount equal to the aggregate of each corresponding Notes Amortisation Amount determined during the Note Interest Period ending on such Note Payment Date in or towards redemption of the Notes (together with any accrued but unpaid interest thereon).

***Redemption on and after Termination Date***

On the Termination Date and on each Redemption Date thereafter, the Issuer shall, subject to any prior ranking claims in accordance with the applicable Priority of Payments, allocate and apply the Available Funds in an amount equal to the amounts of principal payable by the Issuer towards redemption of the Notes for that date (together with any accrued but unpaid interest thereon) until the Adjusted Principal Balance of each Note is zero.

***Redemption upon Tax Redemption Event***

Following the occurrence of a Tax Redemption Event, the Issuer may, subject to certain conditions, designate any Note Payment Date as the Tax Redemption Date on giving not less than 30 calendar days' and not more than 45 calendar days' irrevocable notice to the Noteholders. See "*Terms and Conditions of the Notes — Condition 7(e) (Optional Redemption of the Notes in Whole for Tax Reasons)*".

***Regulatory Event***

A Regulatory Event will occur if:

- (a) in the sole opinion of the Protection Buyer, there is a material adverse change in the Protection Buyer's or any of the Protection Buyer's Affiliates' ability to reflect the full

regulatory capital benefit of the transaction contemplated by the Credit Protection Deed as anticipated on the Effective Date as a result of the Protection Buyer not having received on or before the Regulatory Event Stop Date confirmation from any applicable regulator that the amount of regulatory capital which the Protection Buyer is required to hold in respect of the Reference Portfolio is not materially greater than the amount of regulatory capital which the Protection Buyer anticipated being required to hold in respect of the Reference Portfolio as a consequence of entering into the transaction contemplated by this Deed (determined by reference to the regulatory requirements in force on the Effective Date) and the Protection Buyer notifies the Protection Seller of its failure to obtain such confirmation within 12 months of the Regulatory Event Stop Date; or

- (b) within 12 months of the Effective Date, the Protection Buyer receives a Regulator Notification and notifies the Protection Seller of such Regulator Notification within 12 months of the Regulator Notification; or
- (c) in the sole opinion of the Protection Buyer, there is a material adverse change in the Protection Buyer's ability to reflect the full regulatory capital benefit of the transaction contemplated by the Credit Protection Deed as anticipated on the Effective Date (determined by reference to the regulatory requirements in force on the Effective Date) as a result of the enactment or effective date of or supplement or amendment to, or a change in, law, policy or official interpretation of any relevant regulations or as a result of any official communication, interpretation or determination made by any relevant regulatory authority,

in each case occurring after the Effective Date but within the 12-month period immediately preceding the date on which the Protection Buyer gives a notice designating an Effective Protection Termination Date under Clause 11.2(e) (*Consequences of a Termination Event*) of the Credit Protection Deed and which cannot be avoided by the Protection Buyer using commercially reasonable efforts. The Protection Buyer shall be required, as a condition precedent to its ability to designate an Effective Protection Termination Date following the occurrence of Regulatory Event, to supply a certificate, signed by two managing directors (or other substantially equivalent title) of the Protection Buyer, confirming the occurrence of such Regulatory Event and containing a description in reasonable detail of the facts relevant to the determination that a Regulatory Event has occurred, together with all relevant calculations involved in such determination.

#### ***Note Events of Default***

The Note Events of Default are set out in Condition 11 (Note Events of Default) and include, without limitation, (a) unremedied defaults by the Issuer relating to the payment of principal or interest on the Notes or relating to the performance of its other obligations under or in respect of the Notes for a specified period, and (b) insolvency of the Issuer. Subject to the terms of the Trust Deed, and subject to being indemnified and/or secured and/or prefunded to its satisfaction, if a Note Event of Default occurs and is continuing the Trustee may, at its discretion, and shall, if so requested by the holders of at least 25 per cent. of the Adjusted Principal Balance of the Notes then outstanding or if so directed by an Extraordinary

Resolution of the Noteholders, deliver a Note Enforcement Notice to the Issuer, the Principal Paying Agent, the Account Bank, the Custodian and the Cash Administrator, declaring the Notes to be immediately due and payable and the Security shall become enforceable on the Enforcement Date. Subject to the terms of the Trust Deed, at any time after the Enforcement Date, the Trustee may at its discretion and without notice, institute or take such proceedings, steps or other action as it thinks fit to enforce the provisions of the Notes or the Trust Deed or other Transaction Documents, but it shall not be bound to take any such proceedings, actions or steps unless (a) it has been so requested in writing by the holders of at least 25 per cent. of the Adjusted Principal Balance of the Notes then Outstanding; or (b) it has been so directed by an Extraordinary Resolution of the Noteholders of the Notes then Outstanding, and, in any case, it has been indemnified and/or secured and/or prefunded to its satisfaction in respect of all Liabilities to which it may thereby become liable or which it may incur by so doing.

***Taxation of Payments on the Notes***

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any applicable jurisdiction or any political subdivision thereof or by any authority thereof or therein having power to tax, unless such withholding or deduction is required by any applicable law or pursuant to any agreement between the Issuer and any applicable jurisdiction or any political subdivision thereof or by any authority thereof having the power to tax. In that event, the Issuer 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. Neither the Issuer nor any Agent will be obliged to pay any additional amounts to the Noteholders in respect of such withholding or deduction.

However, in that event, **provided that** the Issuer has been specifically provided with funds by the Protection Buyer (at the option of the Protection Buyer) for such purpose, the Issuer will pay such additional amounts ("**Additional Amounts**") as will result in the receipt by the Noteholders of such amounts as would have been received by them if no such withholding or deduction had become required, except that no Additional Amounts will be payable in respect of any Notes in the circumstances set out in Condition 9(a) (*Taxation*).

In the event that the Issuer is required or would, if provided with funds, be required to pay any Additional Amounts to Noteholders, and the Protection Buyer has elected to terminate the Credit Protection Deed or has failed to pay any additional amount which it has elected to pay under the Credit Protection Deed or has elected not to provide funds to the Issuer in respect of any Tax incurred by it or for any Additional Amount which the Issuer would, if it were so funded, be obliged to pay to Noteholders under Condition 9 (*Taxation*), the Notes may be redeemed in accordance with Condition 7(e) (*Optional Redemption of the Notes in whole for Tax Reasons*)".

***United Kingdom Taxation***

See "*Taxation of Noteholders – United Kingdom Taxation*".

<b><i>Irish Taxation</i></b>	See " <i>Taxation of Noteholders – Irish Taxation</i> ".
<b><i>Conditions</i></b>	References to the Conditions (or any Condition) are to the terms and conditions of the Notes in the form scheduled to the Trust Deed, as those terms and conditions may be modified from time to time in accordance with the terms of the Trust Deed. See " <i>Terms and Conditions of the Notes</i> ".
<b><i>Credit Protection Deed</i></b>	On the Closing Date, the Issuer will enter into the Credit Protection Deed with Abbey National Treasury Services PLC as Protection Buyer pursuant to which the Issuer will provide credit protection in respect of a number of Reference Entities and the related Reference Obligations. The principal terms of the Credit Protection Deed will be as set out below.
<b><i>Protection Fee Payments</i></b>	As the buyer of credit protection, the Protection Buyer will make periodic payments of the Protection Fee Component Amounts to the Issuer.
<b><i>The Reference Portfolio and Reference Obligations</i></b>	The Protection Buyer designated, with respect to the Portfolio Cut-Off Date, the Reference Portfolio which shall be the subject of the Credit Protection Deed. The Reference Portfolio will, at any time, consist of a pool of Reference Entities and the related Reference Obligations at that time, which may or may not have been originated or acquired by the Protection Buyer. The Reference Obligations shall comply with the Eligibility Criteria on the Portfolio Cut-off Date. The Reference Portfolio may be amended from time to time, as further described in " <i>Credit Protection Deed – Reference Portfolio</i> ".
<b><i>Portfolio Cut-Off Date</i></b>	13 December 2016
<b><i>Reference Obligation Notional Amount</i></b>	The Protection Buyer has designated a Reference Obligation Notional Amount in respect of each Reference Obligation in the Reference Register. The Reference Obligation Notional Amount of a Reference Obligation may be reduced as a result of a Reduction or increased as a result of Replenishment, in the manner described in " <i>Credit Protection Deed – Reference Obligation Notional Amount</i> ".
<b><i>Reference Register</i></b>	The Protection Buyer will be required to maintain a registry specifying certain detailed information in respect of each Reference Obligation and Reference Entity. The Reference Register which will be available for inspection by Noteholders as described in " <i>General Information – Inspection of Documents and Availability of Information</i> " below. See " <i>Reference Register</i> " below for a description of the contents of the Reference Register.
<b><i>Servicing</i></b>	The administration, collection and enforcement of each Reference Obligation, including the enforcement of any security granted in respect thereof, shall be carried out by Santander Global Corporate Banking UK (" <b>SGCB UK</b> ") or such other person as may service such Reference Obligation from time to time to a standard consistent with the Servicing Principles. See " <i>Reference Portfolio – Servicing</i> " under " <i>Overview of Lending Market and Origination and Servicing of Reference Obligations</i> ".
<b><i>Credit Events</i></b>	Subject to the occurrence of one or more Credit Events and certain other conditions, the Issuer may become liable to make payments of Protection Payment Amounts to the Protection Buyer. A Credit Event means, with respect to a Reference Entity, Bankruptcy, Failure to Pay or Restructuring. See " <i>Credit Protection</i> ".



*Deed - Credit Events*".

Following the occurrence of a Credit Event with respect to a Reference Entity, the Protection Buyer may elect to deliver a Credit Event Notice in respect of that Reference Entity.

***Loss Determination***

Following the occurrence of a Credit Event in respect of a Reference Entity, if the Protection Buyer elects to make a credit protection claim then, subject to the satisfaction of certain Conditions to Settlement, the Calculation Agent will determine an Initial Loss Amount and, subsequently, a Final Loss Amount in respect of the Reference Obligation(s) of the relevant Reference Entity. The Final Loss Amount will be equal to:

- (i) in respect of a Defaulted Reference Obligation in respect of which a Failure to Pay or Bankruptcy has occurred, an amount, which may be positive or negative, equal to:
  - (A) the Defaulted Notional Amount in respect of that Defaulted Reference Obligation *minus* the Total Recoveries in respect of that Defaulted Reference Obligation (the "**Total Loss Amount**"); *minus*
  - (B) the Initial Loss Amount in respect of that Defaulted Reference Obligation; and
- (ii) in respect of a Defaulted Reference Obligation in respect of which a Restructuring has occurred and the Conditions to Settlement have been satisfied, the Credit Loss Event Amount in respect of that Restructuring,

provided that if the Loss Determination Date in respect of that Defaulted Reference Obligation occurs pursuant to limb (b) of the definition of Loss Determination Date, the Calculation Agent shall estimate the Final Loss Amount in respect of that Defaulted Reference Obligation acting in good faith and in a commercially reasonable manner based on the provisions in respect of such Defaulted Reference Obligation used in the Protection Buyer's financial accounts, which are determined and using such information regarding the Total Recoveries and the Credit Loss Event Amount (as applicable) as is available to it at the time of such Loss Determination Date.

See "*Credit Protection Deed – Calculation of Final Loss Amounts*".

***Protection Payment Amount***

Following the satisfaction of the Conditions to Settlement and the completion of the loss determination and verification procedures described above, the Calculation Agent will ascertain the Protection Payment Amount payable by the Issuer to the Protection Buyer or the Protection Payment Adjustment Amount payable by the Protection Buyer to the Issuer, as applicable and notify the Cash Administrator thereof.

The Protection Payment Amount will be determined as follows:

- (a) On each Calculation Date which immediately precedes a Payment Date, the Calculation Agent shall calculate the Protection Payment Amount in respect of that Calculation Date, which shall be an amount equal to the lesser of:
  - (i) the Loss Balance on the Business Day immediately

prior to that Calculation Date *minus* the Paid Loss on that Calculation Date; and

- (ii) the Protected Tranche Notional Amount on the previous Calculation Date (after giving effect to all adjustments to the Protected Tranche Notional Amount on that date).

For the avoidance of doubt, the Protection Payment Amount may be either positive or negative.

- (b) The Calculation Agent shall notify the Protection Seller, the Trustee and the Cash Administrator of the amount of the Protection Payment Amount for each Calculation Date.

On the Payment Date immediately following a Calculation Date on which the Protection Payment Amount is:

- (a) a positive amount, the Protection Seller will pay such Protection Payment Amount to the Protection Buyer; and
- (b) a negative amount, the Protection Buyer will pay the absolute value of such Protection Payment Amount to the Protection Seller (such absolute value a "**Protection Payment Adjustment Amount**").

The above is more fully described in "*Credit Protection Deed – Protection Payment Amounts and Protection Payment Adjustment Amounts*".

#### **Note Proceeds**

On the Closing Date, the proceeds of the Notes will be deposited by the Issuer into the Cash Deposit Account. Pursuant to the Cash Deposit Bank Agreement, the Cash Deposit Bank shall pay interest on the cash deposit (the "**Cash Deposit**") at a rate of interest agreed from time to time between the Issuer, the Cash Deposit Bank and the Protection Buyer, and shall pay to the Issuer from and to the extent of the credit balance of the Cash Deposit Account such amount as may be required by the Issuer from time to time to pay Payment Protection Amounts to the Protection Buyer or principal in redemption of the Notes.

#### **Cash Deposit Bank Downgrade Event**

If the Cash Deposit Bank or any Relevant Guarantor (if any) thereof cease to have the Cash Deposit Bank Required Rating or any such rating is withdrawn (any such event being a "**Cash Deposit Bank Downgrade Event**"), then the Cash Deposit Bank shall, within 30 Business Days of such Cash Deposit Bank Downgrade Event either:

- (i) transfer all of its rights and obligations under the Cash Deposit Bank Agreement to a replacement third party cash deposit bank that has the Cash Deposit Bank Required Rating;
- (ii) designate a date within such period as the "**Securities Collateral Start Date**" and, on such date, effect a withdrawal from the Cash Deposit Account of an amount equal to the then outstanding Principal Balance of the Notes, and a corresponding credit to the Cash Custody Account; or
- (iii) take such other action as may be agreed between the parties to the Cash Deposit Bank Agreement, which may include the Cash Deposit Bank entering into arrangements to

collateralise its obligations under the Cash Deposit Bank Agreement by posting securities collateral to a custody account in the name of the Cash Deposit Bank and granting security over such custody account in favour of the Issuer on terms satisfactory to the Issuer and the Trustee.

***Eligible Securities***

Eligible Securities are debt securities which:

- (i) is an Obligation of the UK government;
- (ii) is denominated in GBP;
- (iii) has a maturity date that is not later than the date falling two Note Business Days prior to the next occurring Note Payment Date; and
- (iv) is held with a depository, meaning Euroclear, Clearstream, Luxembourg or The Depository Trust Company.

The process of selecting Eligible Securities is described in more detail in the Collateral Management Agreement.

***Cash Administration Accounts***

All payments of (a) Protection Fee Amounts will, upon receipt, be deposited into the Issuer Account and (b) the proceeds of the Notes, any Protection Payment Adjustment Amounts and all other amounts received by the Issuer (other than the proceeds of the Notes and of Protection Payment Adjustment Amounts) will, upon receipt, be deposited into the Cash Deposit Account.

The Issuer Account shall be established and maintained in the name of the Issuer at the Issuer Account Bank, and the Cash Deposit Account shall be established and maintained in the name of the Issuer at the Cash Deposit Bank.

***Security***

***Security Documents***

The Security Documents will be comprised of the Deed of Charge and any other security document purporting to create security entered into from time to time by the Issuer in favour of the Trustee for the benefit of the Secured Creditors.

***Secured Creditors***

As at the Closing Date, the Secured Creditors will be the Cash Deposit Bank, the Account Bank, the Cash Administrator, the Trustee (for itself), the Agents, the Custodian, the Collateral Manager, the Corporate Services Provider, the Noteholders, the Custodian, the Protection Buyer and any Receiver.

***Charged Assets***

Under the Deed of Charge, the Issuer will grant to the Trustee, among other things, an assignment by way of first fixed security of its rights, if any, in and to the credit balance from time to time of each Account, the Collateral Securities, and an assignment of its rights, if any, in respect of the Transaction Documents (other than the Corporate Services Agreement, the Trust Deed and the Security Documents).

After the Enforcement Date, the proceeds of realisation of the Charged Assets will be allocated and applied by the Trustee in accordance with Clause 13 (*Enforcement of the Deed of Charge*).

***Limited Recourse***

The Notes will constitute secured, limited recourse obligations of the Issuer. Notwithstanding any provisions of the Security Documents or of any Transaction Document, all payments of

principal and interest to be made by the Issuer under the Notes and all payments to be made by the Issuer to the Secured Creditors under the Transaction Documents will be payable only from the sums paid to, or net proceeds recovered by or on behalf of, the Issuer or the Trustee in respect of the Charged Assets and in accordance with the priority of application specified in Clause 9 (*Priority of Payments*) of the Trust Deed. There will be no other assets of the Issuer available for any further payments by the Issuer. The Trustee and each other Secured Creditor will look solely to such sums, proceeds and the rights of the Issuer in respect of the Charged Assets in accordance with the terms of the Security Documents for payments to be made by the Issuer. Having enforced the Security and distributed the net proceeds thereof in accordance with the terms of the Trust Deed, none of the Trustee or any other Secured Creditor may take any further steps against the Issuer to recover any unpaid sum or undischarged payment obligation, and the Issuer's liability for any such sum shall be extinguished.

***Transaction Documents***

As at the Closing Date, the Transaction Documents will be the Agency Agreement, the Cash Deposit Bank Agreement, the Cash Administration Agreement, the Deed of Charge, the Credit Protection Deed, the Account Bank Agreement, the Corporate Services Agreement, the Custody Agreement, the Collateral Management Agreement, any other Security Documents, the EMIR Side Agreement and the Trust Deed.

Particulars of the dates of, parties to and general nature of each Transaction Document are set out in various sections of this Prospectus.

***Form and Denomination of Notes***

The Notes will be in bearer form. The Notes will initially be represented by a Global Note in fully bearer form without interest coupons or principal receipts attached, each of which is expected to be deposited with the Common Depositary on or about the Closing Date. Individual Note Certificates, evidencing holdings of Notes, will only be available in certain limited circumstances. The Notes will be issued in minimum denominations of GBP 100,000 (and integral multiples of GBP1,000 in excess thereof). See "*Form of Notes*".

***Registration***

The Notes have not been and will not be registered under the Securities Act. The Notes are being offered outside the United States in accordance with Regulation S and may not at any time be offered or sold within the United States or to U.S. Persons. The Notes may not at any time be transferred or sold to or for the account of a U.S. Person. See "*Subscription and Sale*".

***Governing Law***

The Cash Deposit Bank Agreement, the Account Bank Agreement, the Cash Administration Agreement, the Agency Agreement, the Custody Agreement, the Subscription Agreement, the Collateral Management Agreement, the Credit Protection Deed, the Notes, the Trust Deed, the Deed of Charge and any non-contractual obligations arising out of or in connection with them will be governed by, and will be construed in accordance with, English law and the parties have submitted to the exclusive jurisdiction of the English courts for all purposes in connection with such documents.

The Issuer will appoint TMF Global Services UK Limited in England to accept service of process on its behalf in connection

with such documents.

The Corporate Services Agreement will be governed by the laws of Ireland.

***Listing***

This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.

There can be no assurance that any such listing will be obtained or, if obtained, will be maintained.

## **RISK FACTORS**

*The following is a summary of certain aspects of the Notes, the Issuer and the related transactions and Transaction Parties about which prospective Noteholders should be aware. Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this Prospectus, including the risk factors detailed below. This summary is not intended to be exhaustive, and prospective Noteholders should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus prior to making an investment decision.*

### **Investor Suitability**

#### ***Investor Considerations***

The Notes are complex securities and prospective investors should ensure that they have sufficient knowledge, experience and access to professional advisers with the expertise necessary to evaluate the information contained in this Prospectus and to make their own legal, tax, accounting and financial evaluation of the merits and risks of an investment in the Notes and that they consider the suitability of the Notes as an investment in light of their own circumstances and financial condition. An investor should not purchase Notes unless it understands the principal repayment, credit, liquidity, market and other risks associated with the Notes.

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

Each potential investor in the Notes must determine the suitability of such investment in light of its own financial and risk circumstances. In particular, each potential investor should:

- (a) be capable of bearing the economic risk of an investment in the Notes for the period up until the date on which the Notes mature and understand that the terms of the Notes are such that they may suffer a loss of some or all of their original principal investment;
- (b) recognise that in case the Notes need to be sold prior to maturity, the investor may have to do so at a substantial discount from the initial price, and as a result may suffer substantial losses;
- (c) have read and understand the terms of the Credit Protection Deed at the time of investment and understand the risks associated with an indirect exposure to such agreements and understand that its exposure is synthetic and is to a blind pool of Reference Obligations under the Credit Protection Deed;
- (d) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes;
- (e) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (f) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (g) understand thoroughly the terms of the Notes and be familiar with the behaviours of any relevant financial markets;
- (h) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (i) undertake such due diligence as it deems necessary in the circumstances in relation to the Protection Buyer and its business practices, the Reference Portfolio and the manner in which Replenishments can be made to the Reference Portfolio and Recoveries may be determined.

Investors may not rely on any Transaction Party in connection with its determination as to the legality of acquisition of the Notes or as to the other matters referred to in these risk factors. Neither the Issuer nor any of the other Transaction Parties is acting as an investment adviser, or assumes any fiduciary obligation, to any investor in the Notes. The Transaction Parties do not assume any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of any Reference Entity or any other Transaction Party.

The Notes are not a suitable investment for all investors. The Notes are not a conventional investment and carry various unique investment risks, which prospective investors should understand clearly before investing in the Notes. In particular, an investment in the Notes involves the risk of a partial or total loss of investment. An investment in the Notes does not provide the same exposure as a direct investment in the Credit Protection Deed or any underlying Reference Obligation.

Noteholders will have no direct rights against any party other than the Issuer and in certain circumstances will only have indirect rights against the Issuer via the Trustee.

#### ***Tax consequences of holding the Notes***

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation.

#### **Considerations Related to the Notes**

##### ***Obligations of the Issuer, Limited Assets and Liability under the Notes***

The Issuer is a special purpose financing entity with no business operations other than the issue of the Notes and the entering into of the Transaction Documents. The Notes are limited recourse obligations of the Issuer and amounts due in respect of the Notes are payable only to the extent that the Issuer receives monies due to it under the Transaction Documents. The Issuer will not have any other funds available to it to meet its obligations under the Notes and its obligations ranking in priority to, or *pari passu* with, the Notes. Following enforcement of the Security, the only funds available to the Trustee for and on behalf of the Noteholders and the other Secured Creditors will consist solely of the proceeds of enforcement of the Security. The Noteholders will have no right to proceed directly against, amongst others, the Protection Buyer in respect of the Credit Protection Deed or to take title to, or possession of, the Security.

In the event that the Issuer is subject to bankruptcy proceedings in Ireland, the bankruptcy laws of Ireland may not be as favourable as, or may otherwise be different from, the laws of other jurisdictions of which Noteholders may be familiar in certain areas, including creditors' rights, priority of creditors, debts mandatorily preferred by law, the ability to obtain post-petition interest and the duration of the insolvency proceeding.

The Issuer is the only entity responsible for making any payments on the Notes. The Notes will be obligations of the Issuer only and will not be obligations or responsibilities of, or guaranteed by, any other person or entity. In particular, the Notes will not be obligations or responsibilities of, and will not be guaranteed by, any of the other Transaction Parties or any person affiliated with them.

If distributions of amounts received by the Issuer under the Transaction Documents and, after enforcement of the Security, the proceeds of enforcement of the Security are insufficient to make payments on the Notes in full, no other assets will be available for payment of any such shortfall and, following realisation of the Security, no debt shall be owed by the Issuer in respect of any such shortfall. Although the Trustee will hold the benefit of the Security created under the Security Documents for the benefit of the Noteholders, such Security will also be held for the benefit of certain other Secured Creditors (including the Protection Buyer) that will rank ahead of the Noteholders. The entitlement of the Noteholder will be limited to the proceeds of the enforcement of the Security applied in accordance with the Priority of Payments and will rank junior to (1) payment *pari passu* and rateably of all fees, costs, expenses and all other amounts then due and unpaid to the Trustee and any Receiver appointed pursuant to the Deed of Charge (including amounts by way of indemnity), (2) payment *pari passu* and rateably to the Operating Creditors, any Operating Expenses due and unpaid to such Operating Creditors and in respect of any fees or other amounts owing to the Process Agent in accordance with the terms of the Process Agent Letter and (3) payment or satisfaction of all amounts then due and unpaid to the Protection Buyer under the terms of the Credit Protection Deed.

Accordingly, the Noteholders may receive on redemption an amount less than the face value of their Notes and the Issuer may be unable to pay, in full, interest due on the Notes.

#### ***Limited Funds Available to the Issuer to Pay Operating Expenses***

The funds available to the Issuer to pay Operating Expenses are subject to receipt of such payment from the Protection Buyer. If such funds are not sufficient to pay such Operating Expenses the ability of the Issuer to operate effectively may be impaired, and it may not be able to defend or prosecute legal proceedings that may be brought against it or that it might otherwise bring to protect the interests of the Issuer.

#### ***Issuer's Third Party Litigation***

The Issuer's investment activities subject it to the normal risks of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would be borne by the Issuer and would reduce the amounts available for distribution and the Issuer's net assets.

#### ***Uncertainty of Final Redemption Date since it is linked to the Termination Date under the Credit Protection Deed***

The Final Redemption Date of the Notes is not fixed and is linked to the Termination Date under the Credit Protection Deed. The Termination Date under the Credit Protection Deed may fall a significant period after 21 December 2022 (being the Scheduled Redemption Date) because, for example, of Reference Entities in respect of which Credit Events have occurred but in respect of which the Verified Loss Amount has not yet been confirmed as at that Scheduled Redemption Date.

Conversely, the Final Redemption Date of the Notes may arise much earlier than the Scheduled Redemption Date if, for instance, the Termination Date under the Credit Protection Deed occurs earlier as a result of an event of default or certain other termination events under the Credit Protection Deed. The circumstances in which the Termination Date may occur earlier than scheduled under the Credit Protection Deed are set out in more detail in the Credit Protection Deed – see "*Credit Protection Deed*" below. No mark-to-market value will be payable by or to the Issuer in respect of any such early occurrence of the Termination Date. In these circumstances, the Noteholders will not have the benefit of any further positive performance in respect of the Notes and each Note will be redeemed at the Adjusted Principal Balance.

#### ***Non-Petition***

None of the Noteholders or the parties to the Transaction Documents shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer, any Insolvency Proceedings for so long as the Notes are Outstanding or for two years and a day after all sums outstanding and owing in respect of the Notes have been paid in full, *provided that* the Trustee may prove or lodge a claim in liquidation or bankruptcy of the Issuer initiated by another party and *provided further that* the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Trust Deed.

#### ***No Market for the Offered Notes; Lack of Liquidity***

The offered Notes are a new issue of securities for which there is currently no market. Neither the Issuer nor the Lead Manager intend to create a market for the offered Notes. Accordingly, no assurance can be given as to the development or liquidity of any market for the offered Notes. Because there is currently no market for the offered Notes, investors must be able to bear the risks of their investment in the offered Notes for an indefinite period of time.

#### ***Lack of Liquidity in the Secondary Market May Adversely Affect the Market Value of the Notes***

The secondary market for asset-backed securities has in the past experienced severe disruptions resulting from reduced investor demand for such securities. This has had a material adverse impact on the market value of asset-backed securities and resulted in the secondary market for asset-backed securities experiencing very limited liquidity during such severe disruptions.



It should also be noted that the market for the Notes could be affected by any restructuring of sovereign debt by countries in the Eurozone. In particular, at the date of this Prospectus, certain governments are in discussions with other countries in the Eurozone, the International Monetary Fund and its other creditors, and are in the process of establishing and implementing or have already established and are implementing an austerity programme. It is unclear what the outcome of these discussions will be. This uncertainty may have implications for the liquidity of the Notes in the secondary market.

If limited liquidity were to occur in the secondary market it could have an adverse effect on the market value of asset-backed securities and instruments similar to the Notes, 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. Consequently, an investor in the Notes may not be able to sell or acquire credit protection on its Notes readily and market values of the Notes are likely to fluctuate. Any fluctuations may be significant and could result in significant losses to an investor. It is not known whether such market conditions will reoccur.

### ***Allocations of Loss***

Upon satisfaction of the Conditions to Settlement in respect of one or more Reference Obligations under the Credit Protection Deed and following the determination of the Protection Payment Amount in respect of such Reference Obligations, the Issuer may be obliged to pay a Protection Payment Amount to the Protection Buyer on a Note Payment Date. If the Issuer is required to make such a payment, the Adjusted Principal Balance of the Notes will be reduced on such Note Payment Date without any commensurate payment to Noteholders, by the amount of the relevant Protection Payment Amount.

### ***Interest Entitlement***

The amount of interest payable on the Notes in respect of a Note Payment Date will be determined by reference to the Adjusted Principal Balance of the Notes and reductions in the Adjusted Principal Balance of the Notes will reduce the amount of such interest payable on the Notes accordingly.

### ***Leveraged Investment***

Under the Credit Protection Deed, the Issuer will be required to pay Protection Payment Amount to the Protection Buyer as a result of Credit Events occurring in respect of the Reference Obligations in the Reference Portfolio. The Credit Protection Deed is a leveraged arrangement because the Issuer is (and therefore the Noteholders are) exposed to the risks on the entire Reference Portfolio (with an Initial Reference Portfolio Notional Amount of GBP1,250,000,000) while the potential liability of the Issuer for Protection Payment Amounts to the Protection Buyer under the Credit Protection Deed is limited to the Initial Protected Tranche Notional Amount being GBP100,000,000. The excess of the Initial Reference Portfolio Notional Amount of the Reference Portfolio under the Credit Protection Deed over this net amount increases the risk of loss to the Issuer and the Noteholders. Accordingly, the Noteholders are subject to a higher risk of losing all or part of their investment.

### ***Volatility***

The market value of the Notes may fluctuate with changes in prevailing rates of interest, market perceptions of the risks associated with the Notes, supply and other market conditions. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of such Notes.

### ***Delays in Redemption Related to the Calculation of the Protection Payment Amounts***

The Notes will be subject to mandatory or optional redemption in accordance with Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), but redemption payments may be delayed in certain circumstances where Verified Loss Amounts have not been calculated under the Credit Protection Deed in respect of any outstanding Credit Events as of the date of such redemption.

Since the Protection Buyer may deliver a Credit Event Notice at any time after the occurrence of a Credit Event, Credit Event Notices may have been delivered in respect of one or more Defaulted Reference Obligations on or prior to the Effective Protection Termination Date but the related Verified Loss Amount may not have been determined as of such date. In such circumstances, an amount of Notes equal to the Note Extension Amount shall remain outstanding until the end of the Extension Period.

During the Extension Period, any Notes remaining outstanding shall continue to bear interest, payable quarterly in arrear at the rate specified in Condition 6 (*Interest*).

### ***Early Redemption of the Notes***

Subject to the Conditions, early redemption of the Notes may occur in any of the following circumstances, in each instance at the Adjusted Principal Balance of the Notes:

- (a) in whole, following any early occurrence of the Effective Protection Termination Date under the Credit Protection Deed, including:
  - (i) at the option of the Protection Buyer following the occurrence of a Regulatory Event; or
  - (ii) in whole, upon the occurrence of an Illegality, a Tax Event, a Note Tax Event, or a Clean-Up Call Event; and
- (b) in whole, upon the occurrence of a Note Event of Default.

### ***Regulatory Event***

The Credit Protection Deed defines "Regulatory Event" as meaning that:

- (a) in the sole opinion of the Protection Buyer, there is a material adverse change in the Protection Buyer's or any of the Protection Buyer's Affiliates' ability to reflect the full regulatory capital benefit of the transaction contemplated by this Deed as anticipated on the Effective Date as a result of the Protection Buyer not having received on or before the Regulatory Event Stop Date confirmation from any applicable regulator that the amount of regulatory capital which the Protection Buyer is required to hold in respect of the Reference Portfolio is not materially greater than the amount of regulatory capital which the Protection Buyer anticipated being required to hold in respect of the Reference Portfolio as a consequence of entering into the transaction contemplated by the Credit Protection Deed (determined by reference to the regulatory requirements in force on the Effective Date) and the Protection Buyer notifies the Protection Seller of its failure to obtain such confirmation within 12 months of the Regulatory Event Stop Date; or
- (b) within 12 months of the Effective Date, the Protection Buyer receives a Regulator Notification and notifies the Protection Seller of such Regulator Notification within 12 months of the Regulator Notification; or
- (c) in the sole opinion of the Protection Buyer, there is a material adverse change in the Protection Buyer's ability to reflect the full regulatory capital benefit of the transaction contemplated by the Credit Protection Deed as anticipated on the Effective Date (determined by reference to the regulatory requirements in force on the Effective Date) as a result of the enactment or effective date of or supplement or amendment to, or a change in, law, policy or official interpretation of any relevant regulations or as a result of any official communication, interpretation or determination made by any relevant regulatory authority,

in each case occurring after the Effective Date but within the 12-month period immediately preceding the date on which the Protection Buyer gives a notice designating an Effective Protection Termination Date under Clause 11.2(e) of the Credit Protection Deed (Consequences of a Termination Event) and which cannot be avoided by the Protection Buyer using commercially reasonable efforts. The Protection Buyer shall be required, as a condition precedent to its ability to designate an Effective Protection Termination Date following the occurrence of Regulatory Event, to supply a certificate, signed by two managing directors (or other substantially equivalent title) of the Protection Buyer, confirming the occurrence of such Regulatory Event and containing a description in reasonable detail of the facts relevant to the determination that a Regulatory Event has occurred, together with all relevant calculations involved in such determination.

### ***Enforcement and Trustee Action***

If a Note Event of Default occurs and is continuing, then the Trustee may, at any time, and shall, if so directed in writing by an Extraordinary Resolution of the Noteholders or if so requested in writing by the

holders of at least 25 per cent. of the aggregate Adjusted Principal Balance of the Notes then Outstanding (but subject to the Trustee having been indemnified and/or secured and/or prefunded to its satisfaction), deliver a Note Enforcement Notice to the Issuer declaring the Notes to be due and payable on the date which is two Note Business Days following the delivery of such Note Enforcement Notice and the Security shall become enforceable by the Trustee in accordance with the Security Documents.

## **Risks related to the Transaction Parties**

### ***The Issuer's Reliance on Certain Transaction Parties***

The Issuer is a party to contracts with a number of third parties who have agreed to perform certain services in relation to, amongst other things, the Notes. For example, the Protection Buyer has agreed to enter into the Credit Protection Deed with the Issuer; the Corporate Services Provider has agreed to provide various corporate services to the Issuer and the Cash Deposit Bank, the Cash Administrator, the Account Bank, the Principal Paying Agent, the Agent Bank, the Custodian and the Collateral Manager have agreed to provide, amongst other things, payment, administration, calculation, custodial and collateral management services in connection with the Notes. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

### ***Reliance on Creditworthiness and Performance of Transaction Parties***

The ability of the Issuer to meet its obligations under the Notes will be dependent, where applicable, upon the payment of all sums due from the Protection Buyer under the Credit Protection Deed, the payment of all sums due under the Cash Deposit Bank Agreement by the Cash Deposit Bank (or the proceeds of enforcement of the security for such amounts over any Collateral Securities), the repayment by the Custodian of the cash balance of any Custody Account, the payment by the Principal Paying Agent of payments required pursuant to the Agency Agreement and upon the performance by all Transaction Parties of their respective obligations under the other Transaction Documents.

Accordingly, Noteholders are exposed, among other things, to the creditworthiness of the Protection Buyer, the Cash Deposit Bank, the issuer(s) of any Collateral Securities, the Custodian and the Principal Paying Agent, and should undertake their own due diligence in this regard.

None of the Transaction Parties (other than the Principal Paying Agent and pursuant to that role only) is obliged to make payments to the Noteholders in respect of the Notes. None of the Issuer or any other Transaction Parties guarantees the value of the Notes at any time or is obliged to make good on any losses suffered as a result of Credit Events under the Credit Protection Deed or otherwise.

### ***Conflicts***

Various potential and actual conflicts of interest may arise between the interests of the Noteholders, on the one hand, and the interests of any of the Transaction Parties, on the other hand, as a result of the various businesses and activities of the Transaction Parties, and none of such persons is required to resolve such conflicts of interest in favour of the Noteholders.

### ***Roles of Transaction Participants***

Abbey National Treasury Services PLC will be acting in a number of capacities in connection with the transactions described herein which could give rise to conflicts of interests with the Noteholders. Abbey National Treasury Services PLC will be the Protection Buyer under the Credit Protection Deed, the Calculation Agent under the Credit Protection Deed, the Cash Deposit Bank, the Agent Bank, the Note Calculation Agent, the Collateral Manager and the Cash Administrator.

Elavon Financial Services DAC, UK Branch will be the Principal Paying Agent, the Account Bank and the Custodian. U.S. Bank Trustees Limited will be the Trustee.

Each of Abbey National Treasury Services PLC, U.S. Bank Trustees Limited, Elavon Financial Services DAC, UK Branch and/or their respective Affiliates, acting in such capacities in connection with such transactions, will have only the duties and responsibilities expressly agreed to by such entity in the relevant capacity and will not, by virtue of its or any of its Affiliates acting in any other capacity, be

deemed to have other duties or responsibilities or be deemed to be held to a standard of care other than as expressly provided with respect to each such capacity.

#### ***Other Business of the Protection Buyer***

The Protection Buyer and its Affiliates may engage in other business and furnish investment management, advisory and other types of services to other clients whose investment policies differ from those followed by the Protection Buyer under the Credit Protection Deed and from which they may derive revenues and profits in addition to the fees stated in the various Transaction Documents, without any duty to account to any person therefor. The Protection Buyer may make recommendations to or effect transactions with other clients which may differ from those effected with respect to the Credit Protection Deed.

#### ***Conflicts between the Protection Buyer and the Noteholders***

Under the Trust Deed, the Trustee will hold a security interest in the Secured Property for the benefit of, among others, the Noteholders whose rights on an enforcement of the Security will be subordinate to the prior rights of, among others, the Protection Buyer in respect of the Issuer's obligations to the Protection Buyer under the Credit Protection Deed.

#### ***Conflicts between the Noteholders and other creditors***

Under the Trust Deed, the Trustee will hold the Security for the benefit of, among others, the Noteholders whose rights on an enforcement of the Security will be subordinate to the prior rights of other creditors in accordance with the Priorities of Payments.

#### ***Trustee discretion***

The Trustee will be entitled to agree, without the consent of the Noteholders, the Couponholders, the Receiptholders or any other Secured Creditors (other than the Protection Buyer) at any time and from time to time, with the Issuer and any other relevant party to any of the Transaction Documents in making any modification (other than in respect of a Basic Terms Modification), to the Conditions, the Trust Documents the Notes or the other Transaction Documents to which it is a party or over which it has security, or may give its consent to any event, matter or thing, if (a) in its opinion, the interests of the holders of the Notes then outstanding would not be materially prejudiced thereby; (b) in its opinion, it is required to correct a manifest error or an error which, in the opinion of the Trustee, is of a formal, minor or technical nature; or (c) if in its opinion it is required to comply with any applicable law relating to the Issuer's automatic exchange of information obligations (including pursuant to FATCA and/or CRS).

The Trustee may not agree to any modification or waiver of any Transaction Document (including, for the avoidance of doubt, the making of any Basic Terms Modification) or any waiver of any of the Issuer's rights under the Notes, the Trust Deed, the Conditions, the Security Documents or any other Transaction Document without the prior written consent of the Protection Buyer. Further, the Trustee may not exercise any discretion which it may have in contravention of any express direction of the Noteholders by an Extraordinary Resolution or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Adjusted Principal Balance of the Notes then Outstanding. Any such direction of the Noteholders will not affect any previous discretion exercised by the Trustee.

#### ***Notes held in Global Form – Book-Entry Interests***

The Notes will initially be held by a common depository on behalf of Euroclear and/or Clearstream, Luxembourg, in each case in the form of a Global Note which will be exchangeable for Definitive Notes only in limited circumstances. For as long as any Notes are represented by a Global Note held by a common depository (or its nominee) on behalf of Euroclear and/or Clearstream, Luxembourg, payments of principal, interest (if any) and any other amounts on a Global Note will be made through Euroclear and/or Clearstream, Luxembourg against presentation or surrender (as the case may be) of the relevant Global Note and, in the case of a Temporary Global Note, certification as to non-U.S. beneficial ownership. The holder of the relevant Global Note, being the common depository (or its nominee) for Euroclear and/or Clearstream, Luxembourg shall be treated by the Issuer and any Paying Agent as the sole holder of the relevant Notes represented by such Global Note with respect to the payment of principal, interest (if any) and any other amounts payable in respect of the Notes.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg, as the case may be. See *"Summary of Provisions Relating to the Notes while in Global Form"* below. Investors may hold their interests in such Global Notes directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

Unless and until Definitive Notes are issued, persons acquiring Notes will not be the legal owners or holders of such Notes but will have rights in their capacity as Participants in accordance with the rules and procedures of the relevant Clearing System and, in the case of Indirect Participants, their agreements with Direct Participants (such rights, "**Book-Entry Interests**"). After payment to the Common Depositary, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to Euroclear, Clearstream, Luxembourg, the Common Depositary or to holders of Book-Entry Interests. The nominee for the Common Depositary will be the registered holder and legal owner of the Notes for so long as the Notes are represented by a Global Note. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of the Common Depositary, Euroclear and Clearstream, Luxembourg and, if such person is an Indirect Participant in such entities, on the procedures of the Direct Participant through which such person holds its interest, to exercise any rights of Noteholders under the Trust Deed.

