

## IMPORTANT NOTICE

### **NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S. (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT)**

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

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

THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES (RISK RETENTION U.S. PERSONS). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF "U.S. PERSON" IN REGULATION S. EACH PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN, WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

THE NOTES ARE NOT INTENDED TO BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE AND SHOULD NOT BE OFFERED, SOLD OR OTHERWISE MADE AVAILABLE TO ANY RETAIL INVESTORS. 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; (II) A CUSTOMER WITHIN THE MEANING OF DIRECTIVE 2002/92/EC, WHERE THAT CUSTOMER WOULD NOT QUALIFY AS A PROFESSIONAL CLIENT AS DEFINED IN POINT (10) OF ARTICLE 4(1) OF DIRECTIVE 2014/65/EU; OR (III) NOT A QUALIFIED INVESTOR AS DEFINED IN DIRECTIVE 2003/71/EC. CONSEQUENTLY NO KEY INFORMATION DOCUMENT REQUIRED BY REGULATION (EU) NO. 1286/2014 (AS AMENDED, THE "PRIIPS REGULATION") FOR OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO RETAIL INVESTORS IN THE EEA HAS BEEN PREPARED AND THEREFORE OFFERING OR SELLING THE NOTES OR OTHERWISE MAKING THEM AVAILABLE TO ANY RETAIL INVESTORS IN THE EEA MAY BE UNLAWFUL UNDER THE PRIIPS REGULATION.

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 THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT 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 EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR THE DISTRICT OF COLUMBIA AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) 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 (THE FPO) OR (II) IS AN INVESTMENT PROFESSIONAL WITHIN THE MEANING OF ARTICLE 19 OF THE FPO.

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

**DUNMORE SECURITIES NO. 1 DESIGNATED ACTIVITY COMPANY**

*(incorporated with limited liability in Ireland under number 634368)*

Notes	Initial Amount	Principal Issue Price	Interest Reference Rate on Notes	Relevant Margin / Rate of Interest	Final Date	Maturity	Ratings Fitch/DBRS
A	€1,731,572,000	100%	Three-Month EURIBOR	0.45% annum (margin)	per	June 2066	AAA/AAA
Z	€474,154,000	100%	N/A	5.75% annum (fixed rate)	per	June 2066	N/A
X	€100,000	100%	N/A	Class Payment*	X	June 2066	N/A

\*No rate of interest is earned on the Class X Notes. Payments on the Class X Notes will be payable in arrear on each Interest Payment Date.

**Significant Investor:** Significant concentrations of holdings of the Notes may occur. In holding some or all of the Notes, any investor holding such concentrations may have a majority holding and therefore be able to pass, or hold a sufficient minority to block, Noteholder resolutions. UBIDAC will, on the Closing Date, purchase 100% of the Notes.

The date of this Prospectus is 27 November 2018

*Arranger*

**NATWEST MARKETS**

“Closing Date”

The Issuer expects to issue the Class A Notes, the Class Z Notes and the Class X Notes (together, the “Notes”) on 28 November 2018 (the “Closing Date”).

“Underlying Assets”

The Issuer will make payments on the Notes from, *inter alia*, payments of principal and revenue on a portfolio comprising (i) mortgage loans legally and beneficially owned by Ulster Bank Ireland Designated Activity Company “UBIDAC” or “Ulster Bank Ireland DAC” (the “Mortgage Loans”) and, in its capacity as seller of the Mortgage Loans, the “Seller”, such Mortgage Loans being originated by UBIDAC or First Active Limited (formerly First Active Plc) (“First Active”) (each an “Originator”) and secured over residential properties located in Ireland and which will be purchased by the Issuer on the Closing Date, and (ii) additional Mortgage Loans secured over residential properties located in Ireland which may be purchased by the Issuer on the Additional Mortgage Portfolio Sale Date. Please refer to the section entitled “*The Mortgage Portfolio*” for further information (the “Mortgage Portfolio”).

“Credit Enhancement”

Credit enhancement is provided by:

- (A) subordination of the Class Z Notes and the Class X Notes;
- (B) amounts standing to the credit of the General Reserve Fund; and
- (C) Available Revenue Receipts applied to cure amounts debited to the Principal Deficiency Ledger.

Please refer to sections entitled “*Key Structural Features*” and “*Cashflows and Cash Management*” for further information.

“Liquidity Support”

Liquidity support is provided by:

- (A) in respect of the Class A Notes only, amounts standing to the credit of the General Reserve Fund which may be applied to make up any Revenue Shortfall; and
- (B) in respect of the Class A Notes only, Available Principal Receipts which may be applied to make up any Further Class A Shortfall.

Please refer to the section entitled “*Key Structural Features*” for further information.

“Redemption Provisions”

Information on any optional and mandatory redemption of the Notes is summarised in the “*Transaction Overview — Terms and Conditions of the Notes — Redemption*” and set out in full in Condition 5 (*Redemption*).

## “Credit Rating Agencies”

In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Community and registered under Regulation (EC) No 1060/2009, as amended, of the European Parliament and of the Council of Europe on credit rating agencies (the “CRA Regulation”).

Each of Fitch Ratings Limited (“Fitch”) and DBRS Ratings Limited (“DBRS” and, together with Fitch, the “Rating Agencies”) is established in the European Union (the “EU”) and is registered under the CRA Regulation.

## “Credit Ratings”

Ratings are expected to be assigned to the Class A Notes as set out above on or before the Closing Date. For the avoidance of doubt, the Class Z Notes and the Class X Notes are not expected to be assigned ratings.

The ratings assigned by DBRS and Fitch on the Class A Notes address the likelihood of: (a) timely payment of interest due to the Noteholders on each Interest Payment Date and (b) full payment of principal due to Noteholders by a date that is not later than the Final Maturity Date.

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

## “Listing”

This document comprises a prospectus (the “Prospectus”), for the purpose of Directive 2003/71/EC as amended (the “Prospectus Directive”). This Prospectus has been approved by the Central Bank of Ireland (the “Central Bank”) as competent authority under 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 Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU and/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 Plc trading as Euronext Dublin (“Euronext Dublin”) for the Notes to be admitted to the official list and to trading on its regulated market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The regulated market (the “Main Securities Market”) of Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU (the “Markets in Financial Instruments Directive”).

## “Obligations”

The Notes will be obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of, and will not be guaranteed by, or be the responsibility of any

person who is party to a Transaction Document (a "Transaction Party") other than the Issuer.

"EU Retention Undertaking"

In the Mortgage Sale Agreement and in the Note Purchase Agreement the Seller, as an originator for the purposes of the CRR, the Regulation (EU) No 231/2013 (the "AIFMR Regulation") and the commission Delegated Regulation (EU) 2015/35 supplementing Directive 2009/138/EC of the European Parliament and the Council on the taking up and pursuit of the business of Insurance and Re Insurance ("Solvency II Regulation") undertakes (i) to retain on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation (the "Retained Exposures") in accordance with Article 405 of the CRR, Article 51 of the AIFM Regulation, and Article 254 of the Solvency II Regulation (as such provisions are interpreted and applied at the Closing Date and which in each case does not take into account any implementation rules or corresponding national measures), (ii) to provide all information required to be made available to Noteholders under Article 409 of the CRR, Article 52 of the AIFMR Regulation and Article 254 of the Solvency II Regulation to the Issuer and the Trustee on request, subject always to any requirement of law regarding the provision of such information, **provided that** the Seller will not be in breach of such undertaking if the Seller fails to do so due to events, actions or circumstances beyond the Seller's control; and (iii) not sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Exposures except to the extent permitted under the CRR, the AIFM Regulation or the Solvency II Regulation. Please refer to the section "*Certain regulatory disclosures*" for further information.

As at the Closing Date, the Retained Exposures will comprise the Class X Notes and a portion of the Class Z Notes as required by the text of each of paragraph (d) of Article 405(1) of the CRR, paragraph (d) of Article 51(1) of the AIFM Regulation and paragraph (d) of Article 254(2) of the Solvency II Regulation.

"U.S. Risk Retention"

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitised assets for purposes of compliance with the final rules promulgated under Section 15G of the Securities Exchange Act of 1934, as amended (the "U.S. Risk Retention Rules"), but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the section entitled "*Risk Factors - U.S. Risk Retention Requirements*".

"Volcker Rule"

The Issuer is of the view that it is not now, and immediately following the issuance of the Notes and the application of the proceeds thereof it will not be, a

“covered fund” as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the “Volcker Rule”. Although other exclusions may be available to the Issuer, this conclusion is based on the exemption from the definition of “investment company” in the Investment Company Act provided by Section 3(c)(5)(C) thereunder.

#### “Benchmarks”

Amounts payable under the Notes are calculated by reference to EURIBOR, which is provided by the European Money Markets Institute (the “Administrator”). As at the date of this Prospectus, the Administrator does not appear on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“ESMA”) pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the “BMR”).

As far as the Issuer is aware, the transitional provisions of Article 51 of the BMR apply, such that the Administrator is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).

## IMPORTANT NOTES

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

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS. THE NOTES MAY NOT BE OFFERED OR SOLD DIRECTLY OR INDIRECTLY WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). THE NOTES WILL ONLY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-U.S. PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE NOTES UNDER STATE OR FEDERAL SECURITIES LAW. THE NOTES CANNOT BE SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT). FOR A DESCRIPTION OF CERTAIN RESTRICTIONS ON REALES OR TRANSFERS, SEE “*TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS*”.

THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY “U.S. PERSON” AS DEFINED IN THE U.S. RISK RETENTION RULES (RISK RETENTION U.S. PERSONS). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF “U.S. PERSON” IN THE U.S. RISK RETENTION RULES IS SUBSTANTIALLY SIMILAR TO, BUT NOT IDENTICAL TO, THE DEFINITION OF “U.S. PERSON” IN REGULATION S. EACH PURCHASER OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES BY ITS ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON OR (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

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

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



prohibited. A prospective investor shall not be entitled to, and must not rely on, this Prospectus unless it was furnished to such prospective investor directly by the Issuer and the Arranger.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having 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 import of such information.

The information contained in this Prospectus in the section headed *‘Characteristics of the Provisional Mortgage Portfolio’* has been extracted from information provided by the Seller. The Issuer accepts responsibility for the accurate reproduction of such extracted information. So far as the Issuer is aware and/or able to ascertain from such information, no facts have been omitted which would render the information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements, including statements as to foreign law, contained in the information. The Issuer does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information and prospective investors in the Notes should not rely upon, and should make their own independent investigations and enquiries in respect of, the same.

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

None of the Issuer, the Arranger, the Trustee or any other person makes any representation to any prospective investor or purchaser of the Notes regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations and prospective investors should consult their legal advisers to determine whether and to what extent the investment in the Notes constitute a legal investment for them.

CSC Capital Markets (Ireland) Limited accepts responsibility for the information set out in the section headed *“The Replacement Servicer Facilitator and the Corporate Services Provider”*. To the best of the knowledge and belief of CSC Capital Markets (Ireland) Limited (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by CSC Capital Markets (Ireland) Limited as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

UBIDAC accepts responsibility for the information set out in the section headed *“The Seller, the Servicer, the EU Risk Retention Holder, the Servicer Advance Facility Provider and the Subordinated Loan Provider”*. To the best of the knowledge and belief of UBIDAC (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by UBIDAC as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

National Westminster Bank Plc accepts responsibility for the information set out in the section headed *“The Cash Manager”*. To the best of the knowledge and belief of National Westminster

Bank Plc (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by National Westminster Bank Plc as to the accuracy or completeness of any information contained in this Prospectus (other than in the sections referred to above) or any other information supplied in connection with the Notes or their distribution.

BNY Mellon Corporate Trustee Services Limited accepts responsibility for the information set out in the section headed *"The Trustee"*. To the best of the knowledge and belief of BNY Mellon Corporate Trustee Services Limited (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BNY Mellon Corporate Trustee Services Limited as to the accuracy or completeness of any information contained in this Prospectus (other than in the section headed *"The Trustee"*) or any other information supplied in connection with the Notes or their distribution.

The Bank of New York Mellon, London Branch accepts responsibility for the information set out in the section headed *"Principal Paying Agent and the Agent Bank"*. To the best of the knowledge and belief of The Bank of New York Mellon, London Branch (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by The Bank of New York Mellon, London Branch as to the accuracy or completeness of any information contained in this Prospectus (other than in the section headed *"Principal Paying Agent and the Agent Bank"*) or any other information supplied in connection with the Notes or their distribution.

The Bank Of New York Mellon SA/NV, Luxembourg Branch and The Bank Of New York Mellon SA/NV, Dublin Branch each accept responsibility for the information set out in the section headed *"The Registrar and the Account Bank"*. To the best of the knowledge and belief of each of The Bank Of New York Mellon SA/NV, Luxembourg Branch and The Bank Of New York Mellon SA/NV, Dublin Branch (having taken all reasonable care to ensure that such is the case), the information contained in such section is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by The Bank Of New York Mellon SA/NV, Luxembourg Branch or The Bank Of New York Mellon SA/NV, Dublin Branch as to the accuracy or completeness of any information contained in this Prospectus (other than in the section headed *"The Registrar and the Account Bank"*) or any other information supplied in connection with the Notes or their distribution.

This Prospectus comprises a prospectus for the purposes of the Prospectus Directive and for the purpose of giving information with regard to the Issuer and the Notes, which according to the particular nature of the Issuer and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer. 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 import of such information.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer or the Arranger to subscribe for or purchase any of the Notes. 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 comes are required by the Issuer and the Arranger to inform themselves about and to observe any such restrictions.

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

The distribution of this Prospectus, or any part thereof, and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by any Transaction Party that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this Prospectus as a prospectus for the purposes of the Prospectus Directive by the Central Bank, no action has been or will be taken by any Transaction Party which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with all applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer and the Arranger to inform themselves about and to observe any such restriction. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus (or any part hereof), see the section entitled “*Subscription and Sale*” below.

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

None of the Arranger or the Trustee makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or part thereof or any other information provided by the Issuer in connection with the Notes. None of the Arranger or the Trustee accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the Notes. Each potential purchaser of Notes should determine the relevance of the information contained in this Prospectus or part hereof and the purchase of Notes should be based upon such investigation as each purchaser deems necessary. None of the Arranger or the Trustee undertakes or shall undertake to review the financial condition or affairs of the Issuer or to advise any investor or potential investor in the Notes of any information coming to the attention of the Arranger or the Trustee.

The Arranger has no responsibility to or liability for and does not owe any duty to any party or other person in respect of the preparation and due execution of the Transaction Documents or the enforceability of any of the obligations set out in the Transaction Documents (other than its own individual obligations under the Note Purchase Agreement).

The Notes will be represented by Global Notes (being the Class A Global Note, the Class Z Global Note and the Class X Global Note, together the “Global Notes”) which are expected to be deposited with a common safekeeper (the “Common Safekeeper”) for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream, Luxembourg”) and registered in the name of a nominee of the Common Safekeeper on the Closing Date. The Global Notes are intended to be held in a manner which will allow Eurosystem eligibility. This simply means that the Global Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and registered in the name of a nominee of one of the ICSDs acting as common safekeeper, and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

References in this Prospectus to “euro”, “€” or “EUR” are to the lawful currency of the Member States of the European Union that have adopted a single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty of European Union. References in this Prospectus to Ireland mean Ireland (excluding Northern Ireland).

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

### **Forward-Looking Statements and Statistical Information**

Certain matters contained in this Prospectus are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Mortgage Loans, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as “may”, “will”, “could”, “believes”, “expects”, “anticipates”, “continues”, “intends”, “plans” or similar terms. Consequently, future results may differ from the Issuer’s expectations due to a variety of factors, including (but not limited to) the economic environment and regulatory changes in the residential mortgage industry in Ireland. This Prospectus also contains certain tables and other statistical analyses (the “Statistical Information”). Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information’s accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of or the potential yields on any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. Moreover, past financial performance should not be considered a reliable indicator of future performance and 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. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. None of the Arranger or the Seller has attempted to verify any forward-looking statements or Statistical Information, nor does it make any representations, express or implied, with respect thereto. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements or Statistical Information. None of the Issuer, the Arranger or the Seller assumes any obligation to update these forward-looking statements or Statistical Information or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements or Statistical Information, as applicable.

## MIFID II PRODUCT GOVERNANCE

Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

## **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 (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of 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. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

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## **RISK FACTORS**

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

*An investment in the Notes is only suitable for investors experienced in financial matters who are in a position to fully assess the risks relating to such an investment and who have sufficient financial means to suffer any potential loss stemming therefrom.*

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

### **Credit Structure**

#### **Notes obligations of Issuer only**

The Notes will be obligations solely of the Issuer and will not be the responsibility of, or guaranteed by, any of the Transaction Parties (other than the Issuer). In particular, the Notes will not be obligations of, and will not be guaranteed by, the Arranger or the Trustee. No person other than the Issuer will accept any liability whatsoever in respect of any failure by the Issuer to pay any amount due under the Notes.

#### **Limited source of funds**

The ability of the Issuer to meet its obligations to pay principal and interest on the Notes and its operating and administrative expenses will be dependent solely on Revenue Receipts and Principal Receipts in respect of the Mortgage Loans in the Mortgage Portfolio, interest earned on the Transaction Account, amounts standing to the credit of the General Reserve Fund and amounts standing to the credit of the Pre-Funding Ledger. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, or below, the Notes under the applicable Priority of Payments. If such funds are insufficient, any such insufficiency will be borne by the Noteholders and the other Secured Creditors, subject to the applicable Priority of Payments. The Issuer will have no recourse to the Seller, save as provided in the Mortgage Sale Agreement (see further the section entitled *Sale of the Mortgage Portfolio under the Mortgage Sale Agreement*).

#### **Limited recourse**

The Notes will be limited recourse obligations of the Issuer. If at any time following:

- (A) the occurrence of either:
  - (i) the Final Maturity Date or any earlier date upon which all of the Notes of each class are due and payable; or
  - (ii) the service of an Enforcement Notice; and



- (B) realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Priority of Payments,

the proceeds of such Realisation are insufficient, after payment of all other claims ranking in priority in accordance with the applicable Priority of Payments, to pay in full all amounts then due and payable under any class of Notes, then the amount remaining to be paid (after such application in full of the amounts first referred to in (B) above) under such class of Notes (and any class of Notes junior to that class of Notes) shall, on the day following such application in full of the amounts referred to in (B) above, cease to be due and payable by the Issuer. The Issuer will not be obliged to pay any amounts representing a shortfall and any claims in respect of such shortfall shall be extinguished. "Realisation" is defined in Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*).

None of the Secured Creditors shall be entitled to institute against the Issuer any bankruptcy, reorganisation, arrangement, examinership, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation relating to the Notes or the other Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by any other party.

Each Secured Creditor (other than the Trustee) agrees that if any amount is received by it (including by way of set-off) in respect of any secured obligation owed to it other than in accordance with the provisions of the Irish Deed of Charge and the English Deed of Charge, then an amount equal to the difference between the amount so received by it and the amount that it would have received had it been paid in accordance with the provisions of the Irish Deed of Charge and the English Deed of Charge, as applicable, shall be received and held by it as trustee for the Trustee and shall be paid over to the Trustee immediately upon receipt so that such amount can be applied in accordance with the provisions of the Irish Deed of Charge and the English Deed of Charge.

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

If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Class Z Notes (other than if the Class Z Notes are the Most Senior Class), after having paid or provided for items of higher priority in the Pre-Enforcement Revenue Priority of Payments, then that amount shall not be due and payable and the Issuer will be entitled under Condition 4.3(l) (*Interest Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date or such earlier date as (i) interest in respect of the Class Z Notes becomes due and payable in accordance with the Conditions or (ii) the Class Z Notes fall to be redeemed in accordance with the Conditions and it shall not constitute an Event of Default. Such Deferred Interest will accrue Additional Interest at a rate of interest applicable from time to time in relation to the relevant Note and the payment of such Additional Interest will also be deferred until the following Interest Payment Date or such earlier date as (i) interest in respect of the Class Z Notes becomes due and payable in accordance with the Conditions or (ii) the Class Z Notes fall to be redeemed in accordance with the Conditions. To the extent that there are insufficient funds on the following Interest Payment Date or such earlier date to pay such amounts of interest on the Class Z Notes, the deferral of interest shall continue until the Final Maturity Date or such earlier date on which the Class Z Notes fall to be redeemed in accordance with Condition 5 (*Redemption*).

### ***Credit risk***

The Issuer is subject to the risk of default in payment by the Borrowers and upon such default in payment, the failure by the Servicer, on behalf of the Issuer, to realise or recover sufficient funds from the Borrowers under the arrears and default procedures in respect of the Mortgage Loans and their Related Security in order to discharge all amounts due and owing by the relevant Borrowers under the Mortgage Loans. New forbearance procedures introduced by the Seller in 2018 (as described in further detail in the section entitled "*Arrears and Default Procedures*" below) will allow for a portion of the Mortgage Loan to be written down as a form of arrears management. This risk

may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by certain credit enhancement features which are described in the section entitled "*Key Structural Features - Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such credit enhancement features or that such alternative sources of liquidity will protect the Noteholders from all risk of loss. Should there be credit losses arising in respect of the Mortgage Loans, this could have an adverse effect on the ability of the Issuer to make payments of principal and/or interest and other amounts due on the Notes.

### ***Liquidity risk***

The Issuer is subject to the risk of insufficiency of funds on any Interest Payment Date as a result of various reasons including payments being made late by Borrowers after the end of the Collection Period immediately preceding each relevant Interest Payment Date. This risk may adversely affect the Issuer's ability to make payments on the Notes but is mitigated to some extent by the provision of liquidity from alternative sources such as the General Reserve Fund (to support the Class A Notes) as described in the section entitled "*Key Structural Features - Credit Enhancement and Liquidity Support*". However, no assurance can be made as to the effectiveness of such alternative sources of liquidity, or that such alternative sources of liquidity will be sufficient to protect the Noteholders from all risk of loss.

### ***Payment of principal and interest in respect of the classes of Notes is sequential.***

The Class A Notes will rank *pari passu* and without any preference or priority amongst themselves in relation to payment of interest and principal at all times and in priority to the Class Z Notes, the Subordinated Loan, the Servicer Advance Facility and the Class X Notes.

The Class Z Notes will rank *pari passu* and without any preference or priority amongst themselves in relation to payment of interest and principal at all times and in priority to the Subordinated Loan, the Servicer Advance Facility and the Class X Notes.

The Class X Notes will rank *pari passu* and without any preference or priority amongst themselves and will be subordinated in relation to payment of the Class X Payment and payments of principal to all other Classes of Notes, the Subordinated Loan and the Servicer Advance Facility.

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

### ***Significant Investor***

Significant concentrations of holdings of the Notes may occur. In holding some or all of the Notes, any investor holding such concentrations may have a majority holding and therefore be able to pass, or hold a sufficient minority to block, Noteholder resolutions.

UBIDAC will acquire all of the Notes on the Closing Date, giving it the ability to pass or block Noteholder resolutions. Therefore, no assurance can be given that any subsequent Noteholder will have influence to block or pass certain Noteholder resolutions.

In addition, the Seller will retain the Class X Notes and a portion of the Class Z Notes equal to a net economic interest of not less than 5 per cent in the nominal value of the securitisation in accordance with (i) the requirements of Article 405 of the CRR, Article 51(1) of the AIFMR, Article 17 of the AIFMD and Article 254(2) of the Solvency II Regulation.

### ***Interest Rate Risk***

The Mortgage Portfolio is a mixture of Fixed Rate Mortgage Loans, Standard Variable Rate Mortgage Loans and ECB Tracker Rate Mortgage Loans. The reference rate for the Class A Notes is EURIBOR. The Issuer is subject to the risk of (i) a mismatch between the fixed rates of interest payable on the Fixed Rate Mortgage Loans and the interest rate payable in respect of the Notes;

and (ii) interest on the Standard Variable Rate Mortgage Loans or the ECB Tracker Rate Mortgage Loans being determined on different bases than that on which the interest rate payable on the Notes is determined. There are material mitigants to these risks. First, the Servicer (other than the Initial Servicer) shall covenant not to set the Standard Variable Rate for any Collection Period below the SVR Floor Level for the related Interest Period (the “SVR Floor Level”) being, in respect of any Interest Period, 3 month EURIBOR (or, from and including any Interest Period during which an Alternative Base Rate applies to the Notes, such Alternative Base Rate) on the related Interest Determination Date for such Interest Period plus 2.5 per cent. However, if on any day during an Interest Period the Initial Servicer applies a Standard Variable Rate for a Collection Period at a level less than the SVR Floor Level for the related Interest Period: (a) on the related Calculation Date the Initial Servicer will calculate the Weighted Average Standard Variable Rate; and (b) if the Weighted Average Standard Variable Rate for such Collection Period is below the SVR Floor Level for the related Interest Period, the Issuer (or the Cash Manager on its behalf) will on such Calculation Date request a drawing under the Servicer Advance Facility in an amount equal to the Servicer Advance Drawdown Amount, to be made by the Initial Servicer on the Interest Payment Date relating to such Collection Period. This mitigates the risk of the interest on the Standard Variable Rate Mortgage Loans being determined on different bases than that on which the interest rate payable on the Notes is determined. Secondly, the Product Switch Conditions mitigate there being an increased risk of exposure to Fixed Rate Mortgage Loans as any Product Switch which converts any Standard Variable Rate Mortgage Loan or ECB Tracker Rate Mortgage Loan into a fixed rate mortgage loan or which results in a lower rate of interest applicable to the relevant Fixed Rate Mortgage Loan will not meet the Product Switch Conditions and must be repurchased by the Seller.

“Weighted Average Standard Variable Rate” means, in respect of a Collection Period, the weighted average of the Standard Variable Rate that applies on each day of such Collection Period.

***Changes or uncertainty in respect of EURIBOR may affect value of Notes and the payment of interest thereunder***

Various interest rate benchmarks and the Euro Interbank Offered Rate (“EURIBOR”) are the subjects of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already in effect while others are still to be implemented, including the EU Benchmark Regulation (Regulation (EU) 2016/1011) (the “Benchmark Regulation”).

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

In March 2017, the European Money Markets Institute (formerly Euribor-EBF) (the “EMMI”) published a position paper referring to certain proposed reforms to EURIBOR, which reforms aim to clarify the EURIBOR specification, to develop a transaction-based methodology for EURIBOR and to align the relevant methodology with the Benchmark Regulation, the IOSCO Principles for Financial Benchmarks and other regulatory recommendations. The EMMI has since indicated that there has been a “change in market activity as a result of the current regulatory requirements and a negative interest rate environment” and “under the current market conditions it will not be feasible to evolve the current EURIBOR methodology to a fully transaction-based methodology following a seamless transition path”. The EMMI published an initial consultation paper on 28 June 2018 on the development of a hybrid methodology for EURIBOR and (following responses to such initial consultation) published a second consultation paper on 27 October 2018 where it indicated that it is confident that the hybrid methodology is a *robust evolution of the current quote-based methodology, compliant with the regulatory requirements of the [Benchmark Regulation]*.

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

Based on the foregoing, prospective investors should in particular be aware that:

- (A) any of the reforms or pressures described above or any other changes to a relevant interest rate benchmark (including EURIBOR) could affect the level of the published rate, including to cause it to be lower and/or more volatile than it would otherwise be;
- (B) if EURIBOR is discontinued or is otherwise unavailable and an amendment as described in paragraph (C) below has not been made at the relevant time, then the rate of interest on the Class A Notes will be determined for a period by the fall-back provisions provided for under Condition 11(E) (*Additional Right of Modification*), although such provisions, being dependent in part upon the provision by reference banks of offered quotations for leading banks in the Eurozone interbank market (in the case of EURIBOR), may not operate as intended (depending on market circumstances and the availability of rate information at the relevant time) and may in certain circumstances result in the effective application of a fixed rate based on the rate which applied in the previous period when EURIBOR was available; and
- (C) while an amendment to the Conditions, the Trust Deed or any other Transaction Document to which the Trustee is a party or in relation to which it holds security may be made under Condition 11(E) (*Additional Right of Modification*) to change the base rate on the Class A Notes from EURIBOR to an alternative base rate under certain circumstances broadly related to EURIBOR disruption or discontinuation and subject to certain conditions being satisfied including with respect to Noteholder consent in part, there can be no assurance that any such amendment will be made or, if made, that it (i) will fully or effectively mitigate all relevant interest rate risks or result in an equivalent methodology for determining the interest rates on the Notes or (ii) will be made prior to any date on which any of the risks described in this risk factor may become relevant.

Moreover, any of the above matters (including an amendment to change the base rate as described in paragraph (C) above) or any other significant change to the setting or existence of EURIBOR or any other relevant interest rate benchmark could affect the ability of the Issuer to meet its obligations under the Notes and/or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Changes in the manner of administration of EURIBOR or any other relevant interest rate benchmark could result in adjustment to the Conditions, early redemption, delisting or other consequences in relation to the Notes. No assurance may be provided that relevant changes will not occur with respect to EURIBOR or any other relevant interest rate benchmark and/or that such benchmarks will continue to exist. Investors should consider these matters when making their investment decision with respect to the Notes.

### ***Projections, Forecasts and Estimates***

Any projections, forecasts and estimates provided to prospective purchasers of the Notes are forward looking statements. Projections are necessarily speculative in nature, and it can be expected that some or all of the assumptions underlying the projections will not materialise or will vary significantly from actual results. Accordingly, the projections are only an estimate. Actual results may vary from the projections, and the variations may be material.

Some important factors that could cause actual results to differ materially from those in any forward looking statements include changes in interest rates, market, financial, political, regulatory or legal uncertainties mismatches between the timing of accrual and receipt of interest and principal from the Mortgage Loans, among others.

None of the Issuer, the Seller, the Arranger or any other Transaction Party or any of their respective affiliates has any obligation to update or otherwise revise any projections, including any revisions to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

### ***Yield and prepayment considerations***

The yield to maturity of the Notes of each class will depend on, among other things, the amount and timing of payment of principal and interest (including prepayments, sale proceeds arising on enforcement of a Mortgage Loan and repurchases of Mortgage Loans required to be made under the Mortgage Sale Agreement and whether or not any Additional Mortgage Loans are acquired by the Issuer) on the Mortgage Loans and the price paid by the holders of the Notes of each class. Such yield may be adversely affected by, amongst other things, a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The Seller shall be required in certain circumstances to repurchase Mortgage Loans upon material breach of any of the representations or warranties given by the Seller in respect of such Mortgage Loan which is not capable of remedy. Where a Further Advance or Product Switch occurs, the Issuer will either fund the purchase of the Further Advance from the Seller from Principal Receipts or the Issuer will not purchase the Further Advance and the Seller will exercise certain rights and obligations to repurchase the Mortgage Loans subject to such Further Advances or Product Switches. The purchase of such Further Advances by the Issuer or the repurchase of such Mortgage Loans will have an impact on the volume of Principal Receipts available to repay the Notes. See also *'Risk Factors - Product Switches and Further Advances'*.

The rate of prepayment of Mortgage Loans is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing programmes, local and regional economic conditions and homeowner mobility. Subject to the terms and conditions of the Mortgage Loans (which may require in some cases notification to the Seller and in other cases the consent of the Seller), a Borrower may "overpay" or prepay principal on any day in specified circumstances. No assurance can be given as to the level of prepayments that the Mortgage Portfolio will experience. It is noted that, in addition to the Seller's usual forbearance procedures (including the creation of a Modified Mortgage Loan or Split Mortgage Loan), a Borrower can apply for a payment holiday where certain conditions are fulfilled and such payment holiday could be for up to six months which would impact both the yield and the rate of prepayment of Mortgage Loans. See also the section entitled *"The Mortgage Portfolio - Sale of the Mortgage Portfolio under the Mortgage Sale Agreement"*.

Following enforcement of the Security, there is no guarantee that the Issuer will have sufficient funds to redeem the Notes in full.

On (i) any Interest Payment Date or (ii) the Interest Payment Date on which the aggregate Principal Amount Outstanding of all the outstanding Notes is less than 10 per cent. of the aggregate Principal Amount Outstanding of all such Notes on the Closing Date, the Issuer may, subject to certain conditions and, in respect of (i) only, obtaining Noteholder approval by way of a Special Resolution in respect of a Special Resolution Matter, redeem all of the Notes. In addition, the Issuer may, subject to the Conditions, redeem all of the Notes if a change in tax law results in the Issuer being required to make any deduction or withholding on account of tax other than a FATCA Withholding (a "Tax Deduction") in respect of any payment in respect of the Notes, or the Issuer would be subject to Irish corporation tax in an accounting period on an amount which materially exceeds the Issuer Profit Amount retained during that accounting period. See Condition 5(E) (*Optional Redemption in whole for taxation reasons*) for further information.

On the Additional Mortgage Portfolio Longstop Date, amounts standing to the credit of the Pre-Funding Ledger will be applied to prepay the Notes on such date to the extent not applied by the Issuer to acquire the Additional Mortgage Portfolio on or before such date.

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

## ***Ratings of the Notes***

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

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

## ***Rating Agency Confirmation in relation to the Class A Notes in respect of certain actions***

The terms of certain Transaction Documents require the Rating Agencies to be notified in relation to certain actions proposed to be taken by the Issuer and the Trustee and such actions will only be effective to the extent that the Issuer has received a Rating Agency Confirmation in respect of the Class A Notes.

A Rating Agency Confirmation does not, for example, confirm that such action (i) is permitted by the terms of the Transaction Documents or (ii) is in the best interests of, or prejudicial to, Noteholders. While entitled to have regard to the fact that the Rating Agencies have confirmed that the then current rating of Class A Notes would not be downgraded, withdrawn, qualified or suspended or that any Notes have not been placed by such Rating Agency on rating watch negative (or equivalent), the above does not impose or extend any actual or contingent liability on the Rating Agencies to the Secured Creditors (including the Noteholders), the Issuer, the Arranger, the Trustee or any other person or create any legal relationship between the Rating Agencies and the Secured Creditors (including the Noteholders), the Issuer, the Arranger, the Trustee or any other person whether by way of contract or otherwise.

Any such Rating Agency Confirmation may or may not be given at the sole discretion of each Rating Agency. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that a Rating Agency cannot provide a Rating Agency Confirmation in the time available or at all, and the Rating Agency is likely to state that it is not responsible for the consequences thereof. A Rating Agency Confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the securities form part since the Closing Date. A Rating Agency Confirmation represents only a restatement of the opinions given as at the Closing Date and cannot be construed as advice for the benefit of any parties to the transaction.

Certain Rating Agencies have indicated that they will no longer provide a Rating Agency Confirmation as a matter of policy. To the extent that a Rating Agency Confirmation cannot be obtained, whether or not a proposed action will ultimately take place will be determined in accordance with the provisions of the relevant Transaction Documents and specifically the relevant modification and waiver provisions.

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

There can be no assurance that there is an active and liquid market for the Notes and no assurance is provided that a secondary market for the Notes will develop or, if it does develop, that such market will provide Noteholders with liquidity of investment for the life of the Notes or that such market will subsequently continue to exist. Any investor in the Notes must be prepared to hold its

Notes for an indefinite period of time or until the Final Maturity Date or alternatively such investor may only be able to sell its Notes at a discount to the original purchase price of those Notes.

The secondary market for mortgage-backed securities has in the past experienced significant disruptions resulting from reduced investor demand for such securities. This has resulted in the secondary market for mortgage-backed securities similar to the Notes experiencing very limited liquidity during such severe disruptions. If limited liquidity were to occur in the secondary market it could have a material adverse effect on the market value of mortgage-backed securities including the Notes issued by the Issuer, especially those securities that are more sensitive to prepayment, credit or interest rate risk and those securities that have been structured to meet the investment requirements of limited categories of investors. It is not known whether such market conditions will recur.

Whilst central bank schemes such as the Eurosystem monetary policy framework of the European Central Bank provide an important source of liquidity in respect of eligible securities, the relevant eligibility criteria for eligible collateral which apply and will apply in the future under such facilities are likely to adversely impact secondary market liquidity for mortgage-backed securities in general, regardless of whether the Notes are eligible securities. No assurance is given that any Class of Notes will be eligible for any specific central bank liquidity schemes.

## **Rights of Noteholders and Secured Creditors**

### ***Conflict between Noteholders***

The Trust Deed and the Deeds of Charge contain provisions requiring the Trustee to have regard to the interests of the holders of the Class A Notes (the “Class A Noteholders”), the holders of the Class Z Notes (the “Class Z Noteholders”) and the holders of the Class X Notes (the “Class X Noteholders”) equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise).

If, in the opinion of the Trustee, there is a conflict between the interests of holders of different classes of Notes, the Trustee will have regard only to the interests of the holders of the Most Senior Class.

So long as any of the Notes are outstanding, the Trustee will have regard solely to the interests of the Noteholders and shall not have regard to the interests of the other Secured Creditors, subject to the provisions of the Trust Deed.

As a result, (other than in respect of a Basic Terms Modification) holders of Notes other than the Most Senior Class may not have their interests taken into account by the Trustee when the Trustee exercises discretion.

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

## **The Mortgage Loans**

### ***Title of the Issuer***

The sale of the Mortgage Loans and their Related Security will take effect in equity only. Save in the limited circumstances described below under *Sale of the Mortgage Portfolio under the Mortgage Sale Agreement*” (such as, *inter alia*, where an Enforcement Notice (as defined in “*Terms and Conditions of the Notes*” below) has been given), neither the Issuer nor the Trustee will obtain legal title to the Mortgage Loans and their Related Security by effecting any registration of their

interests in the Mortgage Loans and Related Security and by giving notice of assignment to the Borrowers.

Prior to the Issuer or the Trustee obtaining legal title to the Mortgage Loans and their Related Security (as described above), the rights of the Issuer and the Trustee may be or may become subject to equities (e.g. rights of set-off between the Borrowers or insurance companies and the Seller (as discussed below)) and to the interests of third parties who perfect a legal interest, namely, a *bona fide* purchaser for value from the Seller of any such Mortgage Loan without notice of any interest of the Issuer or the Trustee, who may obtain a good title to the Mortgage Loans and Related Security free of any such interests. Such equities and third party rights may diminish or negate the value of the Issuer's or Trustee's interest in the Mortgage Loans and their Related Security and could acquire priority over the interests of the Issuer and the Trustee. If this occurred, then the Issuer would not have good title to the affected Mortgage Loan and its Related Security and it would not be entitled to payments by a Borrower in respect of that Mortgage Loan.

Borrowers will also have the right to redeem their mortgages by repaying the Mortgage Loan directly to the Seller. However, the Seller will undertake, pursuant to the Mortgage Sale Agreement, to hold any money repaid to it in respect of Mortgage Loans to the order of the Issuer.

Also, for so long as neither the Issuer nor the Trustee has obtained legal title, it must join the Seller as a party to any legal proceedings which it may wish to take against any Borrower to enforce its rights under the relevant Mortgage Loan and its Related Security. In this respect, the Seller will, pursuant to the Mortgage Sale Agreement, undertake for the benefit of the Issuer and the Trustee that it will lend its name to, and take such steps as may reasonably be required by the Issuer or the Trustee in relation to, any legal proceedings in respect of the Mortgage Loans and their Related Security.

### ***Variation of terms of Mortgage Loans***

Although between the Seller and the Issuer, the Seller has agreed under the Mortgage Sale Agreement that it will not vary any of the terms of the Mortgage Loans or their Related Security, the Seller may in its capacity as Servicer under the Servicing Agreement vary certain terms in certain circumstances as set out in the Servicing Agreement. As between any Borrower and the Issuer, if the Seller were to modify the terms of the Mortgage Loans and their Related Security the revised terms would apply and the Issuer would only have recourse against the Seller for breach of contract or breach of trust.

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

As described above, the sale by the Seller to the Issuer of the Mortgage Loans will be given effect by an assignment. As a result, legal title to the Mortgage Loans and their Related Security sold by the Seller to the Issuer will remain with the Seller until the occurrence of certain trigger events under the terms of the Mortgage Sale Agreement.

Therefore, the rights of the Issuer and the Trustee may be or may become subject to the direct rights of the Borrowers against the Seller. Such rights may include rights of set-off existing prior to notification to the Borrowers of the sale of the Mortgage Loans and their Related Security, which arise in relation to transactions made between certain Borrowers and the Seller (for example, the lodgement of moneys by certain Borrowers in deposit accounts with the Seller or where Borrowers are employees of the Seller) and the rights of Borrowers to redeem their mortgages by repaying the relevant Mortgage Loan directly to the Seller. These rights may result in the Issuer receiving a lesser amount than anticipated from the Mortgage Loans and their Related Security.

Further, there is a risk that the service of a notice of sale to a Borrower would not terminate his rights of set-off, as Section 40 of the Consumer Credit Act 1995 provides that where a creditor's or owner's rights under an agreement are assigned to a third person, the consumer is entitled to plead against the third person any defence which was available to him against the original creditor, including set-off.



## ***Income and Principal Deficiency***

If, on any Interest Payment Date, there is a Revenue Shortfall as a result of shortfalls in Available Revenue Receipts (other than items (D) and (F) of the definition thereof) relative to amounts due and payable pursuant to items (A) to (E) inclusive of the Pre-Enforcement Revenue Priority of Payments, then subject to certain conditions set out in “*Key Structural Features*”, the Issuer may apply amounts standing to the credit of the General Reserve Fund to meet such Revenue Shortfall.

If, following application of Available Revenue Receipts (other than item (F) of Available Revenue Receipts), the Cash Manager determines that there would be a Further Class A Shortfall, then the Issuer shall pay or provide for such Further Class A Shortfall by applying Available Principal Receipts (if any), and the Cash Manager shall make a corresponding entry in the Principal Deficiency Ledger as described in “*Key Structural Features*” below. In this event, the consequences set out in the following paragraph may result.

Application, as described above, of any Available Principal Receipts to meet any Further Class A Shortfall (in addition to any Losses and other amounts to be recorded as debit entries on the Principal Deficiency Ledger as described in “*Key Structural Features - Principal Deficiency Ledger*”) will be recorded first on the sub-ledger of the Principal Deficiency Ledger relating to the Class Z Notes (the “Class Z Principal Deficiency Sub-Ledger”) until the balance of the Class Z Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class Z Notes then outstanding, and then on the sub-ledger of the Principal Deficiency Ledger relating to the Class A Notes (the “Class A Principal Deficiency Sub-Ledger”) until the balance of the Class A Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class A Notes then outstanding.

It is expected that during the course of the life of the Notes, principal deficiencies will be recouped from Available Revenue Receipts (other than items (D) and (F) of the definition thereof) and will be applied, after meeting prior ranking obligations as set out under the Pre-Enforcement Revenue Priority of Payments, to credit first the Class A Principal Deficiency Sub-Ledger and second the Class Z Principal Deficiency Sub-Ledger.

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

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

## ***Pre-Funding and Additional Mortgage Portfolio***

On the Closing Date, an amount of the proceeds equal to €500,000,000 (the “Pre-Funding Amount”) will be credited to a separate ledger of the Transaction Account (the “Pre-Funding Ledger”) to be retained by the Issuer with the intention of financing the acquisition of the Additional Mortgage Portfolio prior to the Additional Mortgage Portfolio Longstop Date.

Amounts credited to the Pre-Funding Ledger will be applied to prepay the Notes on the Additional Mortgage Portfolio Longstop Date to the extent not applied by the Issuer to acquire the Additional Mortgage Portfolio on or before such date, which would result in Noteholders receiving repayments of principal earlier than otherwise expected. In addition, during the period from the Closing Date to the Additional Mortgage Portfolio Longstop Date, the Issuer is subject to the risk that the interest payable on amounts credited to the Pre-Funding Ledger is less than interest received on the

equivalent amount of Notes, leading to negative carry risk. See further the section entitled “Key Structural Features” below.

The Cash Manager will maintain the Pre-Funding Ledger pursuant to the Cash Management Agreement.

### ***Product Switches and Further Advances***

A Mortgage Loan and its Related Security may be repurchased where a Further Advance or a Product Switch is made in the circumstances and for the consideration set out in “*Sale of the Mortgage Portfolio under the Mortgage Sale Agreement*”. There can be no assurance that the Seller will have the financial resources to honour its repurchase obligations under the Mortgage Sale Agreement. This may affect the quality of the Mortgage Loans and their Related Security in the Mortgage Portfolio and accordingly the ability of the Issuer to make payments on the Notes. The yield to maturity of the Notes may be affected by the repurchase of Mortgage Loans subject to Further Advances and Product Switches.

The number of Further Advance and Product Switch requests received by the Seller and/or the Servicer will affect the timing of principal amounts received by the Issuer and hence payments of principal and (in the event of a shortfall) interest on the Notes.

### ***Selection of the Mortgage Portfolio***

The information in the section headed “*Statistical Information on the Provisional Mortgage Portfolio*” has been extracted from the systems of the Seller as at the Cut-off Date and relates to the Provisional Mortgage Portfolio. The pool of Mortgage Loans from which the Initial Mortgage Portfolio and (if offered by the Seller to the Issuer) the Additional Mortgage Portfolio will be selected (the “Provisional Mortgage Portfolio”) comprises of Mortgage Loans (including Further Advances) with an aggregate principal balance as at the Cut-off Date of €2,191,025,892. The Initial Mortgage Portfolio will consist of the Mortgage Loans in the Provisional Mortgage Portfolio excluding: (i) the Additional Mortgage Loans (being those Mortgage Loans which as at the Closing Date will remain subject to financing pursuant to the Celtic 15 Transaction) and which, at the Cut-off Date, have an aggregate principal balance of €478,318,754; (ii) any Mortgage Loans subject to repayments and redemptions prior to the Closing Date; and (iii) any Mortgage Loans that, at any time prior to the Closing Date, are found not to comply with the representations and warranties to be given with respect to the Mortgage Loans on the Closing Date. If the Additional Mortgage Portfolio is offered for sale by the Seller to the Issuer and acquired by the Issuer on the Additional Mortgage Portfolio Sale Date, such Additional Mortgage Portfolio will be selected from the Additional Mortgage Loans in the Provisional Mortgage Portfolio (less (ii) and (iii)). The characteristics of the Initial Mortgage Portfolio and any Additional Mortgage Portfolio may therefore vary from those of the Provisional Mortgage Portfolio.

### ***Borrower Interest and Principal Obligations***

The Mortgage Loans in the Mortgage Portfolio include buy-to-let mortgage loans where the relevant Properties are not owner occupied and may be let by the relevant Borrower to tenants. The Borrower's ability to service payment obligations in respect of such Mortgage Loans is likely to depend on the Borrower's ability to lease the relevant Properties on appropriate terms. However, there can be no guarantee that each such Property will be the subject of an existing tenancy when the relevant Mortgage Loan is acquired by the Issuer or that any tenancy which is granted will subsist throughout the life of the Mortgage Loan and/or that the rental income achievable from such tenancy will be sufficient (or that there will not be any default in payment of rent) to provide the Borrower with sufficient income to meet the Borrower's interest obligations in respect of the Mortgage Loan. This apparent dependency on leasing income may increase the likelihood during difficult market conditions that the rate of delinquencies and losses on buy-to-let mortgages will be higher than for owner-occupied mortgages. Upon enforcement of a mortgage in respect of a Property which is the subject to an existing tenancy, the Servicer may not be able to obtain vacant possession of the Property in which case the Servicer will only be able to sell the Property as an

investment property with one or more sitting tenants. This may affect the amount which the Servicer could realise upon enforcement of the mortgage and a sale of the Property. However, enforcement procedures in relation to such mortgages include appointing a receiver of rent in which case such a receiver must collect any rents payable in respect of the Property and apply them accordingly in payment of any interest and arrears accruing under the mortgage.

A Borrower may occupy a Property that is secured by a buy-to-let mortgage, thereby potentially converting the Property into a private dwelling home, which may afford the Borrower all of the protections available in respect of mortgages over private dwelling homes (including without limitation the Code of Conduct on Mortgage Arrears 2013, the Land and Conveyancing Law Reform Act 2009 (as amended) and other recent regulatory proposals in respect of enforcement of Mortgages over private dwellings, see "Certain Regulatory Considerations – Enforcement in respect of the Mortgage Loans" below).

### ***Interest-only Mortgage Loans***

Approximately 0.64 per cent. by value of the Mortgage Loans in the Provisional Mortgage Portfolio constitute Interest-only Mortgage Loans. Interest-only Mortgage Loans are originated with a requirement that the borrower pay scheduled interest payments only. There is no scheduled amortisation of principal. Consequently, upon the maturity of an Interest-only Mortgage Loan, the borrower will be required to make a "bullet" payment that will represent the entirety of the principal amount outstanding. The ability of such a borrower to repay an Interest-only Mortgage Loan at maturity frequently may depend on such borrower's ability to sell the property, refinance the property or obtain funds from another source such as individual savings accounts, a pension policy, personal equity plans or an endowment policy. Neither the Issuer, the Seller nor the Trustee have verified that the borrower has any such other source of funds and none of them has obtained security over the borrower's right in respect of any such other source of funds. The ability of a borrower to sell or refinance the property will be affected by a number of factors, including the value of the property, the borrower's equity in the property, the financial condition of the borrower, tax laws and general economic conditions at the time. Moreover, the Mortgage Conditions in respect of Interest-only Mortgages do not require a borrower to put in place alternative funding arrangements.

Should residential property values decline, borrowers under the Mortgage Loans may have insufficient equity to refinance their Mortgage Loans with lenders other than the Seller and may have insufficient resources to pay amounts in respect of their loans as and when they fall due. This could lead to higher delinquency rates and losses on the Mortgage Portfolio, which in turn may adversely affect payments on the Notes.

### ***Tracker Mortgages***

The Central Bank has directed all mortgage lenders in the Irish market to conduct an examination as to whether they have complied with their contractual obligations and consumer protection regulations in dealings with customers with Tracker Mortgages (as defined below) (the "CBI Tracker Mortgage Examination"). A tracker mortgage is a loan secured on a private dwelling house or buy to let property where the interest rate is expressed to track a defined benchmark – usually the ECB main refinancing operations rate, or similar benchmark (a "Tracker Mortgage") – or which has an option to convert to such mortgage. As part of the CBI Tracker Mortgage Examination process, a small number of Tracker Mortgages which, for the avoidance of doubt, are not part of the Mortgage Portfolio, were identified that were impacted by the CBI Tracker Mortgage Examination, and redress and compensation have been completed or are in progress with respect to such impacted Tracker Mortgages. The Mortgage Portfolio contains Tracker Mortgages (the "ECB Tracker Rate Mortgage Loans") however the Mortgage Portfolio does not contain any Tracker Mortgages identified as impacted by the CBI Tracker Mortgage Examination.

The Central Bank requires lenders to provide redress to impacted customers. That redress may include moving customers on to an appropriate rate of interest and/or paying compensation. If the Central Bank, as part of the CBI Tracker Mortgage Examination process, determines that the

relevant lender did not comply with applicable contractual obligations and consumer protection regulations, it may require the relevant lender to provide redress to impacted customers, which may include modifying an impacted mortgage loan to reflect an appropriate rate of interest and/or to reflect any compensation.

As part of the CBI Tracker Mortgage Examination, the Central Bank required that lenders "stop the harm", including putting in place measures to ensure that steps in the legal process are not taken against potentially impacted customers. As a result, no enforcement action, except in certain limited circumstances, is being taken in respect of Tracker Mortgages identified to be in scope and which have not yet been remediated.

## **Administration and Third Party Risk**

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

The Issuer is also a party to contracts with a number of other third parties who have agreed to perform services in relation to the Notes. In particular, but without limitation, the Corporate Services Provider has agreed to provide certain corporate services to the Issuer, the Account Bank has agreed to provide the Transaction Account and the Issuer Profit Account to the Issuer, the Servicer has agreed to service the Mortgage Portfolio, the Replacement Servicer Facilitator has agreed to facilitate the replacement of the Servicer following the termination of the Servicer's appointment as Servicer, the Cash Manager has agreed to provide cash management services to the Issuer, the Trustee has agreed to provide certain trustee services to the Issuer in connection with the Notes and the Principal Paying Agent and the Registrar have agreed to provide certain agency services to the Issuer in connection with the Notes. In the event that any of the above parties were to fail to perform their obligations under the respective agreements to which they are a party, payments on the Notes may be adversely affected.

Investors should also be aware that there are third parties, on which the Issuer relies, that may be adversely impacted by the general economic climate and/or, depending on the terms of the exit of the UK from the EU, may become unable to perform their obligations resulting from changes in regulation, including the loss of existing regulatory rights to do cross-border business. If a third party were to lose its right to deliver services on a cross-border basis, this could adversely affect the performance of the Notes.

### ***The Servicer***

The Servicer will be appointed by the Issuer to administer the Mortgage Loans. Upon the occurrence of a Servicer Termination Event, the Issuer (prior to the service of an Enforcement Notice and with the consent of the Trustee) or (after the service of an Enforcement Notice) the Trustee may terminate the agency (and, simultaneously, the rights) of the Servicer. Following the occurrence of such Servicer Termination Event, the Issuer shall (as soon as practicable after such event has come to its attention) give notice in writing to the Replacement Servicer Facilitator of such occurrence and request it to identify and select a replacement servicer. Upon being so notified, the Replacement Servicer Facilitator shall use reasonable endeavours to identify and select a replacement servicer within 30 calendar days of the occurrence of the applicable Servicer Termination Event and provide details of the Proposed Replacement Servicer to the Issuer and the Trustee. Promptly upon being notified of the identity of the Proposed Replacement Servicer, the Issuer shall appoint the Proposed Replacement Servicer as Servicer on substantially the same terms as set out in this Prospectus, **provided however that** any such appointment shall be subject to the prior written consent of the Trustee.

Accordingly, where the Replacement Servicer Facilitator makes such a selection, and provided certain other requirements are met, it is possible that the identity of the Servicer will change, and accordingly, the counterparty exposure of the Issuer and the Noteholders to the Servicer may also change. As this right may be exercised whenever a Servicer Termination Event occurs, the identity of the Servicer may change more than once during the duration of the Notes.

However, notwithstanding the above, no assurance can be given that a replacement servicer will be identified by the Replacement Servicer Facilitator upon the occurrence of a Servicer Termination Event or that such replacement will be completed.

If the appointment of the Servicer is terminated and the performance of the Services is assumed by a replacement servicer in accordance with the terms of the Servicing Agreement, the collection of payments on the Mortgage Loans and the provision of the Services could be disrupted during the transitional period in which the performance of the Services is transferred to the Proposed Replacement Servicer. Any failure or delay in collection of payments on the relevant Mortgage Loans resulting from a disruption in the administration of the Mortgage Loans could ultimately adversely affect payments of interest and principal on the Notes. A failure or delay in the performance of the services, in particular reporting obligations, could affect the payments of interest and principal on the Notes. Such risk is mitigated by the appointment of the Replacement Servicer Facilitator to facilitate the replacement of the Servicer at short notice after the appointment of the Servicer is terminated.

The Servicer has no obligation itself to advance payments that Borrowers fail to make in a timely fashion.

### ***Regulation of Credit Servicing Firms***

Credit servicing of loans such as residential mortgage loans is a regulated activity under the Central Bank of Ireland Act 1997, as amended by the Consumer Protection (Regulation of Credit Servicing Firms) Act 2015 (the "CBA 1997"). A firm that carries on credit servicing should be authorised, or deemed authorised, as a "credit servicing firm" pursuant to the CBA 1997.

The Servicer is a regulated credit institution and accordingly is deemed to be authorised to service the Mortgage Portfolio under the CBA 1997.

The requirement that a servicer be authorised as a credit servicing firm may limit the number of potential replacement servicers and may make it more difficult or costly to find a replacement servicer if the appointment of the Servicer were terminated, which could adversely affect the timing or the amount of payments on the Notes.

### ***Amendment to regulation of Credit Servicing***

As at the date of this Prospectus, the Irish Parliament (the "Oireachtas") is considering a proposed bill entitled "Consumer Protection (Regulation of Credit Servicing Firms) (Amendment) Bill 2018" (the "Bill") which currently seeks to make certain amendments to the CBA 1997. Under the Bill, it is proposed that the definition of credit servicing is expanded to include:

- (a) holding legal title to credit agreements;
- (b) determining the overall strategy for the management and administration of credit agreements; and
- (c) maintaining control over key decisions relating to credit agreements.

If the Bill (as defined above) is enacted as proposed, a person carrying out any of the above activities may need to be authorised as a credit servicing firm. The Bill as drafted also envisages that there could be multiple parties carrying out credit servicing activities in relation to credit agreements, each of which may be required to be authorised.

Currently the Bill is supported by the Irish Government and the main opposition party. It is not possible to say definitively when the Bill will come into force albeit the Bill's sponsor has stated his intention is that the Bill should be enacted as soon as possible. The Central Bank has not published any guidelines on the interpretation of the Bill so it cannot be said for certain what activities will definitively fall within and outside the expanded definition of credit servicing. In addition, the Bill is

in draft form and subject to amendment (and likely to be amended) before it is finally enacted. The Bill provides a route for those carrying on the business of a 'credit servicing firm' immediately before the coming into operation of the Bill (if enacted) and who are not regulated to continue carrying on the business of a 'credit servicing firm' until the Central Bank has granted or refused authorisation to the person, provided that the person applies to the Central Bank for authorisation no later than 3 months after the Bill being enacted and coming into operation.

The Bill as currently drafted provides for an exemption for certain securitisation special purpose entities (which would include the Issuer) from the requirement to be authorised as a credit servicing firm.

Furthermore, the Transaction Documents have been prepared on the basis that to the extent possible, based on current understanding of what the term "credit servicing" means, neither the Issuer nor any other parties to the Transaction Documents (other than the Servicer) conduct any activities which would be considered to be "credit servicing" activities and would require such parties to be authorised if the Bill as drafted comes into force.

It is not possible to predict what further amendments may be made to the Bill before it is enacted or what guidelines may be issued by the Central Bank in respect of the scope of the Bill. If the Bill is further amended to bring the Issuer or any other party in scope and the Central Bank takes the view the Issuer or such other party is carrying out "credit servicing" activities, the Issuer or such party could either seek the appropriate authorisations, or seek to amend the Transaction Documents accordingly. No assurance can be given that obtaining an authorisation (in particular by the Issuer) and amending the Transaction Documents would not adversely affect the Notes.

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

The Trustee may, at any time, at its discretion and without notice, take such proceedings, actions or steps against the Issuer or any other party to any of the Transaction Documents as it may think fit to enforce the provisions of the Notes or the Trust Documents (including the Conditions) or of the other Transaction Documents to which it is a party and at any time after the service of an Enforcement Notice, the Trustee may, at its discretion and without notice, take such proceedings, actions or steps as it may think fit to enforce the Security. However, the Trustee shall not be bound to take any such proceedings, actions or steps (including, but not limited to, the giving of an Enforcement Notice in accordance with Condition 9 (*Events of Default*)) unless it shall have been directed to do so by an Extraordinary Resolution of the Most Senior Class of Noteholders or in writing by the holders of at least 25 per cent. in Principal Amount Outstanding of the Most Senior Class of Notes then outstanding and it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

### ***Change of counterparties***

The parties to the Transaction Documents who receive and hold monies or provide support to the transaction pursuant to the terms of such documents (such as the Account Bank) are required to satisfy certain criteria in order to remain a counterparty to the Issuer.

