

**SUPPLEMENTAL SERIES  
INFORMATION MEMORANDUM**

**DOURO FINANCE B.V.**

*(incorporated with limited liability in the Netherlands under registered number 55482643)*

**Series 2015-265 EUR 10,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044 (a further Tranche of Securities (the “Further Securities”) fungible with the existing issue of EUR 10,000,000 issued on 17 June 2015 (the “Original Securities”, together the “Securities”))**

**This Supplemental Series Information Memorandum includes the Issue Terms relating to the Further Securities. Investors should note that such Issue Terms supersede in their entirety any termsheets which may have been circulated previously.**

**The Further Securities are only intended for highly sophisticated and knowledgeable investors who are capable of understanding and evaluating the risks involved in investing in the Further Securities and who are required to read the "Risk Factors" section of the Douro Finance B.V. information memorandum dated 8 July 2016.**

**Arranger and Dealer  
Banco Bilbao Vizcaya Argentaria, S.A.**

**The date of this Supplemental Series Information Memorandum is 28 March 2017**

## GENERAL

This Supplemental Series Information Memorandum dated 28 March 2017 under which the Series 2015-265 EUR 10,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044 (a further Tranche of Securities (the “**Further Securities**”) fungible with the existing issue of EUR 10,000,000 issued on 17 June 2015 (the “**Original Securities**”) are described, is supplemental to the Information Memorandum dated 8 July 2016 (the **Information Memorandum**) relating to the EUR 5,000,000,000 Limited Recourse Secured Debt Issuance Programme (the **Programme**) of Douro Finance B.V. (the **Issuer**) and the series information memorandum dated 19 June 2015 relating to the Original Securities (the **Series Information Memorandum**) and is issued in conjunction with, and incorporates by reference, the Information Memorandum. This Supplemental Series Information Memorandum constitutes a prospectus issued in compliance with Directive 2003/71/EC (the **Prospectus Directive**) as amended. It should be read together with the Information Memorandum as one document. To the extent that the Information Memorandum is inconsistent with this Supplemental Series Information Memorandum, this Supplemental Series Information Memorandum shall prevail. Terms defined in the Information Memorandum shall, unless the context otherwise requires, bear the same meanings herein.

The Issuer accepts responsibility for the information contained in this Supplemental Series Information Memorandum. 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 Supplemental Series Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Arranger, the Counterparty, the Calculation Agent, the Realisation Agent, Banco Bilbao Vizcaya Argentaria, S.A. (in any other capacity in which it acts under the Programme), the Trustee, any Dealer, or any Agent (each as defined herein and together the **Programme Parties**) are affiliated (except for Deutsche Trustee Company Limited acting as Trustee and Deutsche Bank AG, London Branch acting as Authentication Agent and Common Safekeeper which both form part of Deutsche Group AG) and has separately verified the information contained herein and accordingly none of the Programme Parties makes any representation, recommendation or warranty, express or implied, regarding the accuracy, adequacy, reasonableness or completeness of the information contained herein or in any further information, notice or other document which may at any time be supplied in connection with the Further Securities or their distribution and none of them accepts any responsibility or liability therefor. None of the Programme Parties undertakes to review the financial condition or affairs of the Issuer during the life of the arrangements contemplated by this Series Memorandum or to advise any investor or potential investor in the Further Securities of any information coming to the attention of any of such Programme Parties.

Application has been made to the Irish Stock Exchange plc (the **Irish Stock Exchange**) for the Further Securities to be admitted to the Official List and trading on its regulated market. There can be no assurance that any such admission to trading will be obtained.

The Supplemental Series Information Memorandum 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 Supplemental Series Information Memorandum as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The information relating to the Charged Assets and the Counterparty (each as defined herein) and each issuer of the Charged Assets (an **Underlying Obligor**) has been accurately reproduced from information published by the Counterparty and each Underlying Obligor (as applicable). Such information has been accurately reproduced from such sources and, so far as the Issuer is aware and is able to ascertain from such sources, no

facts have been omitted from such sources which would render the reproduced information inaccurate or misleading.

The Further Securities will not be rated.

**Prospective purchasers should be aware of the risks involved in investing in the Further Securities (see the “Risk Factors” section in the Information Memorandum and in this Supplemental Series Information Memorandum below).**

Neither the delivery of this Supplemental Series Information Memorandum nor the offering, sale or delivery of any Further Securities shall in any circumstances imply that the information contained herein is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Further Securities is correct as of any time subsequent to the date indicated in the document containing the same.

No person is or has been authorised by the Issuer to give any information or to make any representation not contained in or not consistent with this Supplemental Series Information Memorandum or any other information supplied in connection with the Programme or the Further Securities and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee (as defined herein) or the Dealer (as defined herein).

This Supplemental Series Information Memorandum does not constitute an offer to sell or the solicitation of an offer to buy any Further Securities in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of the Information Memorandum and this Supplemental Series Information Memorandum and the offer or sale of Further Securities may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the relevant Dealer do not and will not represent that the Information Memorandum or this Supplemental Series Information Memorandum may be lawfully distributed, or that the Further Securities may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been or will be taken by the Issuer, the Trustee or any Dealers (save for the approval of this document as a prospectus by the Central Bank and, in the case of the Information Memorandum only, as may be specified in a Series Information Memorandum relating to any other series of Further Securities of the Issuer) which is intended to permit a public offering of the Further Securities or distribution of the Information Memorandum or this Supplemental Series Information Memorandum in any jurisdiction where action for that purpose is required. Accordingly, the Further Securities may not be offered or sold, directly or indirectly, and neither the Information Memorandum nor this Supplemental Series Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession the Information Memorandum, this Supplemental Series Information Memorandum or any Further Securities come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of the Information Memorandum and this Supplemental Series Information Memorandum and the offer or sale of Further Securities in the United States, the European Economic Area (including the United Kingdom, the Netherlands, Italy, the Kingdom of Spain and Ireland), Japan and Hong Kong (see the "*Subscription and Sale and Transfer Restrictions*" in this Supplemental Information Memorandum).

**Claims of the Securityholders and the Counterparty will be limited in recourse to the Mortgaged Property.**

The Further Securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or with any securities regulatory authority of any state or other jurisdiction of the United States and the Further Securities are in bearer form and are subject to U.S. tax law requirements. Consequently, the Further Securities may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, any person who is (i) a "U.S. person" (as defined in Regulation S under the Securities Act (**Regulation S**)), (ii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the United States Commodity Futures Trading Commission (the **CFTC**), as amended, modified or supplemented from time to time, under the United States Commodity Exchange Act, as amended (the **CEA**), (iii) a person other than a "Non-United States person" as defined in CFTC Rule 4.7, or (iv) a "United States person" as defined in the U.S. Internal Revenue Code of 1986, as amended (the **Code**) and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a **U.S. Person**). In addition, the Issuer has not been and will not be registered as an "investment company" under the United States Investment Company Act of 1940, as amended. For a description of certain restrictions on offers and sales of Further Securities in the United States or to U.S. Persons, see the "Subscription and Sale and Transfer Restrictions" section in the Information Memorandum and such further restrictions as may be described in the Information Memorandum and in this Supplemental Series Information Memorandum, as the case may be.

**The Further Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities reviewed or passed upon the accuracy or adequacy of this Supplemental Series Information Memorandum or the Information Memorandum. Any representation to the contrary is a criminal offence in the United States.**

The Issuer is not and will not be regulated by the Central Bank as a result of issuing the Further Securities. Any investment in the Further Securities 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.