So long as the Notes are in the form of a Global Note, payments of principal and interest on, and other amounts due in respect of, Notes will be made to the Common Depositary. Upon receipt of any payment, Euroclear and Clearstream, Luxembourg will promptly credit Direct Participants' accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests, as shown on their records. The Issuer expects that payments by Direct Participants or Indirect Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in 'street name', and will be the responsibility of such Direct Participants or Indirect Participants. None of the Issuer, the Trustee or the Principal Paying Agent will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

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

## **Considerations Related to the Credit Protection Deed**

### ***Credit Exposure to Reference Obligations***

The repayment of principal of and, due to the potential reduction in the principal amount, payment of interest on the Notes is conditional upon the performance of the Reference Entities as described herein.

Due to the credit-linked nature of the Notes, investors have a credit exposure to the Reference Obligations via the Credit Protection Deed. Defaults, valuations and actual or estimated losses in respect of the Reference Obligations referenced under the Credit Protection Deed may affect the extent of losses suffered by Noteholders.

Credit exposure via credit derivative transactions (as in the case of credit-linked notes or synthetic collateralised debt obligations) may involve risks that are additional to those which would occur if investors had a direct holding of the Reference Obligations. The terms of the Credit Protection Deed include, in particular, credit events defined therein and a loss calculation methodology which may result

in a different (and potentially greater) risk of loss and (if the measure of loss cannot be measured by reference to ultimate recoveries) a different (and potentially greater) measure of loss as compared to the risk of actual default and ultimate recovery applicable to an actual holding in the relevant Reference Obligations of the Reference Entity.

The amount repayable in respect of the Notes is dependent in part upon whether, and the extent to which, one or more Credit Events have occurred in relation to any Reference Obligation on or before the Final Redemption Date. The occurrence of a Credit Event may affect the yield to maturity of the Notes, the rate of principal repayments on the Notes and ultimately the Issuer's ability to redeem the Notes in full. Accordingly, the Issuer, and therefore the Noteholders, will have exposure to the credit risk of the Reference Portfolio and the Noteholders may lose some or all of the amounts invested in the Notes as a result of Credit Events occurring with respect to all or a portion of the Reference Portfolio. Investors are referred to the section entitled "*Origination and Servicing of Reference Obligations*", "*Description of the Reference Portfolio*" for more detailed information in respect of the Reference Portfolio and the market respectively.

Upon a Protection Payment Amount being paid, the aggregate Adjusted Principal Balance of the Notes will be reduced by such Protection Payment Amount on the relevant Note Payment Date until the Adjusted Principal Balance of the Notes is zero.

Accordingly, Noteholders will be exposed to the credit risk of the Reference Entities to the full extent of their investment in the Notes.

A reduction in the aggregate Adjusted Principal Balance on the Notes will affect the Interest Amount due and payable on the Notes on a Note Payment Date and the amount of principal ultimately payable on the Notes on a Note Payment Date insofar as interest and principal on the Notes will only be paid on such Adjusted Principal Balance.

The Reference Obligations and/or the Reference Obligation Notional Amount of each Reference Obligation may be changed from time to time by the Protection Buyer, subject to certain conditions set out in the Credit Protection Deed. See the sub-sections entitled "*Reference Obligation Notional Amounts*" and "*Replenishment*" in the section "*Credit Protection Deed*."

#### ***No Legal or Beneficial Interest in Reference Obligations***

Under the terms of the Credit Protection Deed, the Issuer will have a contractual relationship only with the Protection Buyer and will not have any recourse to the Reference Entities. Furthermore, the Protection Buyer will not be, and will not be deemed to be acting as, the agent or trustee of the Issuer in connection with the exercise of, or the failure to exercise, its rights or powers (if any) arising under or in connection with any Reference Obligation. Consequently, the Credit Protection Deed does not constitute a purchase, assignment or other acquisition of any interest in any Reference Obligation. The Issuer, therefore, will have rights solely against the Protection Buyer in accordance with the Credit Protection Deed and will have no recourse against any Reference Entity or to any Reference Obligations or to any guarantor of any Reference Obligations. The Issuer will have no right directly to enforce compliance by the obligor and/or guarantor of a Reference Obligation with the terms of such Reference Obligation or any rights of set-off against the obligor and/or guarantor of a Reference Obligation or any voting rights with respect to any Reference Obligation. The Issuer will not have the benefits of any remedies that would normally be available to a holder of a Reference Obligation. The Reference Obligations will be administered and enforced by the relevant servicer in accordance with Abbey National Treasury Services PLC's credit and collection policy and servicing principles as in force from time to time or equivalent credit and collection policy and servicing principles (see the sections entitled "*Origination And Servicing Of Reference Obligations*" and "*Credit Protection Deed - Reference Portfolio*").

None of the Issuer, the Corporate Services Provider or the Lead Manager has undertaken any legal due diligence in respect of the Reference Portfolio, the Reference Entities or the terms of any Reference Obligation.

#### ***No Actual Loss***

The Issuer is obliged to pay Protection Payment Amounts to the Protection Buyer pursuant to the Credit Protection Deed, irrespective of whether the Protection Buyer has suffered an actual loss or risk of such

loss following the occurrence of a Credit Event and regardless of whether it has any legal or beneficial interest in such Reference Obligation. Other than in accordance with the calculation of the Protection Payment Amount pursuant to the Credit Protection Deed, the Protection Buyer is under no obligation to account, and will not account, for any amount that may be recovered in respect of a Reference Obligation by the holder thereof.

***The Credit Protection Deed is linked to a portfolio of Reference Obligations selected by the Protection Buyer***

The Reference Obligations referenced by the Credit Protection Deed are selected at the discretion of the Protection Buyer. Whilst the Reference Portfolio is required to satisfy certain eligibility criteria (see "*Eligibility Criteria*" below) and the Credit Protection Deed sets out the process, circumstances and conditions relating to the Reference Portfolio being the subject of a Replenishment, reduction and removal, any selections will be made in the Protection Buyer's sole and absolute discretion and acting in its sole commercial interest.

Subject to complying with the specific terms set out in the Credit Protection Deed, the Protection Buyer will make Replenishments in any manner it wishes and the Protection Buyer is not required to, and will not, take into account the interests of or otherwise seek consent from Noteholders or any other person in making such Replenishments. Accordingly, any such Replenishment may have an adverse effect on the credit risk and value of the Notes.

Without limitation to the general discretion referred to above, prospective investors should note that while selecting the Reference Entities for inclusion in the Reference Portfolio (including with respect to Replenishments), the Protection Buyer may prioritise Reference Obligations which would be harder otherwise to trade or hedge in the Credit Protection Deed market on standard terms or by other means and/or which have the highest relative regulatory risk weighting.

Investors may not be able to assess the specific risks associated with any particular Reference Obligation nor be able at any time to identify the exact composition of the Reference Portfolio, the probability of a Credit Event occurring, any correlation between Reference Obligations (such that a Credit Event in respect of one Reference Obligation is likely to result in a Credit Event on other Reference Obligations), the probable Recoveries or any other matter which ordinarily would be assessed when a party assumes credit exposure to one or more Reference Obligations. Investors may not at any time rely on the Issuer, the Protection Buyer or any of its Affiliates on their behalf to monitor whether or not a Credit Event, potential Credit Event or an event adversely affecting the Reference Entities or the Notes has occurred. Furthermore, upon work out of a Credit Event, the terms relating to precisely how the amounts relating to such work out are determined will not be disclosed to Noteholders.

Other than as set out in the terms of the Credit Protection Deed, no assurance can be given that the Reference Portfolio will be fully compliant with the Eligibility Criteria or Replenishment Criteria (as set out in the Credit Protection Deed) at any time and no representation is given by the Issuer, the Protection Buyer, the Trustee or any other person as to the creditworthiness, expected default rate or expected loss in respect of any Reference Obligation.

Investors must read and understand these criteria carefully in order to understand the potential universe of Reference Obligations which may be referenced by the Credit Protection Deed and will be selected by the Protection Buyer acting in its own commercial interests (which may conflict with those of the Issuer and the Noteholders). Many of such criteria involve subjective determinations by the Protection Buyer (see further under "*Information observed on Abbey National Treasury Services PLC's systems is information which has been prepared for Abbey National Treasury Services PLC's internal use; information may be based on other Relevant Lender information*").

The Issuer, the Protection Buyer and/or its Affiliates or any other party may, whether by virtue of the types of relationships described herein or otherwise, at any time, be in possession of information in relation to a Reference Obligation, a Reference Entity or any obligor relating to a Reference Obligation that is or may be material in the context of the issue of the Notes and that may or may not be publicly available or known to the Noteholders. Neither the Notes nor any of the Transaction Documents create any obligation on the part of the Issuer, the Protection Buyer or any other person to disclose to any Noteholder any such relationship or information (whether or not confidential). Unless otherwise expressly agreed in writing, neither Abbey National Treasury Services PLC nor any of its Affiliates is

required to provide any information to the Noteholders at any time regarding the Reference Entities or any obligor relating to the Obligation or the prospect or likelihood of the occurrence of a Credit Event in respect of a Reference Entity.

***Information observed on the Protection Buyer's systems is information which has been prepared for the Protection Buyer's internal use; information may be based on other Relevant Lender information***

The determination of certain key matters in relation to the Notes and the Credit Protection Deed (such as whether the Eligibility Criteria or Replenishment Criteria have been satisfied, identifying any security or collateral in respect of a Reference Obligation and, if applicable, the Recoveries under the Reference Obligations that will apply in connection with the determination under the Credit Protection Deed of Verified Loss Amounts in respect of Reference Obligations following the occurrence of a Credit Event (as to which, see "*Risks relating to determination of Verified Loss Amounts*")) is dependent on certain information observed on Abbey National Treasury Services PLC's internal systems. Such information is prepared for internal purposes and Abbey National Treasury Services PLC and/or its Affiliates make no representation (either express or implied), and do not assume any liability, to third parties with respect to, or for, such information. Each prospective investor in the Notes should ensure that it has had such access to such financial and other information concerning the Protection Buyer and its Affiliates and the manner in which the Protection Buyer and its Affiliates run their affairs as it deems necessary and appropriate in order to make an informed investment decision. Furthermore, prospective investors must recognise that the Protection Buyer's systems and procedures may change from time to time, without notification to any third party including the Noteholders, and, in making any such changes, neither the Protection Buyer nor any of its Affiliates is required to take into account the interests of either the Notes or the Noteholders.

In respect of any Reference Obligations, certain key matters may alternatively be determined by reference to information provided by a third party holder of the relevant underlying Obligation in circumstances where, for the purposes of the Credit Protection Deed, the Relevant Lender is an entity other than the Protection Buyer. Such information will be determined on the basis of such matters as the Relevant Lender deems appropriate without regard to either the existence of the Notes or the considerations of the investors.

No representation or warranty whatsoever is given by the Protection Buyer, any Relevant Lender or any other person as to whether or not such information, data or related determination is accurate or complete or has reasonably been determined.

Accordingly, investors are wholly subject to the quality of such data and information and the procedures, processes and policies of the relevant provider relating to how such data and information is determined and collated. Investors will have no way of verifying such data and other information and are not entitled to carry out any due diligence on such procedures, processes and policies (which, in any event may change from time to time) and will not have any remedy for any errors or omissions in the preparation of such data or information or in the relevant procedures, processes and policies.

***Risks relating to determination of Credit Events***

Following the occurrence of each Credit Event, the Protection Buyer will determine, in accordance with the terms of the Credit Protection Deed, whether and when a Credit Event has occurred with respect to a Reference Obligation. Such determination will be verified by the Verification Agent and Noteholders will be bound by such determination. The Protection Buyer will behave in respect of any Reference Obligation without regard to the interests of the Noteholders.

***Risks relating to security for Reference Obligations***

The security granted in respect of a Reference Obligation may also be securing one or more obligations of a Reference Entity. In such circumstances, any proceeds from the enforcement of such security will be allocated between the Reference Obligation and such other obligations in accordance with the terms of the relevant legal agreements and any other applicable law. Accordingly, the amount of the proceeds of such enforcement which may constitute Recoveries in respect of a Reference Obligation will vary over time due to, for example, any repayments or prepayments of the Reference Obligation or any release or enforcement of the security which may arise due to actions taken by the Relevant Lender in respect of the Reference Obligation in accordance with its normal business practice as a reasonable and prudent lender.



### ***Risks relating to determination of Verified Loss Amounts***

The amount by which the Adjusted Principal Balance of the Notes may be reduced from time to time following the occurrence of Credit Events will depend on the size of Initial Loss Amounts and Verified Loss Amounts calculated in respect of such Credit Events under the Credit Protection Deed.

Noteholders are subject to the decisions made by the recovery management team of the Relevant Lender in respect of the relevant Credit Event and the processes and policies relating to how such Recoveries are obtained or the Defaulted Reference Obligation otherwise is treated by the Relevant Lender. The Relevant Lender may employ a number of different strategies in respect of obtaining Recoveries, including but not limited to the enforcement of any collateral. Recoveries may differ significantly from observed historic default rates and recoveries.

In determining the manner in which any Recoveries are made, the Relevant Lender is not obliged to take into account the effect on the Notes and therefore does not assume any liability to third parties, including the Noteholders in respect of the same. See "*Information observed on the Protection Buyer's systems is information which has been prepared for the Protection Buyer's internal use; information may be based on other Relevant Lender information*" above.

### ***Replenishments deemed not to have occurred***

Under the terms of the Credit Protection Deed, if certain changes in the Reference Portfolio made pursuant to the provisions relating to Replenishments did not comply with the Replenishment Criteria, such Replenishment shall, subject to certain conditions being met, be deemed not to have occurred. In the case of a Replenishment achieved through an increase in the Reference Obligation Notional Amount already forming part of the Reference Portfolio and it is determined that the Replenishment Criteria were not satisfied in relation to the amount of such an increase, the Protection Buyer may still be entitled to make a claim under the Credit Protection Deed in respect of the Reference Obligation Notional Amount forming part of the Reference Portfolio prior to any such increase.

### ***Concentration Risk – Industry Sector Consideration and Geographical Concentration***

The Reference Entities are located in Eligible Countries. The risk of Credit Events occurring with respect to the Reference Portfolio and the risk to the Issuer of being required to pay or pay an increased amount of Protection Payment Amounts may be adversely affected by any deterioration in the economic condition of the areas in which the Reference Entities are located or any deterioration in the economic conditions of other areas that causes an adverse effect on the ability of the Reference Entities to repay the Reference Obligations could increase the risk of losses on the Reference Obligations.

### ***Reliance on the Performance by the Servicer to Effectively Service the Reference Obligations***

Recoveries in respect of Defaulted Reference Obligations will affect the quantum of any Verified Loss Amount in respect thereof and thereby potentially result in a Protection Payment Amount being made to the Protection Buyer.

The Protection Buyer will, in the Credit Protection Deed, covenant to procure that the Reference Obligations will continue to be serviced in accordance with the relevant servicer's established procedures from time to time for servicing loans that are similar in type to the Reference Obligations. However, none of the Issuer, the Trustee or the Noteholders will have any right to compel any such servicer to take or refrain from taking any actions. If the relevant servicer fails to perform in accordance with the servicing principles, this could adversely affect the Recoveries in respect of Defaulted Reference Entities and the related Protection Payment Amounts, thereby potentially resulting in losses to Noteholders.

Accordingly, the Noteholders are relying on the business judgement and practices of the relevant servicer in administering the Reference Obligations, enforcing claims against Reference Obligations, including taking decisions with respect to enforcement of collateral.

### ***Limited Provision of Information about the Reference Entities and the Reference Obligations***

Save as disclosed in this Prospectus (see "*Credit Protection Deed – Reference Registry*"), none of the Issuer or the Trustee and/or the Noteholders will have the right to receive information regarding any

Reference Obligation, except for the purely statistical data set forth in the Reference Portfolio Report or, in the case of the Noteholders the Investor Report.

The Protection Buyer will have no obligation to keep the Issuer, the Trustee or the Noteholders informed as to the compliance of the Reference Portfolio with the Eligibility Criteria or as to matters arising in relation to any Reference Entity or any Reference Obligation, including whether or not circumstances exist under which there is a possibility of the occurrence of a Credit Event. The Reference Portfolio Report will not contain any information that the Protection Buyer is legally constrained from disclosing under applicable laws, including but not limited to laws or regulations relating to bank secrecy.

None of the Issuer, the Trustee or the Noteholders will have the right to inspect any records of the Protection Buyer and the Protection Buyer will be under no obligation to disclose any further information or evidence regarding the existence or terms of any Reference Obligation of any Reference Entity of any matters arising in relation thereto or otherwise regarding any Reference Entity, any guarantor of any Reference Obligation or any other person.

### ***Historical Information***

The information set out in "*Description of the Initial Reference Portfolio*" represents information in relation to the Reference Portfolio as at the Portfolio Cut-Off Date. The information set out in "*Description of the Reference Portfolio*" may change after the Portfolio Cut-Off Date and there can be no assurance that the Reference Portfolio will remain in compliance with the Eligibility Criteria after the Portfolio Cut-Off Date. Any Replenishment to the Portfolio will be required to satisfy the Replenishment Criteria, which include, among other conditions, that the Reference Entity which is the subject of the Replenishment complies with the Eligibility Criteria on the date of the relevant Replenishment.

### ***No Independent Investigations***

No investigations, searches or other enquiries have been or will be made by or on behalf of the Issuer to verify the details of the Reference Portfolio, any Reference Entity, any Reference Obligation or any historical information relating to the Reference Portfolio. No representations or warranties have been given by the Issuer in respect of any Reference Entity or any Reference Obligation.

### ***Limited Verification***

Calculation of Verified Loss Amounts will be verified in certain circumstances by the Verification Agent, as more fully described in the Credit Protection Deed – see sub-section "*Verification of Final Loss Amounts*" in section "*Credit Protection Deed and Credit Protection Amount*" below.

The Verification Agent acts for the Protection Buyer under the Credit Protection Deed rather than the Issuer.

Such verification by the Verification Agent is based solely on the information provided to the Verification Agent by the Protection Buyer. Such information will not be independently audited. The Verification Agent is, broadly speaking, solely appointed to compare certain information required to be provided to it from time to time by the Protection Buyer with the related terms of the Credit Protection Deed and confirming whether, on the basis of the information received by it, those terms have been complied with. Consequently, there is a risk that a matter may be incorrectly verified by reason of the information provided to the Verification Agent being deficient. Reference is also made to the section above entitled "*Information observed on the Protection Buyer's systems is information which has been prepared for the Protection Buyer's internal use; information may be based on other Relevant Lender information*".

### ***No Agency Relationship***

Neither the Protection Buyer nor any Relevant Lender or servicer will be the agent or trustee of the Issuer, the Noteholders or any other Secured Creditor in connection with the exercise of, or the failure to exercise, any of the rights or powers of the Protection Buyer, the Relevant Lender or the servicer and/or their respective Affiliates arising under or in connection with their respective holdings (if any) of any Reference Obligation.

### ***Dealings with respect to obligations of Reference Entities***

Each of the Protection Buyer, the relevant servicer and each other Transaction Party and their respective Affiliates may:

- (a) deal in any obligation of any Reference Entity;
- (b) accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with any Reference Entity and any investment manager or trustee related to any obligation of any Reference Entity; and
- (c) act, with respect to transactions described in the preceding clauses (a) and (b), in the same manner as if the Credit Protection Deed and the Notes did not exist and without regard as to whether any such action might have an adverse affect on any Reference Obligation, any investment manager or trustee related to such Reference Obligation, the Issuer or the Noteholders.

Such parties may accordingly derive revenues and profits from such activities without any duty to account therefor.

### **General Risks**

#### ***No Rating***

The Notes will not be rated on the Closing Date and no rating is intended to be sought for the Notes thereafter.

#### ***Withholding Tax in Respect of the Notes***

In the event that any withholding or deduction for or on account of tax is required to be made from payments in respect of the Notes (as to which, see "*Taxation In Ireland*"), neither the Issuer nor any other person will be obliged to pay any additional amounts to Noteholders or, if Definitive Notes are issued, Couponholders and/or Receipholders, or to otherwise compensate Noteholders, or Couponholders and/or Receipholders, for the reduction in the amounts they will receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made for or on account of any Irish Tax, the Issuer shall use reasonable endeavours to mitigate the effects of such withholding or deduction. If the Issuer is unable to mitigate effectively or if to do so would not avoid such withholding or deduction, then on any Note Payment Date under and in accordance with Condition 7(g) (*Redemption, Reduction, Reinstatement and Cancellation - Optional Redemption of the Notes in Whole for Tax Reasons*) the Issuer may redeem (without premium or penalty) all (but not some only) of the Notes (in each case) at their Adjusted Principal Balance, together with accrued but unpaid interest on the Adjusted Principal Balance of the Notes up to (but excluding) the Note Payment Date on which such redemption occurs.

#### ***Withholding Tax in respect of the Credit Protection Deed***

If any Protection Fee Amount is subject by law to deduction or withholding for tax, the Protection Buyer may elect to gross up such Protection Fee Amount. If the Protection Buyer does not so elect, the Issuer will have the right to terminate the Credit Protection Deed. If any Protection Payment Amount or any other amount payable by the Issuer to the Protection Buyer is subject by law to deduction or withholding for tax, the Issuer shall not be under any obligation to gross up such payment. In these circumstances, the Protection Buyer may elect to terminate the Credit Protection Deed.

#### ***Description of the Transaction Documents***

The descriptions of the Account Bank Agreement, the Cash Administration Agreement, the Agency Agreement, the Cash Deposit Bank Agreement, the Custody Agreement, the Collateral Management Agreement, the Corporate Services Agreement, the Credit Protection Deed, the Trust Deed, the Deed of Charge and the Subscription Agreement contained in this Prospectus (see the sections entitled "*Credit Protection Deed*", "*The Cash Deposit Bank Agreement, the Custody Agreement* and the *Collateral Management Agreement*", "*Summary of Other Transaction Documents*" and "*Subscription and Sale*" below) are summaries only and Noteholders are bound by, and are deemed to have notice of, all the provisions of such documents.

### ***Risks Relating to the Bank Recovery and Resolution Directive and the Banking Act 2009***

On 2 July 2014, Directive 2014/59/EU of the European Parliament and the Council on Bank Recovery and Resolution (the "**BRRD**") came into force. The stated aim of the BRRD is to provide supervisory authorities, including the relevant UK and Irish resolution authorities, with common tools and powers to address banking crises pre-emptively in order to safeguard financial stability and minimise taxpayers' exposure to losses. These tools include, among other things, powers to transfer shares or property of an entity subject to resolution measures to a third party (including a "bridge bank" or an "asset management vehicle"), a "bail-in" power and a "writedown and conversion of capital instruments" power.

In the UK, the BRRD is implemented by the Banking Act 2009 (the "**Banking Act**"), which includes provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of a UK bank or building society. In addition to the tools provided for under the BRRD, the Banking Act also provides the UK authorities with certain powers including share and property transfer powers (including powers for partial property transfers), certain ancillary powers (including powers to modify certain contractual arrangements in certain circumstances) and two new special insolvency procedures which may be commenced by UK authorities (i.e. bank insolvency and bank administration). It is possible that the extended tools described above could be used prior to the point at which an application for insolvency proceedings with respect to a relevant entity could be made.

In Ireland, the BRRD was transposed into Irish law on 15 July 2015 by the European Union (Bank Recovery and Resolution) Regulations 2015 (the **Irish BRRD Regulations**). The Irish BRRD Regulations apply to all credit institutions authorised in the State and confer key functions on the Central Bank as the competent authority and the resolution authority in Ireland.

The Irish BRRD Regulations establish a range of instruments to tackle potential bank crises at three stages: preparatory and preventative, early intervention, and resolution. Key elements include:

- (a) preparatory and preventative measures – all credit institutions have to prepare and regularly update a recovery plan setting out the measures to be taken in times of distress in order to restore the institution to its original financial position. The Central Bank as the resolution authority must prepare a resolution plan setting out the proposed steps to be taken to deal with a credit institution that meets the conditions for resolution stipulated in the Irish BRRD Regulations;
- (b) early intervention measures – the Irish BRRD Regulations provide for early intervention by the Central Bank as the competent authority where a credit institution's financial condition is deteriorating. Powers of intervention granted to the competent authority include; to require a failing credit institution to implement its recovery plan, to direct the credit institution to identify problems and draw up an action programme, to direct the credit institution to draw up a plan for negotiation on restructuring of debt with one or more of its creditors and to carry out on-site inspections; and
- (c) resolution measures – in addition to the early intervention powers, the Irish BRRD Regulations grant resolution tools and powers to the Central Bank to ensure that any failing credit institution can be restructured and resolved in a way which preserves financial stability and protects taxpayers. The tools available include the sale of business tool, the bridge institution tool, an asset separation tool and the bail-in tool. The bail-in tool enables the Central Bank to write-down the value of certain liabilities or convert them into equity in order to absorb losses and recapitalise the bank. Resolution powers granted to the Central Bank include powers to suspend contractual payments, restrict the enforcement of security and temporarily suspend termination rights.

As a general matter, the Irish BRRD Regulations require that any decision taken by the Central Bank shall (a) take into account the potential impact of the decision in all the Member States where the institution or the group concerned operates, and (b) minimise the negative effects on financial stability and negative economic and social effects in those Member States.

In general, there is still considerable uncertainty about the scope of the powers of the Central Bank under the Irish BRRD Regulations and how the Central Bank may exercise such powers in practice.

The relevant transaction entities for the purposes of the Banking Act may include the Protection Buyer and for the purposes of the Irish BRRD Regulations may include the Agent Bank..

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

If an instrument or order were to be made under the Banking Act or an instrument, order or measure were made or taken under the Irish BRRD Regulations in respect of a relevant entity as described above, such instrument or order may (amongst other things) affect the scope of such relevant entity's obligations under the Transaction Documents and/or the ability of such entities to satisfy their obligations under the Transaction Documents and/or result in modifications to such documents. In particular:

- (a) pursuant to the "bail-in" power, the unsecured obligations of a relevant entity under the Transaction Documents may be reduced or extinguished; and
- (b) modifications may be made via powers which permit provision to be included in an instrument or order such that the relevant instrument or order (and certain related events) is required to be disregarded in determining whether certain widely defined "default events" have occurred (which events would include certain trigger events included in the Transaction Documents in respect of the relevant entity, including termination events).

As a result, the making of an instrument or order or the taking of a measure in respect of a relevant entity as described above may affect the ability of the Issuer to meet its obligations in respect of the Notes. While there is provision for compensation in certain circumstances under the Banking Act, there can be no assurance that Noteholders would recover compensation promptly and equal to any loss actually incurred.

At present, the UK authorities have not made an instrument or order under the Banking Act and the Central Bank has not made an instrument, order or taken a measure under the Irish BRRD Regulations in respect of the entities referred to above and there has been no indication that they will make any such instrument or order, but there can be no assurance that this will not change and/or that Noteholders will not be adversely affected by any such instrument or order if made, or measure if taken.

#### ***Taxation - Issuer***

A withholding or deduction for or on account of tax other than Irish tax may be required to be made in circumstances other than those set out above under the law of countries other than Ireland (including countries that are Member States of the EU). The outline in this Prospectus of certain key Irish taxation issues does not include consideration of any such requirements.

#### ***Regulation - Issuer***

The Issuer believes that it is not required to be licensed, registered or authorised under any current securities, commodities or banking laws of Ireland and will operate without supervision by any authority in any jurisdiction. There can be no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws. The taking of a contrary view by such regulatory authorities could have a material adverse effect on the Notes and/or the Issuer and/or the Noteholders.

#### ***Centre of Main Interests***

The Issuer has its registered office in Ireland. As a result there is a rebuttable presumption that its centre of main interests ("**COMI**") is in Ireland and consequently that any main insolvency proceedings applicable to it would be governed by Irish law. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC Limited, the ECJ restated the presumption in Council Regulation (EC) No. 1346/2000 of 29 May 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors

which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Ireland, has Irish directors, is registered for tax in Ireland and has an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI is not located in Ireland, and is held to be in a different jurisdiction within the European Union, Irish insolvency proceedings would not be applicable to the Issuer.

### ***Potential Conflicts of Interests***

Abbey National Treasury Services PLC and its Affiliates act in a number of capacities (including as Arranger, Protection Buyer, Calculation Agent, Cash Administrator, Collateral Manager and Cash Deposit Bank) in connection with the transactions contained herein. Abbey National Treasury Services PLC and its Affiliates, acting in such capacities in connection with such transactions, shall have only the duties and responsibilities expressly agreed to by them in their relevant capacities and shall not, by virtue of acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Abbey National Treasury Services PLC and its Affiliates, in connection with the contemplated transactions, may enter into business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents, from which it may derive revenues and profits in addition to the fees, if any, stated in the Transaction Documents, without any duty to account for such revenues and profits.

### ***Implementation of and/or changes to the Basel II framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors***

In 1988, the Basel Committee on Banking Supervision (the "**Basel Committee**") adopted capital guidelines that explicitly link the relationship between a bank's capital and its credit risks. In June 2006 the Basel Committee finalised and published new risk-adjusted capital guidelines ("**Basel II**"). Basel II includes the application of risk-weighting which depends upon, amongst other factors, the external or, in some circumstances and subject to approval of supervisory authorities, internal credit rating of the counterparty. The revised requirements also include allocation of risk capital in relation to operational risk and supervisory review of the process of evaluating risk measurement and capital ratios.

Basel II has not been fully implemented in all participating jurisdictions. The implementation of the framework in relevant jurisdictions may affect the risk-weighting of the Notes for investors who are or may become subject to capital adequacy requirements that follow the framework. The Basel II framework was implemented in the European Union by the Capital Requirements Directive. Certain amendments were made to the Capital Requirements Directive, including by Directive 2010/76/EU (the so-called "**CRD III**"), which was required to be implemented by Member States by the end of 2011 and which introduced (amongst other things) higher capital requirements for certain trading book positions and re-securitisation positions.

The Basel Committee approved significant changes to the Basel II framework (such changes being commonly referred to as "**Basel III**") and on 1 June 2011 issued its final guidance, which envisages a substantial strengthening of existing capital rules, including new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards and a minimum leverage ratio for financial institutions. In particular, the changes include, amongst other things, new requirements for the capital base, measures to strengthen the capital requirements for counterparty credit exposures arising from certain transactions and the introduction of a leverage ratio as well as short-term and longer-term standards for funding liquidity (referred to as the Liquidity Coverage Ratio and the Net Stable Funding Ratio). Member countries were to be required to implement the new capital standards from January 2013 (although in practice, a number of jurisdictions, notably the EU and the US, have not met this deadline). Member countries will be required to implement the new Liquidity Coverage Ratio from January 2015 and the Net Stable Funding Ratio from January 2018. The Basel Committee is also considering introducing additional capital requirements for systemically important institutions from 2016. The Basel Committee has also published consultative documents titled "Consultative Document: Revisions to the Basel Securitisation Framework" in December 2013 and "Consultative Document: Recognising the cost of credit protection purchased" in March 2013. The existing and any future changes approved by the Basel Committee may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the revised

framework and, as a result, they may affect the liquidity and/or value of the Notes and may increase the likelihood of the Protection Buyer designating an Effective Protection End Date as a result of a Regulatory Event under the Credit Protection Deed.

In the European Union, Basel III is being implemented through the amended and re-stated Capital Requirements Directive ("**CRD IV**"), which will need to be transposed into the national law of each Member State, and a new Regulation which will be directly applicable in each Member State. The final text of CRD IV and the new Regulation was published in the Official Journal of the European Union on 27 June 2013 and was implemented from 1 January 2014.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the Basel II framework (including the Basel III changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise. Investors should be aware that certain changes in the regulatory regime may increase the likelihood of the Protection Buyer designating an Effective Protection End Date as a result of a Regulatory Event under the Credit Protection Deed, causing the Notes to be redeemed pursuant to Condition 7(d) (*Mandatory Redemption of the Notes following Effective Protection Termination Date*).

### ***Securitisation Regulations***

The European Commission has published legislative proposals for two new regulations related to securitisation. Amongst other things, the proposals include provisions intended to implement the revised securitisation framework developed by BCBS and provisions intended to harmonise and replace the risk retention and due diligence requirements (including the corresponding guidance provided through technical standards) applicable to certain EU regulated investors. There are material differences between the legislative proposals and the current requirements. It is not clear whether, and in what form, the legislative proposals (and any corresponding technical standards) will be adopted. In addition, the compliance position under any adopted revised requirements of transactions entered into prior to adoption, and of activities undertaken by a party (including an investor) in respect of such transactions, is uncertain.

### ***Risk retention requirements under CRR, AIFMD and Solvency II***

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset-backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation positions and/or whether an EU regulated credit institution and its consolidated affiliates ("**Affected CRR Investors**"), certain collective investment undertakings which constitute AIFs under Article 4 of Directive 2011/61/EU (each such collective investment undertaking, an "**AIF**") or insurance undertakings which are subject to EU Directive 2009/138/EC ("**Solvency II**") (each an "**Affected Investor**") are permitted to invest in such securities. Accordingly, this may affect the incentive for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Arranger or the Lead Manager makes any representation to any prospective investor or purchaser of the Notes regarding the regulatory treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should be aware of Articles 404–410 of Regulation (EU) No. 648/2012 ("**CRR**"). Articles 404–410 broadly restrict an Affected CRR Investor from investing in asset-backed securities unless the originator, sponsor or original lender in respect of the relevant securitisation has explicitly disclosed to the Affected CRR Investor that it will retain, on an ongoing basis, a net economic interest of not less than 5 per cent. in respect of certain specified credit risk tranches or asset exposures as contemplated by Articles 404–410. Articles 404–410 also require an Affected CRR Investor to be able to demonstrate that it has undertaken certain due diligence in respect of, amongst other things, the Note position it has acquired and the underlying exposures and that procedures are established for such activities to be conducted on an ongoing basis. Failure to comply with one or more of the requirements set out in Articles 404–410 will result in the imposition of a penal capital charge on the Notes acquired by the Affected CRR Investor. On 16 June 2014 the European Parliament adopted regulatory technical standards ("**RTS**") relating to Articles 404–410.

Investors should also be aware of Article 17 of EU Directive 2011/61/EC on Alternative Investment Fund Managers (the "**AIFMD**") and Chapter III, Section 5 of Regulation 231/2013 supplementing the AIFMD (the "**AIFM Regulation**"), the provisions of which introduced risk retention and due diligence requirements (which took effect from 22 July 2013 in general) in respect of alternative investment fund managers ("**AIFMs**") that are required to become authorised under the AIFMD. Similar risk retention and due diligence requirements also apply to investors which are insurance or reinsurance undertakings pursuant to Article 135(2) of Solvency II and Articles 254-257 of Commission Delegated Regulation (EU) No. 2015/35 supplementing Solvency II (the "**Solvency II Regulation**"). While the requirements applicable to AIFMs under Chapter III, Section 5 of the AIFM Regulation and insurance and reinsurance undertakings under Articles 254-257 of the Solvency II Regulation are similar to those which apply under Articles 404-410, they are not identical and, in particular, additional due diligence obligations apply to AIFMs and insurance or reinsurance undertakings. Together, the requirements of Articles 404-410 of CRR, Chapter III, Section 5 of the AIFM Regulation and Articles 254-257 of the Solvency II Regulation, as supplemented by any applicable RTS, constitute "**Risk Retention Regulations**".

Each of the Risk Retention Regulations applies in respect of the Notes. Affected Investors should therefore make themselves aware of such requirements (and any corresponding implementing rules of their regulator) where applicable to them, in addition to any other regulatory requirements applicable to them with respect to their investment in the Notes. Each prospective investor is required independently to assess and determine the sufficiency of the information described above and in this Prospectus generally for the purposes of complying with the Risk Retention Regulations and none of the Issuer, the Lead Manager or any party to a Transaction Document makes any representation that the information described above and below 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 the Risk Retention Regulations (including any regulatory technical standards, implementing technical standards and any other implementing provisions in their 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.

It should also be noted that similar requirements to those set out in the Risk Retention Regulations are expected to be implemented for other EU regulated investors in the future.

In general, each prospective investor should consider its regulatory position and obtain any necessary advice in relation to any potential investment in the Notes prior to making any such investment.

Abbey National Treasury Services PLC undertakes that a member of the Santander consolidated group will retain, at all times until the redemption of the notes, a material net economic interest which shall in any event be not less than 5 per cent of the nominal value of each Reference Obligation as contemplated by Article 405(1)(a) of the Capital Requirements Regulation, Article 51(1)(a) of the Level 2 AIFM Regulation and Article 254(2)(a) of the Solvency II Regulation. Such holding will be achieved by the Relevant Lender being a member of the Santander consolidated group and the Defaulted Notional Amount for a Reference Obligation being capped at 95% of the Total Exposure Amount for that Reference Obligation.

Pursuant to the terms of the Credit Protection Deed, Abbey National Treasury Services PLC has undertaken to provide on a monthly basis (i) post issuance information in relation to each Reference Obligation, (ii) post issuance transaction information and (iii) confirmation of Abbey National Treasury Services PLC's continuing compliance with the requirement to retain a material net economic interest of at least 5 per cent in the securitisation in accordance with Article 405(1)(a) of CRR, Article 51(1)(a) of the AIFM Regulation and Article 254(2)(a) of the Solvency II Regulation. The Cash Administrator will make available such information (in the form of an Investors' Report) on quarterly basis via the following website: <https://usbtrustgateway.usbank.com>. The website and the contents thereof do not form part of this Prospectus.

If Abbey National Treasury Services PLC sells or transfers any additional tranche of the securitisation, it will retain a material net economic interest of at least 5 per cent. of the nominal value of such additional tranche.



### ***Abbey National Treasury Services PLC Credit Policy***

Abbey National Treasury Services PLC will operate within the parameters of its internal Credit Policy (as defined below) and Servicing Principles. In formulating and acting in accordance with such Credit Policy and Servicing Principles Abbey National Treasury Services PLC has acted, and will continue to act, as a prudent lender.

Abbey National Treasury Services PLC has internal policies and procedures in relation to the granting of credit, administration of credit-risk bearing portfolios and risk mitigation. The policies and procedures of Abbey National Treasury Services PLC in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits (as to which, in relation to the Reference Obligations, see the information set out in this Prospectus headed "*Eligibility and Replenishment Criteria*" which describes the criteria that the selection of Reference Obligations to be included in the Reference Portfolio is subject to);
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures (as to which it should be noted that the Reference Portfolio will be serviced in line with the servicing procedures of Abbey National Treasury Services PLC and/or the Relevant Lender – please see the sub-sections of this Prospectus headed "*Overview of Lending Market and Origination And Servicing of Reference Obligations*" and "*Credit Protection Deed - Reference Portfolio*");
- (c) adequate diversification of credit portfolios given the overall credit strategy (as to which, in relation to the Reference Portfolio, see the section of this Prospectus headed "*Description of the Reference Portfolio*");
- (d) policies and procedures in relation to risk mitigation techniques; and
- (e) to the extent not subject to confidentiality restrictions, upon reasonable request, as soon as reasonably practicable grant readily available access to up to date information in respect of the Reference Portfolio to the extent provided in respect of the Initial Reference Portfolio pursuant to the section of this Prospectus entitled "*Description of the Reference Portfolio*".

### ***Changes in Law and/or Regulatory, Accounting and/or Administrative Practices***

The structure of the issue of the Notes is based on English and Irish law, regulatory and administrative practice in effect as at the date of this Prospectus, and having due regard to the expected tax treatment of all relevant entities under English and Irish tax law. No assurance can be given as to the impact of any possible change in English law, Irish law, regulatory or administrative practices in Irish tax law, or the interpretation or administration thereof.

### ***Foreign Account Tax Compliance Act***

In certain circumstances payments made on or with respect to the Notes after 31 December 2016 may be subject to U.S. withholding tax under Sections 1471 through 1474 of the U.S. Internal Revenue Code (commonly referred to as "**FATCA**"). This withholding does not apply to payments on Notes that are issued prior to the date that is six months after the date on which the final regulations that define "foreign passthru payments" are published unless the Notes are "materially modified" after that date or are characterized as equity for U.S. federal income tax purposes.

Whilst the Notes are in global form and held within Euroclear and Clearstream (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or

other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as bearer holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

FATCA potentially imposes a 30 per cent withholding tax on certain payments made to the Issuer unless the Issuer complies with regulations in Ireland that implement the intergovernmental agreement dated 21 December 2012 between the government of Ireland and the United States (the "**Irish IGA**"). The Irish IGA requires, among other things, that the Issuer collect and provide to the Irish tax authorities, which will provide such information to the US Internal Revenue Service, certain information regarding direct and indirect holders of the Notes unless the Issuer qualifies as a "Non-Reporting Irish Financial Institution" (as defined in the Ireland IGA) or is otherwise entitled to an exemption under FATCA.

The Issuer intends to comply with its obligations under the Irish IGA and FATCA. However, in some cases, the ability to comply could depend on factors outside of the Issuer's control.

The rules under FATCA or the Irish IGA may also change in the future. There can be no assurance, however, that the measures adopted by the Issuer will be effective, and that the Issuer and holders of the Notes will not be subject to withholding taxes under FATCA. The imposition of such taxes could materially affect the Issuer's ability to make payments on the Notes or could reduce such payments and the costs of compliance with FATCA and the Irish IGA may be significant.

**FATCA is particularly complex. The above description is based in part on regulations, official guidance and the Ireland IGA, all of which are subject to potential change in the future. Prospective investors should consult their own tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**

#### ***Common Reporting Standard (CRS)***

The OECD has developed a new global standard for the automatic exchange of financial information between tax authorities – the Common Reporting Standard or CRS. Ireland is a signatory to the CRS and intends to conduct its first exchange of information with tax authorities of other signatory jurisdictions in September 2017. As a result, the Issuer will be required to comply with the CRS due diligence and reporting requirements, as adopted by Ireland. Noteholders may be required to provide additional information to the Issuer to enable the Issuer to satisfy its obligations under the CRS (e.g. confirmation of the tax residency, tax identification number and CRS classification of Noteholders). Failure to provide requested information may subject the Issuer to penalties and/or other sanctions under the implementing regulations in Ireland and/or an investor to liability for any resulting penalties or other charges and/or mandatory redemption of the Notes.

#### ***Central Bank Considerations***

This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the ISE or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the ISE for the Notes to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such listing will be obtained or, if obtained, will be maintained.