These criteria may include requirements in relation to the short-term and long-term unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the party concerned ceases to satisfy the applicable criteria, including the ratings criteria detailed above, then the rights and obligations of that party (including the right or obligation to receive monies on behalf of the Issuer) may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the relevant Transaction Document and the cost to the Issuer may therefore increase. This may reduce amounts available to the Issuer to make payments of interest on the Notes.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may (but shall not be obliged to) agree to amend or waive certain of the

terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers.

### ***Certain material interests and potential for conflicts***

The Arranger and/or its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Seller and/or their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Arranger and/or the Seller and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments issued by the Issuer, the Seller or their affiliates. The Arranger and/or its affiliates that have a commercial relationship with the Seller routinely hedge their credit exposure to the Seller consistent with their customary risk management policies. Typically, such Arranger and/or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of the Notes or whether a specified barrier or level is reached. The Arranger and/or its affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. Such recommendations may adversely affect the market for trading in any securities, including the Notes.

### **The Mortgage Portfolio**

#### ***Collectability of Mortgages***

The collectability of amounts due under the Mortgage Loans is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Although interest rates are currently at a historical low, this may change in the future and an increase in interest rates may adversely affect Borrowers' ability to pay interest or repay principal on their Mortgage Loans. Other factors (which may not affect real estate values, such as Borrowers' personal or financial circumstances) may have an impact on the ability of Borrowers to repay Mortgage Loans. Loss of earnings, redundancy, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay the Mortgage Loans. The level of protections afforded to Borrowers under the Arrears Code may result in a reduction in the amounts collected under the Mortgage Loans.

In addition, the ability of the Borrower or, as the case may be, the Issuer or the Trustee to dispose of a freehold or leasehold property which is subject to a mortgage (a "Property") given as security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under the relevant Mortgage Loan will depend upon a number of factors including the availability of buyers for the Property, the value of the Property and property values in general at the time.

If a Borrower fails to repay its Mortgage Loan and the related Property is repossessed, the likelihood of there being a net loss on disposal of the Property is increased by a higher "loan to value" ratio.

In order to enforce a power of sale in respect of a Property, the relevant mortgagee (which may be the Trustee or the Issuer) must first obtain possession of the Property unless the Property is vacant. Possession is usually obtained by way of a court order although this can be a lengthy process and the mortgagee must assume certain risks if it goes into possession of a Property. Obtaining possession of a Property could be a costly and lengthy process and the ability of the Issuer to make payments on the Notes may be reduced as a result.

The Trustee is entitled to be indemnified and/or secured and/or prefunded to its satisfaction against personal liabilities which it could incur if it were to become a mortgagee in possession before it is obliged to seek possession, provided that the Trustee is never obliged to enter into possession of the Property.

### ***Risks associated with rising mortgages rates***

The Mortgage Portfolio will include Mortgage Loans subject to a variable rate of interest (i) set by the Servicer (the “Standard Variable Rate”) from time to time and (ii) calculated with reference to the base rate from time to time of the ECB (the “ECB Rate”) (the “ECB Tracker Rate”). The Standard Variable Rate and ECB Tracker Rate are each subject to fluctuation and consequently the Issuer could be subject to a higher risk of default in payment by a Borrower under such Mortgage Loans as a result of an increase in the Standard Variable Rate and/or the ECB Tracker Rate.

Borrowers with a Mortgage Loan subject to a variable rate of interest, will be exposed to increased monthly payments if the related mortgage interest rate adjusts upward. Borrowers under a Mortgage Loan with an initial fixed rate will be exposed to increased monthly payments at the end of the relevant fixed period. This increase in Borrowers’ monthly payments at the end of an initial fixed period may be compounded by any further increase in the related mortgage interest rate during the relevant fixed period.

Borrowers seeking to avoid increased monthly payments (caused by, for example, the expiry of an initial fixed rate, or a rise in the related mortgage interest rates) by refinancing their Mortgage Loans may no longer be able to find available replacement mortgage loans at comparably low interest rates. Any decline in housing prices may also leave Borrowers with insufficient equity in their homes to permit them to refinance.

These events, alone or in combination, may contribute to higher delinquency rates and losses on the Mortgage Portfolio, which in turn may affect the ability of the Issuer to make payments of interest and principal on the Notes.

### ***Declining property values***

The value of the Related Security in respect of the Mortgage Loans may be affected by, among other things, a decline in the residential property values in Ireland. The Issuer cannot guarantee that the value of a Property will remain at the same level as on the date of origination of the related Mortgage Loan.

The residential property market in Ireland experienced a severe decline in property values between 2007 and 2013, from which house prices nationally are recovering. If the residential property market in Ireland should experience another decline in property values, such a decline could result in the value of the Related Security being significantly reduced and, in the event that the Related Security is required to be enforced, may result in the net recovery proceeds being insufficient to redeem the outstanding Mortgage Loans, which could have an adverse effect on payments on the Notes.

### ***Economic conditions in the Eurozone and UK Referendum on membership of the EU***

Concerns have been raised with respect to current economic, monetary and political conditions in the Eurozone, including as a result of the United Kingdom’s referendum vote to leave the European Union on 23 June 2016 and the subsequent formal notice given by the United Kingdom on 29 March 2017 under Article 50 of the Treaty on the European Union of its intention to leave the European Union (“Brexit”). If such concerns persist and/or such conditions further deteriorate (including as may be evidenced by any relevant credit rating agency action, or any default or restructuring of indebtedness by one or more states of the European Union (each a “Member State”) or institutions and/or any changes to, including any break up of, the Eurozone), then these matters may cause further severe stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents and/or any Borrower in respect of the Mortgage Loans.



Furthermore, there is currently no certainty on the conditions under which the United Kingdom will exit the European Union or on the terms that will govern the economic and trading relationships between the United Kingdom and the European Union (including Ireland) following that exit (including during any transitional exit period). Accordingly, there can be no assurance that the United Kingdom's will exit from the European Union will not have an adverse effect on or on the ability of the Issuer to make payments under the Notes.

Given the current uncertainty and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or Irish economic conditions and the ability of the Issuer to satisfy its obligations under the Notes.

### ***The Economic Environment in Ireland***

The Irish economy continues to recover from the effects of the severe recession it experienced in the period 2008 to 2010 and the subsequent fiscal adjustment. As part of an EU/IMF financial aid programme negotiated in November 2010 the Irish government committed to reducing the budget deficit to below 3 per cent. of GDP by 2015 through a combination of public expenditure reductions and tax increases (Source: Department of Finance Statement, 28 November 2010). Ireland exited this programme in December 2013, having met the fiscal targets set. Since then, Ireland's GDP has grown in each year from 2014 to 2017, with growth of 8.3% in 2014; 25.6% in 2015; 5.1% in 2016 and 4.8% in 2017; and is expected to grow, by 5.6% in 2018 and 4.0% in 2019 (Source: European Commission).

As noted above, the Irish residential property market suffered a very significant downturn in the period 2007 to 2013, as property prices fell by 49% from their peak in 2007. Since that trough, residential property prices have recovered, and showed increases of 16.3% for 2014, 6.6% for 2015, 7.9% for 2016 and 9.5% for 2017 and 13% in the year to April 2018 (Source: CSO Residential Property Price Index: Annual December to December and twelve months to April 2018).

The number of mortgage accounts for principal dwelling houses ("PDH") in arrears continues to fall. Q2 2018 marks the nineteenth consecutive quarter of decline. 9% of total accounts were in arrears at end-Q2 2018, a decline of 7.5% relative to Q1 2018. Accounts in arrears over 90 days at end Q2 2018 was 6.3 per cent. Buy-to-let ("BTL") mortgage accounts in arrears over 90 days decreased by 5.3% during Q3 2018 (Central Bank of Ireland Statistical Release June 2018).

The unemployment rate in Ireland has continued to fall since early 2012 where it peaked at 15.2%. It is expected that this downward trend will continue in 2018 and that full employment could be reached by the end of 2018. The seasonally adjusted unemployment rate for Q2 2018 was 5.8%, which is the same as for Q1 2018 (Source: CSO statistical release June 2018).

There can be no assurance that the current relatively favourable economic conditions in Ireland will continue. Ireland has an open economy which could be adversely affected by a deterioration in external economic conditions or an external economic shock. For example, the exit of the United Kingdom from the European Union could, in certain circumstances, have a disproportionately negative effect on the Irish economy. No assurance can be given that any such external deterioration or shock would not adversely affect the Irish economy, the ability of Borrowers to make payments on their Mortgage Loans, residential property values in Ireland and/or the Issuer's ability to make payments on the Notes.

Please also see *"Economic conditions in the Eurozone and UK Referendum on membership of the EU"*.

### ***Geographic Concentration Risks***

Mortgage Loans in the Mortgage Portfolio may also be subject to geographic concentration risks within certain regions of Ireland. To the extent that specific geographic regions within Ireland have experienced or may experience in the future weaker regional economic conditions and housing markets than other regions in Ireland, a concentration of the Mortgage Loans in such a region may

be expected to exacerbate the risks relating to the Mortgage Loans described in this section. Certain geographic regions within Ireland rely on different types of industries. Any downturn in a local economy or particular industry may adversely affect the regional employment levels and consequently the repayment ability of the Borrowers in that region or the region that relies most heavily on that industry. Any natural disasters in a particular region may reduce the value of affected Properties. This may result in a loss being incurred upon sale of the Property. These circumstances could affect receipts on the Mortgage Loans and ultimately result in losses on the Notes. For an overview of the geographical distribution of the Mortgage Loans as at the Cut-off Date, see *“Characteristics of the Mortgage Portfolio — Geographical Distribution of Property”*.

### ***Buildings insurance***

The practice of the Seller in relation to buildings insurance is described under the section entitled *“The Mortgage Portfolio — The Mortgage Loans - Insurance Policies”* below. No assurance can be given that the Issuer will always receive the benefit of any claims made under any applicable buildings insurance contracts or that the amounts received in respect of a successful claim will be sufficient to reinstate the affected Property. This could adversely affect the Issuer’s ability to redeem the Notes.

### ***Warranties***

The Seller will give certain warranties to each of the Issuer and the Trustee regarding (i) the Mortgage Loans and their Related Security to be sold to the Issuer on the Closing Date and (ii) the Additional Mortgage Loans and their Related Security which may be sold to the Issuer on the Additional Mortgage Portfolio Sale Date. See *“Sale of the Mortgage Portfolio under the Mortgage Sale Agreement”* below for a summary of these.

The Issuer, the Trustee and the Arranger have not undertaken nor will they undertake any investigations, searches or other actions in respect of the Mortgage Loans and their Related Security. In the case of the Issuer and the Trustee, they will rely instead on the representations and warranties given by the Seller in the Mortgage Sale Agreement (the *“Warranties”*). Mortgage Loans which have undergone such a limited investigation or no investigation may be subject to matters which would have been revealed by a full investigation of title and which may have been remedied or, if incapable of remedy, may have resulted in the Related Security not being accepted as security for a Mortgage Loan had such matters been revealed. The sole remedy of each of the Issuer and the Trustee in respect of a breach of one or more of the Warranties, which has or would have a material adverse effect on such Mortgage Loan and/or its Related Security, shall be the requirement that the Seller repurchases or procures the repurchase of any Mortgage Loan which is the subject of any such breach. This shall not limit any other remedies available to the Issuer and/or the Trustee if the Seller fails to repurchase or procure the repurchase of a Mortgage Loan when obliged to do so. There can be no assurance that the Seller will have the financial resources to honour its obligations to repurchase any Mortgage Loans in respect of which such a breach of warranty arises. This may affect the quality of the Mortgage Loans and their Related Security and accordingly the ability of the Issuer to make payments due on the Notes.

### ***Lending Criteria***

The Lending Criteria will have applied at the time of approval in respect of the Mortgage Loans comprising the Mortgage Portfolio. The criteria consider, among other things, a Borrower’s credit history, employment history and status, repayment ability and net income criteria, as well as the value of the relevant property. There can be no assurance that the Lending Criteria will not be varied. See *“The Mortgage Portfolio”* section below.

### ***Risks relating to the Issuer***

#### ***Preferred Creditors under Irish Law***

Under Irish law, if a liquidator or a receiver is appointed to an Irish company such as the Issuer, the claims of a limited category of preferential creditors will take priority over the claims of unsecured

creditors and holders of floating security. These preferred claims include taxes, such as income tax and corporation tax payable before the date of appointment of the liquidator or receiver and arrears of VAT, together with accrued interest thereon. For the circumstances in which fixed security granted by the Issuer may take effect as floating security see “*Fixed Charges may take effect as Floating Charges*” below.

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

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

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

In relation to the disposal of assets of an Irish tax resident individual which are subject to security, such as the disposal of a property on which the borrower has secured a Mortgage Loan, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the individual on a disposal of those assets on exercise of the security. Capital gains tax will arise on the gain at a rate which is currently 33 per cent. Tax is calculated by reference to the excess of the net disposal proceeds over the allowable acquisition costs (including enhancement expenditure) and is calculated without reference to the amounts outstanding on a Mortgage Loan. There is an exemption from Irish capital gains tax on gains arising on the disposal by an individual of his principal private residence, which broadly covers gains arising on the disposal of the dwelling house which has been occupied by the individual as his only or main residence since he acquired the property.

However, this shortfall risk will only occur where, as part of enforcement proceedings, a capital gain is realised on the disposal of a Property. In addition, this shortfall risk is most likely to arise in circumstances where (i) a Borrower originally acquired a Property with finance provided by a third party and subsequently refinanced such acquisition with a Mortgage Loan, or (ii) the Seller has provided a further advance to an existing Mortgage Loan, in each case in circumstances where the value of the Property has increased from the date of its original acquisition.

### ***Examinership***

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

The Issuer, the directors of the Issuer, a contingent, prospective or actual creditor of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts

and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed charge. However, if such power is exercised the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

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

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

- (A) the potential for a scheme of arrangement being approved involving the writing down of the debt due by the Issuer to the Noteholders as secured pursuant to the Irish Deed of Charge and the English Deed of Charge;
- (B) the potential for the examiner to seek to set aside any negative pledge in the Notes prohibiting the creation of security or the incurring of borrowings by the Issuer to enable the examiner to borrow to fund the Issuer during the protection period; and
- (C) in the event that a scheme of arrangement is not approved and the Issuer subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the Issuer and approved by the Irish High Court) will take priority over the amounts secured by the charges held for the benefit of the Noteholders and the other Secured Creditors under the Irish Deed of Charge and the English Deed of Charge.

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

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

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

Floating charges have certain weaknesses, including the following:

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

### **Centre of Main Interest**

The Issuer has its registered office in Ireland. Under Regulation (EU) No. 2015/848 of the European Parliament and of the Council of 20 May 2015 on insolvency proceedings (recast) (the “Recast EU Insolvency Regulation”), the Issuer’s centre of main interest (“COMI”) is presumed to be the place of its registered office (i.e. Ireland) in the absence of proof to the contrary and provided that the Issuer did not move its registered office within the 3 months prior to a request to open insolvency proceedings.

As the Issuer’s COMI is presumed to be Ireland, any main insolvency proceedings in respect of the Issuer would fall within the jurisdiction of the courts of Ireland. As to what might constitute “*proof to the contrary*” regarding the location of a company’s COMI, the key decision is that in *Re Eurofood IFSC Ltd* ([2004] 4 IR 370 (Irish High Court); [2006] IESC 41 (Irish Supreme Court); [2006] Ch 508; ECJ Case C-341/04 (European Court of Justice)), given in respect of the equivalent provision in the previous EU Insolvency Regulation (being Regulation (EC) No. 1346/2000). In that case, on a reference from the Irish Supreme Court, the European Court of Justice concluded that “*factors which are both objective and ascertainable by third parties*” would be needed to demonstrate that a company’s actual situation is different from that which the location of its registered office is deemed to reflect.

As the Issuer has its registered office in Ireland, has Irish directors, is registered for corporation tax in Ireland and has retained an Irish corporate services provider, the Issuer does not believe that factors exist that would rebut the presumption that its COMI is located in Ireland, 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 was found to be in another EU jurisdiction and not in Ireland, main insolvency proceedings would be opened in that jurisdiction instead.

### **Certain Regulatory Considerations**

#### ***Legal considerations may restrict certain investments***

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor of the Notes should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

## ***EU financial transaction tax***

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

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

The FTT may give rise to tax liabilities for the Issuer with respect to certain transactions (including concluding swap transactions and/or purchases or sales of securities (such as authorised investments)) if it is adopted based on the European Commission's Proposal. Any such tax liabilities may reduce amounts available to the Issuer to meet its obligations under the Notes and may result in investors receiving less interest or principal than expected. To the extent that such liabilities may arise at a time when winding up proceedings have been commenced in respect of the Issuer, such liabilities may be regarded as an expense of the liquidation and, as such, be payable out of the floating charge assets of the Issuer (and its general estate) in priority to the claims of Noteholders and other secured creditors. It should also be noted that the FTT could be payable in relation to relevant transactions by investors in respect of the Notes (including secondary market transactions) if the conditions for a charge to arise are satisfied and the FTT is adopted based on the European Commission's Proposal. Under the European Commission's Proposal, primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

On 10 October 2016, following a meeting of the Finance Ministers of the ten remaining participating Member States, it was reported that an agreement in principle had been reached on certain key aspects of the FTT and that the European Commission had consequently been asked to prepare draft FTT legislation on the basis of that agreement. However, the details of the FTT remain to be agreed. A written answer given by Pierre Moscovici in the European Parliament, speaking on behalf of the European Commission on 28 April 2017, confirmed that negotiations between participating Member States on the European Commission's proposal are continuing with a number of key areas still open for discussion. Accordingly, the date of implementation of the FTT remains uncertain.

Additional EU Member States may also decide to participate in the FTT. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT and its potential impact on their dealings in the Notes before investing.

## ***Enforcement in respect of the Mortgage Loans***

Even assuming that the Properties provide adequate security for the Mortgage Loans, delays could be encountered in connection with enforcement and recovery of the Mortgage Loans, resulting in corresponding delays in the receipt of related proceeds by the Issuer.

In order to realise its security in respect of a Property, the relevant mortgagee (be it the Trustee or its appointee (if the Trustee has taken enforcement action against the Issuer) or the Issuer) will need to obtain possession of such Property. There are two means of obtaining possession under Irish law: (i) by taking physical possession (seldom done in practice) and (ii) by applying for, obtaining and enforcing a court order for possession.

Under section 97 of the Land and Conveyancing Law Reform Act 2009 (as amended) (the “2009 Act”) (which applies to mortgages created after 1 December 2009) a mortgagee (the lender) is required to either obtain a court order for possession or obtain the written consent of the mortgagor (in the case of each Mortgage Loan, the Borrower) to the taking of possession of housing loan mortgages. For the purposes of the 2009 Act, a housing loan mortgage comes into existence where a person borrows money (for whatever reason) and provides, by way of security, a mortgage on that person's principal residence or the principal residence of that person's dependants. A housing loan mortgage also occurs where monies are advanced to a consumer and security is provided over a residential property. In this regard, a consumer is defined as a natural person acting out of his/her business which includes trade or profession.

It may be possible for a mortgagee to obtain possession of residential buy-to-let properties without a court order where: (1) the relevant mortgages post-date the 2009 Act but do not fall within the definition of a housing loan mortgage set out above; or (2) where the relevant mortgages pre-date the 2009 Act. In this regard, a mortgagee may take possession of such buy-to-let properties where the mortgagee is entitled to possession under the terms of the mortgage, the property is vacant and the mortgagee is able to effect peaceful entry. Similarly, for mortgages which pre-date the commencement of the 2009 Act, an order for possession may not be required in respect of buy-to-let properties where the mortgagee is entitled to possession under the terms of the mortgage deed, the property is vacant and the mortgagee is able to effect peaceful entry. The terms of the security over such residential buy-to-let properties may afford the mortgagee a power to appoint a receiver over the property. In practice this is a more common enforcement mechanism for such residential buy-to-let properties.

In considering an application for a possession order, an Irish court has a very wide discretion, and may adopt a sympathetic attitude towards a borrower at risk of eviction. For example, an Irish court has certain powers to adjourn possession proceedings, to stay any possession order and to postpone the date for delivery of possession. In general, an Irish court would be likely to exercise such powers in favour of a Borrower where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under his Mortgage Loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of such Mortgage Loan.

It should also be noted that a practice direction issued by the Irish Circuit Court pursuant to the Circuit Court Rules entitled ‘*Actions for Possession*’ provides that no order for possession shall be made on the return date (i.e. the first hearing date) but rather the proceedings shall be adjourned to such later date as the County Registrar considers just in the circumstances. This has the effect of an automatic delay on possession proceedings. In practice, County Registrars are often more amenable to giving possession orders on vacant properties the subject of a buy to let mortgage than they are to giving possession orders in respect to mortgages relating to a principal private residence.

Where an order for possession is granted by a court, a sheriff will arrange for such orders to be effected. This can result in a delay of a number of months between the granting of the order and its execution. Once possession of a property has been obtained, the mortgagee has a duty to the mortgagor to take reasonable care to obtain a proper price for such property. Any failure to do so will put such mortgagee at risk of an action for breach of duty by the mortgagor, although it is for the mortgagor to prove breach of duty. There is also a risk that a mortgagor may take court action to force the mortgagee to sell the relevant property within a reasonable time. Under the 2009 Act, a mortgagee in possession is obliged by law to sell the relevant property, at the best price reasonably obtainable, within a reasonable time, or if it would be inappropriate to sell such property, to lease it within a reasonable time.

If a mortgagee takes possession of a property it will, as mortgagee in possession, have an obligation to account to the mortgagor for the income obtained from such property, be liable for any damage to such property, have a limited liability to repair such property, and, in certain circumstances, may be obliged to make improvements or may incur certain financial liabilities in respect of such property.

On 24 July 2013 the Land and Conveyancing Law Reform Act 2013 was signed into law (the “2013 Act”).

The 2013 Act also proposes the adjournment of possession actions in certain cases relating to the principal private residence (“PPR”) of the Borrower where it is considered by the court that the matter could be resolved by recourse to a personal insolvency arrangement under the Personal Insolvency Act. The 2013 Act provides that the court, where it considers it appropriate or on application by the borrower, in proceedings for possession of a PPR, may in certain circumstances adjourn the proceedings to enable the parties to consider whether a personal insolvency arrangement under the Personal Insolvency Act would be a more appropriate course of action than the seeking by the lender of an order for possession (see “*Personal Insolvency Act*” below). In the event that a lender does not implement a proposal put forward by a personal insolvency practitioner, a court could use its discretionary powers to delay granting an order for possession.

### ***Bank Recovery and Resolution Directive***

The Bank Recovery and Resolution Directive (“BRRD”) was formally adopted by EU council on 6 May 2014. The BRRD provides rules on insolvency proceedings in the case of failing banks with the aim of safeguarding financial stability and preventing public funding of losses as much as possible. It also establishes national resolution funds, financed by bank levies for the countries not part of banking union.

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

The BRRRs 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 banks are required 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 bank that meets the conditions for resolution stipulated in the BRRRs;
- (B) early intervention measures - the BRRRs provide for early intervention by the Central Bank as the competent authority where a bank’s financial condition is deteriorating. Powers of intervention granted to the competent authority include; to require a failing bank to implement its recovery plan, to direct the bank to identify problems and draw up an action programme, to direct the bank draw up a plan for negotiation on restructuring of debt with one or more of its creditors and to carry out on-site inspections;
- (C) resolution measures - in addition to the early intervention powers, the BRRRs grant resolution tools and powers to the Central Bank to ensure that any failing bank 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;
- (D) financing fund - for the purpose of financing resolution arrangements, the BRRRs require Member States to establish a fund which is financed by the banks themselves on an annual basis and funded up to a level of 1 per cent. of the amount of covered deposits of all institutions in the State (the “Fund”). The BRRRs also empower the Central Bank to raise



extraordinary ex-post contributions to the Fund where the available means of the Fund are not sufficient to cover losses, costs or other expenses incurred by the Fund.

- (E) The resolution mechanisms under the BRRD correspond closely to those available to the Single Resolution Board (the “SRB”) and the European Commission under the single resolution mechanism provided for in Regulation (EU) No 806/2014 (the “SRM Regulation”). The SRM Regulation applies to participating Member States (including Member States outside the Euro zone that voluntarily participate through a close co-operation agreement). In such jurisdictions, the SRB will take on many of the functions that would otherwise be assigned to national authorities in Member States (“Resolution Authorities”) by the BRRD. If a Member State outside the Euro zone has chosen not to participate in the bank single supervisory mechanism, relevant institutions established in such Member State will not be subject to the SRM Regulation, but to the application of the BRRD by the Resolution Authorities. It is possible, on the specific facts of a case, that resolution plans and resolution decisions made by the SRB may differ from the resolution schemes that would have been applied by the Resolution Authorities. Therefore, the way in which a relevant institution is resolved, and ultimately the effect of any such resolution on the Issuer and the Noteholders, may vary depending on the authority applying the resolution framework.

### ***Code of Conduct on Mortgage Arrears and Consumer Protection Code***

The Code of Conduct on Mortgage Arrears (the “Arrears Code”) came in to force on 1 July 2013 replacing the previous code (which came into force on January 2011) (the “Previous Arrears Code”) and which applies to arrears cases existing both as at 1 July 2013 and those that arise thereafter. The Arrears Code is a legally binding code published by the Central Bank on the handling of mortgage arrears and pre-arrears. A pre-arrears case arises where a borrower contacts the relevant lender to inform them that he/she is in danger of going into financial difficulties and/or is concerned about going into mortgage arrears or when the relevant lender itself identifies that this is likely to occur.

The Arrears Code applies to the mortgage lending activities of lenders and credit servicing firms (such as the Servicer) to borrowers in respect of their primary residence or in respect of the only residential property in this State owned by the borrower and accordingly will apply to the activities of UBIDAC in its capacity as Seller and Servicer. The Arrears Code sets out what the lender must do when managing mortgage arrears and pre-arrears cases and provides for, amongst other things, the actions a lender is required to take to address mortgage arrears before resorting to repossession of the relevant property. In particular, the Arrears Code provides that a lender:

- (A) must put in place a mortgage arrears resolution process (“MARP”) which complies with the Arrears Code;
- (B) must explore, and if appropriate, offer the borrower alternative repayment arrangements which may include full or partial interest only repayment for a specified period, full or partial deferral of the instalment repayment for a specified period, extension of the term, capitalising arrears and interest and any voluntary repayment scheme to which the lender has signed up under the Arrears Code;
- (C) in recognition of the serious impact of being classified as ‘not cooperating’, a lender must provide a warning letter giving at least 20 business days’ notice to the borrower, outlining the implications of being classified as not cooperating and providing specific information on how to avoid this classification;
- (D) must have a board-approved communications policy that will protect borrowers against unnecessarily frequent contact and harassment, while ensuring that the lender can make the necessary contact to progress resolution of arrears cases. This replaces the limit of three successful, unsolicited communications per month which was set out in the Previous Arrears Code and allows for an approach to lender and borrower communication that is suited to individual needs and circumstances;

- (E) must provide the standard financial statement (“SFS”) to the borrower at the earliest opportunity, offer assistance to borrowers with completing the SFS, and inform the borrower that the borrower may wish to seek independent advice to assist with completing the SFS. In addition, lenders can now agree with the borrower to put a temporary arrangement in place to prevent arrears from worsening while the full SFS is being completed and assessed;
- (F) where there is no other sustainable option available, the lender can offer an arrangement to distressed mortgage holders which provides for the removal of a tracker rate, but only as a last resort, where the only alternative option is repossession of the home. Lenders must be able to demonstrate that there is no other sustainable option that would allow the borrower to keep the tracker rate, and the arrangement offered must be a long term sustainable solution that is affordable for the borrower;
- (G) must provide cooperating borrowers with at least 8 months’ notice from the date arrears first arise before legal action can commence and at the end of the MARP process, lenders will be required to provide a 3 month notice period to allow cooperating borrowers time to consider their options such as voluntary surrender or an arrangement under the Personal Insolvency Act (before legal action can start). In effect this means that legal proceedings may commence 3 months from the date the letter is issued to borrower or 8 months from the date the arrears first arose, whichever is the later; and
- (H) must not apply to the courts to seek repossession of a borrower’s primary residence until every reasonable effort has been made to agree an alternative repayment schedule with the relevant borrower in accordance with the MARP.

However, under the Arrears Code, a lender is permitted to seek repossession where it is clear that such borrower is deliberately not engaging with the lender, or where other circumstances reasonably so justify. In addition, a lender may enforce a mortgage in circumstances where application of the Arrears Code is not appropriate, such as, but not limited to, in the case of fraud or breach of contract other than the existence of arrears.

It should be noted that as the Arrears Code applies to borrowers in respect of their primary residence or where it is the only residential property owned by them in Ireland the protections afforded by the Arrears Code are unlikely to apply to buy to let mortgages unless secured on the only residential property of a Borrower in Ireland.

The revised Consumer Protection Code, 2012, issued by the Central Bank (the ‘Consumer Protection Code’) came in to force on 1 January 2012. Amendments were made to the Consumer Protection Code by way of addendum in July 2015, July 2016, August 2017, December 2017, May 2018 and June 2018. The Consumer Protection Code sets out how lending institutions and credit servicing firms (such as the Servicer) must deal with personal customers under the Consumer Protection Code, who are defined as natural persons acting outside his/her business, trade or profession. The arrears handling provisions (in addition to certain other provisions) in the Consumer Protection Code do not apply to a mortgage loan to which the Arrears Code applies, but the Consumer Protection Code could apply to a mortgage not in respect of a primary residence, including a buy to let mortgage.

The putting in place of any alternative payment arrangement for a Mortgage Loan included in the Mortgage Portfolio (including, but not limited to, alternative repayment arrangements such as full or partial interest only repayment for a specified period, full or partial deferral of the instalment repayment for a specified period, extension of the term, capitalising arrears and interest and any voluntary repayment scheme to which the lender has signed up under the Arrears Code), whether as part of the MARP, or as part of any other procedures operated by the Servicer to manage or control mortgages that are in or facing arrears or in pre-arrears, and whether required to do so by law or regulation or acting as a Prudent Mortgage Lender, will not be subject to the conditions for conversion of a mortgage as described in “*The Mortgage Portfolio - Product Switches*” below, and any such mortgage will not represent a Product Switch by reason of those alternative payment arrangements.

The Central Bank has requested banks to put in place longer term mortgage arrears resolution strategies (“MARS”) to deal with borrowers in or facing arrears or in pre-arrears. It is likely that lenders’ actions in dealing with borrowers who are in financial difficulty or whose mortgages are, or may become, in arrears will be subject to additional regulation in the future. Any such additional regulation may have a negative impact on the ability of the Issuer to recover amounts due under the Mortgage Loans and on its ability to pay amounts due under the Notes.

### ***Personal Insolvency Act***

The Personal Insolvency Act 2012 (as amended) of Ireland (the “Personal Insolvency Act”) provides a framework for personal insolvency and for the settlement of debt, including residential mortgage debt. In particular, it provides for three Court approved debt resolution options for Borrowers deemed under the provisions of the Personal Insolvency Act to have unsustainable indebtedness levels. These three debt resolution options are alternatives to bankruptcy.

In summary, the key aspects of the Personal Insolvency Act are as follows:

- (A) the establishment of three new non-judicial settlement systems:
  - (i) a Debt Relief Notice (“DRN”) which provides for the write-off of qualifying unsecured debt (including for example credit card debt and overdrafts) up to €35,000 (as provided by the Personal Insolvency (Amendment) Act 2015 which commenced 29 September 2015 (the “Personal Insolvency Amendment Act”, together with the Personal Insolvency Act the “Personal Insolvency Acts”) following a three-year moratorium period (during which the debtor’s circumstances must not have improved);
  - (ii) a Debt Settlement Arrangement (“DSA”) which provides for an agreed settlement of unsecured debt without a limit on the amount of debt over a period of five years, with a possible agreed extension to six years. A DSA must have the support of creditors representing at least 65% of a debtor’s total debt. A debtor can go through a DSA once in their lifetime;
  - (iii) a Personal Insolvency Arrangement (“PIA”) which provides for the agreed settlement of both secured and unsecured debt of (secured is subject to a cap of €3,000,000 unless the cap is waived by an agreement of all secured creditors and unsecured debt has no limit on quantum), including residential mortgage debt. A PIA will be approved if it is supported by both secured and unsecured creditors representing at least 65% of a debtor’s total debt. In addition, over 50% of secured creditors and over 50% of unsecured creditors must vote in favour of the PIA. The Personal Insolvency Act provides that a borrower who has entered a mortgage restructure is not excluded from applying for a PIA, should the restructure not succeed in returning the borrower to solvency;
- (B) the period for discharge of bankrupts was reduced to one year (subject to limited exceptions) and the amount which must be owing before bankruptcy proceedings can be brought is to be increased from €1,900 to €20,001; and
- (C) the establishment of a new State-funded independent body to be known as the Insolvency Service which will oversee, and give determinations on, the non-judicial settlement procedures referred to above and which will also maintain a new Personal Insolvency Register which will hold details of debtors subject to the new procedures.

DRNs and DSAs both deal with unsecured debt. However, the Personal Insolvency Acts regime may result in the restructuring of the principal amount outstanding of the secured debt (which would include mortgage debt) of a borrower who completes a PIA and could also affect the enforcement of mortgages over residential property, and accordingly may have an adverse effect on the ability of the Issuer to fully recover amounts due under the mortgages, which in turn may adversely affect the Issuer’s ability to make payments under the Notes.

A PIA will not, however, involve an automatic writing down of negative equity and to be eligible, a debtor will have to show positive engagement with his/her secured creditors in the period leading up to the application for an arrangement.

### ***Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015***

The Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015 (the “SME Regulations”) came into force on the 1 July 2016 and replaced the Code of Conduct for Business Lending to Small and Medium Enterprises.

The SME Regulations apply to credit finance provided to micro, small and medium-sized enterprises, which can include natural persons acting within the course of a business, trade or profession. To the extent that a Borrower, in respect of a buy to let Mortgage Loan, falls within this category, the provisions of the SME Regulations could apply. These include provisions relating to communications with the Borrower, information to be provided to the Borrower and dealing with Borrowers in financial difficulties.

The Servicer, as an authorised credit institution, will be required by law to administer the Mortgage Loans in accordance with the SME Regulations to the extent that they are applicable to any of the Mortgage Loans. The Servicer will need to be cognisant of the provisions of the SME Regulations when dealing with SME borrowers. While there are no sanctions for non-compliance with the SME Regulations specified in the SME Regulations themselves, a breach will nonetheless trigger the administrative sanctions regime under the Central Bank Act 1942 which could result in financial and/or reputational consequences for the Servicer.

### ***Consumer Credit Act and Mortgage Credit Regulations***

The making of housing loans in Ireland is regulated by the Consumer Credit Act 1995 (as amended) of Ireland (the “CCA”), and the European Union (Consumer Mortgage Credit Agreements) Regulations 2016 (the “Mortgage Credit Regulations”), which impose a range of obligations and restrictions on mortgage lenders and mortgage intermediaries.

A mortgage lender is an entity the business of which consists of or includes the making of housing loans. A housing loan is a loan that is secured by a mortgage on a house and which is, *inter alia*, made to a consumer for the purchase of the house to which the mortgage relates, or otherwise made to a person for the purchase or improvement of that person’s principal residence. It is not anticipated that the Issuer will be a mortgage lender for the purposes of the CCA.

A mortgage intermediary is a person (other than a mortgage lender or credit institution) who, in return for commission or some other form of consideration arranges, or offers to arrange, for a mortgage lender to provide a consumer with a housing loan, or introduces a consumer to an intermediary who arranges, or offers to arrange, for a mortgage lender to provide the consumer with such a loan. A mortgage intermediary requires an authorisation from the Central Bank in order to conduct its business. In the event that an unauthorised mortgage intermediary operates in Ireland, it is subject to penalties and sanctions that are discussed below. It is not anticipated that the Issuer will be a mortgage intermediary for the purposes of the CCA.

Relevant obligations imposed by the CCA include rules regulating advertising for housing loans; a requirement to furnish the borrower with a valuation report concerning the property; a requirement that specified warnings regarding the potential loss of the person’s home be included in all key documentation relating to a housing loan and that key, prescribed information be displayed on the front page of a housing loan; and obligations to provide prescribed documents and information to a borrower. Restrictions include prohibitions on the imposition of a redemption fee in the case of many types of housing loan; compelling a borrower to pay the lender’s legal costs of investigating title; and the linking of certain products.

A breach of any of these obligations or restrictions is a criminal offence by the mortgage lender or intermediary. The financial penalties may range from a maximum fine of €3,000 for most offences, to a maximum fine of €100,000 for the unlawful linking of certain services. A person (including a company) that is convicted of an offence under the CCA will normally be ordered to pay the costs of the prosecution. In respect of a regulated financial service provider (but not an entity that is a mortgage lender only), the Central Bank may, instead of a prosecution, impose a monetary penalty for breach of any of these obligations and restrictions; that penalty may be appealed to the Financial Services Appeals Tribunal.

The Mortgage Credit Regulations came into force on 21 March 2016 and transpose Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property into Irish law. The Mortgage Credit Regulations apply to credit provided to a consumer under: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state on residential immovable property, or secured by a right relating to residential immovable property; and (b) credit agreements the purpose of which is to acquire or retain rights in land or in an existing or proposed residential building.

The Mortgage Credit Regulations require (among other things): standard information in advertising; standard pre-contractual information; adequate explanations to the consumer on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the consumer; a right of the consumer to make early repayment of the credit agreement; notifications to consumers concerning changes in the borrowing rates; and certain obligations in respect of arrears and repossessions. The Mortgage Credit Regulations also imposes prudential and supervisory requirements including the establishment and supervision of credit intermediaries, appointed representatives and non-credit institutions.

### ***Unfair Terms in Consumer Contracts Regulations***

The European Communities (Unfair Terms in Consumer Contracts) Regulations 1995, 2000 and 2013 (together, the “UTCC Regulations”) apply in relation to the Mortgage Loans. A Borrower may challenge a term in an agreement on the basis that it is “unfair” within the meaning of the UTCC Regulations and therefore not binding on the Borrower. In addition, the Competition and Consumer Protection Commission, the Central Bank or a consumer organisation (collectively defined as authorised bodies) may apply to the Circuit Court or the High Court for a declaration that a term drawn up for general use in contracts concluded by sellers or suppliers is unfair. At the discretion of the court, an order banning the use of such a term can be subsequently granted. The Director of Consumer Affairs or a consumer organisation may also seek an injunction preventing the use of specific terms that are unfair.

This will not generally affect “core terms” which set out the main subject matter of the contract, such as the Borrower’s obligation to repay principal, but may affect terms deemed to be ancillary terms, which may include terms the application of which are in the Servicer’s discretion (such as a term permitting the Servicer to vary the interest rate).

If a term of a Mortgage Loan is found to be unfair that term may not be enforceable. For example if a term permitting the lender to vary the interest rate is found to be unfair, the Borrower will not be liable to pay the increased rate or, to the extent that the Borrower has paid it, will be able, as against the Seller, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set-off the amount of the claim against the amount owing by the Borrower under the Mortgage Loan. Any such non-recovery, claim or set-off may adversely affect the realisable value of the Mortgage Loans in the Mortgage Portfolio and accordingly the ability of the Issuer to meet its obligations in respect of the Notes.

No assurance can be given that changes in the UTCC Regulations, if enacted, will not have an adverse effect on the Mortgage Loans, the Seller, the Servicer or the Issuer and their respective businesses and operations. For example, in enforcement proceedings, the Irish court may scrutinise the underlying loan and mortgage to ensure that they comply with the UTCC Regulations.

This can delay and increase the costs of enforcing the mortgage. This may adversely affect the ability of the Issuer to dispose of the Mortgage Portfolio, or any part thereof, in a timely manner and/or the realisable value of the Mortgage Portfolio, or any part thereof, and accordingly affect the ability of the Issuer to meet its obligations under the Notes when due.

### ***European Directive on Unfair Commercial Practices***

On 11 May 2005, the European Council and European Parliament signed Directive 2005/29/EC (the “Unfair Commercial Practices Directive”). The Unfair Commercial Practices Directive affects all consumer contracts and thus will have some impact in relation to the residential mortgage market.

Under the Unfair Commercial Practices Directive, a commercial practice is to be regarded as unfair if it is:

- (A) contrary to the requirements of professional diligence; and
- (B) materially distorts or is likely to materially distort the economic behaviour of the average consumer whom the practice reaches or to whom it is addressed or the average member of a group where a practice is directed at a particular group of consumers. In addition to the general prohibition on unfair commercial practices, the Unfair Commercial Practices Directive contains provisions aimed at aggressive and misleading practices (including, but not limited to; (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct) and a list of practices which will in all cases and in all Member States be considered unfair. The Unfair Commercial Practice Directive also contains provisions aimed at preventing the exploitation of consumers whose characteristics make them particularly vulnerable to unfair commercial practices (which may include non-status, credit impaired or sub-prime Borrowers).

The Consumer Protection Act 2007 of Ireland (the “CPA”) came into force on 1 May 2007 which implements the Unfair Commercial Practices Directive in Ireland. Under the CPA there are four principal heads of offences; (i) Unfair Commercial Practices, (ii) Misleading Commercial Practices, (iii) Aggressive Commercial Practices and (iv) Prohibited Commercial Practices.

In respect of most offences (other than, for example, pyramid selling schemes), the CPA contains a defence of “Due Diligence”. This defence is available where the accused proves (i), the commission of the offence was due to a mistake or the reliance on information supplied to the accused or to the act or default of another person, an accident of some other cause beyond the accused’s control, and (ii), that the accused exercised Due Diligence and took all reasonable precautions to avoid the commission of the offence where “Due Diligence” for these purposes means the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or the general principle of good faith in trader’s field of activity.

Under the CPA both civil proceedings and criminal proceedings may be brought against a trader engaging in an unfair act or practice albeit this should not impact on the enforceability of the underlying contract itself.

Any affected person, including consumers, other traders, and the Competition and Consumer Protection Commission (“CCPC”) may bring civil proceedings under the CPA for a prohibition order against a trader engaging in an unfair act or practice. The CCPC may also serve a compliance notice on a trader whom it considers to have engaged in an unfair commercial practice. A consumer aggrieved by an Unfair Commercial Practice also has a right of action for damages.

The CCPC is also empowered to institute summary proceedings for breaches of the CPA relating to misleading, aggressive and prohibited practices. A trader found guilty of an offence on summary conviction will be liable to a fine not exceeding €3,000 and/or six months imprisonment for a first offence and a fine of €5,000 and/or twelve months imprisonment for subsequent offences. Proceedings on indictment will be taken by the Director of Public Prosecutions (the “DPP”). On a

first conviction on indictment an offending trader may be fined up to €60,000 and/or eighteen months imprisonment and subsequent convictions carry a fine of up to €100,000 and/or 24 months imprisonment.

The Unfair Commercial Practices Directive is stated to be without prejudice to contract law and the rules of the validity, formation or effect of a contract. There is, as yet, no reported case law on the CPA.

### ***TRS Scheme***

Tax relief at source for mortgage interest was introduced in Ireland in the tax year 2002 under section 244A of the Irish Taxes Consolidation Act 1997, as amended (the “TCA”) (the “TRS Scheme”) and the Mortgage Interest (Relief at Source) Regulations 2001 (the “Regulations”). The Seller has been operating the TRS Scheme based on the Regulations since then.

Under the TRS Scheme, mortgage borrowers are permitted to pay interest net of the relevant tax relief to the relevant mortgage lender and the relevant mortgage lender, once it constitutes a qualifying lender, claims a refund of the tax relief directly from an account of the Irish Revenue Commissioners. On the Closing Date, the Seller will be the lender with respect to the Mortgage Portfolio and will be a qualifying lender for the purposes of the TRS Scheme.

The operation of the TRS Scheme does not have any negative impact on the cash flows as the Seller makes claims for a payment of the tax relief granted from the Irish Revenue Commissioners funding account on a direct debiting monthly (estimated) basis. The Irish Revenue Commissioners, given a significant level of non-payment of interest by residential borrowers during Ireland’s recent economic downturn, requested that financial institutions change the method by which tax relief at source under the TRS Scheme is being calculated with effect from 1 January 2014. This has resulted in a withdrawal of relief where the underlying interest is not being paid.

### ***Irish Tax Treatment of the Issuer***

Provisions were introduced in 2016 and 2017 to amend the tax treatment of a “qualifying company” (a “Qualifying Company”) within the meaning of Section 110 of the TCA. These amendments deny a tax deduction for (1) profit dependent interest, or (2) interest, in each case to the extent it exceeds a reasonable commercial return (the “Affected Interest”) where such interest is attributed to the carrying on by a Qualifying Company of a “specified property business”. A “specified property business” of a Qualifying Company means subject to a number of exceptions, a business of holding “specified mortgages” (as defined in Section 110(5A) of the TCA), units in an IREF (being a specified form of investment undertaking within the meaning of Chapter 1B of Part 27 of the TCA) or shares that derive their value, or the greater part of their value, directly or indirectly from Irish land. A “specified mortgage” for this purpose includes a loan which is secured on, and which derives its value, or the greater part of its value, directly or indirectly from Irish land.

Where Affected Interest arises, and an exemption is not available, it is treated as a distribution which is not deductible for tax purposes and will thus form part of the taxable profits of the Issuer and will also be subject to dividend withholding tax (subject to any available exemptions).

Provided the rate of interest payable on the Notes does not exceed a reasonable commercial return for the use of the principal advanced under the Notes, such interest will not be Affected Interest and the Issuer’s ability to take a deduction for such interest should not be affected by these new provisions. To the extent interest payable under Notes is Affected Interest, there are a number of exemptions available, including where the Issuer is deemed to be engaged in a “CMBS/RMBS Transaction” (as defined in section 110(5A) of the TCA).

A CMBS/RMBS Transaction is a securitisation transaction (within the meaning of the CRR). The securitisation transaction must be entered into by the Issuer. An originator (within the meaning of paragraph (a) or (b) of the definition of originator in Article 4 of the CRR) must retain a net economic interest in the credit risk of the securitisation position in accordance with article 405 of the CRR.

The originator must, in the case of a paragraph (b) originator, be a financial institution (within the meaning of the CRR) or a credit institution (within the meaning of the CRR) and be regulated by a competent authority in an EU Member State or the State, or authorised by a third country authority to carry out similar activities. The third country authority must be recognised by the European Commission as having supervisory or regulatory arrangements at least equivalent to those applied in an EU Member State.

As long as the Issuer is deemed to be engaged in a CMBS/RMBS Transaction, the Issuer's ability to take a deduction for any Affected Interest should not be affected by these provisions and no withholding tax should arise on any affected interest.

### ***Irish Capital Gains Tax***

A Noteholder will not be subject to Irish capital gains tax on a disposal of the Notes unless (i) such holder is either resident or ordinarily resident in Ireland; or (ii) such holder carries on a business or trade in Ireland through a branch or agency in respect of which the Notes were used or held or acquired; or (iii) the Notes cease to be listed on a stock exchange in circumstances where such Notes derive their value, or more than 50% of their value, from Irish real estate, mineral rights or exploration rights.

### ***EU Anti-Tax Avoidance Directive***

As part of its anti-tax avoidance package the European Commission published a draft Anti-Tax Avoidance Directive on 28 January 2016, which was formally adopted by the EC Council on 12 July 2016 in Council Directive (EU) 2016/1164 (the "ATAD I"). ATAD I must be implemented by each Member State by 2019, subject to derogations for Member States which have equivalent measures in their domestic law. Ireland has applied for a derogation with respect to the interest limitations rule (see below) meaning that the provisions of ATAD I on interest deductibility may be deferred in the case of Ireland until a later date, potentially to 1 January 2024. No assurance can be given that such a derogation will be granted.

Amongst the measures contained ATAD I is an interest deductibility limitation rule similar to the recommendation contained in the Base Erosion and Profit Shifting ("BEPS") Action 4 proposals. The ATAD I provides that interest costs in excess of the higher of (a) EUR 3,000,000 or (b) 30 per cent of an entity's earnings before interest, tax, depreciation and amortisation will not be deductible in the year in which they are incurred but would remain available for carry forward. However, the restriction on interest deductibility would only be in respect of the amount by which the borrowing costs exceed "interest revenues and other equivalent taxable revenues from financial assets".

Accordingly, as the Issuer will generally fund interest payments it makes under the Notes from interest payments to which it is entitled under the Mortgage Loans (that is such that the Issuer pays limited or no net interest), the restriction may be of limited relevance to the Issuer even if the ATAD I were implemented as originally published. There is also a carve-out in the ATAD I for financial undertakings, although as currently drafted the Issuer would not be treated as a financial undertaking. The European Commission is also pursuing other initiatives, such as the introduction of a common corporate tax base, the impact of which, if implemented, is uncertain.

### ***Withholding Tax under the Notes***

In the event that withholding taxes are imposed in respect of payments to Noteholders of amounts due pursuant to the Notes, neither the Issuer nor any Paying Agent nor any other person is obliged to gross up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of the imposition of withholding taxes. The imposition of such withholding taxes would entitle (but not oblige) the Issuer to redeem the Notes at their Principal Amount Outstanding plus accrued interest. Please see the section entitled "*Taxation - Ireland Taxation*" in relation to Irish withholding tax.



## ***U.S. Foreign Account Tax Compliance Withholding***

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the “ICSDs”), in all but the most remote circumstances, it is not expected that the foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 (“FATCA”) will affect the amount of any payment received by the ICSDs (see *“Taxation - U.S. Foreign Account Tax Compliance Withholding”*). However, FATCA may affect payments made to custodians or intermediaries (including any clearing system other than Euroclear or Clearstream, Luxembourg) in the 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 payments 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 a 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, to the extent they have a discretion to do so, choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA, including any legislation relating to an intergovernmental agreement entered into pursuant to FATCA (an IGA), if applicable) 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. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Notes or any Transaction Document, be required to pay additional amounts as a result of the deduction or withholding. As a result, if FATCA withholding were to apply to payments on the Notes, investors may receive less interest or principal than they would otherwise receive.

For a discussion of the implementation of FATCA in Ireland see *“Ireland Taxation - Information exchange and the implementation of FATCA in Ireland”*.

## ***Book-Entry Interests***

Unless and until Definitive Notes are issued in exchange for the Book-Entry Interests, holders and beneficial owners of Book-Entry Interests will not be considered the legal owners or holders of the Notes under the Trust Deed. After payment to the Principal Paying Agent, the Issuer will not have responsibility or liability for the payment of interest, principal or other amounts in respect of the Notes to Euroclear or Clearstream, Luxembourg or to holders or beneficial owners of Book-Entry Interests.

A nominee for the Common Safekeeper will be considered the registered holder of the Notes as shown in the records of Euroclear or Clearstream, Luxembourg and will be the sole legal holder of the Global Notes under the Trust Deed while the Notes are represented by the Global Notes. Accordingly, each person owning a Book-Entry Interest must rely on the relevant procedures of Euroclear and Clearstream, Luxembourg and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder under the Trust Deed.

Except as noted in the previous paragraph, payments of principal and interest on, and other amounts due in respect of, the Global Notes will be made by the Principal Paying Agent to a nominee of the Common Safekeeper for Euroclear and Clearstream, Luxembourg. Upon receipt of any payment from the Principal Paying Agent, Euroclear and Clearstream, Luxembourg, as applicable, will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Book-Entry Interests as shown on their records. The Issuer expects that payments by participants or indirect payments to owners of Book-Entry Interests held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in “street name”, and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, any Paying Agent or the Registrar will have any responsibility or

liability for any aspect of the records relating to, or payments made on account of, the Book-Entry Interests or for maintaining, supervising or reviewing any records relating to such Book-Entry Interests.

Unlike Noteholders, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by or on behalf of the Issuer for consents or requests by or on behalf of the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the relevant provisions described herein under “*Terms and Conditions of the Notes*” below. There can be no assurance that the procedures to be implemented by Euroclear and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, any Paying Agent, the Registrar or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

The lack of Notes in physical form could also make it difficult for a Noteholder to pledge such Notes if Notes in physical form are required by the party demanding the pledge and hinder the ability of the Noteholder to recall such Notes because some investors may be unwilling to buy Notes that are not in physical form.

Certain transfers of Notes or interests therein may only be effected in accordance with, and subject to, certain transfer restrictions and certification requirements and in accordance with the rules and regulations of any applicable clearing system. In order for a Noteholder to effect a transfer of Notes to a potential purchaser, the Noteholder and the potential purchaser will need to comply with the applicable transfer restrictions (see “*Transfer Restrictions and Investor Representations*” below). To the extent such transfer restrictions cannot be complied with, a Noteholder should be prepared to hold its Notes until the Final Maturity Date or until it can effect a transfer to a potential purchaser that complies with the requirements of the applicable transfer restrictions. In order to comply with any applicable laws and regulations in respect of such transfer, potential purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered.

### ***Meetings of Noteholders, modification and waiver***

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

The Trust Deed provides that, without the consent or sanction of the Noteholders or any of the other Secured Creditors, the Trustee may agree, without the consent or sanction of any of, or any liability to, the Noteholders, to:

(A)

- (i) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error; and
- (ii) any other modification (excluding a Basic Terms Modification) of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class; and

(B) determine that an Event of Default or Potential Event of Default will be waived where in the opinion of the Trustee such determination is not materially prejudicial to the interests of the holders of the Most Senior Class, **provided that** the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class made pursuant to Condition 9 (*Events of Default*).

Any such modification, authorisation, determination or waiver shall be binding on the Noteholders and, unless the Trustee otherwise agrees, the Issuer will arrange for it to be notified to the Noteholders as soon as practicable.

The Trustee may also be obliged, in certain circumstances, to agree to amendments to the Conditions and/or the Transaction Documents for the purpose of (i) complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, (ii) complying with certain risk retention legislation, regulations or official guidance in relation thereto, (iii) enabling the Notes to be (or to remain) listed on Euronext Dublin, (iv) enabling the Issuer or any of the other Transaction Parties to comply with FATCA (or any voluntary agreement entered into with a taxing authority in relation thereto) or (v) complying with any changes in the requirements of the CRA Regulation including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation, the CRA3 Requirements, the STS Regulation or regulations or official guidance in relation thereto after the Closing Date (each a "Proposed Amendment"), without the consent of the Noteholders.

In relation to any such Proposed Amendments, the Issuer is required, amongst other things, to certify in writing to the Trustee that the Issuer has provided at least 30 calendar days' prior notice to the Noteholders of each Class of the proposed modification in accordance with Condition 13 (*Notice to Noteholders*) and by publication on Bloomberg on the "Company News" screen relating to the Notes.

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 11 (*Meetings of Noteholders; Modification; Consents; Waiver*). See Condition 11 (*Meetings of Noteholders; Modification; Consents; Waiver*) below. However, Noteholders should be aware that, in relation to each Proposed Amendment, if Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes have not contacted the Issuer in writing within such notification period notifying the Issuer that such Noteholders do not consent to the modification, the modification will be passed without Noteholder consent.

The Trustee shall not be obliged to agree to any matter, which, in the opinion of the Trustee, would have the effect of (a) exposing the Trustee to any Liability against which it has not been or may not be indemnified and/or secured and/or pre-funded to its satisfaction or (b) increasing the obligations or duties, or decreasing the protections of the Trustee in the Transaction Documents, the Trust Deed and/or the Conditions. The Trustee shall not be held liable for the consequences of exercising its discretion or taking any action, step or proceeding (or not exercising its discretion or taking any action, step or proceeding as the case may be) and may do so without having regard to the effect of such action on individual Noteholders or Secured Creditors.

In the case of a request for consent to a waiver, modification substitution or any other matter including those outlined in paragraphs (a) to (b) above, the Trustee shall be entitled to obtain legal, financial or other expert advice, at the expense of the Issuer, and rely on such advice in connection with determining whether or not to give such consent as it sees fit.

### ***Change of law***

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

In May 2018, the Courts and Land and Conveyancing Law Reform Bill secured government approval for drafting. The Courts and Land and Conveyancing Law Reform Bill (which incorporates elements of the “Keeping People in their Homes Bill 2017”) would, if enacted, further limit the ability of a lender to obtain orders for possession in respect of defaulted mortgage loans. The proposed draft Bill aims to reform the factors taken into consideration by the Irish courts when determining applications for mortgagee possession under the Land and Conveyancing Law Reform Act 2013. It is expected the Bill will provide, amongst other things, that a court will have to take into account (i) the proportionality of making an order for possession (ii) the circumstances of those resident in the property; and (iii) in cases where the enforcing entity is not the original lender, the amount that the enforcing entity paid for the loan.

It is unclear whether any legislation in respect of the foregoing (either in the current draft form or a different form) will be enacted or whether further legislative initiatives to regulate the Irish mortgage market will be introduced. If enacted, any further legislation could potentially impact the ability of the Issuer to make recoveries in respect of the Mortgage Loans and, accordingly, its ability to make payments under the Notes.

### ***The General Data Protection Regulation***

The General Data Protection Regulation (the “GDPR”), applicable across the EU from 25 May 2018, introduces new compliance obligations in relation to the commercial use of customer data (with significant fines of up to 4 per cent. of global turnover for certain aspects of non-compliance). The GDPR ascribes a strict 72-hour timeline within which companies are required to inform the relevant supervisory authority of any data loss. Furthermore, the GDPR provides for extensive individual rights in relation to personal data, including rights of access, correction, deletion, blocking, objection, erasure and data portability. Amongst other requirements, the GDPR requires that companies implement technical and organisational data security measures to ensure a level of

security appropriate to the risk involved in the data usage. It is possible that the GDPR will affect the operations of the Issuer, the Seller and the Servicer.

The primary risk is that the Servicer, Seller or Issuer is found to be non-compliant with GDPR and as a result is required to pay significant penalties which could affect their respective businesses and, in the case of the Servicer, its ability to continue to service the portfolio.

***Implementation of, and amendments to, the Basel III framework may affect the regulatory capital and liquidity treatment of the Notes***

The Basel III reform package ( "Basel III") a regulatory capital and liquidity framework approved by the Basel Committee on Banking Supervision (the Basel Committee) in 2011 has been implemented in the European Economic Area through Regulation EU 2013/575 (the Capital Requirements Regulation or CRR) and Directive 2013/36/EU (the Capital Requirements Directive or the "CRD") and together with the CRR, "CRD IV").