If any commissions or fees relating to the issue and sale of the Further Securities have been paid or are payable by the Dealer to an intermediary, then such intermediary may be obliged to fully disclose to its clients the existence, nature and amount of any such commissions or fees (including, if applicable, by way of discount) as required in accordance with laws and regulations applicable to such intermediary, including any legislation, regulation and/or rule implementing the Markets in Financial Instruments Directive (2004/39/EC) (**MIFID**), or as otherwise may apply in any non-EEA jurisdictions. Investors in the Further Securities who have purchased an interest in Securities through an intermediary (including by way of introducing broker) should request details of any such commission or fee payment from such intermediary before making any purchase thereof.

The language of this Supplemental Series Information Memorandum is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

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## **RISK FACTORS**

*The purchase of the Further Securities involves substantial risks and is suitable only for sophisticated purchasers who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the Further Securities. The Further Securities are not principal protected and purchasers of the Further Securities are exposed to full loss of principal. The Issuer believes that the following factors may affect either its ability to fulfil its obligations under the Further Securities or the performance of the Further Securities. Some of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Further Securities, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Further Securities may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Further Securities are exhaustive.*

*The Further Securities are complex financial instruments and involve a high degree of risk and prospective purchasers should be prepared to sustain a loss of all or part of their investment.*

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under Further Securities issued under the Programme.*

*Prospective purchasers should also read the detailed information set out elsewhere in the Information Memorandum and in this Supplemental Series Information Memorandum, in the light of their own financial circumstances and investment objectives, reach their own views prior to making any investment decision.*

*Prospective purchasers should note that certain of the risks below may relate only to the issue of Further Securities. Accordingly, such prospective purchasers should review carefully the Information Memorandum, this Supplemental Series Information Memorandum as well as the following section by way of a general introduction to the risks associated with limited recourse investments and the Issuer.*

### **Investor suitability**

Prospective purchasers of the Further Securities should reach an investment decision only after carefully considering the suitability of the Further Securities in light of their particular circumstances. Investment in the Further Securities may only be suitable for investors who:

- (a) have substantial knowledge and experience in financial, business matters and expertise in assessing credit risk which enable them to evaluate the merits and risks of an investment in the Further Securities and the rights attaching to the Further Securities;
- (b) are capable of bearing the economic risk of an investment in the Further Securities for an indefinite period of time;
- (c) are acquiring the Further Securities for their own account (as principal and not as agent) for investment, not with a view to resale, distribution or other disposition of the Further Securities (subject to any applicable law requiring that the disposition of the investor's property be within its control); and
- (d) recognise that it may not be possible to make any transfer of the Further Securities for a substantial period of time, if at all.

## **Independent review and advice**

Each prospective purchaser of the Further Securities must determine, based on its own independent review (including as to the financial condition and affairs and its own appraisal of the creditworthiness of the Issuer, the Counterparty and any relevant obligor in respect of the Charged Assets and such professional advice (including, without limitation, tax, accounting, credit, legal and regulatory advice) as it deems appropriate under the circumstances, to assess the economic, social and political condition of the jurisdiction in which each relevant obligor is located and determine whether an investment in the Further Securities is appropriate in its particular circumstances.

In so doing, and without restricting the generality of the preceding paragraph, such prospective purchaser must determine that its acquisition and holding of the Further Securities (i) is fully consistent with its (or if it is acquiring the Further Securities in a fiduciary capacity, the beneficiary's) financial needs, objectives and condition, (ii) complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it (whether it is acquiring the Further Securities as principal or in a fiduciary capacity) and (iii) is a fit, proper and suitable investment for it (or if it is acquiring the Further Securities in a fiduciary capacity, for the beneficiary), notwithstanding the clear and substantial risks inherent in investing in or holding the Further Securities. None of the Issuer, the Trustee, the Dealer(s) or any of their respective affiliates is acting as an investment adviser, or assumes any fiduciary obligation, to any purchaser of Further Securities.

Neither the Information Memorandum nor this Supplemental Series Information Memorandum is intended to provide the basis of any credit or other evaluation or should be considered as a recommendation or as constituting an invitation or offer that any recipient of the Information Memorandum or this Supplemental Series Information Memorandum should purchase any of the Further Securities. The Trustee and the Dealer(s) expressly do not undertake to review the financial condition, creditworthiness or affairs of any relevant obligor(s).

## **No secondary market**

Neither the Issuer, the Trustee, the Agents, the Dealer nor any of their respective affiliates is under an obligation to provide liquidity for the Further Securities and no secondary market is expected to develop in respect of the Further Securities. Whilst the Further Securities may be listed or admitted to trading on the Irish Stock Exchange, the Issuer does not expect a trading market for the Further Securities to develop. In the unlikely event that a secondary market does develop, there can be no assurance that it will provide the Securityholders with liquidity of investment or that it will continue for the life of the Further Securities. Accordingly, the purchase of the Further Securities is suitable only for investors who can bear the risks associated with a lack of liquidity in the Further Securities and the financial and other risks associated with an investment in the Further Securities. Purchasers must be prepared to hold the Further Securities for an indefinite period of time or until final redemption or maturity of the Further Securities.

## **Limited recourse**

Claims against the Issuer by the Securityholders of a Series and by the Counterparty will be limited to the Mortgaged Property relating to such Series. The proceeds of realisation of such Mortgaged Property may be less than the sums due to the Securityholders and the Counterparty. Any shortfall will be borne by the Securityholders and by the Counterparty in accordance with the Security Ranking Basis specified in the relevant Issue Terms. Each Securityholder, by subscribing for or purchasing such Further Securities, will be deemed to accept and acknowledge that it is fully aware that, in the event of a shortfall, (i) the Issuer shall be under no obligation to pay, and the other assets (if any) of the Issuer including, in particular, assets securing other Series of Securities or Alternative Investments will not be available for payment of, such shortfall, (ii)

all claims in respect of such shortfall shall be extinguished, and (iii) the Trustee, the Securityholders and the Counterparty shall have no further claim against the Issuer in respect of such unpaid amounts and will accordingly not be able to petition for the winding up of the Issuer as a consequence of such shortfall.

The Further Securities of each Series are direct, limited recourse obligations of the Issuer alone and not of the officers, members, directors, employees, securityholders or incorporator of the Issuer, the Counterparty or the issuer(s) or obligor(s) in respect of the Charged Assets or any of their respective successors or assigns. Furthermore, they are not obligations of, or guaranteed in any way by, any Dealer(s).

### **Credit risk**

The ability of the Issuer to meet its obligations under the Further Securities will be dependent, where applicable, upon the payment of principal and interest due on the Charged Assets, the payment of all sums due from the relevant Counterparty under the Charged Agreements, upon the Principal Paying Agent and the Custodian making the relevant payments when received and upon all parties to the Transaction Documents (other than the Issuer) performing their respective obligations thereunder. Moreover, in certain cases, the security for the Further Securities will be limited to the claims of the Issuer against the Counterparty under the Charged Agreements. Accordingly, Securityholders are exposed, *inter alia*, to the creditworthiness of the issuer(s) or obligor(s) in respect of the Charged Assets, the Counterparty, the Principal Paying Agent, the other Paying Agents and the Custodian.

The Issuer will hold cash (if any) comprising the Additional Charged Assets in the Cash Deposit Account, Issuer Series Account or other such account specified in the Issue Terms. Any cash held by the Account Bank on behalf of the Issuer will be held by the Account Bank in its capacity as banker, and not as trustee. The Issuer and the Securityholders will therefore be exposed to the credit risk of the Account Bank on an unsecured basis for the period during which the cash is held by the Account Bank on behalf of the Issuer.