*The Issuer believes that the risks described above are the principal 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, the Notes may occur for other reasons and the Issuer does not represent that the above statements regarding the risks relating to the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this Prospectus lessen some of these risks for Noteholders, there can be*

*no assurance that these measures will be sufficient to ensure payment to Noteholders of interest, principal or any other amounts on or in connection with the Notes on a timely basis or at all.*

## OVERVIEW OF LENDING MARKET AND ORIGINATION AND SERVICING OF REFERENCE OBLIGATIONS

### Credit Policy

Within Santander UK, the Board has overall responsibility for risk management, and it delegates its responsibilities relating to risk management and control to the CEO, the Executive Risk Control Committee ("ERCC") and Other "Risk" Committees.

Credit is extended and managed in accordance with the "Santander UK Risk Framework" and Risk Appetite Statement of Santander UK which is approved and set by the Board. The Credit Policy under these frameworks sets out the fundamental credit principles, disciplines, standards and policies for business origination and the management of credit risks within SGCB UK. This includes specific policies not limited to Credit Watch Listing ("**Feve**"), Restructuring & Forbearance, Country Risk, Settlement Risk, Specialised Lending and Collateral Parameters, Delegated Authorities and Risk attestations. All Santander UK origination is compliant with Santander Group Regulations, Social and Environmental Policies. In addition there is a Wholesale Credit Risk Framework & Risk Appetite Statement that specifically applies to credit originated by SGCB UK.

### Origination and Client coverage

SGCB UK operates two main loan origination divisions: "Financial Solutions & Advisory" which covers all general corporate syndicated lending, medium/long term bilateral lending, acquisition finance and specialised lending and "Global Transaction Banking" which covers asset based lending and leasing, short term bilateral finance and all trade finance related lending activities. Lending activities covers revolving credit facilities as well as term loans and amortising term loans. All credit facilities extended to clients are covered by credit applications.

Determination of eligible SGCB UK borrowers is a joint cooperation between the client relationship coverage areas (Corporate & Investment Banking, "CIB" & Financial Institutions Group, "FIG") and Wholesale Credit Risk to determine a closed list of SGCB UK customers based upon an assessment of the credit worthiness of the customer, our risk appetite for this name and sector, the geographic overlap of customer with Santander Group home markets, and our ability to provide appropriate coverage and ancillary services to generate adequate profitability and achieve hurdle rate returns on capital employed. In addition other SGCB geographies have their own similar closed lists of customers under similar risk appetite frameworks and Risk appetite statements. These customers are assessed under the same global rating methodology for Large Corporates and may have UK inbound business requirements subject to UK local CIB coverage support and UK Wholesale Credit Risk approval.

The credit approval process requires detailed information about customer background, business activities, terms of trade and an assessment of the borrower's risk profile including social and environmental risk. Our Global Operational Risk Control team in the UK manages the client on-boarding process with the client coverage team including aspects such as "Know Your Client", anti-money laundering, fraud prevention, and other regulatory requirements such as Dodd Frank, Volcker classifications etc.

### Credit Approval Process

**Business Proposal Submission:** Front Office client coverage submits a Business Plan and proposes limits (pre-classification limits) for each counterparty. The Risk analyst conducts a risk analysis to assign a rating to each counterparty.

**Credit Risk Limits:** Usually each counterparty will be assigned a pre-classification credit limit based on client credit quality, estimated profitability for the group, ability to reach the target hurdle rate returns on capital and compliance with Santander Risk Appetite/other relevant internal limits and this will be further divided into sub limits for different product types. In certain situations Wholesale Credit Risk will approve one-off or product specific limits.

**Credit Risk Approval:** The pre-classification proposals will be approved in line with the Delegated Authorities. Once it is approved, the authorised limit in a pre-classification constitutes a temporary delegation of authorities to the Global Account Officer or the Local Risk Unit. For sub-investment grade companies, nominal limits & economic capital are tightly aligned with the Business Proposal in order to maintain certain control over exposures.

The sanction of the proposal is sent to the relevant stakeholders, including Risk (Wholesale Credit Risk, Credit Risk Control, Portfolio Management), Front Office and Middle Office.

Credit limit decisions below £50m can be approved by Risk Approval Forum UK ("**RAF**") and some annual review approvals are delegated to the Head of Wholesale Credit Risk. Otherwise each credit decision is approved by the Executive Credit Approval Committee ("**ECAC**"). Depending upon the materiality of any approval it maybe be referred up to the ERCC. All transactions above certain thresholds are also subject to approval by Group risk committees in Madrid.

These procedures and thresholds maybe amended from time to time at the sole discretion of Santander UK in compliance with its own risk governance & risk appetite framework set by Board Risk Committee.

### **Ratings Policy**

The majority of SGCB UK corporate ratings are manual or non-standardised and based on credit analysts' expert judgement and in-depth credit and financial analysis to assess the borrower's ability to repay its borrowing obligations.

- The six main rating categories that are assessed by the risk analysts include:
- Product / Market / Demand
- Shareholders / Management
- Access to Credit
- Profitability
- Cash Flow Generation
- Solvency

The expert rating model uses an analytical focus. It defines the areas of analysis that must be evaluated independently. The final rating is a weighted average of the evaluations of these six categories which each have different weightings assigned to them. The internal scale ranges between 1.0 and 9.3 increasing in 0.1 increments with a higher numerical rating denoting higher credit quality. The above model normally overrides a quantitative rating based upon certain financial ratios. If the expert or manual rating is more than 1.5 notches different from the automatic/quantitative rating, the credit analyst must provide an explanatory justification. Best practice is to share the rating review with the business before it is submitted to Group Risk in Madrid for approval. Risk will incorporate any relevant comments or feedback from the business but Wholesale Credit Risk has the ultimate say in the final rating decision.

### **Servicing**

First line risk management is carried out by the relationship coverage team in Front Office. Global Operations are responsible for the processing & monitoring of interest and principal flows. Middle Office is responsible for compliance with conditions precedent and on-going covenant compliance monitoring.

The Wholesale Credit Risk team also has responsibility for monitoring the credit quality of Large Corporate names and its responsibilities include performing a full credit review and rerating of each name at least annually. In addition the bank has a Credit Watch List to which names may be added that require more frequent monitoring such as Risk Category Monitor for which names must be reviewed at least every six months and various "Serious" Risk Categories for which reviews must be undertaken at least every three months. Names that migrate to subjective or actual Non Performing Loan ("**NPL**") status are reviewed & managed on an on-going basis by the Corporate Restructuring department until the loans recover or are fully worked out and/or exited.

The Corporate Restructuring department also shadows names being monitored under the Credit Watch List before taking direct control as they enter into subjective or actual NPL. They evaluate available options before implementing a strategy which they monitor and control until the point of exit. They also recommend specific and collective credit provisions for the Large Corporate portfolio.

The Corporate Monitoring & Control department are responsible for risk control including management and monitoring of the Credit Watch List Process. Quality assurance activities include sampling reviews of credit decisions to ensure compliance with agreed policies and procedures, health checks of lending activities to identify poor adherence to processes, process inefficiencies and potential operational risks. They also focus on governance under the Credit Risk Control Framework including Attestation, new product approval, Internal Audit, SOX and Risk Self-Assessment and monitoring including excesses/ arrears, overdue reviews, stale ratings, covenant breaches, expired facilities etc. They also monitor sectors, geographies or portfolios and conduct reviews of individual customers for presentation to senior management.

## DESCRIPTION OF THE INITIAL REFERENCE PORTFOLIO

The initial Reference Portfolio comprises 104 revolving loans and/or term loans originated or acquired by the Protection Buyer or an Affiliate of the Protection Buyer to 91 large corporate obligors (including any successors) thereto. Certain characteristics of the Reference Portfolio are set forth below and refer to the composition of the Reference Portfolio as at the Portfolio Cut-Off Date. The weighted average life of the Reference Portfolio as of the Portfolio Cut-Off Date is approximately 3.05 years. The Reference Obligations complied with the Eligibility Criteria and the Reference Portfolio complied with the Replenishment Criteria as at the Portfolio Cut-Off Date.

<b>Moody's Industry Classification</b>	<b>%</b>
CORP - Services: Business	13.65%
CORP - Beverage, Food & Tobacco	9.66%
CORP - Retail	9.66%
CORP - Hotel, Gaming & Leisure	5.95%
CORP - FIRE: Real Estate	4.19%
CORP - Construction & Building	5.81%
CORP - Transportation: Consumer	5.76%
CORP - Utilities: Water	3.15%
CORP - Consumer goods: Non-durable	3.00%
CORP - Aerospace & Defense	2.86%
CORP - FIRE: Finance	2.51%
CORP - Wholesale	2.81%
CORP - Media: Advertising, Printing & Publishing	4.00%
CORP - Energy: Oil & Gas	4.00%
CORP - Telecommunications	2.00%
CORP - Healthcare & Pharmaceuticals	2.33%
CORP - Automotive	2.16%
CORP - Metals & Mining	1.50%
CORP - Banking	2.50%
CORP - FIRE: Insurance	1.00%
CORP - Utilities: Oil & Gas	1.07%
CORP - Utilities: Electric	3.22%
CORP - Forest Products & Paper	1.57%
CORP - Chemicals, Plastics, & Rubber	1.38%
CORP - Capital Equipment	2.24%
CORP - Media: Broadcasting & Subscription	1.09%
CORP - High Tech Industries	0.96%

<b>Reference Entity Eligible Country</b>	<b>%</b>
United Kingdom	85.22%
Ireland	5.84%
Germany	3.19%
Australia	0.26%
Switzerland	2.00%
Luxembourg	1.00%

Finland	1.00%
Netherlands	1.50%

<b>Beneficiary's Internal Risk Rating Scale</b>	<b>%</b>
7.5	1.19%
7.4	2.43%
7.1	0.90%
7.0	1.20%
6.9	2.00%
6.8	2.21%
6.7	2.46%
6.6	2.01%
6.5	2.31%
6.4	8.14%
6.3	4.27%
6.2	5.00%
6.1	1.50%
6.0	2.41%
5.9	2.47%
5.8	11.73%
5.7	9.61%
5.6	7.47%
5.5	6.82%
5.4	7.30%
5.3	5.00%
5.2	4.65%
5.1	2.00%
5.0	2.00%
4.9	1.00%
4.8	1.07%
4.7	0.50%
4.6	0.36%

**Top 10 Reference Entity Group concentrations**

<b>Reference Group ID</b>	<b>Reference Group notional amount %</b>	<b>Beneficiary's Internal Risk Rating Scale</b>	<b>Moody's Industry Classification</b>	<b>Reference Group Eligible Country</b>
1	2.25%	6.4	CORP - Services: Business	United Kingdom
2	2.25%	6.5	CORP - Utilities: Water	United Kingdom
3	2.25%	6.8	CORP - Utilities: Electric	United Kingdom
4	2.00%	6.2	CORP - Services: Business	United Kingdom
5	2.00%	6.4	CORP - Beverage, Food & Tobacco	United Kingdom
6	2.00%	6.4	CORP - Beverage, Food & Tobacco	United Kingdom



7	2.00%	6.3	CORP - Beverage, Food & Tobacco	United Kingdom
8	2.00%	6.9	CORP - Retail	Germany
9	2.00%	6.2	CORP - Consumer goods: Non-durable	Switzerland
10	1.50%	5.7	CORP - Wholesale	United Kingdom

## ISSUER

### Introduction

The Issuer is a private company with limited liability incorporated under the laws of Ireland on 9 December 2016 with registered number 594450, having its principal place of business in Ireland and its registered office at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64. The directors of the Issuer are Sam Sengupta and Deirdre Brennan, who were each appointed on 9 December 2016 and each of whose business address is 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64. The secretary of the Issuer is TMF Administration Services Limited, which has its registered office at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64. The telephone number of the Issuer is +3531 614 6240 and the the fax number of the Issuer is +3531 614 6250.

None of the directors of the Issuer (i) have been or are subject to any legal or arbitration proceedings or (ii) are aware of any such proceedings being pending or threatened.

### Financial Statements

The accounting year of the Issuer begins on 1 January of each year and terminates on 31 December the same year other than in respect of the first accounting year which commenced on 9 December 2016 and will terminate on 31 December 2017. The Issuer will separately appoint auditors after the Closing Date.

### Principal Activities

The objects of the Issuer are unrestricted.

The Issuer was established for the purpose of issuing the Notes and is a special purpose vehicle for the purposes of the listing rules of the ISE. The Issuer has not engaged since its incorporation, and will not engage whilst the Notes remain outstanding, in any material activities other than activities which are incidental or ancillary to the matters described in this Prospectus.

The Issuer has no employees, and has no subsidiaries.

### Shareholder

The Issuer is authorised to issue 1,000 shares of £1.00, of which one share has been issued. The entire issued share capital is held by or on behalf of TMF Management (Ireland) Limited in its capacity as trustee of a charitable trust established pursuant to the terms of a declaration of trust dated 13 December 2016. TMF Management (Ireland) Limited was incorporated in Ireland on 25 November 2004 and has its registered office at 3<sup>rd</sup> Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, D01 YE64 and is registered with the Irish Registrar of Companies, under number 394227.

### Issuer Management

Pursuant to the terms of a corporate services agreement (the "**Corporate Services Agreement**") between the Issuer and TMF Administration Services Limited (the "**Corporate Services Provider**"), the Corporate Services Provider will provide corporate and administrative services to the Issuer in consideration for the payment of a semi-annual fee to the Corporate Services Provider. The directors and secretary of the Issuer have been provided by the Corporate Services Provider. Each of the Issuer and the Corporate Services Provider may terminate the Corporate Services Agreement by giving not less than 30 days' written notice. Upon or prior to the termination of the Corporate Services Agreement, a successor corporate services provider will be appointed to provide corporate and administrative services to the Issuer.

There are no potential conflicts of interest other than those disclosed in the preceding paragraph.

### Capitalisation and Indebtedness

The unaudited capitalisation of the Issuer as at the Closing Date is as follows:

	<b>As at 22 December 2016</b>
<b>Shareholders' equity</b>	
Share capital .....	GBP1.00
<b>Total capitalisation</b> .....	<b>GBP 1.00</b>
<b>Indebtedness</b>	
GBP 100,000,000 Notes due 2024 (now being issued).....	<b>GBP 100,000,000</b>
<b>Total Indebtedness</b> .....	<b>GBP100,000,000</b>

## Covenants

### (a) *Positive Covenants*

In the Trust Deed the Issuer will covenant that until all amounts payable by the Issuer under the Transaction Documents and under the Notes have been paid in full the Issuer undertakes and agrees with the Trustee that it shall:

- (i) perform each of its obligations under the Transaction Documents to which it is party and comply with all requirements of, and ensure that, the Notes shall be offered and sold in accordance with, (i) any Requirement of Law or Regulatory Direction applicable to it and (ii) the Transaction Documents to which it is a party and use all reasonable endeavours to procure that the other parties to the Transaction Documents, other than the Trustee, comply with and perform all their respective obligations under the relevant Transaction Documents;
- (ii) obtain the written consent of the Trustee prior to entering into any agreement other than the Transaction Documents to which it is intended to be a party and the Verification Agreement;
- (iii) maintain its corporate existence and at all times continue to be duly incorporated under the laws of Ireland and duly authorised and conduct its business in a proper and efficient manner in compliance with the laws and regulations from time to time in force in Ireland or in any other jurisdiction in which the Issuer carries on business and in accordance with the terms of its constitutional documents;
- (iv) procure that the management of the Issuer, the place of residence of the directors of the Issuer, the place for the holding of the board meetings of the Issuer and the place where the Issuer's interests are administered are all situated in Ireland;
- (v) procure that it maintains its centre of main interests in Ireland and does not have or maintain an establishment (in each case for the purpose of Council Regulation (EC) No. 1346/2000 of 29 May 2000) outside of Ireland or have or maintain any branch or subsidiary;
- (vi) obtain, comply with the terms of and do all that is necessary to maintain in full force and effect all authorisations, approvals, licences and consents necessary under any Requirement of Law or any Regulatory Direction from time to time in force in Ireland or in any other applicable jurisdiction, in connection with its business and to enable it lawfully to enter into and perform its obligations under the relevant Transaction Documents or to ensure the legality, validity, enforceability or admissibility in evidence in the Issuer's jurisdiction of the relevant Transaction Documents;
- (vii) deliver to the Trustee (with a copy to the Principal Paying Agent and the Cash Administrator) on the Closing Date and thereafter upon each anniversary of the Closing

Date and upon any change of the same, a list of authorised signatories of the Issuer together with a specimen signature of each authorised signatory;

- (viii) preserve and/or exercise and/or enforce its rights under and pursuant to the Notes and the relevant Transaction Documents;
- (ix) keep books and records of account of its assets and business as may be necessary to comply with all applicable laws, including, but not limited to, books and records relating to the transactions contemplated by the Transaction Documents to which it is a party, in conformity with generally accepted accounting principles as applied in Ireland. The Issuer shall furnish or cause to be furnished to the Trustee and any Appointee in English:
  - (A) as soon as available the audited accounts of the Issuer as of the end of such fiscal year, prepared in accordance with generally accepted accounting principles applicable in Ireland, consistently applied, and accompanied by a certificate of the Issuer's independent auditors and by a certificate signed by the Issuer stating that the accounts of the Issuer submitted in accordance with this sub-clause (a) are complete and correct in all material respects and present fairly the financial condition and results of operation of the Issuer as of the dates and for the periods indicated, in accordance with generally accepted accounting principles in Ireland, consistently applied;
  - (B) within 10 days after any request, and in any event on each anniversary of the date of execution of the Trust Deed, a certificate of the Issuer signed by the Issuer to the effect that as at a date not more than seven days before delivering such certificate (the "**certificate date**") there did not exist and had not existed since the certificate date of the previous certificate (or in the case of the first such certificate the date of this Trust Deed) any Note Event of Default, Potential Event of Default or any other matter which is required to be brought to the Trustee's or that Appointee's attention (or if such event or matter exists or existed, specifying the same) and that during the period from and including the last certification date of such certificate (or in the case of the first certificate the date of this Trust Deed) to and including the certification date of such certificate the Issuer has complied with all its obligations contained in the Trust Deed or (if such is not the case) specifying the respects in which it has not complied;
  - (C) promptly upon receipt thereof, copies of any reports submitted to the Issuer by its independent auditors in connection with any examination of the financial statements of the Issuer;
  - (D) from time to time, any other information about its business and financial condition as the Trustee or that Appointee may reasonably require;
  - (E) promptly upon receipt thereof, copies of all reports, statements, certifications, schedules, financial statements or other similar reports delivered to or by the Issuer pursuant to the terms of the Transaction Documents and, promptly upon request, such other data as the Trustee or that Appointee may reasonably request;
  - (F) such opinions, certificates, information and evidence as the Trustee or that Appointee shall require and in such form as it shall require (including without limitation the procurement by the Issuer of all such certificates called for by the Trustee or that Appointee pursuant to paragraph (b) above or sub-clause 18.2.3 of the Trust Deed for the purpose of the discharge or exercise of the duties, trusts, powers, authorities and discretions vested in it under the Trust Deed or any other Transaction Document or by operation of law and the Trustee and that Appointee may rely on the contents of such opinions, certificates, information and evidence as conclusive evidence of the matters set out therein or the matters to which they relate and shall incur no liability to any person for so doing; and
  - (G) as soon as available, and in any event within five Note Business Days of each establishment of, or adjustment to, the interest rate applicable to the Notes, the

revised amount of interest payable on the Notes on the next Note Payment Date, together with a description in reasonable detail of the calculations which produced such amounts, the period to which such interest rate relates and the principal amount of Notes bearing such interest rate;

- (x) upon the request of the Trustee, permit the Trustee or any Appointee:
  - (A) to inspect and make copies of and abstracts from the books and records of the Issuer as they may relate to the Notes, the obligations of the Issuer under the Transaction Documents to which it is a party and the transactions contemplated thereby;
  - (B) to receive such information, opinions, certificates and other evidence as the Trustee or their authorised agent shall reasonably require (and which it is reasonably practicable to produce) for the purposes of the discharge of the duties, trusts, powers, authorities and discretions vested in the Trustee by or pursuant to the Trust Deed or any other relevant Transaction Document; and
  - (C) to discuss the affairs, finances and accounts of the Issuer with any representatives or agents of the Issuer (such inspections and discussions shall be conducted upon reasonable notice being given and during normal business hours and shall not unreasonably disrupt the business of the Issuer's representatives or agents, as the case may be; the Issuer shall pay the proper expenses of the Trustee in connection with such inspections and discussions);
- (xi) maintain its books and records at the address of the Issuer designated in the Trust Deed for receipt of notices, unless the Issuer shall otherwise advise the Trustee in writing, and shall not move its principal place of business (if any) outside of Ireland without the prior written consent of the Trustee;
- (xii) promptly upon becoming aware of the same inform the Trustee in writing of the occurrence of any of the following:
  - (A) the submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against the Issuer involving potential damages or penalties;
  - (B) the occurrence of any Note Event of Default or Potential Event of Default without waiting for the Trustee to take any further action;
  - (C) any breach of the Issuer's warranties or any undertaking given by the Issuer in any relevant Transaction Documents;
  - (D) the commencement of or threat of any rule making or disciplinary proceedings relating to or affecting the Issuer or any proceedings instituted by or against the Issuer in any court or before any governmental body or agency, or before any arbitration board, or the promulgation of any proceedings or any proposed or final rule, which, if adversely determined, would result in a material adverse change with respect to the Issuer;
  - (E) the commencement of any proceedings by or against the Issuer under any applicable bankruptcy, reorganisation, liquidation, rehabilitation, court protection, insolvency or other similar law now or hereafter in effect or of any proceedings in which a receiver, administrator, examiner, liquidator, conservator, trustee, bankruptcy official or similar official shall have been, or may be, appointed or requested for the Issuer or all or substantially all of its assets;
  - (F) the receipt of notice that (A) the Issuer is being placed under regulatory supervision, (B) any licence, permit, charter, registration or approval necessary for the conduct of the Issuer's business is to be, or may be, suspended or revoked, (C) the Issuer is to cease and desist any practice, procedure or policy employed

by the Issuer in the conduct of its business, which cessation may result in a material adverse change with respect to the Issuer, (D) any Transaction Document to which it is a party is subject to possible amendment, revision, repudiation or termination, or (E) any change in any tax law has or will or may come into effect and has modified or will or may adversely affect the withholding status or other tax status of the Issuer; or

- (G) any other event, circumstance or condition that has resulted, or has a material possibility of resulting, in a material adverse change in respect of the Issuer;
- (xiii) at its own expense upon the request of the Trustee from time to time execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, within seven Note Business Days of such request, such amendments hereto and such further instruments and take such further action as may be reasonably necessary to give effect to the mutual intention of the parties under the Trust Deed or to protect the interests of the Trustee and the other Secured Creditors under the Transaction Documents;
- (xiv) prepare or procure the preparation of the Investor Report as set out in the Cash Administration Agreement and to make the Investor Report available as set out in the Conditions;
- (xv) maintain all licences, permits, charters and registrations which are material to the conduct of its business and the performance of its obligations under the Transaction Documents to which it is party;
- (xvi) effect all required filings in respect of the Issuer and file, record or enrol each relevant Transaction Document required to be filed, recorded or enrolled with any court or other authority in the relevant jurisdiction and ensure that such required filings, recordings or enrolments are at all times maintained in accordance with any applicable law or regulation;
- (xvii) apply its funds towards the payment of amounts due under the Notes and towards the other sums payable by the Issuer under or as permitted by the Transaction Documents and for no other purpose;
- (xviii) obtain proper authorisation from its shareholders of all corporate action requiring shareholder approval;
- (xix) deliver or cause to be delivered to the Trustee an executed original copy of each Transaction Document within 30 days after the Closing Date;
- (xx) in the event of the unconditional payment to the Principal Paying Agent of any sum due in respect of the Notes or any of them being made after the due date for payment thereof, forthwith give (or procure to be given) notice to Noteholders in accordance with Condition 17 (*Notices to Noteholders*) that such payment has been made;
- (xxi) use reasonable endeavours to obtain within 30 days after the Closing Date and maintain the listing of the Notes on the regulated market of the ISE or, if it is unable to do so having used reasonable endeavours, use reasonable endeavours to obtain and maintain a quotation or listing of the relevant Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Trustee) decide and shall also use reasonable endeavours to procure that (i) there will at all times be furnished to the ISE or to any other such stock exchange or securities market such information as the ISE or such other stock exchange or securities market may require to be furnished in accordance with its requirements and (ii) it shall comply with all rules, regulations and obligations of the ISE or such other stock exchange or securities market, and shall also upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets enter into a deed supplemental to the Trust Deed to effect such consequential amendments to the Trust Deed as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market;

- (xxii) if the Issuer gives notice to the Trustee that it intends to redeem the Notes pursuant to Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*) prior to giving such notice to the Noteholders, provide such information to the Trustee as the Trustee requires in order to satisfy itself of the matters referred to in those Conditions;
- (xxiii) give notice to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*) of any appointment, resignation or removal of any Agent (other than the appointment of the initial Agents) after having obtained the prior written approval of the Trustee thereto, or change of an Agent's Specified Office and (except as provided by the Agency Agreement) at least 30 days prior to such event taking effect; provided that so long as any of the Notes remains outstanding, in the case of the termination of the appointment of the Principal Paying Agent, no such termination shall take effect until a new Principal Paying Agent has been appointed on terms approved in writing by the Trustee;
- (xxiv) send or procure to be sent to the Trustee not less than three days prior to the date of publication, for the Trustee's approval, one copy of each notice to be given to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*), and not to publish such notice without such approval and, upon publication, send to the Trustee two copies of the final form of such notice (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 ("**FSMA**") of such notice as an investment advertisement (as therein defined));
- (xxv) at all times maintain an Agent Bank, a Principal Paying Agent and a Note Calculation Agent in accordance with the Conditions;
- (xxvi) procure that the Principal Paying Agent makes available for inspection by the Noteholders at its Specified Office copies of the Trust Deed and the other Transaction Documents and any reports to be available to Noteholders;
- (xxvii) comply with and perform all its obligations under the Transaction Documents and not make any amendment or modification thereto without the consent of the Trustee and use its best endeavours to procure that the other Transaction Parties comply with and perform all their respective obligations thereunder;
- (xxviii) notify, or shall procure that the Trustee is notified, on or before any scheduled Note Payment Date, if the amount of interest and (if applicable) principal due and payable by the Issuer on such Note Payment Date has not been received by the Principal Paying Agent;
- (xxix) in the event of the unconditional payment to the Principal Paying Agent, or the Trustee of any sum due in respect of the Notes being made after the due date for payment thereof, forthwith give notice to the Noteholders that such payment has been made;
- (xxx) send to the Trustee forthwith upon being so requested in writing by the Trustee a certificate of the Issuer (signed on its behalf by an authorised representative) setting out the total number and aggregate Adjusted Principal Balance of the relevant Notes which:
  - (A) up to and including the date of such certificate have been purchased by the Issuer and cancelled in accordance with the Agency Agreement; and
  - (B) at the date of such certificate are held by or for the benefit of the Issuer;
- (xxxi) pay moneys payable by it to the Trustee hereunder without set off, counterclaim, deduction or withholding, unless otherwise compelled by law and in the event of any deduction or withholding compelled by law, to pay such additional amount as will result in the payment to the Trustee of the amount which would otherwise have been payable by it to the Trustee hereunder; and
- (xxxii) notify the Trustee forthwith in writing of any financing transactions entered into by it and any security provided in connection therewith (but provided that any such financing transaction would be required to be in compliance with Clause 15 of the Trust Deed).

(b) *Negative Covenants*

In the Trust Deed the Issuer will covenant and agree with the Trustee that, until all amounts payable by the Issuer under the Transaction Documents and under the Notes have been paid in full, it shall not (save to the extent permitted by the relevant Transaction Documents or with the prior written consent of the Trustee):

- (i) dispose of, deal with or grant any option or present or future right to acquire any of its assets or undertakings or any interest therein or thereto;
- (ii) have an interest in a bank account other than as set out in the Transaction Documents;
- (iii) incur any indebtedness or give any guarantee or indemnity in respect of any such indebtedness other than as envisaged pursuant to the Transaction Documents;
- (iv) consolidate or merge with or transfer any of its property or assets to another person;
- (v) issue any further shares or rights, warrants, or options in respect of shares or securities convertible into or exchangeable for shares in its capital;
- (vi) have any employees (for the avoidance of doubt, managing directors will not be regarded as employees), premises or subsidiaries;
- (vii) acquire assets other than pursuant to the Transaction Documents;
- (viii) engage in any activities or derive income from any activities outside Ireland or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business outside Ireland;
- (ix) enter into any contracts, agreements or other undertakings other than the Transaction Documents and the Verification Agreement;
- (x) compromise, compound or release any debt due to it;
- (xi) commence, defend, settle or compromise any litigation or other claims relating to it or any of its assets;
- (xii) have more than one director that is not independent of Abbey National Treasury Services PLC or the other Transaction Parties (other than the Corporate Services Provider) on its board of Directors;
- (xiii) maintain its bank accounts with the bank accounts of any other person or entity;
- (xiv) maintain its books and records with any other person or entity;
- (xv) commingle assets with those of any other entity;
- (xvi) use stationery, invoices and cheques of any other person or entity;
- (xvii) fail to hold itself out as a separate entity;
- (xviii) fail to correct any known misunderstanding regarding its status as a separate entity;
- (xix) terminate, repudiate, rescind or discharge any relevant Transaction Document or to permit any person to do so;
- (xx) vary, novate, amend, modify or waive any provision of any relevant Transaction Document or to permit any person to do so other than with the prior written consent of the Trustee;
- (xxi) permit any person who has obligations under the relevant Transaction Documents to be released from such obligations other than in accordance with the terms of the relevant Transaction Document and any applicable law or regulation;



- (xxii) create, incur or suffer to exist or permit to subsist or agree to create, incur or suffer to exist, or consent to cause or permit in the future (upon happening of a contingency or otherwise) the creation, incurrence or existence of any Encumbrance other than any Permitted Encumbrance over the whole or any part of its assets or undertakings, present or future;
- (xxiii) form, or cause to be formed any subsidiaries;
- (xxiv) redeem any of its shares;
- (xxv) pay dividends or make other distributions to its shareholder out of profits available for distribution other than in respect of the Issuer Profit Amount, and then only in the manner permitted by its constitutional documents and by applicable laws;
- (xxvi) 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 of any other person;
- (xxvii) surrender any losses to any other company;
- (xxviii) take any action, or fail to take any action, if such action or failure to take action may interfere with the enforcement of any rights under the Transaction Documents with respect to the rights, benefits or obligations of the Trustee;
- (xxix) take any action, or fail to take any action, if such action or failure to take action may interfere with the enforcement of any rights with respect to the Credit Protection Deed;
- (xxx) fail to pay any tax which it is required to pay with respect to the Credit Protection Deed, Transaction Documents or any profit realised by the Issuer, or fail to defend any action, if such failure to pay or defend may adversely affect the priority or enforceability of the security created by or pursuant to the Security Documents;
- (xxxi) take or (if within its control) permit to be taken any action which would have the effect directly or indirectly of causing any amount to be deducted or withheld from interest payments on any of the Notes for or on account of tax and will perform all of its obligations under the Transaction Documents to which it is party to prevent or cure any default by, or other condition or event with respect to, the Issuer which would have the effect, directly or indirectly, of causing any amount to be deducted or withheld from interest payments on any of the Notes for or on account of tax;
- (xxxii) take or (if within its control) permit to be taken any action which would have the effect directly or indirectly of causing any amount to be deducted or withheld from any payment in relation to the Credit Protection Deed for or on account of any tax, and will perform all its obligations under the Transaction Documents to which it is a party to prevent or cure any default by, or other condition or event with respect to the Issuer which would have the effect, directly or indirectly, of causing any amount to be deducted or withheld from any payment in relation to the Credit Protection Deed for or on account of tax;
- (xxxiii) sell, convey, transfer, exchange, lease, assign or otherwise dispose of, or deal with or grant any option or present or future right to acquire any of its assets or undertakings or any interest therein or thereto or agree or attempt or purport to sell, convey, transfer, exchange, lease or otherwise dispose of or use, invest or otherwise deal with any of its assets, properties or undertaking or grant any option or right to acquire the same or present or future right to acquire any of its assets or undertakings or any interest therein or thereto except as permitted under the Transaction Documents and as contemplated by the definition of Permitted Encumbrance;
- (xxxiv) amend, supplement or otherwise modify its constitutional documents;
- (xxxv) permit the validity or effectiveness of the Security Documents or of the Security to be impaired or to be amended, hypothecated, subordinated, terminated or discharged; or

(xxxvi) engage in any business or activity or enter into any documents other than in connection with the transaction or contemplated by the Transaction Documents and the Verification Agreement and as permitted by its constitutional documents and as contemplated by the definition of Permitted Encumbrance.

## ABBEY NATIONAL TREASURY SERVICES PLC

Abbey National Treasury Services plc ("ANTS") is a public limited liability company incorporated (on 24 January 1989) and registered in England and Wales under the Companies Act 1985 (registered number 2338548). ANTS has its registered office at 2 Triton Square, Regent's Place, London NW1 3AN. The telephone number for ANTS's registered office is +44 (0) 870 607 6000. ANTS is regulated by the PRA and the FCA and is an authorised person with permission to accept deposits under the FSMA.

ANTS is a direct wholly-owned subsidiary of Santander UK plc. ANTS and its subsidiaries are part of Banco Santander S.A., which is the ultimate parent company. The shares of ANTS are not traded on the London Stock Exchange.

### Business Overview

ANTS provides treasury, corporate and wholesale banking services. ANTS provides these services to UK clients and also to the wider Santander UK group, of which ANTS is a significant part.

The management structure of ANTS consists of three main business divisions, organised as follows:

- **Commercial Banking**

Commercial Banking provides banking services to companies with a turnover of between £250,000 and £500m per annum through its enhanced platform, distribution capability and product suite through a network of regional business centres and through telephony and e-commerce channels, and commercial real estate and Social Housing. Commercial Banking products and services include loans, bank accounts, deposits and treasury services.

- **Corporate and Institutional Banking**

Corporate and Institutional Banking is a financial markets business focused on providing value added financial services to large corporates, with an annual turnover above £500m per annum, and financial institutions, where they can be best serviced in terms of their more specialised and tailored product needs, and benefit from the Banco Santander Group's global capability. It also serves the rest of Santander UK's business (including the Retail Banking and Commercial Banking divisions). It is structured into five main product areas: Rates, Foreign Exchange and Money Markets, Equity, Credit and Transaction Banking. In addition, large and complex clients are covered by teams organised along industry lines. Rates covers sales and trading activity for fixed income products. Foreign Exchange offers a range of foreign exchange products and Money Markets runs securities lending/borrowing and repo businesses. Equity covers equity derivatives, property derivatives and commodities. Equity derivatives activities include the manufacture of structured products sold to retail and corporate customers of both Santander UK and of other financial institutions who sell them on to their customers. Credit originates loan and bond transactions in primary markets as well as their intermediation in secondary markets. Transaction Banking provides lending and deposit taking and trade finance.

- **Corporate Centre**

Corporate Centre consists of Financial Management & Investor Relations ("FMIR") and the non-core portfolios of social housing loans and structured credit assets. FMIR is responsible for managing capital and funding, balance sheet composition, structural market risk and strategic liquidity risk for the rest of the Santander UK group. The non-core portfolios are being run-down and/or managed for value.

### Auditors

Up to 31 December 2015, the auditors of ANTS' financial statements were Deloitte LLP of 2 New Street Square, London, EC4A 3BZ. Deloitte LLP are members of the Institute of Chartered Accountants in England and Wales.

On 31 March 2016 Deloitte LLP were replaced by PricewaterhouseCoopers LLP of 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP are members of the Institute of Chartered Accountants in England and Wales.

## Directors

The business address of ANTS' Directors is 2 Triton Square, Regents Place, London NW1 3AN.

<b>Position</b>	<b>Name</b>	<b>Other Principal Activities</b>
Executive Director	Juan Garrido Otaola	None
Executive Director	Patrick Flynn	None
Executive Director	Antonio Roman	Director of Abbey Covered Bonds LLP
Non-Executive Director	Christopher Paul Sullivan	Non-Executive Directorship of Goodwood Estates Committee
		Chairman of Westminster Abbey Investment Committee
		Trustee of Centrepont
		Chairman of Femeda
Non-Executive Director	Simon Lloyd	None

## Conflicts of Interest

There are no actual or potential conflicts of interest between the duties to ANTS of the persons listed as members of the Board of Directors above and their private interests or other duties.

## Corporate Governance

ANTS is in compliance with the requirements of the United Kingdom's corporate governance regime to the extent applicable to it and has independent directors.

## Significant or Material Change

There has been no significant change in the financial or trading position of ANTS and its subsidiaries since 31 December 2015, being the date of its last published audited consolidated annual financial statements.

There has been no material adverse change in the prospects of the ANTS since 31 December 2015, being the date of its last published audited consolidated annual financial statements.

## Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which ANTS is aware) which may have or had, in the 12 months prior to the date hereof, a significant effect on the financial position or profitability of ANTS and its subsidiaries.

## Listed Debt

ANTS has debt listed on the Main Securities Market of the Irish Stock Exchange plc which is incorporated in Ireland. The address of the Irish Stock Exchange is 28 Anglesea St, Dublin 2, Ireland. The nature of business of the Irish Stock Exchange plc is to act as a Stock Exchange for the trading of debt, shares and other securities.

## CREDIT PROTECTION DEED

*The following is a summary of certain provisions of the Credit Protection Deed and is qualified in its entirety by reference to the detailed provisions of the Credit Protection Deed. The following summary does not purport to be complete, and prospective investors must refer to the Credit Protection Deed for detailed information regarding the Credit Protection Deed.*

On the Closing Date, the Issuer will enter into the Credit Protection Deed with the Protection Buyer.

Pursuant to the Credit Protection Deed, in return for the payment of Protection Fee Amounts by the Protection Buyer to the Issuer, the Issuer agrees to pay Protection Payment Amounts to the Protection Buyer if Credit Events occur in respect of Reference Obligations comprised in the Reference Portfolio, subject to satisfaction of certain conditions as described more fully below and in the Credit Protection Deed.

### Reference Portfolio

The Protection Buyer has designated a portfolio of obligations (each a "**Reference Obligation**"). Each obligor in respect of each Reference Obligation will be a "**Reference Entity**". The Reference Entity for a Reference Obligation may change from time to time if another entity assumes all of the obligations of the original Reference Entity in respect of such Reference Obligation in connection with any refinancing or restructuring of the Reference Obligation.

All Reference Entities included in the Reference Portfolio on the Closing Date are required to satisfy the Eligibility Criteria as at 13 December 2016 (the "**Portfolio Cut-Off Date**").

If Reference Obligations are added to the Reference Portfolio pursuant to the Replenishment provisions described below, such Reference Obligations must satisfy the Eligibility Criteria and the Replenishment Criteria as at the Inclusion Date of the relevant Reference Obligations.

To the extent that any Reference Obligation is determined by the Protection Buyer to have been ineligible on the relevant Inclusion Date in the manner set out in "*Eligibility Criteria*" above in respect thereof, the Protection Buyer shall be obliged to remove such Reference Obligation from the Reference Portfolio. However, if a Replenishment is achieved through an increase in the Reference Obligation Notional Amount of a Reference Obligation already forming part of the Reference Portfolio and it is determined that the Replenishment Criteria were not satisfied as at the Inclusion Date in respect of such increase, the Protection Buyer shall still be entitled to make a claim under the Credit Protection Deed in respect of the Reference Obligation Notional Amount forming part of the Reference Portfolio prior to any such increase.

Reference Obligations will be removed from the Portfolio and/or have their Reference Obligation Notional Amount reduced as set out in the sub-section entitled "*Reference Obligation Notional Amount*" below.

The Protection Buyer is not required to have an interest in, or exposure to, any Reference Obligation as at the relevant Inclusion Date and if it holds, or has any exposure to, any Reference Obligation as at the relevant Inclusion Date, it is not obliged to retain or continue to hold or have any exposure to any Reference Obligation after the relevant Inclusion Date.

The Protection Buyer undertakes to procure that each Reference Obligation is serviced in accordance with the Servicing Principles.

### Reference Registry

The Reference Registry will contain information in respect of each Reference Obligation.

The Protection Buyer will update the Reference Registry to reflect any adjustment to the Reference Portfolio and shall deliver a copy of such amended Reference Registry to the Issuer, the Trustee and the Cash Administrator.

Without prejudice to clause 4.7 (*Reference Registry*) of the Credit Protection Deed, on the fifth Business Day of each month (starting with the calendar month following the Effective Date and provided that the

Protection Buyer has not already provided such information pursuant to Clause 4.7 (*Reference Registry*) of the Credit Protection Deed within such timeframe), the Protection Buyer shall provide to the Protection Seller, the Trustee and the Cash Administrator (i) a copy of the Reference Registry as at such Calculation Date and (ii) a report disclosing certain information with respect to the Reference Portfolio (the "**Reference Portfolio Report**").

Except for the Reference Registry and Reference Portfolio Report, none of the Protection Seller, the Trustee or the Cash Administrator shall be entitled to receive from the Protection Buyer or the Calculation Agent any details of the Reference Obligations from time to time designated on the Reference Registry.

#### **Reference Obligation Notional Amounts**

The Protection Buyer shall designate a notional amount (the "**Reference Obligation Notional Amount**") denominated in Sterling in respect of each Reference Obligation in the Reference Portfolio.

#### *Repayments*

If a Repayment occurs in respect of a Reference Obligation, to the extent that the amount of principal repaid is not available for redraw by the Reference Entity, the Protection Buyer shall reduce the Reference Obligation Notional Amount of that Reference Obligation with effect from the date on which such Repayment occurs by an amount equal to the product of the amount of such Repayment which is not available for redraw and the Protected Commitment in respect of such Reference Obligation.