Basel III, as implemented under CRD IV, provides for a substantial strengthening of prudential rules compared with the previous regime, including requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks); and the establishment of a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the "Liquidity Coverage Ratio" and the "Net Stable Funding Ratio"). The Delegated Regulation for the LCR was published in the Official Journal of the EU on 17 January 2015 and applies from 1 October 2015. The minimum LCR requirement of 100 per cent. applies as of 1 January 2018. The Net Stable Funding Ratio applies from 1 January 2018.

**CRA3**

Prospective investors should note the provisions of Regulation 462/2013 (EU) which amends Regulation (EC) 1060/2009 on Credit Rating Agencies (together, "CRA3") which became effective on 20 June 2013. CRA3 requires, among other things, issuers or related third parties intending to solicit a credit rating of a structured finance instrument to appoint at least two credit rating agencies to provide credit ratings independently of each other.

**Securitisation Regulation**

Article 8b of CRA3 became effective on 1 January 2017 and requires the originator and issuer to comply with certain disclosure and reporting requirements. Due to delay in set-up of the European Securities and Marketing Authority ("ESMA") website, originators and issuers have not yet been required to comply with such requirements. Article 8b of CRA3 will be repealed and replaced by the new disclosure requirements pursuant to the Securitisation Regulations (defined below). On 28 December 2017, Regulation (EU) 2017/2042 of the European Parliament and of the Council of 12 December 2017 (the "Securitisation Regulation") and the associated Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017 (the CRR Amending Regulation"), and together with the Securitisation Regulation, the "Securitisation Regulations") were published in the Official Journal of the European Union.

The majority of the Securitisation Regulations will not apply to the Notes as it will apply only to securitisations, the securities of which are issued or where new securitisation positions are created on or after 1 January 2019. However, the CRR Amending Regulation will apply to securities issued prior to 1 January 2019.

The Securitisation Regulations provide, in a securitisation context, that qualifying simple, transparent and standardised ("STS") securitisations should be subject to less onerous capital treatment; that certain aspects of existing legislation (including the Solvency II Regulation and the AIFMR Regulation) should be repealed and replaced with a single EU-wide securitisation regulation; and that the onus of demonstrating that a securitisation meets STS criteria is not solely the responsibility of the originator.

The Securitisation Regulations also included revised risk retention and transparency requirements (now imposed variously on the issuer, originator, sponsor and/or original lender of a securitisation), new due diligence requirements imposed on certain institutional investors in a securitisation and a potential ban on the securitisation of self-certified loans. In general, the requirements imposed under the proposed final draft of the Securitisation Regulations are more onerous and have a wider scope than those imposed under current legislation.

Notably, the risk weights attached to securitisation exposures for credit institutions and investment firms will in general increase substantially under the new securitisation framework implemented under the Securitisation Regulations. Investors should carefully consider (and, where appropriate, take independent advice) in relation to the capital charges associated with an investment in the Notes. In particular, investors should carefully consider the effects of the change (and likely increase) to the capital charges associated with an investment in the Notes for credit institutions and investment firms expected to take effect from 1 January 2020. These effects may include, but are not limited to, a decrease in demand for the Notes in the secondary market, which may lead to a decreased price for the Notes and may also lead to decreased liquidity and increased volatility in the secondary market.

## **U.S. Risk Retention Requirements**

Section 941 of the Dodd-Frank Act amended the Exchange Act to generally require the “securitizer” of a “securitization transaction” to retain at least 5 per cent. of the “credit risk” of “securitized assets”, as such terms are defined for the purposes of that statute, and generally prohibit a securitizer from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the securitizer is required to retain. The U.S. Risk Retention Rules came into effect on 24 December 2016 with respect to all classes of asset-backed securitizations. The U.S. Risk Retention Rules provide that the securitizer of an asset backed securitization is its sponsor. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

The Seller, as the sponsor under the U.S. Risk Retention Rules, does not intend to retain at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the “ABS interests” (as defined in Section 2 of the U.S. Risk Retention Rules) are issued) of all classes of ABS interests issued in the securitization transaction are sold or transferred to, or for the account or benefit of, U.S. persons (as defined in the U.S. Risk Retention Rules, “Risk Retention U.S. Persons”); (3) neither the sponsor nor the issuer of the securitization transaction is organised under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organised or located in the United States.

The Portfolio will be comprised of mortgage loans and their related security, all of which are originated by the Seller or First Active as Originator, each, being a company incorporated in Ireland.

The Notes provide that they may not be purchased by a Risk Retention U.S. Person. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is substantially similar to, but not identical to, the definition of U.S. person under Regulation S, and that persons who are not “U.S. persons” under Regulation S may be U.S. persons under the U.S. Risk Retention Rules. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (B) and (H)(i), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, “U.S. person” (and “Risk Retention U.S. Person” as used in this Prospectus) means any of the following:

- (A) any natural person resident in the United States;
- (B) any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States<sup>1</sup>;
- (C) any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (D) any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (E) any agency or branch of a foreign entity located in the United States;
- (F) any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (G) any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and
- (H) any partnership, corporation, limited liability company, or other organisation or entity if:
  - (i) organised or incorporated under the laws of any foreign jurisdiction; and
  - (ii) formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act<sup>2</sup>;

Each holder of a Note or a beneficial interest therein acquired on the Closing Date, by its acquisition of a Note or a beneficial interest in a Note, will be deemed, and, in certain circumstances, will be required to represent to the Issuer and the Seller that it (1) is not a Risk Retention U.S. Person, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

There can be no assurance that the exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions will be available. No assurance can be given as to whether a failure by the Seller to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or the market value of the Notes. Furthermore, the impact of the U.S. Risk Retention Rules on the securitization market generally is uncertain, and a failure by the Seller to comply with the U.S. Risk Retention Rules could therefore negatively affect the market value and secondary market liquidity of the Notes.

None of the Arranger or any of its affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the Closing Date or at any time in the future. Investors should consult their own advisors as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

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<sup>1</sup> The comparable provision from Regulation S is “(ii) any partnership or corporation organised or incorporated under the laws of the United States.

<sup>2</sup> The comparable provision from Regulation S “(vii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the Securities Act, unless it is organised or incorporated, and owned, by accredited investors (as defined in 17 CFR 230.501(a)) who are not natural persons, estates or trusts.

## **Volcker Rule**

The Issuer is of the view that it is not now, and immediately following the issuance of the notes and the application of the proceeds thereof it will not be, a “covered fund” as defined in the regulations adopted under Section 13 of the Bank Holding Company Act of 1956, as amended, commonly known as the “Volcker Rule”. Although other exclusions may be available to the Issuer, this conclusion is based on the exemption from the definition of “investment company” in the Investment Company Act of 1940 provided by Section 3(c)(5)(C) thereunder.

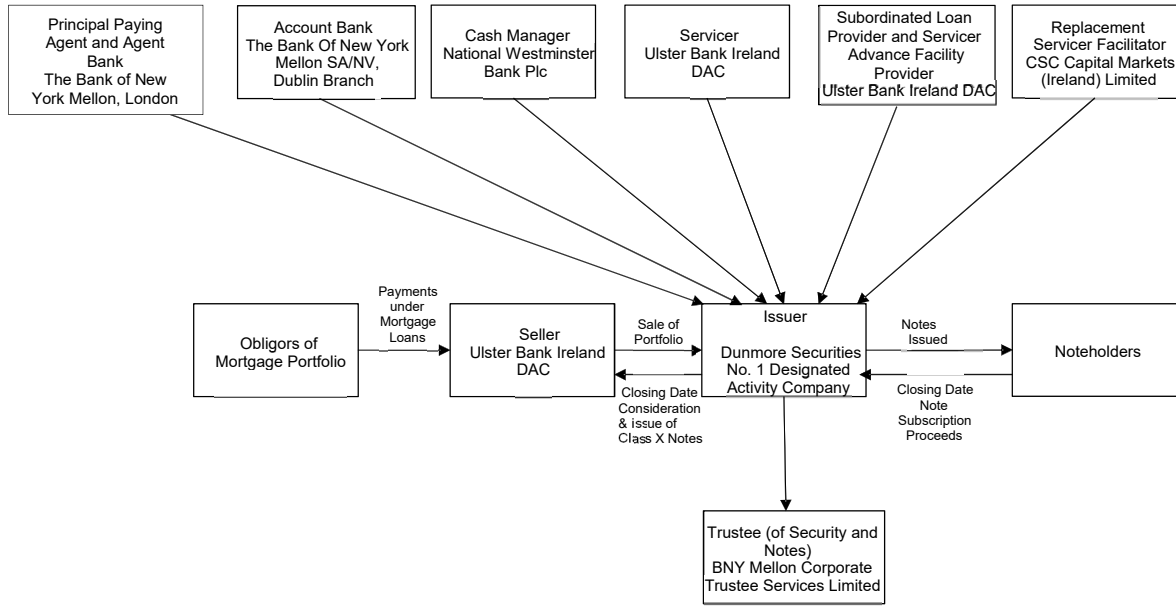
If the Issuer is considered a “covered fund”, the liquidity of the market for the Notes may be materially and adversely affected, since banking entities could be prohibited from, or face restrictions in, investing in the Notes.

## **Eurosystem eligibility**

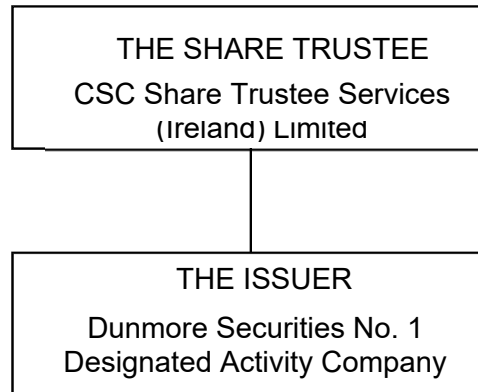
The Notes are intended to be held in a manner which would allow Eurosystem eligibility. This simply means that the Notes will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that any of the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.



## DIAGRAMMATIC OVERVIEW OF TRANSACTION

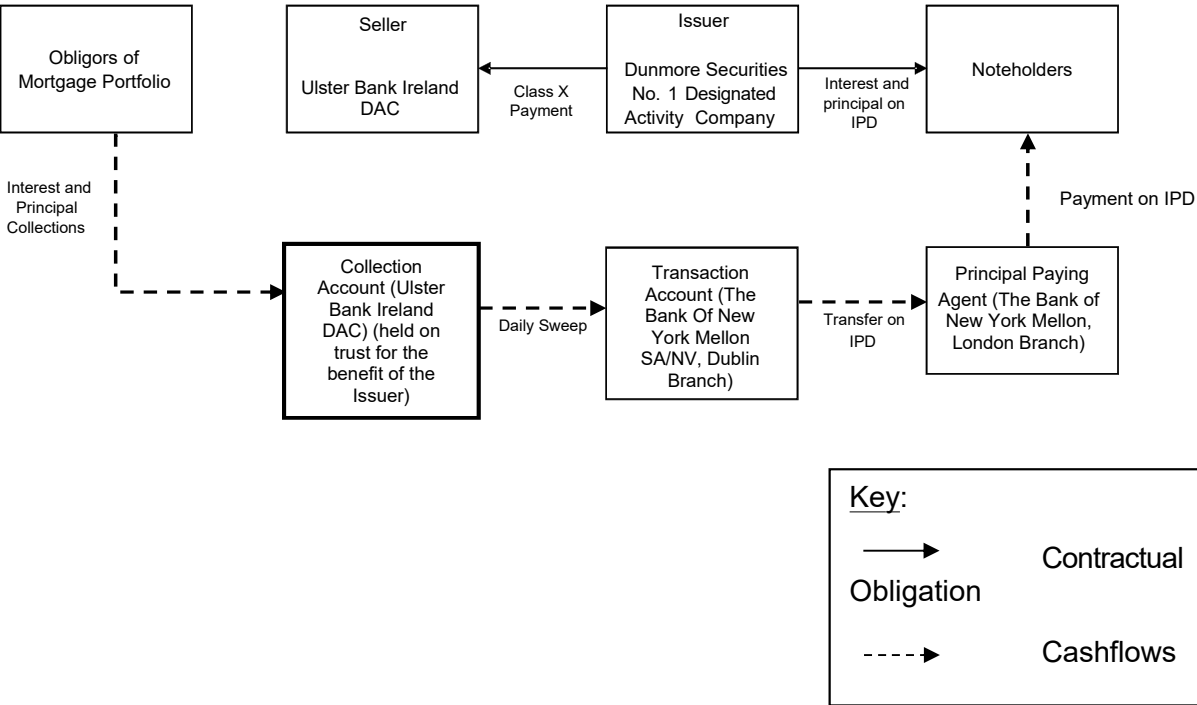


## OWNERSHIP STRUCTURE DIAGRAM



The entire issued share capital of the Issuer is legally owned by CSC Share Trustee Services (Ireland) Limited (the "Share Trustee") on discretionary trust, the benefit of which is expressed to be for charitable purposes.

**DIAGRAMMATIC OVERVIEW OF ON-GOING CASHFLOW**



## TRANSACTION OVERVIEW

*The information set out below is an overview of various aspects of the transaction. This overview is not intended to be complete and should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Prospectus.*

### TRANSACTION PARTIES ON THE CLOSING DATE

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Issuer</b>	Dunmore Securities No. 1 Designated Activity Company (the " <u>Issuer</u> ")	28 Fitzwilliam Place, Dublin 2, Ireland	N/A  See section entitled " <i>The Issuer</i> " for further information
<b>Seller</b>	Ulster Bank Ireland Designated Activity Company (the " <u>Seller</u> ")	Ulster Bank Group Centre, Georges Quay, Dublin 2	Mortgage Sale Agreement  See sections entitled " <i>The Seller, the Servicer, the EU Risk Retention Holder, the Servicer Advance Facility Provider and the Subordinated Loan Provider</i> " and " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreement</i> " for further information
<b>Servicer and Initial Servicer</b>	Ulster Bank Ireland Designated Activity Company (the " <u>Servicer</u> " and " <u>Initial Servicer</u> ")	Ulster Bank Group Centre, Georges Quay, Dublin 2	Servicing Agreement  See section entitled " <i>The Seller, the Servicer, the EU Risk Retention Holder, the Servicer Advance Facility Provider and the Subordinated Loan Provider</i> " for further information
<b>Replacement Servicer Facilitator</b>	CSC Capital Markets (Ireland) Limited (the " <u>Replacement Servicer Facilitator</u> ")	28 Fitzwilliam Place, Dublin 2	Servicing Agreement  See section entitled " <i>The Replacement Servicer Facilitator and the Corporate Services Provider</i> " for further information
<b>Cash Manager</b>	National Westminster Bank Plc (the " <u>Cash Manager</u> ")	250 Bishopsgate, London EC2M 4AA	Cash Management Agreement  See section entitled " <i>Cashflows and Cash</i> "

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
			<i>Management</i> ” for further information
<b>Subordinated Loan Provider</b>	Ulster Bank Ireland Designated Activity Company (the “ <u>Subordinated Loan Provider</u> ”)	Ulster Bank Group Centre, Georges Quay, Dublin 2	Subordinated Loan Agreement  See the section entitled “ <i>Key Structural Features</i> ” for further information
<b>Servicer Advance Facility Provider</b>	Ulster Bank Ireland Designated Activity Company (the “ <u>Servicer Advance Facility Provider</u> ”)	Ulster Bank Group Centre, Georges Quay, Dublin 2	Servicer Advance Facility Agreement  See the section entitled “ <i>Key Structural Features</i> ” for further information
<b>Trustee</b>	BNY Mellon Corporate Trustee Services Limited (the “ <u>Trustee</u> ”)	One Canada Square, London E14 5AL	Trust Deed, Irish Deed of Charge and English Deed of Charge  See the section entitled “ <i>Terms and Conditions of the Notes</i> ” for further information
<b>Principal Paying Agent</b>	The Bank of New York Mellon, London Branch (the “ <u>Principal Paying Agent</u> ”)	One Canada Square, London E14 5AL	Paying Agency Agreement  See the section entitled “ <i>Terms and Conditions of the Notes</i> ” for further information
<b>Agent Bank</b>	The Bank of New York Mellon, London Branch (the “ <u>Agent Bank</u> ”)	One Canada Square, London E14 5AL	Paying Agency Agreement  See the section entitled “ <i>Terms and Conditions of the Notes</i> ” for further information
<b>Registrar</b>	The Bank Of New York Mellon SA/NV, Luxembourg Branch (the “ <u>Registrar</u> ”)	Vertigo Building - Polaris 2-4, rue Eugène Ruppert L-2453 Luxembourg	Paying Agency Agreement
<b>Account Bank</b>	The Bank Of New York Mellon SA/NV, Dublin Branch (the “ <u>Account Bank</u> ”)	4 <sup>th</sup> Floor, Hanover Building, Windmill Lane, Dublin 2	Account Bank Agreement  See the section entitled “ <i>Cashflows and Cash Management</i> ” for further information

<b>Party</b>	<b>Name</b>	<b>Address</b>	<b>Document under which appointed/Further Information</b>
<b>Collection Account Bank</b>	Ulster Bank Ireland Designated Activity Company (the <u>"Collection Account Bank"</u> )	Ulster Bank Group Centre, Georges Quay, Dublin 2	N/A
<b>Corporate Services Provider</b>	CSC Capital Markets (Ireland) Limited (the <u>"Corporate Services Provider"</u> )	28 Fitzwilliam Place, Dublin 2	Corporate Services Agreement  See the sections entitled <i>"The Issuer"</i> and <i>"The Replacement Servicer Facilitator and Corporate Services Provider"</i> for further information
<b>Arranger</b>	NatWest Markets Plc ( <u>"NWM"</u> and the <u>"Arranger"</u> )	250 Bishopsgate, London EC2M 4AA	Note Purchase Agreement  See the section entitled <i>"Subscription and Sale"</i> for further information

## OVERVIEW OF THE TERMS AND CONDITIONS OF THE NOTES

*Please refer to section entitled “Terms and Conditions of the Notes” for further detail in respect of the terms of the Notes.*

### FULL CAPITAL STRUCTURE OF THE NOTES

	Class A	Class Z	Class X
Currency	€	€	€
Initial Principal Amount	1,731,572,000	474,154,000	100,000
Credit Enhancement	Subordination of Z Notes and X Notes; General Reserve Fund; Available Revenue Receipts applied to cure amounts debited to the Principal Deficiency Ledger	Subordination of X Notes; Available Revenue Receipts applied to cure amounts debited to the Principal Deficiency Ledger	N/A
Liquidity Support	General Reserve Fund applied to make up Revenue Shortfall.  Principal Receipts applied to make up Further Class A Shortfall.	N/A	N/A
Issue Price	100%	100%	100%
Interest Reference Rate on Notes	3 Month EURIBOR	N/A	N/A
Relevant Margin / Rate of Interest	0.45% per annum (margin)	5.75% per annum (fixed rate)	Class X Payment*
Interest Accrual Method	Actual/360	Actual/360	N/A
Interest Payment Dates	Interest will be payable in respect of the Notes quarterly in arrear on 15 <sup>th</sup> March, June, September and December in each year or, if such day is not a Business Day, the next following Business Day		

	Class A	Class Z	Class X
Business Day Convention	Following	Following	Following
First Interest Payment Date	Interest Payment Date falling on 15 March 2019	Interest Payment Date falling on 15 March 2019	Interest Payment Date falling on 15 March 2019
First Interest Period	The period from the Closing Date to the first Interest Payment Date.		
Pre-Enforcement Redemption Profile	Sequential pass-through redemption. Please refer to Condition 5 ( <i>Redemption</i> ).		
Post-Enforcement Redemption Profile	Sequential pass-through redemption in accordance with the Post-Enforcement Priority of Payments.		
Optional Redemption	The Issuer may redeem the Notes with the proceeds of a sale of the Charged Property on any Interest Payment Date (subject to obtaining the appropriate Noteholders approval by way of a Special Resolution in respect of a Special Resolution Matter) <b>provided that</b> such sale proceeds, together with amounts standing to the credit of the Transaction Account and any other funds available to the Issuer, are sufficient to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes and, (II) pay amounts required under the Pre-Enforcement Priorities of Payments to be paid in priority to or <i>pari passu</i> with the Class A Notes on such Interest Payment Date, and (III) any other costs associated with the exercise of the optional call. See Condition 5(D) ( <i>Optional Redemption in Full</i> ).		
Clean Up Call	Applicable	Applicable	Applicable
Pre-Optional Redemption Profile	Sequential pass-through redemption.		
Post-Optional Redemption Profile	Sequential pass-through redemption.		
Other Early Redemption in Full Events	Tax call. Please refer to Condition 5(E) ( <i>Optional Redemption for Taxation or Other Reasons</i> ).		
Final Maturity Date	Interest Payment Date falling in June 2066	Interest Payment Date falling in June 2066	Interest Payment Date falling in June 2066
Form of the Notes	Registered Global Notes	Registered Global Notes	Registered Global Notes



	<b>Class A</b>	<b>Class Z</b>	<b>Class X</b>
Application for Listing	Euronext Dublin	Euronext Dublin	Euronext Dublin
ISIN	XS1916006577	XS1916006650	XS1916006817
Common Code	191600657	191600665	191600681
FISN	DUNMORE SECURIT/VARASST BKD 2200123	DUNMORE SECURIT/VARASST BKD 2200123	DUNMORE SECURIT/VARASST BKD 2200123
CFI	DAVXFR	DAVXFR	DAVXFR
Clearance/Settlement	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
Minimum Denomination	€100,000 and integral multiples of €1,000 in excess thereof	€100,000 and integral multiples of €1,000 in excess thereof	N/A

\*No rate of interest is earned on the Class X Notes. Payments on the Class X Notes will be payable in arrear on each Interest Payment Date.

## OVERVIEW OF TERMS AND CONDITIONS OF THE NOTES

Please refer to section entitled “Terms and Conditions of the Notes” for further detail in respect of the terms of the Notes.

**Issuance of Notes:** The Class A Notes, the Class Z Notes and the Class X Notes will be issued in registered form.

**Sequential Order:** The Class A Notes will rank pari passu and without any preference or priority amongst themselves in relation to payment of interest and principal at all times and in priority to the Class Z Notes, the Subordinated Loan, the Servicer Advance Facility and the Class X Notes.

The Class Z Notes will rank pari passu and without any preference or priority amongst themselves in relation to payment of interest and principal at all times and in priority to the Subordinated Loan, the Servicer Advance Facility and the Class X Notes.

The Class X Notes will be subordinated in relation to payment of the Class X Payment and payments of principal to all other Classes of Notes, the Subordinated Loan and the Servicer Advance Facility.

**Security:** The Issuer’s obligations in respect of the Notes are secured by the security constituted by or pursuant to the Deeds of Charge granted in favour of the Trustee to hold on trust for the Noteholders and other Secured Creditors as more particularly described in the Section entitled “*Summary of Key Transaction Documents*”.

The security constituted under the English Deed of Charge will consist of:

- (A) an assignment by way of security and a fixed charge over the rights of the Issuer under the English Law Transaction Documents; and
- (B) a charge by way of first floating charge over the whole of the Issuer’s undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, other than the Excluded Assets and its share capital.

The security constituted under the Irish Deed of Charge will consist of:

- (A) a fixed charge over the Accounts of the Issuer;
- (B) an assignment by way of security and a fixed charge over the rights of the Issuer under:
  - (i) the Irish Law Transaction Documents;
  - (ii) the Mortgage Loans and their Related Security and other related rights comprising the Mortgage Portfolio;
  - (iii) the Transaction Account and (to the extent of its interest) all monies now or in the future

standing to the credit of or accrued or accruing on such account;

- (iv) the Insurance Policies and any sums derived therefrom; and
- (v) Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf; and

- (C) a first floating charge over the whole of its undertaking and all its property, assets, rights and revenues, whatsoever and wheresoever present and future excluding the Excluded Assets and its share capital.

The Issuer Profit Account and interests in the Trust Documents and the Note Purchase Agreement (the “Excluded Assets”) will not form part of the security.

**Events of Default:**

Subject to the requirements of enforcement outlined in Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*), and as more fully set out in Condition 9 (*Events of Default*) the Trustee may serve an Enforcement Notice on the occurrence of one of the following Events of Default:

- (A) default being made for a period of 7 Business Days in the payment of the principal on the Most Senior Class of Notes or any interest on the Most Senior Class of Notes when and as the same ought to be paid in accordance with these Conditions;
- (B) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes or the Trust Deed, as applicable;
- (C) any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Note Trustee has or will have a material adverse effect on the timing or amount of payments of principal or interest on the Most Senior Class of Notes and which remains unremedied for thirty days after such notice;
- (D) an Insolvency Event in respect of the Issuer occurs; or
- (E) it is or will be unlawful for the Issuer to comply with any of its obligations under the Transaction Documents.

**Issuer Covenants:**

The covenants given by the Issuer, as fully described in Condition 3 (*Issuer Covenants*) shall not be breached while any Note remains outstanding, except with the written consent of the Trustee or as otherwise permitted.

**Interest Payable on the Notes:**

The interest rates applicable to each class of Notes are described in Condition 4 (*Interest*) including where the

Condition incorporates other provisions by reference thereto.

**Interest Deferral:**

Interest due and payable on the Class Z Notes (for so long as they are not the Most Senior Class) may be deferred in accordance with Condition 4.3(l) (*Interest Deferral*).

**Redemption:**

The Notes are subject to the optional and mandatory redemption events outlined below, as more particularly described in Condition 5 (*Redemption*).

(A) Mandatory redemption events:

- (i) mandatory redemption in whole on the Final Maturity Date, as fully set out in Condition 5(A) (*Final Redemption of the Notes*); and
- (ii) mandatory redemption in part subject to availability of Available Principal Receipts as fully set out in Condition 5(B) (*Mandatory Redemption of the Notes*).

(B) Optional redemption events:

- (i) optional redemption in full on any Interest Payment Date prior to the delivery of an Enforcement Notice, as more particularly described in Conditions 5(D)(1) (*Optional Redemption in Full*), provided that the consent of the Noteholders is obtained by way of a Special Resolution in respect of a Special Resolution Matter;
- (ii) optional redemption in full on any Interest Payment Date prior to the delivery of an Enforcement Notice provided that the aggregate Principal Amount Outstanding of the Class A Notes is less than or equal to 10 per cent. of the of the Aggregate Principal Amount Outstanding of the Class A Notes upon issue as more particularly described in Condition 5(D)(2) (*Optional Redemption in Full*); and
- (iii) optional redemption in full on any Interest Payment Date exercisable by the Issuer for reasons of tax, as more particularly described in Condition 5(E) (*Optional Redemption for Taxation or Other Reasons*).

**Limited Recourse:**

All of the Notes are ultimately limited recourse obligations of the Issuer and, if the Issuer has insufficient funds to pay amounts due in respect of the Notes in full, following the distribution of all available funds, any amounts outstanding under the Notes will cease to be due and payable as described in more detail in Condition 10(B) (*Limited Recourse*).

**Governing Law:** The Notes are governed by English law.

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

*Please refer to the section entitled “Terms and Conditions of the Notes” and to the Trust Deed for further details in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Secured Creditors. The summary below is qualified in its entirety by reference to the section entitled “Terms and Conditions of the Notes” and the Trust Deed.*

**Following an Event of Default:** Following an Event of Default which is continuing, the holders of at least 25 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class may instruct the Trustee to serve the Issuer with an Enforcement Notice, as more particularly described in Condition 9 (*Events of Default*).

Noteholder Provisions:	Meeting	
	Initial Meeting	Adjourned Meeting
<b>Notice Period:</b>	21 clear days	14 days
<b>Quorum:</b>	<p>The Quorum for passing:</p> <ul style="list-style-type: none"> <li>(i) an Extraordinary Resolution to approve a Basic Terms Modification shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes;</li> <li>(ii) a Special Resolution to approve a Special Resolution Matter shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes;</li> <li>(ii) an Extraordinary Resolution to approve any matter other than a Basic Terms Modification, shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes; and</li> <li>(iii) an Ordinary Resolution, shall be one or more person(s) holding Notes or</li> </ul>	<p>The Quorum for passing:</p> <ul style="list-style-type: none"> <li>(i) an Extraordinary Resolution to approve a Basic Terms Modification shall be one of more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes;</li> <li>(ii) a Special Resolution to approve a Special Resolution Matter shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes;</li> <li>(iii) an Extraordinary Resolution to approve any matter other than a Basic Terms Modification, shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes; and</li> <li>(iv) an Ordinary Resolution, shall be one or more</li> </ul>

representing Noteholders holding Notes of in aggregate not less than 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes.

person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 10 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes.

**Written Resolutions:**

An Extraordinary Resolution, a Special Resolution and an Ordinary Resolution may be passed as a Written Resolution on the terms described in the Trust Deed.

An Extraordinary Resolution, a Special Resolution and an Ordinary Resolution may be passed as a Written Resolution on the terms described in the Trust Deed.

**Electronic Consents**

Where the terms of the resolution proposed by the Issuer or the Trustee (as the case may be) have been notified to the Noteholders through the relevant clearing system(s) as provided in the Trust Deed each of the Issuer and the Trustee shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) to the Principal Paying Agent or another specified Agent and/or the Trustee in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. by Principal Amount Outstanding of a Class of Notes (the "Required Proportion") ("Electronic Consent") by close of business on the Relevant Date (as defined in the Trust Deed). Any resolution passed in such manner shall be binding on all Noteholders of the relevant Class, even if the relevant consent or instruction proves to be defective.

**Relationship between Classes of Noteholders:**

In the event of a conflict of interests of holders of different Classes of Notes the Trustee shall, save as provided below, have regard only to the interests of the holders of the Most Senior Class of Notes and will not have regard to any lower ranking Class of Notes.

An Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes irrespective of the effect on them, provided that an Extraordinary Resolution of the holders of the Most Senior Class to sanction a Basic Terms Modification, shall not take effect unless it has also been sanctioned by an Extraordinary Resolution of the holders of each other Class of Notes affected (if affected).

A Special Resolution duly passed by a meeting of the Noteholders shall be binding on all Noteholders if held in accordance with the provisions of the Trust Deed by the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes.

**Relationship between Noteholders and other Secured Creditors:**

The Trust Deed provides that where, in the opinion of the Trustee, there is a conflict between the interests of (i) the Noteholders; and (ii) any other Secured Creditors and/or any of them, the Trustee shall, notwithstanding anything to the contrary contained in the Trust Deed, the Transaction Documents or the Notes (including the Conditions), have regard only to the interests of the Noteholders and none of the other Secured Creditors shall have any claim against the Trustee for so doing.

**Basic Terms Modifications** A Basic Terms Modification means any modification to (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (b) the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, or any other amount payable in respect of, the Notes, (c) the priority of payment of interest or principal on the Notes, (d) the currency of payment of the Notes, (e) the definition of Basic Terms Modification, or (f) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution, provided that any Base Rate Modification shall not constitute a Basic Terms Modification.

**Special Resolution Matter:** A Special Resolution Matter means any resolution of the Noteholders to approve the exercise by the Issuer of its right to redeem the Notes in accordance with the provisions of Condition 5(D) (*Optional Redemption in Full*).

**Provision of Information to the Noteholders:** The Cash Manager on behalf of the Issuer will publish the Quarterly Investor Report detailing, inter alia, certain aggregated loan data in relation to the Mortgage Portfolio. Such Quarterly Investor Reports will be published on the following website at <https://investors.rbs.com>, the first Quarterly Investor Report being provided on the first Interest Payment Date. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Quarterly Investor Reports will also be made available to the Seller and the Rating Agencies. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Loans.

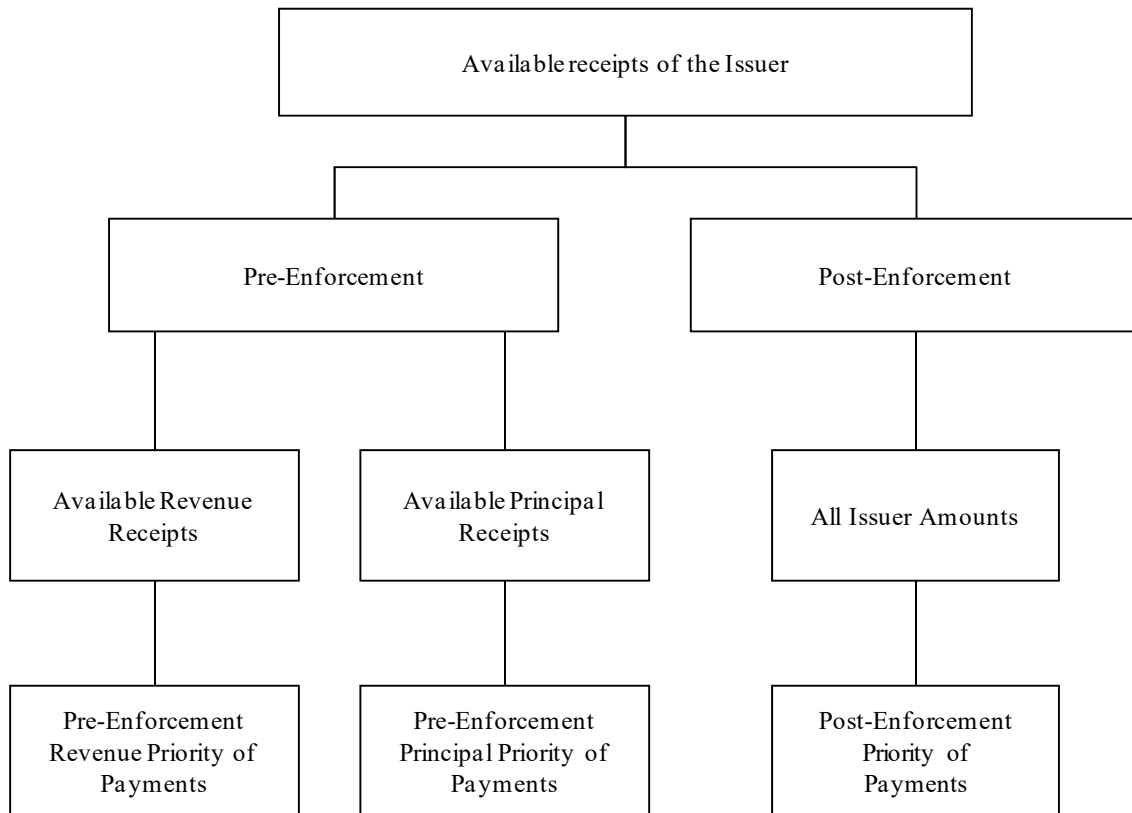
**Modification:** The Trustee may agree, without the consent or sanction of any of, or any liability to, the Noteholders, to (i) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (excluding a Basic Terms Modification) of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class.

Notwithstanding the foregoing, the Trustee shall be obliged, without the consent or sanction of the Noteholders or any of the Secured Creditors, to concur with the Issuer in making a modification (other than in respect of a Basic Terms Modification) to the Conditions or any other Transaction Documents in connection with the matters set out, and as further described in Condition 11(E) (*Additional Right of Modification*).



## CASHFLOWS

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



## OVERVIEW OF CREDIT STRUCTURE AND CASHFLOWS

*Please refer to the sections entitled “Key Structural Features — Credit Enhancement and Liquidity Support” and “Cashflows and Cash Management” for further detail in respect of the credit structure and cash flow of the transaction.*

### **Available Revenue Receipts and Available Principal Receipts of the Issuer:**

Available Revenue Receipts are expected to exceed interest due and payable on the Class A Notes and Senior Expenses of the Issuer (including retaining the Issuer Profit Amount).

The Cash Manager will apply Available Revenue Receipts and Available Principal Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments respectively, as set out below.

‘Available Revenue Receipts’ means, as calculated on each Calculation Date and to be applied on the following Interest Payment Date, an amount equal to the aggregate of (without double-counting):

- (A) interest payable to the Issuer on the Transaction Account and income from any Authorised Investments in each case received during the immediately preceding Collection Period;
- (B) the Revenue Receipts on the Mortgage Loans (excluding any amounts subject to a direct debit charge-back) received by the Issuer during the immediately preceding Collection Period which have been designated as Available Revenue Receipts by the Cash Manager in accordance with the Cash Management Agreement (which, for the avoidance of doubt, shall be the Calculated Revenue Receipts in the circumstances described in Schedule 5 (*Determinations and Reconciliations*) of the Cash Management Agreement);
- (C) any Available Principal Receipts to be applied as Available Revenue Receipts on such Interest Payment Date in respect of Principal Deficiency Excess Revenue Amounts;
- (D) any amounts to be withdrawn from the General Reserve Fund to remedy a Revenue Shortfall on such Interest Payment Date;
- (E) any General Reserve Ledger Residual Amount;
- (F) any Available Principal Receipts to be applied in order to remedy a Further Class A Shortfall in accordance with item (A) of the Pre-Enforcement Principal Priority of Payments on such Interest Payment Date;
- (G) any Available Principal Receipts to be allocated as Available Revenue Receipts in accordance with item (E) of the Pre-Enforcement Principal Priority of Payments on such Interest Payment Date;

- (H) any drawing made by the Issuer under the Servicer Advance Facility on such Interest Payment Date;
- (I) other net income of the Issuer received during the immediately preceding Collection Period (other than any Principal Receipts);
- (J) in respect of any Interest Payment Date following a Determination Period, if the Reconciliation Amount in respect of the relevant Determination Period is a negative number, the lesser of an amount equal to the absolute value of such Reconciliation Amount and the amount standing to the credit of the Principal Ledger, as determined in accordance with Condition 4.3(J) (*Determinations and Reconciliation*); and
- (K) if on the second Interest Payment Date there are any amounts lent under the Subordinated Loan that have not been applied or provisioned by the Issuer for the purpose of meeting costs and Expenses incurred by the Issuer in respect of the issuance of the Notes on the Closing Date or applied to fund the General Reserve Fund up to the General Reserve Fund Required Amount, such amounts shall form part of the Available Revenue Receipts on such second Interest Payment Date.

'Available Principal Receipts' means, as calculated on each Calculation Date and to be applied on the following Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (A) all Principal Receipts on the Mortgage Loans received by the Issuer during the immediately preceding Collection Period which have been designated as Available Principal Receipts by the Cash Manager in accordance with the Cash Management Agreement (which, for the avoidance of doubt, shall be the Calculated Principal Receipts in the circumstances described in the Cash Management Agreement);
- (B) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (E) and/or (G) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date;
- (C) in respect of any Interest Payment Date following a Determination Period, if the Reconciliation Amount in respect of the relevant Determination Period is a positive number, the lesser of an amount equal to the absolute value of such Reconciliation Amount and the amount standing to the credit of the Revenue Ledger as determined in accordance with Condition 4.3(J) (*Determinations and Reconciliation*);
- (D) any amount standing to the credit of the Pre-Funding Ledger on the Additional Mortgage Portfolio Longstop Date, to the extent not applied by the Issuer to purchase the Additional Mortgage Portfolio on or before such date;

less:

- (i) the amount of Principal Receipts applied as Principal Deficiency Excess Revenue Amounts pursuant to item (C) of the definition of Available Revenue Receipts; and
- (ii) the amount of Principal Receipts to the extent comprised in paragraph (A) above used or to be used by the Issuer to fund any Further Advances granted during the immediately preceding Collection Period.

**Overview of Priorities of Payments:**

Below is a summary of the Priorities of Payments. Please refer to the section entitled “*Cashflows and Cash Management*” for further information. In addition, please refer to “*Limited Recourse*” in the section entitled “*Overview of Terms and Conditions of the Notes*”.

Pre-Enforcement Priority of Payments	Revenue	Pre-Enforcement Principal Priority of Payments	Post-Enforcement Priority of Payments
<p>A) <i>first</i>, fees, costs, charges, liabilities, expenses and all other amounts then due to the Trustee or any Appointee;</p> <p>B) <i>second</i>, any remuneration costs, charges, liabilities, expenses and all other amounts due to the Paying Agents, the Agent Bank, the Registrar, the Account Bank, the Cash Manager and the Servicer, any amounts due and payable to the Replacement Servicer Facilitator, the Corporate Services Provider and third parties, and any VAT payable by the Issuer in relation thereto (including the Issuer using reasonable endeavours to provide for any reverse charge VAT payable by the Issuer);</p> <p>C) <i>third</i>, the Issuer Profit Amount;</p> <p>D) <i>fourth</i>, any interest due and payable on the Class A Notes;</p> <p>E) <i>fifth</i>, to credit the Class A Principal Deficiency Sub-Ledger to eliminate any debit thereon;</p> <p>F) <i>sixth</i>, to credit the General Reserve Ledger up to the General Reserve Fund Required Amount;</p>		<p>A) <i>first</i>, allocating amounts as Available Revenue Receipts to the extent of any Further Class A Shortfall;</p> <p>B) <i>second</i>, to redeem the Class A Notes until the Class A Notes have been redeemed in full;</p> <p>C) <i>third</i>, to redeem the Class Z Notes until the Class Z Notes have been redeemed in full;</p> <p>D) <i>fourth</i>, to redeem the Class X Notes until the principal amount outstanding on the Class X Notes is €10,000 or, on the Final Maturity Date, zero; and</p> <p>E) <i>fifth</i>, the remainder, if any, to be allocated as Available Revenue Receipts.</p>	<p>A) <i>first</i>, fees, costs, charges, liabilities, expenses and all other amounts then due to the Trustee, any Receiver or any Appointee;</p> <p>B) <i>second</i>, any remuneration costs, charges, liabilities, expenses and all other amounts due to the Paying Agents, the Agent Bank, the Registrar, the Account Bank, the Cash Manager, the Servicer, any amounts due and payable to the Replacement Servicer Facilitator and the Corporate Services Provider, any VAT payable by the Issuer in relation thereto (including any reverse charge VAT payable by the Issuer) and corporation tax;</p> <p>C) <i>third</i>, the Issuer Profit Amount;</p> <p>D) <i>fourth</i>, in or towards payment of any interest due and payable on the Class A Notes;</p> <p>E) <i>fifth</i>, to redeem the Class A Notes until the Class A Notes have been redeemed in full;</p>

Pre-Enforcement Priority of Payments	Revenue Principal	Pre-Enforcement Priority of Payments	Post-Enforcement Priority of Payments
<p>G) <i>seventh</i>, to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;</p> <p>H) <i>eighth</i>, in or towards payment of interest due and payable on the Class Z Notes;</p> <p>I) <i>ninth</i>, to pay, <i>pro rata</i> and <i>pari passu</i>, all amounts of interest due or accrued (if any) but unpaid and any deferred interest due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement;</p> <p>J) <i>tenth</i>, to pay, <i>pro rata</i> and <i>pari passu</i>, all amounts of principal due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement;</p> <p>K) <i>eleventh</i>, to pay the amount of any Class X Payment (which, for the avoidance of doubt, shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs A) to J) above).</p>			<p>F) <i>sixth</i>, in or towards payment of interest due and payable on the Class Z Notes;</p> <p>G) <i>seventh</i>, to redeem the Class Z Notes until the Class Z Notes have been redeemed in full;</p> <p>H) <i>eighth</i>, any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party;</p> <p>I) <i>ninth</i>, to pay, <i>pro rata</i> and <i>pari passu</i>, all amounts of interest due or accrued (if any) but unpaid and any deferred interest due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement;</p> <p>J) <i>tenth</i>, to pay, <i>pro rata</i> and <i>pari passu</i>, all amounts of principal due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement;</p> <p>K) <i>eleventh</i>, to pay, by way of payment of any Class X Payment (which, for the avoidance of doubt, shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs A) to J) above), provided that the final amounts distributed pursuant to this item shall be applied to repay any remaining principal amount</p>

Pre-Enforcement Priority of Payments	Revenue	Pre-Enforcement Principal Payments	Priority of	Post-Enforcement Priority of Payments
				outstanding under the Class X Note.

**Key Structural  
Features/Revenue  
Shortfall:**

The general credit and liquidity structure of the transaction includes, broadly, the following elements:

- availability of the General Reserve Fund: (i) initially funded by the Subordinated Loan on the Closing Date up to the General Reserve Fund Required Amount; and (ii) funded on each Interest Payment Date from Available Revenue Receipts up to the General Reserve Fund Required Amount in accordance with the Pre-Enforcement Revenue Priority of Payments. The General Reserve Fund will be credited to the Transaction Account. On any Interest Payment Date where any Class A Notes remain outstanding, moneys standing to the credit of the General Reserve Fund will be applied to make up any Revenue Shortfall. Any amount credited to the General Reserve Fund after the Class A Notes have been repaid in full shall be applied as Available Revenue Receipts. See the section entitled “*Key Structural Features*”; and
- availability of Principal Receipts to make up any Further Class A Shortfall. See the section entitled “*Key Structural Features*” below for limitations on the use of Principal Receipts for this purpose.

**Revenue Shortfall:**

On each Calculation Date, the Cash Manager will determine whether Available Revenue Receipts (other than items (D) and (F) of Available Revenue Receipts) will be sufficient to pay on the relevant Interest Payment Date items (A) to (E) inclusive of the Pre-Enforcement Revenue Priority of Payments. To the extent that such Available Revenue Receipts are insufficient for this purpose (the amount of such deficit being a “Revenue Shortfall”), the Cash Manager will, on the relevant Interest Payment Date and on behalf of the Issuer, pay or provide for such Revenue Shortfall by applying amounts standing to the credit of the General Reserve Fund as Available Revenue Receipts until the Revenue Shortfall is met in full or the balance of the General Reserve Fund is reduced to zero.

**Further Class A Shortfall:**

On each Calculation Date, the Cash Manager shall calculate whether the Available Revenue Receipts (other than item (F) of Available Revenue Receipts) will be sufficient to pay on the relevant Interest Payment Date items (A) to (D) inclusive of the Pre-Enforcement Revenue Priority of Payments. To the extent that these Available Revenue Receipts are insufficient for this purpose (the amount of such deficit being a “Further Class A Shortfall”), the Cash Manager will, on the relevant Interest Payment Date and on behalf of the Issuer, pay or provide for such Further Class A Shortfall by applying Available Principal Receipts

as Available Revenue Receipts until the Further Class A Shortfall is met.

**Principal  
Ledger:**

**Deficiency**

A Principal Deficiency Ledger, comprising two sub-ledgers (one relating to each class of Notes other than the Class X Notes), will be established on the Closing Date. The Principal Deficiency Ledger will record as debit items any deemed principal losses in respect of the Mortgage Portfolio, including the following:

- (A) on each Calculation Date, Losses on the Mortgage Loans in the Mortgage Portfolio that arose during the related Collection Period;
- (B) on the first Calculation Date, an amount equal to the Aggregate Warehoused Mortgage Account Amount as at the last day of the related Collection Period and, on each Calculation Date thereafter, an amount equal to any increase in the Aggregate Warehoused Mortgage Account Amount as at the last day of the related Collection Period when compared to the same calculation as at the last day of the previous Collection Period;
- (C) on the first Calculation Date, the Aggregate Provisional Arrears Allocation (if any) calculated on the last day of the related Collection Period and, on each Calculation Date thereafter, an amount equal to any increase in the Aggregate Provisional Arrears Allocation calculated on the last day of the related Collection Period when compared to the same calculation as at the last day of the previous Collection Period; and
- (D) on each Interest Payment Date, the amount of any Available Principal Receipts that are applied under the Pre-Enforcement Revenue Priority of Payments in order to remedy a Further Class A Shortfall in accordance with item (A) of the Pre-Enforcement Principal Priority of Payments.

On each Interest Payment Date following the calculation of a Principal Deficiency Excess, an amount equal to the amount of any Available Principal Receipts applied as Available Revenue Receipts in respect of Principal Deficiency Excess Revenue Amounts pursuant to item (C) of the definition of Available Revenue Receipts shall be debited to the Principal Deficiency Ledger.

On each Calculation Date, the Cash Manager will calculate the then current balance of the Principal Deficiency Ledger and will apply Available Revenue Receipts to cure any debit entries on the following Interest Payment Date in accordance with the Priority of Payments.

Amounts recorded as a debit to the Principal Deficiency Ledger shall be allocated to the sub-ledgers in the following order of priority:

- (A) first, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes; and

- (B) second, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

**The Collection Account**

The Servicer shall ensure that all payments by Borrowers in respect of amounts due under the Mortgage Loans will be made into the relevant collection account (the “Collection Account”) held by the Seller at the Collection Account Bank. Amounts credited to the Collection Account from (and including) the Closing Date that relate to the Mortgage Loans will be identified on a daily basis (each such aggregate daily amount, a Daily Mortgage Loan Amount) and the Seller will transfer an amount equal to the Daily Mortgage Loan Amount from the Collection Account into the Transaction Account by the next Business Day after that Daily Mortgage Loan Amount is identified as received in the Collection Account.

**Pre-Funding and the Additional Mortgage Portfolio**

The Pre-Funding Ledger, will be funded on the Closing Date by an amount of the proceeds of the issue of the Notes equal to the Pre-Funding Amount. The Pre-Funding Ledger will be a ledger of the Transaction Account. Moneys standing to the credit of the Pre-Funding Ledger may be applied by the Issuer to acquire the Additional Mortgage Portfolio on or before the Additional Mortgage Portfolio Longstop Date. To the extent such moneys have not been applied to acquire the Additional Mortgage Portfolio on or before the Additional Mortgage Portfolio Longstop Date such funds shall be applied as Available Principal Receipts on such date. See the section entitled “*Key Structural Features*”.



## OVERVIEW OF THE MORTGAGE PORTFOLIO AND ADMINISTRATION

Please refer to the section entitled “The Mortgage Portfolio - The Mortgage Loans”, “The Mortgage Portfolio — Statistical Information on the Provisional Mortgage Portfolio” and “Summary of Key Transaction Documents — The Servicing Agreement” for further detail in respect of the characteristics of the Mortgage Portfolio and the sale and the servicing arrangements in respect of the Mortgage Portfolio.

### Sale of Mortgage Portfolio

The Mortgage Portfolio will consist of (i) the Mortgage Loans and the Related Security which will be sold by the Seller to the Issuer on the Closing Date pursuant to the Mortgage Sale Agreement and (ii) any Additional Mortgage Loans which may be sold by the Seller to the Issuer on the Additional Mortgage Portfolio Sale Date as part of the Additional Mortgage Portfolio.

The Mortgage Loans and Related Security are governed by the laws of Ireland.

Please refer to the section entitled “Sale of the Mortgage Portfolio under the Mortgage Sale Agreement” for further information.

### Features of Mortgage Loans

Certain features of the Mortgage Loans as at the Cut-off Date are set out in the table below and investors should refer to, and carefully consider, further details in respect of the Mortgage Loans as set out in the section entitled “Statistical Information on the Provisional Mortgage Portfolio”. The Mortgage Loans are secured by first ranking legal mortgages over the relevant residential Property in Ireland.

Total Capital Balance (€) .....	2,191,025,892
Number of Sub Accounts	13,979
Average Sub Account Balance	156,737
Smallest Loan Balance	0
Largest Loan Balance	1,406,150
Weighted Average Original LTV	72.33%
Weighted Average Current Indexed LTV	68.74%
Weighted Average Seasoning (Years)	10.29
Weighted Average Remaining Term (Years)	20.83
Weighted Average Current Interest Rate	1.38%
Loans in Arrears (>=1 month)	1.59%
Interest Only Mortgage Loans	0.64%
Verified Income	100.00%
First time buyers	25.75%
Full employment	99.59%
Buy-to-let	12.65%

### Consideration

The consideration from the Issuer to the Seller in respect of the sale of the Mortgage Portfolio together with its Related Security shall be:

- (A) the Initial Consideration being €1,705,825,425 comprising the aggregate of the principal balance of each Mortgage Loan in the Mortgage Portfolio as at the Second Cut-off Date;
- (B) any Additional Mortgage Portfolio Consideration that becomes payable; and

- (C) the right to receive the Class X Payment under the Class X Notes on every Interest Payment Date where the Class X Payment is greater than zero,

in each case payable in accordance with the Mortgage Sale Agreement.

“Capital Balance” means in respect of a Mortgage Loan at any date, the principal balance of that Mortgage Loan (and which, for the avoidance of doubt, shall exclude any principal balance that has been written off) as at the end of the Business Day immediately preceding that date.

Any reference to the “Current Balance” of any Mortgage Loan means for each Mortgage Loan, at any date, the aggregate balance of the amounts charged to the Borrower’s account in respect of a Mortgage Loan at such date (but avoiding double counting) including:

- (A) the Capital Balance of such Mortgage Loan; plus
- (B) all Accrued Interest but not yet due and Arrears of Interest which in each case has not been added to the principal amount,

as at the end of the Business Day immediately preceding that given date.

## **Representations and Warranties**

and As more particularly described in the section entitled “*Sale of the Mortgage Portfolio under the Mortgage Sale Agreement*”, the Seller will give certain representations and warranties to the Issuer and the Trustee in relation to the Mortgage Portfolio: (i) on the Closing Date in respect of the Initial Mortgage Portfolio; (ii) on the Additional Mortgage Portfolio Sale Date in respect of the Additional Mortgage Loans if acquired by the Issuer on the Additional Mortgage Portfolio Sale Date; (iii) as at each Further Advance Date in respect of the relevant Further Advance; and (iv) as at each Switch Date in respect of the relevant Product Switch. The representations and warranties given by the Seller pursuant to the Mortgage Sale Agreement include, but are not limited to, the following:

- (A) first ranking legal mortgage;
- (B) the final repayment date will not fall beyond five years prior to the Final Maturity Date of the Notes;
- (C) Current Balance not exceeding €1,500,000;
- (D) each Borrower has made at least one monthly payment; and
- (E) no right of set-off has arisen.

## **Repurchase of Mortgage Loans**

of The Seller shall repurchase any Mortgage Loan and its Related Security in the following circumstances:

- (A) if any of the representations and warranties set out in the Mortgage Sale Agreement proves to be untrue, and such breach has or would have a

Material Adverse Effect on such Mortgage Loan and/or its Related Security, and the breach has not been (or cannot be) remedied within 30 Business Days of receipt of notice from the Issuer of such breach;

- (B) upon material breach of any of the representations or warranties given by the Seller and/or the Legal Title Holder (i) in respect of a Further Advance made in respect of such Mortgage Loan as at the relevant Further Advance Date; or (ii) in respect of a Product Switch made in respect of such Mortgage Loan, as at the relevant Switch Date (where such breach in respect of either (i) or (ii) above has been subsequently determined and which is not capable of remedy or is not remedied within 30 Business Days of being notified by the Issuer);
- (C) where there are insufficient Principal Receipts for the Issuer to purchase any Further Advance made in respect of such Mortgage Loan;
- (D) in certain circumstances upon making a Product Switch or Further Advance in respect of such Mortgage Loan where the Servicer has notified the Issuer that certain conditions have not been or were not in fact met;
- (E) where the Seller or the Servicer (on behalf of the Seller) proposes making a Further Advance or Product Switch (as applicable) in respect of such Mortgage Loan, despite the Seller not having given (in the case of the Further Advance) a Notice of Non-Satisfaction of Further Advance Conditions or (in the case of the Product Switch) a Notice of Non-Satisfaction of Product Switch Conditions to the Issuer, as an alternative to such Mortgage Loan remaining in the Mortgage Portfolio (as applicable), the Seller may offer to repurchase such Mortgage Loan and its Related Security (together with any other Mortgage Loans secured or intended to be secured by such Related Security) from the Issuer. In the event that the Issuer (or the Servicer on behalf of the Issuer) chooses to accept such offer, the Seller shall repurchase such Mortgage Loan and its Related Security in accordance with Clause 12.2 (*Repurchase Date and Consideration*) of the Mortgage Sale Agreement; and
- (F) where the Seller is in breach of the representation that at least 95% of the Borrowers in respect of the Mortgage Portfolio are resident in the euro area, within 30 days of the calendar month in which the Seller becomes aware of the breach of representation.

The Further Advance Conditions and the Product Switch Conditions are more precisely defined in the section entitled

*'Sale of Mortgage Portfolio under the Mortgage Sale Agreement'*.

**Consideration for Repurchase**

Consideration for such repurchase shall be provided by payment in cash in an amount equal to the Current Balance(s) of the Mortgage Loans subject to repurchase as at the date specified in the Mortgage Loan Repurchase Notice. The Current Balance(s) of such Mortgage Loans will be calculated two Business Days prior to the Repurchase Date.

**Perfection Trigger Events**

As more precisely described in the section entitled "*Sale of the Mortgage Portfolio under the Mortgage Sale Agreement*" the mortgages will be subject to the following Perfection Trigger Events:

- (A) the Issuer, the Trustee or the Seller is obliged to do so by law, a court order or mandatory requirement of any regulatory authority;
- (B) an Enforcement Notice has been delivered;
- (C) the Security under the Deeds of Charge is in jeopardy;
- (D) an Insolvency Event has occurred in relation to the Seller; or
- (E) the termination or resignation of the appointment of the Servicer as servicer of the Mortgage Portfolio under the Servicing Agreement and the failure of any Successor Servicer to assume the duties of the Servicer in such capacity.

**Servicing of the Mortgage Portfolio**

The Servicer agrees to service on behalf of the Issuer the Mortgage Loans and their Related Security. The appointment of the Servicer may be terminated by the Issuer or (following the delivery of an Enforcement Notice) the Trustee (subject to the terms of the Servicing Agreement) upon the occurrence of a Servicer Termination Event (see "*Servicer Termination Event*" in the "*Non-Rating Triggers Table*"). The Servicer may also resign by giving not less than 12 months' notice to the Issuer and the Trustee and subject to, inter alia, a replacement servicer having been appointed.

**Delegation**

The Servicer may, in some circumstances, delegate or subcontract some or all of its responsibilities and obligations under the Servicing Agreement. However, the Servicer will remain liable at all times for the administration of the Mortgage Loans and for the acts or omissions of any delegate or subcontractor.

## TRIGGERS TABLES

### Rating Triggers Table

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
Account Bank	<p>With respect to Fitch, either a short-term issuer default rating of at least F1 by Fitch or a long-term issuer default rating of at least A by Fitch or such other credit rating as would not adversely affect the then current rating of the Class A Notes.</p> <p>With respect to DBRS, the higher of (i) one rating notch below the Account Bank's long-term critical obligations rating ("<u>COR</u>"), being at least A by DBRS, and (ii) the rating of the Account Bank's long-term, senior, unsecured, unsubordinated and unguaranteed debt obligations being at least A by DBRS provided that if the Account Bank is not rated by DBRS, at least a DBRS equivalent rating or such other credit rating as would not adversely affect the then current rating of the Class A Notes.</p>	<p>The consequence of breach may include the transfer of amounts standing to the credit of the Transaction Account to a bank account of the Issuer held with a replacement account bank which has the required rating within 30 calendar days from the date of such breach. See the section entitled <i>"The Account Bank Agreement"</i>.</p>
Replacement Account Bank	<p>Collection</p> <p>With respect to Fitch, either a short-term issuer default rating of at least F2 or a long-term issuer default rating of at least BBB.</p> <p>With respect to DBRS, the rating of the Replacement Collection Account Bank's (i) long-term, unsubordinated, unguaranteed debt obligations being at least BBB by DBRS and (ii) short term unsecured, unsubordinated, unguaranteed debt obligations being at least R-1(low) or if the Replacement Collection Bank is not rated by DBRS, at least a DBRS equivalent rating or such other credit rating as would not adversely affect the</p>	<p>The consequence of breach may include the transfer of amounts standing to the credit of the Collection Account to a bank account held with a replacement account bank which has the required rating.</p>

Transaction Party	Required Ratings on the Closing Date	Possible effects of Ratings Trigger being breached include the following
	then current rating of the Class A Notes.	