### **Business relationships**

Each of the Issuer, the Dealer(s), the Trustee, the Agents and/or any of their affiliates may have existing or future business relationships with any Counterparty, issuer(s) or obligor(s) in respect of any Charged Assets of any Series of Securities (including, but not limited to, lending, depository, risk management, advisory and banking relationships), and will pursue actions and take steps that it deems necessary or appropriate to protect its interests arising therefrom without regard to the consequences for a Securityholder. Furthermore, the Dealer(s), the Trustee, the Agents or any of their respective affiliates may buy, sell or hold positions in obligations of, or act as investment or commercial bankers, advisers or fiduciaries to, or hold directorship and officer positions in, any issuer(s) or obligor(s) in respect of Charged Assets.

### **Conflicts of Interest**

Each of the Counterparty and any of its affiliates is acting or may act in a number of capacities in connection with the issue of Further Securities. The Counterparty and any of its affiliates acting in such capacities in connection with the issue of Further Securities shall have only the duties and responsibilities expressly agreed to by it in the relevant capacity and shall not, by virtue of its or any other affiliates acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as expressly provided with respect to each such capacity. Each of the Counterparty and any of its affiliates in its various capacities in connection with the issue of Further Securities may enter business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents from which it may derive revenues and profits in addition to any fees stated in various documents, without any duty to account therefor, provided that any such revenue, profits or fees will be paid or received only in accordance with applicable regulations.



Various potential and actual conflicts of interest may arise between the interests of the Securityholders and either the Issuer and/or the Counterparty, as a result of the various businesses, management, investment and other activities of such persons, and none of such persons is required to resolve such conflicts of interest in favour of the Securityholders.

### **No Obligations owing by the Calculation Agent**

The Calculation Agent shall have no obligations to the Securityholders, and shall only have the obligations expressed to be binding on it pursuant to the Agency Agreement, unless otherwise specified in the Issue Terms. All designations and calculations made by the Calculation Agent in respect of any Further Securities shall be conclusive and binding on the Securityholders.

### **Legal opinions**

**No legal opinions** relating to the Further Securities will be obtained on issue with respect to the laws of England and of the Netherlands and no legal opinions will be obtained with respect to any other applicable laws and no investigations will be made into the validity or enforceability of the laws of any other jurisdiction in respect of the obligations under the Further Securities.

No legal opinions will be obtained in relation to:

- (a) the laws of the country of incorporation of the issuer(s) or obligor(s) in respect of the Charged Assets;
- (b) the laws of the country in which the obligations of the Charged Assets are situated; or
- (c) the laws of the country which are expressed to govern any obligations of the Charged Assets.

Such laws, depending upon the circumstances, may affect, among other things, the validity and legal and binding effect of the obligations of Charged Assets and the effectiveness and ranking of the security for the Further Securities. Consequently, no responsibility is accepted by the Issuer in relation to such matters.

### **Legality of purchase**

None of the Issuer, the Dealer(s) or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Further Securities by a prospective purchaser of the Further Securities, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

### **Hiring Incentives to Restore Employment Act withholding may affect payments on the Further Securities**

The U.S. Hiring Incentives to Restore Employment Act (the "**HIRE Act**") imposes a 30% withholding tax on amounts attributable to U.S. source dividends that are paid or "deemed paid" under certain financial instruments if certain conditions are met. If the Issuer or any withholding agent determines that withholding is required, neither the Issuer nor any withholding agent will be required to pay any additional amounts with respect to amounts so withheld. Prospective investors should refer to the section "*Taxation – Hiring Incentives to Restore Employment Act*."

## **Modifications to the terms of the Further Securities**

The attention of prospective purchasers is drawn to Condition 19 (*Meeting of Securityholders, Modification, Waiver and Substitution*) and in particular, the provision that the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Securityholders) requested by the relevant Dealer(s) in respect of a Series of Securities if, and to the extent that, such modification is to correct an error in the Conditions arising from a discrepancy between the Conditions and the final termsheet provided to the initial Securityholders, as certified by the relevant Dealer(s) to the Trustee.

## **Trustee Indemnity**

Upon the occurrence of an Event of Default in relation to the Further Securities, Securityholders may be required to provide an indemnity to the Trustee to its satisfaction as provided for in Condition 11 (*Events of Default*) before the Trustee gives notice to the Issuer accelerating the Further Securities. The Trustee shall not be obliged to take any action if not indemnified, secured and/or prefunded to its satisfaction.

## **Provision of information**

Neither the Issuer, the Trustee, the Agents, the Dealer(s) nor any of their respective affiliates makes any representation as to the credit quality of the Counterparty, any issuer(s) or obligor(s) in respect of the Charged Assets for any Series of Securities. Any of such persons may have acquired, or during the term of the Further Securities may acquire, non-public information with respect to such Counterparty, any issuer(s) or obligor(s) in respect of the Charged Assets. None of such persons is under any obligation to make available any information relating to, or keep under review on the Securityholders' behalf, the business, financial conditions, prospects, creditworthiness or status of affairs of any issuer(s) or obligor(s) in respect of the Charged Assets or conduct any investigation or due diligence into any such issuer(s) or obligor(s) in respect of the Charged Assets.

## **Market Conditions**

Any liquidity shortage and volatility in the credit markets will introduce a variety of increased risks relating to several aspects of the Issuer's operations. Such additional risks include the inability of the Issuer to sell its assets which, among other things, may render it unable to dispose of underperforming or defaulted assets and satisfy its obligations in respect of the redemption of the Further Securities. Such market conditions may also lead to the inability of the Issuer to determine a reliable valuation of its assets. All of such factors could materially adversely affect the interests of Securityholders.

Concerns have been raised since the financial crisis with respect to economic, monetary and political conditions in the Eurozone (including the credit risk of sovereigns and of those entities which have exposure to sovereigns). If such concerns persist and/or such conditions further deteriorate (including as may be demonstrated by any relevant credit rating agency action, any default or restructuring of indebtedness by one or more states or institutions and/or any changes to, including any break-up of, the Eurozone), then these matters may increase stress in the financial system generally and/or may adversely affect the Issuer, one or more of the other parties to the Transaction Documents (including the Vendor and/or the Counterparty) and/or any obligor in respect of the Charged Assets. 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 herein and, in particular, no assurance can be given that such matters would not adversely affect the rights of the Securityholders, the market value of the Further Securities and/or the ability of the Issuer to satisfy its obligations under the Further Securities.

## **Comparative Returns**

Risk-adjusted returns and absolute returns on the Further Securities may be lower than that of comparable investments. Each prospective purchaser should be aware that any return on the Further Securities may not exceed or even equal the return that might have been achieved had the amount of its initial investment been placed on deposit for the same period.

## **Eurosystem Eligibility**

There may be an intention for certain Further Securities to be held in a manner which will allow Eurosystem eligibility. This simply means that such Securities are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that such Securities will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

## **The Charged Assets**

The value of any Charged Assets may have a direct impact on the amounts payable to Securityholders in respect of the Further Securities upon early redemption. The Charged Assets may comprise the benefit of loans, securities, cash and/or other assets.

Prospective purchasers are advised to review carefully any offering documents for the Charged Assets before deciding whether an investment in the Further Securities is suitable for them.

## **Illiquid Charged Assets**

The Charged Assets may comprise assets which are not admitted to any public trading market and may therefore be illiquid and not readily realisable.