If a Repayment occurs in respect of a Reference Obligation, to the extent that the amount of principal repaid is available for redraw by the Reference Entity, the Protection Buyer may reduce the Reference Obligation Notional Amount of that Reference Obligation with effect from the date specified by the Protection Buyer, which may be any date following the date of such Repayment, by an amount (if any) determined by the Protection Buyer in its sole discretion which shall not exceed the product of the amount of such Repayment which is available for redraw and the Protected Commitment in respect of such Reference Obligation.

#### *Restructuring*

If a Restructuring occurs in respect of a Reference Obligation, upon the calculation of the Credit Loss Event Amount, the Reference Obligation Notional Amount of such Reference Obligation shall be reduced to the Restructured Principal Amount and may then be subject to further adjustment in respect of any subsequent Repayment, Disposal or Replenishment.

#### *Removals*

If a Full Disposal has occurred in respect of any Reference Obligation, the Protection Buyer shall remove such Reference Obligation from the Reference Portfolio with effect from the date of such Full Disposal.

If a Partial Disposal has occurred in respect of any Reference Obligation, the Reference Obligation Notional Amount of that Reference Obligation shall be reduced with effect from the date of such Partial Disposal, by an amount equal to the product of the amount of such Partial Disposal and the Protected Commitment in respect of such Reference Obligation.

If the final maturity date for a Reference Obligation is extended other than pursuant to a Restructuring, in circumstances which required the consent of the Relevant Lender, such Reference Obligation shall be removed from the Reference Portfolio with effect from the date of such extension.

A Reference Obligation shall be removed from the Reference Portfolio upon becoming a Worked-Out Reference Obligation with effect from the Loss Determination Date.

#### *Replenishment*

On each Replenishment Date on which the Principal Available Amount is greater than zero, the Protection Buyer may, subject to compliance with the Replenishment Criteria, either:

- (a) increase the Reference Obligation Notional Amount in respect of any Reference Obligation which was in the Reference Portfolio prior to such Replenishment Date and which is not a Defaulted Reference Obligation, as of such date; and/or
- (b) add Eligible Obligations which are not already Reference Obligations to the Reference Portfolio, , *provided that* if the Reference Entity Group in respect of such Eligible Obligations has not already been represented in the Reference Portfolio in respect of Reference Obligations which were in the Reference Portfolio in the six months prior to such Replenishment Date, the Protection Buyer:
  - (i) has notified the Protection Seller (with a copy of such notice to the Trustee and the Cash Administrator) that it may include a Reference Obligation from such Reference Entity Group; and
  - (ii) has used reasonable endeavours to establish where the Minimum Required Information in respect of the Reference Entity in respect of each such Reference Obligation can be accessed and, if it has been able to ascertain where such Minimum Required Information can be accessed, has notified the Protection Seller accordingly (with a copy of such notice to the Trustee and the Cash Administrator),

in each case, not less than 14 days prior to the relevant Replenishment Date,

*provided that*, immediately following any such addition or increase, the Protection Buyer shall also be in compliance with its risk retention obligations under the Credit Protection Deed in respect of any Reference Obligation added or whose Reference Obligation Notional Amount has been so increased.

The Protection Buyer shall not make Replenishments pursuant to the Credit Protection Deed more often than once per month, *provided that* the Protection Buyer may make multiple Replenishments on the same Replenishment Date. If more than one Replenishment occurs on the same Replenishment Date, the Calculation Agent shall specify the order in which those Replenishments occurred on that Replenishment Date.

An increase in the Reference Obligation Notional Amount of any Non-GBP Reference Obligation attributable to an adjustment of the Relevant FX Rate pursuant to the terms of the Credit Protection Deed will be treated as a Replenishment and, accordingly, such increase may not be effected unless such Replenishment complies with the Replenishment Criteria

#### *Amortisation*

On each Calculation Date, after taking into account any Reductions and Replenishments occurring prior to or on that Calculation Date, the Protection Buyer shall determine the Amortisation Amount and the Senior Tranche Amortisation Amount and Protected Tranche Amortisation Amount in respect of that Calculation Date and notify the Protection Seller, the Issuer, the Trustee and the Cash Administrator of such Amortisation Amount and Protected Tranche Amortisation Amount.

#### *FX Resets*

Subject to the terms of the Credit Protection Deed, the Protection Buyer may, but is not obliged to, on any Business Day, reset the Relevant FX Rate (each, a "**FX Reset**") applicable to any Non-GBP Reference Obligation (excluding any Defaulted Reference Obligation) *provided that* the Protection Buyer shall not reset the Relevant FX Rate applicable to such Non-GBP Reference Obligation more often than once per month. The Reference Obligation Notional Amount of each Non-GBP Reference Obligation which is the subject of an FX Reset shall be updated to reflect such FX Reset with effect from the date on which such FX Reset occurs.

#### *Risk Retention*

The Protection Buyer will undertake that a member of the Santander Consolidated Group will retain, at all times until the Termination Date, a material net economic interest with respect to each Reference Obligation which shall in any event be not less than five (5) per cent. of the lower of (i) the Outstanding Principal Amount and (ii) the Reference Obligation Notional Amount of such Reference Obligation as contemplated by Article 405(1)(a) of the Capital Requirements Regulation, Article 51(1)(a) of the Level

II AIFM Regulation and Article 254(2)(a) of the Solvency II Regulation. Such holding will be achieved by the Relevant Lender being a member of the Santander Consolidated Group and by the Defaulted Notional Amount for a Reference Obligation being limited to 95 per cent. of the Total Exposure Amount for that Reference Obligation. The Protection Buyer further undertakes that it shall comply and shall procure that any of its Affiliates which is a Relevant Lender shall also comply with Article 408 of the CRR.

### **Protection Fee Amounts**

#### *Calculation of Protection Fee Amounts*

On each Calculation Date which immediately precedes a Payment Date, the Calculation Agent shall calculate the Protection Fee Amount in respect of that Payment Date, which shall be an amount equal to the sum of:

- (a) the Protection Fee Component Amount for the Calculation Period ending on the Calculation Date preceding that Payment Date;
- (b) the LIBOR Shortfall Amount for the Note Interest Period ending on that Payment Date;
- (c) any Make-Up Protection Fee Amount (which may be positive or negative) in respect of that Payment Date; and
- (d) the Protection Fee Shortfall Amount (if any) determined in respect of the immediately preceding Payment Date,

*provided that*, such amount shall not be less than GBP 0.

On each Calculation Date which immediately precedes a Payment Date, the Calculation Agent shall notify the Cash Administrator and the Note Calculation Agent of the Protection Fee Amount, in respect of that Payment Date.

#### *Protection Fee Shortfall Amount*

- (a) If the Protection Fee Amount in respect of a Payment Date would have been a negative amount but for the proviso at the end of Clause 3.1 (*Calculation of Protection Fee Amounts*) of the Credit Protection Deed, such negative amount shall constitute the "**Protection Fee Shortfall Amount**" in respect of that Payment Date. For the avoidance of doubt, the Protection Fee Shortfall Amount shall be expressed as a negative amount.
- (b) If a Protection Fee Shortfall Amount arises in respect of the Payment Date which corresponds to the Termination Date, the Protection Seller shall pay the absolute value of such Protection Fee Shortfall Amount to the Protection Buyer on such Payment Date.

#### *Payment of the Protection Fee Amounts*

The Protection Fee Amount will be payable by the Protection Buyer to the Issuer on each Payment Date.

### **Credit Events**

#### *Conditions to Settlement*

If the Protection Buyer determines that a Credit Event has occurred in relation to any Reference Obligation during the Credit Protection Period and after the Inclusion Date in respect of that Reference Obligation, then the Protection Buyer may, within 90 days of the relevant Credit Event Determination Date, deliver a credit event notice with respect to such Reference Obligation to the Protection Seller, with a copy to the Trustee and the Cash Administrator that specifies:

- (a) a Credit Event has occurred during the Credit Protection Period and after the Inclusion Date in respect of that Reference Obligation;
- (b) the date on which the Credit Event occurred and a description of the facts relevant to the determination that such Credit Event has occurred; and



- (c) details of the Reference Obligation, including the relevant identification number (such notice, the "**Credit Event Notice**"),

*provided that* the Protection Buyer shall not be required to include any information in the Credit Event Notice to the extent that doing so would result in any breach of any confidentiality obligation to which the Protection Buyer or any Affiliate of the Protection Buyer is subject.

The Protection Buyer may deliver a Credit Event Notice after the Effective Protection Termination Date, *provided that* a potential credit event notice confirming that a Potential Credit Event has occurred with respect to a Reference Obligation (the "**Potential Credit Event Notice**") was delivered in respect of the relevant Reference Obligation on or prior to the Effective Protection Termination Date and no more than 30 Business Days prior to the delivery of such Credit Event Notice.

#### *Credit Event Verification Report*

If the Protection Buyer delivers a Credit Event Notice in respect of a Reference Obligation, the Protection Buyer shall procure that the Verification Agent shall deliver to the Protection Seller, the Protection Buyer, the Trustee and the Cash Administrator a credit event verification certificate in respect of the Reference Obligation which is the subject of that Credit Event Notice which confirms:

- (a) that the relevant Reference Obligation was included in the Reference Portfolio on the date on which the Credit Event occurred;
- (b) that a Credit Event has occurred during the Credit Protection Period and after the Inclusion Date in respect of that Reference Obligation;
- (c) that the Defaulted Notional Amount of that Reference Obligation is equal to or lower than the Reference Obligation Notional Amount of that Reference Obligation recorded in the Reference Registry;
- (d) that the Reference Obligation satisfied the Eligibility Criteria on the Inclusion Date of the Reference Obligation; and
- (e) that the Reference Portfolio satisfied the Replenishment Criteria on the Inclusion Date of the Reference Obligation; and
- (f) that the Relevant Lender in respect of the Reference Obligation is the Protection Buyer or an Affiliate of the Protection Buyer (such notice, the "**Credit Event Verification Certificate**").

If, following the delivery of a Credit Event Notice by the Protection Buyer, the Verification Agent does not deliver a corresponding Credit Event Verification Certificate or if such Credit Event Verification Certificate does not contain all relevant information, the relevant Credit Event Notice shall be deemed not to have been delivered by the Protection Buyer and shall be null and void. For the avoidance of doubt, the Protection Buyer may deliver a subsequent Credit Event Notice in respect of the same Credit Event within the time period specified above.

Delivery by the Protection Buyer of a Credit Event Notice and delivery by the Verification Agent of a Credit Event Verification Certificate and delivery by the Verification Agent of an Initial Loss Verification Report shall together constitute the satisfaction of the Conditions to Settlement in respect of that Reference Obligation.

The occurrence of a Credit Event in relation to a Reference Obligation in respect of which the Protection Buyer does not serve an effective Credit Event Notice or in respect of which the Conditions to Settlement are not otherwise satisfied shall not preclude the delivery of an effective Credit Event Notice and satisfaction of the Conditions to Settlement in respect of a subsequent Credit Event in respect of such Reference Obligation.

#### *Potential Credit Events*

If a Potential Credit Event occurs in respect of a Reference Obligation on or prior to the Effective Protection Termination Date, the Protection Buyer may deliver a Potential Credit Event Notice to the Protection Seller, the Trustee and the Cash Administrator in respect of that Reference Obligation stating

that a Potential Credit Event has occurred and if such Reference Obligation is an Impaired Reference Obligation.

If the Protection Buyer sends a Potential Credit Event Notice in respect of an Impaired Reference Obligation, the Protection Buyer shall procure that the Verification Agent shall deliver to the Protection Seller, the Protection Buyer, the Trustee and the Cash Administrator a potential credit event verification certificate in respect of such Impaired Reference Obligation which confirms that the Relevant Lender had made a provision in its profit and loss accounts in respect of that Impaired Reference Obligation to reflect a foreseeable risk of failure by the relevant Reference Entity to make, where and when due, any payments under such Impaired Reference Obligation in accordance with the terms of such Impaired Reference Obligation (such certificate, the "**Potential Credit Event Verification Certificate**").

## **Loss Amounts**

### *Calculation of Initial Loss Amounts*

Upon satisfaction of the Conditions to Settlement in respect of a Defaulted Reference Obligation in respect of which a Failure to Pay or Bankruptcy has occurred, the Calculation Agent shall calculate the Initial Loss Amount in respect of that Defaulted Reference Obligation, which shall be equal to the product of:

- (i) the Defaulted Notional Amount in respect of that Defaulted Reference Obligation; and
- (ii) the Initial Loss Percentage (the "**Initial Loss Amount**").

No Initial Loss Amount shall be calculated in respect of a Defaulted Reference Obligation in respect of which a Restructuring has occurred.

The Protection Buyer shall procure that the Verification Agent shall deliver to the Protection Seller, the Protection Buyer, the Trustee and the Cash Administrator, an initial loss verification report in respect of that Defaulted Reference Obligation which confirms (i) the calculation of the Initial Loss Amount and (ii) that the Initial Loss Percentage used for the purposes of such calculation is consistent with the relevant LGD used by the Protection Buyer for its regulatory reporting purposes (such report, the "**Initial Loss Verification Report**").

### *Calculation of Final Loss Amounts*

- (a) Upon the occurrence of the Loss Determination Date in respect of a Defaulted Reference Obligation, the Calculation Agent shall calculate the Final Loss Amount in respect of that Defaulted Reference Obligation. The "**Final Loss Amount**" shall be equal to:
  - (i) in respect of a Defaulted Reference Obligation in respect of which a Failure to Pay or Bankruptcy has occurred, an amount, which may be positive or negative, equal to:
    - (A) the Defaulted Notional Amount in respect of that Defaulted Reference Obligation *minus* the Total Recoveries in respect of that Defaulted Reference Obligation (the "**Total Loss Amount**"); *minus*
    - (B) the Initial Loss Amount in respect of that Defaulted Reference Obligation; and
  - (ii) in respect of a Defaulted Reference Obligation in respect of which a Restructuring has occurred and the Conditions to Settlement have been satisfied, the Credit Loss Event Amount in respect of that Restructuring provided that if the Loss Determination Date in respect of that Defaulted Reference Obligation occurs pursuant to limb (b) of the definition of Loss Determination Date, the Calculation Agent shall estimate the Final Loss Amount in respect of that Defaulted Reference Obligation acting in good faith and in a commercially reasonable manner based on the provisions in respect of such Defaulted Reference Obligation used in the Protection Buyer's financial accounts, which are determined and using such information regarding the Total Recoveries and the Credit Loss Event Amount (as applicable) as is available to it at the time of such Loss Determination Date.

### *Verification of Final Loss Amounts*

Upon the occurrence of the Loss Determination Date in respect of a Defaulted Reference Obligation, the Protection Buyer shall procure that the Verification Agent shall deliver to the Issuer, the Protection Buyer, the Trustee and the Cash Administrator, a Credit Protection Verification Report in respect of that Defaulted Reference Obligation which confirms:

- (i) that the Defaulted Notional Amount in respect of such Defaulted Reference Obligation did not exceed the Outstanding Principal Amount in respect of that Defaulted Reference Obligation as at the date on which the Credit Event occurred; and
- (ii) in respect of a Defaulted Reference Obligation in respect of which a Failure to Pay or Bankruptcy has occurred, the Total Recoveries in respect of that Defaulted Reference Obligation;
- (iii) in respect of a Defaulted Reference Obligation in respect of which a Restructuring has occurred, the Credit Loss Event Amount in respect of that Defaulted Reference Obligation; and
- (iv) the Final Loss Amount in respect of that Defaulted Reference Obligation,

*provided that* the Credit Protection Verification Report shall not contain any information to the extent that doing so would result in any breach of any confidentiality obligation to which the Protection Buyer or any Affiliate is subject.

Upon delivery of the Credit Protection Verification Report in respect of a Defaulted Reference Obligation, the Final Loss Amount as confirmed in such Credit Protection Verification Report in respect of each Defaulted Reference Obligation shall constitute the "**Verified Loss Amount**" (which may be positive or negative) in respect of such Defaulted Reference Obligation.

For the avoidance of doubt, if the Credit Protection Verification Report does not confirm the Final Loss Amount in respect of the relevant Defaulted Reference Obligation, the Final Loss Amount of such Defaulted Reference Obligation shall be recalculated provided that the Total Loss Amount for the purposes of such calculation shall be zero and the Verified Loss Amount for such Defaulted Reference Obligation shall be the recalculated Final Loss Amount notwithstanding that no Credit Protection Verification Report is delivered in respect of such Defaulted Reference Obligation.

### **Protection Payment Amounts and Protection Payment Adjustment Amounts**

#### *Calculation of Protection Payment Amounts*

On each Calculation Date which immediately precedes a Payment Date, the Calculation Agent shall calculate the "**Protection Payment Amount**" in respect of that Calculation Date, which shall be an amount equal to the lesser of:

- (a) the Loss Balance on the Business Day immediately prior to that Calculation Date *minus* the Paid Loss on that Calculation Date; and
- (b) the Protected Tranche Notional Amount on the previous Calculation Date (after giving effect to all adjustments to the Protected Tranche Notional Amount on that date).

For the avoidance of doubt, the Protection Payment Amount may be either positive or negative.

The Calculation Agent shall notify the Issuer, the Trustee and the Cash Administrator of the amount of the Protection Payment Amount for each Calculation Date.

#### *Payment of Protection Payment Amounts*

On the Payment Date immediately following a Calculation Date on which the Protection Payment Amount is:

- (a) a positive amount, the Protection Seller will pay such Protection Payment Amount to the Protection Buyer; and

- (b) a negative amount, the Protection Buyer will pay the absolute value of such Protection Payment Amount to the Protection Seller (such absolute value a "**Protection Payment Adjustment Amount**").

### **Early Termination of Credit Protection Period**

The Credit Protection Deed is scheduled to terminate on the Scheduled Redemption Date but may be subject to early termination if an Event of Default or a Termination Event occurs.

#### *Consequences of an Event of Default*

If at any time an Event of Default with respect to a party (the "**Defaulting Party**") has occurred and is then continuing, the other party (the "**Non-Defaulting Party**") may, by not more than 20 days' notice to the Defaulting Party, designate a day not earlier than the date such notice is effective as the "**Effective Protection Termination Date**" on which date that Credit Protection Deed will terminate.

#### *Consequences of a Termination Event*

- (a) If a Tax Event occurs and there is only one Affected Party, each party will use all reasonable efforts (which will not require either party to incur a loss, other than immaterial, incidental expenses) to reach agreement within 30 days after such occurrence to avoid that Termination Event.
- (b) Following the occurrence of:
  - (i) an Illegality, in respect of which any applicable Waiting Period has expired, either party;
  - (ii) a Tax Event, in respect of which no agreement has been reached as contemplated in the Credit Protection Deed within the period referred to therein, the Affected Party; or
  - (iii) a Note Tax Event, the Protection Seller,may, by not more than 20 days' notice to the other party, designate a date not earlier than the date on which such notice becomes effective as the Effective Protection Termination Date in respect of the Credit Protection Deed.
- (c) Following the occurrence of a Tax Event in respect of which there are two Affected Parties, either Affected Party may, by no more than 20 days' notice to the other party, designate a date not earlier than the date on which such notice becomes effective as the Effective Protection Termination Date in respect of the Credit Protection Deed.
- (d) Following the occurrence of a Clean-up Call Event, the Protection Buyer may, in its sole discretion, designate a Payment Date as the Effective Protection Termination Date in respect of the Credit Protection Deed.
- (e) Following the occurrence of a Regulatory Event, the Protection Buyer may, by not less than 30 days' notice to the other party, designate a date not earlier than the date on which such notice becomes effective as the Effective Protection Termination Date in respect of the Credit Protection Deed.

#### *Effect of Designation of the Effective Protection Termination Date*

If notice designating an Effective Protection Termination Date is given, the Effective Protection Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing. For the avoidance of doubt, the Termination Date will be adjusted accordingly.

### **Governing Law**

The Credit Protection Deed will be governed by, and shall be construed in accordance with, the laws of England and Wales. Each of the Issuer and the Protection Buyer submits to the jurisdiction of the English courts in connection with the Credit Protection Deed.

## ELIGIBILITY AND REPLENISHMENT CRITERIA

### Eligibility Criteria

Each Reference Obligation, and the related Reference Entity, included in the Reference Portfolio must satisfy the following criteria on the relevant Inclusion Date by reference to the most recently available data in respect of such Reference Obligation and related Reference Entity:

1. The Reference Obligation is a term loan or revolving credit facility originated or acquired by the Protection Buyer or by any other entity which was an Affiliate of the Protection Buyer at the time of origination or acquisition (as the case may be) and (i) in the case of an origination, such loan was originated in accordance with its standard underwriting and origination criteria and procedures as at the time of origination and in all material respects in accordance with all applicable legal requirements; or (ii) in the case of an acquisition, such loan was acquired after receiving the same credit, business, legal and compliance approvals as would be required if the Protection Buyer or an Affiliate of the Protection Buyer were to originate such loan.
2. The Reference Entity in respect of the Reference Obligation is a corporate entity and such Reference Obligation has been originated or acquired by the Relevant Lender for general commercial reasons.
3. The Reference Obligation which is a senior obligation of the Reference Entity.
4. The Reference Obligation is denominated in Sterling, US Dollars or Euros.
5. No Credit Event or Potential Credit Event has occurred and is outstanding in respect of the Reference Obligation.
6. The scheduled maturity date of the Reference Obligation falls no later than the Scheduled Termination Date.
7. The Reference Entity in respect of the Reference Obligation is not categorised as "Serious" on the Protection Buyer's internal risk credit watch system.
8. The Reference Entity in respect of the Reference Obligation is incorporated, established or has its principal place of business (whether on solo or group basis) in Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Isle of Man, Italy, Jersey, Guernsey, Luxembourg, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, United Kingdom, Australia, Singapore, Hong Kong, USA, Canada, Bermuda or Cayman Islands (each, an "**Eligible Country**").
9. The Reference Entity in respect of the Reference Obligation is not rated below 4.1 (1) on the Protection Buyer's internal risk rating scale.
10. If the Reference Entity in respect of the Reference Obligation is rated 4.1 (1) or above on the Protection Buyer's internal risk rating scale but has an external rating lower than "Ba3" from Moody's, the date of the last Moody's external rating confirmation and the date of the last internal rating review by the Protection Buyer will be compared and the most recent rating used to consider eligibility for replenishment. If the Moody's external rating confirmation is more recent the Reference Entity will not be eligible for inclusion, whereas if the internal rating is more recent the Reference Entity will be eligible.

### *S&P Equivalent Ratings of Protection Buyer's Internal Risk Rating Scale*

- (1) The Protection Buyer's internal risk rating scale has been internally mapped by the Protection Buyer's risk department to S&P's long-term ratings based on a calibration of probability of default data. This mapping may change from time to time and will be reported to the Noteholders and Moody's in a Reference Portfolio Report.

## Replenishment Criteria

No Replenishment may be effected unless the Reference Portfolio (or, as the case may be, the Reference Obligation(s) to be so added (or to have their Reference Obligation Notional Amounts so increased)) meets the following criteria (determined by reference to the most recently available data in respect of each Reference Obligation and related Reference Entity); *provided* that, if the Reference Portfolio is in contravention of any of these criteria immediately prior to the proposed Replenishment (after giving effect to any Reductions occurring prior to such Replenishment), the proposed Replenishment shall be permitted (and the Reference Portfolio shall be deemed to comply with the relevant Replenishment Criteria) if the inclusion of the relevant Reference Obligation (or increase in the Reference Obligation Notional Amount) would not cause the degree of contravention to worsen:

1. The Reference Obligation the subject of the Replenishment must satisfy the Eligibility Criteria.
2. The Reference Portfolio Notional Amount must not exceed the Maximum Reference Portfolio Notional Amount.

### *Exposure to Reference Entity Groups*

3. The aggregate of all Reference Obligation Notional Amounts of all the Reference Obligations of Reference Entities forming part of the same Reference Entity Group, expressed as a percentage of the Maximum Reference Portfolio Notional Amount as of the relevant date of determination, may not exceed the following limits in respect of the rating of the lowest rated Reference Entity in such Reference Entity Group, based on S&P equivalent ratings of the Protection Buyer's internal risk rating scale (1):

BB-	0.5 %
BB and BB+	1.00 %
BBB-	1.50 %
BBB or above	2.00 %
BBB or above	2.25 % for Reference Entities from up to three different Reference Entity Groups

4. If a Reference Entity Group contains both one or more Reference Entities which have investment grade ratings (1) and one or more Reference Entities which have non-investment grade ratings (1), the aggregate of all Reference Obligation Notional Amounts of all the Reference Obligations of the Reference Entities forming part of such Reference Entity Group which have non-investment grade ratings (1) shall not exceed 1.00%.

### *Industry Concentration*

5. The aggregate of all Reference Obligation Notional Amounts of all Reference Obligations of all Reference Entities designated by the Portfolio Management Group as falling within any one of the Moody's Industry Classifications specified below, expressed as a percentage of the Maximum Reference Portfolio Notional Amount as of the relevant date of determination, must not exceed the following limits:

Moody's Industry classification:	Concentration limit:
Any industry	15%
Retail	10%
FIRE: Real Estate plus Construction & Building	10%
Banking plus FIRE: Finance plus FIRE: Insurance	5%
To the extent NIG: Energy: Oil & Gas plus Metals & Mining	2.5%

"**Moody's Industry Classification**" means the relevant industry as referenced from Table C1 and Table 3 on the RefData worksheet of the Moody's model.

*Instruments*

6. The aggregate of all Reference Obligation Notional Amounts of all Reference Obligations of all Reference Entities rated by the Portfolio Management Group under the Relevant Lender's internal structured finance model for leveraged buy-out names, expressed as a percentage of the Maximum Reference Portfolio Notional Amount as of the relevant date of determination, must not exceed 5%.

*Geographic Concentration*

7. The aggregate of the Reference Obligation Notional Amounts for all Reference Obligations of Reference Entities which are incorporated, established or have their principal place of business in the United Kingdom (whether on solo or group basis) comprises not less than 85 per cent. of the Reference Portfolio Notional Amount.
8. The aggregate of the Reference Obligation Notional Amounts for all Reference Obligations of Reference Entities which are incorporated, established or have their principal place of business in Ireland (whether on solo or group basis) comprises not more than ten (10) per cent. of the Reference Portfolio Notional Amount.
9. The aggregate of the Reference Obligation Notional Amounts for all Reference Obligations of Reference Entities which are incorporated, established or have their principal place of business in any single Eligible Country (excluding the United Kingdom and Ireland) (whether on solo or group basis) comprises not more than five (5) per cent. of the Reference Portfolio Notional Amount.
10. The aggregate of the Reference Obligation Notional Amounts for all Reference Obligations of Reference Entities which are incorporated, established or have their principal place of business in Australia, Singapore, Hong Kong, USA, Canada, Bermuda and Cayman Islands (whether on solo or group basis) jointly comprise not more than five (5) per cent. of the Reference Portfolio Notional Amount.

*Portfolio Credit Quality*

11. The aggregate of the Reference Obligation Notional Amounts for all Reference Obligations which are rated the following based on S&P equivalent ratings of the Protection Buyer's internal risk rating scale (1):
  - (a) BB+ or lower (1), shall be not more than 30% of the Maximum Reference Portfolio Notional Amount;
  - (b) BB or lower (1), shall be not more than 10% of the Maximum Reference Portfolio Notional Amount; and
  - (c) BB- or lower (1), shall be not more than 1% of the Maximum Reference Portfolio Notional Amount.
12. The aggregate of the Reference Obligation Notional Amounts for all Reference Obligations which are rated 5.5 or lower on the Protection Buyer's internal risk rating scale, shall not be more than 40% of the Maximum Reference Portfolio Notional Amount.

*Weighted Average Maturity and Weighted Average Rating Factor*

13. The weighted average maturity of the Reference Portfolio (determined by reference to the Reference Obligation Notional Amount of each Reference Obligation) shall be no greater than 3.75 years. For the purpose of calculating the weighted average maturity of the Reference Portfolio, the final maturity of each Reference Obligation shall be considered and weighted by the referenced amount.

14. The WARF immediately following such Replenishment is not greater than 775.

"**WARF**" means, at any time, the average rating factor of the Reference Obligations comprising the Reference Portfolio at such time, weighted by the relevant Reference Obligation Notional Amounts at such time, where the rating factor in respect of each rating is as follows based on S&P equivalent ratings of the Protection Buyer's internal risk rating scale and the Protection Buyer's assumed Moody's equivalent rating shown in the table below:

S&P equivalent rating	Assumed Moody's equivalent rating:	Rating factor:
AAA	Aaa	1
AA+	Aa1	10
AA	Aa2	20
AA-	Aa3	40
A+	A1	70
A	A2	120
A-	A3	180
BBB+	Baa1	260
BBB	Baa2	360
BBB-	Baa3	610
BB+	Ba1	940
BB	Ba2	1350
BB-	Ba3	1766
B+	B1	2220
B	B2	2720
B-	B3	3490
CCC+	Caa1	4770
CCC	Caa2	6500
CCC-	Caa3	8070

*Moody's Rating Condition Test*

15. Immediately following such Replenishment, the Moody's Rating Condition Test is satisfied.

"**Moody's Rating Condition Test**" shall be satisfied in the circumstances described in Schedule 3 (*Moody's Rating Condition Test*) hereto.

*S&P Equivalent Ratings of Protection Buyer's Internal Risk Rating Scale*

16. The Protection Buyer's internal risk rating scale has been internally mapped by the Protection Buyer's risk department to S&P's long-term ratings based on a calibration of probability of default data. This mapping may change from time to time and will be reported to the Noteholders and Moody's in a Reference Portfolio Report.

*Minimum Required Information*

17. The two most recent years of financial information including the Minimum Required Information for the Reference Entity in respect of the Reference Obligation is available through one or more of the following sources:
- (a) the website of such Reference Entity or the Reference Entity Group of such Reference Entity;
  - (b) the website of a relevant stock exchange;
  - (c) the websites of Moody's, S&P or Fitch;
  - (d) Moody's CRD Data Directory;
  - (e) Bloomberg Professional Service; or
  - (f) S&P Capital IQ.



**"Minimum Required Information"** means, respect of the financial information of a Reference Entity:

- (a) a description of the business of such Reference Entity;
- (b) the two most recent years of profit and loss statement items in respect of such Reference Entity, including gross revenue, operating margin, interest payable, EBITDA and earnings (or equivalent data); and
- (c) the two most recent years of key balance sheet items in respect of such Reference Entity, including total assets, cash and equivalents, total debt, total equity, free cash flow and operating cash flow (or equivalent data).

*Moody's Rating Condition Test*

Capitalised terms used in this section but not defined herein have the meanings given to them in the User Guide and the Moody's Model (each as defined below). Where there is a conflict between the User Guide, this section and the Moody's Model, the Moody's Model shall prevail.

The **"Moody's Rating Condition Test"** will be satisfied in respect of any Replenishment if the Moody's Rating Condition Test is satisfied immediately following such Replenishment, in accordance with the following procedure:

With respect to the Portfolio(s) worksheet:

- (a) In column "Type", select "corp" for each exposure
- (b) For Input No. 29, enter an organisation number for each Reference Entity;
- (c) For Input No. 30, enter the name of the each Reference Entity;
- (d) For Input No. 31, enter the Reference Entity Group;
- (e) For Input No.32, enter the Reference Obligation Notional Amount for each exposure;
- (f) For Input No. 33, enter a rating based on the following hierarchy
  - (i) Moody's Corporate Family Rating of the Reference Entity
  - (ii) Rating Moody's has assigned to senior unsecured debt of the Reference Entity
  - (iii) Rating Moody's has assigned to senior secured debt of the Reference Entity notched down by one notch
  - (iv) A Credit Estimate provided by Moody's if available, otherwise the Moody's Mapped Rating

In cases where a Moody's rating is used: where such rating is under review for possible downgrade enter "-2.0" in Input No.33b; where such rating is under review for possible upgrade enter "+1.0" in Input No. 33b; where such rating has a negative outlook enter "-1.0" in Input No. 33b;

In cases where a Moody's Mapped Rating is used and this is shown as a "Split Rating", enter the lower of the two Moody's Ratings given, and enter in "+0.5" in Input No. 33b;
- (g) For Input No. 34, enter "SU" for each exposure;
- (h) For Input No. 35, enter the industry code for the Reference Entity, as referenced from Table C1 on the RefData worksheet;
- (i) For Input No. 36, enter the ISO code of the country where the Reference Entity is domiciled, as referenced from Table 1 on the RefData worksheet;

- (j) Click "Choose Fields" and select "Specific WAL per Asset" to enable Input No.44, in which, enter the WALs for each exposure;
- (k) Click "Choose Fields" and select "DP Stress" to enable Input No.47, in which, enter the corresponding "Stress Applied" from the Calculation worksheet under 4. CREDIT EVENT DEFINITIONS;

With respect to the RefData worksheet:

- (l) In Table 1, ensure "Foreign Currency Bond Ceil. Rating" contains the correct Moody's foreign currency bond ceilings for relevant countries;
- (m) In Table C2, set "Enable Adverse Selection Stress" to FALSE;
- (n) In Table C2, set "Allow model to run with no MIR Gap data for corporate exposures" to TRUE;

With respect to Calculation worksheet:

- (o) Select Model Type:"Synthetic CDO"
- (p) For Input No. 13, enter 5,000,000;
- (q) For Input No. 14, leave blank or enter zero;
- (r) For Input No. 15, enter the Scheduled Termination Date;
- (s) For Input No. 15b, enter Replenishment Date;
- (t) For Input No. 20, enter the thickness of each tranche as a percentage of the underlying portfolio size. To enable this input select "Percentage" for Input 100;
- (u) For Input No. 21, enter the Credit Enhancement available to each tranche as a percentage. To enable this input select "Percentage" for Input 100;
- (v) Click "Choose Fields" and the select "Tranche WAL Override" to enable Input No. 25. In the Input range enter "CapAtPf";
- (w) Under"4. CREDIT EVENT DEFINITIONS", set "Enabled" to FALSE;

Run Moody's Model with the Reference Portfolio after giving effect to all proposed Replenishments. If Post-Replenishment MM is less than or equal to the Hurdle MM then the MOODY'S CDOROMTM TEST 1 is passed and the proposed Replenishment may be made. If not, then the MOODY'S CDOROMTM TEST 1 is failed and the proposed Replenishment cannot be made.

In respect of Reference Entities that have experienced Credit Events:

- (A) Assign a "Ca" rating for exposure in Input No. 33;
- (B) Click "Choose Fields" and select "Recovery Rate Overrides to enable Input No. 45 and Input No. 46.Select FALSE for Input No. 45 and input one minus the regulatory LGD for Input No. 46
- (C) Upon final workout of the asset, enter one minus the Final Loss Amount in Input No. 46;

For the avoidance of doubt, in the event that the aggregate Reference Obligation Notional Amount of all Reference Obligations added to the Reference Portfolio on a Replenishment Date is less than the Principal Available Amount on such Replenishment Date:

- (a) If no Amortisation Amount has been specified by the Protection Buyer for the relevant Calculation Period, the Moody's Model will be run with the current Reference Portfolio in the Portfolio worksheet and with the initial Senior Tranche Notional Amount and Protected Tranche Notional Amount in Input No. 20; and

- (b) If an Amortisation Amount greater than zero has been specified by the Protection Buyer for the relevant Calculation Period, the Moody's Model will be run with the current Reference Portfolio in the Portfolio worksheet and the tranche notional amounts in Input No. 20 will be adjusted to reflect the amortised Senior Tranche Notional Amount and Protected Tranche Notional Amount (as applicable). For these purposes:

"**Hurdle MM**" the initial rating hurdle for the relevant Class of Notes expressed as a Moody's Metric as below.

Tranche	Rating	Hurdle MM
A	Aaa	1
B	Aa3	4
C	Baa3	10
D	N/A	N/A

"**Input No. (x)**" means a Moody's Input as described on the "**Input Description**" sheet of the Moody's Model.

"**Moody's Metric**" or "**MM**" The MM is a numerical equivalent of a rating deduced from the Expected Loss and Tranche Weighted Average Life. The MM measure is time independent and all else being constant will not change over the life of the Notes. All MMs are output by the Moody's model where necessary (Output No. 7).

"**Moody's Mapped Rating**" means the Moody's long-term ratings that correspond to the Protection Buyer's internal risk rating scale, based on the results of a mapping exercise conducted by Moody's, the results of which are show in the table below, and which may be updated from time to time. If the currency of the exposure matches the lawful currency of the Reference Entity's jurisdiction, the Moody's mapped rating will be capped by the Moody's local currency ceiling. If the currency of the exposure does not match the lawful currency of the Reference Entity's jurisdiction, the Moody's mapped rating will be capped by the Moody's foreign currency ceiling.

Internal rating:	Moody's Mapped Ratings
9.1 – 9.5	A3
8.6 – 9.0	A3
8.1 – 8.5	A3
7.6 – 8.0	Baa1
7.1 – 7.5	Baa1/Baa2"Split Rating"
6.6 – 7.0	Baa2
6.1 – 6.5	Baa3
5.6 – 6.0	Ba1
5.1 – 5.5	Ba2
4.6 – 5.0	Ba3
4.1 – 4.5	B1/B2"Split Rating"
3.6 – 4.0	B2
3.1 – 3.5	B2/B3"Split Rating"
2.6 – 3.0	Caa1
2.1 – 2.5	Caa2
1.6 – 2.0	Caa3
1.1 – 1.5	Ca
0 – 1.0	C

"**Moody's Model**" means the licensed Moody's CDOROM™ v2.15 model dated August 14 March, 2016 in the form provided by Moody's, and as it may be updated by Moody's from time to time and notified to Buyer for use in connection with the Credit Protection Deed.

"**Moody's Weighted Average Rating Factor**" is determined by summing the products obtained by multiplying the Reference Obligation Notional Amount of each Reference Obligation (excluding all Defaulted Reference Obligations and Liquidated Reference Obligations) by its Moody's Equivalent Rating Factor, dividing the sum by the aggregate of the Reference Obligation Notional Amounts of such Reference Obligations (excluding all Defaulted Reference Obligations and Liquidated Reference Obligations) and rounding the sum so divided to the nearest integer.

"**Post-Replenishment MM**" the Moody's Metric obtained post Replenishment for each class on the Replenishment Date.

"**Output No. (x)**" means a Moody's Output as described on the "**Input Description**" sheet of the Moody's Model.

"**Run Moody's Model**" means entering model parameters according to those specified in Moody's Inputs and the User Guide and clicking on Input No. 1 "**Run Simulation**".

"**User Guide**" means the CDOROM™ v.2.15-1 User Guide dated March 2016 (as it may be amended or substituted from time to time by Moody's).

*Directory of Moody's Model Inputs ,Outputs and Tables:*

Input No.	Input Name
Input No. 1	Run Simulation
Input No. 10	Specific Maturity
Input No. 13	Nb Simulations
Input No. 14	Swap Rate
Input No. 15	Maturity (Years or Date)
Input No. 15b	As-Of Date
Input No. 20	Notional Size %
Input No. 21	CE (Attachment Point) %
Input No. 25	Tranche Life (years)
Input No. 29	OrgNumber
Input No. 30	Reference Entity
Input No. 31	Parent Entity
Input No. 32	Amount
Input No. 33	SU Rating or SU/RO Rating
Input No. 33b	Notching
Input No. 34	RO Seniority
Input No. 35	Industry/ABS Code
Input No. 36	ISO or Country
Input No. 44	Asset Weighted Average Life (years)
Input No. 45	Var RR Modeling
Input No. 46	Digital/Mean RR %
Input No. 47	Add DP Stress
Table 1	Country Definitions : ISO, Region, Recovery Tier, Credit Event Type
Table C1	Sector Codes, Correlations
Table C2	Adverse Selection Stress
Output No.7	Moody's Metric

\*Input numbers are subject to change with updates of Moody's Model. The Protection Buyer will adapt as appropriate.

## **THE CASH DEPOSIT BANK AGREEMENT, CUSTODY AGREEMENT AND COLLATERAL MANAGEMENT AGREEMENT**

*The following description of the Cash Deposit Bank Agreement, the Custody Agreement and the Collateral Management Agreement consists of a summary of certain provisions of these agreements and is qualified by reference to the provisions thereof. The following summary does not purport to be complete and prospective investors must refer to the Cash Deposit Bank Agreement, the Custody Agreement and the Collateral Management Agreement, as appropriate, for detailed information.*

### **Cash Deposit Bank Agreement**

On or about the Closing Date the Issuer, the Trustee, the Cash Deposit Bank and the Cash Administrator will enter into an English law governed cash deposit bank agreement (the "**Cash Deposit Bank Agreement**"), pursuant to which, among other things, the Cash Deposit Bank will agree to open and operate a Sterling denominated account (the "**Cash Deposit Account**"), maintained with the Cash Deposit Bank. On the Closing Date, the Issuer will deposit the proceeds of the issue of the Notes in the Cash Deposit Account.

### **Termination of the Cash Deposit Bank Agreement and replacement of the Cash Deposit Bank**

#### **Termination by Cash Deposit Bank**

The Cash Deposit Bank may terminate the Cash Deposit Bank Agreement and cease to operate the Cash Deposit Account at any time on giving not less than sixty (60) days' prior written notice thereof ending on any Note Business Day which does not fall on either a Note Payment Date or less than ten (10) Note Business Days before a Note Payment Date to each of the other Parties without assigning any reason therefor, provided that such termination shall not take effect until a replacement financial institution with the Cash Deposit Bank Required Rating has (or replacement financial institutions have) entered into an agreement in form and substance similar to the Cash Deposit Bank Agreement.

The Issuer agrees with the Cash Deposit Bank that if, by the day falling 10 days before the expiry of any notice, the Issuer has not appointed a successor Cash Deposit Bank then the Cash Deposit Bank shall be entitled, on behalf of the Issuer, to appoint in its place as a successor Cash Deposit Bank a reputable financial institution of good standing subject to the consent of the Issuer and Trustee (such consent not to be unreasonably withheld or delayed).