## Non-Ratings Triggers Table

Nature of Trigger	Description of Trigger	Consequence of Trigger
<p><b>Servicer Termination Events</b></p> <p>See the section entitled “<i>The Seller, the Servicer, the EU Risk Retention Holder, the Servicer Advance Facility Provider and the Subordinated Loan Provider</i>” for further information on this.</p>	<p>(i) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party (including, without limitation, in respect of the Initial Servicer only, any failure to make any advance required to be made by it under the Servicer Advance Facility) and such default continues unremedied for a period of 5 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied;</p> <p>(ii) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or any other Transaction Document to which it is a party, which in the opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the holders of the Most Senior Class of Notes (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or the Trustee (following delivery of an Enforcement Notice), as appropriate,</p>	<p>A replacement Servicer will be appointed to provide the Services in accordance with the Servicing Agreement.</p>

Nature of Trigger	Description of Trigger	Consequence of Trigger
	<p>requiring the same to be remedied;</p> <p>(iii) the revocation of any applicable licence, registration or regulatory permission held by the Servicer required for the Servicer to perform any of its obligations under the Servicing Agreement;</p> <p>(iv) the occurrence of an Insolvency Event in respect of the Servicer; or</p> <p>(v) the Issuer has requested an increase in the Commitment of the Initial Servicer under the Servicer Advance Facility and the Initial Servicer has not agreed to such increase by the date falling 10 Business Days after the relevant Interest Payment Date.</p>	
<b>Perfection Trigger Events</b>  See the section entitled " <i>Sale of the Mortgage Portfolio under the Mortgage Sale Agreement</i> " for further information on this.	<p>(i) the Issuer, the Trustee or the Seller is obliged to perfect the transfer by law, a court order or mandatory requirement of any regulatory authority;</p> <p>(ii) an Enforcement Notice has been delivered;</p> <p>(iii) the Security under the Deeds of Charge is in jeopardy;</p> <p>(iv) an Insolvency Event has occurred in relation to the Seller; or</p> <p>(v) the termination or resignation of the appointment of the Servicer as servicer of the Mortgage Portfolio under the Servicing Agreement and the failure of any Successor Servicer to assume the duties of</p>	<p>The legal transfer and assignment by the Seller to the Issuer of all the Mortgage Loans and their Related Security as soon as reasonably practicable.</p>



Nature of Trigger	Description of Trigger	Consequence of Trigger
<b>Cash Manager Termination Event</b>	the Servicer in such capacity.	A replacement Cash Manager will be appointed to provide cash management services in accordance with the Cash Management Agreement.
	(i) default is made by the Cash Manager in the giving of a payment instruction, on the due date, in respect of any payment due and payable by it under the Cash Management Agreement (provided that in each case there are funds available for such payment standing to the credit of the relevant Accounts) and such default (where capable of remedy) continues unremedied for a period of five Business Days after the earlier of the Cash Manager becoming aware of such default and the receipt by the Cash Manager of written notice from the Issuer (prior to the delivery of an Enforcement Notice) or the Trustee (after the delivery of an Enforcement Notice) as the case may be requiring the same to be remedied;	
	(ii) default is made by the Cash Manager in the performance or observance of any of its other material covenants and obligations under the Cash Management Agreement, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written	

<b>Nature of Trigger</b>	<b>Description of Trigger</b>	<b>Consequence of Trigger</b>
	notice from the Issuer or (following the service of an Enforcement Notice) the Trustee, as the case may be, requiring the same to be remedied;	
	(iii) Insolvency Event in relation to the Cash Manager; or	
	(iv) it becomes unlawful for the Cash Manager to perform its obligations under the Cash Management Agreement or under any other Transaction Document.	
<b>Insolvency Event in respect of the Collection Account Bank</b>	Insolvency Event in respect of the Collection Account Bank	Replacement Collection Account Bank to be appointed
<b>Insolvency Event in respect of the Account Bank</b>	Insolvency Event in respect of the Account Bank	Replacement Account Bank to be appointed

## FEES

The following table sets out the estimated on-going annual fees to be paid by the Issuer to the specified Transaction Parties.

<u>Type of Fee</u>	<u>Amount of Fee</u>	<u>Priority in Cashflow</u>	<u>Frequency</u>
Servicer Fees	0.15 per cent. Per annum (inclusive of VAT) of the aggregate Capital Balance of the Mortgage Portfolio at the opening of business on the first day of each Collection Period	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Cash Management Fees	€500 per annum (inclusive of VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Other fees and expenses of the Issuer each year	Estimated at €61,000 (exclusive of VAT)	Ahead of all outstanding Notes	Quarterly in arrear on each Interest Payment Date
Expenses related to the admission to trading of the Notes	Estimated at €9,000 (exclusive of any applicable VAT)	Funded upfront through a drawdown on the Subordinated Loan on the Closing Date and the repayments of such advance are subordinated to the Class A Notes.	On or about the Closing Date

## CERTAIN REGULATORY DISCLOSURES

### EU Retention Requirements and exposure to the Retained Interest

Ulster Bank Ireland DAC as an originator for the purposes of the CRR, the AIFMR Regulation and the Solvency II Regulation (the “EU Risk Retention Holder”) will retain a material net economic interest of not less than 5 per cent. in the securitisation in accordance with the text of each of Article 405 of the CRR, Article 51 of the AIFM Regulation and Article 254 of the Solvency II Regulation (in each case, as such provisions are interpreted and applied at the Closing Date and which in each case does not take into account any implementation rules or corresponding national measures). As at the Closing Date, such interest will comprise of an interest in the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total no less than 5 per cent. of the nominal value of the securitised exposures comprising the Class X Notes and a portion of the Class Z Notes, as required by the text of each of paragraph (d) of Article 405(1) of the CRR, paragraph (d) of Article 51(1) of the AIFM Regulation and paragraph (d) of Article 254(2) of the Solvency II Regulation. Any change to the manner in which such interest is held will be notified to Noteholders.

As to the information made available to prospective investors by the Issuer, reference is made to the information set out herein and forming part of this Prospectus and to any other information provided separately (which information shall not form part of this Prospectus) and, after the Closing Date, to the quarterly investor reports provided to the Noteholders pursuant to the Cash Management Agreement and published on the following website: <https://investors.rbs.com> (the “Quarterly Investor Report”).

In the Mortgage Sale Agreement and the Note Purchase Agreement, Ulster Bank Ireland DAC will undertake:

- (A) to retain on an ongoing basis, the first loss tranche and, if necessary, other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, so that the retention equals in total no less than 5 per cent. of the nominal value of the securitised exposures as at the Closing Date in accordance with Article 405(1)(d) of the CRR, Article 51 of the AIFM Regulation, and Article 254 of the Solvency II Regulation (which in each case, does not take into account any corresponding national measures);
- (B) at all relevant times to comply with the disclosure obligations imposed on sponsor or originator credit institutions under Article 409 of Part Five of the CRR and provide to each of the Arranger and the Issuer access to the data and information referred to in Article 409 of Part Five of the CRR necessary to meet that disclosure obligation, subject always to any requirement of law, provided that UBIDAC will not be in breach of such undertaking if UBIDAC fails to so comply due to events, actions or circumstances beyond UBIDAC's control; and
- (C) not to sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Exposures except to the extent permitted under the CRR, the AIFM Regulation or the Solvency II Regulation.

Each prospective investor is required to independently assess and determine the sufficiency of the information described above and in the Prospectus generally for the purposes of complying with each of Part Five of the CRR (including Article 405), Section Five of Chapter III of the AIFM Regulation (including Article 51) and Chapter VIII of Title I of the Solvency II Regulation (including Article 254) and any corresponding national measures which may be relevant and none of the Issuer nor any Relevant Party makes any representation that the information described above or in the Prospectus is sufficient in all circumstances for such purposes.

## **Information Regarding the Policies and Procedures of the Seller or other group entities as relevant**

The Seller and other group entities as relevant have internal policies and procedures in relation to the granting of mortgage loans, administration of credit-risk bearing portfolios and risk mitigation, which include:

- (A) criteria for the granting of mortgage loans and the process for approving, amending, renewing and re-financing mortgage loans (see “*The Mortgage Portfolio*”);
- (B) systems in place to administer and monitor the mortgage loans and exposures (the mortgages will be serviced in line with the usual servicing procedures of the Seller – see “*The Servicer and the Servicing Agreement*” and “*Cashflows and Cash Management*”);
- (C) adequate diversification of the Seller’s mortgage loan books, given their target market and overall credit strategy (see “*Statistical Information on the Provisional Mortgage Portfolio*”); and
- (D) written policies and procedures in relation to risk mitigation techniques (see “*The Servicer and the Servicing Agreement*” and “*Cashflows and Cash Management*”).

## WEIGHTED AVERAGE LIFE OF THE NOTES

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

- (A) the Mortgage Loans are subject to a constant annual rate of prepayment (excluding scheduled principal redemptions) of between 0 and 20 per cent. per annum as shown on the table below;
- (B) the assets of the Issuer are not sold except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Class A Notes;
- (C) the characteristics of the Mortgage Loans in the Mortgage Portfolio will be identical to those of the Mortgage Loans in the Provisional Mortgage Portfolio and the Current Balance of the Mortgage Loans will be identical to the current balance of the Provisional Mortgage Portfolio;
- (D) no Enforcement Notice has been served on the Issuer and no Event of Default has occurred;
- (E) no Further Advances or Product Switches will be granted for any Mortgage Loan;
- (F) the amortisation of each Mortgage Loan in the Provisional Mortgage Portfolio is calculated on a 30/360 basis, and the interest on each Mortgage Loan is calculated on a 30/360 basis;
- (G) no Borrowers are offered and accept different mortgage products by the Seller and the Seller is not required to repurchase any Mortgage Loan in accordance with the Mortgage Sale Agreement;
- (H) the Security is not enforced;
- (I) the mortgages continue to be fully performing;
- (J) the ratio of the Principal Amount Outstanding of:
  - (i) the Class A Notes to the Current Balance of the Provisional Mortgage Portfolio is 78.5 per cent.;
  - (ii) the Class Z Notes to the Current Balance of the Provisional Mortgage Portfolio is 21.5 per cent.;
- (K) each of (i) the Standard Variable Rate remains at a rate of 4.30 per cent, (ii) three-month EURIBOR remains at a rate of -0.32 per cent and (iii) the ECB Tracker Rate remains at a rate of 0.00 per cent, in each case for so long as any Notes are outstanding;
- (L) the Notes are issued, and the Issuer purchases the Initial Mortgage Portfolio on 28 November 2018;
- (M) the first Interest Payment Date occurs on 15 March 2019, and thereafter each Interest Payment Date occurs and payments are made on the 15<sup>th</sup> day in March, June, September and December throughout the life of the Notes (whether or not those dates are Business Days);
- (N) the interest on each Note is calculated on a 30/360 basis;
- (O) amounts credited to the Transaction Account have a yield of 0 per cent;

- (P) amounts credited to the Pre-Funding Ledger on the Closing Date are equal to the Current Balance of the Additional Mortgage Portfolio; and
- (Q) all amounts credited to the Pre-Funding Ledger will be applied to acquire the Additional Mortgage Portfolio on the Closing Date.

Assumption (B) is stated as an average annualised prepayment rate as the prepayment rate for one Interest Period may be substantially different from that for another. The constant prepayment rates shown above are purely illustrative and do not represent the full range of possibilities for constant prepayment rates.

The assumptions relate to circumstances which are not predictable.

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

## Redemption

Constant annual rate of prepayment of the Loans	Possible Average Life (in years) of: Class A Notes
0% .....	8.18
5% .....	5.17
10% .....	3.63
15% .....	2.74
20% .....	2.18

## **USE OF PROCEEDS**

The Issuer will use the gross proceeds of the Notes (including any premiums) on the Closing Date to (i) pay the Initial Consideration payable by the Issuer for the Initial Mortgage Portfolio to be acquired from the Seller on the Closing Date and (ii) credit the Pre-Funding Ledger in an amount equal to the Pre-Funding Amount.



## THE ISSUER

### Introduction

The Issuer was incorporated and registered in Ireland (under company registration number 634368) as a designated activity company limited by shares under the Companies Act on 20 September 2018. The registered office of the Issuer is at 28 Fitzwilliam Place, Dublin 2. The entire issued share capital of the Issuer (€1 ordinary share) is held by the Share Trustee, under the terms of a trust established under Irish law by a declaration of trust dated 20 September 2018 on discretionary trust for a number of charitable purposes. The Issuer has been established as a special purpose company for the purpose of acquiring the Mortgage Loans and Related Security and issuing the Notes. The Issuer has no subsidiaries.

The telephone number of the Issuer is +353 1 566 8890.

The Legal Entity Identifier of the Issuer is 635400D4B7SBEXRUPJ92

Neither the Seller nor any associated body of the Seller owns directly or indirectly any of the share capital of the Share Trustee or the Issuer.

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

No financial statements of the Issuer have been prepared as at the date of this Prospectus.

### Directors and Secretary

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

Name	Address	Principal Activities
Siobhán Hallissey	Apartment 7, Ailesbury, Donnybrook Castle, Donnybrook, Dublin 4, D04E049	Company Director
Jonathan Hanly	21 Saint Albans Road, South Circular Road, Dublin 8, D08R9P3	Company Director
Ian Garvan	16 The Warren, Malahide, Co. Dublin, Ireland	Alternate Director (to Jonathan Hanly)
Mary Murphy	Apartment 17, Cullenswood House, Northbrook Avenue, Ranelagh, Dublin 6, Ireland	Alternate Director (to Siobhán Hallissey)
CSC Capital Markets (Ireland) Limited	28 Fitzwilliam Place, Dublin 2, Ireland	Company Secretary

## Activities

On or after the Closing Date, the Issuer will acquire from the Seller a portfolio of residential mortgages originated by the Originators. All Mortgage Loans acquired by the Issuer on such date and any Additional Mortgage Loans acquired by the Issuer after the Closing Date will be financed by the proceeds of the issue of the Notes. The activities of the Issuer will be restricted by the Conditions, the Irish Deed of Charge and the English Deed of Charge and will be limited to the issue of the Notes, the ownership of the Mortgage Loans, their Related Security and other assets referred to herein, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include the collection of payments of principal and interest from Borrowers in respect of Mortgage Loans and the operation of arrears procedures.

Substantially all of the above activities will be carried on by the Servicer on an agency basis on behalf of the Issuer and Trustee under the Servicing Agreement. Additionally, the Cash Manager will provide cash management and reporting services to the Issuer and the Trustee pursuant to the Cash Management Agreement. The Issuer (with the consent of the Trustee) or the Trustee may revoke the agency of the Servicer upon the occurrence of certain events of default or insolvency or similar events in relation to the Servicer or, in certain circumstances, following an Event of Default in relation to the Notes. Following such an event as aforesaid, the Issuer may (with the consent of the Trustee) or the Trustee may, subject to certain conditions, appoint any substitute Servicer.

## **THE SELLER, THE SERVICER, THE EU RISK RETENTION HOLDER, THE SERVICER ADVANCE FACILITY PROVIDER AND THE SUBORDINATED LOAN PROVIDER**

Ulster Bank Ireland Designated Activity Company (the “Seller”) is a wholly-owned subsidiary of NatWest Holdings Limited, which in turn is a wholly-owned subsidiary of The Royal Bank of Scotland Group Plc (the “ultimate holding company” and together with its subsidiary and associated undertakings, the “RBS Group”), a banking and financial services group.

The “Seller Group” comprises the Seller and its subsidiary and associated undertakings. The Seller Group has a diversified customer base and provides a comprehensive range of financial services through its retail and commercial banking divisions.

On 5 January 2004, First Active Limited (formerly First Active Plc) (“First Active”) became a wholly owned subsidiary of the RBS Group. On 15th February 2010, First Active transferred its banking business to the Seller pursuant to Part III of the 1971 Act. The transfer was authorised by way of a Statutory Instrument issued by the Minister for Finance in accordance with the terms of the 1971 Act. As a result of such transfer the Seller is now the lender of record in respect of the Mortgage Loans. First Active became a subsidiary of the Seller in 2017.

RBS Group had total assets of £738 billion and owners’ equity of £48 billion as at 31 December 2017. RBS Group’s capital ratios on the end-point CRR basis as at 31 December 2017 were a total capital ratio of 21.3 per cent., a CET1 capital ratio of 15.9 per cent. and a Tier 1 capital ratio of 17.9 per cent. RBS Group’s capital ratios on the PRA transitional basis as at 31 December 2017 were a total capital ratio of 23.9 per cent., a CET1 capital ratio of 15.9 per cent. and a Tier 1 capital ratio of 19.7 per cent.

The Seller Group had total assets of €30 billion and owners’ equity of €6 billion as at 31 December 2017. The Group’s capital ratios on the ECB transitional basis as at 31 December 2017 were a total capital ratio of 33.8 per cent., a CET1 capital ratio of 31.2 per cent. and a Tier 1 capital ratio of 31.2 per cent.

## **THE REPLACEMENT SERVICER FACILITATOR AND THE CORPORATE SERVICES PROVIDER**

CSC Capital Markets (Ireland) Limited (the “Corporate Services Provider”) will be appointed as the corporate services provider to the Issuer pursuant to the Corporate Services Agreement. The office of the Corporate Services Provider will serve as the general business office of the Issuer. Pursuant to the terms of the Corporate Services Agreement between the Issuer and the Corporate Services Provider, the Corporate Services Provider will perform various management functions on behalf of the Issuer, including the provision of certain clerical, administrative, accounting and other services until termination of the Corporate Services Agreement.

The Corporate Services Provider's registered office and principal place of business is at 28 Fitzwilliam Place, Dublin 2, Ireland.

CSC Capital Markets (Ireland) Limited is a subsidiary of Corporation Service Company (the “CSC Group”), a Delaware registered company. The CSC Group provide corporate administration, private trustee and agency and specialised outsourcing services to alternative finance lenders, fund managers, borrowers, and capital markets participants across the full range of asset classes in Europe, US and Asia.

## THE CASH MANAGER

National Westminster Bank Plc (the “Bank”) is a wholly-owned subsidiary of NatWest Holdings Limited, which in turn is a wholly-owned subsidiary of The Royal Bank of Scotland Group Plc (the “ultimate holding company”), a banking and financial services group. The “Group” comprises the Bank and its subsidiary and associated undertakings. The Group has a diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers. RBS Group“ comprises the ultimate holding company and its subsidiary and associated undertakings.

RBS Group had total assets of £738 billion and owners’ equity of £48 billion as at 31 December 2017. RBS Group’s capital ratios on the end-point CRR basis as at 31 December 2017 were a total capital ratio of 21.3 per cent., a CET1 capital ratio of 15.9 per cent. and a Tier 1 capital ratio of 17.9 per cent. RBS Group’s capital ratios on the PRA transitional basis as at 31 December 2017 were a total capital ratio of 23.9 per cent., a CET1 capital ratio of 15.9 per cent. and a Tier 1 capital ratio of 19.7 per cent.

The Group had total assets of £341 billion and owners’ equity of £16 billion as at 31 December 2017. The Group’s capital ratios on the PRA transitional basis as at 31 December 2017 were a total capital ratio of 30.9 per cent., a CET1 capital ratio of 23.5 per cent. and a Tier 1 capital ratio of 23.5 per cent.

## **THE TRUSTEE**

BNY Mellon Corporate Trustee Services Limited will be appointed pursuant to the Trust Deed as Trustee for the Noteholders.

The Trustee was formerly known as J.P. Morgan Corporate Trustee Services Limited. On 2 October 2006 the Trustee changed its name to BNY Corporate Trustee Services Limited and, subsequently, on the 1st March 2011, the Trustee changed its name to BNY Mellon Corporate Trustee Services Limited.

The Trustee is a wholly owned subsidiary of BNY International Financing Corporation and administers a substantial and diverse portfolio of corporate trusteeships for both domestic and foreign companies and institutions.

The Trustee's registered office and principal place of business is at One Canada Square, London E14 5AL.

## **THE PRINCIPAL PAYING AGENT AND THE AGENT BANK**

The Bank of New York Mellon, a wholly owned subsidiary of The Bank of New York Mellon Corporation, is incorporated, with limited liability by Charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its Head Office situated at 240 Greenwich Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818 with its principal office in the United Kingdom situated at One Canada Square, London E14 5AL.

The Bank of New York Mellon's corporate trust business services \$12 trillion in outstanding debt from 55 locations around the world. It services all major debt categories, including corporate and municipal debt, mortgage-backed and asset-backed securities, collateralized debt obligations, derivative securities and international debt offerings. The Bank of New York Mellon's corporate trust and agency services are delivered through The Bank of New York Mellon and The Bank of New York Mellon Trust Company, N.A.

The Bank of New York Mellon Corporation is a global financial services company focused on helping clients manage and service their financial assets, operating in 35 countries and serving more than 100 markets. The company is a leading provider of financial services for institutions, corporations and high-net-worth individuals, providing superior asset management and wealth management, asset servicing, issuer services, clearing services and treasury services through a worldwide client-focused team. It has more than \$26 trillion in assets under custody and administration and more than \$1.4 trillion in assets under management. Additional information is available at [bnymellon.com](http://bnymellon.com).

## **THE REGISTRAR AND THE ACCOUNT BANK**

The Bank of New York Mellon SA/NV is a Belgian limited liability company established September 30, 2008 under the form of a Société Anonyme/Naamloze Vennootschap. It was granted its banking license by the CBFA (former Belgian supervisor prior to the implementation of the Twin Peaks model) on 10 March 2009. It has its headquarters and main establishment at 46 rue Montoyerstraat, 1000 Bruxelles/Brussel. The Bank of New York Mellon SA/NV is a subsidiary of The Bank of New York Mellon, the main banking subsidiary of The Bank of New York Mellon Corporation. It is under the prudential supervision of the National Bank of Belgium and regulated by the Belgian Financial Services and Markets Authority in respect of Conduct of Business. The Bank of New York Mellon SA/NV engages in asset servicing, global collateral management, global markets, corporate trust and depositary receipts. The Bank of New York Mellon SA/NV operates from locations in Belgium, the Netherlands, Germany, London, Luxembourg, Paris and Dublin.



## THE MORTGAGE PORTFOLIO

### The Mortgage Loans

#### Introduction

Each of the Mortgage Loans in the Mortgage Portfolio was advanced by UBIDAC or First Active. The Mortgage Loans originated by First Active were subsequently transferred to UBIDAC as further described below. The Provisional Mortgage Portfolio was drawn up as at 31 October 2018 (the ‘Cut-off Date’). The Initial Mortgage Portfolio will be selected from the Provisional Mortgage Portfolio after excluding mortgage loans, *inter alia*, which have been redeemed in full or were found to no longer comply with the warranties to be given in respect of the Mortgage Loans on the Closing Date in the period from the Cut-off Date to the Closing Date. The Seller may also offer to sell to the Issuer the Additional Mortgage Loans.

“Mortgage Loan” means a residential mortgage loan, secured by a mortgage and its other Related Security, sold or to be sold to the Issuer on the Closing Date and/or (in relation to any Additional Mortgage Loans acquired by the Issuer) the Additional Mortgage Portfolio Sale Date, and, where the context so requires, any Further Advance made by an Originator to the relevant Borrower in respect of such Mortgage Loan prior to the Closing Date and/or (in relation to any Additional Mortgage Loans acquired by the Issuer) the Additional Mortgage Portfolio Sale Date, and sold to the Issuer pursuant to the Mortgage Sale Agreement and each Further Advance in respect of such Mortgage Loan sold or to be sold (as applicable) to the Issuer by the Seller after the Closing Date and/or (in relation to any Additional Mortgage Loans acquired by the Issuer) the Additional Mortgage Portfolio Sale Date, to the extent such Mortgage Loan and its Related Security has not been repurchased by the Seller pursuant to the Mortgage Sale Agreement and is no longer beneficially owned by the Issuer.

“Additional Mortgage Loans” means the Mortgage Loans identified by the Seller in any Additional Mortgage Portfolio Sale Notice, such Mortgage Loans to consist of the mortgage loans currently subject to financing pursuant to the securitisation entered into by Celtic Residential Irish Mortgage Securitisation No. 15 Designated Activity Company (the “Celtic 15 Transaction”).

#### **Characteristics of the Provisional Mortgage Portfolio**

#### **Mortgage Product Types**

The Mortgage Portfolio (as defined below) will consist of Mortgage Loans originated by UBIDAC or First Active to which legal title is owned by UBIDAC and to which beneficial title on the Closing Date or the Additional Mortgage Portfolio Sale Date (as applicable) will also be owned by UBIDAC, which are intended for borrowers who are individuals who wish to use the Mortgage Loan as a means to purchase or refinance a residential property situated in Ireland to be used wholly or partly as the Borrower’s primary residence or as a buy-to-let.

Buy-to-let Mortgage Loans consist of buy-to-let Mortgage Loans made to Experienced Investor Buy-To-Let Borrowers (Experienced Investor Buy-To-Let Mortgage Loans) and buy-to-let Mortgage Loans made to Borrowers who are not Experienced Investor Buy-To-Let Borrowers.

Experienced Investor Buy-To-Let Mortgage Loans were originated by the relevant Originator in the years from 2006 to 2009. They are Mortgage Loans made to an Experienced Investor Buy-To-Let Borrower that is allowed a portfolio of buy-to-let properties up to a maximum aggregate value of €3,000,000 (for Mortgage Loans originated in 2006 or 2007) or €5,000,000 (for Mortgage Loans originated in 2008).

“Borrower” means, in relation to a Mortgage Loan, the individual or individuals specified as such in the relevant Mortgage Conditions together with the individual or individuals (if any) from time to time assuming an obligation to repay such Mortgage Loan or part of it, including any guarantor.

“Experienced Investor Buy-To-Let Borrower” means a Borrower of a buy-to-let Mortgage Loan who at the time of origination of such Mortgage Loan owned a portfolio of a minimum of two buy-to-let properties (in respect of Mortgage Loans originated in 2007) or three buy-to-let properties (in respect of Mortgage Loans originated in 2006 or 2008) and had held the portfolio for at least 12 months.

“Mortgage Conditions” means the mortgage and lending conditions forming part of the Standard Documentation, applicable to the Mortgage Loans.

### **Identity of Borrower**

The identity of the Borrowers will comprise any of the following:

- (A) an individual who is employed and/or self-employed and either (i) for whom an accountant has furnished two years certified accounts or two years audited accounts or (ii) who has provided self-certified accounts, but only where accompanied by a balancing statement from Irish Revenue Commissioners and (iii) who has provided other satisfactory evidence to the Seller of the Borrower’s identity and ability to repay the mortgage; and
- (B) any other individual.

### **Types of Interest Rate Terms**

The interest rate terms for each mortgage will comprise any of the following types:

- (A) Mortgage Loans which are subject to a variable rate of interest set by the Servicer from time to time (including Mortgage Loans which were but are no longer subject to a fixed rate of interest or which were but are no longer subject to a variable rate of interest calculated with reference to the ECB Rate) (“Standard Variable Rate Mortgage Loans”);
- (B) Mortgage Loans which are subject to a variable rate of interest calculated with reference to the ECB Rate for a fixed period or periods or for the duration of the Mortgage Loan (“ECB Tracker Rate Mortgage Loans”); and
- (C) Mortgage Loans which are subject to a fixed rate of interest set by reference to a pre-determined rate for a fixed period or periods or for the duration of the Mortgage Loan (“Fixed Rate Mortgage Loans”).

### **Types of Repayment Terms**

The repayment terms contained within the majority of Mortgage Loans will comprise Mortgage Loans in relation to which monthly instalments cover both interest and principal, which are payable until the mortgage loan is fully repaid at its maturity (“Repayment Mortgage Loans”).

The repayment terms contained within some Mortgage Loans will comprise Mortgage Loans in relation to which monthly instalments cover interest-only, with no scheduled payment for principal during a particular period or periods (following which the Mortgage Loans become Repayment Mortgage Loans) or prior to maturity (“Interest-only Mortgage Loans”).

All types of Mortgage Loans, including Experienced Investor Buy-To-Let Mortgage Loans, may be either Repayment Mortgage Loans or Interest-only Mortgage Loans.

### **Lending Criteria**

The following lending criteria (the “Lending Criteria”) will have been applied in respect of the Mortgage Loans comprising the Provisional Mortgage Portfolio save that it may be varied in the manner described in *“Changes to Lending Criteria”* below. The Lending Criteria applies to owner-occupied and buy-to-let Mortgage Loans unless otherwise stated.

On origination of each Mortgage Loan from time to time comprised in the Mortgage Portfolio and in respect of any Further Advance or Product Switch, the Lending Criteria would have been applied with certain variations reflecting the specific lending and underwriting policies in force at the time the mortgage application was underwritten.

The underwriting team on the Closing Date consists of ten credit analysts and five senior credit analysts managed directly by a Retail Credit Sanctioning Manager and ultimately by the Chief Credit Officer. Delegated authority is awarded based on level of experience and reviewed quarterly and all members of the team have training including in respect of fraud prevention.

### **Key Features of Lending Criteria**

The Lending Criteria applicable to the initial advance under each Mortgage Loan in the Provisional Mortgage Portfolio in relation to a Mortgage Loan include, but are not limited to, the following:

- (A) all Mortgage Loans must pass a credit search;
- (B) all Mortgage Loans are credit scored;
- (C) all Mortgage Loans must be secured by a first legal mortgage on one leasehold or freehold property. If the property is leasehold, the lease must have a minimum unexpired term of (i) 40 years (in respect of Mortgage Loans originated between 2006 and 2008), (ii) 30 years (in respect of Mortgage Loans originated between 2008 and 2017) or (iii) 75 years (for Mortgage Loans originated since 2017) at the point of maturity of the Mortgage Loan subject to there being a statutory right to acquire the freehold;
- (D) the Borrower(s) must be at least 18 years old at the time of advance and the age at final maturity should not normally extend beyond 70; and
- (E) prior to making an initial advance, the relevant property was valued by a valuer from the relevant Originator's panel of professionally qualified valuers. The valuation should be undertaken to IPAV/SCSI guidelines and addressed to the relevant Originator.

### **Borrowers**

- (A) Borrowers must have a minimum age of 18 and the age at final maturity should not normally extend beyond 70;
- (B) The maximum age of a Borrower is 65;
- (C) A maximum number of two Borrowers are allowed to be parties to any one Mortgage Loan and assessment of the loan is based on each applicant demonstrating affordability in their own right;
- (D) The Borrower must be resident in the Republic of Ireland but if a Borrower does not have the permanent right to reside in the Republic of Ireland, the LTV is restricted to 80%;
- (E) The Borrower's credit and employment history will have been assessed with the aid of one or more of the following:
  - (i) search supplied by credit reference agency;
  - (ii) payslips;
  - (iii) salary certificates from current employers;
  - (iv) certificate of pay, tax and pay-related social insurance (P60); and
  - (v) bank account statements.

## Income

For Borrowers income is determined by reference to the application form and supporting documentation, where appropriate, and may consist of the following:

- (A) basic salary;
- (B) income from a second employment if the income is evidenced and the Borrower has had the position for a minimum of 6 months;
- (C) regular overtime payments (restricted to 50 per cent. of basic salary with certain exceptions);
- (D) bonus payments (restricted to 0 per cent. of basic salary for Mortgage Loans originated between 2011 – 2015 and 20 per cent. of basic salary for Mortgage Loans originated from 2016 onwards), with certain exemptions;
- (E) commission payments (restricted to 50 per cent. of basic salary), with certain exemptions; and
- (F) pension, investment and rental income.

## Key Features of the Related Security

The Related Security in respect of each of the Mortgage Loans in the Provisional Mortgage Portfolio has, *inter alia*, the following key features:

- (A) each Mortgage Loan must be secured by a first legal mortgage on a leasehold or freehold property in Ireland;
- (B) each Property must be readily saleable and mortgageable;
- (C) only Property of Standard Construction is acceptable. “Standard Construction” means a property of conventional construction with either a solid wall construction, cavity wall construction or timber frame where the outer wall is brick or similar and made from conventional materials which include: (i) for walls: brick, natural stone, reconstituted stone, concrete blocks, cob and flint, timber; (ii) for pitched roofs: tiles, slates, thatch or copper and (iii) for flat roofs: copper, lead, zinc, asphalt or mineralised felt;
- (D) if it is intended to change the use of the Property being purchased, obtain planning permission, if applicable, before drawdown and retain with the title deeds;
- (E) new Properties must have the benefit of (i) a Home Bond Guarantee Scheme Certificate or Building Warranty Certificate, (ii) a site map and (iii) building specifications;
- (F) each Property offered as security must have been valued by a valuer from the relevant Originator’s panel of professionally qualified valuers. The valuation should be undertaken to IPAV/SCSI guidelines and addressed to the relevant Originator;
- (G) each Property must be kept continuously and comprehensively insured by the customer against normal risks (i.e. standard exclusions for nuclear events and war are accepted) until that security has been discharged. The insurance should cover the full reinstatement value of the asset based on the latest financial information on the property. The perils covered should include subsidence;
- (H) the Borrower must have life assurance as at the time of drawdown of the loan that at least matches the value of the loan other than as provided in Section 126 of the Consumer Credit Act 1995 (as amended). An assignment of such policy will be required; and

- (l) the following are examples of types of property which are never acceptable:
- (i) agricultural properties i.e. working farms;
  - (ii) business premises;
  - (iii) multi unit property with shared front door access i.e. bedsits;
  - (iv) multi unit property with separate access i.e. one property with separate rental units in the same building or complex provided that, the purchase of one residential unit within such a property is acceptable provided it meets all other criteria.

## **Loan Amount**

The pre-set maximum loan amount for a Mortgage Loan is dependent on the loan-to-value ratio (the “LTV”).

For Mortgage Loans in the Mortgage Portfolio other than Experienced Investor Buy-To-Let Mortgage Loans, where the LTV is up to and including 85%, the minimum loan amount is (i) €50,000 (in respect of Mortgage Loans originated prior to 2012) or (ii) €40,000 (in respect of Mortgage Loans originated since 2012) and there is no maximum. In cases where the LTV is from 85.1% up to and including 90%, the minimum loan amount is (i) €50,000 (in respect of Mortgage Loans originated prior to 2012) or (ii) €40,000 (in respect of Mortgage Loans originated since 2012) and the maximum loan amount is (i) €900,000 (in respect of Mortgage Loans originated between 2006 and 2008) or (ii) €1,500,000 (in respect of Mortgage Loans originated since 2008).

For the avoidance of doubt, there is no minimum or maximum loan amount for the Experienced Investor Buy-To-Let Mortgage Loans.

As at the date of this Prospectus no Mortgage Loan within the Provisional Mortgage Portfolio exceeds €1,500,000.

## **Mortgages**

On 27 January 2015 the Central Bank introduced new regulations (the “CBI Regulations”) on residential mortgage lending which the Seller must comply with in addition to its own internal policies.

The CBI Regulations gave limitations to the amount lent to a buyer as against a multiple of their income with a maximum loan-to-income (“LTI”) threshold for both first time buyers and home movers of 3.5 except that up to 20% of applications may exceed 3.5 LTI. From 1 January 2018 this changed to up to 20 per cent. of first time buyer applications being able to exceed 3.5 LTI and up to 10% of second and subsequent buyer applications being able to exceed 3.5 LTI.

### *Bank Policy When Considering a Permitted CBI Exception*

The principal amount advanced could not (subject to certain exceptions) exceed 5 times the assessed income of a single customer or 5 times the assessed income of joint customers where the LTV was up or equal to 70%.

The principal amount advanced could not (subject to certain exceptions) exceed 4 times the assessed income of a single customer or 4 times the assessed income of joint customers where the LTV was greater than 70%.

The principal amount advanced could not (subject to certain exceptions) exceed 4 times the assessed income of a single customer or 4 times the assessed income of joint customers where the loan is greater than €500,000.

The principal amount advanced was assessed based on the customer's affordability, as determined using a combination of Net Disposable Income, Debt Service Ratio and Loan to Income Ratio. All applications assessed on this basis are subject to stress-testing.

The Loan to Income ratio applied by the relevant Originator to all Mortgage Loans (other than the Experienced Investor Buy-To-Let Mortgage Loans) is as follows:

<b>Year of change</b>	<b>Applicant Type</b>	<b>LTV</b>	<b>Maximum income multiple</b>
2009	First time buyers		5 Times
	Trading up	Less than or equal to 80%	5 Times
		Greater than 80%	4.5 Times
2012	First time buyers	Less than or equal to 60%	5 Times
		Greater than 60%	4 Times
	Home mover	Less than or equal to 70%	5 Times
		Greater than 70%	4.5 Times
	All other categories	Less than or equal to 80%	5 Times
2013	First time buyers	Less than or equal to 60%	5 Times
		Greater than 60%	4 Times
	All other categories	Less than or equal to 70%	5 Times
		Greater than 70%	4 Times
2015	First time buyers	Less than or equal to 60%	5 Times
		Greater than 60%	4 Times
	All other categories	Less than or equal to 70%	5 Times
		Greater than 70%	4 Times
	All loans >€500k		4 Times
2018	All categories	Less than or equal to 70%	5 Times
		Greater than 70%	4 Times
	All loans >€500k <sup>3</sup>		4 Times

<sup>3</sup> The maximum repayment term for such cases is 30 years.

For the avoidance of doubt, there was no Loan to Income ratio applied by the relevant Originator to the Experienced Investor Buy-To-Let Mortgage Loans or to Mortgage Loans originated prior to 2009.

In addition, all customers (subject to certain exceptions) are required to comply with maximum Debt Service Ratio requirements, Net Disposable Income thresholds, Minimum Disposable Income requirements and (in respect of Experienced Investor Buy-To-Let Mortgage Loans only), a Repayment Cover Ratio, each of which are used to determine the affordability of the principal amount to be advanced in the context of various lifestyle expenditure benchmarks customised to the applicant(s) circumstances and as determined by annual review from time to time.

In respect of all Mortgage Loans in the Mortgage Portfolio, the Debt Service Ratio applied is as follows:

<b>Table of Maximum Debt Service Ratio (DSR)</b>				
<b>Gross Household Income*</b>	<b>Level of Total Financial Commitments as a % of Net Monthly Income</b>			
<b>Year of Change</b>	<b>2006</b>	<b>2011</b>	<b>2013</b>	<b>2016</b>
Up to €39,999	45%	40%	35% (FTB** term less than 25 years) 40% (FTB term more than 25 years or non-FTB)	35% (FTB term less than 25 years) 40% (FTB term more than 25 years or non-FTB)
€40,000 – €74,999	45%	45%	45%	45% (€40,000 – €49,999) 46% (€50,000 – €59,999) 47% (€60,000 – €69,999) 49% (€70,000 – €74,999)
€75,000 – €124,999	50%	50%	50%	50%
€125,000 – €199,999	55%	55%	55%	55%
€200,000 plus	60%	60%	60%	60%
* Gross Income is the total Gross Annual Income of all applicants				
** FTB means first time buyer				

In respect of all Mortgage Loans in the Mortgage Portfolio, the Net Disposable Income thresholds, which are on a monthly basis and based on the Debt Service Ratio as shown above, are as follows:

Year of Change	Applicant	Monthly Amount €
2009	Sole applicant	1400
	Joint applicant	2200
	Each dependent	250
2010	Sole applicant	1100
	Joint applicant	1900
	Each dependent	250
2012 (ranges introduced depending on salary and number of dependents)	Sole applicant	1100 – 1900
	Joint applicant	1700 – 2600
2016 (depending on salary and number of dependents)	Sole applicant	1350 – 2200
	Joint applicant	1950 – 2950
2018	NDI step thresholds replaced by a curve approach	

For the avoidance of doubt, there were no Net Disposable Income thresholds prior to 2009.

In respect of Experienced Investor Buy-To-Let Mortgage Loans only, a Repayment Cover Ratio (RCR) of 1.40 times (in respect of Mortgage Loans originated in 2006) or 1.20 times (in respect of Mortgage Loans originated in 2007 or 2008) also applies, on an interest only basis.

### Solicitors

The firm of solicitors acting on behalf of the Borrowers, on the making of each Mortgage Loan, must have at least one practising solicitor.

### Changes to Lending Criteria

Subject to obtaining any relevant consent, the Seller may vary the Lending Criteria from time to time in the manner of a reasonably prudent mortgage lender lending to borrowers in Ireland where the Mortgage Loan is secured over residential property (a “Prudent Mortgage Lender”).

### Loan to value

The loan to value ratio is calculated by dividing the initial loan amount advanced at completion of the Mortgage Loan by the valuation of the Property.

The key objective of the CBI Regulations is to increase the resilience of the banking and household sectors to the property market and to reduce the risk of bank credit and house price spirals from developing in the future. The CBI Regulations limit the maximum LTV for a first time buyer to 90% LTV and for a home mover to 80% LTV except that up to 20% of home mover applications may exceed 80%.

The definitions of Value as defined by the CBI Regulations are as follows:



Where the borrower already has a housing loan secured on the residential property	The value is the Market Value <sup>4</sup> of that property
<p>Where the housing loan agreement is entered into for the purpose of:</p> <p>(a) purchasing land with the intention of constructing a building on that land; or</p> <p>(b) constructing a building</p> <p>NB – Purchase and Renovate and renovation of already mortgaged properties will use this valuation method, where the Market Value of the existing property is regarded as “land”.</p>	<p>The value is the lower of:</p> <p>(i) the market value of the land on which the building is to be constructed, and the estimated cost of construction of that building at the time of entering into the housing loan agreement, or</p> <p>(ii) the value of the residential property, the subject of that housing loan agreement, as assessed by a suitably qualified person appointed by the lender, where that suitably qualified person’s assessment of value is based on the estimated amount for which the residential property should exchange between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion, where the estimated amount includes the estimated amount by which completion of all proposed construction works should alter the value or buildings of that residential property;</p>
In any other case	The price agreed in the contract of sale between the buyer and the seller for the residential property (excluding associated costs) or, if lower, the market value of the residential property

In addition to the CBI Regulations, the Seller has its own internal policies in relation to LTV. From 2006 to 2016 the following changes were made to the maximum loan to value ratio requirements at the date of the initial advance:

UBIDAC Mortgage LTV changes 2006-2016									
Year of change	2006	2008	2009	2010	2012	2013	2014	2015	2016

<sup>4</sup> “Market Value” is the accepted basis of valuation, i.e. the estimated amount for which the collateral could be sold on the date of valuation, by a willing buyer from a willing seller, in an arm’s length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

<b>Residential</b>	92%					85%	90%	80%	
<b>Residential - FTB</b>	100%	90%						CBI Rules <€220k - 90% >€220k - 80%	CBI Rules 90%
<b>Remortgage</b>	92%	80%						no add funds - 90%  add funds - 80%	
<b>Further Advance</b>	92%		80%					CBI Rules	
<b>Buy to Let</b>	85%	80%	70% Dublin Cork Limerick Galway Waterford 50% Regions	50% All Regions	75% Dublin Cork Limerick Galway Waterford 50% Regions		75% Dublin + 30 mile commuter radias. Cork Limerick Galway Waterford 50% Regions	70% Dublin + 30 mile commuter radias. Cork Limerick Galway Waterford 50% Regions	
<b>Experienced Investor</b> larger portfolio allowed <€3m	75%	70%	Product Withdrawn						

## Term

Each Mortgage Loan must have an initial term of between 5 and 35 years or 5 and 30 years where the loan exceeds €500,000. Between 2006 and 2015 the following changes were made to the initial term requirements:

UBIDAC Mortgage Term changes 2006-2015			
	2006	2010	2015
<b>Residential</b>	40 years	35 years	Loans ≤€500k - 35 years Loans >€500k - 30 years
<b>Residential - FTB</b>	35 or 40 years above minimum salary of €40,000		
<b>Buy to Let</b>	25 years		

## Interest on the Mortgage Loans

Interest on the Mortgage Loans in the Provisional Mortgage Portfolio may be paid on any day of the calendar month.

## Early Repayments and Overpayments on the Mortgage Loans

Early repayments and overpayments are permitted on the Mortgage Loans and can either take the form of a regular payment by the Borrower in addition to their standard monthly repayment or an ad hoc lump sum during the life of the Mortgage Loan. There are no limits to the amount of early repayments or overpayments for Fixed Rate Mortgage Loans, Standard Variable Rate Mortgage

Loans and ECB Tracker Rate Mortgage Loans, but any overpayments beyond 10% of the outstanding balance per annum on a Fixed Rate Mortgage Loan would be subject to breakage fees.

### **Payment Holidays**

A Borrower of any type of Mortgage Loan may request a payment holiday for up to 6 months in respect of such Mortgage Loan which the Seller (or the Servicer on behalf of the Issuer) may grant where the following conditions are met:

- (A) the account must be up to date and not have been in arrears in the past 24 months;
- (B) the account must not have been under the control of the Arrears Support Unit or have been placed in or exited from any forbearance deals in the past 24 months;
- (C) the Borrower cannot have already taken the 6 month payment holiday previously; and
- (D) the Borrower must have made at least 12 monthly repayments to the account.

During such payment holiday, no payments will be received on the Mortgage Loan in respect of principal and interest but interest will accrue for such payment holiday period and be capitalised at the end of such period.

### **Arrears and Default Procedures**

The Seller has established procedures for managing Mortgage Loans which are in arrears and pre-arrears, including early contact with Borrowers in order to find a solution to any financial difficulties they may be experiencing (such procedures, as amended and updated from time to time, the "Arrears Policy"). The Servicer will implement the Arrears Policy in accordance with the Servicing Agreement. The Seller has established an arrears support unit ("ASU") to manage pre-arrears, arrears and forbearance matters and consisting of the following sub-units: the customer contact unit (responsible for repeat customer contact and obtaining general information about the arrears, including without limitation, understanding the reason arrears have arisen, assessing whether the customer can clear arrears in the short term, and referring customers for financial assessment to come to a long-term sustainable solution if necessary), the business support, improvement, analytics and collections strategy unit (general responsibility for administrative tasks, quality management, delivery of regulatory and operational reports and the development of capacity forecasts and collections strategy), the retail resolutions unit (general responsibility for managing customers in arrears or that are deemed vulnerable, deceased or "high value" and the telephone communication team responsible for undertaking financial assessments with the customer in an effort to determine a long term sustainable payment solution) and the recoveries and property management unit (responsible for managing cases through any litigation process and liaising with agents in connection with enforcement).

It is the Seller's policy to engage with customers that are in arrears or at risk of arrears in a positive and pro-active manner with a view to finding a workable and sustainable re-payment model for customers where possible. In particular the Seller refers to the Code of Conduct of Mortgage Arrears (the "CCMA") as the standards applied and as a guide for the frequency and nature of correspondence with customers in arrears and at risk of arrears (pre-arrears as defined in the CCMA). Moreover, the Seller considers it in the best interests of both itself and the customer to find a workable and sustainable solution to arrears and pre-arrears.

#### *The Code of Conduct on Mortgages Arrears*

The CCMA sets out a framework for dealing with customers in arrears and pre-arrears that applies to all mortgage lenders and to all mortgage holders for a property that is their family home or primary residence or in respect of the only residential property in the State owned by the borrower. The CCMA framework includes the following elements:

- (A) The establishment of an ASU for making decisions in relation to arrears and pre-arrears.

- (B) The nomination of a person within the entity who is responsible for dealing with arrears and pre-arrears cases and for liaising with the ASU.
- (C) Standards for communication with customers in arrears and pre-arrears which include:
  - (i) Prompt communication with a customer as soon as they go into arrears;
  - (ii) Clear and comprehensive information that is easily understood and demonstrates a willingness to work with the customer to find a resolution;
  - (iii) The establishment of a Mortgages Arrears Resolution Process (“MARP”), which defines a process that applies all customers caught under the protections of the CCMA in the resolution of the arrears case; and
  - (iv) A clear and concise booklet describing the MARP, how to engage and what the process involves to be made available to all customers in arrears and pre-arrears as well as being openly available on the company website.
- (D) The establishment of an arrears appeals board for adjudication upon appeals raised by customers in arrears and pre-arrears who are not happy with the company’s handling of their case or the resolution offered.

The customers who fail to co-operate with the Seller during the MARP will no longer benefit from the protections therein.

“Not co-operating” is defined in the CCMA to include the following:

- (A) the borrower fails to make a full and honest disclosure of information to the lender, that would have a significant impact on their financial situation;
- (B) the borrower fails to provide information sought by the lender relevant to the borrower’s financial situation; or
- (C) a three month period elapses during which the borrower:
  - (i) has failed to meet his/her mortgage repayments in full as per the mortgage contract or has failed to meet in full repayments as specified in the terms of an alternative repayment arrangement; and
  - (ii) has not made contact with, or responded to, any communications from the lender or a third party acting on the lender’s behalf.

Not co-operating customers remain under the protection of the Consumer Protection Code, as described in “*Customers outside of the CCMA*”.

### *The MARP*

The Seller has developed a MARP, which is described in its MARP booklet for customers, in accordance with the CCMA, a copy of this booklet will be provided to all customers in arrears and in pre-arrears. The Seller’s MARP is a four-step process to resolution consisting of:

#### **1. Communication with Borrowers**

When a customer account enters into arrears, the Seller will attempt to contact the customer promptly and not more than 11 business days after the account has entered arrears. When a customer’s arrears reach 31 days the Seller will contact the customer again to make them aware of the arrears and to confirm that their case is being treated under the MARP, should the customer meet the criterion for that process.

The communication from the Seller will be clear and in accessible language and will provide all relevant information relating to the arrears, including the date on which the account fell into arrears, the number of full or partial payments missed and the total amount outstanding. The Seller will also state the importance of continued co-operation by the borrower during the MARP and notification that they would lose the protections of the MARP should co-operation cease. Any potential fees and surcharge interest that may apply should the borrower cease to co-operate will also be clearly disclosed in this initial communication.

There is risk of damage to the customer's credit rating, which could result in increased difficulty getting credit in the future, the Seller will give a statement with regard to this risk in its communications with any client in arrears.

## **2. Financial Information**

In communication with the customer, the Seller will ensure that the customer understands the MARP. To commence the resolution process the customer will be requested to provide a self-assessment of their finances by completing a standard financial statement ("SFS"), setting out their income and out-goings and they may make a request for their preferred resolution to be either long-term or short-term depending upon their situation. Additional information confirming the information provided in the SFS will also be required, for example a bank statement and potentially a salary certificate, if the customer's salary is not paid by direct debit.

The Seller will suggest to customers in arrears and pre-arrears that they may wish to seek independent advice to assist in the completion of the SFS and in terms of general financial advice in relation to their arrears. In particular the Seller will make the customer aware of the Mortgage Advice and Budgeting Service ("MABS"), the State's money advice service, which guides people through dealing with problem debt.

The Customer Service representative that is dealing with the case will forward the SFS to the retail resolutions unit for financial assessment.

## **3. Assessment**

The initial period of 31 days in each case focuses on communications with Borrowers to establish and look to resolve the cause of the arrears. If the arrears are not cleared within this period the case is referred to the retail resolutions unit. The retail resolutions unit carefully considers each arrears case on its own merits, with reference to all of the circumstances and in particular the following factors:

- (A) The personal circumstances of the borrower, as disclosed to the customer service representative and in the SFS.
- (B) The overall indebtedness of the borrower.
- (C) The customer's previous payment history.
- (D) The change in circumstances that have led to the arrears or pre-arrears.
- (E) Whether or not the circumstances leading to the arrears or pre-arrears are temporary in nature.
- (F) The long-term sustainability and affordability of the loan.
- (G) The proposed resolution/arrangement.
- (H) The effect that the proposed resolution would have on the affordability of the loan in the medium to long-term.

The retail resolutions unit will designate cases as being high risk or low/medium risk based on the above assessment with high risk cases proceeding to closer management at an earlier stage in the process (63 days rather than 94 days in arrears).

#### 4. Resolution

The retail resolutions unit considers all options available for the resolution of arrears cases, these include:

- (A) An interest only arrangement for a defined period.
- (B) An arrangement to pay interest and part of the capital in a fixed payment for a defined period.
- (C) Extension of loan term.
- (D) Capitalisation of the arrears and interest.
- (E) The write down of a portion of debt to modify the mortgage to an affordable level.\*
- (F) A reduced interest rate.\*
- (G) A Modified Mortgage Loan.

The retail resolutions unit may also decide that the loan is unsustainable by the customer and revert with no suggestions for resolution, but suggest that the customer cannot afford to keep the property long-term and should look at (i) voluntary surrender\* or (ii) mortgage to rent\*.

\* The Seller notes that these resolution options were implemented in 2018 and apply to the Mortgage Portfolio.

The proposed resolution is communicated to the customer in writing. Full details of the proposed resolution will be set out in this communication, including:

- (A) The new repayment amount (for the period of the arrangement).
- (B) The term of the arrangement.
- (C) The long-term implications that the arrangement will have on the mortgage, including impact on:
  - (i) The mortgage term;
  - (ii) The existing arrears; and
  - (iii) The balance outstanding on the mortgage.
- (D) Details of how interest will be applied to the mortgage loan account as a result of the arrangement.
- (E) The adjusted repayments after the period of the arrangement.
- (F) How the arrangement will be reported by the Seller to the Irish Credit Bureau and the impact that this will have on the customer's credit rating.

For customers that have not yet sought independent financial advice, the Seller will again suggest that this should be sought by the customer when considering the proposed resolution. Customers will also be advised of their right to appeal the decision of the retail resolutions unit, in all cases. Customers will be reminded of their right to make a complaint to the Seller or to the Financial Services Ombudsman.

If there is no positive engagement from the customer and a resolution is not achieved within a prescribed period of time the case will move to pre-litigation.

### *Customers outside of the CCMA*

For borrowers that do not fall under the protections of the CCMA, for example customers for mortgages on properties that are not their primary residence and not co-operating customers, the Consumer Protection Code ("CPC") sets out standards for handling arrears. The CPC applies to private individuals, small and medium sized enterprises and partnerships.

The process for dealing with arrears for clients under the CPC, that do not fall under the CCMA and MARP is similar to that applied in dealing with MARP clients and involves the same four steps, however the regulations are less prescriptive in relation to such customers.

### *The Appeals Board*

All arrears customers are advised of their right to appeal the decision(s) of the retail resolutions unit to the Appeals Board, whether the retail resolutions unit suggested a resolution or not. The Appeals Board will opine on any arrears case, whether it is subject to MARP or not.

The procedures permit discretion to be exercised by the appropriate officers of the Seller in many circumstances. These same procedures (and if different, any arrears management procedures which may be required by a relevant mortgage indemnity insurer), as from time to time varied in accordance with the policies of a Prudent Mortgage Lender, are required to be used by the Servicer in respect of arrears arising on the Mortgage Loans.

### **Modified Mortgage Loan**

One of the arrears management procedures that the Seller applies is a facility whereby a Borrower in arrears may be offered to divide their Mortgage Loan (any such Mortgage Loan, a "Modified Mortgage Loan"). A Modified Mortgage Loan is divided into two accounts with a view to reducing the relevant Borrower's monthly repayments. The relevant Mortgage Loan is split into (i) a portion of the principal balance on which interest continues to accrue and be charged to the relevant Borrower (the "Main Mortgage Account") and (ii) a portion of the principal balance which is warehoused for two years (the "Warehoused Mortgage Account"). Under a Modified Mortgage Loan, the Warehoused Mortgage Account will continue to accrue interest, however, no amounts of interest or principal repayments will become due provided the Borrower continues to perform its payment obligations under the relevant Mortgage Loan in full for at least 2 years after the date on which the Mortgage Loan became a Modified Mortgage Loan. If the Borrower has complied with such obligations for such 2 year period the principal balance and any accrued interest in respect of the Warehoused Mortgage Account will be written off in full and constitute a Loss for the purposes of the transaction. If the Borrower does not comply with such obligations for such 24 month period then the Seller may reverse the split and the Mortgage Loan will cease to be a Modified Mortgage Loan. If a Mortgage Loan ceases to be a Modified Mortgage Loan the Main Mortgage Account and Warehoused Mortgage Account will be combined and any principal repayments and accrued interest that would have become due and payable had such Mortgage Loan not been converted into a Modified Mortgage Loan will become due and payable. The Warehoused Mortgage Account of any Modified Mortgage Loan will form part of the calculation of Aggregate Warehoused Mortgage Account Amount which is debited to the Principal Deficiency Ledger.

If a Mortgage Loan becomes a Modified Mortgage Loan such Mortgage Loan (including both the Main Mortgage Account and Warehoused Mortgage Account parts) shall remain in the Mortgage Portfolio.

As at the Closing Date, there are no Modified Mortgage Loans contained in the Mortgage Portfolio.

### **Split Mortgage Loans**

One of the arrears management procedures that the Seller may be required to apply is a facility whereby a Borrower in arrears may be entitled to split their Mortgage Loan (any such Mortgage Loan, a "Split Mortgage Loan"). A Split Mortgage Loan is also divided into two accounts with a view to reducing the relevant Borrower's monthly repayments. The relevant Mortgage Loan is split into a Main Mortgage Account the principal balance on which interest continues to accrue and be charged to the relevant Borrower; and (ii) a Warehoused Mortgage Account the principal balance of which is warehoused until the scheduled final repayment date of the relevant Mortgage Loan and in respect of which interest will be deemed not to accrue. Under a Split Mortgage Loan the relevant Borrower is not required to repay the balance of the Warehoused Mortgage Account until the end of the mortgage term and the Aggregate Warehoused Mortgage Account Amount is debited to the Principal Deficiency Ledger as described further in "*Summary of Key Transaction Documents – Cash Management Agreement*". This means that, with effect from the date that a Mortgage Loan becomes a Split Mortgage Loan, the relevant Borrower's monthly payments will be lower than they were prior to the split (and in line with what the Borrower can afford to pay over time). At the end of the mortgage term, the Borrower will owe the full outstanding balance of the Split Mortgage Loan (including the relevant Warehoused Mortgage Account).

If a Mortgage Loan becomes a Split Mortgage Loan such Mortgage Loan (including both the Main Mortgage Account and Warehoused Mortgage Account parts) shall remain in the Mortgage Portfolio.

As at the Closing Date, there are no Split Mortgage Loans contained in the Mortgage Portfolio.