## **Margin calls under Swap Agreements with credit support annex**

As the Swap Agreement includes a credit support annex, (a) the relevant Counterparty will be required to post eligible collateral to the Issuer to collateralise the Issuer's exposure (if any) to the relevant Counterparty under such Swap Agreement (such collateral being referred to as "**Counterparty Margin Collateral**") and/or (b) the Issuer will be required to post eligible collateral to the relevant Counterparty to collateralise the relevant Counterparty's exposure (if any) to the Issuer under such Swap Agreement (such collateral being referred to as "**Issuer Margin Collateral**").

In respect of the Counterparty Margin Collateral, this may not in all circumstances be sufficient to negate all credit exposure of the Issuer to the relevant Counterparty, for example, because (a) of the requirement for the minimum transfer amount to be satisfied; (b) the Issuer's exposure to the Counterparty may increase from the time at which the last valuation was made; (c) where assets are delivered as collateral to the Issuer, such assets may have a volatile market value that decreases from the date of delivery of such assets; and/or (d) due to currency exchange rate fluctuations, in which circumstances Securityholders will have uncollateralised exposure to the credit risk of the relevant Counterparty. If the Issuer is required to sell any Counterparty Margin Collateral, the Securityholders will assume market risk in respect of such Counterparty Margin Collateral and credit risk in respect of the obligor(s) in respect of such Counterparty Margin Collateral.

In respect of the Issuer Margin Collateral, this will be provided from the Charged Assets and will therefore reduce the realisable value of such Charged Assets and, consequently, increase Securityholders' exposure to

the credit risk of the Counterparty, in circumstances where the Issuer Margin Collateral is subsequently required to be returned to the Issuer.

### **Credit Risk of Banco Bilbao Vizcaya Argentaria S.A. group entities as a Counterparty**

The Issuer has entered into a Swap Agreement with BBVA as Counterparty. To the extent that BBVA fails to make due and timely payment or delivery under the Swap Agreement, as the case may be, such agreement may be terminated, the security enforced and the Further Securities redeemed and a loss of principal or a delay in payment under the Further Securities may result.

### **The value of the Charged Assets may be less than the value of the Securities**

Due to potential market volatility and other factors, the market value of the Charged Assets at any time will vary, and may vary substantially, from the principal amount of such Charged Assets. To the extent that the nominal amount and/or market value of the Charged Assets is at any time less than the outstanding principal amount and/or market value of the Further Securities an investor's exposure to the obligations of the Counterparty under the Swap Agreement is increased. Accordingly, no assurance can be given as to the amount of proceeds of any sale or disposition, or the amount received or recovered upon maturity, of such Charged Assets, or that the proceeds of any such sale or disposition would be sufficient to repay principal of the Further Securities of the related Series and amounts payable prior thereto. Where this is the case and the Counterparty is unable to perform its obligations under the Swap Agreement, as the case may be, the Issuer will be unable to meet the payments owed to investors under the Further Securities in full, resulting in investors losing some or all of the money invested in Further Securities.

### **Further issues**

The terms of the Original Securities may provide for the issue of further Securities fungible with the existing Tranche(s) thereof in certain circumstances. The additional Charged Assets which the Issuer may be required to provide as security for such further Securities relative to the aggregate nominal amount of the further Securities may be such as to affect the value of the original security provided for the Securities.

### **Substitution of Charged Assets for Cash Collateral where Charged Assets are not delivered**

Where the Further Securities are secured by Cash Collateral on the Issue Date prospective purchasers should be aware that Charged Assets may be substituted, pursuant to Condition 4(c) (*Substitution with Cash Collateral*), for the Cash Collateral following the Issue Date. If an event of default (howsoever described in the terms and conditions of the Charged Assets) has occurred with respect to the Charged Assets prior to the delivery by the Vendor of all or any part of the Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement.

### **Early Redemption**

The Further Securities may be redeemed early in certain circumstances, including where there is an event of default in relation to the Further Securities, , where there is an event of default in relation to the Charged Assets, where certain regulatory events occur (which may also lead to an adjustment), where illegality event occurs and where there is a termination under a Swap Agreement. Prospective purchasers should note that the amount payable on early redemption may be significantly less than the amount that would otherwise have been payable at maturity of the Further Securities. Prospective purchasers should note in particular that pursuant to Condition 7(j) (*Cessation of interest*), on early redemption, interest payable on the Further

Securities will cease to accrue from, and including, the immediately preceding Interest Payment Date or, if none, the Interest Commencement Date.

### **Currency Risk**

An investment in Securities denominated or payable in a currency other than the currency of the jurisdiction of a particular purchaser (the "**Purchaser's Currency**"), entails significant risks that are not associated with a similar investment in a security denominated and/or payable in the Purchaser's Currency. These risks include, but are not limited to:

- (a) the possibility of significant market changes in rates of exchange between the Purchaser's Currency and the currency in which the Further Securities are denominated and/or payable;
- (b) the possibility of significant changes in rates of exchange between the Purchaser's Currency and the currency in which the Further Securities are denominated and/or payable resulting from the official redenomination or revaluation of the currency; and
- (c) the possibility of the imposition or modification of foreign exchange controls by either the jurisdiction of the purchaser or foreign governments.

### **UK Banking Act 2009**

The Banking Act 2009 (the "**Banking Act**"), which originally came into effect on 21 February 2009, includes (amongst other things) provision for a special resolution regime pursuant to which specified UK authorities have extended tools to deal with the failure (or likely failure) of certain UK incorporated entities (such as any UK bank acting as Principal Paying Agent or Custodian and, including authorised deposit-taking institutions and investment firms) and powers to recognise and give effect to certain resolution actions in respect of third country institutions. In addition, those extended tools may be used in certain circumstances in respect of UK established banking group companies, where such companies are in the same group as a relevant UK or third country institution or in the same group as an EEA credit institution or investment firm. Relevant transaction parties for these purposes include any UK deposit-taker/investment firm or non-EEA deposit-taker/investment firm, or relevant UK banking group company. In particular, such tools include share and property transfer powers (including powers for partial property transfers), bail-in powers, certain ancillary powers (including powers to modify contractual arrangements in certain circumstances) and special insolvency procedures which may be commenced by UK authorities. It is possible that the extended tools described above could be used prior to the point which an application for insolvency proceedings with respect to a relevant entity could be made and, in certain circumstances, the UK authorities may exercise broad pre-resolution powers in respect of relevant entities with a view to removing impediments to the exercise of the stabilisation tools (such tools being one of the extended tools conferred on UK authorities).

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

If an instrument or order were to be made under the Banking Act in respect of any UK bank acting as Principal Paying Agent or Custodian, such action may (amongst other things) affect the ability of such entity

to satisfy its obligations under the Transaction Documents and/or result in modifications to any unsecured liability of such entity under the Transaction Documents, and, more generally, affect the ability of such entity to perform its obligations under the Transaction Documents.

One of the five stabilisation options conferred upon UK authorities by the Banking Act is the bail-in option. The provisions in the Banking Act which relate to the bail-in option were included in the statute following the promulgation of the Bank Recovery and Resolution Directive (referred to in the following section) and in order to give effect to the provisions of that Directive in England and Wales, Scotland and Northern Ireland.

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

On 2 July 2014, Directive 2014/59/EU providing for the establishment of an EU-wide framework for the recovery and resolution of credit institutions and investment firms (the **Bank Recovery and Resolution Directive** or **BRRD**) entered into force. The BRRD is designed to provide authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the institution's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system.

The BRRD provides that it will be applied by Member States from 1 January 2015, except for the general bail-in tool (see below) which is to be applied from 1 January 2016.