#### **Termination by the Issuer**

The Issuer shall terminate the Cash Deposit Bank Agreement if an Insolvency Event occurs in relation to the Cash Deposit Bank and may (with the prior written consent of the Trustee) terminate the Cash Deposit Bank Agreement in the event the Cash Deposit Bank fails to perform any of its material obligations under, pursuant to and/or in connection with the Cash Deposit Bank Agreement and such failure remains unremedied for twenty (20) Note Business Days (or such longer period as the Trustee may permit) after the Cash Administrator or the Trustee has given notice of such failure requiring the same to be remedied. The Issuer may, by giving 30 days' prior written notice to the Cash Deposit Bank (with a copy to the Trustee), terminate the appointment of the Cash Deposit Bank, provided that such termination shall not be effective until a replacement financial institution with the Cash Deposit Bank Required Rating has (or replacement financial institutions have) entered into an agreement in form and substance similar to the Cash Deposit Bank Agreement.

The Issuer shall use reasonable endeavours to agree such terms with such a replacement financial institution or replacement financial institutions within thirty (30) days of the date of the notice. If by the end of this 30 day period a successor has not been duly appointed, the Cash Deposit Bank may itself, with the prior written approval of the Trustee and the Issuer (such approval not to be unreasonably withheld or delayed) (provided such failure to appoint was not due to default by the Issuer), appoint as its successor any reputable and experienced bank or financial institution and give notice of such appointment to the Issuer and the Trustee whereupon the Issuer, such successor agent and the Trustee shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form mutatis mutandis of the Cash Deposit Bank Agreement.

### **Termination by Trustee**

Following the service of a Note Enforcement Notice on the Issuer, the Trustee may serve a notice of termination in respect of the Cash Deposit Bank Agreement at any time on the Cash Deposit Bank (with a copy to all the other Parties to the Cash Deposit Bank Agreement) and neither the Cash Deposit Bank nor the Trustee shall be responsible for any costs or expenses occasioned by such termination and cessation, which shall be paid by the Issuer in accordance with the Priority of Payments.

### **Automatic Termination**

The Cash Deposit Bank Agreement shall automatically terminate (if not terminated earlier) on the date falling ninety (90) days after the termination of the Trust Deed.

### **Custody Agreement**

On or about the Closing Date the Issuer, the Custodian and the Trustee will enter into an English law governed custody agreement (the "**Custody Agreement**"), pursuant to which, among other things, the Issuer will appoint the Custodian as custodian of cash and securities which may be held with the Custodian following the designation of a Securities Collateral Start Date in, as applicable, a cash custody account (the "**Cash Custody Account**") and/or a securities custody account (the "**Securities Custody Account**", together with the Cash Custody Account, the "**Custody Accounts**") in the Issuer's name.

### **Termination of the Custody Agreement and replacement of Custodian**

#### **Termination by Custodian**

The Custodian may terminate the Custody Agreement and cease to operate the Custody Accounts at any time on giving not less than thirty (30) days' prior written notice thereof ending on any Note Business Day which does not fall on either a Note Payment Date or less than ten (10) Note Business Days before a Note Payment Date to each of the other parties without assigning any reason therefor, provided that such termination shall not take effect until a replacement financial institution with the Custodian Required Rating has (or replacement financial institutions have) entered into an agreement in form and substance similar to the Custody Agreement.

The Issuer agrees with the Custodian that if, by the day falling 10 days before the expiry of any notice, the Issuer has not appointed a successor Custodian then the Custodian shall be entitled, on behalf of the Issuer, to appoint in its place as a successor Custodian a reputable financial institution of good standing subject to the consent of the Issuer and Trustee (such consent not to be unreasonably withheld or delayed).

#### **Termination by the Issuer**

The Issuer shall terminate the Custody Agreement if an Insolvency Event occurs in relation to the Custodian and may (with the prior written consent of the Trustee) terminate the Custody Agreement in the event the Custodian fails to perform any of its material obligations under, pursuant to and/or in connection with the Custody Agreement and such failure remains unremedied for twenty (20) Note Business Days (or such longer period as the Trustee may permit) after the Cash Administrator or the Trustee has given notice of such failure requiring the same to be remedied. The Issuer may, by giving 30 days' prior written notice to the Custodian (with a copy to the Trustee), terminate the appointment of the Custodian, provided that such termination shall not be effective until a replacement financial institution with the Custodian Required Rating has (or replacement financial institutions have) entered into an agreement in form and substance similar to the Custody Agreement.

The Issuer shall use reasonable endeavours to agree such terms with such a replacement financial institution or replacement financial institutions within thirty (30) days of the date of the notice. If by the end of this 30 day period a successor has not been duly appointed, the Custodian may itself, with the prior written approval of the Trustee and the Issuer (such approval not to be unreasonably withheld or delayed) (provided such failure to appoint was not due to default by the Issuer), appoint as its successor any reputable and experienced bank or financial institution and give notice of such appointment to the Issuer and the Trustee whereupon the Issuer, such successor agent and the Trustee shall acquire and become subject to the same rights and obligations between themselves as if they had entered into an agreement in the form mutatis mutandis of the Custody Agreement.

### **Termination by Trustee**

Following the service of a Note Enforcement Notice on the Issuer, the Trustee may serve a notice of termination in respect of the Custody Agreement at any time on the Custodian (with a copy to all the other parties to the Custody Agreement) and neither the Custodian nor the Trustee shall be responsible for any costs or expenses occasioned by such termination and cessation, which shall be paid by the Issuer in accordance with the Priority of Payments.

### **Automatic Termination**

The Custody Agreement shall automatically terminate (if not terminated earlier) on the date falling ninety (90) days after the termination of the Trust Deed.

### **Collateral Management Agreement**

On or about the Closing Date, the Issuer, the Custodian, the Trustee, the Cash Administrator and the Collateral Manager will enter into an English law governed collateral management agreement (the "**Collateral Management Agreement**"), pursuant to which, among other things, the Collateral Manager will agree to manage the Posted Collateral in the Custody Accounts following the designation of a Securities Collateral Start Date, subject to and in accordance with the terms of the Collateral Management Agreement.

If the Custodian ceases to have the Custodian Required Rating or any such rating is withdrawn (any such event being a "**Custodian Downgrade Event**") or if an Insolvency Event occurs in respect of the Custodian, then the Collateral Manager shall procure that a replacement third party custodian that has the Custodian Required Rating enters into each of the Collateral Management Agreement and a replacement custody agreement, within 30 Note Business Days of such Custodian Downgrade Event.

### **Termination of Collateral Management Agreement and replacement of Collateral Manager**

The Issuer may terminate the appointment of the Collateral Manager upon giving not less than 30 days' prior written notice to each of the Collateral Manager, the Trustee, and the Custodian, provided that no termination shall take effect until a successor Collateral Manager has been appointed by the Issuer and the Trustee. The Issuer, the Custodian and the successor Collateral Manager are subject to the same or substantially similar rights and obligations between themselves as if they had entered into an agreement in the form mutatis mutandis of the Collateral Management Agreement.

The Collateral Manager may resign its appointment at any time by giving to each of the Trustee, the Custodian and the Issuer at least 30 days' prior written notice, provided that no resignation shall take effect until a successor Collateral Manager has been appointed by the Issuer and the Trustee, the Issuer, the Custodian and the successor Collateral Manager are subject to the same or substantially similar rights and obligations between themselves as if they had entered into an agreement in the form mutatis mutandis of the Collateral Management Agreement.

Without prejudice to the above, the Collateral Manager shall be entitled propose a successor Collateral Manager to be appointed by the Issuer in order to effect the timely termination or resignation of the appointment of the Collateral Manager (as applicable), provided that any such proposal shall not be binding on the Issuer and the Trustee.

On termination of the appointment of the Collateral Manager, the Collateral Manager shall be entitled to receive all fees and other moneys accrued up to the date of termination but shall not be entitled to any

other or further compensation. Such moneys so due to the Collateral Manager shall be paid by the Issuer on the date of termination subject always to the provisions of the Collateral Management Agreement.

### **Cash Deposit Bank Downgrade Event**

If the Cash Deposit Bank or any Relevant Guarantor (if any) ceases to have the Cash Deposit Bank Required Rating or any such rating is withdrawn (any such event being a "**Cash Deposit Bank Downgrade Event**"), then the Cash Deposit Bank shall at its own cost and expense, within 30 Note Business Days of such Cash Deposit Bank Downgrade Event either:

- (i) transfer all of its rights and obligations under this Agreement to a replacement third party cash deposit bank that has the Cash Deposit Bank Required Rating (the "**Replacement Cash Deposit Bank**");
- (ii) designate a date within such period as the "Securities Collateral Start Date" and, on such date, effect a withdrawal from the Cash Deposit Account of an amount equal to or higher than the then outstanding Principal Balance of the Notes, and a corresponding credit to the Cash Custody Account; or
- (iii) take such other action as may be agreed between the parties to this Agreement, which may include the Cash Deposit Bank entering into arrangements to collateralise its obligations under this Agreement by posting securities collateral to a custody account in the name of the Cash Deposit Bank and granting security over such custody account in favour of the Issuer on terms satisfactory to the Issuer.

The Cash Deposit Bank shall notify each of the Issuer, the Trustee, the Custodian and the Collateral Manager in respect of the designation of a Securities Collateral Start Date. Such notification shall be delivered no later than 5 Business Days prior to the Securities Collateral Start Date.

The Cash Deposit Bank shall, in relation to any transfer elected pursuant to a Cash Deposit Bank Downgrade Event, procure that the Replacement Cash Deposit Bank enter into a replacement cash deposit bank agreement within 30 Note Business Days of the Cash Deposit Bank Downgrade Event.

- (i) Each of the Cash Deposit Bank, Cash Administrator, the Issuer and (subject to the provisions of the Trust Deed) the Trustee agree that they will:
  - (a) consent to such change of cash deposit bank; and
  - (b) execute the necessary amendment and or novation agreements in relation to the change of cash deposit bank, as applicable at the relevant time.
- (ii) The Issuer agrees to notify the Replacement Cash Deposit Bank of the Security created pursuant to the Deed of Charge in respect of the Cash Deposit Account which will apply to the replacement cash deposit accounts.

If, at any time when the Collateral Manager is not the Cash Deposit Bank and a Cash Deposit Bank Downgrade Event occurs, the Collateral Manager shall procure that:

- (i) a Replacement Cash Deposit Bank enters into a replacement cash deposit bank agreement with the Issuer; and
- (ii) the Issuer and (subject to the provisions of the Trust Deed) the Trustee facilitate the transfer by the Cash Deposit Bank of all of its rights and obligations under the Cash Deposit Bank Agreement to the Replacement Cash Deposit Bank pursuant to clause 8.1.1 of the Cash Deposit Bank Agreement.

### **Purchase of Collateral Securities following a Securities Collateral Start Date**

On each of:

- (i) the Securities Collateral Start Date;
- (ii) each Note Payment Date falling after the Securities Collateral Start Date; and



- (iii) any other Note Business Day falling after the Securities Collateral Start Date, falling not less than two Note Business Days prior to a Note Payment Date on which the balance of the Cash Custody Account (the "**Available Cash Balance**") is greater than GBP 1,000,000,

the Collateral Manager shall, on behalf of the Issuer, apply as much of such Available Cash Balance as is reasonably practicable to purchase Eligible Securities having scheduled principal redemption proceeds upon maturity equal to an amount (as determined by the Collateral Manager) which is not less than the relevant purchase price of such Eligible Securities (each such purchase, a "**Purchase Transaction**").

The Collateral Manager shall notify the Custodian of the details of each Purchase Transaction, and provide such Purchase Transaction Instructions and other notifications to the Custodian as may be necessary to enable the settlement of such Purchase Transaction on a "delivery versus payment" basis into the Securities Custody Account. The Custodian shall effect such settlement by debiting the purchase price from the Cash Custody Account and crediting the relevant Purchased Securities to the Securities Custody Account.

### **Governing Law**

The Cash Deposit Bank Agreement, the Custody Agreement and the Collateral Management Agreement and all non-contractual obligations arising out of or in connection with such agreements are governed by, and shall be construed in accordance with, English law. The parties have submitted to the exclusive jurisdiction of the courts of England to settle any dispute arising out of or in connection with the Cash Deposit Bank Agreement, the Custody Agreement or the Collateral Management Agreement (including a dispute relating to the existence, validity or termination of such agreements or any non-contractual obligation arising out of or in connection with such agreements) or the consequences of their nullity. The Issuer has appointed TMF Global Services UK Limited of 6 St. Andrew Street, 5<sup>th</sup> Floor, London EC4A 3AE to accept service of process on its behalf in connection with the Cash Deposit Bank Agreement, the Custody Agreement and the Collateral Management Agreement.

## SUMMARY OF OTHER TRANSACTION DOCUMENTS

*The following description of the Trust Deed, the Deed of Charge, the Agency Agreement, the Cash Administration Agreement, the Account Bank Agreement and the Corporate Services Agreement consists of a summary of certain provisions of these agreements and is qualified by reference to the provisions thereof. The following summary does not purport to be complete and prospective investors must refer to the Trust Deed, the Deed of Charge, the Agency Agreement, the Cash Administration Agreement, the Account Bank Agreement and the Corporate Services Agreement as appropriate, for detailed information.*

### **Trust Deed**

Pursuant to the terms of an English law governed trust deed (the "**Trust Deed**") to be dated on or about the Closing Date between the Issuer and the Trustee, the Issuer and the Trustee will agree that the Notes are issued in accordance with and subject to the provisions in the Trust Deed. The Conditions and the forms of the Notes are set out in the Trust Deed. The Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the Noteholders. The Trust Deed also contains provisions for meetings of Noteholders.

The provisions of the Trust Deed will provide, *inter alia*, that at any time after the Notes have become due and repayable in accordance with the Conditions, the Trustee may, at its discretion, or shall be bound to do so if it shall have been directed or requested to do so in writing by the holders of at least one-quarter of the aggregate Adjusted Principal Balance of the Notes then outstanding or if it shall have been so directed by an Extraordinary Resolution of the holders of the Notes then outstanding, provided that in each case the Trustee shall have been indemnified and/or secured and/or prefunded to its satisfaction, enforce the security created pursuant to the Security Documents.

Pursuant to the terms of the Trust Deed, the Trustee will be entitled to agree, without the consent of the Noteholders, the Couponholders, the Receipholders, or any other Secured Creditors (other than the Protection Buyer) at any time and from time to time, with the Issuer and any other relevant party to any of the Transaction Documents in making any modification (other than in respect of a Basic Terms Modification) to the Conditions, the Trust Documents, the Notes or the other Transaction Documents to which it is a party or over which it has security, or may give its consent to any event, matter or thing, if (a) in its opinion, the interests of the holders of the Notes then outstanding would not be materially prejudiced thereby; (b) in its opinion, it is required to correct a manifest error or which, in the opinion of the Trustee, is of a formal, minor or technical nature; or (c) if in its opinion it is required to comply with any applicable law relating to the Issuer's automatic exchange of information obligations (including pursuant to FATCA and or CRS).

The Trustee may not agree to any modification or waiver of any Transaction Document (including, for the avoidance of doubt, the making of any Basic Terms Modification) or any waiver of any of the Issuer's rights under the Notes, the Trust Deed, the Security Documents or any other Transaction Document without the prior written consent of the Protection Buyer. Further, the Trustee may not exercise any discretion which it may have in contravention of any express direction of the Noteholders by an Extraordinary Resolution or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Adjusted Principal Balance of the Notes then Outstanding. Any such direction of the Noteholders will not affect any previous discretion exercised by the Trustee.

### **Deed of Charge**

Pursuant to the terms of an English law governed deed of charge (the "**Deed of Charge**") to be dated on or about the Closing Date between the Issuer and the Trustee, the Issuer will grant in favour of the Trustee on behalf of itself and the Secured Creditors:

- (i) an assignment by way of first fixed security over all of its rights, claims, title, benefit and interest, present and future, in and to the Transaction Documents (other than the Trust Deed, the Corporate Services Agreement and the Security Documents) to which it is a party;
- (ii) a first fixed charge over all of its rights, claims, title, benefit and interest, present and future, in and to the Cash Deposit Account, the Custody Accounts, the Issuer Account and any bank or other accounts in which the Issuer may at any time have or acquire any Benefit (other than the

Issuer Domestic Account and any amounts standing to the credit thereof from time to time) and all monies standing to the credit thereof;

- (iii) a first fixed charge over all of its rights, claims, title, benefit and interest, present and future, in and to the Collateral Securities; and
- (iv) a first floating charge over the whole of the Issuer's undertaking and all of the Issuer's rights (other than the Issuer Domestic Account and any amounts standing to the credit thereof from time to time and its rights under the Corporate Services Agreement), assets and property whatsoever and wheresoever (other than its ordinary share capital).

### **Agency Agreement**

On or about the Closing Date the Issuer, the Trustee, the Principal Paying Agent, the Agent Bank and the Note Calculation Agent will enter into an English law governed agency agreement (the "**Agency Agreement**"), pursuant to which provision will be made for, *inter alia*, the payment of principal and interest in respect of the Notes and to provide for certain parties to perform functions in respect of calculations and determinations to be made pursuant to the Conditions.

### **Cash Administration Agreement**

Under an agreement to be dated on or about the Closing Date (the "**Cash Administration Agreement**") between the Issuer, the Cash Administrator, the Trustee, the Cash Deposit Bank, the Note Calculation Agent, the Protection Buyer, the Principal Paying Agent, the Agent Bank, the Account Bank and the Corporate Services Provider, the Issuer will appoint Abbey National Treasury Services PLC as the Cash Administrator, to provide certain cash administration services on behalf of the Issuer.

In performing the cash administration services, the Cash Administrator agrees that it will comply with any directions given by or on behalf of the Issuer or, as the case may be, the Trustee in accordance with the Cash Administration Agreement. The Cash Administrator may, in accordance with the terms of the Cash Administration Agreement, sub-contract (without the approval of other parties being required) its obligations under the Cash Administration Agreement to third parties.

The governing law of the Cash Administration Agreement is English law.

### **Account Bank Agreement**

On or about the Closing Date the Issuer, the Trustee, the Account Bank and the Cash Administrator will enter into an English law governed Account Bank Agreement (the "**Account Bank Agreement**"), pursuant to which, among other things, the Account Bank will agree to open and operate a Sterling denominated Issuer Account, maintained with the Account Bank and the Cash Administrator will agree to perform certain administrative functions in respect of the Issuer Account.

If the Account Bank ceases to have the Account Bank Required Rating or any such rating is withdrawn (any such event being a "**Account Bank Downgrade Event**"), then the Account Bank shall, within 60 Note Business Days of such Account Bank Downgrade Event transfer all of its rights and obligations under the Account Bank Agreement to a replacement third party account bank that has the Account Bank Required Rating.

### **Corporate Services Agreement**

On or about 14 December 2016 the Issuer and the Corporate Services Provider entered into a Corporate Services Agreement (the "**Corporate Services Agreement**") pursuant to which the Corporate Services Provider will provide certain administrative and company secretarial services to the Issuer.

## **USE OF PROCEEDS**

The total net proceeds of the issue of the Notes will be GBP 100,000,000 (the "**Proceeds**").

No expenses related to the listing of, and permission to deal in, the Notes on the ISE will be deducted from the proceeds of the issue of the Notes. All such expenses will be funded by the Issuer exclusively from the Protection Fee Amount paid by the Protection Buyer on the Closing Date.

The Issuer will apply the Proceeds on the Closing Date to fund the deposit to be held by the Cash Deposit Account Bank in accordance with the Cash Deposit Bank Agreement.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note without Coupons or Receipts which will be deposited on or around the Closing Date with a common depositary for Euroclear and Clearstream, Luxembourg.

On or after the day following the expiry of 40 days after the date of issue of the Temporary Global Note (the "**Exchange Date**"), the Issuer shall procure (in the case of first exchange) the delivery of a permanent global note (the "**Permanent Global Note**") in substantially the form set out in the Trust Deed to the bearer of this Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of this Temporary Global Note at the Specified Office of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates issued by Euroclear and/or Clearstream, Luxembourg dated not earlier than the Exchange Date and in substantially the form set out in Schedule 3 hereto.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates issued by Euroclear and/or Clearstream, Luxembourg and received by the Principal Paying Agent; *provided, however, that* in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of this Temporary Global Note.

The Permanent Global Note shall be exchangeable, in whole but not in part only, for Notes in definitive bearer form ("**Definitive Notes**") in substantially the form set out in the Trust Deed if any of the following events (each, an "**Exchange Event**") occurs:

- (i) Clearstream, Luxembourg and Euroclear are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do in fact do so, and it was not possible to deposit the relevant Permanent Global Note with the Common Depositary for Clearstream, Luxembourg and Euroclear and no other clearing system acceptable to the Trustee is then in existence; or
- (ii) by reason of a change in law (or in the application or official interpretation thereof) or any change in the practice of Clearstream, Luxembourg and/or Euroclear, which change becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the government of Ireland or any political sub-division thereof or authority thereof or therein having the power to tax (other than by reason of the relevant holder having some connection with Ireland, other than the holding of the Notes or the related Coupons), or the Issuer suffers or will suffer any other disadvantage as a result of such change, which withholding or deduction would not be required or other disadvantage would not be suffered (as the case may be) if the Notes were in bearer definitive form.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery of such Definitive Notes, duly authenticated and with principal and interest coupons ("**Coupons**") attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note then outstanding to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office (as defined in the Conditions) of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of each Temporary Global Note and each Permanent Global Note shall be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the relevant Global Note at the specified office of the Principal Paying Agent and shall be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the

Notes. On each occasion on which a payment of interest is made in respect of a Global Note, the Issuer shall procure that the same is noted in Schedule I of such Global Note.

*Notices:* Notwithstanding Condition 17 (*Notices to Noteholders*), while all the Notes are represented by a Global Note and such Global Note is deposited with a common depositary for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*) on the date of delivery to Euroclear and Clearstream, Luxembourg; *provided, however, that*, so long as the Notes are listed on the ISE and its rules so require, notices will also be sent to the ISE.

*Meetings:* The holder of a Global Note will be deemed to be two persons for the purpose of forming a quorum at a meeting of Noteholders.

*Purchase and Cancellation:* For so long as any Notes are represented by a Global Note, such Notes will be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as appropriate.

## TERMS AND CONDITIONS OF THE NOTES

The following are the Conditions of the Notes in the form (subject to completion and amendment) in which they will be set out in the Trust Deed. The Conditions set out below will apply to the Notes whether they are in definitive form or in global form.

The GBP 100,000,000 Portfolio Credit Linked Notes due 2024 (such of them as are Outstanding (as defined below), the "**Notes**") of Grafton CLO 2016-1 Designated Activity Company (the "**Issuer**") are issued pursuant to a trust deed (the "**Trust Deed**", which expression includes such trust deed as from time to time modified or supplemented in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) to be dated on or about 22 December 2016 (or such later date as may be agreed between the Issuer and Banco Santander, S.A. (the "**Lead Manager**")) (the "**Closing Date**") and made between the Issuer and U.S. Bank Trustees Limited (the "**Trustee**", which expression includes its successors or any additional or other trustee appointed pursuant to the Trust Deed) as trustee for the Noteholders, the Couponholders and the Receiptholders.

Any reference to "**Notes**" in these terms and conditions (the "**Conditions**") shall include, in relation to the Notes, the Global Notes and the Definitive Notes.

The Security (as defined below) is created pursuant to, and on the terms set out in, the Security Documents (as defined below).

Pursuant to an agency agreement (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified or supplemented in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified) to be dated the Closing Date and made between the Issuer, the Trustee, Elavon Financial Services DAC, UK Branch as principal paying agent (the "**Principal Paying Agent**", which expression includes its successors), Abbey National Treasury Services PLC as note calculation agent (the "**Note Calculation Agent**") and Abbey National Treasury Services PLC as agent bank (the "**Agent Bank**", which expression includes its successors and, together with the Principal Paying Agent and the Note Calculation Agent, the "**Agents**") and Abbey National Treasury Services PLC as Protection Buyer (the "**Protection Buyer**"), provision is made for, inter alia, the payment of principal and interest in respect of the Notes.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Security Documents and the Agency Agreement.

Copies of the Trust Deed, any Security Documents, the Account Bank Agreement, the Agency Agreement, the Custody Agreement, the Cash Administration Agreement, the Credit Protection Deed, the Cash Deposit Bank Agreement, the Collateral Management Agreement and the Corporate Services Agreement are obtainable during normal business hours at the Specified Office for the time being of the Principal Paying Agent, being at the date hereof at Level 5, 125 Old Broad Street, London EC2N 1AR. The Noteholders, the Couponholders and the Receiptholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, any Security Documents, the Agency Agreement and the other Transaction Documents.

The issue of the Notes was authorised by resolution of the directors of the Issuer passed on or about 15 December.

### 1. **Definitions**

In these Conditions, the following defined terms have the meanings set out below:

"**Account Bank**" means Elavon Financial Services DAC, UK Branch or such other entity or entities appointed from time to time as Account Bank subject to and in accordance with the terms of the Account Bank Agreement;

"**Account Bank Agreement**" means the account bank agreement dated on or about the Closing Date and made between, among others, the Issuer and the Account Bank, and includes such account bank agreement as from time to time modified, supplemented or replaced in accordance

with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified;

"**Adjusted Principal Balance**" of the Notes means, on any date, the greater of:

- (a) an amount equal to:
  - (i) the Principal Balance of the Notes on such date;  
minus
  - (ii) the aggregate amount of Protection Payment Amounts (if any) that have been applied to reduce the Adjusted Principal Balance pursuant to Condition 7(g) (*Reduction and Reinstatement of the Adjusted Principal Balance of the Notes*);  
plus
  - (iii) the aggregate amount of Protection Payment Adjustment Amounts (if any) that have been applied to reinstate the Adjusted Principal Balance pursuant to Condition 7(g) (*Reduction and Reinstatement of the Adjusted Principal Balance of the Notes*);  
minus
  - (iv) on any date on which the Issuer is obliged to redeem the Notes pursuant to Conditions 7 (*Redemption, Reduction, Reinstatement and Cancellation*) or 11(d) (*Consequences of Notes becoming Due and Payable and Delivery of Note Enforcement Notice*), the Negative Interest Shortfall Amount (if any) on such date; or
- (b) zero;

"**Available Funds**" means any amounts standing to the credit of any Issuer Account or Cash Deposit Account, and any amounts received by the Issuer pursuant to the Transaction Documents, other than amounts in respect of the Issuer Profit Amount;

"**Basic Terms Modification**" has the meaning ascribed thereto in the Trust Deed;

"**Calculation Agent**" means Abbey National Treasury Services PLC or such other entity or entities appointed from time to time as calculation agent subject to and in accordance with the terms of the Credit Protection Deed;

"**Calculation Date**" has the meaning ascribed to such term in the Credit Protection Deed;

"**Cash Administrator**" means Abbey National Treasury Services PLC, or such other entity or entities appointed from time to time as cash administrator subject to and in accordance with the terms of the Cash Administration Agreement;

"**Cash Administration Agreement**" means the cash administration agreement dated on or about the Closing Date and made between the Issuer, the Protection Buyer, the Principal Paying Agent, the Trustee, the Account Bank, the Cash Administrator and the Note Calculation Agent, and includes such cash administration agreement as from time to time modified, supplemented or replaced in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified;

"**Cash Deposit**" means all rights and interests in the GBP cash deposits held with the Cash Deposit Bank which are subject to the terms of the Cash Deposit Bank Agreement;

"**Cash Deposit Account**" means the account held in the name of the Issuer and maintained by the Cash Deposit Bank pursuant to the terms of the Cash Deposit Bank Agreement and into which the Cash Deposit (and any income proceeds in respect thereof) shall be deposited, or such other account as may be opened, with the consent of the Trustee, at any branch of the Cash Deposit



Bank or at another bank in replacement of such account as may be required pursuant to the terms of the Cash Deposit Bank Agreement;

**"Cash Deposit Bank"** means Abbey National Treasury Services PLC, or such other entity or entities appointed from time to time as cash deposit bank subject to and in accordance with the terms of the Cash Deposit Bank Agreement;

**"Cash Deposit Bank Agreement"** means the Cash Deposit Bank Agreement dated on or about the Closing Date and made between, among others, the Issuer and the Cash Deposit Bank, and includes such cash deposit bank agreement as from time to time modified, supplemented or replaced in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified;

**"Charged Assets"** has the meaning ascribed to such term in Condition 4 (*Security*);

**"Clearstream, Luxembourg"** means Clearstream Banking, *société anonyme*, acting through its office at 42 Avenue JF Kennedy, L-1855 Luxembourg, Luxembourg;

**"Code"** has the meaning given to such term in the definition of **"FATCA"**;

**"Collateral Management Agreement"** means the collateral management agreement between the Issuer, the Custodian, the Trustee and the Collateral Manager dated on or about the Closing Date;

**"Collateral Manager"** means Abbey National Treasury Services PLC;

**"Collateral Securities"** has the meaning ascribed to such term in the Custody Agreement;

**"Common Depository"** has the meaning ascribed to such term in Condition 2(a) (*Form, Denomination and Title*);

**"Conditions to Settlement"** has the meaning given to it in the Credit Protection Deed;

**"Corporate Services Agreement"** means the corporate services agreement dated on or about the Closing Date between the Issuer and the Corporate Services Provider, and includes such corporate services agreement as from time to time modified, supplemented or replaced in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto, as from time to time so modified;

**"Corporate Services Provider"** means TMF Administration Services Limited, or such persons or entity appointed from time to time as corporate services provider subject to and in accordance with (or on terms substantially equivalent to) the Corporate Services Agreement;

**"Couponholders"** means the persons who for the time being are holders of the Coupons;

**"Coupons"** has the meaning given to it in Condition 2(c) (*Form, Denomination and Title*);

**"Credit Event Notice"** has the meaning given to it in the Credit Protection Deed;

**"Credit Protection Deed"** means the credit protection deed dated on or about the Closing Date between the Issuer and the Protection Buyer;

**"CRS"** means the Common Reporting Standard more fully described as the Standard for Automatic Exchange of Financial Account Information 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 the Standard including Council Directive 2014/107/EU on the Administrative Cooperation in the Field of Taxation (DAC II);

**"Custodian"** means Elavon Financial Services DAC, UK Branch or such other entity or entities appointed from time to time as custodian subject to and in accordance with the terms of the Custody Agreement

**"Custody Accounts"** has the meaning ascribed to such term in the Custody Agreement;

"**Custody Agreement**" means the custody agreement between the Issuer, the Trustee, the Collateral Manager, the Protection Buyer and the Custodian dated on or about the Closing Date;

"**Deed of Charge**" means the deed of charge between the Issuer and the Trustee dated on or about the Closing Date;

"**Defaulted Notional Amount**" has the meaning given to it in the Credit Protection Deed;

"**Definitive Notes**" means the Notes issued in definitive bearer form;

"**Designated Maturity**" means 3 months;

"**Early Redemption Date**" means any date prior to the Scheduled Redemption Date upon which the Notes are redeemable in whole;

"**Effective Protection Termination Date**" has the meaning given to it in the Credit Protection Deed;

"**EMIR Side Agreement**" means the side agreement entered into between the Issuer and the Protection Buyer in respect of certain regulatory obligations, dated on or about the Issue Date;

"**Enforcement Date**" means the date that a Note Enforcement Notice is delivered;

"**Euroclear**" means Euroclear Bank S.A./N.V., as operator of the Euroclear System, acting through its office at 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium;

"**Exchange Date**" has the meaning given to it in Condition 2(a) (*Form, Denomination and Title*);

"**Extension Period**" means the period (if any) from (and including) the Effective Protection Termination Date to (and including) the Termination Date;

"**Extension Period Redemption Amount**" has the meaning given to it in Condition 7(f)(v) (*Redemption of the Notes during the Extension Period*);

"**Extraordinary Resolution**" has the meaning given to it in the Trust Deed;

"**FATCA**" means:

- (a) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (the "**Code**") or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any treaty, law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Withholding**" means any withholding or deduction required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any inter-governmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the US Internal Revenue Service;

"**Final Redemption Date**" means the Note Payment Date that falls two years after the Scheduled Redemption Date, currently expected to be 21 December 2024;

"**Financial Statements**" means the audited financial statements of the Issuer in respect of each financial year during the tenor of the Notes commencing with the financial year ending 31 December 2017;

"**GBP-LIBOR**" has the meaning given to it in Condition 6(c) (*Interest Rates on the Notes*);

"**Global Notes**" means the Temporary Global Note and the Permanent Global Note;

"**Initial Loss Amount**" has the meaning given to it in the Credit Protection Deed;

"**Initial Principal Balance**" means GBP 100,000,000;

"**Insolvency Proceedings**" has the meaning given to that term in Condition 11(a)(iii) (*Note Events of Default*);

"**Interest Amount**" has the meaning given to it in Condition 6(d) (*Interest - Calculation of Interest Amount*);

"**Interest Determination Date**" means, in relation to a Note Interest Period, the first day of that Note Interest Period;

"**Interest Rate**" has the meaning ascribed to such term in Condition 6(c) (*Interest - Interest Rates on the Notes*);

"**Investor Report**" means the duly completed investor report to be prepared by the Cash Administrator setting out details of, amongst other things, payments of interest and payments of principal on the Notes;

"**Irish IGA**" means the Agreement to Improve International Tax Compliance and to Implement FATCA signed on 21 December 2012 by the Governments of the United States and Ireland;

"**Issuer Account**" means the account of the Issuer opened by the Issuer pursuant to the Account Bank Agreement;

"**Issuer Covenants**" means the covenants of the Issuer set out in the Trust Deed;

"**Issuer Domestic Account**" means the account in the name of the Issuer with Elavon Financial Services DAC, UK Branch into which the Issuer Profit Amount will be deposited;

"**Issuer Profit Amount**" means the amount of GBP 1,000 per annum, credited in equal portions on each Note Payment Date to the Issuer Domestic Account and to be distributed to the shareholders of the Issuer as the directors of the Issuer see fit (subject to the payment by the Issuer therefrom of any tax due from the Issuer in respect of its profits) as profit in respect of the business of the Issuer;

"**Lead Manager**" means Banco Santander, S.A.;

"**Legal Reservations**" means any matter specified to be a qualification or reservation in any legal opinion given in respect of the Notes and the transactions contemplated by the Transaction Documents;

"**Liabilities**" means, in respect of any person, any losses, damages, costs, charges, awards, claims, demands, expenses, judgments, decrees, actions, proceedings or other liabilities whatsoever (including legal fees and any Taxes and penalties and any part of such items as represents VAT) incurred by that person;

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

"**Loss Determination Date**" has the meaning given to it in the Credit Protection Deed;

"**Negative Interest Shortfall Amount**" has the meaning given to it in Condition 6(d) (*Calculation of Interest Amount*).

"**Note Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Dublin, other than a Saturday or Sunday;

**"Note Calculation Agent"** means Abbey National Treasury Services PLC or such other entity or entities appointed from time to time as note calculation agent subject to and in accordance with the terms of the Agency Agreement;

**"Note Enforcement Notice"** means a notice delivered by the Trustee to the Issuer in accordance with Condition 11 (*Note Events of Default*) which declares the Notes to be immediately due and payable;

**"Note Event of Default"** has the meaning given to it in Condition 11 (*Note Events of Default*);

**"Note Extension Amount"** has the meaning given to it in Condition 7(f)(ii) (*Redemption of the Notes during the Extension Period*);

**"Note Extension Amount Calculation Date"** has the meaning given to it in Condition 7(f)(iii) (*Redemption of the Notes during the Extension Period*);

**"Note Interest Period"** has the meaning given to it in Condition 6(b) (*Interest - Note Payment Dates and Note Interest Periods*);

**"Note Payment Date"** means each of 21 March, 21 June, 21 September and 21 December in each year commencing on 21 March 2017 and ending on the Final Redemption Date, *provided that*, if any such date is not a Note Business Day, the Note Payment Date shall fall on the next Note Business Day;

**"Note Principal Payment"** has the meaning given to it in Condition 7(h) (*Redemption, Reduction, Reinstatement and Cancellation - Note Principal Payment*);

**"Noteholders"** means the holders of any Notes and, unless the context requires otherwise, shall include Couponholders and Receiptholders relating to the Notes;

**"Notes Amortisation Amount"** means, in respect of any Calculation Date, an amount equal to the Protected Tranche Amortisation Amount (if any) in respect of that Calculation Date;

**"Operating Creditor"** means any of (1) the Corporate Services Provider, (2) the stock exchange on which the Notes are listed and any listing agent, (3) the Issuer's auditors and tax advisers and any applicable tax authority to which amounts may be due from the Issuer, (4) the Cash Administrator, (5) the Agents, (6) the Verification Agent, (7) any legal adviser to the Issuer, (8) the Custodian, (9) the Collateral Manager and (10) any other party or person (other than the Protection Buyer and the Noteholders), from time to time a creditor of the Issuer in respect of whom its status as an Operating Creditor has been agreed by the Issuer and the Protection Buyer;

**"Operating Expenses"** means any fees, expenses, or costs (including value added tax and including amounts by way of indemnity) which are properly incurred and any Taxes in respect of those fees, expenses or costs, in respect of which an invoice has been delivered by any Operating Creditor to the Issuer and copied to the Protection Buyer and the Cash Administrator and which are payable by the Issuer.

**"Outstanding"** shall, in relation to the Notes, have the meaning given to it in the Trust Deed;

**"Permanent Global Note"** means any permanent global note representing the Notes in, or substantially in, the form set out in the Trust Deed;

**"Potential Credit Event"** has the meaning given to it in the Credit Protection Deed;

**"Potential Credit Event Notice"** has the meaning given to it in the Credit Protection Deed;

**"Principal Balance"** of the Notes means, at any time and from time to time, the Initial Principal Balance of the Notes *less* the aggregate of any amounts paid to the Noteholders in redemption of the Notes at that time;

**"Priority of Payments"** means payments in the following order of priority:

- (a) *First*, in or towards payment *pari passu* and rateably of all fees, costs, expenses and all other amounts then due and unpaid to the Trustee and any Receiver appointed pursuant to the Deed of Charge (including amounts by way of indemnity);
- (b) *Secondly*, in or towards payment *pari passu* and rateably to the Operating Creditors, any Operating Expenses due and unpaid to such Operating Creditors and in respect of any fees or other amounts owing to the Process Agent in accordance with the terms of the Process Agent Letter;
- (c) *Thirdly*, in payment or satisfaction of all amounts then due and unpaid to the Protection Buyer under the terms of the Credit Protection Deed;
- (d) *Fourthly*, in or towards payment *pari passu* and rateably of all interest then due and unpaid in respect of the Notes;
- (e) *Fifthly*, in or towards payment *pari passu* and rateably of any principal amounts due to be paid in respect of redemption of the Notes on such Note Payment Date;
- (f) *Sixthly*, in or towards payment *pari passu* and rateably of any other Secured Liabilities owed to any Secured Creditor; and
- (g) *Seventhly*, in or towards the Issuer Profit Amount;

**"Process Agent"** means TMF Global Services (UK) Limited in its capacity as the Issuer's agent for the service of process in England and Wales in respect of the Transaction Documents;

**"Process Agent Letter"** means the letter between the Issuer and the Process Agent, dated on or about 22 December 2016, pursuant to which the Issuer appoints the Process Agent;

**"Protected Tranche Amortisation Amount"** has the meaning given to it in the Credit Protection Deed;

**"Protection Buyer"** means Abbey National Treasury Services PLC;

**"Protection Payment Adjustment Amount"** has the meaning given to it in the Credit Protection Deed;

**"Protection Payment Amount"** has the meaning given to it in the Credit Protection Deed;

**"Provisions for Meetings of Noteholders"** means those provisions contained in the Trust Deed;

**"Receipholders"** means the persons who for the time being are holders of the Receipts;

**"Receipts"** has the meaning given to it in Condition 2(b) (*Form, Denomination and Title*);

**"Receiver"** means any receiver appointed pursuant to the Security Documents;

**"Reference Banks"** means banks selected by the Note Calculation Agent pursuant to Condition 6(c)(ii) (*Interest Rates on the Notes*);

**"Reference Obligation"** has the meaning given to it in the Credit Protection Deed;

**"Scheduled Redemption Date"** means the Note Payment Date scheduled to fall on 21 December 2022;

**"Screen Rate"** means the rate detailed pursuant to Condition 6(c)(i) (*Interest Rates on the Notes*);

**"Secured Creditors"** means:

- (a) the Trustee (for itself);

- (b) the Noteholders;
- (c) the Protection Buyer;
- (d) the Receiver (if any);
- (e) the Cash Deposit Bank;
- (f) the Account Bank;
- (g) the Cash Administrator;
- (h) the Note Calculation Agent;
- (i) the Calculation Agent;
- (j) the Principal Paying Agent;
- (k) the Custodian;
- (l) the Collateral Manager; and
- (m) the Agent Bank,

and such other creditor for the benefit of whom the Security is expressed to be granted in accordance with the Security Documents;

**"Secured Liabilities"** means all present and future obligations and Liabilities (whether actual or contingent) owing or payable by the Issuer to each, some or any of the Secured Creditors in respect of the Notes and the Transaction Documents;

**"Secured Property"** means all the property of the Issuer which is subject to the Security;

**"Security"** has the meaning given to it in Condition 4 (*Security*);

**"Security Documents"** means the Deed of Charge and any additional security documents (if any) entered into after the Closing Date pursuant to which the Issuer grants additional security in respect of the Secured Liabilities;

**"Security Interest"** means any mortgage, pledge, lien, charge, right of set-off, assignment, retention of title, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security;

**"Specified Office"** means, in relation to any Agent:

- (a) the office specified against its name in the Agency Agreement; or
- (b) such other office as such Agent may specify in accordance with the Agency Agreement;

**"Subscription Agreement"** means the subscription agreement dated on or about 22 December between the Issuer, the Protection Buyer and the Lead Manager pursuant to which the Lead Manager subscribes for the Notes;

**"Talon"** has the meaning given to it in Condition 2(c) (*Form, Denomination and Title*);

**"Tax"** means any present or future tax, levy, impost, duty or other charge or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of a Tax Authority and **"Taxes"**, "taxation", "taxable" and comparable expressions shall be construed accordingly;

**"Tax Authority"** means any government, state, municipal, local, federal or other fiscal, revenue, customs or excise authority, body or official anywhere in the world;

"**Temporary Global Note**" means any temporary global note representing any Notes in, or substantially in, the form set out in the Trust Deed;

"**Termination Date**" has the meaning given to it in the Credit Protection Deed;

"**Transaction Documents**" means the Agency Agreement, the Cash Deposit Bank Agreement, the Cash Administration Agreement, the Deed of Charge, the Credit Protection Deed, the Account Bank Agreement, the Corporate Services Agreement, the Custody Agreement, the Collateral Management Agreement, any other Security Documents, the EMIR Side Agreement and the Trust Deed;

"**Transaction Parties**" means the Issuer, the Lead Manager, the Trustee, the Principal Paying Agent, the Agent Bank, the Protection Buyer, the Protection Seller, the Common Depositary, the Account Bank, the Cash Administrator, the Custodian, the Collateral Manager, the Cash Deposit Bank, the Corporate Services Provider, the Note Calculation Agent and the Calculation Agent, each a "**Transaction Party**" or any person affiliated with them;

"**Trust Documents**" means the Trust Deed and the Security Documents (each as from time to time modified in accordance therewith);

"**Unsettled Reference Obligation**" means any Reference Obligation in respect of which a Credit Event Notice or Potential Credit Event Notice has been delivered by the Protection Buyer pursuant to the Credit Protection Deed but in respect of which the Verified Loss Amount has not yet been confirmed by the Verification Agent, *provided that* a Reference Obligation in respect of which a Potential Credit Event Notice has been delivered shall cease to be an Unsettled Reference Obligation if (i) the relevant Potential Credit Event is cured prior to the expiration of the applicable grace period provided for under the terms of such Reference Obligation or (ii) if it is otherwise no longer possible for such Potential Credit Event to become a Credit Event;

"**Verification Agent**" has the meaning given to it in the Credit Protection Deed;

"**Verification Agreement**" means the agreement to be entered into between, *inter alios*, the Protection Buyer and the Verification Agent in respect of the Verification Agent's duties as set out in the Credit Protection Deed;

"**Verified Loss Amount**" has the meaning given to it in the Credit Protection Deed; and

"**Written Resolution**" means, in relation to the Notes, a resolution in writing signed by or on behalf of all holders of Notes, who, for the time being are entitled to receive notice of a meeting in accordance with the provisions of the Trust Deed whether contained in one document or several documents in like form, each signed by or on behalf of one or more such Noteholders.