### **Insurance Policies**

The Issuer and the Trustee will have the benefit of a block buildings insurance master policy (the "Buildings Policy") and certain contingency policies of insurance effected by the Seller with various insurance companies (the "Contingency Policies") and, together with the Buildings Policy relating to the Mortgage Loans from time to time, the "Insurance Policies") to the extent of their respective interests in the Mortgage Loans in the Mortgage Portfolio. The Issuer and the Trustee will also have the benefit of the charges over any life policies securing Mortgage Loans comprised in the Mortgage Portfolio and any other insurance policies relating to the Mortgage Loans. Certain warranties will be given by the Seller in relation to the various Insurance Policies as described under "*Warranties and Repurchase*" above.



## SALE OF THE MORTGAGE PORTFOLIO UNDER THE MORTGAGE SALE AGREEMENT

### Mortgage Sale Agreement

The following section contains an overview of the material terms of the Mortgage Sale Agreement. The overview does not purport to be complete and is subject to the provisions of the Mortgage Sale Agreement.

### Sale of the Mortgage Portfolio

1. Pursuant to the terms of the Mortgage Sale Agreement, the Seller will sell its beneficial interest in a portfolio of Mortgage Loans and their associated mortgages (the “Mortgages” and, together with the other security for the Mortgage Loans, the “Related Security”) and all moneys derived therefrom from time to time (collectively referred to herein as the “Initial Mortgage Portfolio”) to the Issuer on the Closing Date.
2. The Seller may also offer to sell to the Issuer its beneficial interest in a portfolio of Additional Mortgage Loans and their associated mortgages (the “Additional Mortgage Portfolio”) by delivering to the Issuer the Additional Mortgage Portfolio Sale Notice. Any offer by the Seller to sell the Additional Mortgage Portfolio to the Issuer is subject to the satisfaction of the Additional Mortgage Portfolio Sale Conditions on the Additional Mortgage Portfolio Sale Date. The Issuer will accept the offer by way of payment of the Additional Mortgage Portfolio Consideration provided there are sufficient funds credited to the Pre-Funding Ledger of the Transaction Account to pay such Additional Mortgage Portfolio Consideration in full.
3. The Seller will undertake to transfer legal title when required under the terms of such Agreement, as described under “*Perfection Trigger Events*” below, and will provide certain further assurances to the Issuer and the Trustee.

“Mortgage Portfolio” means the Initial Mortgage Portfolio and (if sold by the Seller to the Issuer on the Additional Mortgage Portfolio Sale Date) the Additional Mortgage Portfolio.

The sale by the Seller to the Issuer of the Mortgage Loans in the Mortgage Portfolio will be given effect to by an equitable assignment. The consideration due to the Seller in respect of the Mortgage Portfolio will be the aggregate of:

- (A) the Initial Consideration (as defined below) payable in respect of the Initial Mortgage Portfolio;
- (B) any Additional Mortgage Portfolio Consideration payable in respect of the Additional Mortgage Portfolio; and
- (C) the right to receive the Class X Payment under the Class X Notes on every Interest Payment Date where the Class X Payment is greater than zero.

“Additional Mortgage Portfolio Sale Conditions” means:

- (A) the delivery to the Issuer of an Additional Mortgage Portfolio sale notice substantially in the form set out in Schedule 4 (*Additional Mortgage Portfolio Sale Notice*) to the Mortgage Sale Agreement at least one Business Day (or such other period as the Issuer or Seller may agree) prior to the proposed Additional Mortgage Portfolio Sale Date;
- (B) the delivery to the Issuer of a solvency certificate signed by an Authorised Signatory of the Seller dated as at the Additional Mortgage Portfolio Sale Date;
- (C) the delivery to the Seller of a solvency certificate signed by an Authorised Signatory of the Issuer dated as at the Additional Mortgage Portfolio Sale Date;

- (D) the delivery to the Issuer of a duly executed assignment of rights against third parties comprised in the Additional Mortgage Portfolio dated as at the Additional Mortgage Portfolio Sale Date and substantially in the form set out in Schedule 8 (*Assignment of Third Party Rights (Additional Mortgage Portfolio)*) to the Mortgage Sale Agreement;
- (E) the delivery to the Issuer of a duly executed assignment of Insurance Policies in respect of the Additional Mortgage Portfolio dated as at the Additional Mortgage Portfolio Sale Date, substantially in the form set out in Schedule 9 (*Assignment of Insurance Policies (Additional Mortgage Portfolio)*) to the Mortgage Sale Agreement;
- (F) no Enforcement Notice having been served on the Issuer;
- (G) no Perfection Trigger Event having occurred and being continuing;
- (H) the Seller Warranties being true and correct on the Additional Mortgage Portfolio Sale Date;
- (I) the Additional Mortgage Portfolio Sale Date being a Business Day occurring on or before the Additional Mortgage Portfolio Longstop Date;
- (J) there being sufficient funds credited to the Pre-Funding Ledger of the Transaction Account to pay such Additional Mortgage Portfolio Consideration in full; and
- (K) the delivery to the Issuer of the electronic media specified in Exhibit 1 (*Standard Documentation*) and Exhibit 2 (*The Mortgage Portfolio*) to the Mortgage Sale Agreement in respect of the Additional Mortgage Portfolio, unless such information has been provided by the Seller pursuant to the information delivered at the Closing Date under Clause 3.5(A)(5) of the Mortgage Sale Agreement.

“Additional Mortgage Portfolio Longstop Date” means the first Interest Payment Date.

“Additional Mortgage Portfolio Sale Date” means a Business Day falling no later than the Additional Mortgage Portfolio Longstop Date.

“Additional Mortgage Portfolio Sale Notice” means the letter from the Seller to the Issuer offering to sell the Additional Mortgage Portfolio, which must set out the proposed Additional Mortgage Portfolio Sale Date and an estimate of the Additional Mortgage Portfolio Consideration.

## **Sale of Mortgage Loans**

The “Initial Consideration” means €1,705,825,425 which is paid by the Issuer to the Seller in partial consideration of the Seller's sale to the Issuer of the Mortgage Loans in the Initial Mortgage Portfolio and their Related Security comprising the aggregate principal balance of each Mortgage Loan in the Initial Mortgage Portfolio calculated as at the Second Cut-off Date.

“Additional Mortgage Portfolio Consideration” means an amount paid by the Issuer to the Seller in consideration of the Seller's sale to the Issuer of the Mortgage Loans in the Additional Mortgage Portfolio and their Related Security comprising the aggregate principal balance of each Additional Mortgage Loan in the Additional Mortgage Portfolio calculated as at the Additional Mortgage Portfolio Cut-off Date.

“Additional Mortgage Portfolio Cut-off Date” means the cut-off date identified by the Seller in any Additional Mortgage Portfolio Sale Notice.

“Capital Balance” means in respect of a Mortgage Loan at any date (unless expressly stated otherwise) the principal balance of that Mortgage Loan (and which, for the avoidance of doubt, shall exclude any principal balance that has been written off) as at the end of the Business Day immediately preceding that given date;

"Current Balance" means for each Mortgage Loan, at any date, the aggregate balance of the amounts charged to the Borrower's account in respect of a Mortgage Loan at such date (but avoiding double counting) including:

- (A) the Capital Balance of such Mortgage Loan; plus
- (B) all Accrued Interest but not yet due and Arrears of Interest which in each case has not been added to the principal amount,

as at the end of the Business Day immediately preceding that given date.

"Second Cut-off Date" means 20 November 2018.

The Initial Mortgage Portfolio will be the Provisional Mortgage Portfolio sold by the Seller to the Issuer on the Closing Date (excluding: (i) the Additional Mortgage Loans; (ii) any Mortgage Loans subject to repayments and redemptions prior to the Closing Date; and (iii) any Mortgage Loans that, at any time prior to the Closing Date, are found not to comply with the representations and warranties to be given with respect to the Mortgage Loans on the Closing Date).

The Additional Mortgage Portfolio will be the Additional Mortgage Loans which may be sold by the Seller to the Issuer on or before the Additional Mortgage Portfolio Longstop Date (excluding any mortgage loans which, at any time prior to the Additional Mortgage Portfolio Sale Date, are found not to comply with the warranties to be given in respect of Additional Mortgage Loans on the Additional Mortgage Portfolio Sale Date as set out in the Mortgage Sale Agreement and any mortgage loans in the Additional Mortgage Portfolio which have been redeemed prior to the Additional Mortgage Portfolio Sale Date).

### ***Perfection Trigger Events***

Under the Mortgage Sale Agreement, the Irish Deed of Charge and the English Deed of Charge, the Issuer (with the prior written consent of the Trustee) and the Trustee (following delivery of an Enforcement Notice) will each be entitled to effect such registrations and give (or require the Seller to give at the cost of the Seller in such manner as the Issuer or the Trustee may reasonably require) such notices as it considers necessary to protect and perfect its interests in the Mortgage Loans, and to require the Seller to effect a legal assignment or transfer of the Mortgage Loans and the Related Security in favour of the Issuer or its nominee and a legal sub-mortgage over such Mortgage Loans and Related Security in favour of the Trustee, *inter alia*, where:

- (A) it is obliged to do so by law, by court order or by a mandatory requirement of any regulatory authority;
- (B) an Enforcement Notice has been given;
- (C) the Trustee notifies the Issuer in writing that the Security under the Deeds of Charge or any material part of that Security is, in the opinion of the Trustee, in jeopardy;
- (D) any Insolvency Event in relation to the Seller or any other entity in which legal title to any Mortgage Loan is vested; or
- (E) the termination or resignation of the appointment of the Servicer as servicer of the Mortgage Portfolio under the Servicing Agreement and the failure of any Successor Servicer to assume the duties of the Servicer in such capacity.

each a "Perfection Trigger Event".

Following such legal assignment or transfer and sub-mortgage, the Issuer (with the consent of the Trustee) and the Trustee (following delivery of an Enforcement Notice) will each be entitled to take

all necessary steps to protect and perfect legal title to its interests in the Mortgage Loans and Related Security, including the carrying out of any necessary registrations and notifications.

The above rights are supported by irrevocable powers of attorney given, *inter alia*, by the Issuer and the Seller in favour of the Trustee.

For so long as neither the Issuer nor the Trustee have obtained legal title to the Mortgage Loans, the Seller will undertake in the Mortgage Sale Agreement for the benefit of the Issuer and the Trustee that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or the Trustee in relation to, any legal proceedings in respect of the Mortgage Loans and their Related Security. In carrying out such steps, the Servicer will act in a manner consistent with the requirements of lending policy from time to time.

The completion of the legal transfer or conveyance of the Mortgage Loans and Related Security (and, where appropriate, their registration) to the Issuer is, save in the limited circumstances referred to in this section, deferred. Legal title to the Mortgage Loans and Related Security therefore remains with the Seller. Notice of the sale of the Mortgage Loans and their Related Security to the Issuer will not (except as stated herein) be given to any Borrower.

The title information documents and customer files relating to the Mortgage Portfolio are currently held by or to the order of the Seller. The Seller has undertaken that, until perfection of the assignments contemplated by the Mortgage Sale Agreement, all the title information documents and customer files relating to the Mortgage Portfolio which are at any time in its possession or under its control or held to its order will be held to the order of the Issuer or as the Issuer directs. The Servicer is required by the Servicing Agreement to ensure the safe custody of the title deeds relating to the Mortgage Loans and to provide the Issuer and the Trustee with access to them at all reasonable times.

Save as described above, neither the Issuer nor the Trustee will initially effect any registration to perfect the sale of the Mortgage Loans to the Issuer or the granting of security over them by the Issuer in favour of the Trustee, nor will they initially acquire possession of the title deeds to the Properties securing the Mortgage Loans.

Notices of the sale to the Issuer and the granting of the Security in favour of the Trustee will not, save as mentioned above, be given to the Borrowers. Notice of the interest of the Issuer and the Trustee will be given in respect of the Insurance Policies (see "*The Mortgage Portfolio -Insurance Policies*" above) to the relevant insurance provider.

Neither the Trustee nor the Issuer has made or will make or has caused to be made or will cause to be made on its behalf any enquiries, searches or investigations in relation to the Mortgage Portfolio, but each is relying entirely on the representations and warranties to be given by the Seller contained in the Mortgage Sale Agreement.

"Insolvency Event" means:

- (A) in relation to the Issuer, the Seller, the Account Bank, the Collection Account Bank and the Servicer (as applicable):
  - (i) an order is made or an effective resolution passed for the winding up of the company, (except in the case of the Issuer, 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 Most Senior Class of Notes); or
  - (ii) the company, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in paragraph (i) above, ceases or through an authorised action of its board of directors, threatens to cease to carry on all or substantially all of its business or is deemed unable to pay its debts as and when they

fall due within the meaning of Section 509(3) and/or Section 570 of the Companies Act 2014;

- (iii) the appointment of an Insolvency Official in relation to the company or in relation to the whole or any part of the undertaking or assets of such company;
- (iv) proceedings shall be initiated against the company under any applicable liquidation, insolvency, bankruptcy, composition, examinership, court protection, reorganisation (other than a reorganisation where the company is solvent) or other similar laws and such proceedings are not being disputed in good faith with a reasonable prospect of success or an order appointing an examiner shall be granted or the appointment of an examiner takes effect or an examiner or other receiver, liquidator, trustee in sequestration or other similar official shall be appointed in relation to the company or in relation to the whole or any substantial part of the undertaking or assets of the company;

(B) in relation to the Cash Manager:

- (i) such company is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (ii) such company becomes insolvent, or is unable to pay its debts as and when they fall due or fails or admits in writing its inability generally to pay its debts as they become due (after taking into account any grace period or permitted deferral) or suspends making payments on any of its debts;
- (iii) such company makes or proposes to make or convenes a meeting of one or more of its creditors with a view to making a general assignment, arrangement, moratorium or composition with or for the benefit of one or more of its creditors or with a view to rescheduling any indebtedness of such company (other than in connection with any refinancing in the ordinary course of business) or takes or proposes to take any other corporate action or any proceedings are commenced or proposed to be commenced with a view to any such composition, assignment, arrangement or moratorium being made;
- (iv) such company institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or examinership or any other relief under any bankruptcy, examinership or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (v) such company has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy, examinership or insolvency law or other similar law affecting creditors' rights, or has a petition 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 is instituted or presented by a person or entity not described in paragraph (B)(iv) above and:
  - (a) results in a judgment of insolvency or bankruptcy or examinership or the entry of an order for relief or the making of an order for its winding-up or liquidation or examinership; or
  - (b) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (vi) such company has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

- (vii) such company seeks or becomes subject to the appointment of a liquidator, provisional liquidator, administrator, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, conservator, guardian, trustee, custodian, examiner or other similar official in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous official under the law of any jurisdiction for the whole or any part of the undertaking or assets of such company;
- (viii) such company has a secured party take possession of the whole or any part of the undertaking or assets of such company or has a distress, execution, attachment, sequestration or other legal process levied, enforced or imposed upon or against the whole or any part of the undertaking or assets of such company and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (ix) any procedure or step is taken, or any event occurs, analogous to those set out in (1) to (8) above, in any jurisdiction;
- (x) such company takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

“Insolvency Official” means, in relation to a company, a liquidator, (except, in the case of the Issuer, a liquidator appointed for the purpose of a merger, reorganisation or amalgamation the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding) provisional liquidator, administrator, examiner, administrative receiver, receiver, receiver or manager, compulsory or interim manager, nominee, supervisor, trustee, conservator, guardian or other similar officer in respect of such company or in respect of any arrangement, compromise or composition with any creditors or any equivalent or analogous officer under the law of any jurisdiction.

## **Warranties and Repurchase**

The Mortgage Sale Agreement will contain certain representations and warranties given by the Seller to the Issuer and the Trustee in relation to (i) the Initial Mortgage Portfolio transferred or assigned to the Issuer pursuant to the Mortgage Sale Agreement, on the Closing Date, and (ii) if sold by the Seller to the Issuer, the Additional Mortgage Portfolio on the Additional Mortgage Portfolio Sale Date. These representations and warranties will also be given in relation to any Product Switches or Further Advances, as described below.

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer or the Trustee, each of whom is relying entirely on the representations and warranties set out in the Mortgage Sale Agreement.

If any of the representations and warranties set out in the Mortgage Sale Agreement proves to be untrue, and such breach has or would have a material adverse effect on such Mortgage Loan and/or its Related Security, then the Seller will, where the breach has not been (or cannot be) remedied within 30 Business Days of receipt of notice from the Issuer of such breach, and upon further notice from the Issuer, be obliged to repurchase the relevant Mortgage Loan and its Related Security for a consideration in cash equal to the Current Balance, calculated two Business Days prior to the Repurchase Date. Performance of such repurchase will be in full satisfaction of the liabilities of the Seller in respect of the relevant breach.

## **Representations and Warranties**

The representations and warranties of the Seller referred to above include, but are not limited to, statements to the following effect:

- (A) save in respect of one Mortgage Loan (with an estimated Capital Balance of €347,520.92 as at the Cut-off Date) in respect of which there may be a prior ranking legal mortgage, each

Mortgage Loan is secured by a valid, subsisting and first ranking legal mortgage over the relevant residential Property situated in the Republic of Ireland (subject only to stamping at the Revenue Commissioners, where applicable, and to any registration which may be pending at the Land Registry or the registry of deeds of Ireland, responsible for recording details of Unregistered Land in Ireland (the “Registry of Deeds”) or which registration may be the subject of an Eligible Solicitors Undertaking);

- (B) each Mortgage Loan constitutes a valid and binding obligation of the Borrower enforceable in accordance with its terms and secures the repayment of all advances, interest, costs and expenses payable by the Borrower;
- (C) prior to making the initial advance to the Borrower, the relevant property was valued by a valuer from the relevant Originator’s panel of professionally qualified valuers. The valuation should be undertaken to Institute of Professional Auctioneers and Valuers (“IPAV”)/Society of Chartered Surveyors Ireland (“SCSI”) guidelines and addressed to the Seller;
- (D) each Mortgage Loan complied with the Lending Criteria applicable at the time of application by the Borrower for the grant of such advance in all material respects save for any waivers as would be granted by a Prudent Mortgage Lender;
- (E) prior to the making of an advance to a Borrower, all investigations, searches and other action and enquiries in respect of the relevant Property which a Prudent Mortgage Lender would normally make when advancing money to an individual on the security of residential property in Ireland were taken by the relevant Originator or on its behalf in respect of each Mortgage Loan and a Certificate of Title (showing good and marketable title subject to such exceptions or qualifications, if any, to which a Prudent Mortgage Lender would agree) or Title Insurance, as applicable, was received by or on behalf of the relevant Originator which either initially or after further investigation revealed no matter which would cause a Prudent Mortgage Lender in Ireland to decline the Mortgage Loan having regard to the Lending Criteria;
- (F) at the time of the origination of each Mortgage Loan, each Property was insured either (i) under a Buildings Policy, and/or (ii) under one of the Contingency Policies, in all cases against risks usually covered when advancing money on the security of residential property of the same nature to an amount not less than the full reinstatement value thereof as determined by the relevant Originator’s valuer;
- (G) Contingency Policies are in full force and effect and all premiums thereon have been paid;
- (H) in relation to each Mortgage Loan the Property is either registerable in the Registry of Deeds and the Borrower’s solicitor undertakes to furnish a good and marketable title in the name of the Borrower in due course or, if the property is registerable in the Land Registry, it has been registered or the Borrower’s solicitor undertakes to have it registered in the name of the Borrower, in accordance with his undertaking, given prior to the drawdown of the relevant advance and to furnish in either case a good and marketable title in due course;
- (I) no Mortgage Loan was (or will be, as the case may be) in arrears of more than three times the monthly payment as of the Cut-off Date or the Additional Mortgage Portfolio Cut-off Date, as applicable;
- (J) the applicable provisions of the CCA have been complied with;
- (K) in relation to each Mortgage Loan, the final repayment date will not fall beyond five years prior to the Final Maturity Date of the Notes;
- (L) each Mortgage Loan and its Related Security has been made on the terms of the Standard Documentation, which has not been varied in any material respect (save to the extent as may be required to comply with any applicable law or regulation);

- (M) each Mortgage Loan and its Related Security has been originated and administered in accordance with all applicable laws;
- (N) each Mortgage Loan comprises all loans made by the relevant Originator to such Borrower (to the extent such loans are secured or intended to be secured by Related Security or any part of it) and the Related Security comprises all security granted in favour of an Originator in relation thereto;
- (O) all Mortgage Loans are denominated in euro;
- (P) all Mortgage Loans are made to a Borrower who is an individual, aged 18 years or older and resident in the European Economic Area at the date of entering into the relevant Mortgage Loan and its Related Security;
- (Q) so far as the Seller is aware no bankruptcy order has been made against any Borrower and no Borrower (i) has applied under Part 3, Chapter 4 of the Personal Insolvency Act for a Protective Certificate (as defined in the Personal Insolvency Act) (ii) has applied under Part 3, Chapter 4 of the Personal Insolvency Act for a personal insolvency arrangement or (iii) is the subject of a court order under Part 3, Chapter 4 of the Personal Insolvency Act at the time of origination of the relevant Mortgage Loan;
- (R) so far as the Seller is aware no judgment in connection with any material legal proceedings has been entered or is pending in respect of any Borrower or in connection with any Mortgage Loan;
- (S) the particulars of each Mortgage Loan comprised in the Initial Mortgage Portfolio set out in the Mortgage Sale Agreement or (in respect of any Additional Mortgage Loan acquired by the Issuer) the Additional Mortgage Portfolio Sale Notice are true, complete and accurate in all material respects as at the Closing Date or (in respect of any Additional Mortgage Loan acquired by the Issuer) as at the Additional Mortgage Portfolio Sale Date;
- (T) each Mortgage Loan was originated by the relevant Originator as principal in the ordinary course of business;
- (U) no Mortgage Loan sold by the Seller has, as at the Closing Date or (in respect of any Additional Mortgage Loan acquired by the Issuer) the Additional Mortgage Portfolio Sale Date, a Current Balance of more than €1,500,000;
- (V) no Mortgage Loan contains an obligation to make any Further Advance or Product Switch;
- (W) so far as the Seller is aware, no lien or right of set-off or counterclaim or other right of deduction has arisen between any Borrower and the Seller or any other party which would entitle such Borrower to reduce the amount of any payment otherwise due under the Mortgage Loan;
- (X) each Borrower has made at least one monthly payment;
- (Y) other than with respect to monthly payments, the Borrower is not, and has not been, since the later of the date of origination of the relevant Mortgage Loan and 31 October 2014 and so far as the Seller is aware, in material breach of any obligation owed in respect of the relevant Mortgage Loan or under the Related Security and accordingly no steps have been taken by the Seller to enforce the Related Security and the Seller is not aware of any fraud in relation to a Mortgage Loan or Related Security;
- (Z) interest on each Mortgage Loan is charged and paid by the relevant Borrower in accordance with the provisions of the Mortgage Conditions and is payable monthly in arrears;



- (AA) in respect of each Mortgage Loan secured on leasehold Property, the relevant leasehold interest had, as at the date when the Mortgage Loan matures, an unexpired term left to run of not less than 30 years;
- (BB) the Seller has good title to, and is the absolute unencumbered legal and beneficial owner of, all property, interests, rights and benefits agreed to be sold and/or assigned by the Seller to the Issuer free and clear of all Security, claims and equities (including, without limitation, rights of set-off or counterclaim);
- (CC) subject to completion of any registration or recording which may be pending at the Land Registry or the Registry of Deeds, all of the title deeds relating to each of the Mortgage Loans and their Related Security are held by, or are under the control of the Seller, the Servicer or the Seller's solicitors to the order of the Seller;
- (DD) so far as the Seller is aware, neither the entry by the Seller into the Mortgage Sale Agreement nor any transfer or assignment or creation of trust contemplated by the Mortgage Sale Agreement affects or will adversely affect any of the Mortgage Loans and their Related Security;
- (EE) the Seller may freely assign or otherwise transfer its interests in each Mortgage Loan and its Related Security without breaching any term or conditions applying to any of them;
- (FF) the Seller has not knowingly waived or acquiesced in any breach of any of its rights in respect of a Mortgage Loan, Mortgage or its Related Security, other than waivers and acquiescence such as a Prudent Mortgage Lender might make;
- (GG) the Seller has, since the making of each Mortgage Loan, kept or procured the keeping of full and proper accounts, books and records showing clearly all material transactions, payments, receipts, proceedings and notices relating to such Mortgage Loan and all such accounts, books and records are up to date and in the possession of the Seller or held to its order (subject to the provisions of the Irish Deed of Charge and the English Deed of Charge);
- (HH) the Seller has not received written notice of any litigation or dispute (subsisting, threatened or pending) in respect of any Borrower, a Property, Mortgage Loan, Related Security or Insurance Policy which (if adversely determined) might have a material adverse effect on the value of any Mortgage Loan;
- (II) to the extent that any Mortgage Loan and its Related Security and any guarantee in relation to that Mortgage Loan is subject to the UTCC Regulations no official proceedings have been taken by the Central Bank, the CPCC or by any other authorised body as defined in the UTCC Regulations against the Seller, pursuant to the UTCC Regulations or otherwise which might prevent or restrict the use in such agreement of any material terms or the enforcement of any such term;
- (JJ) none of the Mortgage Loans are loans made pursuant to section 3(4) of the Housing (Miscellaneous Provisions) Act, 1992;
- (KK) the Mortgage Loans at all times since their relevant date of origination were either Standard Variable Rate Mortgage Loans, ECB Tracker Rate Mortgage Loans or Fixed Rate Mortgage Loans;
- (LL) none of the Mortgage Loans are Self-Certified Mortgage Loans;
- (MM) origination in respect of each Mortgage Loan was not carried out exclusively by way of distance communication;
- (NN) the particulars of each Mortgage Loan set out in each of the fields of the data tape delivered by the Seller on the Closing Date and as agreed between the Seller and the Issuer (the

“Completion Data Tape”) are true, correct and complete in all material respects as at the Closing Date with respect to the populated cells in each field of the Completion Data Tape; and

- (OO) the Mortgage Conditions comply in all respects with the requirements of the CCA and the Seller has complied in all material respects with the requirements of the CCA in respect of the origination and servicing of each Mortgage Loan to the extent that any non-compliance would not be such as to prevent enforcement of the Mortgage Loan or any of its material terms by the Seller.

The Seller also represents that, on the Closing Date (and will represent that on any Additional Mortgage Portfolio Sale Date) at least 95% of the Borrowers in respect of Mortgage Loans in the Mortgage Portfolio are resident in the euro area.

“Eligible Solicitors Undertaking” means a solicitor’s undertaking to register the first legal mortgage or charge with the Land Registry or Registry of Deeds, which undertaking is less than 2 years old as at the Cut-off Date or the Additional Mortgage Portfolio Cut-off Date (as applicable).

“Self-Certified Mortgage Loan” means a mortgage where the Seller did not seek proof of income from the Borrowers to demonstrate affordability, but instead relied on a statement of earnings as “certified” by the Borrowers.

“Standard Documentation” means the standard documentation of the relevant Originator, a list of which is set out in the Mortgage Sale Agreement.

“Title Insurance” means a policy of insurance in respect of title (howsoever described) to a Property.

## **Further Advances**

The Servicer may, in relation to a Mortgage Loan, make an advance of further money after the Closing Date following a request from an existing Borrower (each, a “Further Advance”). Such Further Advances will be secured on the relevant Property on which the original Mortgage Loan was secured. If a Borrower requests, or the Seller offers, a Further Advance under a Mortgage Loan, the Seller will be solely responsible for offering, documenting and funding that Further Advance. All rights of the Seller (including the right to repayment of principal and entitlement to interest) in respect of any Further Advance made to a Borrower shall (subject to the Further Advance Conditions) be purchased by the Issuer on the date that the Further Advance is made by the Seller to the relevant Borrower (the “Further Advance Date”). In considering whether to grant a request of a Borrower for a Further Advance, or whether to offer a Further Advance to a Borrower, the Seller shall act in accordance with the practices of a Prudent Mortgage Lender acting reasonably.

The purchase price for the relevant Further Advance shall be an amount equal to the Capital Balance of the Further Advance (the “Further Advance Purchase Price”). The Issuer (or the Cash Manager on its behalf) will purchase such Further Advance on the Further Advance Date for the Further Advance Purchase Price, provided that there are sufficient Principal Receipts available to the Issuer to purchase such Further Advance and provided further that Principal Receipts received in respect of a Collection Period may only be used to fund Further Advances made during such Collection Period.

If the Principal Receipts are insufficient to fund a Further Advance to be granted in respect of a Mortgage Loan, the Seller must repurchase the relevant Mortgage Loan(s) and its Related Security from the Issuer.

Any Mortgage Loan which has been subject to a Further Advance that is purchased by the Issuer will remain in the Mortgage Portfolio unless the Seller has given notice (a “Notice of Non-Satisfaction of Further Advance Conditions”) to the Issuer by the Calculation Date relating to the Collection Period during which the relevant Further Advance is made and such notice has not been

revoked prior to such date. A Notice of Non-Satisfaction of Further Advance Conditions shall be given by the Seller to the Issuer if the Seller has identified beyond a reasonable doubt that any of the following conditions (the "Further Advance Conditions") are not satisfied:

- (A) the Further Advance Date falls before the Interest Payment Date falling in December 2023;
- (B) the Servicer is not aware that the then current ratings of the Class A Notes then outstanding would be downgraded, withdrawn, qualified or suspended or placed on rating watch negative (or equivalent) as a result of the relevant Further Advance remaining in the Mortgage Portfolio;
- (C) no Event of Default has occurred and is continuing;
- (D) no Perfection Trigger Event has occurred;
- (E) there is no deficiency recorded on the Class A Principal Deficiency Sub-Ledger;
- (F) the aggregate amount of all Further Advances purchased since the Closing Date does not exceed 10% of the aggregate outstanding balance of the Mortgage Portfolio as at the Cut-off Date and the Additional Mortgage Portfolio Cut-off Date respectively; and
- (G) the Further Advance will not result in the weighted average interest rate on the Mortgage Portfolio on the Further Advance Date being less than the aggregate of the ECB Tracker Rate (calculated on the Interest Determination Date of the then current Interest Period) plus 1%.

If by the Calculation Date relating to the Collection Period during which a Further Advance has been effected, no Notice of Non-Satisfaction of Further Advance Conditions has been given by the Seller to the Issuer in respect of such Further Advance or has been so given but subsequently revoked by the Seller, and the Mortgage Loan which is the subject of such Further Advance remains in the Mortgage Portfolio, the Seller must, in relation to the relevant Mortgage Loan, give the representations and warranties in respect of such Further Advance set out in the Mortgage Sale Agreement on the Calculation Date relating to the Collection Period during which the Further Advance was made but such representations shall be made as at the Further Advance Date.

If by the Calculation Date relating to the Collection Period during which a Further Advance has been effected, a Notice of Non-Satisfaction of Further Advance Conditions has been given by the Seller to the Issuer and has not been revoked by the Seller, then the Seller must repurchase the relevant Mortgage Loan and its Related Security together with any other Mortgage Loan secured or intended to be secured by such Related Security or any part of it from the Issuer within 30 days of the Calculation Date relating to the Collection Period in which the Further Advance Date falls.

Consideration for such repurchase shall be provided by payment in cash in an amount equal to the Current Balance(s) of the Mortgage Loans as at the date falling two Business Days prior to the Repurchase Date.

## **Product Switches**

The Servicer on behalf of the Issuer may agree to a request by a Borrower to convert his Mortgage Loan into a Mortgage Loan with a different type of interest rate term or repayment term (a "Product Switch").

Any Mortgage Loan which has been subject to a Product Switch will remain in the Mortgage Portfolio unless the Seller has given notice (a "Notice of Non-Satisfaction of Product Switch Conditions") to the Issuer by the Calculation Date relating to the Collection Period during which the relevant Product Switch is made and such notice has not been revoked prior to such date. A Notice of Non-Satisfaction of Product Switch Conditions shall be given by the Seller to the Issuer if the

Seller has identified beyond a reasonable doubt that any of the following conditions (the “Product Switch Conditions”) are not satisfied:

- (A) The Switch Date falls before the Interest Payment Date falling in December 2023;
- (B) The Servicer is not aware that the then current ratings of the Class A Notes then outstanding would be downgraded, withdrawn, qualified or suspended or placed on rating watch negative (or equivalent) as a result of the relevant Product Switch remaining in the Mortgage Portfolio;
- (C) No Event of Default has occurred and is continuing;
- (D) No Perfection Trigger Event has occurred;
- (E) There is no deficiency recorded on the Class A Principal Deficiency Sub-Ledger;
- (F) The Mortgage Loan in respect of which a Product Switch has been made constitutes an Eligible Product following conversion;
- (G) The Product Switch does not convert a Standard Variable Rate Mortgage Loan or an ECB Tracker Rate Mortgage Loan into a Fixed Rate Mortgage Loan;
- (H) In the case of Fixed Rate Mortgage Loans, the Product Switch does not result in a lower rate of interest applicable to the relevant Mortgage Loan; and
- (I) The Product Switch will not result in the weighted average interest rate on the Mortgage Portfolio on the Switch Date being less than the aggregate of the ECB Tracker Rate (calculated on the Interest Determination Date of the then current Interest Period) plus 1%.

“Eligible Product” means:

- (A) a Fixed Rate Mortgage Loan;
- (B) a Standard Variable Rate Mortgage Loan; or
- (C) an ECB Tracker Rate Mortgage Loan.

If by the Calculation Date relating to the Collection Period during which a Product Switch has been effected, no Notice of Non-Satisfaction of Product Switch Conditions has been given by the Seller to the Issuer in respect of such Product Switch or has been so given but subsequently revoked by the Seller, and the Mortgage Loan which is the subject of a Product Switch remains in the Mortgage Portfolio, the Seller must, in relation to the relevant Mortgage Loan, give the representations and warranties in respect of the Product Switch set out in the Mortgage Sale Agreement on the Calculation Date relating to the Collection Period during which the Product Switch was made but such representations shall be made as at the relevant date of the granting of such Product Switch (being the “Switch Date”).

If by the Calculation Date relating to the Collection Period during which a Product Switch has been effected a Notice of Non-Satisfaction of Product Switch Conditions has been given by the Seller to the Issuer in respect of such Product Switch and has not yet to be revoked by the Seller, then the Seller must repurchase the relevant Mortgage Loan and its Related Security from the Issuer within 30 days of the Calculation Date relating to the Collection Period in which the Switch Date falls.

Consideration for such repurchase shall be provided by payment in cash in an amount equal to the Current Balance(s) of the Mortgage Loans as at the date falling two Business Days prior to the Repurchase Date.

For the avoidance of doubt, any amendment to the terms of a Mortgage Loan agreed to by the Servicer (in accordance with the terms of the Servicing Agreement) relating to:

- (A) an amendment to a document relating to a mortgage or the mortgage conditions that would be acceptable to a reasonable, Prudent Mortgage Lender for the purpose of controlling or managing arrears on a loan; and
- (B) any variation imposed by statute or as a result of legally binding Irish government policy changes or initiatives aimed at assisting home owners in meeting payments on their mortgage loans or any variation in the frequency with which the interest payable in respect of the mortgage loan is charged,

or where any Mortgage Loan automatically reverts to a Standard Variable Rate Mortgage Loan, will not constitute a Product Switch granted in respect of such Mortgage Loan and the retention of such Mortgage Loan in the Mortgage Portfolio shall not be subject to the Product Switch Conditions referred to above **provided that**, following the amendment, the relevant Mortgage Loan constitutes an Eligible Product (as defined above).

### **Split Mortgage Loans and Modified Mortgage Loans**

In the case of a Mortgage Loan that becomes a Split Mortgage Loan or a Modified Mortgage Loan for the purposes of arrears management procedures, such Split Mortgage Loan or Modified Mortgage Loan is divided into two accounts, the Main Mortgage Account and the Warehoused Mortgage Account, for the purpose of reducing the relevant Borrower's monthly payments.

In the case of a Mortgage Loan that becomes a Split Mortgage Loan or a Modified Mortgage Loan the Aggregate Warehoused Mortgage Account Amount for all Split Mortgage Loans and Modified Mortgage Loans is debited to the Principal Deficiency Ledger, as described further in "*Summary of the Key Transaction Documents – Cash Management Agreement*".

### **General right to offer to repurchase following a Further Advance or Product Switch**

Where in relation to a proposed Further Advance or Product Switch request, the Seller or the Servicer (on behalf of the Seller) proposes making a Further Advance or Product Switch (as applicable), and the Seller has not given (in the case of the Further Advance) a Notice of Non-Satisfaction of Further Advance Conditions or (in the case of the Product Switch) a Notice of Non-Satisfaction of Product Switch Conditions to the Issuer, as an alternative to the Mortgage Loan which is the subject of that Further Advance or Product Switch remaining in the Mortgage Portfolio (as applicable) and the Issuer purchasing the relevant Further Advance, the Seller may offer to repurchase the relevant Mortgage Loan and its Related Security (together with any other Mortgage Loans secured or intended to be secured by such Related Security) from the Issuer. In the event that the Issuer (or the Servicer on behalf of the Issuer) chooses to accept such offer, the Seller shall repurchase the relevant Mortgage Loan and its Related Security which is the subject of a Further Advance or a Product Switch (as applicable) in accordance with the Mortgage Sale Agreement.

The Seller must, pursuant to the terms of the Mortgage Sale Agreement, notify the Issuer and the Trustee of any breach of warranty in respect of any of the relevant Mortgage Loans subject to Further Advances or Product Switches as soon as it has identified such breach.

### **Governing Law**

The Mortgage Sale Agreement and any non-contractual obligations arising out of or in connection with the Mortgage Sale Agreement, will be governed by Irish law.

### **Retention Undertaking**

In the Mortgage Sale Agreement the Seller undertakes (i) to retain on an ongoing basis, a material net economic interest of not less than 5 per cent. in the nominal value of the securitisation (the "Retained Exposures") in accordance with Article 405 of the CRR, Article 51 of the AIFM Regulation,

and Article 254 of the Solvency II Regulation (which in each case, does not take into account any corresponding national measures) in each case as such provisions are interpreted and applied as at the Closing Date, (ii) at all relevant times to comply with the disclosure obligations imposed on sponsor or originator credit institutions under Article 409 of Part Five of the CRR and provide to each of the Arranger and the Issuer access to the data and information referred to in Article 409 of Part Five of the CRR necessary to meet that disclosure obligation, subject always to any requirement of law, provided that UBIDAC will not be in breach of such undertaking if UBIDAC fails to so comply due to events, actions or circumstances beyond UBIDAC's control; and (iii) not to sell, hedge or otherwise mitigate (and shall procure that none of its affiliates shall sell, hedge or otherwise mitigate) the credit risk under or associated with the Retained Exposures except to the extent permitted under the CRR, the AIFM Regulation or the Solvency II Regulation.

## STATISTICAL INFORMATION ON THE PROVISIONAL MORTGAGE PORTFOLIO

The statistical and other information contained in this section has been compiled by reference to the Provisional Mortgage Portfolio as at 31 October 2018 (the 'Cut-off Date'). The Mortgage Portfolio has been selected from the Provisional Mortgage Portfolio. For the avoidance of doubt, the Provisional Mortgage Portfolio contains Mortgage Loans that will be selected for the purposes of both the Initial Mortgage Portfolio and (if offered for sale by the Seller to the Issuer on the Additional Mortgage Portfolio Sale Date) the Additional Mortgage Portfolio. The Additional Mortgage Portfolio will be acquired if the Seller delivers an Additional Mortgage Portfolio Sale Notice to the Issuer and the Additional Mortgage Portfolio Sale Conditions are met on the Additional Mortgage Portfolio Sale Date. The Additional Mortgage Portfolio comprises of Mortgage Loans with an aggregate principal balance at the Cut-off Date of €478,318,754.

A Mortgage Loan will be removed from the Provisional Mortgage Portfolio if in the period from (and including) the Cut-off Date to (but excluding) the Closing Date such Mortgage Loan is found not to comply with the warranties to be given in respect of the Mortgage Loans on the Closing Date as set out in the Mortgage Sale Agreement or if such Mortgage Loan has been redeemed in full in the period from the Cut-off Date to the Closing Date.

The information contained in this section has not been updated to reflect any decrease in the size of the Initial Mortgage Portfolio from that of the Provisional Mortgage Portfolio.

Except as otherwise indicated, these tables have been prepared using the principal balance as at the Cut-off Date. Columns may not add up to the total due to rounding. References in this section to "Sub Account" means a Mortgage Loan or, where multiple advances have been made pursuant to a Mortgage Loan, each advance under such Mortgage Loan.

As of the Cut-off Date, the Provisional Mortgage Portfolio had the following characteristics:

<b>Total Capital Balance (€)</b> .....	<b>2,191,025,892</b>
Number of Sub Accounts	13,979
Average Sub Account Balance	156,737
Smallest Loan Balance	0
Largest Loan Balance	1,406,150
Weighted Average Original LTV	72.33%
Weighted Average Current Indexed LTV	68.74%
Weighted Average Seasoning (Years)	10.29
Weighted Average Remaining Term (Years)	20.83
Weighted Average Current Interest Rate	1.38%
Loans in Arrears (>=1 month)	1.59%
Interest Only Mortgage Loans	0.64%
Verified Income	100.00%
First time buyers	25.75%
Full employment	99.59%
Buy-to-let	12.65%

## 1. Capital Balances of Sub Accounts

The following table shows the range of outstanding principal balance of Sub Accounts in the Provisional Mortgage Portfolio as at the Cut-off Date.

Capital Balance (€)	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
<= 100,000	214,783,890	9.80	3,909	27.96
100,001 to 150,000	403,347,471	18.41	3,205	22.93
150,001 to 200,000	524,948,220	23.96	3,021	21.61
200,001 to 250,000	450,613,773	20.57	2,022	14.46
250,001 to 300,000	266,455,968	12.16	982	7.02
300,001 to 350,000	127,434,127	5.82	396	2.83
350,001 to 400,000	65,557,937	2.99	177	1.27
400,001 to 450,000	41,018,973	1.87	97	0.69
450,001 to 500,000	32,624,871	1.49	69	0.49
500,001 >=	64,240,662	2.93	101	0.72
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum.....	0			
Maximum.....	1,406,150			
Average.....	156,737			

## 2. Original Balances of Sub Accounts

The following table shows the range of original balances of Sub Accounts in the Provisional Mortgage Portfolio.

Original Balance	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
<= 100,000	70,408,953	3.21	1,872	13.39
100,001 to 150,000	159,517,623	7.28	1,885	13.48
150,001 to 200,000	379,090,320	17.30	3,041	21.75
200,001 to 250,000	439,243,794	20.05	2,655	18.99
250,001 to 300,000	402,618,585	18.38	1,990	14.24
300,001 to 350,000	270,668,391	12.35	1,131	8.09
350,001 to 400,000	163,163,191	7.45	592	4.23
400,001 to 450,000	90,214,896	4.12	293	2.10
450,001 to 500,000	61,971,120	2.83	185	1.32
500,001 >=	154,129,019	7.03	335	2.40
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum.....	358			
Maximum.....	1,500,000			
Average.....	220,615			



### 3. Mortgage Loan-to-Value Ratios as at the Origination Date (Origination Loan to Value)

The following table shows the range of LTV ratios, which express the original balances of the Sub Accounts in the Provisional Mortgage Portfolio as at the date of origination of the Sub Account divided by the valuation as at the time of the latest mortgage loan advance. The figures in the following table have been calculated on the basis of the number of Sub Accounts in the Provisional Mortgage Portfolio.

Origination LTV	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
<= 40.00%	223,383,994	10.20	3,131	22.40
40.01% to 45.00%	75,296,368	3.44	582	4.16
45.01% to 50.00%	96,359,740	4.40	736	5.27
50.01% to 55.00%	93,433,127	4.26	653	4.67
55.01% to 60.00%	109,185,833	4.98	720	5.15
60.01% to 65.00%	100,560,568	4.59	631	4.51
65.01% to 70.00%	127,937,775	5.84	753	5.39
70.01% to 75.00%	154,763,874	7.06	851	6.09
75.01% to 80.00%	235,677,289	10.76	1,260	9.01
80.01% to 85.00%	204,238,255	9.32	1,063	7.60
85.01% to 90.00%	199,195,972	9.09	958	6.85
90.01% >=	570,993,097	26.06	2,641	18.89
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum.....	0.14%			
Maximum.....	125.00%			
Weighted Average .....	72.33%			

### 4. Current LTV (Indexed)

The following table shows the range of indexed LTV ratios, which are calculated by dividing the aggregate principal balance of all Sub Accounts (including Further Advances) in respect of each Mortgage Loan in the Provisional Mortgage Portfolio as at the Cut-off Date by the indexed original valuation of the Property relating to such Mortgage Loan as at the same date (in relation to indexed valuations see *The Mortgage Loans - Lending Criteria - Valuations*). The figures in the following table have been calculated on the basis of the number of Sub Accounts in the Provisional Mortgage Portfolio.

Current Indexed LTV	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
<= 40.00%	289,797,568	13.23	3,579	25.60
40.01% to 45.00%	95,658,133	4.37	746	5.34
45.01% to 50.00%	105,186,387	4.80	761	5.44
50.01% to 55.00%	112,365,331	5.13	763	5.46
55.01% to 60.00%	134,738,405	6.15	864	6.18
60.01% to 65.00%	137,363,685	6.27	788	5.64
65.01% to 70.00%	156,167,394	7.13	884	6.32
70.01% to 75.00%	167,287,186	7.64	904	6.47
75.01% to 80.00%	176,970,874	8.08	895	6.40
80.01% to 85.00%	179,737,315	8.20	874	6.25
85.01% to 90.00%	184,374,355	8.41	875	6.26
90.01% >=	451,379,258	20.60	2,046	14.64
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum.....	0.88%			
Maximum.....	117.68%			
Weighted Average .....	68.74%			

\* Note: Indexed using the Central Statistics Office Residential Property Price Index (Base Jan 2005=100) by month, as of August 2018. Property valuations falling before January 2005 were indexed from January 2005.

## 5. Repayment Terms

The following table shows the repayment terms for the Sub Accounts in the Provisional Mortgage Portfolio as at the Cut-off Date. For a description of the various repayment terms the Seller offers, see *“The Mortgage Loans — Characteristics of the Mortgage Loans — Repayment Terms”*. The figures in the following table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio (including Further Advances).

Repayment Terms	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Interest Only.....	13,948,438	0.64	60	0.43
Repayment.....	2,177,077,454	99.36	13,919	99.57
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## 6. Geographical Distribution of Properties

The following table shows the distribution of Properties securing the Sub Accounts in the Provisional Mortgage Portfolio throughout Ireland as at the Cut-off Date. No such properties are situated outside Ireland. The Seller's lending criteria and current credit scoring tests do not take into account the geographical location of the property securing a Sub Account. The figures in the following table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio.

Geographic Distribution of Properties	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Border	190,354,562	8.69	1,583	11.32
Dublin	879,244,785	40.13	4,436	31.73
Mid-East	322,456,117	14.72	1,956	13.99
Mid-West	158,832,616	7.25	1,269	9.08
Midland	122,554,318	5.59	940	6.72
South-East (IE)	154,108,067	7.03	1,136	8.13
South-West (IE)	224,635,364	10.25	1,558	11.15
West	138,840,064	6.34	1,101	7.88
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## 7. Interest Rate Type

The following table shows the distribution of Sub Accounts in the Provisional Mortgage Portfolio as at the Cut-off Date. The figures in the following table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio (including Further Advances).

Interest Rate Type	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Discount	41,964,027	1.92	400	2.86
ECB to SVR	94,748,729	4.32	602	4.31
Fixed for life	8,479,559	0.39	84	0.60
Fixed to float	113,938,727	5.20	796	5.69
Floating for life	1,931,894,850	88.17	12,097	86.54
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## 8. Seasoning of Sub Accounts

The following table shows the number of years since the date of origination of the initial advance in respect of a Sub Account in the Provisional Mortgage Portfolio as at the Cut-off Date. The figures in the following table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio (including Further Advances).

Seasoning (years)	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
<= 5.00	163,561,413	7.47	1,286	9.20
5.01 to 6.00	15,856,019	0.72	185	1.32
6.01 to 7.00	3,073,021	0.14	44	0.31
7.01 to 8.00	678,256	0.03	10	0.07
8.01 to 9.00	1,029,324	0.05	25	0.18
9.01 to 10.00	97,342,085	4.44	676	4.84
10.01 to 11.00	909,817,856	41.52	5,534	39.59
11.01 to 12.00	947,267,221	43.23	5,897	42.18
12.01 >=	52,400,697	2.39	322	2.30
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum.....	0.08			
Maximum.....	12.25			
Weighted Average .....	10.29			

## 9. Years to Maturity

The following table shows the number of years until the maturity of the Sub Accounts in the Provisional Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio (including Further Advances).

Years to Maturity	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
<= 10.00	159,791,528	7.29	2,235	15.99
10.01 to 15.00	408,367,234	18.64	3,003	21.48
15.01 to 20.00	399,104,146	18.22	2,543	18.19
20.01 to 25.00	634,719,200	28.97	3,331	23.83
25.01 to 30.00	556,191,928	25.39	2,712	19.40
30.01 to 35.00	29,749,899	1.36	142	1.02
35.01 >=	3,101,956	0.14	13	0.09
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum.....	0.00			
Maximum.....	42.50			
Weighted Average .....	20.83			

## 10. Original Valuation Method

The following table shows the original valuation method in relation to the Sub Account in the Provisional Mortgage Portfolio. The figures in this table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio.

Original Valuation Method	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Drive-by.....	820,101	0.04	5	0.04
Full .....	2,190,205,791	99.96	13,974	99.96
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## 11. Current Interest Rate

The following tables show the interest rates in respect of the Sub Accounts in the Provisional Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio (including Further Advances).

Current Interest Rate	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
0.01% to 0.50%	2,784,206	0.13	37	0.26
0.51% to 1.00%	887,116,671	40.49	5,683	40.65
1.01% to 1.50%	867,106,745	39.58	5,175	37.02
1.51% to 2.00%	92,610,621	4.23	634	4.54
2.01% to 2.50%	98,466,452	4.49	604	4.32
2.51% to 3.00%	52,156,862	2.38	336	2.40
3.01% to 3.50%	39,997,592	1.83	375	2.68
3.51% to 4.00%	50,780,134	2.32	406	2.90
4.01% to 4.50%	92,515,748	4.22	625	4.47
4.51% to 5.00%	3,900,748	0.18	38	0.27
5.01% >=	3,590,114	0.16	66	0.47
<b>Total:</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum	0.01%			
Maximum	5.74%			
Weighted Average	1.38%			

## 12. Months in Arrears

The following table shows the arrears status in respect of the Sub Accounts in the Provisional Mortgage Portfolio. The figures in the following tables have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio.

Months in Arrears	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
<= 0.00	2,129,464,255	97.19	13,628	97.49
0.01 to 1.00	45,487,385	2.08	253	1.81
1.01 to 2.00	10,532,070	0.48	69	0.49
2.01 to 3.00	5,542,182	0.25	29	0.21
<b>Total:</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>
Minimum	0.00			
Maximum	3.00			
Weighted Average	0.03			

## 13. Borrowers

The following tables show information in relation to the Borrowers in respect of the Sub Accounts in the Provisional Mortgage Portfolio. The figures in the following table have been calculated on the basis of the Sub Accounts in the Provisional Mortgage Portfolio.

### First Time Buyer

First Time Buyer	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
No	1,626,812,738	74.25	10,873	77.78
Yes	564,213,154	25.75	3,106	22.22
<b>Total:</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

### Income Verification Type

Income Verification Type	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Verified	2,191,025,892	100.00	13,979	100.00
<b>Total:</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## Borrower Employment Status

Employment Status	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Employed Full .....	1,946,287,391	88.83	12,403	88.73
Other .....	4,988,172	0.23	48	0.34
Pensioner .....	2,281,123	0.10	25	0.18
Self-employed.....	235,714,495	10.76	1,487	10.64
Unemployed.....	1,754,710	0.08	16	0.11
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## Occupancy Type

Occupancy Type	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Buy-to-let .....	277,223,992	12.65	1,807	12.93
Holiday / second home.....	87,167	0.00	1	0.01
Owner-occupied.....	1,884,770,719	86.02	11,990	85.77
Partially owner-occupied.....	28,944,013	1.32	181	1.29
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## Loan Purpose

Loan Purpose	Capital Balance (€)	Capital Balance (%)	Number of Sub Accounts	Number of Sub Accounts (%)
Combination mortgage.....	50,828,034	2.32	402	2.88
Debt consolidation .....	67,702,489	3.09	551	3.94
Investment mortgage.....	1,440,960	0.07	11	0.08
Other .....	11,519,204	0.53	120	0.86
Purchase .....	1,582,608,330	72.23	9,204	65.84
Re-mortgage.....	451,186,037	20.59	3,148	22.52
Renovation .....	25,740,837	1.17	543	3.88
<b>Total:.....</b>	<b>2,191,025,892</b>	<b>100.00</b>	<b>13,979</b>	<b>100.00</b>

## SUMMARY OF KEY TRANSACTION DOCUMENTS

The Transaction Documents will be entered into on or about the Closing Date.

Transaction Documents means the Account Bank Agreement, the Servicing Agreement, the Paying Agency Agreement, the Cash Management Agreement, the Collection Account Declaration of Trust, the Corporate Services Agreement, the Irish Deed of Charge, the English Deed of Charge, the Incorporated Terms Memorandum, the Mortgage Sale Agreement, the Security Power of Attorney, the Seller Security Power of Attorney, the Subordinated Loan Agreement, the Servicer Advance Facility Agreement, the Trust Deed, and any other document designated as such by agreement of all relevant parties.

### Servicing Agreement

#### *Introduction*

The parties to the “Servicing Agreement” to be entered into on or about the Closing Date will be the Issuer, the Trustee, the Replacement Servicer Facilitator, the Seller and the Servicer.

On the Closing Date, Ulster Bank Ireland DAC (in such capacity, the “Servicer”) will be appointed by the Issuer under the Servicing Agreement as its agent to administer the Mortgage Loans and their Related Security. The Servicer will undertake to comply with any proper directions and instructions that the Issuer and (following the delivery of an Enforcement Notice) the Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement.

The Servicer is appointed to:

- (A) service and manage the Mortgage Loans in accordance with the applicable provisions of the Seller’s Policies (the “Seller’s Policies” being the administration, arrears and enforcement policies and procedures which are applied from time to time to the Mortgage Loans and the security for their repayment and which may be amended by the Servicer from time to time subject to the terms of the Servicing Agreement) and provide the services set out in the Servicing Agreement in relation to the Mortgage Loans and their Related Security comprising the Mortgage Portfolio;
- (B) to provide any other services which it reasonably considers necessary, convenient or incidental to the management and administration of the Mortgage Loans and their Related Security, including the management of cash receipts from Borrowers and the administration of the TRS Scheme;
- (C) exercise the Issuer’s rights, powers and discretions under and in relation to the Mortgage Loans and their Related Security;
- (D) produce information to be provided by the Servicer to the Cash Manager in respect of each Collection Period in accordance with the terms of the Transaction Documents to enable the Cash Manager to comply with its obligations to calculate the Available Revenue Receipts and Available Principal Receipts and to make certain other determinations on each Calculation Date (the “Servicer Report Information”);
- (E) perform other management and administration services imposed on the Servicer by the Servicing Agreement; and
- (F) perform any other functions imposed on the Servicer by any other Transaction Document to which it is a party.

The Servicer’s actions in administration of the Mortgage Loans in accordance with its procedures and the Servicing Agreement will be binding on the Issuer. The Servicer will also be appointed by the Seller under the Servicing Agreement to be its agent to administer the Mortgage Loans and their Related Security in the making of any Further Advances and/or Product Switches. For instance,

the Servicer shall, on behalf of the Seller, make offers to Borrowers and accept applications from Borrowers.

The Servicer may, subject to certain conditions, delegate or subcontract some or all of its responsibilities and obligations under the Servicing Agreement. However, the Servicer will remain liable at all times for the administration of the Mortgage Loans and for the acts or omissions of any delegate or subcontractor. Certain of the conditions (such as the obtaining of prior written consent from the Issuer and the Trustee) do not need to be complied with where the delegation is to an Affiliate of the Servicer.

#### *Undertakings by the Servicer*

The Servicer will undertake, in relation to the Mortgage Loans and their Related Security, among other things, that it will:

- (A) administer the relevant Mortgage Loans and their Related Security as if the same had not been sold to the Issuer but had remained on the books of the Seller and in accordance with the Seller's procedures and administration and enforcement policies as they apply to the Mortgage Loans from time to time, including performing functions required pursuant to the TRS Scheme;
- (B) ensure all Mortgage Loans and other Related Security are designated in the computer and other records of the Servicer as having been sold by the Seller to the Issuer;
- (C) provide the services to be undertaken by it under the Servicing Agreement in such manner and with the same level of skill, care and diligence as would a Prudent Mortgage Lender;
- (D) comply with any proper directions, orders and instructions which the Issuer and/or the Trustee may from time to time give to it in accordance with the provisions of the Servicing Agreement;
- (E) maintain all approvals, authorisations, permissions, consents and licences required by the Servicer in connection with the performance of the Services and to prepare and submit on a timely basis all necessary applications and requests for any further approvals, authorisations, permissions, consents and licences required by the Servicer in connection with the performance of the Services (including, for the avoidance of doubt, any such authorisations, approvals, consents, permissions and/or licences as may be required under the CBA 1997);
- (F) provide free of charge to the Issuer and the Seller, office space, facilities, equipment and staff sufficient to fulfil the obligations of the Issuer and the Seller under the Servicing Agreement;
- (G) not knowingly fail to comply with any legal requirements in the performance of its duties under the Servicing Agreement including, without limitation, the Arrears Code and the Consumer Protection Code (where applicable);
- (H) make all payments required to be made by it pursuant to the Servicing Agreement on the due date for payment thereof in Euros (or as otherwise required under the Transaction Documents) in immediately available funds for value on such day without set-off (including, without limitation, in respect of any fees owed to it) or counterclaim but subject to any deductions required by law;
- (I) use reasonable endeavours to procure that the Seller makes payments in respect of the Mortgage Loans into the Transaction Account not later than one Business Day following receipt of the same by the Seller;

- (J) not without the prior written consent of the Trustee amend or terminate any of the Transaction Documents except in accordance with their terms;
- (K) forthwith upon becoming aware of any event which may reasonably give rise to an obligation of the Seller to repurchase any Mortgage Loan pursuant to the Mortgage Sale Agreement, notify the Issuer, the Trustee and the Seller in writing of such event;
- (L) not create or permit to subsist any Encumbrance in relation to the Collection Account, other than as created under the Collection Account Declaration of Trust;
- (M) if at any time the Servicer receives any money (other than sums credited to the Collection Account) arising from the Mortgage Loans or the Related Security, hold such money upon trust for the Issuer as beneficial owner thereof and shall keep such money separate from other money held by it and shall promptly upon receipt transfer such money to the Transaction Account via the Collection Account; and
- (N) provide to the Cash Manager, upon request, all the information in respect of the Issuer and the Notes which the Servicer requires to enable the Cash Manager to prepare the Quarterly Investor Report in accordance with the provisions of the Servicing Agreement.