The BRRD contains four resolution tools and powers which may be used alone or in combination where the relevant resolution authority considers that (a) an institution is failing or likely to fail, (b) there is no reasonable prospect that any alternative private sector measures would prevent the failure of such institution within a reasonable timeframe, and (c) a resolution action is in the public interest: (i) sale of business - which enables resolution authorities to direct the sale of the firm or the whole or part of its business on commercial terms; (ii) bridge institution - which enables resolution authorities to transfer all or part of the business of the firm to a "bridge institution" (a publicly controlled entity created for this purpose); (iii) asset separation - which enables resolution authorities to transfer impaired or problem assets to one or more publicly owned asset management vehicles to allow them to be managed with a view to maximising their value through eventual sale or orderly wind-down (this can be used together with another resolution tool only); and (iv) bail-in - which gives resolution authorities the power to write down certain claims of unsecured creditors of a failing institution and to convert certain unsecured debt claims including the Further Securities to equity (the "**general bail-in tool**"), which equity could also be subject to any future write-down.

The BRRD also provides for a Member State as a last resort, after having assessed and exploited the above resolution tools to the maximum extent possible whilst maintaining financial stability, to be able to provide extraordinary public financial support through additional financial stabilisation tools. These consist of the public equity support and temporary public ownership tools. Any such extraordinary financial support must be provided in accordance with the EU state aid framework.

An institution will be considered as failing or likely to fail when: it is, or is likely in the near future to be, in breach of its requirements for continuing authorisation; its assets are, or are likely in the near future to be, less than its liabilities; it is, or is likely in the near future to be, unable to pay its debts as they fall due; or it requires extraordinary public financial support (except in limited circumstances).

The powers set out in the BRRD will impact how credit institutions and investment firms are managed as well as, in certain circumstances, the rights of creditors. IF a credit institution or investment firm subject to the BRRD acts as a Counterparty, an issuer or obligor in respect of Charged Assets, an Account Bank or other Agent, obligations of any such entity may be subject to write-down or conversion into equity on any application of the general bail-in tool, which may result in such holders losing some or all of their

investment. The exercise of any power under the BRRD or any suggestion of such exercise could, therefore, materially adversely affect the rights of Securityholders, the price or value of their investment in any Further Securities and/or the ability of the Issuer to satisfy its obligations under any Further Securities.

### **European Market Infrastructure Regulation**

European Regulation 648/2012 of the European Parliament and Council on OTC Derivatives, Central Counterparties and Trade Repositories dated 4 July 2012, known as the European Market Infrastructure Regulation (**EMIR**) entered into force on 16 August 2012. EMIR and the regulations made under it impose certain obligations on parties to OTC derivative contracts according to whether they are “financial counterparties”, such as European investment firms, alternative investment funds, credit institutions and insurance companies, or other entities which are “non-financial counterparties” or third country entities equivalent to “financial counterparties” or “non-financial counterparties”.

EMIR establishes certain requirements for OTC derivative contracts, including mandatory clearing obligations, bilateral risk-management requirements and reporting requirements. These requirements are subject to phased implementation. Investors should be aware that currently EMIR imposes certain obligations on the Issuer, to the extent it enters into derivative transactions, and future requirements of EMIR are likely to impose further obligations on the Issuer.

Financial counterparties will be subject to a general obligation, to clear through a duly authorised or recognised central counterparty all “eligible” OTC derivative contracts entered into with other counterparties subject to the clearing obligation. They must also report the details of all derivative contracts to a trade repository and undertake certain risk-mitigation techniques in respect of OTC derivative contracts which are not cleared by a central counterparty such as timely confirmation of terms, portfolio reconciliation and compression and the implementation of dispute resolution procedures. Non-cleared OTC derivatives entered into by financial counterparties must also be marked to market and collateral must be exchanged. Non-financial counterparties are exempted from the clearing obligation and certain of the additional risk mitigation obligations (such as posting of collateral) provided the gross notional value of all derivative contracts entered into by the non-financial counterparty and other non-financial counterparties within its “group”, excluding eligible hedging transactions, do not exceed certain thresholds (set per asset class of OTC derivatives).

If the Issuer is required to comply with certain obligations under EMIR which may give rise to additional costs and expenses for the Issuer, this may in turn reduce amounts available to make payments with respect to the Further Securities. In particular, there is a particular risk that derivative transactions to which the Issuer enters into become subject to (i) the requirement to exchange segregated collateral with the Counterparty, which forms part of a risk-mitigation requirement, or (ii) mandatory clearing. It is not currently possible to conclude with any certainty whether the Issuer will be or become subject to such requirements or obligations as there remains legislative uncertainty with respect to the scope of such requirements and obligations, which are not yet in effect. However, irrespective of becoming subject to such requirements or obligations, and irrespective of it becoming necessary to amend or replace derivative transactions into which the Issuer enters, the Issuer may in any event have to bear certain costs or fees arising out of steps it is required to take to comply with the requirements of EMIR.

Investors should be aware that the Issuer will be required to disclose the details of any derivative transaction into which it enters to a “trade repository” and/or to regulatory consequence of the requirements of the trade reporting obligation under EMIR.

The Issuer has entered into an “EMIR Obligations Agreement” dated 15 September 2013 with Banco Bilbao Vizcaya Argentaria, S.A. in order to facilitate compliance with EMIR.

Given the material and presently unknown extent of the risks which may affect the Securities as a consequence of the implementation of EMIR, potential investors in the Securities should take independent advice and make an independent assessment about such risks in the context of any potential investment decision with respect to the Securities.

### **The UK's EU Referendum**

Pursuant to the European Referendum Act 2015, a referendum on the UK's membership of the EU (the "**UK's EU Referendum**") was held on 23 June 2016 with the majority voting to leave the EU. Whilst the result of the UK's EU Referendum does not bind the UK Government or the UK Parliament to a particular course of action, it is currently expected that the UK Government will exercise its right under Article 50 of the Lisbon Treaty to leave the EU. The timing and the manner of the UK's withdrawal from the EU is currently unknown and may not become clear in the short-term. Whilst the medium- to long-term consequences of the decision to leave the EU remain uncertain, it is expected that there will be a short-term negative impact to the general economic conditions in the UK and business and consumer confidence in the UK, which may in turn have a negative impact elsewhere in the EU and more widely. This may be affected by the length of time it takes for the UK to leave the EU and the terms of any future arrangements the UK has with the remaining member states of the EU.

Deteriorating business, consumer or investor confidence could lead to (i) reduced levels of business activity; and (ii) higher levels of default rates and impairment resulting from changes in credit ratings, share prices and solvency of counterparties.

No assurance can be given that such matters would not adversely affect the market value and/or the liquidity of the Securities in the secondary market.



## **USE OF PROCEEDS**

The net proceeds of the issue of the Further Securities, which amount to EUR 10,000,000, will be used by the Issuer along with the payment of EUR 3,562,137.68 by the Counterparty under the Swap Agreement to purchase the Charged Assets from the Vendor.

## **Method of Payment**

On the Issue Date, delivery of beneficial interests in the Further Securities has been made in book-entry form through the facilities of Euroclear or Clearstream, Luxembourg, in each case against payment thereof in immediately available funds.

## **TERMS OF THE FURTHER SECURITIES**

The Securities shall have the terms and conditions as set out in the bearer securities base conditions (the “**Base Conditions**”) below as completed, modified or supplemented by the provisions set out in the Issue Terms. As so completed, modified or supplemented, such terms and conditions will be the “**Conditions**” for the purposes of such Securities.