## 2. **Form, Denomination and Title**

- (a) The Notes are initially represented by a Temporary Global Note in bearer form, without Coupons or Receipts, in the initial principal amount of GBP 100,000,000. The Temporary Global Note will be deposited on behalf of the subscribers of the Notes with a common depositary (the "**Common Depositary**") for Clearstream, Luxembourg and Euroclear on or about the Closing Date. Upon deposit of the Temporary Global Note, Clearstream, Luxembourg or Euroclear (as the case may be) will credit each subscriber of the Notes with the principal amount of Notes equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in the Temporary Global Note are exchangeable 40 days after the Closing Date (in each case, the "**Exchange Date**"), provided certification of non-U.S. beneficial ownership by the relevant Noteholders has been received, for interests in the Permanent Global Note in bearer form (which will also be deposited with the Common Depositary) representing the Notes, without Coupons or Receipts. On the exchange of the Temporary Global Note for the Permanent Global Note, the Permanent Global Note will remain deposited with the Common Depositary. Title to the Global Notes will pass by delivery. The Permanent Global Note will only be exchangeable for Definitive Notes in certain limited circumstances as specified in such Permanent Global Note.

- (b) For so long as any Notes are represented by a Global Note, interests in such Notes will be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg or Euroclear, as appropriate.
- (c) The Notes will each have a denomination of GBP 100,000 and integral multiples of GBP 1,000 in excess thereof. Definitive Notes will, if issued, be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons ("**Coupons**"), receipts for payments of principal ("**Receipts**") and talons for further Coupons and Receipts (each, a "**Talon**") attached at the time of issue. Title to the Definitive Notes, Coupons and Receipts shall pass by delivery.
- (d) The holder of any Note, of any Coupon and of any Receipt shall (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note, Coupon or Receipt, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon.
- (e) References to "**Notes**" include the Global Notes and the Definitive Notes.

### 3. **Status and Ranking of the Notes**

(a) ***Status***

The Notes and the Coupons and the Receipts relating thereto constitute direct and limited recourse obligations of the Issuer and are secured by the Security held by the Trustee. The Notes rank *pari passu* without preference or priority amongst themselves.

(b) ***Priority of Payments***

Amounts payable to the Noteholders and the other Secured Creditors will be applied in accordance with the Priority of Payments.

(c) ***Status of Notes and the Secured Creditors***

So long as any of the Notes remain Outstanding, in the exercise of its rights, powers, trusts, authorities and discretions under the Conditions and/or Transaction Documents, the Trustee shall have regard to the interests of the Noteholders, but is not required to have regard to the interests of the other Secured Creditors (other than the Protection Buyer pursuant to Condition 14 (*Modification, Waiver and Substitution*) below).

### 4. **Security**

As far as permitted by, and subject to compliance with, any applicable law, and as security for the payment or discharge of the Secured Liabilities, the Issuer has agreed pursuant to the Deed of Charge to grant the following security (the "**Security**") in favour of the Trustee, for the benefit of itself, the Noteholders and the other Secured Creditors:

- (a) an assignment by way of first fixed security over all of its rights, claims, title, benefit and interest, present and future, in and to the Transaction Documents (other than the Trust Deed, the Corporate Services Agreement and the Security Documents) to which it is a party;
- (b) a first fixed charge over all of its rights, claims, title, benefit and interest, present and future, in and to the Cash Deposit Account, the Custody Accounts, the Issuer Account and any bank or other accounts in which the Issuer may at any time have or acquire any Benefit (other than the Issuer Domestic Account and any amounts standing to the credit thereof from time to time) and all monies standing to the credit thereof;
- (c) a first fixed charge over all of its rights, claims, title, benefit and interest, present and future, in and to the Collateral Securities; and



- (d) a first floating charge over the whole of the Issuer's undertaking and all of the Issuer's rights (other than the Issuer Domestic Account and any amounts standing to the credit thereof from time to time and its rights under the Corporate Services Agreement), assets and property whatsoever and wheresoever (other than its ordinary share capital).

All of the assets and property which are expressed to be subject to the Security created under or pursuant to the Security Documents are herein referred to as the "**Charged Assets**".

## 5. **Issuer Covenants**

### (a) ***Issuer Covenants***

The Issuer Covenants contain certain covenants in favour of the Trustee from the Issuer which, amongst other things and save as permitted by the Transaction Documents, restrict the ability of the Issuer to create or incur any indebtedness, dispose of assets or change the nature of its business. So long as any Note remains Outstanding, the Issuer shall comply with the Issuer Covenants.

### (b) ***Financial Statements and Investor Reports***

The Issuer undertakes to provide promptly, following their publication or preparation, to the Trustee and the Principal Paying Agent or to procure that the Trustee and the Principal Paying Agent are provided with:

- (i) the Financial Statements; and
- (ii) the Investor Reports,

except to the extent that disclosure of such financial information would at that time breach any law, regulation, Irish Stock Exchange Plc ("**ISE**") requirement or rules of any applicable regulatory body to which the Issuer is subject.

The Financial Statements and the Investor Reports will be available for inspection by the Noteholders during normal business hours on any Note Business Day at the Specified Office for the time being of the Principal Paying Agent.

## 6. **Interest**

### (a) ***Period of Accrual***

Each Note bears interest on its Adjusted Principal Balance (as provided by the Cash Administrator or the Calculation Agent) from (and including) the Closing Date. Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption, unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue on its Adjusted Principal Balance thereon (before and after any decree or judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 17 (*Notices to Noteholders*)) that upon presentation thereof, such payment will be made, *provided that* upon such presentation, such payment is in fact made.

### (b) ***Note Payment Dates and Note Interest Periods***

Interest on the Notes is payable quarterly in arrear on each Note Payment Date in respect of the Note Interest Period ending immediately prior thereto.

A "**Note Interest Period**" means each period from (and including) a Note Payment Date to (but excluding) the next following Note Payment Date, *provided that*: (i) the initial Note Interest Period will commence on (and include) the Closing Date; and (ii) the final

Note Interest Period will end on (but exclude) the Note Payment Date on which the Notes are finally redeemed in full in accordance with these Conditions and no further amounts are due or payable on the Notes.

(c) ***Interest Rates on the Notes***

The rate of interest applicable to the Notes (the "**Interest Rate**") for each Note Interest Period will be determined by the Note Calculation Agent on the following basis, *provided that* GBP-LIBOR shall not be less than zero:

- (i) The Note Calculation Agent will determine GBP-LIBOR for deposits in pounds sterling for a period equal to the Designated Maturity which appears on Bloomberg BTMM UK page as of 11:00 a.m., London time on the Interest Determination Date for that Note Interest Period;
- (ii) if such rate does not appear on that page, the Note Calculation Agent will:
  - (A) request that each of four major banks (selected by the Cash Administrator) in the London interbank market provide a quotation of the rate at which deposits in pounds sterling are offered by it in the London interbank market at approximately 11.00 a.m. (London time) on the Interest Determination Date to prime banks in the London interbank market for a period equal to the Designated Maturity (and commencing on the first day of the relevant Note Interest Period) and in an amount that is representative for a single transaction in that market at that time;
  - (B) if at least two quotations are provided, determine the arithmetic mean (rounded, if necessary, to the nearest one hundred thousandth of a percentage point, 0.00005 per cent. being rounded upwards) of such quotations and determine GBP-LIBOR for such Interest Period as being such arithmetic mean;
  - (C) if such rate does not appear on that page and if fewer than two such quotations are provided as requested, the Note Calculation Agent will request further quotations from one or more major banks in the London interbank market (selected by the Cash Administrator) at approximately 11.00 a.m. (London time) on the relevant Interest Determination Date, of the rate at which loans in pounds sterling to leading London banks are made for a period equal to the Designated Maturity (commencing on the first day of the relevant Note Interest Period) and in an amount that is representative for a single transaction in that market at that time, and GBP-LIBOR for such Note Interest Period shall be the rate or, as the case may be, the arithmetic mean of the rates (rounded, if necessary, as aforesaid) so determined; and
- (iii) if, however, the Note Calculation Agent is unable to determine a rate or, as the case may be, an arithmetic mean in accordance with the above provisions in respect of any Note Interest Period, the GBP-LIBOR during such Interest Period will be the GBP-LIBOR, or, as the case may be, the arithmetic mean last determined in the immediately preceding Note Interest Period,

and *provided that* in respect of the first Note Interest Period, the Interest Rate shall be determined through the use of straight-line linear interpolation by reference to two rates, one of which shall be determined as if the Designated Maturity were 3 months and the other of which shall be determined as if the Designated Maturity were 6 months, in case determined in accordance with (i) – (iii) above.

(d) ***Calculation of Interest Amount***

In respect of each Note Interest Period and in respect of all of the Notes, the "**Interest Amount**" shall be an amount equal to the sum of:

- (i) the amount calculated by applying the relevant Interest Rate for such Note Interest Period to the Adjusted Principal Balance of the Notes as of the first day of such Note Interest Period (after giving effect to any adjustment to the Adjusted Principal Balance on such date) and multiplying the product by the actual number of days in such Note Interest Period divided by 360;
- (ii) the Protection Fee Component Amount in respect of the relevant Note Payment Date;
- (iii) any positive or negative Make-Up Protection Fee Amount in respect of the relevant Note Payment Date; and
- (iv) the Negative Interest Shortfall Amount (if any) in respect of the immediately preceding Note Payment Date,

and rounding the resulting figure to the nearest GBP 0.01, *provided that*, the Interest Amount in respect of any Note Interest Period may not be less than zero. If the Interest Amount in respect of a Note Payment Date would have been a negative amount but for the proviso at the end of the preceding sentence, such negative amount shall constitute the "Negative Interest Shortfall Amount" in respect of that Note Payment Date. For the avoidance of doubt, the Negative Interest Shortfall Amount shall be expressed as a negative amount.

Where the Notes are in definitive form, the Interest Amount in respect of each Note shall be equal to the product of the Interest Amount (determined in the manner provided above) and a fraction equal to the Principal Balance of that Note *divided by* the aggregate Principal Balance of all the Notes.

(e) ***Notification of Interest Amount***

The Note Calculation Agent will, as soon as practicable after each Interest Determination Date in relation to each Note Interest Period, determine and notify the Agent Bank, the Issuer, the Trustee and the Principal Paying Agent and the Agent Bank will cause notice thereof to be given to the relevant Noteholders in accordance with Condition 17 (*Notices to Noteholders*) of (i) the Interest Rate applicable to the Note Interest Period commencing on or immediately after that Interest Determination Date (ii) the Adjusted Principal Balance of the Notes, and (iii) the Interest Amount payable in respect of the Notes for such Note Interest Period.

(f) ***Failure of Note Calculation Agent***

If the Note Calculation Agent fails at any time to determine an Interest Rate or to calculate an Interest Amount, the Trustee, or its appointed agent without accepting any liability therefor, may determine such Interest Rate as it considers fair and reasonable in the circumstances (having such regard as it thinks fit to paragraphs (c) or (d) above (as applicable)) or (as the case may be) calculate such Interest Amount, in accordance with paragraphs (c) or (d) above (as applicable), and each such determination or calculation shall be deemed to have been made by the Note Calculation Agent.

In doing so, the Trustee shall apply all of these Conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof, and any such determination and/or calculation made by the Trustee shall, save in the case of manifest error, be final and binding on the Issuer, the Noteholders and the Couponholders.

(g) ***Publication of Interest Rates, Interest Amounts and other Notices***

As soon as practicable after receiving notification thereof, the Issuer will cause each Interest Rate and Interest Amount applicable to the Notes for the relevant Note Interest Period and the immediately succeeding Note Payment Date to be notified to the ISE (for so long as the Notes are listed on the ISE and the rules of the ISE so require) and will cause notice thereof to be given to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*). The Interest Amounts and the Note Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Note Interest Period.

(h) ***Notification to be Final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6 (*Interest*), whether by the Reference Banks (or any of them), the Note Calculation Agent or the Trustee shall (in the absence of manifest error) be binding on the Issuer and all Noteholders, Couponholders and Receiptholders, the Reference Banks, the Note Calculation Agent, the Trustee and (in the absence of wilful default or gross negligence) no liability to any such person shall attach to the Issuer, the Reference Banks, the Note Calculation Agent or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 6 (*Interest*).

(i) ***Agent Bank***

The Issuer shall ensure that, so long as any of the Notes remain Outstanding, there shall at all times be an Agent Bank approved in writing by the Trustee. The Agent Bank may not resign until a successor so approved by the Trustee has been appointed.

7. **Redemption, Reduction, Reinstatement and Cancellation**

(a) ***Amortised Redemption***

If the Protection Buyer designates a Protected Tranche Amortisation Amount in respect of any Calculation Date, then the Issuer shall, on the immediately following Note Payment Date, subject to any prior ranking claims in accordance with the applicable Priority of Payments, apply an amount equal to the aggregate of each corresponding Notes Amortisation Amount determined during the Note Interest Period ending on such Note Payment Date in or towards redemption of the Notes (together with any accrued but unpaid interest thereon).

(b) ***Mandatory Redemption of the Notes on the Scheduled Redemption Date***

Subject to Condition 7(f) (*Redemption, Reduction, Reinstatement and Cancellation - Redemption of the Notes during the Extension Period*), unless previously redeemed in full and cancelled as provided in this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), the Issuer shall redeem the Notes at their then aggregate Adjusted Principal Balance together with accrued but unpaid interest on the Scheduled Redemption Date.

(c) ***Final Redemption of the Notes***

Subject to Condition 7(f) (*Redemption, Reduction, Reinstatement and Cancellation - Redemption of the Notes during the Extension Period*), unless previously redeemed or repaid in full and cancelled as provided in this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), the Issuer shall redeem the Notes at their then aggregate Adjusted Principal Balance together with accrued but unpaid interest on the Final Redemption Date.

The Issuer may not redeem Notes in whole or in part prior to that date, except as described in this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), but without prejudice to Condition 11 (*Note Events of Default*).

(d) ***Mandatory Redemption of the Notes following Effective Protection Termination Date***

Subject to Condition 7(f) (*Redemption, Reduction, Reinstatement and Cancellation - Redemption of the Notes during the Extension Period*), if the Effective Protection Termination Date occurs under the Credit Protection Deed prior to the Scheduled Redemption Date, the Issuer shall redeem the Notes then Outstanding in whole but not in part on the Note Payment Date following the Effective Protection Termination Date at their Adjusted Principal Balance, together with any interest accrued to the date of redemption.

The Issuer shall give notice of such early redemption to Noteholders in accordance with Condition 17 (*Notices to Noteholders*) and to the Trustee, the Principal Paying Agent, the Account Bank, the Cash Administrator and the Custodian as soon as practicable after the Issuer becomes aware of the termination of the Credit Protection Deed.

(e) ***Optional Redemption of the Notes in Whole for Tax Reasons***

Subject to Condition 7(f) (*Redemption, Reduction, Reinstatement and Cancellation - Redemption of the Notes during the Extension Period*), the Issuer may, provided that it satisfies the Trustee that a Tax Redemption Event has occurred, by giving not less than 30 calendar days' and not more than 45 calendar days' notice to the Noteholders in accordance with Condition 17 (which notice will be irrevocable) designate a Note Payment Date as a redemption date (the "**Tax Redemption Date**"). On the Tax Redemption Date, the Issuer shall, subject to any prior ranking claims in accordance with the applicable Priorities of Payments, allocate and apply amounts in or towards redemption of the Notes at their Adjusted Principal Balance (together with any accrued but unpaid interest thereon).

A "**Tax Redemption Event**" shall occur if:

- (i) In respect of the Issuer, any of the following events occurs:
- (A) the Issuer determines that it has, or there is a substantial likelihood that it will, within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become obliged to withhold or deduct an amount in respect of any Tax from any payment of principal of, interest on, or any other amount payable in respect of, the Notes as a result of any change in, or amendment to the laws or regulations of its jurisdiction of incorporation or any political subdivision or any authority thereof or therein having power to tax or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction);
  - (B) the Issuer determines that it has, or there is a substantial likelihood that it will, within 90 calendar days of the date of determination (such determination being made by the Issuer relying on an opinion of independent legal advisers, as described below), become subject to any circumstance or to a tax charge (whether by direct assessment or by withholding at source), regulatory imposition, or other imposition which would materially increase the costs to it of complying with its obligations under the Trust Deed or under the Notes or materially increase the operating or administrative expenses of the Issuer or the trust under which the shares in the Issuer are held or reduce the amount of any sums received or receivable by the Issuer or otherwise oblige the Issuer to make any payment on, or calculated by reference to, the amount of any sum received or receivable by the Trustee on behalf of

the Issuer as contemplated in the Trust Deed or the Deed of Charge, as the case may be; or

- (C) a Tax Event occurs in respect of the Issuer under the Credit Protection Deed; and
- (ii) in the case where any of the events described in Condition 7(e)(i)(A) or (B) (*Optional Redemption of the Notes in Whole for Tax Reasons*) has occurred, the Issuer determines that any obligation, imposition, withholding or deduction incurred as a result of such event cannot be avoided by the Issuer taking reasonable measures available to it (without incurring additional cost) and the Protection Buyer has not elected to pay the additional amount under Clause 13.4 (*Deductions and Withholdings in respect of the Notes*) of the Credit Protection Deed.

Prior to the publication of any notice designating a Tax Redemption Date pursuant to this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), the Issuer shall deliver to the Trustee in form and substance satisfactory to the Trustee, (a) an opinion of independent legal advisers of recognised standing to the effect that the relevant Tax Redemption Event applies as of the date of such opinion or will apply within 90 calendar days of the date of such opinion and (b) in respect of any of the events described in Condition 7(e)(i) or (ii) (*Optional Redemption of the Notes in Whole for Tax Reasons*) only, a Tax Certificate. The Trustee shall be entitled to accept such opinion and Tax Certificate without liability or further enquiry (but may accept other evidence in lieu thereof, which in its sole opinion is satisfactory to the Trustee) as sufficient evidence of the existence of a Tax Redemption Event, in which event it shall be conclusive and binding on the Noteholders. A notice delivered by the Issuer designating a Tax Redemption Date will be irrevocable.

(f) ***Redemption of the Notes during the Extension Period***

- (i) If the Effective Protection Termination Date occurs prior to the Termination Date, and on the later of such date and the Calculation Date immediately preceding the Note Payment Date which follows the Effective Protection Termination Date there are Unsettled Reference Obligations, a portion of the Notes (the "**Note Extension Amount**") shall remain Outstanding in respect of such Unsettled Reference Obligations pending:
  - (A) the date on which it is no longer possible for the Conditions to Settlement to be satisfied in respect of each such Unsettled Reference Obligation in respect of which the Conditions to Settlement were not satisfied on the Effective Protection Termination Date; and
  - (B) the date on which the Verified Loss Amount has been confirmed by the Verification Agent in respect of all Defaulted Reference Obligations (including each such Unsettled Reference Obligation in respect of which a Credit Event Notice or Potential Credit Event Notice had been delivered on or prior to the Effective Protection Termination Date but in respect of which the Conditions to Settlement were satisfied following the Effective Protection Termination Date).
- (ii) The Note Extension Amount on any date shall be equal to:
  - (A) the aggregate of the Defaulted Notional Amounts of each such Unsettled Reference Obligation on that date (or the amount which would be the Defaulted Notional Amount in respect of each such Unsettled Reference Obligation if it was a Defaulted Reference Obligation); *minus*
  - (B) the sum of all Initial Loss Amounts which have been determined in respect of each such Unsettled Reference Obligation as at that date.

- (iii) The Note Extension Amount shall be calculated by the Note Calculation Agent (by reference to calculations provided to it for this purpose by the Calculation Agent) as of (and as soon as practicable following) the Effective Protection Termination Date and thereafter on each Calculation Date during the Extension Period which immediately precedes a Note Payment Date (each such date on which the Note Extension Amount is calculated, a "**Note Extension Amount Calculation Date**").
- (iv) Any Notes remaining Outstanding during the Extension Period shall continue to bear interest on the then Adjusted Principal Balance of such Notes in accordance with Condition 6 (*Interest*).
- (v) On each Note Payment Date immediately following a Note Extension Amount Calculation Date, the Issuer shall redeem the Notes in part at their Extension Period Redemption Amount, where "**Extension Period Redemption Amount**" means, in respect of a Note Extension Amount Calculation Date, an amount equal to:
  - (A) the Adjusted Principal Balance of the Notes, as of such Note Payment Date, following any adjustment to the Adjusted Principal Balance of the Notes on that Note Payment Date in accordance with Condition 7(g) (*Reduction and Reinstatement of the Adjusted Principal Balance of the Notes*); *minus*
  - (B) the Note Extension Amount calculated as of such immediately preceding Note Extension Amount Calculation Date.

(g) ***Reduction and Reinstatement of the Adjusted Principal Balance of the Notes***

On each Note Payment Date, the Adjusted Principal Balance of the Notes shall be reduced by an amount equal to the Protection Payment Amount (if any) determined by the Cash Administrator in respect of that Note Payment Date, *provided that*, the Adjusted Principal Balance of the Notes shall not be reduced below zero.

If, in respect of any Note Payment Date, a Protection Payment Adjustment Amount is determined by the Cash Administrator, then, on that Note Payment Date, an amount equal to such Protection Payment Adjustment Amount shall be applied to reinstate the Adjusted Principal Balance of the Notes, *provided that*, the Adjusted Principal Balance of the Notes shall not be greater than the Principal Balance of the Notes.

(h) ***Note Principal Payment***

The principal amount (the "**Note Principal Payment**") which is required to be repaid in respect of each Note on any Note Payment Date under this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), shall be that Note's *pro rata* share of the aggregate amount required to be applied in redemption of the Notes on such Note Payment Date under this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), *provided that* no Note Principal Payment may exceed the Principal Balance of the related Note.

(i) ***Calculation of Note Principal Payments, Principal Balance and Adjusted Principal Balance***

On each Calculation Date, the Issuer (or the Cash Administrator on its behalf) shall determine or shall cause to be determined:

- (i) if there is to be a redemption (in whole or in part) of the Notes pursuant to this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), the amount of any Note Principal Payment due in respect of each Note on the Note Payment Date immediately following such Calculation Date;

- (ii) the Principal Balance of each Note on such Note Payment Date (after deducting any Note Principal Payment to be paid on that Note Payment Date); and
- (iii) the Adjusted Principal Balance of each Note on such Note Payment Date.

Each determination by or on behalf of the Issuer (or the Cash Administrator on its behalf) of any Note Principal Payment, the Principal Balance and the Adjusted Principal Balance of a Note shall in each case (in the absence of manifest error) be final and binding on all persons.

The Issuer (or the Cash Administrator on its behalf) will cause each determination of a Note Principal Payment, Principal Balance and Adjusted Principal Balance to be notified in writing forthwith to the Trustee, the Principal Paying Agent, the Agent Bank and, for so long as the Notes are listed on the ISE and the rules of the ISE so require, the ISE, and will cause notice of each determination of a Note Principal Payment, Principal Balance and Adjusted Principal Balance relating to the Notes to be given to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*) by no later than the day which is three Note Business Days prior to the Note Payment Date immediately following the Calculation Date on which such calculations are made.

If the Issuer or the Cash Administrator on behalf of the Issuer does not at any time for any reason determine a Note Principal Payment, Principal Balance or Adjusted Principal Balance in accordance with the preceding provisions of this Condition 7(i) (*Calculation of Note Principal Payments, Principal Balance and Adjusted Principal Balance*), such amounts may be determined by the Trustee (but without the Trustee being liable for any loss, liability, cost, charge or expense which may arise as a result thereof) (or an agent of its behalf), in accordance with this Condition 7(i) (*Calculation of Note Principal Payments, Principal Balance and Adjusted Principal Balance*), and each such determination or calculation shall be conclusive and binding on all persons and shall be deemed to have been made by the Issuer or the Cash Administrator, as the case may be.

(j) ***Notice of Redemption***

Any such notice of redemption given by the Issuer in connection with a redemption described in this Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*) shall be irrevocable. Upon the expiration of such notice, the Issuer will be bound to redeem the Notes in the amounts specified in these Conditions.

(k) ***Cancellation***

All Notes redeemed in full together with payment of all accrued but unpaid interest or surrendered pursuant to Condition 16 (*Replacement of Notes, Coupons, Receipts and Talons*) will be cancelled upon redemption or surrender, together with any unmaturing Coupons, Receipts and Talons (if any) appertaining thereto and attached thereto or surrendered therewith, and may not be resold or re-issued.

8. **Payments**

(a) ***Payments of Interest and Principal***

Payments of interest in respect of the Definitive Notes will (subject as provided in Condition 8(c) (*Payments - Unmatured Coupons for Notes Void*) and Condition 8(e) (*Payments - Payments of Interest on Improperly Withheld or Refused Notes*) below) be made only against presentation and surrender of the relevant Coupons at the Specified Office of the Principal Paying Agent outside the United States or its possessions and otherwise in accordance with the provisions of this paragraph. Payments of principal and premium (if any) in respect of the Definitive Notes will be made against presentation and surrender of the relevant Receipts (except where, after such presentation and surrender, the unpaid principal amount of a Definitive Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Definitive Note) in which case each payment of principal will be made against presentation and surrender of such Definitive Note) at the Specified Office of the Principal Paying Agent outside the



United States or its possessions. Each such payment will be made in respect of the Notes in pounds sterling at the Specified Office of the Principal Paying Agent outside the United States or its possessions.

(b) ***Payments Subject to Fiscal Laws***

Payment of principal and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment and to the provisions of the Agency Agreement and the other Transaction Documents.

(c) ***Unmatured Coupons for Notes Void***

On the date upon which any Note becomes due and payable in full under Condition 7 (*Redemption, Reduction, Reinstatement and Cancellation*), unmatured Coupons, Receipts and Talons (if any) appertaining thereto (whether or not attached to such Note) shall become void and no payment shall be made in respect thereof. If the due date for redemption of any Note is not a Note Payment Date, accrued interest will be paid only against presentation and surrender of the relevant Note outside the United States or its possessions.

(d) ***Presentation on Non-Business Days***

If the due date for payment of any amount in respect of any Note, Coupon or Receipt is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(e) ***Payments of Interest on Improperly Withheld or Refused Notes***

If any amount of principal or premium (if any) is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 6 (*Interest*) will be paid against presentation of such Note at the Specified Office of the Principal Paying Agent outside the United States or its possessions.

(f) ***Other Interest***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of the Principal Paying Agent outside the United States or its possessions.

(g) ***Partial Payments***

If the Principal Paying Agent makes a partial payment in respect of any Note, Coupon or Receipt presented to it for payment, the Principal Paying Agent will endorse on such Note, Coupon or Receipt a statement indicating the amount and date of such payment.

(h) ***Exchange of Talons***

On or after the relevant Note Payment Date on which the final Coupon or Receipt forming part of a Coupon or Receipt sheet is surrendered, each Talon forming part of such Coupon or Receipt sheet may be surrendered at the Specified Office of the Principal Paying Agent for a further Coupon or Receipt sheet (including a further Talon) but excluding any Coupons or Receipts in respect of which claims have already become void under Condition 10 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon or Receipt will be delivered in respect of such Talon.

9. **Taxation**

(a) ***Payments Free of Tax***

All payments of principal and interest in respect of the Notes, Coupons or Receipts shall be made free and clear of, and without withholding or deduction for or on account of any present or future Taxes unless the Issuer, the Trustee or the Principal Paying Agent is required by applicable law to make any payment in respect of the Notes, Coupons or Receipts subject to any such withholding or deduction. In that event (unless the Protection Buyer elects to pay additional amounts to the Issuer that cover the amount of any such withholding or deduction (which the Protection Buyer is under no obligation to do)), the Issuer, the Trustee or the Principal Paying Agent (as the case may be) shall make such payment 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. For the avoidance of doubt the Issuer shall not be required to gross up any payments made to a Noteholder and shall withhold or deduct from any such payments any amounts on account of such tax where so required by law (including with respect to a FATCA Withholding) or any relevant authorities.

(b) ***No Payment of Additional Amounts***

Unless the Protection Buyer elects to pay additional amounts to the Issuer that cover the amount of any such withholding or deduction (which the Protection Buyer is under no obligation to do), none of the Issuer, the Trustee or the Principal Paying Agent will be obliged to make any additional payments to holders of Notes, Coupons or Receipts in respect of such withholding or deduction as is referred to in Condition 9(a) (*Taxation - Payments Free of Tax*).

(c) ***Tax Deduction Not Note Event of Default***

If the Issuer, the Trustee or the Principal Paying Agent is required to make a withholding or deduction as is referred to in Condition 9(a) (*Taxation - Payments Free of Tax*), this shall not constitute a Note Event of Default.

(d) ***Provision of Information***

Each Noteholder agrees or is deemed to agree that the Issuer and any other relevant party on its behalf may (1) request such forms, self-certifications, documentation and any other information from the Noteholder which the Issuer may require in order for it to comply with its automatic exchange of information obligations under, for example, FATCA and CRS (2) provide any such information or documentation collected from a Noteholder and any other information concerning any investment in the Notes to the relevant tax authorities and (3) take such other steps as it deems necessary or helpful to comply with its automatic exchange obligations under any applicable law.

10. **Prescription**

(a) ***Principal***

Notes and Receipts (which expression shall not in this Condition 10 (*Prescription*) include Talons) shall become void unless presented for payment within a period of ten (10) years from the relevant date in respect thereof.

(b) ***Interest***

Coupons shall become void unless presented for payment within a period of five years from the relevant date in respect thereof.

(c) ***Note, Coupon or Receipt***

After the date on which a Note, Coupon or a Receipt becomes void, no claim may be made in respect thereof.

(d) **Relevant Date**

For the purpose of this Condition 10 (*Prescription*), the "relevant date" in respect of a Note, Coupon or Receipt is the date on which a payment in respect thereof first becomes due or (if the full amount of the monies payable in respect of all the Notes, Coupons or Receipts due on or before the date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date) the date on which notice that the full amount of such monies has not been received is duly given to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*).

11. **Note Events of Default**

(a) **Note Events of Default**

Each and any of the following events shall be treated as a "**Note Event of Default**":

- (i) *Non-Payment*: default is made in the payment of any principal or interest in respect of the Notes when due in accordance with these Conditions and such default continues for a period of: (i) 10 Note Business Days, where such default is caused by any administrative or technical errors; or (ii) in all other cases, 5 Note Business Days;
- (ii) *Breach of Other Obligations*: default is made by the Issuer in the performance or observance of any other obligation, Condition, provision, representation or warranty binding upon or made by it under the Notes or the Transaction Documents (other than any obligation whose breach would give rise to the Note Event of Default provided for in Condition 11(a)(i) (*Note Events of Default – Non-Payment*)), and, except, where in the opinion of the Trustee, such default is not capable of remedy, such default continues for a period of 30 days (or such longer period as the Trustee may permit) after written notice by the Trustee to the Issuer requiring the same to be remedied;
- (iii) *Insolvency, etc*: (i) a receiver, administrator, examiner, bankruptcy official or liquidator or similar officer in respect of the Issuer or the whole or any part of the undertaking, assets or revenues of the Issuer is appointed (or application for any such appointment is made, and such application is not dismissed within 30 days) or an encumbrancer shall take possession of the whole or any substantial part of the assets or revenues of the Issuer, (ii) an order is made by a competent court for any imposition of any applicable bankruptcy, suspension of payments, liquidation, administration, insolvency, composition, reorganisation or other similar laws in respect of the Issuer (each an "**Insolvency Proceeding**" and together the "**Insolvency Proceedings**"), (iii) the Issuer takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or is granted by a competent court a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it, or (iv) the Issuer ceases or threatens to cease to carry on all or any substantial part of its business except for the purposes of, or pursuant to, an amalgamation or reconstruction as is referred to in Condition 11(a)(iv) (*Note Events of Default – Winding-up, etc*) below; and
- (iv) *Winding-up, etc*: an order is made or an effective resolution is passed for the winding-up, liquidation or dissolution of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction, the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders.

(b) ***Delivery of Note Enforcement Notice***

If a Note Event of Default occurs and is continuing, the Trustee may at its discretion and shall:

- (i) if so requested in writing by the holders of at least 25 per cent. of the Adjusted Principal Balance of the Notes then Outstanding; or
- (ii) if so directed by an Extraordinary Resolution of the Noteholders,

deliver a Note Enforcement Notice to the Issuer, the Principal Paying Agent, the Account Bank, the Custodian and the Cash Administrator.

(c) ***Conditions to Delivery of Note Enforcement Notice***

Notwithstanding Condition 11(b) (*Note Events of Default - Delivery of Note Enforcement Notice*), the Trustee:

- (i) shall not deliver a Note Enforcement Notice unless, in the case of the occurrence of any of the events mentioned in Condition 11(a)(ii) (*Note Events of Default - Breach of Other Obligations*), the Trustee shall have certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders; and
- (ii) shall not be obliged to deliver a Note Enforcement Notice unless it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all Liabilities to which it may thereby become liable or which it may incur by so doing.

(d) ***Consequences of Notes becoming Due and Payable and Delivery of Note Enforcement Notice***

Upon the delivery of a Note Enforcement Notice, all of the Notes then Outstanding shall, subject to Condition 7(f) (*Redemption of the Notes during the Extension Period*), become due and repayable on the day which is two Note Business Days following the delivery of such Note Enforcement Notice at their then Adjusted Principal Balance together with accrued interest as provided in the Trust Deed and the Security shall become enforceable by the Trustee in accordance with the Security Documents upon the delivery of such Note Enforcement Notice.

12. **Enforcement**

Subject to the provisions of Condition 11 (*Note Events of Default*) and Condition 18 (*Non-petition and Limited Recourse*), the Trustee may, at any time after the delivery of a Note Enforcement Notice, at its discretion and without notice, institute such proceedings or take any other actions or steps as it thinks fit to enforce the provisions of the Notes or the Trust Documents and the other Transaction Documents and at any time after delivery of a Note Enforcement Notice, the whole or any part of the Security shall become enforceable. The Trustee shall not be bound to take any such proceedings, actions or steps to enforce the Security unless:

- (a) so requested in writing by the holders of at least 25 per cent. of the Adjusted Principal Balance of the Notes then Outstanding; or
- (b) so directed by an Extraordinary Resolution of the Noteholders of the Notes then Outstanding,

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

Enforcement of the Security shall be the only remedy available to the Trustee and the Noteholders for the repayment of the Notes and payment of unpaid interest on the Notes. No

Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents. The Trustee may not, while any of the Notes are Outstanding, be required to enforce the Security at the request of any other Secured Creditor under the Trust Deed.

All monies received by the Issuer or the Trustee (or any Receiver appointed under the Deed of Charge) following a Note Event of Default, the delivery of a Note Enforcement Notice and the proceeds of enforcement of the Security will be applied in accordance with the Priority of Payments.

13. **Meetings of Noteholders**

(a) ***Convening***

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters relating to the Notes, including the sanctioning by Extraordinary Resolution of Noteholders of a modification of the provisions of the Trust Deed, the Notes or these Conditions or the provisions of any of the other Transaction Documents. Meetings may be convened on not less than 21 clear days' notice.

(b) ***Request from Noteholders***

A meeting of Noteholders may be convened by the Trustee or the Issuer at any time and must be convened by the Issuer upon the request in writing of Noteholders holding not less than 10 per cent. of the aggregate Adjusted Principal Balance of the Outstanding Notes.

(c) ***Quorum***

The Trust Deed provides that the quorum at any meeting convened to vote on:

- (i) a resolution, other than an Extraordinary Resolution at any meeting, will be two (2) or more persons present holding voting certificates or being proxies and holding or representing, in the aggregate, not less than one-half of the aggregate Adjusted Principal Balance of the Notes then Outstanding and shall form a quorum for the transaction of business and no business (other than choosing a Chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of the meeting;
- (ii) an Extraordinary Resolution, other than relating to a Basic Terms Modification, will be two (2) or more persons present holding voting certificates or being proxies and holding or representing not less than three-quarters of the aggregate Adjusted Principal Balance of the Notes then Outstanding or, at any adjourned meeting, two (2) or more persons holding or representing in the aggregate not less than one-half of the Adjusted Principal Balance of the Notes then Outstanding so held or represented; and
- (iii) an Extraordinary Resolution relating to a Basic Terms Modification will be two (2) or more persons present holding voting certificates, or being proxies, and holding or representing, in the aggregate, not less than three-quarters of the aggregate Adjusted Principal Balance of the Notes then Outstanding or, at any adjourned meeting, two or more persons holding or representing in the aggregate not less than one-half of the Adjusted Principal Balance of the Notes then Outstanding,

*provided that*, while all the outstanding Notes are represented by a Temporary Global Note and/or Permanent Global Note, a single voter appointed in relation thereto or being the holder of the Notes thereby represented shall be deemed to be two voters for the purposes of forming a quorum.

(d) ***Resolutions in Writing***

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

14. **Modification, Waiver and Substitution**

(a) ***Modification***

Subject to Condition 14(c) (*Restriction on Power to Modify, Waive or Substitute*), the Trustee may agree, without the consent or sanction of the Noteholders, the Couponholders, the Receiptholders or any other Secured Creditors (other than the Protection Buyer) at any time and from time to time, with the Issuer and any other relevant party to any of the Transaction Documents in making any modification (other than in respect of a Basic Terms Modification) to these Conditions, the Trust Documents, the Notes or the other Transaction Documents to which it is a party or over which it has security, or may give its consent to any event, matter or thing, if:

- (i) in its opinion, the interests of the holders of the Notes then Outstanding would not be materially prejudiced thereby;
- (ii) if in its opinion, it is required to correct a manifest error or which in the opinion of the Trustee, is of a formal, minor, or technical nature; or
- (iii) if in its opinion it is required to comply with any applicable law relating to the Issuer's automatic exchange of information obligations (including pursuant to FATCA and or CRS).

(b) ***Waiver***

Subject to Condition 14(c) (*Restriction on Power to Modify, Waive or Substitute*), the Trustee may, without the consent or sanction of the Noteholders, the Couponholders, the Receiptholders or any other Secured Creditors (other than the Protection Buyer) and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at anytime, but only if and in so far as, in its opinion, the interests of the Noteholders shall not be materially prejudiced thereby and on such terms and subject to such conditions as it shall deem fit and proper, authorise or waive any proposed breach or breach of the covenants or provisions contained in the Trust Documents, the Notes or any of the other Transaction Documents (including a Note Event of Default or a Potential Event of Default) or determine that any such default shall not be treated as such if the conditions in Condition 14(a)(i) (*Modification, Waiver and Substitution - Modification*) are satisfied.

(c) ***Restriction on Power to Modify, Waive or Substitute***

The Trustee shall not exercise any powers conferred upon it by Condition 14(a) (*Modification, Waiver and Substitution - Modification*) or Condition 14(b) (*Modification, Waiver and Substitution - Waiver*):

- (i) or otherwise exercise or purport to exercise any powers of modification (including, for the avoidance of doubt, the making of any Basic Terms Modification) or waiver in respect of the Notes, the Trust Deed, these Conditions, the Security Documents or any other Transaction Document, without the prior written consent of the Protection Buyer; and
- (ii) in contravention of any express direction by an Extraordinary Resolution of the holders of the Notes then Outstanding or of a request or direction in writing made by the holders of not less than 25 per cent. in aggregate Adjusted Principal Balance of the Notes then Outstanding but so that no such direction or request shall:
  - (A) affect any authorisation, waiver or determination previously given or made; or

- (B) authorise or waive any such proposed breach or breach relating to a Basic Terms Modification unless the holders of the Notes have authorised or waived such proposed breach or breach pursuant to an Extraordinary Resolution of the holders of the Notes then Outstanding.

(d) ***Notification***

The Issuer shall cause any such authorisation, waiver, modification or determination to be notified to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*) and the other Secured Creditors, as soon as practicable after it has been made.

(e) ***Binding Nature***

Any authorisation, waiver, determination or modification referred to in Condition 14(a) (*Modification, Waiver and Substitution - Modification*) or Condition 14(b) (*Modification, Waiver and Substitution - Waiver*) shall be binding on the Noteholders, the Couponholders, the Receiptholders and the other Secured Creditors.