### *The Services*

The services to be provided by the Servicer (as agent for the Issuer) are set out in the Servicing Agreement (the “Services”) which include, but are not limited to:

- (A) (subject to certain conditions) set the interest rates on the Standard Variable Rate Mortgage Loans and any other Mortgage Loans subject to a Discretionary Rate from time to time;
- (B) collect payments on the Mortgage Loans and discharge Mortgage Loans and Related Security upon redemption;
- (C) monitor and, where appropriate, pursue arrears (including, for the avoidance of doubt, any write off of any balance of a Mortgage Loan in accordance with the Seller’s Policies) and enforce the Related Security;
- (D) take all reasonable steps to ensure safe custody of all title deeds and documents in respect of the Mortgage Loans and their Related Security which are in its possession;
- (E) manage the Issuer’s interests in the Insurance Policies and other Related Security related to the Mortgage Loans;
- (F) process transfers of titles, notices of death, forfeitures and irritancies of leases, sale and exchange of land, account conversions, term amendments, deed amendments, compensation and enforcement notices;
- (G) operate the TRS Scheme and procure refunds of tax relief in respect of relevant Borrowers;
- (H) deal with all types of transactions, post and refund fees, set up direct debits, payment date changes and payment holidays;
- (I) deal with all customer correspondence on other aspects of Mortgage Loans once the Mortgage Loan is drawn down, including changes in customer details, changes on the customer mortgage, and any complaints received from Borrowers;
- (J) deal with Product Switches and Further Advances;
- (K) liaise with customers to take all reasonable steps to resolve any errors or issues that arise in relation to the servicing of any credit agreement;



- (L) keep records and books of account for the Issuer in relation to the Mortgage Loans and their Related Security comprised in the Mortgage Portfolio;
- (M) keep records for all taxation purposes (including for VAT purposes);
- (N) notify relevant Borrowers of any change in their contractual payments;
- (O) assist the Auditors of the Issuer and provide information to them upon reasonable prior written request;
- (P) notify relevant Borrowers of any other matter or thing which the applicable Mortgage Conditions require them to be notified of, in the manner and at the time required by the relevant Mortgage Conditions;
- (Q) subject to the provisions of the Servicing Agreement take all reasonable steps to recover all sums due to the Issuer including, without limitation, by the institution of proceedings and/or the enforcement of any Mortgage Loan comprised in the Mortgage Portfolio or any Related Security, actions against valuers/solicitors, claims under Insurance Policies and against/at the Land Registry;
- (R) act as collection agent for the Issuer under the Direct Debit Scheme in accordance with the provisions of the Servicing Agreement;
- (S) provide assistance with any reporting required for the purposes of the Securitisation Regulations (as defined in the Prospectus);
- (T) report under the Credit Reporting Act 2013; and
- (U) take, or procure the taking of (as applicable) all other action and doing all other things which it would be reasonable to expect a Prudent Mortgage Lender to do in administering its Mortgage Loans and their Related Security.

Subject to the provisions of the Servicing Agreement, the Issuer will grant the Servicer full right, liberty and authority from time to time to determine, in accordance with the Mortgage Conditions, the mortgage rate or mortgage rates and any other discretionary rate or margin applicable to the Standard Variable Rate Mortgage Loans provided that, the Servicer (other than the Initial Servicer) shall covenant not to set the Standard Variable Rate for any Collection Period below the SVR Floor Level for the related Interest Period ("SVR Floor Level") being, in respect of any Interest Period, 3 month EURIBOR (or, from and including any Interest Period during which an Alternative Base Rate applies to the Notes, such Alternative Base Rate) on the related Interest Determination Date for such Interest Period plus 2.5 per cent. For so long as the Initial Servicer is the Servicer, if on any day during an Interest Period it applies a Standard Variable Rate for a Collection Period at a level less than the SVR Floor Level for the related Interest Period: (a) on the related Calculation Date, the Initial Servicer will calculate the Weighted Average Standard Variable Rate; and (b) if the Weighted Average Standard Variable Rate for such Collection Period is below the SVR Floor Level for the related Interest Period, the Issuer (or the Cash Manager on its behalf) will on such Calculation Date request a drawing under the Servicer Advance Facility in an amount equal to the Servicer Advance Drawdown Amount, to be made by the Initial Servicer on the Interest Payment Date relating to such Collection Period.

"Servicer Advance Drawdown Amount" means, in respect of any Interest Period, where the Weighted Average Standard Variable Rate for the related Collection Period is less than the SVR Floor Level for such Interest Period, an amount equal to the product of:

- (A) the SVR Floor Level for such Interest Period less the Weighted Average Standard Variable Rate for such Collection Period; and

- (B) the Capital Balance of the Mortgage Loans in the Mortgage Portfolio (excluding any Mortgage Loans which are in arrears by more than three times the monthly payment) on the first day of such Collection Period.

“Servicer Advance” has the meaning given to it in the Servicer Advance Facility Agreement.

“Servicer Advance Drawdown Request” means a drawdown request delivered under the Servicer Advance Facility Agreement.

“Servicer Advance Facility” means the subordinated loan facility that the Initial Servicer will make available to the Issuer pursuant to the Servicer Advance Facility Agreement.

“Servicer Advance Facility Agreement” means the loan agreement so named dated on or about the Closing Date between the Issuer and the Initial Servicer.

### *Fees*

The Servicer will receive an administration fee (the “Servicing Fee”) for servicing the Mortgage Loans. The Issuer will pay the Servicer its Servicing Fee which shall be calculated in relation to each Collection Period on the basis of the number of days elapsed and a 360 day year at the rate of 0.15 per cent. per annum (inclusive of any applicable VAT) on the aggregate Capital Balance of the Mortgage Portfolio as at the opening of business on the first day of such Collection Period. The Servicer Fee is payable quarterly in arrear on each Interest Payment Date only to the extent that the Issuer has sufficient funds in accordance with the relevant Priority of Payments. Any unpaid balance will be carried forward until the next Interest Payment Date and, if not paid earlier, will be payable in full on the Final Maturity Date, on any Interest Payment Date following the service of an Enforcement Notice by the Trustee on the Issuer.

### *Termination*

If any of the following events (each an “Servicer Termination Event”) occurs:

- (A) default is made by the Servicer in the payment on the due date of any payment due and payable by it under the Servicing Agreement or any other Transaction Document to which it is a party (including, without limitation, in respect of the Initial Servicer only, any failure to make any advance required to be made by it under the Servicer Advance Facility) and such default continues unremedied for a period of 5 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following service of an Enforcement Notice) the Trustee requiring the same to be remedied;
- (B) default is made by the Servicer in the performance or observance of any of its other covenants and obligations under the Servicing Agreement or any other Transaction Document to which it is a party, which in the opinion of the Issuer (prior to the delivery of an Enforcement Notice) or the opinion of the Trustee (after the delivery of an Enforcement Notice) is materially prejudicial to the interests of the holders of the Most Senior Class of Notes (which determinations shall be conclusive and binding on all other Secured Creditors) and such default continues unremedied for a period of 30 Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer or (following delivery of an Enforcement Notice) the Trustee, as appropriate, requiring the same to be remedied;
- (C) the revocation of any applicable licence, registration or regulatory permission held by the Servicer required for the Servicer to perform any of its obligations under the Servicing Agreement;
- (D) the occurrence of an Insolvency Event in respect of the Servicer; or

- (E) the Issuer has requested an increase in the Commitment of the Initial Servicer under the Servicer Advance Facility in accordance with the terms of thereof and the Initial Servicer has not agreed to such increase by the date falling 10 Business Days after the relevant Interest Payment Date,

then the Issuer (prior to the delivery of an Enforcement Notice) with the prior written consent of the Trustee or (after delivery of an Enforcement Notice) the Trustee (in the case of (A), (B), (C) and (E)) may at once or at any time thereafter while such default continues and (in the case of (D)) shall, at once, by notice in writing to the Servicer (with a copy to the Replacement Servicer Facilitator and the Trustee or the Issuer, as the case may require) terminate the Servicer's appointment as Servicer under the Servicing Agreement with effect from a date (not earlier than the date of the notice) specified in the notice provided that if a Successor Servicer has not been appointed in accordance with the Servicing Agreement (*Appointment of Successor Servicer*) by such date, the Servicer's appointment shall terminate on the date of the later appointment of a Successor Servicer and the Servicer shall notify the Rating Agencies in writing of the identity of such Successor Servicer. Subject to the fulfilment of a number of conditions (including the appointment of a replacement servicer), a Servicer may voluntarily resign by giving not less than 12 months' notice to the Issuer and the Trustee. The substitute servicer is required to have experience of servicing mortgages in Ireland and to enter into a servicing agreement with the Issuer and the Trustee substantially on the same terms as the relevant provisions of the Servicing Agreement.

If the appointment of the Servicer is terminated, the Servicer must deliver the title information documents and customer files relating to the Mortgage Loans and Related Security to, or at the direction of, the Issuer or, following receipt of an Enforcement Notice, to or at the direction of the Trustee.

Where a substitute servicer is appointed following the occurrence of a Servicer Termination Event, or the voluntary resignation by the Servicer, the Issuer's costs and expenses associated with the transfer of servicing to the substitute servicer (the "Transfer Costs") will be paid by the Servicer. Where the Servicer fails to pay such Transfer Costs, the Issuer shall pay such Transfer Costs in accordance with the Pre-Enforcement Revenue Priority of Payments.

#### *Liability of the Servicer*

The Servicer shall have no obligation in respect of any Liabilities suffered or incurred by the Issuer and/or the Trustee and/or any other person as a result of the performance by the Servicer of the Services save to the extent that such Liabilities are suffered or incurred as a result of any Breach of Duty on the part of the Servicer or its sub-contractors or delegates.

"Breach of Duty" means (i) in relation to any person (other than the Trustee, the Agents, the Account Bank and the Cash Manager) a wilful default, fraud, illegal dealing, negligence or a material breach by such person of any Transaction Document to which it is a party and (ii) in relation to the Cash Manager a wilful default, fraud, illegal dealing or negligence.

#### *Governing law*

The Servicing Agreement and any non-contractual obligations arising out of or in connection with the Servicing Agreement are governed by Irish law.

#### **English Deed of Charge**

On the Closing Date, the Issuer will enter into the "English Deed of Charge" with, *inter alios*, the Trustee.

#### *Security*

Under the terms of the English Deed of Charge, the Issuer will provide the Trustee with the benefit of, *inter alia*, the following security (the "English Security") as trustee for itself and for the benefit of the other Secured Creditors (including the Noteholders):

- (A) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, present and future, to and under the English Law Transaction Documents (except the Excluded Assets) and any sums derived therefrom; and
- (B) a charge by way of first floating charge over the whole of the Issuer's undertaking and all its property and assets, rights and revenues, whatsoever and wheresoever, both present and future, including any fixed charges which may take effect as floating charges, and those assets not otherwise subject to the charges referred to above or otherwise secured under the Irish Deed of Charge, but excluding the Excluded Assets and its share capital.

The Issuer Profit Account and interests in the Trust Documents and the Note Purchase Agreement (the "Excluded Assets") will not form part of the security.

"Incorporated Terms Memorandum" means the document so entitled entered into on or about the date hereof between, *inter alios*, the Issuer and the Seller.

"Issuer Profit Account" means the profit account of the Issuer.

The floating charge created by the English Deed of Charge may "crystallise" and become a first specific fixed charge or first ranking fixed security over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (although subject to applicable law) following the occurrence of specific events set out in the English Deed of Charge, including, among other events, service of an Enforcement Notice. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

"Trust Documents" means the Trust Deed and the Deeds of Charge and (unless the context requires otherwise) includes any deed or other document executed in accordance with the provisions of the Trust Deed or (as applicable) the Deeds of Charge and expressed to be supplemental to the Trust Deed or the Deeds of Charge (as applicable);

"English Law Transaction Documents" means the Cash Management Agreement, the Trust Deed, the Paying Agency Agreement, the Subordinated Loan Agreement, the Servicer Advance Facility Agreement, the English Deed of Charge, the Incorporated Terms Memorandum and any other document designated as such by agreement of all relevant parties,

#### *Pre-Enforcement Revenue Priority of Payments and Pre-Enforcement Principal Priority of Payments*

Prior to the Trustee serving an Enforcement Notice on the Issuer pursuant to Condition 9 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Cash Manager (on behalf of the Issuer) shall apply monies standing to the credit of the Transaction Account as described in "*Cashflows*" below.

#### *Post-Enforcement Priority of Payments*

After the Trustee has served an Enforcement Notice on the Issuer pursuant to Condition 9 (*Events of Default*) of the Notes, declaring the Notes to be immediately due and payable, the Trustee (or the Cash Manager on its behalf) or any Receiver appointed by it shall apply the monies standing to the credit of the Transaction Account in accordance with the Post-Enforcement Priority of Payments defined in "*Cashflows*" below.

The fees and expenses of the aforementioned financial adviser or other professional adviser selected by the Trustee shall be paid by the Issuer in accordance with the applicable Priority of Payments. The Trustee shall be entitled to rely upon any financial or other professional advice referred to above without further enquiry and shall incur no liability to any person for so doing.

## Governing Law

The English Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## Irish Deed of Charge

On the Closing Date, the Issuer will enter into the "Irish Deed of Charge" with, *inter alios*, the Trustee.

## Security

Under the terms of the Irish Deed of Charge, the Issuer will provide the Trustee with the benefit of, *inter alia*, the following security (the "Irish Security", together with the English Security, the "Security") as trustee for itself and for the benefit of the other Secured Creditors (including the Noteholders):

- (A) an assignment by way of security of (and, to the extent not assigned, a charge by way of first fixed charge over) the Issuer's rights, title, interest and benefit in, present and future, to and under the Irish Law Transaction Documents (except the Excluded Assets) and any sums derived therefrom;
- (B) a charge by way of first fixed charge over, subject to the subsisting rights of redemption of the relevant Borrowers the Issuer's rights, title, interest and benefit, present and future, in, to and under the Mortgage Loans and their Related Security and other related rights comprising the Mortgage Portfolio from time to time and any sums derived therefrom;
- (C) a charge by way of first fixed charge over the Benefit of the Issuer in the Transaction Account and any other bank accounts of the Issuer established on or after the Closing Date (other than the Issuer Profit Account) and all monies (including interest) from time to time standing to the credit of such accounts and the debts represented thereby, in accordance with the Account Bank Agreement or the other Transaction Documents;
- (D) an assignment by way of security and agreement to assign absolutely the Benefit of the Issuer in the Insurance Policies and charge by way of a first fixed charge over the Issuer's interests, present or future, in life policies relating to the Mortgage Loans from time to time and any other insurance policies relating to the Mortgage Loans from time to time; and
- (E) a charge by way of first fixed charge the over Issuer's rights, title, interests and benefit, present or future, to and under or in respect of any Authorised Investments permitted to be made by the Issuer or the Cash Manager on its behalf, and
- (F) a first floating charge over the whole of its undertaking and all its property, assets, rights and revenues, whatsoever and wheresoever present and future including its uncalled capital (including assets expected to be subject to a fixed charge or assignment by way of security or absolute assignment except to the extent otherwise charged or secured under the Irish Deed of Charge but excluding the Excluded Assets and its share capital).

The floating charge created by the Irish Deed of Charge may "crystallise" and become a fixed charge over the relevant class of assets owned by the Issuer at the time of crystallisation. Crystallisation will occur automatically (although subject to applicable law) following the occurrence of specific events set out in the Irish Deed of Charge, including, among other events, service of an Enforcement Notice. A crystallised floating charge will rank ahead of the claims of unsecured creditors which are in excess of the prescribed part but will rank behind the expenses of any administration or liquidator, the claims of preferential creditors and the beneficiaries of the prescribed part on enforcement of the Security.

"Irish Law Transaction Documents" means the Mortgage Sale Agreement, the Servicing Agreement, the Collection Account Declaration of Trust, the Irish Deed of Charge, the Account Bank Agreement, the Seller Security Power of Attorney, the Security Power of Attorney, the

Corporate Services Agreement, and any other document designated as such by agreement of all relevant parties;

“Receiver” means any receiver, manager, administrator or administrative receiver appointed in respect of the Issuer by the Issuer at the request of the Trustee or by the Trustee in accordance with Clause 16 (*Appointment and Removal of Receivers*) of the Irish Deed of Charge and/or Clause 15 (*Appointment and Removal of Receiver*) of the English Deed of Charge, as applicable;

“Secured Creditors” means the Trustee in its own capacity, any Receiver or any Appointee appointed by the Trustee, each in its own capacity, the Agent Bank, the Registrar, the Paying Agents, the Corporate Services Provider, the Servicer (including in its capacity as Servicer Advance Facility Provider under the Servicer Advance Facility Agreement), the Replacement Servicer Facilitator, the Cash Manager, the Account Bank, the Noteholders, the Subordinated Loan Provider, the Seller (in respect of any Class X Payment) and any party named as such in a Transaction Document,

### *Governing Law*

The Irish Deed of Charge and any non-contractual obligations arising out of or in connection with it will be governed by Irish law.

### **Trust Deed**

On the Closing Date, the Issuer and the Trustee will enter into the “Trust Deed” pursuant to which the Issuer and the Trustee will agree that the Notes are subject to the provisions in the Trust Deed. The Conditions and the forms of each class of Notes will each be constituted by, and set out in, the Trust Deed.

The Trustee will agree to hold the benefit of the Issuer's covenant to pay amounts due in respect of the Notes on trust for the Noteholders.

In accordance with the terms of the Trust Deed, the Issuer will pay a fee to the Trustee for its services under the Trust Deed at the rate and times agreed between the Issuer and the Trustee (exclusive of VAT) together with payment of any liabilities incurred by the Trustee in relation to the Trustee's performance of its obligations under or in connection with the Trust Deed and the other Transaction Documents.

### *Retirement of Trustee*

Subject to a trustee remaining at all times, any Trustee may retire at any time on giving at least three months' prior written notice to the Issuer without giving any reason therefor or being responsible for any costs occasioned by such retirement and the Noteholders may by an Extraordinary Resolution of the holders of the Most Senior Class remove any Trustee provided that the retirement or removal of a sole Trust Corporation (as defined in the Incorporated Terms Memorandum) will not be effective until a Trust Corporation is appointed as successor Trustee. If a sole Trust Corporation gives notice of retirement or an Extraordinary Resolution of the holders of the Most Senior Class is passed for its removal, the Issuer will use all reasonable endeavours to procure that another Trust Corporation be appointed as Trustee as soon as reasonably practicable thereafter. If it fails to do so by 20 days ahead of the expiry of such three-month notice period, the Trustee shall have the power to appoint a new Trustee provided that any such new Trustee is a professional corporate trustee of repute or a Trust Corporation.

### *Governing Law*

The Trust Deed and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## Paying Agency Agreement

Pursuant to an agency agreement (the “Paying Agency Agreement”) dated the Closing Date and made between the Issuer, the Trustee, the Principal Paying Agent, the Registrar and the Agent Bank, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

### *Governing Law*

The Paying Agency Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

## Cash Management Agreement

On the Closing Date, the Cash Manager, the Servicer, the Issuer and the Trustee will enter into a cash management agreement (the “Cash Management Agreement”).

### *Cash Management Services to be provided to the Issuer*

Pursuant to the Cash Management Agreement, the Cash Manager will agree to provide certain cash management and other services to the Issuer or, upon the Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer, the Trustee. The Cash Manager's principal function will be effecting payments to and from the Transaction Account. In addition, the Cash Manager will, among other things:

- (A) on each Interest Payment Date prior to the delivery of an Enforcement Notice, apply, or cause to be applied, Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments and Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments;
- (B) on each Calculation Date determine if there would be a Revenue Shortfall following the application of Available Revenue Receipts (excluding for this purpose items (D) and (F) of the definition thereof) for the relevant Interest Payment Date;
- (C) on each Calculation Date determine if there would be a Further Class A Shortfall following the application of Available Revenue Receipts (excluding, for this purpose, item (F) of the definition thereof) for the relevant Interest Payment Date;
- (D) on each Calculation Date, determine whether the immediately following Interest Payment Date is the Final Maturity Date;
- (E) on each Calculation Date, determine if there are sufficient Available Principal Receipts available to redeem the Notes in full on the immediately following Interest Payment Date;
- (F) on each Calculation Date determine if there would be any General Reserve Ledger Residual Amounts on the immediately following Interest Payment Date;
- (G) record credits to, and debits from, the Ledgers, as and when required; and
- (H) if required (i) during the Determination Period, calculate the Interest Determination Ratio, the Calculated Revenue Receipts and the Calculated Principal Receipts and (ii) following any Determination Period, upon receipt by the Cash Manager of the Servicer Report Information in respect of such Determination Period, reconcile the calculations to the actual collections set out in the Servicer Report Information by allocating the Reconciliation Amounts in accordance with Condition 4.3(J) (*Determinations and Reconciliation*) and the Cash Management Agreement.

In addition, the Cash Manager will also:

- (A) maintain the following ledgers (the “Ledgers”) on behalf of the Issuer:

- (i) the “Principal Ledger”, which will record as a credit (i) all Principal Receipts received by the Issuer; (ii) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (E) and/or (G) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date; (iii) in respect of any Interest Payment Date following a Determination Period, if the Reconciliation Amount in respect of the relevant Determination Period is a positive number, an amount equal to the absolute value of such Reconciliation Amount, as determined in accordance with Condition 4.3(J) (*Determinations and Reconciliation*); and (iv) any amount standing to the credit of the Pre-Funding Ledger on the Additional Mortgage Portfolio Longstop Date, to the extent not applied by the Issuer to purchase the Additional Mortgage Portfolio on or before such date, and as a debit (i) those Principal Receipts distributed as Available Principal Receipts in accordance with the Pre-Enforcement Principal Priority of Payments or distributed pursuant to the Post-Enforcement Priority of Payments (as applicable); (ii) the amount of Principal Receipts applied as Principal Deficiency Excess Revenue Amounts pursuant to item (C) of the description of Available Revenue Receipts and (iii) amounts used to fund any Further Advances;
- (ii) the “Revenue Ledger”, which shall record as a credit (i) all Revenue Receipts and (ii) certain other receipts of a revenue nature as detailed in the Cash Management Agreement and as a debit those Revenue Receipts distributed as Available Revenue Receipts in accordance with the Pre-Enforcement Revenue Priority of Payments or distributed pursuant to the Post-Enforcement Priority of Payments (as applicable);
- (iii) the “Principal Deficiency Ledger”, which will record on the appropriate sub-ledger:
  - (a) as a debit (i) on each Calculation Date, Losses on the Mortgage Loans in the Mortgage Portfolio that arose during the related Collection Period; (ii) on the first Calculation Date, an amount equal to the Aggregate Warehoused Mortgage Account Amount as at the last day of the related Collection Period, and, on each Calculation Date thereafter, an amount equal to any increase in the Aggregate Warehoused Mortgage Account Amount as at the last day of the related Collection Period when compared to the same calculation as at the last day of the previous Collection Period; (iii) on the first Calculation Date, the Aggregate Provisional Arrears Allocation (if any) calculated on the last day of the related Collection Period and, on each Calculation Date thereafter, an amount equal to any increase in the Aggregate Provisional Arrears Allocation calculated on the last day of the related Collection Period when compared to the same calculation as at the last day of the previous Collection Period; and (iv) on each Interest Payment Date, the amount of any Available Principal Receipts allocated to Available Revenue Receipts in order to remedy a Further Class A Shortfall in accordance with item (A) of the Pre-Enforcement Principal Priority of Payments. Amounts recorded as a debit to the Principal Deficiency Ledger shall be allocated in reverse sequential order to the Class Z Principal Deficiency Sub-Ledger and the Class A Principal Deficiency Sub-Ledger, in each case until the balance of the relevant Principal Deficiency Sub-Ledger is equal to the aggregate Principal Amount Outstanding of the Class Z Notes and the Class A Notes respectively; and
  - (b) as a credit (i) Available Revenue Receipts applied to cure any debit entries pursuant to items (E) and/or (G) of the Pre-Enforcement Revenue Priority of Payments, and, (ii) on each Calculation Date, other than the first Calculation Date, an amount equal to any decrease in the Aggregate Warehoused Mortgage Account Amount as at the last day of the related Collection Period; and (iii) on each Calculation Date other than the first Calculation Date, an amount equal to any decrease in the Aggregate Provisional Arrears Allocation calculated on the last day of the related Collection Period when compared to the same calculation as at the last day of the previous Interest Payment Date (see “*Credit Structure – Principal Deficiency Ledger*” below), such credits to be applied to each sub-ledger in sequential order until reduced to zero. To the



extent that there is a Principal Deficiency Excess (as defined below) there shall be a Principal Deficiency Excess Revenue Amount (as defined below). On each Interest Payment Date following the calculation of a Principal Deficiency Excess, an amount equal to the amount of any Available Principal Receipts applied as Available Revenue Receipts in respect of Principal Deficiency Excess Revenue Amounts pursuant to item (C) of the definition of Available Revenue Receipts shall be debited to the Principal Deficiency Ledger in the order reverse of sequential order;

- (iv) the “General Reserve Ledger”, will record as a credit (i) an amount funded by the Subordinated Loan in the sum equal to the General Reserve Fund Required Amount on the Closing Date for the purposes of funding the General Reserve Fund and (ii) on any Interest Payment Date after the Closing Date, amounts from Available Revenue Receipts credited to the General Reserve Fund in an amount up to the General Reserve Fund Required Amount in accordance with the Pre-Enforcement Revenue Priority of Payments and as a debit (i) amounts withdrawn in accordance with the relevant Priority of Payments and (ii) any General Reserve Ledger Residual Amount;
- (v) the “Pre-Funding Ledger”, will record as a credit an amount equal to the Pre-Funding Amount received by the Issuer on the Closing Date for the purposes of funding the acquisition of the Additional Mortgage Portfolio on the Additional Mortgage Portfolio Sale Date and as a debit (i) an amount equal to any Additional Mortgage Portfolio Consideration paid by the Issuer to the Seller on the Additional Mortgage Portfolio Sale Date and (ii) any funds standing to the credit of the Pre-Funding Ledger and applied as Available Principal Receipts on the first Interest Payment Date;
- (B) calculate on each Calculation Date (prior to service of an Enforcement Notice) the amount of Available Revenue Receipts and Available Principal Receipts to be applied on the immediately following Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments or the Pre-Enforcement Principal Priority of Payments (as applicable); and
- (C) on and from the month in which the first Interest Payment Date falls (assuming delivery by the Servicer to the Cash Manager of the Servicer Report Information by no later than the 4<sup>th</sup> Business Day prior to the Calculation Date relating to the relevant Interest Payment Date), provide the Quarterly Investor Report by no later than the Interest Payment Date, to the Issuer, the Servicer, the Trustee, the Noteholders and Bloomberg.

“Aggregate Provisional Arrears Allocation” means, on any date, the aggregate Provisional Arrears Allocation of all of the Mortgage Loans in the Mortgage Portfolio on such date;

“Aggregate Warehoused Mortgage Account Amount” means, on any date, in respect of any Split Mortgage Loans and Modified Mortgage Loans, the aggregate Capital Balance of the Warehoused Mortgage Accounts relating to the Split Mortgage Loans and Modified Mortgage Loans on such date;

“Arrears Percentage” means:

- (i) for Mortgage Loans  $\geq$  6 months and  $<$  9 months in Arrears, 50 per cent.;
- (ii) for Mortgage Loans  $\geq$  9 months and  $<$  12 months in Arrears, 75 per cent.; and
- (iii) for Mortgage Loans  $\geq$  12 months in Arrears, 100 per cent;

“Collection Period” means the period from (and including) the Closing Date to (and including) the last calendar day of the calendar month ending immediately prior to the first Interest Payment Date, and thereafter each period starting on the calendar day after the last calendar day of the previous Collection Period and ending on the last calendar day of the calendar month prior to the next

Interest Payment Date and the “related Collection Period” in respect of an Interest Payment Date shall be construed accordingly.

“Final Maturity Date” means the Interest Payment Date falling in June 2066.

“Main Mortgage Account” means, in relation to a Split Mortgage Loan or a Modified Mortgage Loan, that portion of the Capital Balance on which interest continues to be charged.

“Modified Mortgage Loan” means any Mortgage Loan identified as such and that has been split into a Main Mortgage Account and a Warehoused Mortgage Account (and, for the avoidance of doubt, the Main Mortgage Account and the Warehoused Mortgage Account do not constitute separate or new Mortgage Loans) as part of the Seller’s arrears management procedures.

“Mortgage Loans  $\geq$  6 months and  $<$  9 months in Arrears” means each Mortgage Loan in respect of which the portion of the Current Balance on such Mortgage Loan which is currently due, payable and unpaid, is: (i) equal to or greater than the Most Recently Monthly Amount Due multiplied by 6; and (ii) less than the Most Recently Monthly Amount Due multiplied by 9.

“Mortgage Loans  $\geq$  9 months and  $<$  12 months in Arrears” means each Mortgage Loan in respect of which the portion of the Current Balance on such Mortgage Loan which is currently due, payable and unpaid, is: (i) equal to or greater than the Most Recently Monthly Amount Due multiplied by 9; and (ii) less than the Most Recently Monthly Amount Due multiplied by 12.

“Mortgage Loans  $\geq$  12 months in Arrears” means each Mortgage Loan in respect of which the portion of the Current Balance on such Mortgage Loan which is currently due, payable and unpaid, is equal to or greater than the Most Recently Monthly Amount Due multiplied by 12.

“Most Recent Monthly Amount Due” means, in respect of a Mortgage Loan, the aggregate monthly payment amount (including, without limitation, in respect of principal and interest) that became due and payable by the Borrower under the relevant Mortgage Loan on the most recent monthly payment date.

“Provisional Arrears Allocation” means, on the last day of each Collection Period, in respect of a Mortgage Loan in arrears by six times the monthly payment or more on such date, an amount equal to the product of (i) the Capital Balance of such Mortgage Loan excluding (in respect of any Split Mortgage Loan or Modified Mortgage Loan) an amount equal to the principal balance of the Warehoused Mortgage Account; and (ii) the applicable Arrears Percentage and provided that, for the avoidance of doubt, the Provisional Arrears Allocation for any Mortgage Loan that has ceased to be in arrears by at least six times the monthly payment shall be zero for this purpose.

“Split Mortgage Loan” means any Mortgage Loan that has been identified as such and that has been split into a Main Mortgage Account and a Warehoused Mortgage Account (and, for the avoidance of doubt, the Main Mortgage Account and the Warehoused Mortgage Account do not constitute separate or new Mortgage Loans) as part of the Seller’s arrears management procedures, with interest payable only in respect of the Main Mortgage Account.

“Warehoused Mortgage Account” means, in relation to a Split Mortgage Loan or Modified Mortgage Loan at any time, that portion of the Capital Balance which is warehoused at that time.

### *Authorised Investments*

“Authorised Investments” means Euro demand or time deposits, certificates of deposit and short term unsecured debt obligations (including commercial paper) which may include deposits into any account which earns a rate of interest related to EURIBOR and which mature within 365 days or less with a rating of at least AA- and/or F1+ by Fitch and A or R-1(low) by DBRS (or for eligible investments maturing in over 30 days, AA(low) or R-1(middle) by DBRS) or which are otherwise acceptable to the Rating Agencies (if they are notified in advance) to maintain the then current rating of the Class A Notes, provided that such investments mature at least one Business Day before the Calculation Date immediately preceding the Interest Payment Date on which the cash

represented by such investments is required by the Issuer and such investments are repaid at par, but which, for the avoidance of doubt, do not consist, in whole or in part, actually or potentially, of tranches of other ABSs, credit-linked notes, swaps or other derivative instruments, synthetic securities or similar claims.

The Cash Manager, on behalf of and in the name of the Issuer, may (but shall not be obliged to) invest monies standing from time to time to the credit of the Transaction Account in Authorised Investments, subject to the following provisions:

- (A) any investment in any Authorised Investments shall be made in the name of the Issuer subject to appropriate custody arrangements being put in place;
- (B) any costs properly incurred in making, changing or otherwise disposing of any investment in any Authorised Investments will be reimbursed to the Cash Manager by the Issuer;
- (C) all income and other distributions arising on, or proceeds following the disposal or maturity of, Authorised Investments shall be credited to the Transaction Account prior to the relevant Calculation Date; and
- (D) such Authorised Investments shall mature at least one Business Day before the Calculation Date immediately preceding the next Interest Payment Date.

As of the Closing Date, no custody arrangements have been put in place, the Issuer may however arrange for the custody arrangements to be put in place.

The Cash Manager shall not be responsible (save where any loss results from the Cash Manager's own fraud, wilful default or gross negligence) for any loss occasioned by reason of any such Authorised Investments or any purported Authorised Investments whether by depreciation in value or otherwise, **provided that** any such Authorised Investments were made in accordance with the terms of the Cash Management Agreement.

#### *Cash Manager and Directions from the Trustee*

The Cash Manager will act upon the direction of the Trustee upon the Trustee notifying the Cash Manager that an Enforcement Notice has been served on the Issuer.

The Cash Manager may appoint any person as its sub-contractor to carry out all or part of the cash management services subject to certain conditions, including obtaining the prior written consent of the Issuer and the Trustee and that the Cash Manager shall not be released or discharged from any liability whatsoever under the Cash Management Agreement. Certain of the conditions (such as the giving of prior notice to the Issuer and the Trustee) do not need to be complied with where the delegation is to an Affiliate of the Cash Manager.

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with the Cash Management Agreement will be governed by English law.

"Affiliate" means, in relation to any entity, the parent company of such entity, and the subsidiary of such entity, or the subsidiary of a parent company of such entity.

#### *Remuneration of Cash Manager*

The Cash Manager will be paid a cash management fee for its cash management services under the Cash Management Agreement. Such fees will be determined in accordance with the Cash Management Agreement. Any sum (or other consideration) payable (or provided) by the Issuer to the Cash Manager in respect of that fee shall be deemed to be inclusive of VAT, if any, chargeable on any supply for which the cash management fee is the consideration (in whole or in part) for VAT purposes. The cash management fee is payable in the manner contemplated by and in accordance

with the provisions of the Pre-Enforcement Revenue Priority of Payments or, as the case may be, the Post-Enforcement Priority of Payments.

#### *Termination of Appointment and Replacement of Cash Manager*

If any of the following events ("Cash Manager Termination Events") shall occur:

- (A) default is made by the Cash Manager in the giving of a payment instruction, on the due date, in respect of any payment due and payable by it under the Cash Management Agreement (**provided that** in each case there are funds available for such payment standing to the credit of the relevant Accounts) and such default continues unremedied for a period of five Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Trustee, as the case may be, requiring the same to be remedied; or
- (B) default is made by the Cash Manager in the performance or observance of any of its other material covenants and obligations under the Cash Management Agreement, and such default continues unremedied for a period of 30 Business Days after the earlier of the Cash Manager becoming aware of such default and receipt by the Cash Manager of written notice from the Issuer or (following the service of an Enforcement Notice) the Trustee, as the case may be, requiring the same to be remedied; or
- (C) an Insolvency Event occurs with respect to the Cash Manager; or
- (D) it becomes unlawful for the Cash Manager to perform or comply with its obligations under the Cash Management Agreement or under any other Transaction Document,

then prior to the delivery of an Enforcement Notice, the Issuer (with the written consent of the Trustee) or, following the delivery of an Enforcement Notice, the Trustee, may, at once or at any time thereafter while such default continues, by notice in writing to the Cash Manager (with a copy to the Trustee if such notice is delivered by the Issuer), terminate its appointment as Cash Manager under the Cash Management Agreement with effect from a date (not earlier than the date of the notice) specified in such notice provided that the Cash Manager's appointment shall not be terminated until a successor Cash Manager has been appointed. In determining whether to give or withhold consent to the termination of the Cash Manager by the Issuer, the Trustee will have regard to factors including, *inter alia*, the availability of a substitute cash manager. Upon termination of the appointment of the Cash Manager, the Issuer shall use reasonable endeavours to appoint a successor cash manager that satisfies the conditions set out below.

#### *Resignation of the Cash Manager*

The Cash Manager may resign on giving not less than 60 days' written notice (or such shorter time as may be agreed between the Cash Manager, the Issuer and the Trustee) of its resignation to the Issuer and the Trustee without providing any reason therefor and without being responsible for any Liability incurred by reason thereof unless such Liability arises as a result of its own gross negligence, wilful default or fraud or that of its officers, directors or employees, **provided that** a successor cash manager shall be appointed by the Issuer such appointment to be effective not later than the date of such termination.

#### *Appointment of the successor Cash Manager*

Any successor Cash Manager shall:

- (i) have the requisite cash management experience to perform the functions to be given to it under the Cash Management Agreement and have the prior written approval of the Issuer and the Trustee;

- (ii) enter into an agreement with the Issuer and the Trustee substantially on the terms of the Cash Management Agreement, and at fees which are consistent with those payable generally at the relevant time for the provision of cash management services for transactions similar to the Transaction; and
- (iii) be an entity, the appointment of which shall not result in a downgrade, withdrawal or qualification of the then current ratings of the Class A Notes, or such Class A Notes being placed on rating watch negative (or equivalent), unless the relevant Noteholders otherwise agree by an Extraordinary Resolution.

“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 properly incurred legal fees and any taxes and penalties incurred by that person and “Liability” means any one of them.

“Transaction” means each of the transactions in the series of transactions contemplated by the Transaction Documents and “Transactions” means the total of each Transaction.

### *Governing Law*

The Cash Management Agreement and any non-contractual obligations arising out of or in connection with it will be governed by English law.

### **The Account Bank Agreement**

Pursuant to the terms of an account bank agreement entered into about the Closing Date between the Issuer, the Account Bank, the Cash Manager and the Trustee (the “Account Bank Agreement”), the Issuer will maintain the transaction account (the “Transaction Account”) and the issuer profit account (the “Issuer Profit Account”) with the Account Bank which will be operated in accordance with the Account Bank Agreement, the Cash Management Agreement and the Deeds of Charge, as applicable. The Account Bank is required to have the Minimum Account Bank Rating.

In this Prospectus:

“Minimum Account Bank Rating” means in respect of the Account Bank:

- (A) in the case of Fitch, either a short-term issuer default rating of at least F1 by Fitch or a long-term issuer default rating of at least A by Fitch;
- (B) in the case of DBRS, the higher of (i) one rating notch below the Account Bank’s long-term critical obligations rating (“COR”), being at least A by DBRS, and (ii) the rating of the Account Bank’s long-term, senior, unsecured, unsubordinated and unguaranteed debt obligations being at least A by DBRS provided that if the Account Bank is not rated by DBRS, at least a DBRS equivalent rating; and
- (C) (in each case) such other credit rating as would not adversely affect the then current rating of the Class A Notes (if applicable).

### *Governing Law*

The Account Bank Agreement and any non-contractual obligations arising out of or in connection with it will be governed by Irish law.

### **The Corporate Services Agreement**

On or prior to the Closing Date, the Issuer and the Corporate Services Provider will enter into a corporate services agreement (the “Corporate Services Agreement”) pursuant to which the Corporate Services Provider will provide the Issuer with certain corporate and administrative functions against the payment of a fee. Such services include, *inter alia*, the performance of all

general secretarial, registrar and company administration services for the Issuer (including the provision of directors), providing the directors with information in connection with the Issuer, and the arrangement for the convening of shareholders' and directors' meetings.

The fees due to the Corporate Services Provider will be as agreed between the Issuer and the Corporate Services Provider. Fees due and payable to the Corporate Services Provider will be paid ahead of all outstanding Notes.

### *Governing Law*

The Corporate Services Agreement and any non-contractual obligations arising out of or in connection with it will be governed by Irish law.

### **The Collection Account Declaration of Trust**

Payments by Borrowers in respect of amounts due under the Mortgage Loans will be made into the non-interest bearing collection account (the "Collection Account") held by the Seller at the Collection Account Bank. Amounts credited to the Collection Account from (and including) the Closing Date that relate to the Mortgage Loans will be identified on a daily basis (each such aggregate daily amount, a "Daily Mortgage Loan Amount") and the Seller will transfer an amount equal to the Daily Mortgage Loan Amount from the Collection Account into the Transaction Account by the next Business Day after that Daily Mortgage Loan Amount is identified as received in the Collection Account.

On or prior to the Closing Date, the Seller will declare a trust over its Collection Account (the "Collection Account Declaration of Trust") in favour of, *inter alios*, the Issuer and itself (in its capacity as a beneficiary) absolutely as beneficial tenants in common. The Issuer's share of the capital of the trust on any date shall be in an amount equal to the aggregate of the Daily Mortgage Loan Amounts paid into the Collection Account from (and including) the Closing Date to (and including) such date less an amount equal to the payments made by the Seller, in accordance with the provisions of the Servicing Agreement.

Following the occurrence of an Insolvency Event in relation to the Collection Account Bank, the Issuer shall use its best efforts to appoint a replacement financial institution to act as collection account bank (a "Replacement Collection Account Bank") with the following credit ratings:

- (A) in the case of Fitch, a short-term issuer default rating of at least F2 or a long-term issuer default rating of at least BBB; and
- (B) in the case of DBRS, a long term unsubordinated, unguaranteed debt obligations rating of at least BBB and a short term unsecured, unsubordinated, unguaranteed debt obligation rating of at least R-1(low) or if the Replacement Collection Bank is not rated by DBRS, at least a DBRS equivalent rating or such other credit rating as would not adversely affect the then current rating of the Class A Notes,

(the "Replacement Collection Account Bank Required Rating").

### *Governing Law*

The Collection Account Declaration of Trust and any non-contractual obligations arising out of or in connection with it will be governed by Irish law.

## KEY STRUCTURAL FEATURES

### CREDIT ENHANCEMENT AND LIQUIDITY SUPPORT

The Notes are obligations of the Issuer only and will not be the obligations of, or the responsibility of, or guaranteed by, any other party. However, there are a number of features of the transaction which enhance the likelihood of timely receipt of interest payments and ultimate payment of principal by the Noteholders in respect of the Class A Notes, as follows:

- (A) Available Revenue Receipts are expected to exceed interest due and payable on the Class A Notes and Senior Expenses of the Issuer (including retaining the Issuer Profit Amount).
- (B) Any Revenue Shortfall on any Interest Payment Date may be funded by applying amounts standing to the credit of the General Reserve Fund.
- (C) Any Further Class A Shortfall on any Interest Payment Date may be funded by applying Available Principal Receipts.
- (D) Payments of interest and principal on the Notes are made in Sequential Order and the Class Z Notes, the Subordinated Loan, the Servicer Advance Facility and the Class X Notes are subordinate to the Class A Notes and interest payments on the Class Z Notes may, in certain circumstances, be deferred where the Issuer has insufficient proceeds.
- (E) Losses are allocable to the classes of Notes in reverse Sequential Order in the Principal Deficiency Ledger, first to the Class Z Principal Deficiency Sub-Ledger, then to the Class A Principal Deficiency Sub-Ledger.
- (F) Amounts credited to the Transaction Account may be invested in Authorised Investments.
- (G) A Subordinated Loan is provided by the Subordinated Loan Provider to meet the Expenses and to fund the General Reserve Fund up to the Initial General Reserve Fund Required Amount. Repayment of the Subordinated Loan is subordinated to payments on the Notes (other than the Class X Notes).
- (H) The Servicer Advance is provided to fund amounts equal to any shortfall arising in circumstances where the Weighted Average Standard Variable Rate for a Collection Period is less than the SVR Floor Level for the related Interest Period.

For the purposes of this paragraph and where used elsewhere in this Prospectus:

“Expenses” means, in respect of the Closing Date, the expenses incurred or to be incurred by the Issuer in connection with the purchase of the Mortgage Portfolio (excluding the Initial Purchase Price) and the issue of the Notes on or about such date, including the fees payable to the Arranger;

“Senior Expenses” means any expenses of the Issuer which rank in priority to the Most Senior Class of Notes in the relevant Priority of Payments.

“Sequential Order” means:

- (A) in respect of payments of interest to be made on the Notes: first, to pay interest on the Class A Notes and second, to pay interest on the Class Z Notes; and
- (B) in respect of payments of principal to be made on the Notes: first, to pay principal on the Class A Notes and second, to pay principal on the Class Z Notes.

Each of these factors is considered in more detail below.

## **Credit Support for the Class A Notes provided by Available Revenue Receipts**

It is anticipated that, during the life of the Class A Notes, the interest payable by Borrowers on the Mortgage Loans will, assuming that all of the Mortgage Loans are fully performing, be sufficient to ensure that the Available Revenue Receipts will be available to pay the amounts payable under items (A) to (E) inclusive of the Pre-Enforcement Revenue Priority of Payments and each Interest Payment Date and that some excess will remain after such payments. The actual amount of any excess will vary during the life of the Class A Notes. Two of the key factors determining such variation are the interest rates applicable to the Mortgage Loans in the Mortgage Portfolio and the performance of the Mortgage Portfolio.

Available Revenue Receipts may be applied (after making payments or provisions ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any Principal Deficiency Ledger entries.

To the extent that the amount of Available Revenue Receipts on each Interest Payment Date exceeds the aggregate of the payments and provisions required to be met in priority to item (F) of the Pre-Enforcement Revenue Priority of Payments, such excess is available to replenish amounts debited from the General Reserve Fund up to an amount equal to the General Reserve Fund Required Amount.

## **Liquidity support provided by use of General Reserve Fund to fund Revenue Shortfall**

On the Closing Date, the Issuer will draw down on the Subordinated Loan in an amount equal to 2 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date (the Initial General Reserve Fund Required Amount) and will credit such amount to the Transaction Account for the purpose of establishing a general reserve fund (the General Reserve Fund). The Cash Manager will maintain a separate ledger (the General Reserve Ledger) on the Transaction Account to record the balance from time to time of the General Reserve Fund.

On each Interest Payment Date, amounts from Available Revenue Receipts will be credited to the General Reserve Fund in an amount up to the General Reserve Fund Required Amount in accordance with the Pre-Enforcement Revenue Priority of Payments.

The General Reserve Fund Required Amount in respect of each Interest Payment Date will be (i) for so long as the Class A Notes remain outstanding, 2 per cent. of the Principal Amount Outstanding of the Class A Notes on the Closing Date and (ii) following redemption of the Class A Notes in full, zero.

On each Calculation Date, the Cash Manager will determine whether Available Revenue Receipts (other than items (D) and (F) of Available Revenue Receipts) will be sufficient to pay on the relevant Interest Payment Date items (A) to (E) inclusive of the Pre-Enforcement Revenue Priority of Payments. To the extent that such Available Revenue Receipts are insufficient for this purpose (with any such shortfall being a Revenue Shortfall), the Cash Manager on behalf of the Issuer shall, on the relevant Interest Payment Date, pay or provide for such Revenue Shortfall by applying amounts standing to the credit of the General Reserve Fund.

For more information about the application of the General Reserve Fund Required Amount to fund payments of Senior Expenses and interest on the Class A Notes see the section entitled *“Cashflows and Cash Management”*.

## **Use of Available Principal Receipts to fund a Further Class A Shortfall**

On each Calculation Date, the Cash Manager shall calculate whether the Available Revenue Receipts (other than item (F) of Available Revenue Receipts) will be sufficient to pay on the relevant Interest Payment Date items (A) to (D) inclusive of the Pre-Enforcement Revenue Priority of Payments. To the extent that these Available Revenue Receipts are insufficient for this purpose (with any such shortfall being a Further Class A Shortfall), then, following the application of all Available Revenue Receipts (other than item (F) of Available Revenue Receipts), the Issuer shall



pay or provide for such Further Class A Shortfall by applying Available Principal Receipts (if any) to Available Revenue Receipts, and the Cash Manager shall make a corresponding entry in the Principal Deficiency Ledger.

For more information about the application of Available Principal Receipts to fund payments of Senior Expenses and interest on the Class A Notes see the section entitled “*Cashflows and Cash Management*”.

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

Payments of interest on the classes of Notes (other than the Class X Notes) will be paid in Sequential Order and the Subordinated Loan, the Servicer Advance Facility and the Class X Notes are subordinate to the Class A Notes and the Class Z Notes.

To the extent, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any accrued interest thereon) payable in respect of the Class Z Notes, payment of the shortfall will be deferred until the next Interest Payment Date and this will not constitute an Event of Default (for so long as the Class Z Notes are not the Most Senior Class of Notes). On the next Interest Payment Date (or such earlier date as interest in respect of the Class Z Notes becomes immediately due and payable in accordance with the Conditions), the amount of interest scheduled to be paid on the Class Z Notes will be increased to include any such deferred interest amounts. The deferral process will continue until the Final Maturity Date of the Notes or such earlier date on which (i) interest in respect of the Class Z Notes becomes immediately due and payable in accordance with the Conditions or (ii) the Class Z Notes fall to be redeemed in full in accordance with the Conditions, at which point, all such deferred amounts (including interest thereon) will become due and payable. However, if there is insufficient money available to the Issuer to pay interest on any class of Notes, then the relevant Noteholders may not receive all interest amounts.

It is not intended that any surplus will be accumulated in the Issuer, other than, for the avoidance of doubt, the Issuer Profit Amount and amounts standing to the credit of the General Reserve Ledger.

### **The Principal Deficiency Ledger**

On each Calculation Date, the Cash Manager will determine (based on information provided by the Servicer with respect to the Mortgage Portfolio) whether there are any Losses on the Mortgage Loans in the Mortgage Portfolio and any Mortgage Loans which are in arrears by six times the monthly payment or more.

“Arrears Percentage” means:

- (A) for Mortgage Loans  $\geq$  6 months and  $<$  9 months in Arrears, 50 per cent.;
- (B) for Mortgage Loans  $\geq$  9 months and  $<$  12 months in Arrears, 75 per cent.; and
- (C) for Mortgage Loans  $\geq$  12 months in Arrears, 100 per cent.

“Losses” means any losses as determined by the Servicer in accordance with its then current procedures including, to the extent relevant, its Arrears Policy, arising in relation to a Mortgage Loan in the Mortgage Portfolio which causes a shortfall in the amount available to pay principal on the Notes (including, without limitation, any amount of the Mortgage Loan that is written off (whether under the Personal Insolvency Act or otherwise), any losses incurred on repossession or enforcement of the Mortgage Loan and any loss arising as a result of an exercise of any set-off by any Borrower in respect of its Mortgage Loan) or otherwise.

A Principal Deficiency Ledger, comprising two sub-ledgers (one relating to each class of Notes other than the Class X Notes), will be established on the Closing Date. The Principal Deficiency

Ledger will record as debit items any deemed principal losses in respect of the Mortgage Portfolio, including the following:

- (A) on each Calculation Date, Losses on the Mortgage Loans in the Mortgage Portfolio that arose during the related Collection Period;
- (B) on the first Calculation Date, an amount equal to the Aggregate Warehoused Mortgage Account Amount as at the last day of the related Collection Period and, on each Calculation Date thereafter, an amount equal to any increase in the Aggregate Warehoused Mortgage Account Amount as at the last day of the related Collection Period when compared to the same calculation as at the last day of the previous Collection Period;
- (C) on the first Calculation Date, the Aggregate Provisional Arrears Allocation (if any) calculated on the last day of the related Collection Period and, on each Calculation Date thereafter, an amount equal to any increase in the Aggregate Provisional Arrears Allocation calculated on the last day of the related Collection Period when compared to the same calculation as at the last day of the previous Collection Period; and
- (D) on each Interest Payment Date, the amount of any Available Principal Receipts that are allocated to Available Revenue Receipts in order to remedy a Further Class A Shortfall in accordance with item (A) of the Pre-Enforcement Principal Priority of Payments.

Amounts recorded as a debit to the Principal Deficiency Ledger shall be allocated to the sub-ledgers in the following order of priority:

- (A) *first*, to the Class Z Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class Z Notes; and
- (B) *second*, to the Class A Principal Deficiency Sub-Ledger up to a maximum of the Principal Amount Outstanding of the Class A Notes.

The following items shall be recorded as a credit to the Principal Deficiency Ledger (i) any Available Revenue Receipts applied to cure any debit entries pursuant to items (E) and/or (G) of the Pre-Enforcement Revenue Priority of Payments and (ii) on each Calculation Date, any decrease in the Aggregate Warehoused Mortgage Account Amount or, as the case may be, the Aggregate Provisional Arrears Allocation of each Mortgage Loan as further described in *"Summary of Key Transaction Documents – Cash Management Agreement"*.

Amounts to be credited to the Principal Deficiency Ledger shall be credited in the following order, and in respect of (i) above, to the extent of Available Revenue Receipts available for such purpose on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments:

- (A) *first*, to the Class A Principal Deficiency Sub-Ledger to reduce the debit balance to zero; and
- (B) *second*, to the Class Z Principal Deficiency Sub-Ledger to reduce the debit balance to zero.

On each Calculation Date, the Cash Manager will calculate the then current balance of the Principal Deficiency Ledger and will apply Available Revenue Receipts to cure any debit entries on the following Interest Payment Date in accordance with the Priorities of Payment. If, on any Interest Payment Date, the Principal Deficiency Ledger has an aggregate credit balance, for example, as a result of Mortgage Loans in arrears being subsequently found to have been fully or partially cured after Available Revenue Receipts have been applied to cure the Principal Deficiency created thereby (a "Principal Deficiency Excess"), an amount of Available Principal Receipts equal to such Principal Deficiency Excess shall be allocated to the Available Revenue Receipts on such Interest Payment Date, such amounts being Principal Deficiency Excess Revenue Amounts.

On each Interest Payment Date following the calculation of a Principal Deficiency Excess, an amount equal to the amount of any Available Principal Receipts applied as Available Revenue Receipts in respect of Principal Deficiency Excess Revenue Amounts pursuant to item (C) of the

definition of Available Revenue Receipts shall be debited to the Principal Deficiency Ledger in the same order set out above.

### **Servicer Advance Facility Agreement**

The Issuer will enter into the Servicer Advance Facility Agreement with the Servicer Advance Facility Provider on or about the Closing Date. Pursuant to the Servicer Advance Facility Agreement, the Servicer Advance Facility Provider will agree to make available to the Issuer the Servicer Advance Facility. The Servicer Advance Facility will be a committed subordinated revolving loan facility which will be used by the Issuer for the purposes of funding any shortfall arising in circumstances where the Weighted Average Standard Variable Rate for a Collection Period is less than the SVR Floor level for the related Interest Period.

The amount of the commitment under the Servicer Advance Facility on the Closing Date will be €3,500,000.

The Servicer Advance will bear interest until repaid at a rate of 3 per cent. per annum. To the extent that funds available to the Issuer to pay interest on the Servicer Advance are insufficient to pay the full amount of such interest (including any accrued interest thereon), payment of the shortfall in respect of the Servicer Advance will not then fall due but will instead be deferred until the first Interest Payment Date thereafter (or such earlier date as interest in respect of the Servicer Advance becomes immediately due and payable in accordance with the Conditions) on which sufficient funds are available to the Issuer. Such deferred interest will accrue interest at the rate of interest applicable to the Servicer Advance and payment of any deferred interest will also be deferred until the first Interest Payment Date thereafter (or such earlier date as interest in respect of the Servicer Advance becomes immediately due and payable in accordance with the Conditions) on which sufficient funds are available to pay such deferred interest, provided that such deferred interest (including any accrued interest thereon) shall not be deferred beyond the Final Maturity Date or any earlier date on which interest in respect of the Servicer Advance becomes immediately due and payable in accordance with the Conditions.

Interest in respect of the Servicer Advance will be payable by the Issuer on each Interest Payment Date. Prior to the service of an Enforcement Notice, the Issuer will repay the Servicer Advance, on each Interest Payment Date to the extent that it has Available Revenue Receipts to make such payment in accordance with the Pre-Enforcement Revenue Priority of Payments or on the Final Maturity Date (please see "*Cashflows and Cash Management*").

The Servicer Advance Facility Agreement and any non-contractual obligations arising out of or in connection with the Servicer Advance Agreement will be governed by English law.

### **Subordinated Loan**

The Issuer will enter into the Subordinated Loan Agreement with UBIDAC (the "Subordinated Loan Provider") on or about the Closing Date. Pursuant to the Subordinated Loan Agreement, the Subordinated Loan Provider will agree to make available to the Issuer the "Subordinated Loan" on the Closing Date. The Subordinated Loan will be a subordinate ranking loan which will be used by the Issuer on the Closing Date to meet costs and Expenses incurred by the Issuer in respect of the issuance of the Notes on the Closing Date and to fund the General Reserve Fund up to the General Reserve Fund Required Amount (the "Subordinated Loan Advance").

The amount of the Subordinated Loan Advance on the Closing Date will be €35,631,440.

The Subordinated Loan will bear interest until repaid at a rate of 3.00 per cent. per annum. To the extent that funds available to the Issuer to pay interest on the Subordinated Loan are insufficient to pay the full amount of such interest (including any accrued interest thereon), payment of the shortfall in respect of the Subordinated Loan will not then fall due but will instead be deferred until the first Interest Payment Date thereafter (or such earlier date as interest in respect of the Subordinated Loan becomes immediately due and payable in accordance with the Conditions) on which sufficient funds are available to the Issuer. Such deferred interest will accrue interest at the rate of interest

applicable to the Subordinated Loan and payment of any deferred interest will also be deferred until the first Interest Payment Date thereafter (or such earlier date as interest in respect of the Subordinated Loan becomes immediately due and payable in accordance with the Conditions) on which sufficient funds are available to pay such deferred interest, provided that such deferred interest (including any accrued interest thereon) shall not be deferred beyond the Final Maturity Date or any earlier date on which interest in respect of the Subordinated Loan becomes immediately due and payable in accordance with the Conditions.

Interest in respect of the Subordinated Loan will be payable by the Issuer on each Interest Payment Date. Prior to the service of an Enforcement Notice, the Issuer will repay the Subordinated Loan Advance, on each Interest Payment Date to the extent that it has Available Revenue Receipts to make such payment in accordance with the Pre-Enforcement Revenue Priority of Payments or on the Final Maturity Date (please see "*Cashflows and Cash Management*").

The Subordinated Loan Agreement and any non-contractual obligations arising out of or in connection with the Subordinated Loan Agreement will be governed by English law.