### **BEARER SECURITIES BASE CONDITIONS MODULE**

#### **JULY 2014 EDITION**

**This Bearer Securities Base Conditions Module sets out the basic terms and conditions for Securities governed by English law and will apply in respect of all Series of Securities issued in bearer form. Other Conditions Modules will apply in addition, as specified in the Issue Terms.**

#### **1. FORM, DENOMINATION AND TITLE**

- (a) Bearer Securities are serially numbered and in the Specified Denomination(s) set out in the Issue Terms. Interest bearing definitive Bearer Securities have Coupons and, if indicated in the applicable Issue Terms, Talons attached on issue. Definitive Bearer Securities repayable in instalments have Receipts for the payment of the instalments of principal (other than the final instalment) attached on issue. Global Securities do not have Receipts, Coupons or Talons attached on issue. Title to Bearer Securities and (if applicable) the related Receipts, Coupons and Talons will pass by delivery.
- (b) Bearer Securities will either:
  - (i) initially be represented by a Temporary Bearer Global Security; or
  - (ii) be represented on issue by a Permanent Bearer Global Security,as specified in the Issue Terms.

The Temporary Bearer Global Security or Permanent Bearer Global Security, as the case may be, will be delivered on or before the Issue Date to the Common Safekeeper.

Beneficial interests in a Temporary Bearer Global Security will be exchangeable for either beneficial interests in a Permanent Bearer Global Security or definitive Bearer Securities, as provided in the Temporary Bearer Global Security. A Temporary Bearer Global Security may be exchanged on or after the Exchange Date and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the transferee is not a U.S. person (as defined in Regulation S or in the CFTC Interpretive Guidance) and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

A Permanent Bearer Global Security will be exchangeable, in whole but not in part, for definitive Bearer Securities only upon the occurrence of an Exchange Event, as provided in the Permanent Bearer Global Security and upon certification that the transferee is not a U.S. person (as defined in Regulation S or in the CFTC Interpretive Guidance) and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

Beneficial interests in a Bearer Global Security may not be offered, sold, resold, delivered or transferred within the United States or its possessions or to, or for the account or benefit of, U.S.

persons (as defined in Regulation S or in the CFTC Interpretive Guidance) or to a person who is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). Such beneficial interest may only be transferred upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the transferee is not a U.S. person (as defined in Regulation S or in the CFTC Interpretive Guidance) and is a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

- (c) No beneficial owner of an interest in a Global Security will be able to exchange or transfer that interest, except in accordance with the applicable procedures of the Clearing Systems and in accordance with and subject to the terms of such Global Security.
- (d) For so long as any of the Securities is represented by a Bearer Global Security held by a Common Safekeeper, each person who is for the time being shown in the records of the Clearing Systems as entitled to a particular nominal amount of Securities shall be treated as the holder of such nominal amount of Securities for all purposes other than with respect to the payment of principal, premium (if any), or interest or other amount on such Securities. With respect to such payment, the bearer of the Bearer Global Security shall be treated as the holder of such nominal amount of Securities in accordance with and subject to the terms of the relevant Global Security. Any certificate or other document issued by the Clearing Systems as to the nominal amount of Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error. In determining whether a particular person is entitled to a particular nominal amount of Securities as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.
- (e) Subject to paragraph (d) above, the Issuer, the Counterparty (if any), the Trustee and the Agents may treat the bearer of any Bearer Security as the owner thereof for all purposes. Except as ordered by a court of competent jurisdiction or as required by applicable law, the Issuer, each Counterparty, the Trustee and the Agents shall not be affected by any notice to the contrary, whether or not the Security shall be overdue. All payments made to any such holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for the moneys payable upon such Securities.
- (f) Where a Minimum Tradeable Amount is specified in the Issue Terms, Securities will be transferable only in a minimum aggregate nominal amount equal to the Minimum Tradeable Amount specified in the Issue Terms.

## **2. STATUS**

The Securities are secured, limited recourse obligations of the Issuer, secured in the manner described in Condition 3 (*Security*) and recourse in respect of which is limited in the manner described in Condition 12 (*Enforcement*). The Securities rank and will rank, unless otherwise specified in the Issue Terms, *pari passu* without any preference among themselves (except in case of the Prioritised Tranches which will rank *pari passu* and without preference only among Securities of the same Prioritised Tranche).

## **3. SECURITY**

The Securities are constituted and secured by a Trust Instrument.

Unless otherwise specified in the Issue Terms, the Issuer's obligations under the Securities and the Charged Agreement(s) (if any) will be secured by the following security:

- (a) a first ranking assignment by way of security of all of the Issuer's Rights under the Agency Agreement;
- (b) a first ranking assignment by way of security of all of the Issuer's Rights to the Charged Assets;
- (c) a first ranking assignment by way of security of the Issuer's Rights under the Charged Agreement(s) (other than in respect of the Issuer's obligations under the Charged Agreement(s)), the Issuer's Rights under the Sale Agreement and the Issuer's Rights under any Additional Agreement; and
- (d) a first ranking assignment by way of security of all of the Issuer's Rights to any of its bank accounts in respect of the Securities (but excluding, for the avoidance of doubt, the Issuer's bank account containing the paid up ordinary share capital of the Issuer).

The secured creditors of all Series of Securities of the Issuer will also be secured under the Trust Instrument executed in respect of the first Series of Securities by a first floating charge over the whole of the assets and undertaking of the Issuer (other than, *inter alia*, the money representing paid up ordinary share capital of the Issuer, any transaction fees payable to the Issuer on each issue of Securities and assets over which security is granted in respect of each separate Series of Securities) which will become enforceable upon formal notice being given of an intention to appoint an administrator in relation to the Issuer or an application being made to, or a petition being lodged or documents being filed with, the court for administration in relation to the Issuer.

The Issue Terms will specify whether any other security interest will be created under the Trust Instrument and/or under an Additional Charging Document.

Each Series of Securities will be secured by the same Mortgaged Property as set out in the relevant Issue Terms relating to such Series of Securities.

#### **4. CHARGED ASSETS**

##### **(a) Initial Charged Assets**

The Vendor will procure that the Initial Charged Assets (if any) as specified in the Issue Terms (the "**Initial Charged Assets**") are delivered to the Custodian on the Issue Date, to the extent that such Charged Assets are capable of being delivered. Subject to Condition 4(d) (*Repo of Charged Assets*) and Condition 4(e) (*Release of Charged Assets for delivery under Swap Agreements or Repurchase Agreements*) below, with effect from such delivery, the Charged Assets will be held by the Custodian on behalf of the Issuer, subject to the Security Interests. Any cash comprising the Charged Assets will be held in the Cash Deposit Account.

##### **(b) Substitution of Charged Assets**

###### **(i) Substitution at direction of Counterparty**

The Issue Terms will specify whether the Charged Assets may be substituted from time to time in whole or in part for alternative charged assets and, if substitution is applicable, whether such substitution is on the Nominal Basis, the Market Value Basis or the Fair Value

Basis. If no such specification is made in the Issue Terms, substitution at the direction of a Counterparty shall be deemed to be not applicable. Where such substitution is applicable, the relevant Counterparty (if any) may, from time to time, at its cost and subject to the Trust Instrument, by giving not less than 5 Business Days' notice (or such other period of notice as may be specified in the Issue Terms) (a "**Substitution Notice**") in writing to the Issuer and the Trustee, together with a copy to each Rating Agency in the case of Securities that are rated, require that any securities, cash or other assets for the time being comprising the Charged Assets (but excluding any Charged Assets which have been transferred to the Repurchase Agreement Counterparty pursuant to the Repurchase Agreement) be replaced by Eligible Investments and the Trustee shall accordingly release the Charged Assets from the Security Interests in accordance with the Trust Terms Module to enable such substitution.