(f) ***Substitution of Principal Debtor***

Subject to Condition 14(c) (*Restriction on Power to Modify, Waive or Substitute*), if a Tax Redemption Event is subsisting, the Trustee will agree, subject to such amendments of these Conditions and of any of the Transaction Documents and to such other conditions as the Trustee (in the interest of the Noteholders) may require and subject to the terms of the Trust Deed, but without the consent of the Noteholders or the Couponholders, the Receiptholders or the other Secured Creditors, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes and in respect of the other Secured Liabilities, subject to the Notes being unconditionally and irrevocably guaranteed by the Issuer (unless all or substantially all of the assets of the Issuer are transferred to such body corporate) and such guarantee being secured on the Issuer's assets subject to the Security Documents and to such body corporate being a single purpose vehicle and undertaking itself to be bound by provisions corresponding to those set out in Condition 5 (*Issuer Covenants*) and the covenants applying to the Issuer under the Trust Deed *provided that* it shall be satisfied that the interests of the Noteholders or the other Secured Creditors shall not be materially prejudiced thereby and subject to the conditions set out in the Trust Deed. In the event of any substitution under this provision, the Notes would be delisted from the Official List of the ISE and a new listing application would need to be made in respect of the new Issuer.

15. **Trustee and Agents**

(a) ***Trustee's Right to Indemnity***

Under the Transaction Documents, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed any Liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer and the other Secured Creditors without accounting for any profit.

(b) ***Trustee Not Responsible for Loss or for Monitoring***

Neither the Trustee nor the Custodian will be responsible for any loss, expense or Liability which may be suffered as a result of any assets comprised in the Security or any documents of title thereto being uninsured or inadequately insured. The Trustee shall not be responsible for monitoring the compliance of any of the other parties to the Transaction Documents with their obligations under the Transaction Documents.

(c) ***The Agents Solely Agents of Issuer***

In acting under the Agency Agreement and in connection with the Notes, the Coupons and the Receipts, the Agents act solely as agents of the Issuer and (to the extent provided

therein) the Trustee and do not assume any obligations towards, or relationship of agency or trust for or with, any of the Noteholders, the Couponholders or the Receiptholders.

(d) ***The Agents***

The Agents and their initial Specified Offices are listed below. The Issuer reserves the right (subject to the prior written approval of the Trustee) to vary or terminate the appointment of the Agents and to appoint successor agents at any time, having given not less than 30 days' notice to the relevant Agent.

(e) ***Maintenance of Agents***

The Issuer will at all times maintain a principal paying agent, an agent bank and a note calculation agent.

The Issuer reserves the right at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents.

Notice of any change in the Principal Paying Agent or in its Specified Office shall promptly be given to the Noteholders in accordance with Condition 17 (*Notices to Noteholders*).

(f) ***Appointment and Removal of the Trustee***

No person shall be appointed as Trustee under the Trust Deed and the Deed of Charge who has not previously been approved by the Protection Buyer and an Extraordinary Resolution of the Noteholders in accordance with the Trust Deed. Any appointment of a new Trustee shall as soon as practicable thereafter be notified by the Issuer to the Principal Paying Agent, the Noteholders and the Protection Buyer. The Protection Buyer and the Noteholders (by way of an Extraordinary Resolution) may together agree to jointly remove the Trustee. Pursuant to the Trust Deed, the removal of the Trustee shall not be effected unless there remains a trustee in office after such removal.

16. **Replacement of Notes, Coupons, Receipts and Talons**

If any Note, Coupon, Receipt or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and ISE requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons, Receipts or Talons must be surrendered before replacements will be issued.

17. **Notices to Noteholders**

(a) ***Valid Notices and Date of Publication***

Notices to Noteholders will be deemed to be validly given if published in a leading daily newspaper having general circulation in London (which is expected to be the Financial Times or, if in the opinion of the Trustee such publication shall not be practicable, in an English language newspaper of general circulation in Europe). The Issuer shall also ensure that all notices are duly published in a manner which complies with the rules and regulations of any listing authority, stock exchange and/or quotation system on which the Notes are for the time being listed. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made.

Until such time as any Definitive Notes are issued, there may, so long as Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for publication in such newspaper(s) as are mentioned above the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the Noteholders and, in addition, for so long



as any Notes are listed on a stock exchange and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. Any such notice will be deemed to have been given on the date of delivery to Euroclear and/or Clearstream, Luxembourg or, if publication in any newspaper is required on the date of the first publication in all required newspapers.

(b) ***Other Methods***

The Trustee may approve some other method of giving notice to the Noteholders if, in its opinion, that other method is reasonable having regard to market practice then prevailing and to the requirements of any stock exchange on which Notes are then listed and *provided that* notice of that other method is given to the Noteholders in the manner required by the Trustee.

(c) ***Couponholders and Receiptholders Deemed to Have Notice***

Couponholders and Receiptholders shall be deemed for all purposes to have notice of the contents of any notice given to Noteholders. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made in the manner referred to above.

(d) ***Notices to ISE***

A copy of each notice given in accordance with this Condition 17 (*Notices to Noteholders*) shall be provided to the ISE (for so long as the Notes are listed on the ISE and the continuing obligation listing rules of the ISE so require).

(e) ***Notices under the Cash Administration Agreement***

The Issuer shall procure that the Cash Administrator provides any notices to Noteholders that may be due pursuant to the terms of the Cash Administration Agreement.

18. **Non-petition and Limited Recourse**

- (a) Each of the Noteholders by purchasing or subscribing for the Notes agrees with the Issuer that notwithstanding any other provision of the Transaction Documents, all obligations of the Issuer to the Noteholders, including, without limitation, its obligations under the Notes and the Transaction Documents, are limited in recourse as set out below:
- (i) it will have a right of recourse only in respect of the Secured Property and will not have any claim, by operation of law or otherwise, against, or recourse to any of the Issuer's other assets or its contributed capital;
  - (ii) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Trustee in respect of the Secured Property whether pursuant to enforcement of the Security or otherwise, net of any sums which are payable to other persons in priority to or *pari passu* with such Noteholder in accordance with the Priority of Payments; and
  - (iii) on the Final Redemption Date or following final distribution of net proceeds of enforcement of the Security, the Trustee gives written notice to the Noteholders that it has determined, in its sole discretion, that the Issuer has insufficient funds to pay in full all of the Issuer's obligations to the Noteholders, the Noteholders shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.
- (b) Subject to Condition 12 (*Enforcement*), none of the Noteholders or the parties to the Transaction Documents shall be entitled to petition or take any corporate action or other

steps, actions or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of a receiver, administrator, receiver, or manager, administrative receiver, trustee, liquidator, examiner, sequestrator, bankruptcy official or similar officer in respect of the Issuer or any of its revenues or assets for so long as the Notes are Outstanding or for two years and a day after all sums outstanding and owing in respect of the Notes have been paid in full, *provided that* the Trustee may prove or lodge a claim in liquidation or bankruptcy of the Issuer initiated by another party and *provided further that* the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Trust Deed.

- (c) None of the parties to the Transaction Documents shall have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Trust Deed or any other Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

19. **Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.).

20. **Contracts (Rights Of Third Parties) Act 1999**

No person will have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy of a third party which exists or is available apart from that Act.

21. **Governing Law**

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

## TAXATION IN IRELAND

The following summary of the anticipated treatment of the Issuer and holders of Notes is based on Irish taxation law and practice as they are understood to apply at the date of this document and is subject to changes in such taxation law and practice. It does not constitute legal or tax advice and does not address all aspects of Irish tax law and practice (including such tax law and practice as they apply to any land or building situate in Ireland). Prospective investors in the Notes should consult their professional advisers on the Implications of acquiring, buying, selling or otherwise disposing of the Notes under the laws of any jurisdiction in which they may be liable to taxation.

### Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the **1997 Act**) for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the ISE) (**quoted Eurobonds**).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (i) the person by or through whom the payment is made is not in Ireland; or
- (ii) the payment is made by or through a person in Ireland, and either:
  - (A) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (e.g. Euroclear, Clearstream Banking SA and Clearstream Banking AG), or
  - (B) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in a recognised clearing system such as Euroclear, Clearstream Banking SA or Clearstream Banking AG (or, if not so held, payments on the Notes are made through a paying agent not in Ireland), interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a qualifying company within the meaning of Section 110 of the 1997 Act (a **Qualifying Company**) and provided the interest is paid to a person resident in either (i) a member state of the European Union (other than Ireland) or (ii) a country with which Ireland has signed a comprehensive double taxation agreement (such a country mentioned in either (i) or (ii) being a **Relevant Territory**). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain limited circumstances a payment of interest by the Issuer which is considered dependent on the results of the Issuer's business or which represents more than a reasonable commercial return can be re-characterised as a distribution subject to dividend withholding tax.

A payment of profit dependent or excessive interest on the Notes will not be re-characterised as a distribution to which dividend withholding tax could apply where, broadly, the Noteholder is either

- (i) an Irish tax resident person;
- (ii) a person who in respect of the interest, is subject under the laws of a Relevant Territory to tax which generally applies to profits, income or gains received from sources outside that territory, without any reduction computed by reference to the amount of the interest payment;

- (iii) (iii), for so long as the Notes remain quoted Eurobonds, neither a person which is a company which directly or indirectly controls the Issuer or which is controlled by a third company which directly or indirectly controls the Issuer nor is a person (including any connected person) (a) from whom the Issuer has acquired assets, (b) to whom the Issuer has made loans or advances, or (c) with whom the Issuer has entered into a return agreement (as defined in section 110(1) of the 1997 Act) where the aggregate value of such assets, loans, advances or agreements represents 75% or more of the assets of the Issuer (such a person falling within this category of person being a Specified Person); or
- (iv) an exempt pension fund, government body or other resident in a Relevant Territory person (which is not a Specified Person).

### **Encashment tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder. Encashment tax does not apply where the Noteholder is not resident in Ireland and has made a declaration in the prescribed form to the encashment agent or bank.

### **Taxation of Noteholders**

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax, PRSI and the universal social charge. Ireland operates a self-assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a Relevant Territory provided either (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above and the recipient is not a resident of Ireland (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a Qualifying Company, or (iii) if the Issuer has ceased to be a Qualifying Company, the recipient of the interest is a company and the jurisdiction concerned imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction.

In addition, provided that the Notes are quoted Eurobonds and are exempt from withholding tax as set out above, the interest on the Notes will be exempt from Irish income tax if the recipient of the interest is (i) a company under the control, directly or indirectly, of persons who by virtue of the law of a relevant territory are resident in that country and that person or persons are not themselves under the control whether directly or indirectly of a person who is not resident in such a country, or (ii) a company, the principal class of shares of such company, or another company of which the recipient company is a 75% subsidiary, is substantially and regularly traded on one or more recognised stock exchanges in Ireland or a relevant territory or a stock exchange approved by the Irish Minister for Finance.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within any of the above exemptions may be liable to Irish income tax and the universal social charge on such interest.

### **Capital Gains Tax**

A holder of Notes will not be subject to Irish tax on capital gains on a disposal of Notes unless such holder is resident or ordinarily resident in Ireland or carries on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

### **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in

Ireland (or, in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland.

Bearer Notes are generally regarded as situated where they are physically located at any particular time. Registered Notes are generally regarded as situated where the principal register of Noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

### **Stamp Duty**

Provided the Issuer remains a Qualifying Company no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes provided the money raised on the issue of the Notes is used in the course of the Issuer's business.

### **Automatic exchange of information**

Irish reporting financial institutions, which may include the Issuer may have reporting obligations in respect of a Noteholder under FATCA as implemented pursuant to the Ireland – US intergovernmental agreement and/or the OECD's Common Reporting Standard (see below).

### **Information exchange and the implementation of FATCA in Ireland**

With effect from 1 July 2014 the Issuer may be obliged to report certain information in respect of certain U.S. investors (Noteholders) in the Issuer to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

The Foreign Account Tax Compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010 (FATCA), may impose a 30% US withholding tax on certain 'withholdable payments' made on or after 1 July 2014 unless the payee enters into and complies with an agreement with the U.S. Internal Revenue Service (IRS) to collect and provide to the IRS substantial information regarding direct and indirect owners and account holders and on certain "foreign passthru payments" no earlier than 1 January 2019.

On 21 December 2012 Ireland signed an Intergovernmental Agreement (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 Irish 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 Irish IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 as amended (which came into operation on 1 July 2014) (the Irish Regulations) implementing the information disclosure obligations Irish financial institutions such as the Issuer are required to report certain information with respect to U.S. account holders to the Revenue Commissioners. The Revenue Commissioners will automatically provide that information annually to the IRS. The Issuer must obtain the necessary information from Noteholders required to satisfy the reporting requirements whether under the IGA, the Irish Regulations or any other applicable legislation published in connection with FATCA and such information may be sought from each holder and beneficial owner of the Notes. It should be noted that the Irish Regulations require the collection of information and filing of returns with the Irish Revenue Commissioners regardless as to whether the Issuer holds any U.S. assets or has any U.S. investors. However to the extent that the Notes are held in a recognised clearing system 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 Irish IGA and Irish 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 should obtain independent tax advice in relation to the potential impact of FATCA before investing.

## **Common Reporting Standard (CRS)**

The Common Reporting Standard (CRS) framework was first released by the OECD in February 2014. To date, more than 90 jurisdictions have publically committed to implementation, many of which are early adopter countries, including Ireland. On 21 July 2014, the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the **Standard**) was published, involving the use of two main elements, the Competent Authority Agreement (**CAA**) and the CRS.

The goal of the Standard is to provide for the annual automatic exchange between governments of financial account information reported to them by local Financial Institutions (FIs) relating to account holders tax resident in other participating countries to assist in the efficient collection of tax. The OECD, in developing the CAA and CRS, have used FATCA concepts and as such the Standard is broadly similar to the FATCA requirements, albeit with numerous alterations. It will result in a significantly higher number of reportable persons due to the increased instances of potentially in-scope accounts and the inclusion of multiple jurisdictions to which accounts must be reported.

Ireland is a signatory jurisdiction to a Multilateral Competent Authority Agreement on the automatic exchange of financial account information in respect of CRS while Section 891F and 891G of the TCA contain measures necessary to implement the CRS internationally and across the European Union, respectively. Regulations, the Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the **CRS Regulations**), giving effect to the CRS from 1 January 2016 came into operation on 31 December 2015.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("**DAC II**") implements CRS in a European context and creates a mandatory obligation for all EU Member States to exchange financial account information in respect of residents in other EU Member States on an annual basis. The Irish Finance Act 2015 contained measures necessary to implement the DAC II. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the "**Regulations**"), giving effect to DAC II from 1 January 2016, came into operation on 31 December 2015.

Under the Regulations reporting FIs, are required to collect certain information on accountholders and on certain Controlling Persons in the case of the accountholder(s) being an Entity, as defined for CRS purposes, (e.g. name, address, jurisdiction of residence, TIN, date and place of birth (as appropriate), the account number and the account balance or value at the end of each calendar year) to identify accounts which are reportable to the Irish tax authorities. The Irish tax authorities shall in turn exchange such information with their counterparts in participating jurisdictions. However, to the extent that the Notes are held within a recognised clearing system, 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. Further information in relation to CRS and DAC II can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie)

**If you are in any doubt as to your tax position you should consult your professional tax adviser.**

## SUBSCRIPTION AND SALE

The Lead Manager will, under a subscription agreement to be dated on or about 22 December 2016 (the "**Subscription Agreement**") between the Lead Manager and the Issuer, agree with the Issuer to subscribe, or to procure subscriptions, for the Notes at the issue price of 100 per cent. of their initial principal amount, subject to certain conditions contained therein. The Issuer has agreed to indemnify the Lead Manager against certain liabilities incurred in connection with the offer and sale of the Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Manager in certain circumstances prior to payment for the Notes to the Issuer.

Attention is also drawn to the information set out on the inside cover of this Prospectus.

### United Kingdom

The Lead Manager has represented to and agreed with the Issuer, amongst other things, that:

- (a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

### United States

- (a) The Issuer and Lead Manager have represented, warranted and undertaken, each on their own behalf only, that neither of them nor any of their Affiliates (including any person acting on behalf of either of them or any of their Affiliates) has offered or sold, or will offer or sell, any Notes in any circumstances which would require the registration of any of the Notes under the Securities Act or the qualification of the Trust Deed as an indenture under the United States Trust Indenture Act of 1939 and, in particular, that:
  - (i) *No directed selling efforts*: neither of them nor any of their Affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts with respect to the Notes;
  - (ii) *No SUSMI*: the Issuer and Lead Manager each reasonably believe that there is no substantial U.S. market interest in the Issuer's debt securities; and
  - (iii) the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.
- (b) The Notes will be issued in accordance with the provisions of U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D) (or substantially identical successor provisions) (the "TEFRA D Rules"). In relation to Notes to which the TEFRA D Rules apply, the Lead Manager represents, agrees and undertakes that:
  - (i) except to the extent permitted under the TEFRA D Rules, (i) it has not offered or sold, and during the restricted period (as defined in U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(7) (or substantially identical successor provisions)) will not offer or sell, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) the Lead Manager has not delivered and will not deliver within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;
  - (ii) it has and throughout the restricted period it will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted

period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;

- (iii) if the Lead Manager is a United States person, it represents that it is acquiring the Notes in bearer form for purposes of resale in connection with their original issuance and, if the Lead Manager retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(6) (or substantially identical successor provisions);
- (iv) with respect to each affiliate if any that acquires from the Lead Manager Notes in bearer form for the purpose of offering or selling such Notes during the restricted period, the Lead Manager either repeats and confirms the representations, warranties and undertakings to the effect set forth in sub-paragraphs (i), (ii) and (iii) of this paragraph (b) on such affiliate's behalf or agrees that it will obtain from such affiliate for the benefit of the Issuer the representations, warranties and undertakings contained in such sub-paragraphs (i), (ii) and (iii); and
- (v) it shall obtain for the benefit of the Issuer, the representations, warranties and undertakings contained in sub-paragraphs (i), (ii), (iii), (iv) and this subparagraph (v) from any person other than its affiliate with whom it enters into a written contract (a "distributor" as defined in U.S. Treasury Regulation Section 1.163-5(c)(2)(i)(D)(4) (or substantially identical successor provisions)), for the offer and sale during the restricted period of the Notes in bearer form.

Terms used in this paragraph (b) have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and Treasury Regulations thereunder, including the TEFRA D Rules.

#### **European Economic Area**

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each of the Issuer and the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the manager nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.



The Issuer and the Lead Manager have represented and agreed that they have not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
  - (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

### ***The Netherlands***

The Lead Manager has represented and agreed that it will not make an offer of the Notes which are the subject of the offering contemplated by this Prospectus to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive, unless such offer is made exclusively to legal entities which are qualified investors (as defined in the Financial Markets Supervisions Act (*Wet op het financieel toezicht*) and which includes authorised discretionary asset managers acting for the account of retail investors under a discretionary investment management contract) in The Netherlands, provided that no such offer of Notes shall require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expressions (i) an "offer of Notes to the public" in relation to any Notes in The Netherlands; and (ii) "Prospectus Directive", have the meaning given to them above in the section entitled "European Economic Area".

### ***France***

The Lead Manager has represented, warranted and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, any Notes to the public in France and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in France only to (a) persons providing investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (b) qualified investors (*investisseurs qualifiés*), as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the French Code *monétaire et financier*.

### ***Switzerland***

The Notes shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and neither this Prospectus nor any other solicitation for investments in the Notes may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (the "**CO**") or of Article 3 of the Swiss Federal Act on Collective Investment Schemes (the "**CISA**") unless the legal and regulatory conditions imposed on a public offering under the CO or CISA are satisfied. This Prospectus does not constitute a public offering within the meaning of Articles 652a, respectively 1156, of the CO and of Article 5 of the CISA and may not comply with the information standards required thereunder, and in particular with the guidelines on informing investors about structured products as published in July 2007 by the Swiss Bankers Association, as applicable.

The Notes do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Notes do not benefit from protection under the CISA or from the supervision of the Swiss Federal Banking Commission. Investors are exposed to the default risk of the Issuer.

### *Denmark*

This Prospectus has not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. The Notes have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with Chapter 6 or Chapter 12 of the Danish Act on Trading in Securities and executive orders issued pursuant thereto as amended from time to time.

### *Ireland*

The Lead Manager has represented to and agreed with the Issuer that:

- (a) to the extent applicable, it will not underwrite the issue or placement of the Notes otherwise than in conformity with the provisions of the Irish European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) including, without limitation, Regulations 7 and 152 thereof or any codes of conduct issued in connection therewith, and the provisions of the Investor Compensation Act 1998 (as amended);
- (b) it will not underwrite the issue or placement of the Notes, otherwise than in conformity with the provisions of the Central Bank Acts 1942 to 2015 (as amended) and any codes of conduct rules made under section 117(1) of the Central Bank Act, 1989 (as amended) or section 48 of the Central Bank (Supervision and Enforcement) Act 2013;
- (c) it will not underwrite the issue or placement of, or otherwise act in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended), the Companies Act 2014 (as amended) the **Companies Act**) and any rules issued under 1363 of the Companies Act by the Central Bank of Ireland (the "**Central Bank**"); and
- (d) it will not underwrite the issue or placement of, or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of Regulation (EU) No. 596/2014 on market abuse, Directive 2014/57/EU on criminal sanctions for market abuse, the European Union (Market Abuse) Regulations 2016 and any rules issued under section 1370 of the Companies Act by the Central Bank.

### *Cayman Islands*

The Lead Manager has represented, warranted and agreed that it has not, directly or indirectly, and will not, directly or indirectly, make any invitation to any member of the public in the Cayman Islands, within the meaning of Section 175 of the Companies Law (2013 Revision) of the Cayman Islands, to subscribe for any Notes and this Prospectus may not be issued or passed to any such person.

### **General**

Except for listing the Notes on the ISE, and as otherwise described in this Prospectus no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Lead Manager has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

## Resale

The Notes have not been and will not be registered under the Securities Act or any state securities or "Blue Sky" laws or the securities laws of any other jurisdiction and, accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions set out herein.

Without limiting the foregoing, by holding a Note, each Noteholder acknowledges and agrees, among other things, that such Noteholder understands that the Issuer is not registered as an investment company under the Investment Company Act of 1940, as amended (the "**Investment Company Act**").

## Legend

Unless determined otherwise by the Issuer in accordance with applicable law and so long as any Notes are outstanding, Notes will bear a legend substantially set forth below:

**THE NOTES ARE CONSTITUTED BY THE TRUST DEED, DATED ON OR ABOUT 17 DECEMBER 2015 (THE "TRUST DEED") BY AND BETWEEN THE ISSUER AND U.S. BANK TRUSTEES LIMITED, AS TRUSTEE. COPIES OF THE TRUST DEED MAY BE OBTAINED BY NOTEHOLDERS FROM THE TRUSTEE.**

**ANY U.S. PERSON (AS DEFINED IN THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE")) WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING LIMITATIONS PROVIDED IN SECTIONS 165(J) AND 1287(A) OF THE CODE.**

**THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), ANY STATE SECURITIES LAWS IN THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION. THIS NOTE MAY NOT BE REOFFERED, RESOLD, PLEDGED OR DELIVERED WITHIN THE UNITED STATES OR TO U.S. PERSONS (AS DEFINED IN REGULATION S) ("U.S. PERSONS"). THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, REPRESENTS THAT IT IS NOT A U.S. PERSON AND HAS OBTAINED THIS NOTE IN A TRANSACTION IN COMPLIANCE WITH THE SECURITIES ACT AND ALL OTHER APPLICABLE LAWS OF THE UNITED STATES OR ANY OTHER JURISDICTION, AND THE RESTRICTIONS ON SALE AND TRANSFER SET FORTH IN THE TRUST DEED. THE HOLDER HEREOF, BY ITS ACCEPTANCE OF THIS NOTE, FURTHER REPRESENTS, ACKNOWLEDGES AND AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THIS NOTE (OR ANY INTEREST HEREIN) EXCEPT IN COMPLIANCE WITH THE SECURITIES ACT AND ALL OTHER APPLICABLE LAWS OF ANY JURISDICTION AND IN ACCORDANCE WITH THE RESTRICTIONS, CERTIFICATIONS AND OTHER REQUIREMENTS SPECIFIED IN THE TRUST DEED TO A TRANSFEREE THAT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT AND IN A PRINCIPAL AMOUNT, WITH RESPECT TO THE NOTES OF NOT LESS THAN GBP 100,000 FOR THE PURCHASER AND FOR EACH ACCOUNT FOR WHICH IT IS ACTING.**

**EACH PURCHASER OR TRANSFEREE OF THIS NOTE WILL BE DEEMED TO HAVE MADE THE REPRESENTATIONS AND AGREEMENTS SET FORTH IN THE TRUST DEED.**

**ANY SALE OR TRANSFER IN VIOLATION OF THE FOREGOING WILL BE OF NO FORCE AND EFFECT, WILL BE VOID AB INITIO, AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE ISSUER, THE TRUSTEE OR ANY INTERMEDIARY.**

**IN ADDITION TO THE FOREGOING, THE ISSUER HAS THE RIGHT TO COMPEL ANY BENEFICIAL OWNER OF A NOTE THAT IS NOT A NON-U.S. PERSON, TO SELL SUCH NOTES, OR MAY SELL SUCH NOTES ON BEHALF OF SUCH OWNER.**

**EACH TRANSFEROR OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE TRUST DEED TO THE TRANSFEREE. IN ADDITION TO THE FOREGOING, THE ISSUER MAINTAINS THE RIGHT TO RESELL**

ANY INTEREST IN THIS NOTE PREVIOUSLY TRANSFERRED TO HOLDERS NOT ELIGIBLE TO PURCHASE SUCH INTERESTS IN ACCORDANCE WITH AND SUBJECT TO THE TERMS OF THE TRUST DEED. HOWEVER, WITHOUT PREJUDICE TO THE RIGHTS OF THE ISSUER AGAINST ANY BENEFICIAL OWNER OR PURPORTED BENEFICIAL OWNER OF NOTES, NOTHING IN THE TRUST DEED OR THE NOTES SHALL BE INTERPRETED TO CONFER ON THE ISSUER, THE TRUSTEE OR ANY PAYING AGENT ANY RIGHT AGAINST EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG TO REQUIRE THAT EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG, AS THE CASE MAY BE, REVERSE OR RESCIND ANY TRADE COMPLETED IN ACCORDANCE WITH THE RULES OF EUROCLEAR AND/OR CLEARSTREAM, LUXEMBOURG, AS THE CASE MAY BE.

BY ITS PURCHASE AND HOLDING OF A NOTE OR ANY INTEREST THEREIN, THE PURCHASER AND/OR HOLDER THEREOF AND EACH TRANSFEREE WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED AT THE TIME OF ITS PURCHASE AND THROUGHOUT THE PERIOD THAT IT HOLDS SUCH NOTE OR INTEREST THEREIN, THAT (1) IT IS NOT AND WILL NOT BE (I) A BENEFIT PLAN INVESTOR (AS DEFINED IN SECTION 3(42) OF ERISA OR 29 CFR SECTION 2510.3-101) OR (II) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE FIDUCIARY RESPONSIBILITY AND/OR THE PROHIBITED TRANSACTION PROVISIONS OF THE ERISA AND/OR SECTION 4975 OF THE CODE ("SIMILAR LAWS"), UNLESS SUCH ACQUISITION DOES NOT AND WILL NOT RESULT IN A NON EXEMPT VIOLATION OF ANY SIMILAR LAWS; AND (2) IT WILL NOT SELL OR OTHERWISE TRANSFER ANY NOTE OR INTEREST THEREIN TO ANY PERSON WITHOUT FIRST OBTAINING THE SAME FOREGOING REPRESENTATIONS, WARRANTIES AND COVENANTS FROM THAT PERSON.

PRINCIPAL OF THIS NOTE IS PAYABLE AS SET FORTH IN THE TRUST DEED. ACCORDINGLY, THE OUTSTANDING PRINCIPAL OF THIS NOTE AT ANY TIME MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANY PERSON ACQUIRING THIS NOTE MAY ASCERTAIN ITS CURRENT PRINCIPAL AMOUNT BY INQUIRY OF THE PRINCIPAL PAYING AGENT. THE HOLDER OF THIS NOTE ACKNOWLEDGES THAT NOTWITHSTANDING ANY OTHER PROVISION OF THE TRUST DEED OR ANY OTHER TRANSACTION DOCUMENT, ALL PAYMENTS OF PRINCIPAL, INTEREST OR ANY OTHER AMOUNT TO BE MADE BY THE ISSUER IN RESPECT OF THE NOTES OR UNDER ANY TRANSACTION DOCUMENT WILL BE PAYABLE PURSUANT TO THE PRIORITY OF PAYMENTS AND ONLY FROM, AND TO THE EXTENT OF, THE SUMS PAID TO, OR NET PROCEEDS RECOVERED BY OR ON BEHALF OF, THE ISSUER IN RESPECT OF THE SECURITY (AS DEFINED IN THE DEED OF CHARGE). IF THE PROCEEDS OF THE SECURITY (AS DEFINED IN THE DEED OF CHARGE) ARE NOT SUFFICIENT FOR THE ISSUER TO MEET ITS OBLIGATIONS IN RESPECT OF THE NOTES AND OTHER TRANSACTION DOCUMENTS, NO OTHER ASSETS OF THE ISSUER WILL BE AVAILABLE TO MEET SUCH INSUFFICIENCY.

NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, NO PARTICIPANT TO THIS TRANSACTION SHALL BE LIMITED FROM DISCLOSING THE UNITED STATES TAX TREATMENT OR THE UNITED STATES TAX STRUCTURE OF THIS TRANSACTION.

EACH TRANSFEROR OF THIS NOTE AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN TO THE TRANSFEREE.

**Transfer Restrictions Applicable to the Notes:**

- (a) Each transferee of a Note or any interest therein will be deemed to have represented and agreed, that on and as of the relevant date of delivery of such Notes to it and in each case with respect to the Notes:
  - (i) it understands and acknowledges that the Notes have not been registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or any state securities laws and that that Notes may not be offered or sold except in transactions exempt from, or not

subject to, the registration requirements of the Securities Act or unless registered under the Securities Act;

- (ii) it understands and acknowledges that the Issuer has not been registered under the U.S. Investment Company Act of 1940, as amended (the "**Investment Company Act**");
  - (iii) it is acquiring the Notes for its own account (not as a nominee or an agent);
  - (iv) it is a sophisticated investor with such knowledge and experience in financial and business matters, including but not limited to sales and purchases of the type of debt securities issued by the Issuer, as to be capable of evaluating the merits and risks of the purchase of the Notes; it has sought such financial, accounting, legal and tax advice as it has considered necessary to make an informed investment decision with respect to the Notes; it is able to bear the economic risk of an investment in the Notes and can afford a complete loss of an investment;
  - (v) in making the decision to purchase the Notes it has relied solely upon its own independent investigation; and
  - (vi) it is not a U.S. Person and that it is presently located outside the United States (a "**Non-U.S. Person**") and is taking possession of the Notes in Regulation S form, where "**U.S. Person**" means U.S. Persons as defined in Regulation S.
- (b) With respect to any transfer of a Note or any interest therein to any person:
- (i) the Notes may only be transferred in denominations of GBP 100,000;
  - (ii) the Notes may only be transferred in accordance with all applicable securities laws of the United States; and
  - (iii) any purported transfer in violation of any securities laws of the United States or any provision of the Trust Deed or the Conditions will not be permitted.
- (c) The Issuer shall have the right to compel any beneficial owner of any Note that is not a Non-U.S. Person, to sell such Notes, or may sell such Notes on behalf of such owner.
- (d) The Notes are and will be subject to certain transfer restrictions as more fully set out in the Trust Deed and each transferor of the Notes shall provide notice of such transfer restrictions to any proposed transferee of the Notes.
- (e) Each of the Issuer and the Trustee is entitled to rely upon these representations and warranties provided by a transferee.
- (f) Each transferee of the Notes represents and will be required to represent throughout the time of its holding of any Notes that:
- (i) it is not and is not deemed for purposes of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**") or section 4975 of the Internal Revenue Code of 1986, as amended (the "**Code**") to be (a) an "employee benefit plan" as defined in ERISA and subject to part 4 of subtitle B of title I of ERISA, (b) a "plan" as defined in and subject to section 4975 of the Code, or (c) any entity whose underlying assets are deemed for purposes of ERISA or the code to include "plan assets" by reason of such plan investment in the entity;
  - (ii) if, at any time, it will be an employee benefit plan that is not a benefit plan investor and that is subject to any U.S. Federal, state, or local law that is substantially similar to section 406 of ERISA or Section 4975 of the Code (a "**Similar Law**"), the purchase and holding of the Notes do not and will not violate any Similar Law; and
  - (iii) it acknowledges and agrees that any purported transfer of any Note that does not comply with these requirements shall be null and void *ab initio*.

- (g) Each transferee of the Notes acknowledges and agrees that this Global Note may only be held by a Non-U.S. Person.

## BOOK ENTRY CLEARANCE PROCEDURES

*The information set out below has been obtained from information published by the Clearing Systems (as defined herein) 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 public information published by the Clearing Systems and as far as the Issuer is aware and are able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the "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 Common Depositary, the Issuer, the Note Trustee, the Security Trustee, the Lead Manager, any Paying Agent or the Protection Buyer (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act), 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 below.*

### **Euroclear and Clearstream, Luxembourg**

Custodial and depositary links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Notes and cross-market transfers of the Notes associated with secondary market trading. See "*Settlement and Transfer of Notes*" below.

### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions through electronic book-entry transfer between their respective accountholders. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions which clear through or maintain a custodial relationship with an accountholder of either system. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective customers may settle trades with each other. Their customers are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Investors may hold their interests in such Global Note Certificates directly through Euroclear or Clearstream, Luxembourg if they are accountholders ("**Direct Participants**") or indirectly ("**Indirect Participants**" and together with Direct Participants, "**Participants**") through organisations which are accountholders therein.

### **Book-Entry Ownership**

#### ***Euroclear and Clearstream, Luxembourg***

Each Global Note Certificate will have an ISIN and a Common Code and will be deposited with the Common Depositary as common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of a nominee of the Common Depositary.

#### ***Payments and Relationship of Participants with Clearing Systems***

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note represented by a Global Note Certificate must look solely to Euroclear or Clearstream, Luxembourg for its share of each payment made by the Issuer to the holder of such Global Note Certificate and in relation to all other rights arising under the Global Note Certificates, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg (as the case may be).

The Issuer expects that, upon receipt of any payment in respect of Notes represented by a Global Note Certificate, the depositary by whom such Note is held, or nominee in whose name it is registered, will immediately credit the relevant participants' or accountholders' accounts in the relevant Clearing System

with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Note Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants in any Clearing System to owners of beneficial interests in any Global Note Certificate held through such Direct Participants in any clearing system will be governed by standing instructions and customary practices.

Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Note Certificate in respect of each amount so paid. None of the Common Depositary, the Issuer, the Note Trustee, the Security Trustee, any Paying Agent, the Protection Buyer or the Corporate Services Provider will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Note Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

### **Settlement and Transfer of Notes**

Subject to the rules and procedures of each applicable Clearing System, purchases of Notes held within a Clearing System must be made by or through Direct Participants, which will receive a credit for such Notes on the Clearing System's records. The ownership interest of each actual purchaser of each such Note (the "**Beneficial Owner**") will in turn be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from any Clearing System of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Notes held within the Clearing System will be effected by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Notes, unless and until interests in any Global Note Certificate held within a Clearing System are exchanged for Individual Note Certificates.

No Clearing System has knowledge of the actual Beneficial Owners of the Notes held within such Clearing System and their records will reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the Clearing Systems to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

### ***Trading between Euroclear and/or Clearstream, Luxembourg Participants***

Secondary market sales of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg to purchasers of Book-Entry Interests in the Notes held through Euroclear or Clearstream, Luxembourg will be conducted in accordance with the normal rules and operating procedures of Euroclear and Clearstream, Luxembourg and will be settled using the procedures applicable to conventional US dollar-denominated bonds.



## GENERAL INFORMATION

1. All authorisations, consents and approvals to be obtained by the Issuer for, or in connection with, the creation and issue of the Notes, the performance by the Issuer of the obligations expressed to be undertaken by it and the distribution of this Prospectus have been obtained and are in full force and effect. The issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer passed on or about 15 December 2016.
2. This Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Directive 2003/71/EC. The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of the ISE or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the ISE for the Notes to be admitted to the Official List and trading on its regulated market. The listing of the Notes will be cancelled if the Global Notes are not issued. The listing agent responsible for such listing is A&L Listing Limited.

A&L Listing Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the ISE or to trading on the regulated market of the ISE for the purposes of the Prospectus Directive.

3. The Notes have been accepted for clearance through Clearstream, Luxembourg, Euroclear as follows with Common Code: 153708606 and ISIN: XS1537086065.
4. The Issuer is not involved, nor has been involved, in any legal, governmental or arbitration proceedings which may have, or have had, since the date of its incorporation, a significant effect on its financial position or profitability, nor is the Issuer aware that any such proceedings are pending or threatened.
5. Since 9 December 2016 (being the date of incorporation of the Issuer), the Issuer has not:
  - (a) commenced operations;
  - (b) made up annual financial accounts as at the date of this Prospectus; or
  - (c) entered into any contracts or arrangements not being in its ordinary course of business.
6. Since 9 December 2016 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects and no significant change in the financial or trading position of the Issuer.
7. For so long as the Notes are listed on the ISE, the Issuer will not provide post-issuance reporting other than the Investor Reports, which will be made available at the Specified Office of the Principal Paying Agent and at the Issuer's registered office and will be made available via a website, currently at <https://usbtrustgateway.usbank.com>.
8. For so long as the Notes are admitted to listing on the ISE and the listing rules of the ISE so require, copies of the following documents will be available during usual business hours on any week day (excluding Saturdays, Sundays and public holidays) at the Specified Office of the Principal Paying Agent and at the Issuer's registered office free of charge from the date of this Prospectus:
  - (a) the most recently published Investor Report;
  - (b) the latest annual financial reports of the Issuer (which will be prepared in accordance with Irish statutory requirements) will be available on or about June in each year in respect of the preceding financial year, with the first such financial reports being available on or about 30 June 2018 in respect of the financial year ending 31 December 2017. No interim financial reports will be produced by the Issuer unless required by a future law or regulation;

- (c) the Memorandum and Articles of Association of ANTS; and
  - (d) the annual financial reports of ANTS for the financial years 2014 and 2015.
9. From the date of this Prospectus to the date falling 14 days after the Notes have been admitted to listing on the ISE, copies of the following documents and this Prospectus may be inspected (in either physical or electronic format) (and, in the case of the documents listed in items (b)(i) to (xvi) (inclusive), may be obtained free of charge) during usual business hours on any week day (excluding Saturdays, Sundays and public holidays) at the Specified Offices of the Principal Paying Agent and at the registered office of the Issuer:
- (a) The Memorandum and Articles of Association of the Issuer; and
  - (b) prior to the Closing Date, drafts (subject to modification) and, after the Closing Date, copies of the following documents:
    - (i) the Notes and the Conditions appended thereto;
    - (ii) the Trust Deed;
    - (iii) the Deed of Charge;
    - (iv) the Credit Protection Deed;
    - (v) the Agency Agreement;
    - (vi) the Cash Administration Agreement;
    - (vii) the Cash Deposit Bank Agreement;
    - (viii) the Custody Agreement;
    - (ix) the Collateral Management Agreement;
    - (x) the Account Bank Agreement; and
    - (xi) the Corporate Services Agreement.

## GLOSSARY OF DEFINED TERMS

In addition to the terms otherwise used and defined in this Prospectus or the Terms and Conditions of the Notes, the following terms (which are defined in the Transaction Documents) are used in this Prospectus:

**"Account Bank Required Rating"** means that the long-term, unsecured and unsubordinated debt obligations of the Account Bank are rated as high as "BBB" by Fitch, "BBB" by S&P and "Baa2" by Moody's.

**"Affected Party"** has the meaning given to that term in the definition of **"Termination Event"**.

**"Affiliate"** means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person (and, for this purpose, "control" means ownership of a majority of the voting power of the entity or person).

**"Amortisation Amount"** means:

- (a) in respect of any Calculation Period which ends prior to the end of the Replenishment Period, an amount specified by the Protection Buyer in its discretion, *provided that* such amount shall not exceed an amount equal to:
  - (i) the Maximum Reference Portfolio Notional Amount on the last day of that Calculation Period; *minus*
  - (ii) the Reference Portfolio Notional Amount on the last day of that Calculation Period (after giving effect to any Reductions and Replenishments occurring on or prior to that date);;
- (b) in respect of the Calculation Period which ends on or immediately following the end of the Replenishment Period, an amount equal to:
  - (i) the Maximum Reference Portfolio Notional Amount on the last day of that Calculation Period; *minus*
  - (ii) the Reference Portfolio Notional Amount on the last day of that Calculation Period (after giving effect to any Reductions and Replenishments occurring on or prior to that date);
- (c) in respect of any Calculation Period from (but excluding) the Calculation Period which ends on or immediately following the end of the Replenishment Period to (and including) the Calculation Period which ends on the Effective Protection Termination Date, an amount equal to:
  - (i) the Maximum Reference Portfolio Notional Amount on the last day of that Calculation Period; *minus*
  - (ii) the Reference Portfolio Notional Amount on the last day of that Calculation Period (after giving effect to any Reductions occurring on or prior to that date); and
- (d) in respect of any Calculation Period from (but excluding) the Calculation Period which ends on the Effective Protection Termination Date to (and including) the Calculation Period which ends on the Termination Date, zero.

**"Bankruptcy"** means, in respect of an entity, that such entity:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits, in writing in a judicial, regulatory or administrative proceeding or filing, its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting

creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:

- (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within thirty calendar days of the institution or presentation thereof;
- (e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
  - (f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, examiner, custodian or other similar official for it or for all or substantially all its assets;
  - (g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty calendar days thereafter; or
  - (h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in sub-paragraphs (a) to (g) (inclusive).