## CASHFLOWS AND CASH MANAGEMENT

### APPLICATION OF REVENUE RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE

#### Definition of Revenue Receipts

“Revenue Receipts” means payments received by the Issuer directly or from the Seller representing:

- (A) payments of interest (including payments received in respect of Arrears of Interest and excluding Capitalised Arrears (if any) and Capitalised Expenses) and fees due from time to time under the Mortgage Loans;
- (B) recoveries of interest, outstanding fees and any other enforcement proceeds from defaulting Borrowers under Mortgage Loans being enforced which are not Principal Receipts;
- (C) recoveries of interest, outstanding fees and any other enforcement proceeds from defaulting Borrowers under Mortgage Loans in respect of which enforcement procedures have been completed (excluding any Trust Property to which the Seller is entitled);
- (D) the proceeds of the repurchase (or indemnity) of any Mortgage Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement to the extent such proceeds are attributable to Accrued Interest, Arrears of Interest and other interest amounts in respect of the Mortgage Loans (excluding, for the avoidance of doubt, Capitalised Arrears and Capitalised Expenses) as at the relevant transfer date;
- (E) the proceeds of any insurance claim (to the extent that these are of a revenue nature); and
- (F) any early repayment charges which have been paid by the Borrower in respect of the Mortgage Loans.

“Accrued Interest” means as at any date (the “determination date”) on or after the Closing Date and in relation to any Mortgage Loan, interest on such Mortgage Loan (not being interest which is currently payable on the determination date) which has accrued (but is not yet due and payable) from and including the Monthly Payment Date immediately prior to the determination date to and including the determination date.

“Arrears of Interest” means as at any date (the “determination date”) on or after the Closing Date and in relation to any Mortgage Loan, interest (which has not been capitalised) on such Mortgage Loan which is currently due, payable and unpaid.

“Capitalised Arrears” means, in relation to a Mortgage Loan, on any date, amounts which are overdue in respect of that Mortgage Loan and which as at that date have been added to the Capital Balance of such Mortgage Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower (and, including, for the avoidance of doubt, interest, and excluding amounts comprising Capitalised Expenses).

“Capitalised Expenses” means for any Mortgage Loan at any date, expenses which have become overdue in respect of that Mortgage Loan and which as at that date have been added to the Capital Balance of that Mortgage Loan in accordance with the Mortgage Conditions or otherwise by arrangement with the relevant Borrower.

“Issuer Profit Amount” means €300 on each Interest Payment Date to be credited to the Issuer Profit Account and to be retained by the Issuer as profit in respect of the business of the Issuer;

“Monthly Payment Date” means the date on which interest (and principal in relation to a Repayment Mortgage Loan) is due to be paid by a Borrower on a Mortgage Loan.

## Definition of Available Revenue Receipts

“Available Revenue Receipts” means, as calculated on each Calculation Date and to be applied on the following Interest Payment Date, an amount equal to the aggregate of (without double-counting):

- (A) interest payable to the Issuer on the Transaction Account and income from any Authorised Investments in each case received during the immediately preceding Collection Period;
- (B) the Revenue Receipts on the Mortgage Loans (excluding any amounts subject to a direct debit charge-back) received by the Issuer during the immediately preceding Collection Period which have been designated as Available Revenue Receipts by the Cash Manager in accordance with the Cash Management Agreement (which, for the avoidance of doubt, shall be the Calculated Revenue Receipts in the Cash Management Agreement);
- (C) any Available Principal Receipts to be applied as Available Revenue Receipts on such Interest Payment Date in respect of Principal Deficiency Excess Revenue Amounts;
- (D) any amounts to be withdrawn from the General Reserve Fund to remedy a Revenue Shortfall on such Interest Payment Date;
- (E) any General Reserve Ledger Residual Amount;
- (F) any Available Principal Receipts to be applied in order to remedy a Further Class A Shortfall in accordance with item (A) of the Pre-Enforcement Principal Priority of Payments on such Interest Payment Date;
- (G) any Available Principal Receipts to be allocated as Available Revenue Receipts in accordance with item (E) of the Pre-Enforcement Principal Priority of Payments on such Interest Payment Date;
- (H) any drawing to be made by the Issuer under the Servicer Advance Facility on such Interest Payment Date;
- (I) other net income of the Issuer received during the immediately preceding Collection Period (other than any Principal Receipts);
- (J) in respect of any Interest Payment Date following a Determination Period, if the Reconciliation Amount in respect of the relevant Determination Period is a negative number, the lesser of an amount equal to the absolute value of such Reconciliation Amount and the amount standing to the credit of the Principal Ledger, as determined in accordance with Condition 4.3(J) (*Determinations and Reconciliation*); and
- (K) if on the second Interest Payment Date there are any amounts lent under the Subordinated Loan that have not been applied or provisioned by the Issuer for the purpose of meeting costs and Expenses incurred by the Issuer in respect of the issuance of the Notes on the Closing Date or applied to fund the General Reserve Fund up to the General Reserve Fund Required Amount, such amounts shall form part of the Available Revenue Receipts on such second Interest Payment Date.

## General Reserve Fund and General Reserve Ledger

On the Closing Date, a fund will be established called the General Reserve Fund in the Transaction Account. The General Reserve Fund will be funded on the Closing Date by the Subordinated Loan in an amount equal to the General Reserve Fund Required Amount (being an amount equal to 2% of the aggregate Principal Amount Outstanding of the Class A Notes on the Closing Date). The General Reserve Fund will be credited to the Transaction Account (with a corresponding credit to the General Reserve Ledger). On each Interest Payment Date, amounts from Available Revenue

Receipts will be credited to the General Reserve Fund in an amount up to the General Reserve Fund Required Amount in accordance with the Pre-Enforcement Revenue Priority of Payments.

The Issuer may invest the amounts standing to the credit of the Transaction Account, including the General Reserve Fund, in Authorised Investments. See “*Key Structural Features*” above.

The Cash Manager will maintain the General Reserve Ledger pursuant to the Cash Management Agreement to record the balance from time to time of the General Reserve Fund.

Following redemption in full of the Class A Notes, the Issuer will not be required to maintain the General Reserve Fund and the General Reserve Fund Required Amount will be zero, at which point, amounts standing to the credit of the General Reserve Fund will be “General Reserve Ledger Residual Amounts” and applied as Available Revenue Receipts in accordance with the relevant Priority of Payments.

### **Application of General Reserve Fund to cover Revenue Shortfalls**

On each Calculation Date, the Cash Manager shall calculate whether the Available Revenue Receipts (other than items (D) and (F) of Available Revenue Receipts) will be sufficient to pay on the relevant Interest Payment Date items (A) to (E) inclusive of the Pre-Enforcement Revenue Priority of Payments.

If the Cash Manager determines that there would be a Revenue Shortfall on an Interest Payment Date to pay those items, then the Issuer shall pay or provide for that Revenue Shortfall by applying amounts standing to the credit of the General Reserve Fund.

### **Application of Available Principal Receipts to cover a Further Class A Shortfall**

On each Calculation Date, the Cash Manager shall calculate whether the Available Revenue Receipts (other than item (F) of Available Revenue Receipts) will be sufficient to pay on the relevant Interest Payment Date items (A) to (D) inclusive of the Pre-Enforcement Revenue Priority of Payments.

If, following application of Available Revenue Receipts (other than item (F) of Available Revenue Receipts), the Cash Manager determines that there would be a Further Class A Shortfall, then the Issuer shall pay or provide for such Further Class A Shortfall by allocating Available Principal Receipts (if any) to Available Revenue Receipts in order to remedy a Further Class A Shortfall in accordance with item (A) of the Pre-Enforcement Principal Priority of Payments, and the Cash Manager shall make a corresponding debit entry in the Principal Deficiency Ledger as described in “*Key Structural Features*” above.

### **Application of Available Revenue Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer**

On each Interest Payment Date (or in respect of items (A) and (B) below, on any date) prior to the service of an Enforcement Notice by the Trustee on the Issuer, the Cash Manager (on behalf of the Issuer) shall apply or provide for application of the Available Revenue Receipts in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have been made in full) (the “Pre-Enforcement Revenue Priority of Payments”):

- (A) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to the Trustee or any Appointee under the provisions of the Trust Deed and the other Transaction Documents and (if payable) any VAT in relation thereto;

(B) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:

- (i) any remuneration then due and payable to the Paying Agents, the Agent Bank and the Registrar and any costs, charges, liabilities, expenses and all other amounts then due or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to them under the provisions of the Paying Agency Agreement, and (if payable) any VAT in relation thereto;
- (ii) any remuneration then due and payable to the Account Bank under the Account Bank Agreement and any costs, charges, liabilities, expenses and all other amounts then due or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to it under the provisions of the Account Bank Agreement, and (if payable) any VAT in relation thereto;
- (iii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities, expenses and all other amounts then due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date under the provisions of the Cash Management Agreement, and (if payable) any VAT in relation thereto;
- (iv) any remuneration then due and payable to the Servicer under the Servicing Agreement and any costs, charges, liabilities, expenses and all other amounts then due or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to it under the provisions of the Servicing Agreement, and (if payable) any VAT in relation thereto;
- (v) any amounts then due and payable to the Replacement Servicer Facilitator and any costs, charges, liabilities, expenses and all other amounts then due and payable to the Replacement Servicer Facilitator or any such amount to become due and payable to the Replacement Servicer Facilitator on or prior to the Business Day prior to the immediately succeeding Calculation Date under the provisions of the Servicing Agreement, and (if payable) any VAT in relation thereto;
- (vi) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to the Corporate Services Provider under the provisions of the Corporate Services Agreement, and (if payable) any VAT in relation thereto; and
- (vii) any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) in respect of amounts necessary to provide for any such amounts expected to become due and payable by the Issuer on or prior to the Business Day prior to the immediately succeeding Calculation Date including, but not limited to, audit fees, legal fees, tax compliance fees and anticipated winding-up costs of the Issuer and any amounts required to pay or discharge any liability of the Issuer to VAT (if payable) in relation thereto (to the extent not provided for on any previous Interest Payment Date) or to any corporation tax or other tax (which cannot be met out of amounts retained previously by the Issuer as profit under item (C) below)

and the Issuer shall use reasonable endeavours to provide for any reverse charge VAT payable by the Issuer pursuant to the above on any future date on the Interest Payment Date on which the underlying payment is paid or provided for;

(C) *third*, to retain an amount equal to the Issuer Profit Amount;



- (D) *fourth*, in or towards payment of amounts of interest due and payable on the Class A Notes to the holders of the Class A Notes;
- (E) *fifth*, to credit the Class A Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
- (F) *sixth*; (so long as the Class A Notes will remain outstanding following such Interest Payment Date) to credit the General Reserve Ledger up to the General Reserve Fund Required Amount;
- (G) *seventh*, to credit the Class Z Principal Deficiency Sub-Ledger in an amount sufficient to eliminate any debit thereon;
- (H) *eighth*, in or towards payment of interest due and payable on the Class Z Notes;
- (I) *ninth*, to pay, *pro rata* and *pari passu*, all amounts of interest due or accrued (if any) but unpaid and any deferred interest due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement;
- (J) *tenth*, to pay, *pro rata* and *pari passu*, all amounts of principal due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement;
- (K) *eleventh*, the remainder to be paid to the Seller by way of the Class X Payment (which, for the avoidance of doubt, shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs (A) to (J) above).

## **APPLICATION OF PRINCIPAL RECEIPTS PRIOR TO SERVICE OF AN ENFORCEMENT NOTICE**

### **Definition of Principal Receipts**

“Principal Receipts” means payments received by the Issuer representing:

- (A) any payment in respect of principal received in respect of any Mortgage Loan (including Capitalised Arrears and Capitalised Expenses but excluding Arrears of Interest);
- (B) recoveries of principal from defaulting Borrowers on enforcement of any Mortgage Loan (including the proceeds of sale of the relevant Property but excluding any recoveries of principal from defaulting Borrowers under Mortgage Loans in respect of which enforcement procedures have been completed);
- (C) any payment pursuant to any Insurance Policy in respect of a Property in connection with a Mortgage Loan in the Mortgage Portfolio to the extent attributable to principal;
- (D) recoveries of principal on redemption (including partial redemption) of any Mortgage Loan;
- (E) proceeds of the repurchase (or indemnity) of any Mortgage Loan by the Seller from the Issuer pursuant to the Mortgage Sale Agreement; and
- (F) any other payments received which are not classified as Revenue Receipts.

“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;

"Charged Accounts" means the Accounts (other than the Issuer Profit Account) and any bank or other account in which the Issuer may at any time acquire a Benefit and over which the Issuer has created an Encumbrance in favour of the Trustee pursuant to the Irish Deed of Charge;

"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.

### **Definition of Available Principal Receipts**

"Available Principal Receipts" means, as calculated on each Calculation Date, as at the end of each Collection Period and to be applied on the following Interest Payment Date, an amount equal to the aggregate of (without double counting):

- (A) all Principal Receipts on the Mortgage Loans received by the Issuer during the immediately preceding Collection Period which have been designated as Available Principal Receipts by the Cash Manager in accordance with the Cash Management Agreement (which, for the avoidance of doubt, shall be the Calculated Principal Receipts in the circumstances described in the Cash Management Agreement);
- (B) the amounts (if any) to be credited to the Principal Deficiency Ledger pursuant to items (E) and/or (G) of the Pre-Enforcement Revenue Priority of Payments on such Interest Payment Date;

- (C) in respect of any Interest Payment Date following a Determination Period, if the Reconciliation Amount in respect of the relevant Determination Period is a positive number, the lesser of an amount equal to the absolute value of such Reconciliation Amount and the amount standing to the credit of the Revenue Ledger as determined in accordance with Condition 4.3(J) (*Determinations and Reconciliation*); and
- (D) any amount standing to the credit of the Pre-Funding Ledger on the Additional Mortgage Portfolio Longstop Date, to the extent not applied by the Issuer to purchase the Additional Mortgage Portfolio on or before such date,

less:

- (i) the amount of Principal Receipts applied as Principal Deficiency Excess Revenue Amounts pursuant to item (C) of the definition of Available Revenue Receipts; and
- (ii) the amount of Principal Receipts to the extent comprised in paragraph (A) above used or to be used by the Issuer to fund any Further Advances granted during the immediately preceding Collection Period.

The Issuer shall (or the Cash Manager on its behalf) pay or provide for amounts due under the Pre-Enforcement Revenue Priority of Payments before paying amounts due under the Pre-Enforcement Principal Priority of Payments.

#### **Application of Available Principal Receipts prior to the service of an Enforcement Notice by the Trustee on the Issuer**

Prior to the service of an Enforcement Notice on the Issuer by the Trustee, the Cash Manager (on behalf of the Issuer) is required pursuant to the terms of the Cash Management Agreement to apply Available Principal Receipts on each Interest Payment Date in the following order of priority (the “Pre-Enforcement Principal Priority of Payments”):

- (A) *first*, allocating amounts as Available Revenue Receipts to the extent of any Further Class A Shortfall;
- (B) *second*, to redeem the Class A Notes until the Class A Notes have been redeemed in full;
- (C) *third*, to redeem the Class Z Notes until the Class Z Notes have been redeemed in full;
- (D) *fourth*, to redeem the Class X Notes until the principal amount outstanding on the Class X Notes is €10,000 or, on the Final Maturity Date, zero; and
- (E) *fifth*, the remainder, if any, to be allocated as Available Revenue Receipts.

Pre-Enforcement Priorities of Payments” means the Pre-Enforcement Principal Priority of Payments and the Pre-Enforcement Revenue Priority of Payments.

#### **APPLICATION OF REVENUE RECEIPTS, PRINCIPAL RECEIPTS AND OTHER MONIES OF THE ISSUER FOLLOWING THE SERVICE OF AN ENFORCEMENT NOTICE**

Following the service of an Enforcement Notice by the Trustee on the Issuer, the Trustee (or the Cash Manager on its behalf or a Receiver) will apply all monies held in the Charged Accounts and all amounts received or recovered following service of an Enforcement Notice (the “Issuer Amounts”) in the following order of priority (the “Post-Enforcement Priority of Payments” and, together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the “Priorities of Payments” and each, a “Priority of Payments”):

- (A) *first*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of any fees, costs, charges, liabilities, expenses and all other amounts then due and payable or to become due and payable on or prior to the Business Day prior to the

immediately succeeding Calculation Date to the Trustee, any Receiver or any Appointee under the provisions of the Trust Deed and the other Transaction Documents and (if payable) VAT in relation thereto;

- (B) *second*, in or towards satisfaction *pro rata* and *pari passu* according to the respective amounts thereof of:
- (i) any remuneration then due and payable to the Paying Agents, the Agent Bank and the Registrar and any costs, charges, liabilities and expenses then due or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to them under the provisions of the Paying Agency Agreement, and (if payable) any VAT in relation thereto;
  - (ii) any remuneration then due and payable to the Account Bank under the Account Bank Agreement and any costs, charges, liabilities and expenses then due or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to it under the provisions of the Account Bank Agreement, and (if payable) any VAT in relation thereto;
  - (iii) any remuneration then due and payable to the Cash Manager and any costs, charges, liabilities and expenses then due and payable to the Cash Manager or any such amount to become due and payable to the Cash Manager on or prior to the Business Day prior to the immediately succeeding Calculation Date under the provisions of the Cash Management Agreement, and (if payable) any VAT in relation thereto;
  - (iv) any remuneration then due and payable to the Servicer under the Servicing Agreement and any costs, charges, liabilities and expenses then due or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to it under the provisions of the Servicing Agreement, and (if payable) any VAT in relation thereto;
  - (v) any amounts then due and payable to the Replacement Servicer Facilitator and any costs, charges, liabilities and expenses then due and payable to the Replacement Servicer Facilitator or any such amount to become due and payable to the Replacement Servicer Facilitator on or prior to the Business Day prior to the immediately succeeding Calculation Date under the provisions of the Servicing Agreement, and (if payable) any VAT in relation thereto;
  - (vi) any amounts then due and payable to the Corporate Services Provider and any costs, charges, liabilities and expenses then due and payable or to become due and payable on or prior to the Business Day prior to the immediately succeeding Calculation Date to the Corporate Services Provider under the provisions of the Corporate Services Agreement, and (if payable) any VAT in relation thereto; and
  - (vii) any amounts of corporation tax incurred without breach of the Transaction and any reverse charge VAT payable by the Issuer in connection with payments to any person to the extent not covered above;
- (C) *third*, to retain an amount equal to the Issuer Profit Amount, to be retained by the Issuer as profit in respect of the business of the Issuer;
- (D) *fourth*, in or towards payment of amounts of interest due and payable on the Class A Notes;
- (E) *fifth*, to redeem the Class A Notes until the Class A Notes have been redeemed in full;
- (F) *sixth*, in or towards payment of interest due and payable on the Class Z Notes (including any Deferred Interest and Additional Interest thereon);
- (G) *seventh*, to redeem the Class Z Notes until the Class Z Notes have been redeemed in full;

- (H) *eighth*, any amounts due and payable by the Issuer to third parties and incurred without breach by the Issuer of the Transaction Documents to which it is a party (and for which payment has not been provided for elsewhere) in respect of amounts necessary to provide for any such amounts expected to become due and payable by the Issuer in the immediately succeeding Interest Period including, but not limited to, audit fees, legal fees, tax compliance fees and anticipated winding-up costs of the Issuer and any amounts required to pay or discharge any liability of the Issuer to VAT or other tax which cannot be met out of amounts retained previously by the Issuer as profit under item (C) above;
- (I) *ninth*, to pay, *pro rata* and *pari passu*, all amounts of interest due or accrued (if any) but unpaid and any deferred interest due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement;
- (J) *tenth*, to pay, *pro rata* and *pari passu*, all amounts of principal due to the Subordinated Loan Provider under the Subordinated Loan Agreement and to the Initial Servicer under the Servicer Advance Facility Agreement; and
- (K) *eleventh*, to pay, by way of payment of the Class X Payment (which, for the avoidance of doubt, shall be zero in circumstances where the Issuer has insufficient proceeds available to meet its obligations under paragraphs (A) to (J) above), provided that the final amounts distributed pursuant to this item shall be applied to repay any remaining principal amount outstanding under the Class X Note.

## DESCRIPTION OF THE NOTES IN GLOBAL FORM

### General

The Notes of each class will be offered and sold outside the United States to non-U.S. persons in reliance on Regulation S and will be represented on issue by one or more Global Notes of such class in fully registered form without interest coupons or principal receipts attached (each a “Global Note”). Beneficial interests in a Global Note may only be held through Euroclear or Clearstream, Luxembourg or their participants at any time.

All capitalised terms not defined in this paragraph shall be as defined in the Conditions of the Notes.

The Global Notes will be deposited on or about the Closing Date with the Common Safekeeper and registered on or about the Closing Date in the name of the nominee for the Common Safekeeper for both Euroclear and Clearstream, Luxembourg. The Registrar will maintain a register in which it will register the nominee for the Common Safekeeper as the owner of the Global Note. Upon confirmation by the Common Safekeeper that it has custody of the Global Notes, Euroclear or Clearstream, Luxembourg, as the case may be, will record book-entry interests (Book-Entry Interests) in the related Global Notes.

Book-Entry Interests in respect of each Global Note (other than the Class X Note) will be recorded in denominations of €100,000 and higher integral multiples of €1,000 (a “Minimum Denomination”). Ownership of Book-Entry Interests is limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (“Participants”) or persons that hold interests in the Book-Entry Interests through Participants or through other Indirect Participants (“Indirect Participants”), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Book-Entry Interests will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the Participants’ accounts with the respective Book-Entry Interests beneficially owned by such Participants on each of their respective book-entry registration and transfer systems. The accounts initially credited will be designated by the Arranger. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interest therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their Participants) and on the records of Participants or Indirect Participants (with respect to the interests of Indirect Participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge Book-Entry Interests.

So long as a nominee of the Common Safekeeper is the registered holder of the Global Notes underlying the Book-Entry Interests, the nominee of the Common Safekeeper will be considered the sole Noteholder of the Global Note for all purposes under the Trust Deed. Except as set forth under “*Issuance of Definitive Notes*”, below, Participants or Indirect Participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and Indirect Participants must rely on the procedures of the Participants or Indirect Participants through which such person owns its interest in the relevant Book-Entry Interests, to exercise any rights and obligations of a holder of Notes under the Trust Deed. See “*Action in Respect of the Global Note and the Book-Entry Interests*”, below.

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer or consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg, as the case may be, and, if applicable, their Participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to

enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default under the Global Notes, holders of Book-Entry Interests will be restricted to acting through Euroclear or Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear or Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

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

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

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfers of Book-Entry Interests among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Arranger, the Trustee, a Paying Agent, the Cash Manager, the Registrar or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective Participants or account holders of their respective obligations under the rules and procedures governing their operations.

### **Payments on the Global Notes**

Payment of principal and interest on, and any other amount due in respect of, the Global Notes will be made in Euros by or to the order of the Principal Paying Agent on behalf of the Common Safekeeper or its nominee as the registered holder thereof. Each holder of Book-Entry Interests must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of any amounts paid by or on behalf of the Issuer to the Common Safekeeper or its nominees in respect of those Book-Entry Interests. All such payments will be distributed without deduction or withholding for or on account of any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer, the Paying Agents nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, after receipt of any payment from the Principal Paying Agent to the order of the Common Safekeeper, the respective systems will promptly credit their Participants’ accounts with payments in amounts proportionate to their respective ownership of Book-Entry Interests as shown in the records of Euroclear or Clearstream, Luxembourg, as applicable. On each record date (the “Record Date”), Euroclear and Clearstream, Luxembourg will determine the identity of the Noteholders for the purposes of making payments to the Noteholders. The Record Date in respect of the Notes (i) where the Notes are in global registered form and held by Euroclear or Clearstream, Luxembourg, shall be at the close of the Business Day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the relevant Interest Payment Date, (ii) where the Notes are in definitive registered form, shall be the date falling 15 days prior to the relevant Interest Payment Date. The Issuer expects that payments by Participants to owners of interests in Book-Entry Interests held through such Participants or Indirect Participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participants or Indirect Participants. None of the Issuer,

any agent of the Issuer (including the Cash Manager or a Paying Agent), the Arranger or the Trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of a Participant's ownership of Book-Entry Interests or for maintaining, supervising or reviewing any records relating to a Participant's ownership of Book-Entry Interests.

### **Information Regarding Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg have advised the Issuer as follows:

#### **Euroclear and Clearstream, Luxembourg**

Euroclear and Clearstream, Luxembourg each hold securities for their account holders and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders, thereby eliminating the need for physical movements of certificates and any risk from lack of simultaneous transfers of securities.

Euroclear and Clearstream, Luxembourg each provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deal with domestic securities markets in several countries through established depositary and custodial relationships. The respective systems of Euroclear and of Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective account holders may settle trades with each other.

Account holders in both Euroclear and Clearstream, Luxembourg are worldwide financial institutions including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to both Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

An account holder's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under such rules and operating procedures only on behalf of their respective account holders, and have no record of or relationship with persons holding through their respective account holders.

The Issuer understands that under existing industry practices, if any of the Issuer or the Trustee requests any action of owners of Book-Entry Interests or if an owner of a Book-Entry Interest desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed, the Irish Deed of Charge or the English Deed of Charge, Euroclear or Clearstream, Luxembourg as the case may be, would authorise the Participants owning the relevant Book-Entry Interests to give instructions or take such action, and such Participants would authorise Indirect Participants to give or take such action or would otherwise act upon the instructions of such Indirect Participants.

### **Redemption**

In the event that a Global Note (or portion thereof) is redeemed, the Principal Paying Agent will deliver all amounts received by it in respect of the redemption of such Global Note to the clearing systems and, upon final payment, the Common Safekeeper will surrender such Global Note (or portion thereof) to or to the order of the Principal Paying Agent for cancellation. Appropriate entries will be made in the Register. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of the Global Note in part, selection of the relevant Book-Entry Interest relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a pro rata basis (or on such basis as Euroclear or Clearstream, Luxembourg, as the case may be,



deems fair and appropriate). Upon any redemption in part, the Principal Paying Agent will mark down the schedule to such Global Note by the principal amount so redeemed.

### **Cancellation**

Cancellation of any Note represented by a Global Note and required by the Conditions to be cancelled following its redemption will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant schedule thereto and the corresponding entry on the Register.

### **Transfers and Transfer Restrictions**

All transfer of Book-Entry Interests will be recorded with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to the customary procedures established by each respective system and its Participants.

### **Issuance of Definitive Notes**

Holders of Book-Entry Interests in the Global Note will be entitled to receive certificates evidencing definitive notes in registered form ("Definitive Notes") in exchange for their respective holdings of Book-Entry Interests if (a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system is available or (b) as a result of any amendment to, or change in, the laws or regulations of Ireland (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

Any Definitive Notes issued in exchange for Book-Entry Interests in a Global Note will be registered by the Registrar in such name or names as the Common Safekeeper (based on the instructions of Euroclear and Clearstream, Luxembourg) shall instruct the Registrar and the Registrar shall, in accordance with this Global Note, the Conditions and the Trust Deed, authenticate and deliver or cause to be delivered to the persons designated in such instructions, Definitive Notes in the appropriate principal amounts and the Registrar will enter the names and addresses of such persons in the Register. Holders of Definitive Notes issued in exchange for Book-Entry Interests in a Global Note, as the case may be, will not be entitled to exchange such Definitive Note, for Book-Entry Interests in a Global Note. Any Notes issued in definitive form will be issued in registered form only and will be subject to the provisions set forth under "*Transfers and Transfer Restrictions*" above **provided that** no transfer shall be registered for a period of 15 days immediately preceding any due date for payment in respect of the Note or, as the case may be, the due date for redemption.

### **Action in Respect of the Global Note and the Book-Entry Interests**

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

Participants. The Registrar will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

## Notices

Whilst any Class of Notes are represented by Global Notes the Issuer may, at its option, send to Euroclear and Clearstream, Luxembourg a copy of any notices addressed to the applicable Noteholders for communication by Euroclear and Clearstream, Luxembourg to such Noteholders. Alternatively, such notices regarding the Notes may instead be published in the *Financial Times* or, if such newspaper shall cease to be published or if timely publication therein is not practicable, in such other English newspaper or newspapers as the Trustee shall approve in advance having a general circulation in the United Kingdom; **provided that** if, at any time, the Issuer procures that the information contained in such notice shall appear on a page of the Reuters screen, the Bloomberg screen or any other medium for electronic display of data as may be previously approved in writing by the Trustee and notified to Noteholders, publication in such newspaper shall not be required with respect to such information so long as the rules of Euronext Dublin allow. The Issuer may elect not to publish any notice in a newspaper for so long as the Notes are held in global form and notice is given to Euroclear and Clearstream, Luxembourg. The Trustee may, in accordance with Condition 13(B) (*Other Methods*) sanction other methods of giving notice to all or some of the Noteholders if such method is reasonable having regard to, among other things, the market practice then prevailing and the requirements of the relevant stock exchange. See also Condition 13 (*Notice to Noteholders*) of the Notes.

## New Safekeeping Structure and Eurosystem Eligibility

The Notes are intended to be held in a manner which would allow Eurosystem eligibility, this simply means that the Notes will be deposited with one of the ICSDs as common safekeeper. However, the deposit of the Notes with one of the ICSDs as common safekeeper upon issuance or otherwise does not necessarily mean that any of the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem at issuance or at any time during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

## Issuer ICSDs Agreement

Prior to the issuance of the Notes, the Issuer will enter into an Issuer ICSDs agreement with the ICSDs in respect of the Notes (the "Issuer ICSDs Agreement"). The Issuer ICSDs will, in respect of the Notes (while being held in the new safekeeping structure), maintain their respective portion of the issue outstanding amount through their records. The Issuer ICSDs Agreement will be governed by English law.

## TERMS AND CONDITIONS OF THE NOTES

*The following are the terms and conditions of the Notes in the form in which they will be set out in the Trust Deed. If the Notes were to be represented by Definitive Notes, the Conditions set out on the reverse of each of such Definitive Notes would be as follows. While the Notes are represented by Global Notes, they will be governed by the same terms and conditions except to the extent that such terms and conditions are appropriate only to securities in definitive form or are expressly varied by the terms of such Global Notes. These terms and conditions are subject to the detailed provisions of the Trust Deed and the other Transaction Documents (as defined below).*

The issue of €1,731,572,000 Class A Notes due 2066 (the “Class A Notes”), €474,154,000 Class Z Notes due 2066 (the “Class Z Notes”) and €100,000 Class X Notes due 2066 (the “Class X Notes”) and together with the Class X Notes and the Class Z Notes, the “Notes”, of Dunmore Securities No.1 Designated Activity Company (the “Issuer”) was authorised by a resolution of the Board of directors of the Issuer passed on or about 22 November 2018.

The Notes are constituted by a trust deed (as amended or modified from time to time, the “Trust Deed”) dated on or about 28 November 2018 (the “Closing Date”) between the Issuer and the BNY Mellon Corporate Trustee Services Limited (the “Trustee”) as trustee for the holders of the Notes (the “Noteholders”). Any reference in these terms and conditions (the “Conditions”) to a “Class” of Notes or Noteholders shall be a reference to, as the case may be, the Class A Notes, the Class Z Notes and the Class X Notes or to the respective holders thereof.

These Conditions include summaries of, and are subject to, the detailed provisions of (1) the Trust Deed, which includes the form of the Notes, (2) the paying agency agreement (the “Paying Agency Agreement”) dated the Closing Date relating to the Notes between, among others, the Issuer, the Trustee, The Bank of New York Mellon, London Branch as agent bank (the “Agent Bank”), The Bank of New York Mellon, London Branch as principal paying agent (the “Principal Paying Agent”), The Bank Of New York Mellon SA/NV, Luxembourg Branch as registrar (the “Registrar”) and the other paying agents named in it (the Principal Paying Agent and any other or further paying agent appointed under the Paying Agency Agreement, the “Paying Agents” and together with the Registrar and the Agent Bank, the “Agents”), (3) the English deed of charge and assignment (the “English Deed of Charge”) dated the Closing Date between the Issuer and the Trustee, (4) the Irish deed of charge and assignment (the “Irish Deed of Charge”) dated the Closing Date between the Issuer and the Trustee (together with the English Deed of Charge, the “Deeds of Charge”) and (5) the cash management agreement (the “Cash Management Agreement”) dated the Closing Date between, *inter alios*, the Issuer and National Westminster Bank Plc (the “Cash Manager”).

In these Conditions, capitalised words and expressions shall, unless otherwise defined below, have the same meanings and construction as those given in the Incorporated Terms Memorandum dated on or about the Closing Date and signed for the purpose of identification by the Issuer and the Seller.

Copies of the Trust Deed, the Paying Agency Agreement, the Deeds of Charge, the Cash Management Agreement, the Incorporated Terms Memorandum and the other Transaction Documents are available (i) for inspection during usual business hours at the specified office from time to time of the Principal Paying Agent and (ii) online at <https://investors.rbs.com> and will be available in such manner for at least as long as the Notes are admitted to listing on Euronext Dublin and the guidelines of Euronext Dublin so require. The Noteholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement, the Deeds of Charge, the Incorporated Terms Memorandum and the other Transaction Documents.

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

## 1.1 Form and Denomination

- (A) The Notes are in fully registered form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof.
- (B) The Notes of each Class will be represented on issue by beneficial interests in one or more Global Notes in fully registered form, without interest or principal receipts.
- (C) For so long as any Notes are represented by a Global Note, transfers and exchanges of beneficial interests in Global Notes and entitlement to payments thereunder will be effected subject to and in accordance with the rules and procedures from time to time of Euroclear Bank SA/NV or Clearstream Banking, S.A. as appropriate.
- (D) For so long as the Notes are represented by a Global Note and Euroclear and Clearstream, Luxembourg so permit, the Notes (other than the Class X Notes) shall be tradable only in minimal amounts of €100,000 and integral multiples of €1,000 thereafter.
- (E) Certificates evidencing definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Global Notes (the “Definitive Notes”) will be issued in registered form and in the circumstances referred to below. Definitive Notes, if issued, will be issued in the denomination of €100,000 and integral multiples of €1,000 thereafter.
- (F) If, while the Notes are represented by a Global Note:
  - (1) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business and do so cease to do business and no alternative clearing system is available; or
  - (2) as a result of any amendment to, or change in, the laws or regulations of Ireland (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or the Principal Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form,

the holders of Book-Entry Interests in the Global Notes will be entitled to receive certificates evidencing definitive notes in registered form in exchange for their respective holdings of Book-Entry Interests.

## 1.2 Title and transfer

- (A) The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.
- (B) The Issuer shall cause to be kept at the specified office of the Registrar the Register, on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers of the Notes.
- (C) No transfer of a Note will be valid unless and until entered on the Register.
- (D) Transfers and exchanges of beneficial interests in the Global Notes and any Definitive Notes and entries on the Register relating thereto will be made subject to

any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Paying Agency Agreement and the Trust Deed. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Principal Paying Agent in the U.K. or the Registrar to any holder of a Note who so requests (and who provides evidence of such holding where the Notes are in global form) and will be available upon request at the specified office of the Registrar or the Principal Paying Agent.

- (E) A Definitive Note may be transferred in whole or in part upon the surrender of the relevant Definitive Note, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance remaining will be issued to the transferor by or by order of the Registrar.
- (F) Each new Definitive Note to be issued upon transfer of Definitive Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the specified office of the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Note to such address as may be specified in such request.
- (G) Registration of Definitive Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.
- (H) No holder of a Definitive Note may require the transfer of such Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on such Note.

## 2. **Status, Security and Administration**

### 2.1 **Status**

- (A) The Notes constitute direct, secured and unconditional obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 10 (*Enforcement of Security, Limited Recourse and Non-Petition*).
- (B) The Class A Notes will rank *pari passu* and without any preference or priority amongst themselves in relation to payment of interest and principal at all times and in priority to the Class Z Notes, the Subordinated Loan, the Servicer Advance Facility and the Class X Notes.
- (C) The Class Z Notes will rank *pari passu* and without any preference or priority amongst themselves in relation to payment of interest and principal at all times and in priority to the Subordinated Loan, the Servicer Advance Facility and the Class X Notes.
- (D) The Class X Notes will rank *pari passu* and without any preference or priority amongst themselves in relation to payment of the Class X Payment and payments of principal at all times and will be subordinated to all other Classes of Notes and to the Subordinated Loan and the Servicer Advance Facility.
- (E) The Trust Deed contains provisions requiring the Trustee to have regard to the interests of the Noteholders equally as regards all powers, trusts, authorities, duties

and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee to have (except where expressly provided otherwise) regard only to the interests of the holders of the Most Senior Class if, in the Trustee's opinion, there is a conflict between the interests of the holders of the Most Senior Class and the interests of any of the other Noteholders and the other Noteholders (not being holders of the Most Senior Class) shall have no claim against the Trustee for so doing.

- (F) The Trust Deed contains provisions limiting the powers of the holders of those Classes of Notes other than the Most Senior Class, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the holders of the Most Senior Class. Except in certain circumstances set out in Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*), the Trust Deed contains no such limitation on the powers of the holders of the Most Senior Class, the exercise of which will be binding on the holders of the other Classes of Notes, irrespective of the effect thereof on their interests.
- (G) The Trust Deed contains provisions to the effect that, so long as any of the Notes are outstanding, the Trustee shall not be required, when exercising its powers, authorities and discretions, to have regard to the interests of any other persons having the benefit of the Security constituted by the Deeds of Charge and, in relation to the exercise of such powers, authorities and discretions, the Trustee shall have no liability to such persons as a consequence of so acting.
- (H) So long as any of the Notes remain outstanding, in the exercise of its rights, authorities and discretions under the Trust Deed, the Trustee is not required to have regard to the interests of the other Secured Creditors (except for the Noteholders).
- (I) In determining whether the exercise of any right, power, trust, authority, duty or discretion by it under or in relation to the Conditions and/or any of the Transaction Documents is materially prejudicial to the interests of the Noteholders (or any class thereof), the Trustee may take into account, if available, amongst any other things it may consider necessary and/or appropriate in its absolute discretion, whether the then rating of the Class A Notes will be adversely affected.

## 2.2 **Security**

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

## 3. **Issuer Covenants**

Save as with the prior written consent of the Trustee or unless otherwise permitted under these Conditions or any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

### (A) ***Negative Pledge***

create or permit to subsist any mortgage, security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(B) **Restrictions on Activities**

- (1) engage in any activity which is not reasonably incidental to any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;
- (2) open nor have any interest in any account whatsoever with any bank or financial institution other than the Collection Account held with the Collection Account Bank and the Issuer Profit Account and the Transaction Account held with the Account Bank, save where such account is immediately charged in favour of the Trustee so as to form part of the Security described in Condition 2 (*Status, Security and Administration*) and where the Trustee receives an acknowledgement from such bank or financial institution of the security rights and interests of the Trustee and an agreement that it will not exercise any right of set-off it might otherwise have against the account in question; or
- (3) have any subsidiaries or employees or premises;

(C) **Dividends or Distributions**

pay any dividend or make any other distribution to its shareholders except from the amount standing to the credit of the Issuer Profit Account;

(D) **Borrowings**

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever or give any guarantee in respect of any obligation of any person;

(E) **Merger**

consolidate or merge with any other person or convey or transfer its properties or assets substantially or as an entirety to any other person;

(F) **Disposal of Assets**

transfer, sell, lend, part with or otherwise dispose of or deal with, or grant any option over or present or future right to acquire, any of its assets or undertaking or any interest, estate, right, title or benefit therein **provided that** the Issuer may (and may agree to) transfer, sell, lend, pledge, part with or otherwise dispose of or deal with, or grant any option over any present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein where the proceeds of the same are applied, *inter alia*, in or towards redemption of the Notes in accordance with the terms and conditions of the Notes and the terms of the Transaction Documents;

(G) **Tax Grouping**

be (or ever have been) a member of a VAT (Value Added Tax) group;

(H) **Independent Director**

at any time have fewer than one independent director;

(I) **Other**

permit any of the Transaction Documents, the Insurance Policies relating to the mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, invalidated, rendered ineffective, terminated or discharged, or consent to any variation thereof, or exercise any powers of consent or waiver in relation thereto pursuant to the terms of the Trust Deed and these Conditions, or permit any party to any of the Transaction Documents or Insurance Policies or any other person whose obligations form part of the Security to be released from such

obligations, or dispose of any mortgage save as envisaged in the Transaction Documents.

#### 4. **Interest**

##### 4.1 **Period of Accrual**

Each Note of each Class bears interest from (and including) the Closing Date (other than the Class X Note as to which the Class X Payment applies). Each Note shall cease to bear interest (or, in the case of the Class X Note, the Class X Payment) from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is improperly withheld or refused. In such event, interest will continue to accrue thereon in accordance with this Condition (as well after as before any judgment) up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 13 (*Notice to Noteholders*)) that it has received all sums due in respect of each such Note (except to the extent that there is any subsequent default in payment).

##### 4.2 **Interest Payment Dates and Interest Periods**

Subject to Condition 6 (*Payments*) and (in respect of the Class Z Notes) Condition 4.3(I), interest on the Notes (or the Class X Payment in respect of the Class X Note) is payable on the Interest Payment Date falling on 15 March 2019, and thereafter quarterly in arrear on the 15<sup>th</sup> day in March, June, September and December in each year unless such day is not a Business Day, in which case interest (or the Class X Payment in respect of the Class X Notes) shall be payable on the following Business Day (each such date an "Interest Payment Date"). The period from (and including) an Interest Payment Date (or the Closing Date) to (but excluding) the next (or first) Interest Payment Date is called an "Interest Period" in these Conditions.

##### 4.3 **Rate of Interest**

- (A) The rate of interest payable on the Notes from time to time (the "Rate of Interest") will be determined on the basis of paragraph (B) below in relation to the Class A Notes, paragraph (C) below in relation to the Class Z Notes and the Class X Payment will be determined in relation to the Class X Notes in accordance with paragraph (D) below.
- (B) The floating rate of interest payable from time to time in respect of the Class A Notes (each a "Floating Rate of Interest") and any Interest Period will be determined on the basis of the following provisions:
  - (1) the Agent Bank will determine (a) in respect of any Interest Period other than the first Interest Period, the offered quotation for three month euro deposits as administered by the Banking Federation of the European Union (or any other person which takes over the administration of the rate) displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate) or the appropriate page of such other information service which publishes that rate from time to time in place of Reuters (the "Relevant Screen Rate") or, (b) in the case of the first Interest Period, a linear interpolation of the offered quotations for three and six month euro deposits by reference to the Relevant Screen Rate as at or about 11am (Central European Time) on the Interest Determination Date (as defined below) in question. If the Relevant Screen Rate is unavailable, the Issuer (or the Cash Manager on its behalf) will request the principal Euro-zone office of each of the four major banks in the Eurozone interbank market (the "Reference Banks") to provide the Agent Bank with its offered quotation to leading banks for three month Euro deposits as at or about 11am (Central European Time) to prime banks in the



Euro-zone interbank market in an amount that is representative for a single transaction at that time on the relevant Interest Determination Date. The floating rates of interest for the relevant Interest Period shall be the aggregate of (I) the Relevant Margin plus (II) the Relevant Screen Rate (or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three months euro deposits, or, in the case of the first Interest Period, such rates for three and six month euro deposits shall be interpolated (rounded upwards, if necessary, to three decimal places)) (the Floating Rates of Interest”);

- (2) if, on any Interest Determination Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Floating Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of paragraph (1) above on the basis of the offered quotations of those Reference Banks providing such quotations;
- (3) if, on any such Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Issuer shall identify two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank and the Floating Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so identified (or, as the case may be, the offered quotations of such bank as so identified and the relevant Reference Bank); and
- (4) if no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Floating Rates of Interest for the relevant Interest Period shall be the Floating Rates of Interest in effect for the last preceding Interest Period (and, for avoidance of doubt, this paragraph (4) shall apply on a rolling basis in the event of immediately successive Interest Periods for which the Floating Rates of Interest cannot be determined in accordance with paragraph (3), such that in the event of a series of successive Interest Periods (during which reliance on this paragraph (4) is necessary), the Floating Rates of Interest for the second and (if applicable) any subsequent of such series of Interest Periods shall be the Floating Rates of Interest deemed, in accordance with this paragraph (4), as applicable for the first Interest Period in such series).

The minimum Rate of Interest will be zero.

“Interest Determination Date” means, in the case of the first Interest Period, the date falling two Business Days prior to the Closing Date, and, for each subsequent Interest Period, the date falling two Business Days prior to each Interest Payment Date and the “related Interest Determination Date” in respect of an Interest Period shall be the Interest Determination Date immediately prior to such Interest Period.

“Relevant Margin” shall be 0.45 per cent. per annum for the Class A Notes.

- (C) The Rate of Interest payable from time to time in respect of the Class Z Notes in relation to any Interest Period will be 5.75 per cent. per annum.
- (D) “Class X Payment” means the deferred consideration due and payable to the Class X Noteholder pursuant to the Mortgage Sale Agreement in respect of the sale of the Mortgage Portfolio, which shall be an amount equal to the amount remaining after making payment of (as applicable):
  - (1) prior to the delivery of an Enforcement Notice, in respect of each Interest Payment Date from (and including) the Closing Date, the amount by which Available Revenue Receipts exceed the amount required to satisfy items (A)

to (J) of the Pre-Enforcement Revenue Priority of Payments on that Interest Payment Date; and

- (2) following the delivery of an Enforcement Notice, for any date on which amounts are to be applied in accordance with the Post-Enforcement Priority of Payments, the amount by which amounts available for payment in accordance with the Post-Enforcement Priority of Payments exceed the amounts required to satisfy items (A) to (J) of the Post-Enforcement Priority of Payments, provided that the final amounts distributed shall be applied to repay any remaining principal amount outstanding under the Class X Note.

**(E) *Determination of Floating Rates of Interest and Calculation of Interest Amount***

- (1) The Agent Bank shall, on each Interest Determination Date, determine (a) the Floating Rate of Interest applicable to the relevant Interest Period in respect of the Class A Notes; and (b) the amount of interest (the 'Interest Amount') payable in respect of each Note (other than the Class X Note).
- (2) The Interest Amount for the Notes (other than the Class X Notes) will be calculated by applying the relevant Rate of Interest for such Interest Period to the Principal Amount Outstanding of such Note on the first day of such Interest Period (after taking into account any redemptions occurring in respect of such Notes on such Interest Payment Date), multiplying the product by the actual number of days in such Interest Period divided by 360 and rounding the resulting figure down to the nearest cent.

**(F) *Publication of Floating Rate of Interest, Interest Amount and other Notices***

The Agent Bank will cause the Floating Rate of Interest and the Interest Amount in respect of each Note (other than the Class X Note) for each Interest Period and the immediately succeeding Interest Payment Date to be notified to the Issuer, the Trustee, the Cash Manager, each of the Paying Agents, any stock exchange on which the Notes are then listed and, so long as the Notes are in Global Form, each of Euroclear and Clearstream, Luxembourg and will cause notice thereof to be given to the Noteholders in accordance with Condition 13 (*Notice to Noteholders*) on each Interest Payment Date forthwith upon their being determined. The Floating Rate of Interest, Interest Amount and Interest Payment Date in respect of each Note (other than the Class X Note) 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 Interest Period. If the Notes become due and payable under Condition 9 (*Events of Default*), the Interest Amount and the Floating Rate of Interest payable in respect of each Note (other than the Class X Note) shall nevertheless continue to be calculated as previously by the Agent Bank in accordance with this Condition 4 (*Interest*) but no publication of the Floating Rates of Interest or the Interest Amounts so calculated need be made unless the Trustee otherwise requires.

**(G) *Notifications to be Final and Binding***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 (*Interest*), whether by the Reference Banks (or any of them) or the Agent Bank or the Cash Manager shall (in the absence of fraud, wilful default or gross negligence) be final and binding on the Issuer, the Cash Manager, the Reference Banks, the Agent Bank, the Trustee and all Noteholders and (in such absence as aforesaid) no liability to the Trustee or the Noteholders shall attach to the Issuer, to the Reference Banks or the Agent Bank in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 4 (*Interest*).

(H) **Agent Bank**

The initial Agent Bank shall be The Bank of New York Mellon, London Branch. In the event of The Bank of New York Mellon, London Branch being unwilling to act as the Agent Bank, the Issuer shall appoint such other bank as may be approved in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor so approved by the Trustee has been appointed.

(I) **Interest Deferral**

- (i) Unless the Class Z Notes are then the Most Senior Class of Notes, to the extent that funds available to the Issuer to pay interest on the Class Z Notes on an Interest Payment Date are insufficient to pay the full amount of such interest (including any accrued interest thereon), payment of the shortfall in respect of the Class Z Notes (“Deferred Interest”) will not then fall due but will instead be deferred until the first Interest Payment Date thereafter (or such earlier date as interest in respect of the Class Z Notes becomes immediately due and payable in accordance with the Conditions) on which funds are available to the Issuer (after allowing for the Issuer’s liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of such Deferred Interest to the extent of such available funds.
- (ii) Such Deferred Interest will accrue interest (“Additional Interest”) at the rate of interest applicable from time to time to the Class Z Notes (as determined by this Condition 4 (*Interest*)) and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter (or such earlier date as interest in respect of the Class Z Notes becomes immediately due and payable in accordance with the Conditions) on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds.
- (iii) Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Final Maturity Date or beyond any earlier date on which (i) interest in respect of the Class Z Notes becomes immediately due and payable in accordance with the Conditions or (ii) the Class Z Notes fall to be redeemed in full in accordance with Condition 5 (*Redemption*) and any such amount which has not then been paid in respect of the Class Z Notes shall thereupon become due and payable in full.

(J) **Determinations and Reconciliation**

- (1) In the event that the Cash Manager does not receive the Servicer Report Information to be delivered by the Servicer with respect to a Collection Period (a “Determination Period”), then the Cash Manager may use the Quarterly Investor Reports in respect of the most recent Collection Period for which a Quarterly Investor Report is available for the purposes of calculating the amounts available to the Issuer to make payments, as set out in Condition 4.3(J)(2). When the Cash Manager receives the Servicer Report Information relating to the Determination Period, it will make the reconciliation calculations and reconciliation payments as set out in Condition 4.3(J)(3). Any (i) calculations properly made on the basis of such estimates in accordance with Conditions 4.3(J)(2) and/or 4.3(J)(3); (ii) payments made under any of the Notes and Transaction Documents in accordance with such calculations; and (iii) reconciliation calculations and reconciliation payments made as a result of such reconciliation calculations, each in accordance with Condition 4.3(J)(2) and/or 4.3(J)(3), shall be deemed to be made in accordance with the provisions of the Transaction Documents and will in themselves not lead to an Event of Default and no liability will attach to the Cash Manager in connection with the exercise by it of its powers, duties and discretion for such purposes.

- (2) In respect of any Determination Period, the Cash Manager shall on the Calculation Date immediately following the Determination Period:
  - (a) determine the Interest Determination Ratio (as defined below) by reference to the most recent Collection Period in respect of which a Quarterly Investor Report is available;
  - (b) calculate the Revenue Receipts for such Determination Period as the product of (A) the Interest Determination Ratio and (B) all Collections received by the Issuer during such Determination Period (the "Calculated Revenue Receipts"); and
  - (c) calculate the Principal Receipts for such Determination Period as the product of (A) one minus the Interest Determination Ratio and (B) all Collections received by the Issuer during such Determination Period (the "Calculated Principal Receipts").
- (3) Following the end of any Determination Period, upon receipt by the Cash Manager of the Servicer Report Information in respect of such Determination Period, the Cash Manager shall reconcile the calculations made in accordance with Condition 4.3(J)(2) above to the actual collections set out in the Servicer Report Information by allocating the Reconciliation Amount as follows:
  - (a) if the Reconciliation Amount is a positive number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Revenue Ledger, as Available Principal Receipts (with a corresponding debit of the Revenue Ledger); and
  - (b) if the Reconciliation Amount is a negative number, the Cash Manager shall apply an amount equal to the lesser of (A) the absolute value of the Reconciliation Amount and (B) the amount standing to the credit of the Principal Ledger, as Available Revenue Receipts (with a corresponding debit of the Principal Ledger),

**provided that** the Cash Manager shall apply such Reconciliation Amount in determining Available Revenue Receipts and Available Principal Receipts for such Collection Period in accordance with the terms of the Cash Management Agreement and the Cash Manager shall promptly notify the Issuer and the Trustee of such Reconciliation Amount.

## 5. **Redemption**

### (A) ***Final Redemption of the Notes***

Unless previously redeemed or purchased and cancelled as provided in this Condition 5, the Issuer shall, subject to Condition 5(C) (*Note Principal Payments, Principal Amount Outstanding and Pool Factor*) and 10(B) (*Limited Recourse*), redeem (i) the Class A Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in June 2066, (ii) the Class Z Notes at their Principal Amount Outstanding, together with accrued and unpaid interest, on the Interest Payment Date falling in June 2066, and (iii) the Class X Notes at their Principal Amount Outstanding on the Interest Payment Date falling in June 2066.

The Issuer may not redeem Notes in whole or in part prior to such relevant date except as provided in paragraph(B), (C) or (D) of this Condition 5, but without prejudice to Condition 9 (*Events of Default*).

(B) ***Mandatory Redemption of the Notes***

Prior to the service of an Enforcement Notice, the Issuer or the Cash Manager on the Issuer's behalf shall, on each Interest Payment Date, apply an amount equal to the Available Principal Receipts (as defined below) as at the related Calculation Date in making the redemptions in accordance with the Pre-Enforcement Principal Priority of Payments.

(C) ***Note Principal Payments, Principal Amount Outstanding and Pool Factor***

With respect to each Note (excluding, in respect of (ii) and (iii), the Class X Notes) on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Cash Manager to determine) (i) the amount of any principal amount due on the Interest Payment Date next following such Calculation Date (a "Note Principal Payment"), (ii) the principal amount outstanding of each such Note of such Class on the Interest Payment Date next following such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date) (the "Principal Amount Outstanding") and (iii) the fraction expressed as a decimal to the sixth point (the "Pool Factor"), of which the numerator is the Principal Amount Outstanding of a Note of that Class (as referred to in (ii) above) and the denominator is 100,000. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of fraud, wilful default, bad faith or manifest error) be final and binding on all persons.

With respect to each of the Classes of Notes, the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified forthwith to the Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on one or more stock exchanges) the relevant stock exchanges, and will immediately cause notice of each such determination to be given in accordance with Condition 13 (*Notice to Noteholders*) and in any case by not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given to the Noteholders.

(D) ***Optional Redemption in Full***

(1) ***Provided that:***

- (a) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds as would be required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes, (II) pay amounts required under the Pre-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Class A Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call;
- (b) on or prior to the Interest Payment Date on which the relevant notice of optional redemption expires, no Enforcement Notice has been served following an Event of Default; and
- (c) the prior consent of the Noteholders is obtained by way of a Special Resolution in respect of a Special Resolution Matter,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' prior notice to the Noteholders in accordance with Condition 13 (*Notice to Noteholders*) and to the Trustee (which notice shall be irrevocable) (the "notice of optional redemption").

(2) **Provided that:**

- (a) the aggregate Principal Amount Outstanding of the Class A Notes is less than or equal to 10 per cent. of the aggregate Principal Amount Outstanding of the Class A Notes upon issue;
- (b) the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer stating that it will on the date for redemption have the necessary funds required to (I) redeem all of the Notes then outstanding in full together with accrued and unpaid interest on such Notes, (II) pay amounts required under the Pre-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and (III) pay any other costs associated with the exercise of the optional call; and
- (c) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served following an Event of Default,

the Issuer may redeem the Notes in whole, but not in part, on any Interest Payment Date, on giving not less than 15 nor more than 30 days' prior notice to the Noteholders in accordance with Condition 13 (*Notice to Noteholders*) and to the Trustee (which notice shall be irrevocable).

- (3) Any Note redeemed pursuant to this Condition 5 will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note to be redeemed with accrued (and unpaid) interest (or, in relation to the Class X Notes, the Class X Payment) on the Principal Amount Outstanding of the relevant Note up to but excluding the date of redemption. The Trustee shall be entitled to rely on any certificate delivered to it pursuant to this Condition 5 without further investigation and without liability to any person.

(E) **Optional Redemption for Taxation or Other Reasons**

If by reason of a change in or amendment to tax law (or regulation or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer or any Paying Agent has or will become obliged to deduct or withhold from any payment of principal or interest on any Class of the Notes (other than because the relevant holder has some connection with Ireland other than the holding of Notes of such Class) or from the Class X Payment any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Ireland or any political sub-division thereof or any authority thereof or therein, then the Issuer shall, if the same would avoid the effect of such relevant event described in this paragraph (E), appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange the substitution of a company incorporated and/or tax resident in another jurisdiction as principal debtor under the Notes, **provided that** the Trustee is satisfied that such substitution will not be materially prejudicial to the holders of the Most Senior Class and **provided further that** if any of the taxes referred to in this Condition 5(E) arise in connection with FATCA, the requirement to avoid the effect of any event described above shall not apply.

If the Issuer delivers to the Trustee a certificate signed by two directors of the Issuer (immediately before giving the notice referred to below) stating that one or more of the events described in this paragraph (E) is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such appointment or substitution, then the Issuer may, on any Interest Payment Date and having given not more than 45 nor less than 30 days' notice to the Trustee and Noteholders in accordance with Condition 13 (*Notice to*

*Noteholders*) redeem all (but not some only) of the Notes on the next following Interest Payment Date at their respective Principal Amount Outstanding together with any interest accrued (and unpaid) thereon up to (but excluding) the date of redemption **provided that** (in either case), prior to giving any such notice, the Issuer shall have provided to the Trustee (i) a certificate signed by two directors of the Issuer stating that one or more of the circumstances referred to in this paragraph(E) prevail (s) and setting out details of such circumstances and (ii) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer and any Paying Agent (as the case may be) has or will become obliged to deduct or withhold amounts as a result of such change or amendment. The Trustee shall be entitled to accept and rely on such certificate and opinion (without further investigation and without liability to any person) as sufficient evidence of the satisfaction of the circumstance set out in the paragraph immediately above, in which event they shall be conclusive and binding on the Noteholders.

The Issuer may only redeem the Notes as described above if the Issuer has certified to the Trustee that it will have the necessary funds, not subject to the interests of any other person, required to redeem the Notes as aforesaid and any amounts required under the Pre-Enforcement Priority of Payments to be paid in priority to or *pari passu* with the Notes outstanding in accordance with the terms and conditions thereof. The Trustee shall be entitled to rely on such certificate without further investigation and without liability to any person.

(F) **Notice of Redemption**

Any such notice as is referred to in paragraph (D) or (E) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at the Principal Amount Outstanding, plus accrued and unpaid interest (or, in relation to the Class X Notes, the Class X Payment), of the relevant Note.

(G) **Purchase**

The Issuer shall not purchase any Notes.

(H) **Cancellation**

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

6. **Payments**

(A) **Principal and interest**

Payments of principal and interest shall be made by transfer to an account in Euro, maintained by the payee with a bank in London and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Notes at the specified office of any Paying Agent in accordance with the terms of the Paying Agency Agreement.