A substitution may occur provided that:

- (A) upon any release of the substituted Charged Assets from the Security Interests, the replacement Charged Assets are secured by the Issuer on the same terms (*mutatis mutandis*) as the substituted Charged Assets;
- (B) all requirements of any relevant Stock Exchange or competent authority are complied with; and
- (C) any other conditions specified in the Issue Terms (including Rating Agency requirements, if any) are complied with.

Upon receipt of a Substitution Notice, the Issuer shall notify the Principal Paying Agent, the Custodian, the Calculation Agent, the Securityholders and, in the case of Securities that are rated, the relevant Rating Agencies.

The relevant Counterparty at whose direction the substitution occurs shall bear and pay, and shall indemnify the Issuer and the Trustee against, all costs, expenses and taxes (including, without limitation, stamp duty) payable in connection with a substitution.

**(ii) Substitution at the request of Securityholders**

The Issue Terms will specify whether the Charged Assets may be substituted at from time to time in whole or in part for alternative charged assets and, if substitution is applicable, whether such substitution is on the Nominal Basis, the Market Value Basis or the Fair Value Basis. If no such specification is made in the Issue Terms, substitution at the request of the Securityholders shall be deemed to be not applicable. If such specification is made in the Issue Terms the mechanics for such substitution shall be set out therein also (including, in the case of a Series of Securities consisting of Non-Fungible Tranches, whether such substitution may be made at the request of holders of a specified Non-Fungible Tranche or specified Non-Fungible Tranches only).

**(c) Substitution with Cash Collateral**

- (i) In the event the Vendor does not deliver to the Issuer on the Issue Date all or any part of the Initial Charged Assets pursuant to the Sale Agreement, the Issuer shall, on the Issue Date, deposit the Cash Collateral into the Cash Deposit Account. The Cash Collateral shall form part of the Charged Assets and shall be subject to the security interest in favour of the Trustee created pursuant to the Trust Instrument.

- (ii) The Vendor will use reasonable endeavours to procure delivery of the Initial Charged Assets (whether or not such Charged Assets are subject to default (howsoever described)) to the Issuer in accordance with normal market practice pursuant to the Sale Agreement. In the event the Vendor delivers the Initial Charged Assets (or part thereof) to the Issuer after the Issue Date, the Issuer shall substitute the Initial Charged Assets (or part thereof) for an amount of cash held in the Cash Deposit Account equal to an amount which is the product of (1) the principal amount of such Initial Charged Assets divided by the aggregate principal amount of the Initial Charged Assets multiplied by (2) the Price. Such Initial Charged Assets shall be deposited with the Custodian in the Custodian's account pursuant to the Agency Agreement. From the time of such deposit, such amounts removed from the Cash Deposit Account will not form part of the Charged Assets.
- (iii) The Issuer's ability to deposit cash on the Issue Date pursuant to (i) above shall be for the purposes of ensuring that the Securities are fully secured. Where so specified in the confirmation to the relevant Swap Agreement or Repurchase Agreement, any interest earned on the Cash Deposit Account shall be paid by the Issuer to the Counterparty under the Swap Agreement or Repurchase Agreement (as applicable). For the avoidance of doubt, any substitution pursuant to this Condition 4(c) (*Substitution with Cash Collateral*) shall not affect the payments by the Counterparty to the Issuer under the Swap Agreement or the Repurchase Agreement (as applicable).

**(d) Repo of Charged Assets**

- (i) The Issue Terms will specify whether the Issuer (a) will, on the Issue Date, enter into a Repurchase Agreement in respect of the Charged Assets or (b) may, at any time after the Issue Date, enter into a Repurchase Agreement in respect of the Charged Assets and, if so, whether Securityholder consent is required pursuant to (iii) below and such specification is binding on the Securityholders. If no such specification is made in the Issue Terms, the entry by the Issuer into a Repurchase Agreement in respect of the Charged Assets shall not be permitted.
- (ii) The Issuer shall ensure that any such Repurchase Agreement provides that:
  - (A) the sale proceeds received by the Issuer in respect of the Charged Assets shall be not less than the Nominal Value, Market Value or the Fair Value (as specified in the Issue Terms or any Securityholder notice given pursuant to (iii)(A) below) (the "**Sale Proceeds**"); and
  - (B) the Charged Assets shall be resold to the Issuer no later than the Maturity Date and at a price no greater than the Sale Proceeds,

and shall, until such repurchase, hold the Sale Proceeds and any Cash Margin received by the Issuer pursuant to the terms of such Repurchase Agreement (less any Cash Margin which may be payable by the Issuer pursuant to the terms of such Repurchase Agreement) in the Cash Deposit Account.
- (iii) If "Securityholders' consent to Repurchase Agreements" is specified as applicable in the Issue Terms, the Issuer may at any time enter into a Repurchase Agreement in respect of the Charged Assets, subject to:

- (A) the Issuer giving notice of the terms of any proposed Repurchase Agreement to the Securityholders (in accordance with Condition 15 (*Notices*)), the Trustee and (in the case of Securities that are rated) each Rating Agency; and
- (B) obtaining consent of the holders of not less than the percentage specified in the Issue Terms in Outstanding Principal Amount of the Securities (or, in the case of a Series of Securities consisting of Non-Fungible Tranches, consent of the holders of not less than the percentage specified in the Issue Terms in Outstanding Principal Amount of the Non-Fungible Tranche(s) specified in the Issue Terms) in accordance with Condition 19 (*Meetings of Securityholders, Modification, Waiver and Substitution*) in respect of the same.

(iv) Upon entering into a Repurchase Agreement at any time after the Issue Date, the Issuer shall give notice of the same to the Securityholders (in accordance with Condition 15 (*Notices*)), the Trustee and (in the case of Securities that are rated) each Rating Agency as soon as practicable thereafter.

**(e) Release of Charged Assets for delivery under Swap Agreements or Repurchase Agreements**

If at any time the Issuer is required to transfer Charged Assets to a Counterparty pursuant to and in accordance with the terms of any Swap Agreement(s) or Repurchase Agreement(s), the Trustee is irrevocably authorised to release such Charged Assets from the security created by or pursuant to the Trust Instrument immediately prior to such transfer. If at any time the Issuer receives any additional cash and/or securities from a Counterparty pursuant to and in accordance with the terms of any Swap Agreement(s) or Repurchase Agreement(s), the Issuer shall notify the Trustee accordingly and such additional cash and/or securities shall be Charged Assets and held subject to the Security Interests.

**(f) Realisation of Charged Assets upon early redemption or Event of Default**

If the Security Interests over any of the Charged Assets become enforceable following an early redemption of the Securities or an Event of Default, the Trustee may in its discretion and, if requested by an Instructing Creditor, shall (subject to being indemnified, secured and/or prefunded to its satisfaction) realise such Charged Assets and/or take such action as may be permitted under applicable laws against any obligor in respect of such Charged Assets. The Trustee will not have any liability as to the consequence of such action and will not have regard to the effect of such action on individual Securityholders or the Counterparty. On the occurrence of any such event, each Charged Agreement will terminate in accordance with its terms.

Notwithstanding anything to the contrary in the Issue Terms, if (i) the Counterparty is the Defaulting Party in respect of the Swap Agreement and/or the Repurchase Agreement at any time; and (ii) "the Counterparty only" is specified as the Instructing Creditor in the Issue Terms, the Instructing Creditor shall be deemed to be the Counterparty or the Securityholders.

**5. APPLICATION OF PROCEEDS**

The Trust Instrument provides for the application of the Realisation Amount in accordance with the relevant Security Ranking Basis, after payment or satisfaction of all amounts: (i) then due and unpaid to the Trustee and/or (without duplication) any Appointee and/or (without duplication) any Agent as provided in the Trust Instrument and/or (ii) which the Trustee considers necessary to pay any amounts that may thereafter become due to be paid to it or any Appointee, to the extent is

considers that proceeds received by it thereafter under the Trust Instrument may be insufficient and/or may not be received in time to pay such amounts.