**"Benefit"** in respect of any asset, agreement, property or right (each a **"Right"** for the purpose of this definition) held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:

- (a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Right and all Ancillary Rights in respect of such Right;
- (b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Right or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;
- (c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Right or its Ancillary Rights;
- (d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Right or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Right or its Ancillary Rights; and
- (e) all items expressed to be held on trust for such person under or comprised in any such Right or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Right and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Right and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach;

**"Calculation Date"** means:

- (a) each day falling 5 Business Days prior to each Payment Date; and
- (b) the Effective Protection Termination Date.

**"Calculation Period"** means the period commencing on (and including) a Calculation Date and ending on (but excluding) the next following Calculation Date, *provided that*, the initial Calculation Period will

commence on (and include) the Effective Date, and the final Calculation Period will end on (and include) the Termination Date.

**"Capital Requirements Regulation"** means Regulation (EU) No 575/2013 of the European Parliament and of the Council on prudential requirements for credit institutions and investment firms.

**"Cash Deposit Bank Required Rating"** means that the long-term, unsecured and unsubordinated debt obligations of the Cash Deposit Bank or any Relevant Guarantor are rated as high as "BBB-" by Fitch, "BBB-" by S&P and "Baa3" by Moody's.

**"Change in Tax Law"** means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the date of the Credit Protection Deed.

**"Charged Assets"** has the meaning ascribed to such term in Condition 4 (*Security*)

**"Charged Accounts"** means:

- (a) each Issuer Account;
- (b) the Cash Deposit Account;
- (c) the Custody Accounts; and

any bank or other account in which the Issuer may at any time acquire a Benefit (excluding the Issuer Domestic Account) and over which the Issuer has created an Encumbrance in favour of the Trustee pursuant to the terms of the Deed of Charge;

**"Collateral Cash"** means all cash, distributions, monies and redemption proceeds denominated in GBP received by the Custodian for deposit from time to time into the Cash Custody Account;

**"Collateral Securities"** means any Eligible Securities owned by the Issuer, from time to time recorded in the Securities Custody Account;

**"Conditions to Settlement"** means in respect of a Reference Obligation both the delivery by the Protection Buyer of a Credit Event Notice pursuant to the terms of the Credit Protection Deed together with the delivery by the Verification Agent of a Credit Event Verification Certificate pursuant to the terms of the Credit Protection Deed.

**"Credit Event"** means in respect of a Reference Obligation, one or more of the following events:

- (a) Failure to Pay;
- (b) Bankruptcy in respect of the relevant Reference Entity, or
- (c) Restructuring.

**"Credit Loss Event Amount"** means, in respect of a Reference Obligation which is subject to a Restructuring, an amount calculated by the Calculation Agent equal to the greater of zero and an amount equal to the lower of:

- (a)
  - (i) the Gross Valuation Amount in respect of that Reference Obligation immediately prior to the occurrence of the Restructuring; minus
  - (ii) the Gross Valuation Amount in respect of that Reference Obligation on the Loss Determination Date; and
- (b) the accounting loss the Relevant Lender incurs calculated in accordance with the IFRS or other internationally recognised accounting rules in respect of such Restructuring.

**"Credit Protection Verification Report"** means a report delivered by the Verification Agent pursuant to the terms of the Credit Protection Deed which is substantially in the form set out in Schedule 9 (*Form of Credit Protection Verification Report*) to the Credit Protection Deed.

**"Credit Protection Period"** means the period from and including 12.01 a.m. on the Effective Date to and including 11.59 p.m. on the Effective Protection Termination Date.

**"Custodian Required Rating"** means that the long-term, unsecured and unsubordinated debt obligations of the Custodian are rated as high as "BBB" by Fitch, "BBB" by S&P and "Baa2" by Moody's.

**"Custody Income Proceeds"** means, in respect of any Note Interest Period:

- (a) in the case of Collateral Securities which are interest-bearing, any interest paid by the issuer of such Collateral Securities during that Note Interest Period;
- (b) the amount (which may be positive or negative) equal to the redemption amount paid by the issuer of any Collateral Securities which redeem during that Note Interest Period exceeds the purchase price paid by the Issuer for those Collateral Securities; and
- (c) any interest paid on or deducted from any cash balance in the Cash Custody Account by the Custodian during that Note Interest Period.

For the avoidance of doubt, the Custody Income Proceeds may be positive or negative.

**"Defaulted Notional Amount"** means, in respect of any Defaulted Reference Obligation, an amount equal to the lesser of:

- (a) the Reference Obligation Notional Amount in respect of that Defaulted Reference Obligation; and
- (b) the product of:
  - (i) the Total Exposure Amount in respect of that Defaulted Reference Obligation; and
  - (ii) 1 *minus* the Risk Retention Percentage.

For this purpose, in the case of any Non-GBP Reference Obligation, the Outstanding Principal Amount shall be converted by the Protection Buyer from the denomination currency into GBP at the Relevant FX Rate.

**"Defaulted Reference Obligation"** means a Reference Obligation in respect of which the Conditions to Settlement have been satisfied, *provided that*, in respect of a Reference Obligation in respect of which a Restructuring has occurred, such Reference Obligation will cease to be a Defaulted Reference Obligation (and will automatically be a Reference Obligation again) following the verification of the Final Loss Amount in respect of that Restructuring pursuant to Clause 5.5 (*Verification of Final Loss Amount*) of the Credit Protection Deed.

**"Disposal"** means, in respect of a Reference Obligation, that the entity which was the Relevant Lender on the Inclusion Date in respect of such Reference Obligation has disposed of all (a **"Full Disposal"**) or some (a **"Partial Disposal"**) of its interest in such Reference Obligation to another entity which is neither the Protection Buyer, nor an Affiliate of the Protection Buyer.

**"Effective Date"** means 22 December 2016;

**"Effective Protection Termination Date"** means the earlier of:

- (a) the Scheduled Termination Date; and
- (b) the earliest date on which the Protected Tranche Notional Amount is GBP 0 and all Defaulted Reference Obligations are Worked-Out Reference Obligations; and
- (c) any Effective Protection Termination Date designated in accordance with Clauses 11.1 (*Consequences of an Event of Default*) or 11.2 (*Consequences of a Termination Event*).

**"Eligible Country"** means any of Austria, Belgium, Denmark, Finland, France, Germany, Iceland, Ireland, Isle of Man, Italy, Jersey, Guernsey, Luxembourg, Netherlands, Norway, Portugal, Spain,

Sweden, Switzerland, United Kingdom, Australia, Hong Kong, USA, Canada, Bermuda or Cayman Islands.

**"Eligible Securities"** means an Obligation which:

- (a) is an Obligation of the UK government;
- (b) is denominated in GBP;
- (c) has a maturity date that is not later than the date falling two Note Business Days prior to the next occurring Note Payment Date; and
- (d) is held with a depository, meaning Euroclear, Clearstream, Luxembourg or The Depository Trust Company.

**"Encumbrance"** means:

- (a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person;
- (b) any arrangement under which money or claims to money, or the benefit of, a bank or other account may be applied, set off or made subject to a combination of accounts so as to effect discharge of any sum owed or payable to any person; or
- (c) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

**"Extraordinary Resolution"** means a resolution passed at a Meeting duly convened and held in accordance with the Conditions by a majority of not less than three quarters of the votes cast;

**"Failure to Pay"** means, in respect of a Reference Obligation, the failure by the relevant Reference Entity to make, after the earlier of:

- (a) the expiration of any applicable grace period with respect to payments under such Reference Obligation (after the satisfaction of any applicable conditions precedent to the commencement of such grace period); and
- (b) the date falling 90 days after the relevant due date with respect to any payment under such Reference Obligation,

where and when due, any payments under the Reference Obligation in respect of such Reference Obligation which are, in aggregate, no less than the Minimum Payment Amount, in accordance with the terms of such Reference Obligation at the time of such failure.

**"Full Disposal"** has the meaning specified in the definition of Disposal.

**"Inclusion Date"** means, in respect of a Reference Obligation:

- (a) subject to paragraph (c), if such Reference Obligation was included in the Reference Portfolio on the Effective Date, the Portfolio Cut-Off Date;
- (b) subject to paragraph (c), if such Reference Obligation is added to the Reference Portfolio on a Replenishment Date, such Replenishment Date; and
- (c) if the Reference Obligation Notional Amount of such Reference Obligation is increased on a Replenishment Date pursuant to Clause 4.4 (*Replenishments*) of the Credit Protection Deed, the most recent such Replenishment Date. *provided that*, where sub-paragraph (ii)(B) of clause 4.6 of the Credit Protection Deed applies, following the application of that sub-paragraph, the Inclusion Date for such Reference Obligation shall be the Inclusion Date which applied to that Reference Obligation prior to the Replenishment in respect of which it became a Non-Compliant Obligation.

**"Initial Loss Percentage"** means, in respect of each Reference Obligation, the LGD for such Reference Obligation as of the Credit Event Determination Date.

**"Initial Protected Tranche Notional Amount"** means GBP 100,000,000.

**"Initial Reference Portfolio"** means the obligations and related Reference Entities identified in the Reference Registry as of the Portfolio Cut-Off Date.

**"Initial Reference Portfolio Notional Amount"** means GBP 1,250,000,000.

**"Insolvency Event"** means the making of a bankruptcy order, the presentation of a winding-up petition which is not withdrawn or dismissed within 30 days, the making of a winding-up order or passing of a winding-up resolution, the appointment of an administrator or receiver, an insolvent reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) or the occurrence of any similar or analogous insolvency event in any jurisdiction.

**"Issuer Account"** has the meaning given to it in the Account Bank Agreement;

**"LIBOR Shortfall Amount"** means, in respect of each Note Interest Period, an amount, which may be positive or negative or equal to zero, equal to:

- (a) the amount determined pursuant to Condition 6(d)(i) for that Note Interest Period; *minus*
- (b) the sum of all positive or negative interest paid on or charged in respect of the Cash Deposit Account (if any) in respect of that Note Interest Period and any positive or negative Custody Income Proceeds (if any) in respect of that Note Interest Period;

**"Loss Balance"** means, on any date, an amount equal to:

- (a) the sum of the Initial Loss Amounts determined in respect of all Defaulted Reference Obligations on or prior to that date; *plus*
- (b) the sum of all positive and negative Verified Loss Amounts determined on or prior to that date in respect of all Defaulted Reference Obligations in respect of which a Failure to Pay or Bankruptcy occurred; *plus*
- (c) the sum of all Verified Loss Amounts determined on or prior to that date in respect of all Reference Obligations in respect of which a Restructuring has occurred and the Conditions to Settlement were satisfied.

**"Loss Determination Date"** means, in respect of a Defaulted Reference Obligation:

- (a) if a Failure to Pay or Bankruptcy occurred in respect of that Defaulted Reference Obligation, the date on which either:
  - (i) the Relevant Lender (or the servicer on its behalf) shall have consummated the full sale or disposal of such Defaulted Reference Obligation in accordance with the Servicing Principles; or
  - (ii) the servicer has determined, in its sole discretion and in accordance with the Servicing Principles and as reflected in the Relevant Lender's financial accounts, that no further Recoveries will be received in respect of that Defaulted Reference Obligation; and
- (b) if a Restructuring occurred in respect of that Defaulted Reference Obligation, the date on which the Credit Loss Event Amount was determined in respect of that Restructuring; and
- (c) the date falling 730 days after the Effective Protection Termination Date.

**"Make-Up Protection Fee Amount"** means in respect of the Payment Date following the Calculation Date on which the Verified Loss Amount for a Defaulted Reference Obligation(s) is determined, an amount, which may be positive or negative, equal to the aggregate of the Protection Fee Component Amounts which would have been determined in respect of each previous Payment Date(s) had the amount of such Recoveries in respect of the relevant Defaulted Reference Obligation(s) been known on the date on which the relevant Initial Loss Amount(s) were determined in respect of the relevant Credit Event(s) minus the aggregate of the actual Protection Fee Component Amounts determined in respect of each such previous Payment Date(s).



**"Maximum Reference Portfolio Notional Amount"** means, on any date, an amount equal to:

- (a) the Initial Reference Portfolio Notional Amount; *minus*
- (b) the Cumulative Defaulted Notional Amounts; *minus*
- (c) the sum of all Amortisation Amounts determined in respect of each Calculation Period ending prior to the Calculation Date immediately preceding such date.

**"Meeting"** means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

**"Moody's"** means Moody's Investors Service Limited.

**"Non-GBP Reference Obligation"** means a Reference Obligation which is not denominated in GBP.

**"Obligation"** means an obligation that (i) is in the form of or represented by a bond, note (other than notes delivered pursuant to loans), certificated debt security or other debt security, (ii) ranks at least *pari passu* with the obligations of the relevant obligor that are neither subordinated by their terms (or otherwise) nor secured, (iii) is payable in an amount equal to its stated principal amount, (iv) is not repayable in an amount determined by reference to any formula or index, (v) the repayment of which is not, pursuant to the terms of such obligation, subject to any contingency, (vi) except in respect of an Obligation which does not bear interest or bears a negative rate of interest, bears interest at either a fixed rate or a floating rate that is paid on a periodic basis and is computed on a benchmark plus or minus a margin, if any, and (vii) except in respect of an Obligation which does not bear interest or bears a negative rate of interest, does not have a principal amount due at maturity that varies or that is less than the amount advanced to the relevant obligor.

**"Outstanding Principal Amount"** means in respect of each Reference Obligation and on any date, the aggregate principal amount outstanding owed to the Relevant Lender in respect of that Reference Obligation.

**"Paid Loss"** means, on any date, the sum of all Protection Payment Amounts paid by the Issuer to the Protection Buyer prior to that date *minus* the sum of all Protection Payment Adjustment Amounts paid by the Protection Buyer to the Protection Seller prior to that date.

**"Partial Disposal"** has the meaning specified in the definition of Disposal.

**"Payment Date"** means:

- (a) each 21 March, 21 June, 21 September and 21 December, from and including the first such date falling after the Effective Date and ending on and including the Termination Date; and
- (b) the Effective Protection Termination Date.

**"Portfolio Management Group"** means, at any time, the Portfolio management group of the Protection Buyer or a Relevant Lender (as applicable) or an equivalent to such group at such time.

**"Posted Collateral"** means Collateral Cash or Collateral Securities.

**"Potential Credit Event"** means, in respect of a Reference Obligation, either:

- (a) the failure by the relevant Reference Entity to make, where and when due, any payments under such Reference Obligation in accordance with the terms of such Reference Obligation at the time of such failure, but where, in respect of such failure, any applicable grace period provided for under the terms of such Reference Obligation has not yet expired; or
- (b) the Relevant Lender makes a provision in its profit and loss accounts in respect of such Reference Obligation, to reflect a foreseeable risk of failure by the relevant Reference Entity to make, where and when due, any payments under such Reference Obligation in accordance with the terms of such Reference Obligation (an **"Impaired Reference Obligation"**), *provided that* if such Reference Entity does not fail to make such payments within 12 calendar months of the Relevant Lender making such provision, such Potential Credit Event shall be cured (but without

prejudice to the occurrence of any subsequent Credit Event or Potential Credit Event in respect of that Reference Obligation).

**"Principal Available Amount"** means, in respect of any date, an amount equal to:

- (a) the Maximum Reference Portfolio Notional Amount on that date; *minus*
- (b) the Reference Portfolio Notional Amount on that date (after giving effect to any Reductions but prior to giving effect to any Replenishments or determining any Amortisation Amount on that date);

**"Protected Tranche Amortisation Amount"** means on any Calculation Date, the lesser of:

- (a) the Amortisation Amount for that Calculation Period ending on that Calculation Date *minus* the Senior Tranche Amortisation Amount (if any) in respect of that Calculation Date; and
- (b) the Protected Tranche Notional Amount on that Calculation Date (after giving effect to any adjustment to the Loss Balance on that Calculation Date but prior to taking into account any Protected Tranche Amortisation Amount on that date).

**"Protected Tranche Notional Amount"** means, on any date, the greater of zero and an amount equal to:

- (a) the Initial Protected Tranche Notional Amount; *minus*
- (b) the sum of all Protected Tranche Amortisation Amounts determined on or prior to such date; *minus*
- (c) the Loss Balance on that date.

**"Protection Fee Component Amount"** means, in respect of each Payment Date, an amount equal to the sum of:

- (a) the product of:
  - (i) the Protected Tranche Notional Amount on the first day of the Calculation Period ending immediately prior to that Payment Date;
  - (ii) the Protection Fee Component Rate; and
  - (iii) the actual number of days in the Calculation Period ending immediately prior to that Payment Date divided by 360; and
- (b) the Protection Seller Expenses for the Calculation Period ending immediately prior to that Payment Date.

**"Protection Fee Component Rate"** means 10.2% per annum, provided that, in respect of each Payment Date following the Effective Protection Termination Date, the Protection Fee Component Rate shall be zero.

**"Recoveries"** means, in respect of a Defaulted Reference Obligation, the Protected Percentage multiplied by all amounts, whether in cash or otherwise, recovered and applied by the Relevant Lender in respect of principal or interest upon a work-out of such Defaulted Reference Obligation in or towards discharge of the Defaulted Reference Obligation in accordance with the Servicing Principles, provided that the Recoveries may not be less than zero.

Such Recoveries, shall:

- (a) subject to the following paragraphs (b) to (k) of this definition, include any amounts so recovered and applied by the Relevant Lender following the date on which the relevant Credit Event occurred;
- (b) exclude any payments received by the Relevant Lender in respect of interest, fees or any indemnities (other than indemnity in respect of a principal amount);

- (c) include amounts recovered from any third party (including any guarantor of the Defaulted Reference Obligation) in respect of principal, but excluding any amount received from the Protection Seller pursuant to the Credit Protection Deed;
- (d) include the proceeds of enforcement of any security in respect of the Defaulted Reference Obligation or any amounts received by way of the operation of any set-off to the extent these are in respect of principal;
- (e) to the extent the Relevant Lender receives amounts which may be attributable to more than one obligation of the Reference Entity in respect of that Reference Obligation, be allocated between the Defaulted Reference Obligation and such other obligations (including, without limitation, any obligations arising in connection with any Additional Advanced Amounts) in accordance with the ranking of such other obligations. The allocation of any amounts referred to in this paragraph (e) between the Defaulted Reference Obligation and any other obligations ranking *pari passu* with the Defaulted Reference Obligation shall be on a pro rata basis, by reference to the Total Exposure Amount of the Defaulted Reference Obligation and the aggregate principal amounts outstanding owed to the Relevant Lender in respect of such other *pari passu* obligations as of the date on which the Credit Event occurred;
- (f) if the Relevant Lender disposes of the Defaulted Reference Obligation in accordance with the Servicing Principles, include the net proceeds of such disposal after deducting any portion of those net proceeds which represents accrued but unpaid interest on such Defaulted Reference Obligation;
- (g) be reduced by any fees or expenses duly incurred and paid to third parties in respect of the recovery of the related Reference Obligation and not take into account any internal costs or fees of the Relevant Lender (or, if applicable, the servicer);
- (h) take into account the market value (as determined by the relevant servicer or the Calculation Agent as at the Loss Determination Date) of any securities or any consideration received after the relevant Credit Event Determination Date whether pursuant to any restructuring, settlement or proceedings affecting such Defaulted Reference Obligation (including, without limitation, any repayments or distributions to creditors following insolvency) or otherwise with respect to such Reference Obligation;
- (i) in the case of any Recoveries in respect of a Reference Obligation which are denominated in a currency other than GBP:
  - (i) if the relevant Reference Obligation is a Non-GBP Reference Obligation, be converted by the Protection Buyer from the denomination currency into GBP at the Relevant FX Rate; and
  - (ii) if the relevant Reference Obligation is not a Non-GBP Reference Obligation, be converted by the Protection Buyer from the denomination currency into GBP at (x) the relevant foreign exchange rate for conversion of such denomination currency into GBP specified in or determined in accordance with the terms of the facility agreement in respect of such Reference Obligation or, (y) if no such foreign exchange rate or mechanism for obtaining such foreign exchange rate is specified in the relevant facility agreement, at the mid-market foreign exchange rate prevailing on the relevant Loss Determination Date for the conversion of the relevant currency into GBP applied by the Protection Buyer for its own regular foreign exchange transactions; and
- (j) exclude any amounts received by the Relevant Lender in any agency capacity which are to be paid to any other lender in respect of the Defaulted Reference Obligation.

"**Reduction**" means, any reduction in the Reference Obligation Notional Amount in respect of a Reference Obligation or any Removal.

"**Reference Portfolio**" means the portfolio of Reference Obligations from time to time as determined in accordance with the provisions of the Credit Protection Deed.

**"Reference Portfolio Notional Amount"** means, on any date of determination, an amount equal to the aggregate of the Reference Obligation Notional Amounts of all Reference Obligations comprising the Reference Portfolio on that date that are not Defaulted Reference Obligations.

**"Reference Registry"** means a registry established by the Protection Buyer on the Effective Date containing details of the Reference Portfolio, as updated from time to time;

**"Regulatory Event"** means:

- (a) in the sole opinion of the Protection Buyer, there is a material adverse change in the Protection Buyer's or any of the Protection Buyer's Affiliates' ability to reflect the full regulatory capital benefit of the transaction contemplated by this Deed as anticipated on the Effective Date as a result of the Protection Buyer not having received on or before the Regulatory Event Stop Date confirmation from any applicable regulator that the amount of regulatory capital which the Protection Buyer is required to hold in respect of the Reference Portfolio is not materially greater than the amount of regulatory capital which the Protection Buyer anticipated being required to hold in respect of the Reference Portfolio as a consequence of entering into the transaction contemplated by the Credit Protection Deed (determined by reference to the regulatory requirements in force on the Effective Date) and the Protection Buyer notifies the Protection Seller of its failure to obtain such confirmation within 12 months of the Regulatory Event Stop Date; or
- (b) within 12 months of the Effective Date, the Protection Buyer receives a Regulator Notification and notifies the Protection Seller of such Regulator Notification within 12 months of the Regulator Notification; or
- (c) in the sole opinion of the Protection Buyer, there is a material adverse change in the Protection Buyer's ability to reflect the full regulatory capital benefit of the transaction contemplated by the Credit Protection Deed as anticipated on the Effective Date (determined by reference to the regulatory requirements in force on the Effective Date) as a result of the enactment or effective date of or supplement or amendment to, or a change in, law, policy or official interpretation of any relevant regulations or as a result of any official communication, interpretation or determination made by any relevant regulatory authority,

in each case occurring after the Effective Date but within the 12-month period immediately preceding the date on which the Protection Buyer gives a notice designating an Effective Protection Termination Date under Clause 11.2(e) (*Consequences of a Termination Event*) of the Credit Protection Deed and which cannot be avoided by the Protection Buyer using commercially reasonable efforts. The Protection Buyer shall be required, as a condition precedent to its ability to designate an Effective Protection Termination Date following the occurrence of Regulatory Event, to supply a certificate, signed by two managing directors (or other substantially equivalent title) of the Protection Buyer, confirming the occurrence of such Regulatory Event and containing a description in reasonable detail of the facts relevant to the determination that a Regulatory Event has occurred, together with all relevant calculations involved in such determination.

**"Relevant FX Date"** means, in respect of a Reference Obligation, the relevant Inclusion Date or, if the Relevant FX Rate has been reset (as provided under Clause 4.9 (*FX Resets*) of the Credit Protection Deed) on a date occurring after the relevant Inclusion Date in respect of such Non-GBP Reference Obligation, the most recent date on which the Relevant FX Rate was reset for such Non-GBP Reference Obligation in accordance with the provisions of the Credit Protection Deed. For the avoidance of doubt, there shall only be one Relevant FX Date in respect of a Non-GBP Reference Obligation at any time.

**"Relevant FX Rate"** means in respect of each Non-GBP Reference Obligation in the Reference Portfolio, the rate determined on the Relevant FX Date in respect of such Non-GBP Reference Obligation, which rate may be reset as provided under Clause 4.9 (*FX Resets*) of the Credit Protection Deed. Such rate shall be the rate determined by the Protection Buyer to be the mid-market foreign exchange rate prevailing on such date for the conversion of the relevant currency into GBP applied by the Protection Buyer for its own regular foreign exchange transactions. For the avoidance of doubt, there shall only be one Relevant FX Rate in respect of a Non-GBP Reference Obligation at any time.

**"Relevant Guarantor"** means any person or entity who fully and unconditionally guarantees the Cash Deposit Bank's obligations under the Cash Deposit Bank Agreement;

**"Relevant Lender"** means, in respect of each Reference Obligation, the entity which owns that Reference Obligation from time to time. For the avoidance of doubt, the Relevant Lender may be an entity other than the Protection Buyer;

**"Removal"** means the removal of a Reference Obligation from the Reference Portfolio;

**"Repayment"** means, in respect of a Reference Obligation any principal repayment (including mandatory repayments and prepayments) received by the Relevant Lender in respect of such Reference Obligation *provided that*, if the Conditions to Settlement are satisfied in respect of a Reference Obligation, any amounts received following the date on which the relevant Credit Event occurred shall not constitute a Repayment;

**"Replenishment"** means the addition of any Reference Obligation or the increase in the Reference Obligation Notional Amount of any Reference Obligation on any Replenishment Date pursuant to Clause 4.4 (*Replenishments*) of the Credit Protection Deed. In respect of any Replenishment comprising the increase in the Reference Obligation Notional Amount of an existing Reference Obligation, the amount of such Replenishment shall be the amount by which the Reference Obligation Notional Amount was increased by that Replenishment.

**"Replenishment Cut-Off Date"** means the earliest to occur of (i) 21 December 2019 and (ii) the date on which a Replenishment Stop Event occurs.

**"Replenishment Date"** means each Business Day falling during the Replenishment Period.

**"Replenishment Period"** means the period from, and including, the Effective Date to, but excluding, the earlier of (i) the Effective Protection Termination Date and (ii) the Replenishment Cut-Off Date.

**"Replenishment Stop Event"** means:

- (a) on any date up to and including 21 December 2017, the Cumulative Gross Default exceeds 2.00 per cent. of the Reference Portfolio Notional Amount on such date;
- (b) on any date up to and including 21 December 2018, the Cumulative Gross Default exceeds 2.25 per cent. of the Reference Portfolio Notional Amount on such date; or
- (c) on any date up to and including 21 December 2019, the Cumulative Gross Default exceeds 2.50 per cent. of the Reference Portfolio Notional Amount on such date.

**"Restructured Principal Amount"** means, where the Credit Event specified in the relevant Credit Event Notice is a Restructuring, the Reference Obligation Notional Amount *minus* the Credit Loss Event Amount, if any.

**"Restructuring"** means, in respect of a Reference Obligation, the forgiveness or postponement of principal, interest or fees in respect of or a change in the subordination, ranking or priority of such Reference Obligation, in either case, with the involvement of the Protection Buyer's or the Relevant Lender's corporate restructuring division (or its successors) and which results in a Credit Loss Event Amount and a debit to the profit and loss account of the Relevant Lender in respect of such Reference Obligation, *provided that*, in the case of a Reference Obligation which is a non-syndicated obligation, the same is effected or, in the case of a Reference Obligation which is a syndicated obligation, the Relevant Lender has exercised any voting rights in respect of its commitment under such Reference Obligation:

- (a) with regard to the standards of a reasonable and prudent lending bank (disregarding for such purposes the effect of the credit protection provided by the Credit Protection Deed in respect of such Reference Obligation but taking into account any security allocable to that Reference Obligation); and
- (b) in a manner designed to minimise any expected loss in respect of such Reference Obligation.

A change in the currency in which any payments or repayments of principal amounts, interest or fees in respect of such Reference Obligation are denominated shall not constitute a Restructuring of such Reference Obligation.

"**Santander Consolidated Group**" means the group of entities comprising the Protection Buyer and each other entity included in the scope of regulatory supervision on a consolidated basis.

"**Scheduled Termination Date**" means 21 December 2022.

"**Servicing Principles**" means, with respect to each Reference Obligation, the relevant servicer's established procedures from time to time for servicing loans that are similar in type to the relevant Reference Obligation.

"**Tax Certificate**" means:

- (a) with respect to the Issuer, a certificate of 2 of its directors stating that any obligation, imposition, withholding or deduction imposed on the Issuer or imposed on any payments to be made to the Issuer as a result of the events described in Condition 7(e)(i), or, as the case may be, any Tax, cannot be avoided (without incurring additional cost) by the Issuer taking reasonable measures available to it; and
- (b) with respect to the Protection Buyer, a certificate of 2 of its directors stating that any imposition, withholding or deduction imposed on any payment obligation of the Protection Buyer under the Credit Protection Deed or, as the case may be, any Tax, cannot be avoided (without incurring additional cost) by the Protection Buyer taking reasonable measures available to it.

"**Termination Date**" means the Effective Protection Termination Date, *provided that*, if on the Effective Protection Termination Date there are:

- (a) Defaulted Reference Obligations in respect of which the Verified Loss Amount has not yet been confirmed by the Verification Agent;
- (b) Reference Obligations in respect of which a Credit Event Notice has been delivered and in respect of which it is still possible to satisfy the Conditions to Settlement; or
- (c) Reference Obligations in respect of which a Potential Credit Event Notice has been delivered and in respect of which it is still possible for such Potential Credit Event to become a Credit Event,

the Termination Date shall be the Payment Date immediately following the latest to occur of the following:

- (i) the date on which it is no longer possible for the Conditions to Settlement to be satisfied in respect of any Reference Obligation in respect of which the Conditions to Settlement were not satisfied on the Effective Protection Termination Date; and
- (ii) the date on which the Verified Loss Amount has been confirmed by the Verification Agent in respect of all Defaulted Reference Obligations (including any Reference Obligations in respect of which a Credit Event Notice or Potential Credit Event Notice had been delivered on or prior to the Effective Protection Termination Date but in respect of which the Conditions to Settlement were satisfied following the Effective Protection Termination Date).

"**Termination Event**" means the occurrence of any of the following events:

- (a) due to an event or circumstance (other than any action taken by a party) occurring after the date of the Credit Protection Deed, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment or compliance is required by either party) on any day, or it would be unlawful if the relevant payment or compliance were required on such day for a party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment under the Credit Protection Deed, to receive a payment under the Credit Protection Deed or to comply with any other material provision of the Credit Protection Deed (an "**Illegality**");

- (b) to a Change in Tax Law, a party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding due date for payment under the Credit Protection Deed be required to receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax and, where the recipient is the Protection Seller, the Protection Buyer has not elected to pay the additional amount under Clause 13.3 (*Deductions and Withholdings*) (a "**Tax Event**"); or
- (c) either:
  - (i) the Reference Portfolio Notional Amount is, or will be when calculated at the next succeeding Calculation Date, equal to or less than 10 % of the Initial Reference Portfolio Notional Amount (a "**Clean-Up Call Event**"); or
  - (ii) a Regulatory Event occurs.

"**Total Recoveries**" means, in respect of a Defaulted Reference Obligation, the aggregate amount of Recoveries recovered by the Relevant Lender during the period from (and including) the occurrence of the Credit Event to (and including) the Loss Determination Date.

"**Verification Agent**" means an accounting firm appointed by the Protection Buyer to perform the functions specified herein to be performed by the Verification Agent, *provided that*, such firm shall be a leading internationally recognised accounting firm operating in the United Kingdom.

"**Waiting Period**" means, in respect of any Illegality, a period of three Business Days (or days that would have been Business Days but for the occurrence of that event or circumstance) following the occurrence of the event or circumstance.

## INDEX OF DEFINED TERMS

*There follows an index of the defined terms used in this Prospectus, together with details of the page(s) on which such term(s) is or are defined.*

Account Bank Required Rating.....	124	Corporate Services Agreement .....	43, 82
Additional Amounts .....	8	Corporate Services Provider .....	43, 82
Adjusted Principal Balance .....	81	Couponholders .....	82
Affected Investor .....	32	Coupons .....	78, 82, 89
Affected Party.....	124	CRD III .....	31
Affiliate .....	124	CRD IV .....	32
Agency Agreement.....	76, 80	Credit Event .....	126
Agent Bank.....	80	Credit Event Notice.....	82
Agents.....	80	Credit Loss Event Amount.....	126
AIF .....	32	Credit Protection Deed.....	82
AIFM Regulation .....	33	Credit Protection Period.....	127
AIFMD .....	33	Credit Protection Verification Report .....	126
AIFMs .....	33	CRR .....	32
Amortisation Amount.....	124	Custodian Required Rating .....	127
ANTS .....	52	Custody Account.....	82
Available Cash Balance.....	74	Custody Accounts .....	71
Available Funds.....	81	Custody Agreement .....	71, 83
Banking Act.....	29	Deed of Charge .....	75, 83
Bankruptcy .....	124	Defaulted Notional Amount.....	83, 127
Basel Committee .....	31	Defaulted Reference Obligation.....	127
Basel II .....	31	Defaulting Party .....	61
Basel III.....	31	Definitive Notes .....	78, 83
Basic Terms Modification .....	81	Designated Maturity.....	83
Beneficial Owner.....	121	Direct Participants.....	22, 120
Benefit .....	125	Disposal .....	127
Book Entry Interests .....	22	Early Redemption Date .....	83
BRRD.....	29	Effective Date .....	127
Calculation Agent.....	81, 85	Effective Protection Termination Date.....	61, 83, 127
Calculation Date .....	81, 125	Eligible Securities .....	128
Calculation Period .....	125	EMIR Side Agreement.....	83
Cash Administration Agreement .....	76, 81	Encumbrance .....	128
Cash Administrator.....	81, 82	Enforcement Date .....	83
Cash Custody Account .....	71	ERISA.....	118
Cash Deposit .....	11, 81	Euroclear.....	ii, 83
Cash Deposit Account .....	70, 81	Exchange Date .....	78, 83, 88
Cash Deposit Bank .....	82	Exchange Event .....	78
Cash Deposit Bank Agreement.....	70, 82	Extension Period .....	83
Cash Deposit Bank Downgrade Event .....	11, 73	Extension Period Redemption Amount.....	96
Cash Deposit Bank Required Rating .....	126	Extension Period Redemption Amount.....	83
Central Bank.....	ii, 115	Extraordinary Resolution .....	83
certificate date .....	45	Failure to Pay .....	128
Change in Tax Law .....	126	FATCA .....	34, 83
Charged Accounts .....	126	FATCA Withholding .....	83
Charged Assets .....	82, 90, 126	Final Loss Amount.....	59
CISA.....	114	Final Redemption Date .....	83
Clearing Systems .....	120	Financial Statements .....	83
Clearstream, Luxembourg .....	ii, 82	FSMA .....	48, 112
Closing Date .....	ii, 80	Full Disposal .....	128
CO .....	114	FX Reset .....	56
Code .....	83, 118	GBP.....	v
Collateral Management Agreement.....	72	GBP-LIBOR .....	83
Collateral Securities .....	82, 126	Global Notes .....	84
Common Depository.....	82, 88	ICSDs.....	34
Conditions .....	80	Inclusion Date .....	128
Conditions to Settlement .....	82, 126		



Indirect Participants.....	22, 120	Participants.....	22, 120
Initial Loss Amount.....	59	Payment Date.....	130
Initial Loss Percentage.....	128	Permanent Global Note.....	ii, 78
Initial Principal Balance.....	84	Permanent Global Notes.....	85
Initial Protected Tranche Notional Amount.....	129	Portfolio Cut-Off Date.....	54
Initial Reference Portfolio.....	129	Potential Credit Event.....	130
Initial Reference Portfolio Notional Amount.....	129	Potential Credit Event Notice.....	85
Insolvency Proceeding.....	100	Principal Available Amount.....	131
Insolvency Proceedings.....	84, 100	Principal Balance.....	85
Interest Amount.....	84, 92	Principal Paying Agent.....	80
Interest Determination Date.....	84	Priorities of Payments.....	86
Interest Rate.....	84, 91	Proceeds.....	77
Investment Company Act.....	ii, 116, 118	Process Agent.....	86
Investor Report.....	84	Process Agent Letter.....	86
Irish IGA.....	84	prospectus.....	ii
Irish Stock Exchange.....	ii	Protected Tranche Amortisation Amount.....	86, 131
Issuer.....	ii, 2, 80	Protected Tranche Notional Amount.....	131
Issuer Account.....	129	Protection Buyer.....	80, 86
Issuer Account Agreement.....	80	Protection Fee Component Amount.....	131
Issuer Account Bank.....	80	Protection Fee Component Rate.....	131
Issuer Account Bank Agreement.....	76	Protection Payment Adjustment Amount.....	11, 61, 86
Issuer Accounts.....	84	Protection Payment Amount.....	86
Issuer Covenants.....	84	Provisions for Meetings of Noteholders.....	86
Issuer Domestic Account.....	84	Purchase Transaction.....	74
Issuer Profit Amount.....	84	Receipholders.....	86
Lead Manager.....	ii, 80, 84	Receipts.....	86, 89
Legal Reservations.....	84	Receiver.....	86
Liabilities.....	84	Recoveries.....	131
listed.....	ii	Reduction.....	132
London Banking Day.....	84	Reference Banks.....	86
Loss Balance.....	129	Reference Entity.....	54
Loss Determination Date.....	84, 129	Reference Obligation.....	54, 86
Make-Up Protection Fee Amount.....	129	Reference Obligation Notional Amount.....	55
Maximum Reference Portfolio Notional Amount.....	130	Reference Portfolio.....	132
MiFID.....	ii	Reference Portfolio Notional Amount.....	133
Moody's.....	130	Reference Portfolio Report.....	55
Negative Interest Shortfall Amount.....	84	Reference Registry.....	133
Non-Defaulting Party.....	61	Regulation.....	ii
Non-GBP Reference Obligation.....	130	Regulatory Change Event.....	133
Non-U.S. Person.....	118	Reinstatement Amount.....	5
Note Business Day.....	84	Relevant FX Date.....	133
Note Enforcement Notice.....	85	Relevant FX Rate.....	133
Note Event of Default.....	85, 100	Relevant Guarantor.....	134
Note Extension Amount.....	85, 95	Relevant Implementation Date.....	113
Note Extension Amount Calculation Date.....	85, 96	Relevant Lender.....	134
Note Interest Period.....	85, 90	Relevant Member State.....	113
Note Payment Date.....	85	Repayment.....	134
Note Principal Payment.....	85, 96	Replenishment.....	134
Noteholders.....	85	Replenishment Cut-Off Date.....	134
Notes.....	ii, 80, 89	Replenishment Date.....	134
Notes Amortisation Amount.....	85	Replenishment Period.....	134
Obligation.....	130	Replenishment Stop Event.....	134
Official List.....	ii	Restructured Principal Amount.....	134
Operating Creditor.....	85	Restructuring.....	134
Operating Expenses.....	85	Right.....	125
Outstanding.....	85	Risk Retention Regulations.....	33
Outstanding Principal Amount.....	130	RTS.....	32
Paid Loss.....	130	Santander Consolidated Group.....	135
Partial Disposal.....	130	Scheduled Redemption Date.....	86

Scheduled Termination Date .....	135	Tax Certificate .....	135
Screen Rate.....	86	Tax Redemption Date .....	94
SEC .....	ii	Tax Redemption Event .....	94
Secured Creditors .....	86	Taxes.....	87
Secured Liabilities .....	87	Temporary Global Note .....	ii, 88
Secured Property .....	87	Termination Date .....	88, 135
Securities Act .....	ii, 116, 117	Termination Event .....	135
Securities Collateral Start Date.....	11, 73	Total Loss Amount .....	10, 59
Securities Custody Account .....	71	Total Recoveries .....	136
Security.....	87, 89	Transaction Documents .....	88
Security Documents .....	87	Transaction Parties.....	iv, 88
Security Interest.....	87	Transaction Party .....	88
Servicing Principles.....	135	Trust Deed.....	75, 80, 116
Similar Law .....	118	Trust Documents.....	88
SIMILAR LAWS .....	117	Trustee .....	80
Solvency II .....	32	U.S. Persons .....	ii, 116
Solvency II Regulation .....	33	Unsettled Reference Obligation .....	88
Specified Office.....	87	Verification Agent .....	88, 136
Sterling .....	v	Verification Agreement .....	88
Subscription Agreement .....	87, 112	Verified Loss Amount.....	60
Talon.....	87, 89	Waiting Period .....	136
Tax.....	87	Written Resolution .....	88
Tax Authority .....	87		

**ISSUER**

**Grafton CLO 2016-1 Designated Activity Company**

3<sup>rd</sup> Floor, Kilmore House  
Park Lane, Spencer Dock  
Dublin 1

**TRUSTEE**

**U.S. Bank Trustees Limited**

L5, 125 Old Broad Street  
London EC2N 1AR  
United Kingdom

**PROTECTION BUYER,  
CASH ADMINISTRATOR  
AGENT BANK, CASH  
DEPOSIT BANK,  
COLLATERAL MANAGER**

**Abbey National Treasury  
Services PLC**  
2 Triton Square  
Regent's Place  
London NW1 3AN  
United Kingdom

**PRINCIPAL PAYING  
AGENT, CUSTODIAN,  
ACCOUNT BANK**

**Elavon Financial Services  
DAC, UK Branch**  
Block E  
Cherrywood Business Park  
Dublin  
Ireland

acting through its UK Branch  
from its offices at  
L5, 125 Old Broad Street  
London EC2N 1AR  
United Kingdom

**LISTING AGENT**

**A&L Listing Limited**

North Wall Quay  
IFSC, Dublin 1  
Ireland

**LEGAL ADVISERS**

*To the Arranger and the Lead Manager as to  
English law*

*To the Issuer as to Irish law*

**Clifford Chance LLP**  
10 Upper Bank Street  
London E14 5JJ  
United Kingdom

**A&L Goodbody**  
International Financial Services Centre  
25-28 North Wall Quay  
Dublin 1  
Ireland

*To the Trustee*  
**Linklaters LLP**  
1 Silk Street  
London EC2Y 8HQ  
United Kingdom

**ARRANGER**

**Abbey National Treasury Services PLC**

2 Triton Square  
Regent's Place  
London NW1 3AN  
United Kingdom

**LEAD MANAGER**

**Banco Santander, S.A.**

Paseo de Pereda 9-12  
39004 Santander,  
Spain