(B) **Record date**

Each payment in respect of a Note will be made to the person shown as the Noteholder in the Register at the opening of business in the place of the Registrar's specified office on the fifteenth day before the due date for such payment (the "Record Date"). The person shown in the Register at the opening of business on the relevant Record Date in respect of a Global Note shall be the only person entitled to receive payments in respect of any Note represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(C) ***Payments subject to laws***

All payments are subject in all cases to any applicable laws and regulations in the place of payment or other laws to which the Issuer or the Agents agree to be subject and the Issuer and the Agents will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements, but without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged to the Noteholders in respect of such payments.

(D) ***Payments on business days***

If the date for payment of any amount in respect of a Note is not a Presentation Date, Noteholders shall not be entitled to payment until the next following Presentation Date and shall not be entitled to further interest or other payment in respect of such delay. In this Condition 6(D), the expression "Presentation Date" means a day which is (a) a Business Day and (b) a day on which banks are generally open for business in the relevant place.

(E) ***Paying Agents***

The initial Paying Agent and its initial specified office is listed below. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, **provided that** it will maintain a Principal Paying Agent.

The initial specified office of the Principal Paying Agent is at One Canada Square, London E14 5AL.

Notice of any change in the Paying Agents or their specified offices will promptly be given to the Trustee and the Noteholders in accordance with Condition 13 (*Notice to Noteholders*).

(F) ***Incorrect Payments***

The Cash Manager will, from time to time, notify Noteholders in accordance with the terms of Condition 13 (*Notice to Noteholders*) of any over-payment or under-payment of which it has actual notice made on any Interest Payment Date to any party entitled to the same pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Manager shall rectify such over-payment or under-payment by increasing or, as the case may be, decreasing payments to the relevant parties on any subsequent Interest Payment Date or Interest Payment Dates (if applicable) to the extent required to correct the same. Any notice of over-payment or under-payment pursuant to this Condition 6(F) shall contain reasonable details of the amount of the same, the relevant parties and the adjustments to be made to future payments to rectify the same. Neither the Issuer nor the Cash Manager shall have any liability to any person for making any such correction.

7. **Prescription**

Claims in respect of principal and interest shall become void unless made within a period of 10 years, in the case of principal, and five years, in the case of interest, from the appropriate relevant date on which such sums became due and payable. After the date on which a Note becomes void in its entirety, no claim may be made in respect thereof. In this Condition 7, the "relevant date", in respect of a Note 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 due on or before that date has not been duly received by the Principal Paying Agent or the Trustee on or prior to such date) the date on which the full amount of such monies having been so received, notice to that effect having been duly given to the Noteholders in accordance with Condition 13 (*Notice to Noteholders*).



## 8. **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature unless the Issuer or any Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or charges of whatsoever nature or in connection with FATCA. In that event, the Issuer or such 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. None of the Issuer, the Principal Paying Agent, any other Paying Agent, nor any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction or in connection with FATCA.

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 an investor and any other information concerning any investment in the Notes to the relevant tax authorities and (3) take such other steps as they deem necessary or helpful to comply with its automatic exchange obligations under any applicable law.

## 9. **Events of Default**

After any of the following events (each an “Event of Default”) occurs and is continuing, the Trustee at its discretion may, and if so requested in writing by holders of at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or if so directed by an Extraordinary Resolution of the Most Senior Class, shall (subject, in each case, to it being indemnified and/or secured and/or pre-funded to its satisfaction) give notice to the Issuer (an “Enforcement Notice”) that the Notes are, and they shall immediately become, due and payable at their Principal Amount Outstanding together with accrued interest:

- (A) default being made for a period of 7 Business Days in the payment of the principal on the Most Senior Class of Notes (other than the Class Z Notes and the Class X Notes) or any interest on the Most Senior Class of Notes, in each case when and as the same ought to be paid in accordance with these Conditions; or
- (B) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes or the Trust Deed, as applicable (except where the Trustee certifies that, such failure is (I) in the opinion of the Trustee, incapable of remedy or (II) in the opinion of the Trustee, capable of remedy but remains unremedied for a period of 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied); or
- (C) any representation or warranty made by the Issuer under any Transaction Document is incorrect when made which in the opinion of the Trustee has or will have a material adverse effect on the timing or amount of payments of principal or interest on the Most Senior Class of Notes (other than the Class Z Notes and the Class X Notes) and (except where such misrepresentation is incapable of remedy) such misrepresentation remains unremedied for thirty (30) days after such notice; or
- (D) an Insolvency Event in respect of the Issuer occurs; or
- (E) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Transaction Documents,

**provided that**, in the case of the event described in paragraph (B) of this Condition 9, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class.

“Potential Event of Default” means any event which may become (with the passage of time, the giving of notice, the making of any determination, the issuing of a certificate or any combination thereof) an Event of Default.

## 10. **Enforcement of Security, Limited Recourse and Non-Petition**

### (A) ***Enforcement of Security***

At any time after an Enforcement Notice has been served, the Trustee may, in its absolute discretion and without further notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Trust Deed, these Conditions and the other Transaction Documents to which it is a party, but it shall not be bound to do so unless:

- (1) it shall have been so directed by a notice in writing by holders of Notes outstanding constituting at least 25 per cent. of the aggregate in Principal Amount Outstanding of the Most Senior Class or it shall have been so directed by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding; and
- (2) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing.

### (B) ***Limited Recourse***

#### (1) ***Enforcement of Security***

Only the Trustee may enforce the Security over the Charged Property in accordance with, and subject to the terms of, the Deeds of Charge.

#### (2) ***Insufficient Recoveries***

If at any time following:

- (a) the occurrence of either:
  - (i) the Interest Payment Date falling in June 2066 or any earlier date upon which all of the Notes of each Class are due and payable; or
  - (ii) the service of an Enforcement Notice; and
- (b) Realisation of the Charged Property and application in full of any amounts available to pay amounts due and payable under the Notes in accordance with the applicable Post-Enforcement Priority of Payments,

the proceeds of such Realisation are insufficient, after the same have been allocated in accordance with the applicable Priority of Payments, to pay in full all claims ranking in priority to the Notes and all amounts then due and payable under any Class of Notes then the amount remaining to be paid (after such application in full of the amounts first referred to in paragraph (b) above) under such Class of Notes (and any Class of Notes junior to that Class of Notes)

shall, on the day following such application in full of the amounts referred to in paragraph (b) above, cease to be due and payable by the Issuer.

For the purposes of this Condition 10:

“Charged Property” means the property of the Issuer which is subject to the Security.

“Realisation” means, in relation to any Charged Property, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Transaction Documents) of proceeds from or in respect of such Charged Property including (without limitation) through sale or through performance by an obligor.

(3) ***Noteholder Acknowledgments***

Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that:

- (a) in the event of Realisation or enforcement of the Charged Property, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Charged Property;
- (b) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of Realisation or enforcement of the Charged Property in accordance with the Post-Enforcement Priority of Payments and all claims in respect of any shortfall will be extinguished and discharged; and
- (c) in the event that a shortfall in the amount available to pay principal of the Notes of a Class exists on the Final Maturity Date or on any earlier date for redemption in full of the Notes or any Class of Notes, after payment on the Final Maturity Date or such date of earlier redemption of all other claims ranking higher in priority to or *pari passu* with the Notes or the related Class of Notes, and the Charged Property has not become enforceable as at the Final Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

(C) ***Non-Petition***

No Noteholder may take any corporate action or other steps or legal proceedings for the winding-up, dissolution, arrangement, reconstruction or reorganisation of the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing or for the appointment of a liquidator, receiver, administrative receiver, administrator, trustee, manager or similar officer in respect of the Issuer or over any or all of its assets or undertaking.

11. **Meetings of Noteholders; Modifications; Consents; Waiver**

- (A) The Trust Deed contains provisions for convening separate or combined meetings of the Noteholders of any Class to consider matters relating to the Notes, including subject to paragraphs (D) and (E) below, the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the other Transaction Documents.

The Trust Deed provides that a resolution in writing signed by all of the holders of a particular Class or Classes of Notes by a majority consisting of not less than 50.1 per cent. of the Principal Amount Outstanding of such Class or Classes of Notes shall for

all purposes be as valid and effective as an Ordinary Resolution passed at a meeting of the Noteholders of such Class duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

The Trust Deed provides that a resolution in writing signed by all of the holders of at least 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders of such Class or Classes duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more of the Noteholders of such Class or Classes.

- (B) Any Extraordinary Resolution or an Ordinary Resolution duly passed by a meeting of the Noteholders of a particular Class or Classes shall be binding on all Noteholders of such Class or Classes (whether or not they were present at the meeting at which such resolution was passed and whether or not voting).

A Special Resolution duly passed by a meeting of the Noteholders shall be binding on all Noteholders if held in accordance with the provisions of the Trust Deed by the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes.

An Extraordinary Resolution passed at a meeting of the holders of the Most Senior Class shall be binding on the holders of all other Classes of Notes irrespective of the effect on them, provided that an Extraordinary Resolution of the holders of the Most Senior Class relating to a Basic Terms Modification shall not take effect unless it has also been sanctioned by an Extraordinary Resolution of the holders of each other Class of Notes affected (if affected).

No Extraordinary Resolution of any Class to approve any matter other than a Basic Terms Modification shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes then outstanding ranking senior to such Class (to the extent that there are Notes ranking senior to such Class of Notes) unless the Trustee is of the opinion that it will not be materially prejudicial to the interests of the holders of any more senior Class of Notes or it is sanctioned by an Extraordinary Resolution of the holders of such more senior Class of Notes.

The Trust Deed provides that:

- (1) meetings of Noteholders of separate Classes may be held at the same time;
- (2) meetings of Noteholders of separate Classes will normally be held separately, but the Trustee may from time to time determine that meetings of Noteholders of separate Classes shall be held together;
- (3) an Ordinary Resolution or an Extraordinary Resolution that in the opinion of the Trustee affects one Class alone shall be deemed to have been duly passed if passed at a separate meeting of the Noteholders of the Class concerned;
- (4) an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class but does not give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be deemed to have been duly passed if passed at a single meeting of the Noteholders of the relevant Classes;
- (5) an Extraordinary Resolution that in the opinion of the Trustee affects the Noteholders of more than one Class and gives or may give rise to a conflict of interest between the Noteholders of the different Classes concerned shall be

deemed to have been duly passed only if it shall be duly passed at separate meetings of the Noteholders of each of the relevant Classes; and

- (6) if a poll is called at a meeting of a Class of Noteholders, the number of votes which can be cast by each person present shall be proportionate to the Principal Amount Outstanding of the Notes of such Class that such person holds or represents at that meeting.

(C) **Quorum**

The quorum at any meeting of Noteholders of a particular Class for passing:

- (1) an Extraordinary Resolution to approve a Basic Terms Modification shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than (x) 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting or (y) 50.1 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for any adjourned meeting;
- (2) a Special Resolution to approve a Special Resolution Matter shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting or for any adjourned meeting;
- (3) an Extraordinary Resolution to approve any matter other than a Basic Terms Modification shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than (x) 50.1 per cent. of the Principal Amount Outstanding of the Notes of the relevant Class(es) or (y) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for any adjourned meeting; and
- (4) an Ordinary Resolution shall be one or more person(s) holding Notes or representing Noteholders holding Notes of in aggregate not less than (x) 25 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for the initial meeting and (y) 10 per cent. of the Principal Amount Outstanding of the relevant Class(es) of Notes for any adjourned meeting.

Subject to the provisions of the Trust Deed, the holder of the Global Note shall be treated as one person for the purposes of constituting a quorum at a meeting of Noteholders.

(D) **Modification and Waiver**

The Trustee may agree, without the consent or sanction of any of, or any liability to, the Noteholders, to:

- (1) (I) any modification of any of the provisions of the Trust Deed, the Conditions or any of the other Transaction Documents which is, in its opinion, of a formal, minor or technical nature or is made to correct a manifest error, and (II) any other modification (excluding a Basic Terms Modification) of the provisions of the Trust Deed, these Conditions or any of the other Transaction Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the holders of the Most Senior Class; or
- (2) determine that an Event of Default or Potential Event of Default will be waived where in the opinion of the Trustee such determination is not materially prejudicial to the interests of the holders of the Most Senior Class,

**provided that** the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution of holders of the Most Senior Class made

pursuant to Condition 9 (*Events of Default*). Any such modification, authorisation, determination or waiver shall be binding on the Noteholders.

Any such modifications permitted by this Condition 11(D) shall be binding on the Noteholders and other Secured Creditors and, unless the Trustee otherwise agrees, the Issuer shall cause such modification to be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 13 (*Notice to Noteholders*). So long as the Class A Notes, or any of them, are rated by the Rating Agencies the Issuer shall notify each of the Rating Agencies of any modification made by it in accordance with this Condition 11(D) as soon as reasonably practicable thereafter.

The Trustee shall not be obliged to agree to any modification of the Trust Deed, these Conditions or any other Transaction Document which (in the sole opinion of the Trustee) would have the effect of: (x) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or pre-funded to its satisfaction; or (y) imposing more onerous obligations upon it or exposing it to any additional duties, responsibilities or liabilities or reducing or amending the protective provisions afforded to the Trustee in the Trust Deed, the other Transaction Documents and/or these Conditions.

**(E) Additional Right of Modification**

Notwithstanding the provisions of Condition 11(D) (*Modification and Waiver*), the Trustee shall be obliged, without any consent or sanction of the Noteholders or any other Secured Creditor, subject to written consent of the Secured Creditors which are a party to the relevant Transaction Documents (such consent to be conclusively demonstrated by such Secured Creditor entering into any deed or document purporting to modify each such Transaction Document), to concur with the Issuer in making any modification (other than in respect of a Basic Terms Modification) to these Conditions, the Trust Deed or any other Transaction Document to which it is a party or in relation to which it holds security or to enter into any new, supplemental or additional documents that the Issuer (in each case) considers necessary:

- (1) for the purpose of complying with, or implementing or reflecting, any change in the criteria of one or more of the Rating Agencies which may be applicable from time to time, provided that:
  - (a) the Issuer certifies in writing to the Trustee that such modification is necessary to comply with such criteria or, as the case may be, is solely to implement and reflect such criteria; and
  - (b) in the case of any modification to a Transaction Document proposed by any of the Seller, the Servicer, the Cash Manager and the Account Bank (for the purpose of this Condition 11(E) only, each a “Relevant Party”), in order (x) to remain eligible to perform its role in such capacity in conformity with such criteria and/or (y) to avoid taking action which it would otherwise be required to take to enable it to continue performing such role (including, without limitation, posting collateral or advancing funds):
    - (i) the Relevant Party certifies in writing to the Issuer and the Trustee that such modification is necessary for the purposes described in paragraph (b)(x) and/or (y) above; and
    - (ii) the Relevant Party pays all costs and expenses (including legal fees) incurred by the Issuer and the Trustee in connection with such modification;
- (2) for the purpose of complying with any changes in the requirements of Article 405 of the CRR, Article 51 of the AIFM Regulation or Article 254 of the

Solvency II Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRR, the AIFM Regulation or the Solvency II Regulation or any other risk retention legislation or regulations or official guidance in relation thereto, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;

- (3) for the purpose of enabling the Notes to be (or to remain) listed on Euronext Dublin, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (4) for the purpose of enabling the Issuer or any of the other Transaction Parties to comply with FATCA, and/or CRS (or any other similar regime for the reporting and automatic exchange of information) provided that the Issuer or the relevant Transaction Party, as applicable, certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect;
- (5) for the purpose of complying with any changes in the requirements of the CRA Regulation after the Closing Date, including as a result of the adoption of regulatory technical standards in relation to the CRA Regulation and the Commission Delegated Regulation 2015/3 (including, any associated regulatory technical standards and advice, guidance or recommendations from relevant supervisory regulators), as amended from time to time (the “CRA3 Requirements”), including any requirements imposed by any regulation laying down common rules on securitisation and creating a European framework for simple, transparent and standardised securitisation (the “STS Regulation”) proposed by the European Commission or any other obligation which applies under the CRA3 Requirements, the STS Regulation and/or any new regulations or official guidance in relation thereto, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect; or
- (6) for the purpose of ensuring that the Issuer can comply with the Consumer Protection (Regulation of Credit Servicing Firms) Bill 2018 or any enactment thereof without the requirement for the Issuer or the Trustee to obtain a licence in order to exercise or carry out their rights, functions or duties under the Transaction Documents, provided that the Issuer certifies to the Trustee in writing that such modification is required solely for such purpose and has been drafted solely to such effect,

(the certificate to be provided by the Issuer, the Servicer (on behalf of the Issuer) and/or the Relevant Party, as the case may be, pursuant to Conditions 11(E)(1) to (6) above being a “Modification Certificate”); or

- (7) for the purpose of changing the base rate in respect of the Class A Notes from EURIBOR to an alternative base rate (any such rate, an “Alternative Base Rate”) and make such other amendments as are necessary or advisable in the reasonable judgement of the Issuer to facilitate such change (a “Base Rate Modification”), provided that the Issuer certifies to the Trustee in writing (such certificate, a “Base Rate Modification Certificate”) that:

(A) such Base Rate Modification is being undertaken due to:

- (i) a material disruption to EURIBOR, an adverse change in the methodology of calculating EURIBOR or EURIBOR ceasing to exist or be published, or the administrator of EURIBOR having used a fall-back methodology for calculating EURIBOR for a period of at least 30 calendar days;

- (ii) the insolvency or cessation of business of the EURIBOR administrator (in circumstances where no successor EURIBOR administrator has been appointed);
  - (iii) a public statement by the EURIBOR administrator that it will cease publishing EURIBOR permanently or indefinitely (in circumstances where no successor EURIBOR administrator has been appointed that will continue publication of EURIBOR) with effect from a date no later than six months after the proposed effective date of such Base Rate Modification;
  - (iv) a public statement by the supervisor of the EURIBOR administrator that EURIBOR has been or will be permanently or indefinitely discontinued or will be changed in an adverse manner with effect from a date no later than six months after the proposed effective date of such Base Rate Modification;
  - (v) a public statement by the supervisor of the EURIBOR administrator that means EURIBOR will be prohibited from being used or that its use is subject to restrictions or adverse consequences with effect from a date no later than six months after the proposed effective date of such Base Rate Modification;
  - (vi) a change in the generally accepted market practice in the publicly listed asset backed floating rate notes market to refer to a base rate endorsed in a public statement by the supervisor of the administrator of EURIBOR despite the continued existence of EURIBOR;
  - (vii) it having become unlawful and/or impossible and/or impracticable for any Paying Agent, the Issuer or the Cash Manager to calculate any payments due to be made to any Noteholder using the Applicable Base Rate; or
  - (viii) the reasonable expectation of the Issuer that any of the events specified in subparagraphs (i), (ii) and (vii) above will occur or exist within six months of the proposed effective date of such Base Rate Modification; and
- (B) such Alternative Base Rate is:
- (i) a base rate with an equivalent term to EURIBOR published, endorsed, approved or recognised as a replacement to EURIBOR by the European Central Bank, any regulator in the European Union or any stock exchange on which the Notes are listed (or any relevant committee or other body established, sponsored or approved by any of the foregoing);
  - (ii) the Euro Overnight Index Average (or any rate which is derived from, based upon or otherwise similar to, either of the foregoing);
  - (iii) a base rate utilised in a material number of publicly listed new issues of Euro-denominated asset backed floating rate notes, which for the purposes of this subparagraph shall be taken to mean at least 3 such issues, prior to the effective date of such Base Rate Modification;
  - (iv) a base rate utilised in a publicly listed new issue of Euro-denominated asset backed floating rate notes where the originator of the relevant assets is an affiliate of the Seller; or



- (v) such other base rate as the Issuer reasonably determines, provided that this option may only be used if the Issuer certifies to the Trustee that, in the reasonable opinion of the Issuer none of the provisions specified in subparagraphs (i) to (iv) above are applicable and/or practicable in the context of the transaction, and sets out the rationale in the Base Rate Modification Certificate for choosing the proposed Alternative Base Rate;
- (C) such Alternative Base Rate will be applied to the Class A Notes;
- (D) the modifications proposed are required solely for the purpose of applying the Alternative Base Rate and making consequential modifications to any Transaction Document which are, as reasonably determined by the Issuer, necessary or advisable, and the modifications have been drafted solely to such effect;
- (E) if the Base Rate Modification involves an amendment to a Transaction Document to which any Secured Creditor (other than the Noteholders and the Trustee) is a party and the consent of such Secured Creditor is required in connection therewith, the consent of each such Secured Creditor has been obtained (evidence of which shall be provided by the Issuer to the Trustee with the Base Rate Modification Certificate) and either no other consents of any other persons are required or such consents are also obtained in relation to the Base Rate Modification; and
- (F) the Seller has agreed to pay, or to put the Issuer in funds to pay, all fees, costs and expenses (including legal fees and any initial or ongoing costs associated with the Base Rate Modification) properly incurred by the Issuer and the Trustee or any other Transaction Party in connection with the Base Rate Modification,

provided that, in the case of any modification made pursuant to paragraphs (1) to (7) of this Condition 11(E) above:

- (i) at least 30 calendar days' prior written notice of any such proposed modification has been given to the Trustee and, in the case of paragraph (7), such notice shall be given not less than five Business Days prior to the date on which the Base Rate Modification Certificate is sent to Noteholders;
- (ii) the Modification Certificate or Base Rate Modification Certificate in relation to such modification shall be provided to the Trustee at the time the Trustee is notified of the proposed modification and (i) in the case of paragraphs (1) to (6), on the date that such modification takes effect and (ii) in the case of paragraph (7), two Business Days prior to the date on which the Benchmark Rate Modification takes effect;
- (iii) the consent of each Secured Creditor which is party to the relevant Transaction Document has been obtained;
- (iv) the Issuer certifies in writing to the Trustee (which certification may be in the Modification Certificate) that (I) the Issuer has provided at least 30 calendar days' notice to the Noteholders of each Class of the proposed modification in accordance with Condition 13 (*Notice to Noteholders*) (and, in the case of paragraph (7), a copy of such notice shall be appended to the Base Rate Modification Certificate) and by publication on Bloomberg on the "Company News" screen relating to the Notes, and (II) Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have not contacted the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within such

notification period notifying the Issuer that such Noteholders do not consent to the modification; and

- (v) in relation to any modification made pursuant to paragraphs (1) or (7) above, either:
  - (a) the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) obtains from each of the Rating Agencies in respect of the Class A Notes, a Rating Agency Confirmation, and, if relevant, provides a copy of each such Rating Agency Confirmation to the Trustee; or
  - (b) the Issuer, the Relevant Party or the Servicer (on behalf of the Issuer) certifies in writing to the Trustee that the Rating Agencies have been informed of the proposed modification and none of the Rating Agencies has indicated within 30 days of being so informed that such modification would result in (x) a downgrade, withdrawal, qualification or suspension of the then current ratings assigned to the Class A Notes by such Rating Agency or (y) such Rating Agency placing any Class A Notes on rating watch negative (or equivalent).

If Noteholders representing at least 10 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding have notified the Issuer in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) within the notification period referred to above that they do not consent to the modification, then such modification will not be made unless an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding is passed in favour of such modification in accordance with Condition 11 (*Meetings of Noteholders; Modifications; Consents; Waiver*).

Objections made in writing other than through the applicable clearing system must be accompanied by evidence to the Issuer's satisfaction (having regard to prevailing market practices) of the relevant Noteholder's holding of the Notes.

Other than where specifically provided in this 11(E) or any Transaction Document:

- (1) when implementing any modification pursuant to this Condition 11(E) (save to the extent the Trustee considers that the proposed modification would constitute a Basic Terms Modification), the Trustee shall not consider the interests of the Noteholders, any other Secured Creditor or any other person but shall act and rely solely and without further investigation on any certificate (including any Modification Certificate or Base Rate Modification Certificate) or evidence provided to it by the Issuer or the relevant Transaction Party, as the case may be, pursuant to this Condition 11(E) and shall not be liable to the Noteholders or any other Secured Creditor for so acting or relying, irrespective of whether any such modification is or may be materially prejudicial to the interests of any such person; and
- (2) the Trustee shall not be obliged to agree to any modification which, in the sole opinion of the Trustee would have the effect of (i) exposing the Trustee to any liability against which it has not been indemnified and/or secured and/or prefunded to its satisfaction or (ii) imposing more onerous obligations upon it or exposing it to any additional duties, responsibilities or liabilities or reducing or amending the protective provisions afforded to the Trustee in the Trust Deed, the other Transaction Documents and/or these Conditions.

Any such modification shall be binding on all Noteholders and shall be notified by the Issuer as soon as reasonably practicable to:

- (1) so long as the Class A Notes remain outstanding, each Rating Agency;

- (2) the Secured Creditors; and
- (3) the Noteholders in accordance with Condition 13 (*Notice to Noteholders*).

(F) **Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and the other Transaction Documents and such other conditions as are set out in the Trust Deed or as the Trustee may otherwise require, but without the consent of, or any liability to, the Noteholders or the other Secured Creditors to the substitution of certain other entities in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed, the Notes and the other Transaction Documents. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders, to a change of the law governing the Notes and/or the Trust Deed **provided that** such change would not in the opinion of the Trustee be materially prejudicial to the interests of the holders of the Most Senior Class.

(G) **Evidence of Notes**

Where for the purposes of these Conditions the Trustee or any other party to the Transaction Documents requires a Noteholder holding Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Notes to the satisfaction of such party, such holding shall be considered to be established (and the Noteholder in respect of which such holding is established shall be a "Verified Noteholder") if such Noteholder provides to the requesting party with regard to the relevant date:

- (1) a Euclid Statement (in the case of Euroclear) or a Creation Online Statement (in the case of Clearstream, Luxembourg) in each case providing confirmation at the time of issue of the same of such person's holding in the Notes;
- (2) if the relevant Notes are held through one or more custodians, a signed letter dated as of the date of the Euclid Statement or the Creation Online Statement from each such custodian confirming on whose behalf it is holding such Notes such that the Trustee or any other party to the Transaction Documents is able to verify to its satisfaction the chain of ownership to the beneficial owner; and
- (3) any further documents that the Trustee may reasonably request.

If in connection with verifying its holding, the Trustee or any other party to the Transaction Documents requires a Noteholder to temporarily block its Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian) to do so.

(H) **Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 11) the Trustee:

- (i) shall have regard to the interests of the Noteholders (or, as applicable, the Noteholders of a particular Class) as a class and shall not have regard to the consequences of such exercise for individual Noteholders and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders;
- (ii) shall have regard only to the interests of the holders of the outstanding Notes of the Most Senior Class of Notes where, in the opinion of the Trustee, there is a conflict between the interests of the holders of the Most Senior Class of Notes and the interests of any other Noteholders; and

- (iii) may, in determining whether or not a proposed action will be materially prejudicial to the Noteholders (or, as applicable, the Noteholders of a particular Class), have regard to, among other things, a Ratings Confirmation.

## 12. **Indemnification and Exoneration of the Trustee**

The Trust Deed contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances including provisions relieving it from taking enforcement proceedings or enforcing the Security unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee and its related companies are entitled to enter into business transactions with, *inter alios*, the Issuer, the Servicer, the Cash Manager, the Seller and/or related companies of any of them without accounting for any profit resulting therefrom. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of, *inter alia*, any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of the Servicer or the Cash Manager (as the case may be), the Seller or any agent or related company of the Servicer, the Cash Manager, the Seller or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee. The Trust Deed provides that the Trustee shall be under no obligation to monitor or supervise compliance by the Issuer, the Servicer, the Cash Manager or the Seller with their respective obligations under the Transaction Documents or otherwise or to make any searches, enquiries, or independent investigations of title in relation to any of the Charged Property.

## 13. **Notice to Noteholders**

### (A) ***Forms of Notice***

All notices, other than notices given in accordance with any one or more of the following paragraphs of this Condition 13, to Noteholders shall be deemed to have been validly given:

- (1) for so long as the Notes are admitted to trading and listed on the official list of Euronext Dublin any notice shall also be published in accordance with the relevant guidelines of Euronext Dublin by a notification in writing to the Company Announcements Office of Euronext Dublin, and any notice so published shall be deemed to have been given on the date of publication; or
- (2) for so long as the Notes are represented by Global Notes, and if, for so long as the Notes are listed on a stock exchange, the rules of such stock exchange so allow, if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account-holders; or
- (3) for so long as the Notes are represented by Global Notes and if, for so long as the Notes are listed on a stock exchange, the rules of such stock exchange so allow if delivered to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes, or such other medium for the electronic display of data as may be previously approved in writing by the Trustee; or
- (4) if the Notes are in definitive form, if published in a leading daily newspaper printed in the English language and with general circulation in Ireland (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee shall approve having a general circulation in Ireland and the rest of Europe.

Any such notice shall be deemed to have been given on:

- (i) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
- (ii) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg;
- (iii) in the case of a notice delivered to Bloomberg L.P., the day on which it is delivered to Bloomberg L.P.; and
- (iv) in the case of a notice published in a newspaper, the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

If it is impossible or impractical to give notice in accordance with paragraphs (1), (2) or (3) of Condition 13(A) (*Notice to Noteholders*) then notice of the relevant matters shall be given in accordance with paragraph(4) of Condition 13(A) (*Notice to Noteholders*).

(B) ***Other Methods***

The Trustee may approve any other method of giving notice to the Noteholders if, in its opinion, such 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 such other method is given to the Noteholders in the manner required by the Trustee.

(C) ***Notices to Euronext Dublin and Rating Agencies***

A copy of each notice given in accordance with this Condition 13 shall be provided to the Rating Agencies and, for so long as the Notes are listed on Euronext Dublin and the guidelines of Euronext Dublin and the Central Bank so require, Euronext Dublin and the Central Bank.

(D) ***Noteholder Notices***

Any Verified Noteholder shall be entitled from time to time to request the Cash Manager to post a notice on its investor reporting website requesting other Verified Noteholders of any class or classes to contact it subject to and in accordance with the following provisions.

Following receipt of a request for the publication of a notice from a Verified Noteholder (the 'Initiating Noteholder'), the Cash Manager shall publish such notice on its investor reporting website as an addendum to any Quarterly Investor Report or other report to Noteholders due for publication within five Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) **provided that** such notice contains no more than:

- (1) an invitation to other Verified Noteholders (or any specified class or classes of the same) to contact the Initiating Noteholder;
- (2) the name of the Initiating Noteholder and the address, phone number, website or email address at which the Initiating Noteholder can be contacted; and
- (3) the date(s) from, on or between which the Initiating Noteholder may be so contacted.

The Cash Manager shall not request any further or different information through this mechanism.

The Cash Manager shall have no responsibility or liability for the contents, completeness or accuracy of any such published information and shall have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive the same.

14. **Ratings Confirmation**

(A) In respect of the exercise of any power, duty, trust, authority or discretion as contemplated hereunder or in relation to the Notes and any of the Transaction Documents, including for the purpose of determining whether there is any material prejudice, the Trustee shall be entitled but not obliged to take into account any Ratings Confirmation.

(B) “Ratings Confirmation” means:

- (1) written confirmation or affirmation (in any form acceptable to the Trustee) from the relevant Rating Agencies that the then current ratings of the Notes will not be downgraded, withdrawn, qualified, adversely affected or suspended thereby or that the Notes have not been placed by such Rating Agency on rating watch negative (or equivalent) (a “Rating Agency Confirmation”); or
- (2) if one or more Rating Agencies indicates that it does not consider such Rating Agency Confirmation or response necessary in the circumstances or that it does not, as a matter of practice or policy, provide such Rating Agency Confirmation or response, or if within 30 days of delivery of such request, no Rating Agency Confirmation or response is received, a certificate of the Issuer, the Servicer or the Cash Manager confirming it has notified the Rating Agencies of such proposed action and that the Rating Agencies have not indicated that such proposed action will result in a downgrade, withdrawal, qualification, adverse effect or suspension of the Class A Notes or the Class A Notes being put on a rating watch negative (or equivalent),

upon which confirmation from the Rating Agencies, Issuer or Cash Manager, as the case may be, the Trustee shall be entitled to rely absolutely without liability to any person for so doing. In being entitled to take into account any such confirmation from the Rating Agencies, it is agreed and acknowledged by the Trustee that this does not impose or extend any actual or contingent liability for each of the Rating Agencies to the Trustee, the Noteholders or any other person or create any legal relations between each of the Rating Agencies and the Trustee, the Noteholders or any other person whether by way of contract or otherwise.

15. **Governing Law**

The Servicing Agreement, the Irish Deed of Charge, the Account Bank Agreement, the Mortgage Sale Agreement, the Collection Account Declaration of Trust, the Seller Security Power of Attorney, the Security Power of Attorney and the Corporate Services Agreement are governed by, and shall be construed in accordance with, Irish law (the “Irish Law Transaction Documents”). All Transaction Documents other than the Irish Law Transaction Documents are governed by, and shall be construed in accordance with, English law (the “English Law Transaction Documents”).

16. **Privity of Contract**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any terms of the Notes but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## 17. Interpretation

In these Conditions:

“Appointee” means any delegate, agent, nominee, custodian, attorney, receiver or manager appointed by the Trustee pursuant to the provisions of the Trust Deed or the Deeds of Charge (as the case may be);

“Basic Terms Modification” means any modification to (a) the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (b) the amount due in respect of or cancellation of the principal amount of, or interest on or variation of the method of calculating the rate of interest on, or any other amount payable in respect of, the Notes, (c) the priority of payment of interest or principal on the Notes, (d) the currency of payment of the Notes, (e) the definition of Basic Terms Modification, or (f) the provisions concerning the quorum required at any meeting of Noteholders or the majority required to effect a Basic Terms Modification or to pass an Extraordinary Resolution, provided that any Base Rate Modification shall not constitute a Basic Terms Modification;

“Business Day” means, a day on which commercial banks and foreign exchange markets settle payments in London and Dublin which is a TARGET Day;

“Calculation Date” means the fourth Business Day prior to an Interest Payment Date;

“Collections” means, on any Business Day, the sum of:

- (A) the aggregate amount of all interest receipts (including, without limitation, capitalised interest, prepayment penalties and any recoveries) in respect of all Mortgage Loans;
- (B) the aggregate amount of all principal receipts (including, without limitation, any repayment or prepayment of any principal amounts and any recoveries) in respect of all Mortgage Loans;
- (C) the aggregate amount of any other receipts or collections (including fees, penalty payments and premiums) not already specified in paragraph (A) or (B) above, in respect of all Mortgage Loans; and
- (D) the aggregate amount of any other receipts from any other source of the Issuer,

in each case, standing to the credit of the Collections Account as at the opening of business (London) time on that date.

“Enforcement Notice” means a notice given by the Trustee to the Issuer under Condition 9 (*Events of Default*) of the Notes;

“Extraordinary Resolution” means:

- (i) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of a particular Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 75 per cent. of the votes cast on such poll;
- (ii) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders; or
- (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less

than 75 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes.

“Initial Servicer” means Ulster Bank Ireland DAC;

“Interest Determination Ratio” means, on any Interest Payment Date, (i) the aggregate Revenue Receipts calculated in the preceding Quarterly Investor Report; divided by (ii) the aggregate of the Revenue Receipts and the Principal Receipts calculated in such Quarterly Investor Report;

“Most Senior Class” or “Most Senior Class of Notes” means the Class A Notes whilst they remain outstanding; and thereafter the Class Z Notes whilst they remain outstanding; and thereafter the Subordinated Loan and Servicer Advance Facility *pro rata* and *pari passu* for as long as any amounts under the Subordinated Loan and Servicer Advance Facility remain outstanding; and thereafter the Class X Notes whilst they remain outstanding;

“Ordinary Resolution” means:

- (i) a resolution passed at a duly convened meeting of the Noteholders or the Noteholders of such Class and held in accordance with the provisions of the Trust Deed by a majority consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a majority consisting of not less than 50.1 per cent. of the votes cast on such poll;
- (ii) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the relevant Class or Classes of Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders; or
- (iii) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than 50.1 per cent. in aggregate Principal Amount Outstanding of the relevant Class of Notes.

“Rating Agencies” means Fitch and DBRS and “Rating Agency” means any of them;

“Reconciliation Amount” means in respect of any Collection Period which is a Determination Period: (i) the actual Principal Receipts as determined in accordance with the available Quarterly Investor Report; less (ii) the Calculated Principal Receipts in respect of such Collection Period, plus (iii) any Reconciliation Amount not applied in previous Collection Periods;

“Special Resolution” means:

- (A) a resolution passed at a duly convened meeting of the Noteholders and held in accordance with the provisions of the Trust Deed by the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes;
- (B) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. of the aggregate Principal Amount Outstanding of the Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more such holders; or
- (C) consent given by way of electronic consents through the relevant Clearing System(s) (in a form satisfactory to the Trustee) by or on behalf of the Noteholders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the Notes;



“Special Resolution Matter” means any resolution of the Noteholders to exercise the right to redeem the Notes in accordance with the provisions of Condition 5(D) (*Optional Redemption in Full*).

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007; and

“TARGET Day” means any day on which TARGET2 is open for the settlement of payments in euro.

## TAXATION

### Ireland Taxation

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only and does not discuss all aspects of Irish taxation. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

### Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the TCA for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include Euronext Dublin) ("quoted Eurobonds").

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

1. the person by or through whom the payment is made is not in Ireland; or
2. 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 TCA (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

- (A) an Irish tax resident person;
- (B) a person who in respect of the interest is subject under the laws of a Relevant Territory to tax which generally applies to profits, income or gains received from sources outside that territory without any reduction computed by reference to the amount of the interest payment;
- (C) for so long as the Notes remain quoted Eurobonds, neither a person which is a company which directly or indirectly controls the Issuer or which is controlled by a third company which directly or indirectly controls the Issuer nor is a person (including any connected person) (a) from whom the Issuer has acquired assets, (b) to whom the Issuer has made loans or advances, or (c) with whom the Issuer has entered into a return agreement (as defined in section 110(1) of the 1997 Act) where the aggregate value of such assets, loans, advances or agreements represents 75 per cent. or more of the assets of the Issuer (such a person falling within this category of person being a “Specified Person”); or
- (D) an exempt pension fund, government body or other resident in a Relevant Territory person (which is not a Specified Person).

### **Deductibility of Interest**

Under the Finance Act 2016 of Ireland and the Finance Act 2017, new provisions were introduced to amend the tax treatment applicable to a Qualifying Company. These amendments deny a tax deduction for (1) profit dependent interest, or (2) interest to the extent it exceeds a reasonable commercial return, in each case to the extent it exceeds a reasonable commercial return (the “Affected Interest”) where such interest is attributed to the carrying on by a Qualifying Company of a “specified property business”. A “specified property business” of a company means, subject to a number of exceptions, a business of holding “specified mortgages” (as defined in Section 110(5A) of the TCA), units in an IREF (being a specified form of investment undertaking within the meaning of Chapter 1B of Part 27 of the TCA) or shares that derive their value, directly or indirectly, from Irish land. A “specified mortgage” for this purpose includes a loan which is secured on, and which derives its value, or the greater part of its value, directly or indirectly from Irish land.

Where Affected Interest arises, and an exemption is not available, it is treated as a distribution which is not deductible for tax purposes and will thus form part of the taxable profits of the Issuer and will also be subject to dividend withholding tax (subject to any available exemptions).

Provided the rate of interest payable on the Notes does not exceed a reasonable commercial return for the use of the principal advanced under the Notes, such interest will not be Affected Interest and the Issuer’s ability to take a deduction for such interest should not be affected by these new provisions. To the extent interest payable under Notes is Affected Interest, there are a number of exemptions available, including where the Issuer is deemed to be engaged in a “CMBS/RMBS Transaction” (as defined in section 110(5A) of the TCA).

A CMBS/RMBS Transaction is a securitisation transaction (within the meaning of the CRR). The securitisation transaction must be entered into by the Issuer. An originator (within the meaning of paragraph (a) of the definition of originator in Article 4 of the CRR) must retain a net economic interest in the credit risk of the securitisation position in accordance with article 405 of the CRR. Alternatively, an originator within paragraph (b) of the definition in article 4 of the CRR must retain a net economic interest in the credit risk of the securitisation position, in accordance with article 405 of the CRR. The originator must, in the case of a paragraph (b) originator, be a financial institution (within the meaning of the CRR) or a credit institution (within the meaning of the CRR) and be regulated by a competent authority in an EU Member State or the State, or authorised by a third country authority to carry out similar activities. The third country authority must be recognised by the European Commission as having supervisory or regulatory arrangements at least equivalent to those applied in an EU Member State or the State.

As long as the Issuer is deemed to be engaged in a CMBS/RMBS Transaction, the Issuer’s ability to take a deduction for any Affected Interest should not be affected by these provisions and no withholding tax should arise on any Affected Interest.

## **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 that is Irish resident. 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 and the universal social charge. Ireland operates a self-assessment system in respect of income tax and pay related social insurance 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 and makes a declaration of non-residence in the prescribed form (ii) in the event of the Notes not being or ceasing to be quoted Eurobonds and exempt from withholding tax, the Issuer is a Qualifying Company and the recipient is not a resident of Ireland and resident in a Member State of the European Union or a country with which Ireland has a double tax treaty, or (iii) if the Issuer has ceased to be a Qualifying Company, the recipient of the interest is a company and the jurisdiction in which that company is resident 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 per cent. 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, the universal social charge and pay related social insurance on such interest.

## **Capital Gains Tax**

A Noteholder will not be subject to Irish capital gains tax on a disposal of the Notes unless (i) such holder is either resident or ordinarily resident in Ireland; or (ii) such holder carries on a business or trade in Ireland through a branch or agency in respect of which the Notes were used or held or acquired; or (iii) the Notes cease to be listed on a stock exchange in circumstances where such Notes derive their value or more than 50% of their value from Irish real estate, mineral rights or exploration rights.

## **Capital Acquisitions Tax**

A gift or inheritance of Notes will be within the charge to capital acquisitions tax if either (i) the donor 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.

### **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 certain investors under both FATCA and CRS (see below).

### **Information exchange and the implementation of FATCA in Ireland**

The Issuer may be obliged to report certain information in respect of U.S. investors (Noteholders) in the Issuer to the Irish Revenue Commissioners who will then share that information with the U.S. tax authorities.

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 IGA provides for the annual automatic exchange of information in relation to accounts and investments held by certain U.S. persons in a broad category of Irish financial institutions and vice versa.

Under the IGA and the Financial Accounts Reporting (United States of America) Regulations 2014 (which came into operation on 1 July 2014) (the "Irish Regulations") implementing the information disclosure obligations Irish financial institutions such as the Issuer are required to report certain information with respect to U.S. account holders and non-financial entities controlled by US persons to the Irish Revenue Commissioners. The Irish Revenue Commissioners will provide that information annually to the IRS. Aside from where the Notes are listed (see below) the Issuer must obtain the necessary information from investors 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 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 listed on a recognised stock exchange (which includes Euronext Dublin) with the intention that the interests may be traded or 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.

While the 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)**

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 Common Reporting Standard (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 Standard, have used FATCA concepts and as such the Standard

is broadly similar to the FATCA requirements, albeit with certain 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 the Standard while sections 891F and 891G of the 1997 Act and regulations made thereunder contain the measures implementing the Standard in Ireland. The Returns of Certain Information by Reporting Financial Institutions Regulations 2015 (the "CRS Regulations"), gave effect to the Standard from 1 January 2016.

Directive 2014/107/EU on Administrative Cooperation in the Field of Taxation ("DAC II") implements the Standard 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 which commenced in 2017 in respect of the 2016 calendar year. Regulations, the Mandatory Automatic Exchange of Information in the Field of Taxation Regulations 2015 (together with the CRS Regulations, the "Regulations"), gave effect to DAC II from 1 January 2016.

Under the Regulations reporting 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 can be found on the Automatic Exchange of Information (AEOI) webpage on [www.revenue.ie](http://www.revenue.ie)

## **U.S. Foreign Account Tax Compliance Withholding**

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS PROSPECTUS IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY PERSON FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON UNDER THE INTERNAL REVENUE CODE; AND (B) PROSPECTIVE PURCHASERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The foreign account tax compliance provisions of the Hiring Incentives to Restore Employment Act of 2010 ("FATCA") impose a withholding tax of 30 per cent. on (i) certain U.S. source payments and (ii) payments of gross proceeds from the disposition of assets that produce U.S. source interest or dividends made to persons that fail to meet certain certification or reporting requirements. In order to avoid becoming subject to this withholding tax, non-U.S. financial institutions must enter into agreements with the U.S. Internal Revenue Service ("IRS Agreements") (as described below) or otherwise be exempt from the requirements of FATCA. Non-U.S. financial institutions that enter into IRS Agreements or become subject to provisions of local law ("IGA Legislation") intended to implement an intergovernmental agreement entered into pursuant to FATCA ("IGAs"), may be required to identify "financial accounts" held by U.S. persons or entities with substantial U.S. ownership, as well as accounts of other financial institutions that are not themselves participating in (or otherwise exempt from) the FATCA reporting regime. In addition, in order (a) to obtain an exemption from FATCA withholding on payments it receives and/or (b) to comply with any applicable IGA Legislation, a financial institution that enters into an IRS Agreement or is subject to IGA Legislation may be required to (i) report certain information on its U.S. account holders to the government of the United States or another relevant jurisdiction and (ii) withhold 30 per cent. from all, or a portion of, certain payments made to persons that fail to provide the financial institution information, consents and forms or other documentation that may be necessary for such financial

institution to determine whether such person is compliant with FATCA or otherwise exempt from FATCA withholding.

Under FATCA, withholding is required with respect to payments to persons that are not compliant with FATCA or that do not provide the necessary information, consents or documentation made on or after (i) 1 July 2014 in respect of certain US source payments, (ii) 1 January 2019, in respect of payments of gross proceeds (including principal repayments) on certain assets that produce US source interest or dividends and (iii) 1 January 2019 (at the earliest) in respect of “foreign passthru payments” and then, for “obligations” that are not treated as equity for U.S. federal income tax purposes, only on such obligations that are issued or materially modified on or after the later of (a) 1 July 2014, and (b) in the case of an obligation that pays only foreign passthru payments, the date that is six months after the date on which the final regulations applicable to “foreign passthru payments” are filed in the Federal Register.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes and the information reporting obligations of the Issuer and other entities in the payment chain is still developing. In particular, a number of jurisdictions (including Ireland) have entered into, or have announced their intention to enter into, intergovernmental agreements (or similar mutual understandings) with the United States, which modify the way in which FATCA applies in their jurisdictions. The full impact of such agreements (and the laws implementing such agreements in such jurisdictions) on reporting and withholding responsibilities under FATCA is unclear. For a discussion of the implementation of FATCA in Ireland see “Ireland Taxation – Information exchange and the implementation of FATCA in Ireland”. The Issuer and other entities in the payment chain may be required to report certain information on their U.S. account holders to government authorities in their respective jurisdictions or the United States in order (i) to obtain an exemption from FATCA withholding on payments they receive and/or (ii) to comply with applicable law in their jurisdiction. It is not yet certain how the United States and the jurisdictions which enter into intergovernmental agreements will address withholding on “foreign passthru payments” (which may include payments on the Notes) or if such withholding will be required at all.

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the “ICSDs”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Safekeeper, given that each of the entities in the payment chain from (but excluding) the Issuer to (but including) the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA-compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of FATCA, none of the Issuer, any paying agent or any other person would, pursuant to the terms and conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, if FATCA withholding were to apply to payments on the Notes, investors may receive less interest or principal than they would otherwise receive.

**FATCA IS PARTICULARLY COMPLEX AND ITS APPLICATION TO THE ISSUER, THE NOTES AND THE HOLDERS IS SUBJECT TO CHANGE. EACH HOLDER OF NOTES SHOULD CONSULT ITS OWN TAX ADVISER TO OBTAIN A MORE DETAILED EXPLANATION OF FATCA AND TO LEARN HOW FATCA MIGHT AFFECT EACH HOLDER IN ITS PARTICULAR CIRCUMSTANCE.**

## SUBSCRIPTION AND SALE

This Prospectus has been approved by the Central Bank as the Irish competent authority under the Prospectus Directive. The Central Bank has only approved this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to Euronext Dublin for the Notes to be admitted to the official list and trading on its regulated market.

Ulster Bank Ireland DAC has, pursuant to a note purchase agreement dated on or about the date of this Prospectus amongst the Seller, the Arranger and the Issuer (the “Note Purchase Agreement”, agreed with the Issuer (subject to certain conditions) to purchase and pay for 100 per cent. of the Class A Notes, the Class Z Notes and the Class X Notes at a price equal to the issue price of 100 per cent. of their principal amount.

On the Closing Date, the Issuer will issue:

- (A) the Class A Notes at an issue price of 100 per cent. of the principal amount of the Class A Notes;
- (B) the Class Z Notes at an issue price of 100 per cent. of the principal amount of the Class Z Notes; and
- (C) the Class X Notes at an issue price of 100 per cent. of the principal amount of the Class X Notes.

The Issuer has agreed to indemnify the Arranger against certain liabilities and to pay certain costs and expenses in connection with the issue of the Notes.

The Note Purchase Agreement is subject to a number of conditions and may be terminated by the Arranger in certain circumstances prior to payment for the purchased Notes to the Issuer.

Except where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by any person except for persons that are not Risk Retention U.S. Persons.

Under the Note Purchase Agreement, the Seller undertakes that it will comply with the restrictions in respect of the Notes set out below under each heading in this section, in the event that it sells, places or transfer the Notes to any third party.

### ***United Kingdom***

The Issuer has represented and agreed that:

- (A) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; 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 any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

### ***United States***

The Issuer has represented and agreed that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in



certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“Regulation S”).

The Issuer has agreed that, except as permitted by the Note Purchase Agreement, it will not offer, sell or deliver the Notes (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Notes and the Closing Date (the “Distribution Compliance Period”), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells the Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### ***Ireland***

The Issuer has represented and agreed that:

- (A) it will not place the Notes, otherwise than in conformity with the provisions of the Irish European Union (Markets in Financial Instruments) Regulations 2017 (as amended) (“MiFID Regulations”), including, without limitation, Regulation 5 (Requirement for authorisation (and certain provisions concerning MTFs and OTFs)) thereof, or any rules or codes of conduct made under the MiFID Regulations and the provisions of the Investor Compensation Act 1998 (as amended);
- (B) it will not place or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2017 (as amended) and any codes of practice made under Section 117(1) of the Central Bank Act 1989 (as amended);
- (C) it will not place or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended), the Irish Companies Act 2014 (as amended) (the “Companies Act”) and any rules issued by the Central Bank of Ireland (the “Central Bank”) under Section 1363 of the Companies Act; and
- (D) it will not place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of Regulation (EU) No 596/2014 (as amended) of the European Parliament and of the Council of 16 April 2014 on market abuse, the European Union (Market Abuse) Regulations 2016 and any rules and guidance issued by the Central Bank pursuant to Section 1370 of the Companies Act.

### ***Prohibition of Sales to EEA Retail Investors***

The Issuer has represented that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the 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 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 the Notes.

### ***General***

Under the Note Purchase Agreement, the Issuer has acknowledged that, save for making such applications and for having procured the delivery of a copy of the Prospectus for registration to the Central Bank, no action has been or will be taken in any jurisdiction by it that would permit a public offering of the Notes, or possession or distribution of the Prospectus (in preliminary or final form) or any amendment or supplement thereto or any other offering material relating to the Notes in any country or jurisdiction where action for that purpose is required. Under the Note Purchase Agreement, the Issuer has agreed to comply with all applicable laws and regulations in each jurisdiction in or from which it may offer or sell the Notes or have in its possession or distribute the Prospectus (in preliminary or in final form) or any amendment or supplement thereto or any other offering material.

## TRANSFER RESTRICTIONS AND INVESTOR REPRESENTATIONS

### Offers and Sales

The Notes (including interests therein represented by a Global Note, a Registered Definitive Note or a Book-Entry Interest) have not been and will not be registered under the Securities Act or any state securities laws, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except pursuant to such registration requirements. Accordingly, the Notes are being offered and sold in offshore transactions pursuant to Regulation S.

### *Investor Representations*

On the Closing Date, each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interest in the Notes, including Book-Entry Interests) during the initial syndication will be deemed to have represented and agreed as follows: it (1) is not a Risk Retention U.S. Person (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Notes and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules.

### *Investor Representations and Restrictions on Resale*

Each purchaser of the Notes (which term for the purposes of this section will be deemed to include any interests in the Notes, including Book-Entry Interests) will be deemed to have represented and agreed as follows:

- (A) the Notes have not been and will not be registered under the Securities Act and such Notes are being offered only in a transaction that does not require registration under the Securities Act and, if such purchaser decides to resell or otherwise transfer such Notes, then it agrees that it will offer, resell, pledge or transfer such Notes only (i) during the Distribution Compliance Period to a purchaser who is not a U.S. person (as defined in Regulation S) or an affiliate of the Issuer or a person acting on behalf of such an affiliate, and who is not acquiring the Notes for the account or benefit of a U.S. person and who is acquiring the Notes in an offshore transaction pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S, or (ii) pursuant to an effective registration statement under the Securities Act; or (iii) pursuant to a transaction in respect of which an exemption from the registration requirements of the Securities Act is available, in each case in accordance with any applicable securities laws of any state or other jurisdiction of the United States, provided, that the agreement of such purchaser is subject to any requirement of law that the disposition of the purchaser's property shall at all times be and remain within its control;
- (B) unless the relevant legend set out below has been removed from the Notes, such purchaser shall notify each transferee of Notes (as applicable) from it that (i) such Notes have not been registered under the Securities Act, (ii) the holder of such Notes is subject to the restrictions on the resale or other transfer thereof described in paragraph (A) above, (iii) in respect of any transfer during the Distribution Compliance Period, the transferee shall be deemed to have represented that it transferee is acquiring the Notes in an offshore transaction and that such transfer is made pursuant to an exemption from registration in accordance with Rule 903 or Rule 904 of Regulation S and (iv) such transferee shall be deemed to have agreed to notify its subsequent transferees as to the foregoing; and
- (C) the Issuer, the Registrar, the Arranger and their affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

The Notes bear a legend to the following effect:

"THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY

SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND, AS A MATTER OF U.S. LAW, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) (1) AS PART OF THEIR DISTRIBUTION AT ANY TIME OR (2) OTHERWISE PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE CLOSING OF THE OFFERING OF THE NOTES, EXCEPT PURSUANT TO AN EXEMPTION FROM THE REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES.

EACH PURCHASER OR HOLDER OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED BY SUCH PURCHASE AND/OR HOLDING THAT (I) IT IS NOT AND IS NOT USING THE ASSETS OF A BENEFIT PLAN INVESTOR, AND SHALL NOT AT ANY TIME HOLD THIS NOTE FOR OR ON BEHALF OF A BENEFIT PLAN INVESTOR AND (II) IT IS NOT AND IS NOT USING THE ASSETS OF A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO FEDERAL, STATE, LOCAL OR NON-U.S. LAWS WHICH ARE SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED, (“ERISA”) OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”). THE TERM “BENEFIT PLAN INVESTOR” SHALL MEAN (1) AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF ERISA), WHICH IS SUBJECT TO TITLE I OF ERISA, (II) A PLAN DESCRIBED IN AND SUBJECT TO SECTION 4975 OF THE CODE, OR (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE PLAN ASSETS BY REASON OF A PLAN’S INVESTMENT IN THE ENTITY UNDER U.S. DEPARTMENT OF LABOR REGULATIONS § 2510.3-101 (29 C.F.R. § 2510-101) AS MODIFIED BY SECTION 3(42) OF ERISA.”

*Because of the foregoing restrictions, purchasers of Notes are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of such securities offered and sold.*

## LISTING AND GENERAL INFORMATION

- (A) The issue of the Notes has been authorised by resolution of the Board of Directors of the Issuer passed on or about 22 November 2018.
- (B) Application has been made to Euronext Dublin for the Notes to be admitted to the official list and to trading on its regulated market. There can be no assurance that any such approval will be granted or, if granted, that such listing will be maintained. The Main Securities Market of the Euronext Dublin is a regulated market for the purposes of the Markets in Financial Instruments Directive.
- (C) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

Class of Notes	ISIN	Common Code
Class A.....	XS1916006577	191600657
Class Z.....	XS1916006650	191600665
Class X.....	XS1916006817	191600681

- (D) The auditors of the Issuer, Ernst & Young LLP are members of the Institute of Chartered Accountants of Ireland. The financial year end of the Issuer is 31 December. The first statutory financial statements of the Issuer will be prepared for the period from 20 September 2018 to 31 December 2019. Since the date of its incorporation, the Issuer has not entered into any contracts or arrangements not being in the ordinary course of business.
- (E) The Issuer has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware), since 20 September 2018 (being the date of incorporation of the Issuer) which may have, or have had in the recent past, significant effects upon the financial position or profitability of the Issuer.
- (F) In relation to this transaction, the Issuer, on or about the date of this Prospectus, has entered into the Note Purchase Agreement referred to under “*Purchase and Sale*” above which is, or may be, material.
- (G) Since 20 September 2018 (being the date of incorporation of the Issuer), there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or the financial position of the Issuer.
- (H) From the date of this Prospectus and for so long as the Notes are listed on Euronext Dublin’s regulated market, physical copies of the following documents may be inspected at the registered office of the Trustee during usual business hours, on any weekday (public holidays excepted):
- (i) the Constitution of the Issuer;
  - (ii) copies of the following documents:
    - (a) the Trust Deed;
    - (b) the Irish Deed of Charge;
    - (c) the English Deed of Charge;
    - (d) the Paying Agency Agreement;
    - (e) the Incorporated Terms Memorandum;
    - (f) the Cash Management Agreement;

- (g) the Account Bank Agreement;
  - (h) the Subordinated Loan Agreement;
  - (i) the Servicer Advance Facility Agreement
  - (j) the Corporate Services Agreement;
  - (k) the Mortgage Sale Agreement; and
  - (l) the Servicing Agreement.
- (I) The Cash Manager on behalf of the Issuer will publish the Quarterly Investor Report detailing, *inter alia*, certain aggregated loan data in relation to the Mortgage Portfolio. Such Quarterly Investor Reports will be published on the following website at <https://investors.rbs.com>, the first Quarterly Investor Report being provided on the first Interest Payment Date. For the avoidance of doubt, this website and the contents thereof do not form part of this Prospectus. Quarterly Investor Reports will also be made available to the Seller and the Rating Agencies. Other than as outlined above, the Issuer does not intend to provide post-issuance transaction information regarding the Notes or the Mortgage Loans.
- (J) The Issuer confirms that the Mortgage Loans backing the issue of the Notes have characteristics that demonstrate capacity to produce funds to service any payments due and payable on the Notes. Investors are advised that this confirmation is based on the information available to the Issuer at the date of this Prospectus and may be affected by the future performance of such assets backing the issue of the Notes. Investors are advised to review carefully any disclosure in the Prospectus together with any amendments or supplements thereto.
- (K) The total expenses to be paid in relation to admission of the Notes to the Official List and trading on the regulated market of Euronext Dublin are estimated to be approximately €9,000.

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