The Issue Terms will specify the "**Security Ranking Basis**" in accordance with which the remaining proportion of the Realisation Amount will be applied, being one of the following (or otherwise as specified in the Issue Terms):

- (a) "**Securityholder Priority Basis**" meaning, first, in meeting claims of the Securityholders under the Securities on a *pari passu* and *pro rata* basis (or, in case of a Series of Securities consisting of Prioritised Tranches, in the order of priorities set out in the relevant Issue Terms) and, thereafter, in meeting the claims of the Counterparty (or if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s); or
- (b) "**Pari Passu Basis**" meaning in meeting the claims of the Securityholders and the Counterparty (or if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s) on a *pari passu* and *pro rata* basis (provided that, in case of a Series of Securities consisting of Prioritised Tranches, the distribution of amounts available for meeting the claims of Securityholders shall be distributed amongst the holders of each Prioritised Tranche in the order of priorities set out in the relevant Issue Terms); or
- (c) "**Counterparty Priority Basis**" meaning, first, in meeting the claims of the Counterparty (or, if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Securityholders on a *pari passu* and *pro rata* basis (or, in case of a Series of Securities consisting of Prioritised Tranches, in the order of priorities set out in the relevant Issue Terms); or
- (d) "**Counterparty/Securityholder Priority Basis**" meaning, Counterparty Priority Basis, provided that if a Counterparty is the Defaulting Party in respect of the Swap Agreement and/or the Repurchase Agreement at any time, the Security Ranking Basis shall be Securityholder Priority Basis. Notwithstanding the above, if there is more than one Counterparty (and they are separate legal entities) and one of the Counterparties defaults, the Security Ranking Basis shall remain Counterparty Priority Basis other than in respect of the defaulting Counterparty to which Securityholder Priority Basis will apply.

For the avoidance of doubt, the Counterparty shall not have any claim in respect of the Issuer's Rights under the Charged Agreement(s).

In case of a Series of Securities consisting of Prioritised Tranches, prior to the security granted in respect of the such Series becoming enforceable, amounts received by the Issuer in connection with the Charged Assets and/or any Charged Agreements or otherwise shall be distributed amongst the holders of each Prioritised Tranche in the order of priorities set out in the relevant Issue Terms.

## **6. SHORTFALL AFTER APPLICATION OF PROCEEDS**

- (a) All payments to be made by the Issuer in respect of the Securities and the Charged Agreement(s) (if any) will be made only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Mortgaged Property in accordance with the Security Ranking Basis specified in the Issue Terms;



- (b) to the extent that such sums are less than the amount which the Securityholders and the Counterparty (if any) may have expected to receive (the difference being referred to as a "**Shortfall**"), such Shortfall will be borne by such Securityholders and by the Counterparty (if any) in accordance with the Security Ranking Basis specified in the Issue Terms (and, in case of a Series of Securities consisting of Prioritised Tranches, in accordance with the relevant Issue Terms); and
- (c) each holder of Securities, by subscribing for or purchasing the relevant Securities, and each Counterparty (if any) will be deemed to accept and acknowledge that it is fully aware that:
  - (i) the Securityholders and the Counterparty (if any) shall look solely to the sums referred to in paragraph (a) of this Condition 6 (*Shortfall after Application of Proceeds*), as applied in accordance with paragraphs (a) and (b) above (the "**Relevant Sums**"), for payments to be made by the Issuer in respect of the Securities and the Charged Agreement(s) (if any);
  - (ii) the obligations of the Issuer to make payments in respect of the Securities and the Charged Agreement(s) (if any) will be limited to the Relevant Sums and the Securityholders and the Counterparty (if any) shall have no further recourse to the Issuer in respect of the Securities and the Charged Agreement(s) (if any), respectively;
  - (iii) without prejudice to the foregoing, any right of the Securityholders and the Counterparty (if any) to claim payment of any amount exceeding the Relevant Sums shall be automatically extinguished; and
  - (iv) the Securityholders and the Counterparty (if any) shall not be able to petition for the winding up of the Issuer as a consequence of any such Shortfall.

Non-payment of any Shortfall shall not constitute an Event of Default under Condition 11 (*Events of Default*) nor entitle the Counterparty (if any) to terminate the remainder of the Charged Agreement(s) in respect of such Series in the case of a partial termination and in any event, in respect of any other Series.

None of the Trustee, the shareholders of the Issuer, any Dealer or any Counterparty has any obligation to any Securityholder for payment of any amount by the Issuer in respect of the Securities.

## 7. TYPES OF SECURITIES AND INTEREST

### (a) Fixed Rate Securities

Each Fixed Rate Security bears interest on its Outstanding Principal Amount (or, if it is a Partly Paid Security, the amount paid up) as on the first day of a Fixed Interest Period from (and including) the Interest Commencement Date (as specified in the Issue Terms) to (but excluding) the Maturity Date or, in the case of Credit-Linked Securities, the Scheduled Maturity Date at the rate(s) per annum equal to the Rate(s) of Interest, subject to any cessation of interest in circumstances as set out in the terms of the Securities.

Interest will be payable in arrear on the Interest Payment Date(s) in each year as specified in the Issue Terms, subject as aforesaid. Interest pursuant to this Condition 7(a), whether for a Fixed Interest Period or a period other than a Fixed Interest Period, shall be calculated in respect of each Security (and subject, in respect of Fixed Rate Securities in definitive form, to the paragraph below) as the product of:

- (i) the Rate of Interest;

- (ii) (A) in the case of Fixed Rate Securities which are represented by a Global Security, such Security's *pro rata* share of the aggregate Outstanding Principal Amount of the Fixed Rate Securities represented by such Global Security (or, if they are Partly Paid Securities, the aggregate amount paid up); or (B) in the case of Fixed Rate Securities in definitive form, the Calculation Amount; and
- (iii) the applicable Day Count Fraction,

the resultant figure being rounded to the nearest sub-unit of the relevant Currency of Issue, half of any such sub-unit being rounded downwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Security in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Security shall be the product of the interest amount (determined in the manner provided above) for the relevant Calculation Amount and the amount by which the relevant Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(b) **Floating Rate Securities and Indexed Interest Securities**

(i) ***Interest Payment Dates***

Each Security which is a Floating Rate Security or Indexed Interest Security bears interest on its Outstanding Principal Amount (or, if it is a Partly Paid Security, the amount paid up) as on the first day of an Interest Period from (and including) the Interest Commencement Date to (but excluding) the Maturity Date or, in the case of Credit-Linked Securities, the Scheduled Maturity Date, subject to any cessation of interest in circumstances as set out in the Issue Terms.

Such interest will be payable in arrear on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the Issue Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the Issue Terms, each date which falls the number of months or other period specified as the Specified Period in the Issue Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date,

each an "**Interest Payment Date**".

Such interest will be payable in respect of each Interest Period (which expression shall, in these Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) ***Rate of Interest***

The Rate of Interest payable from time to time in respect of Floating Rate Securities and Indexed Interest Securities will be determined in the manner specified in the Issue Terms.

- (A) ISDA Determination for Floating Rate Securities

Where ISDA Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the Issue Terms) the Margin (if any).

For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent Bank under an interest rate swap transaction if the Agent Bank were acting as calculation agent for that swap transaction under the terms of an agreement incorporating either of the 2000 ISDA Definitions or the 2006 ISDA Definitions (as specified in the Issue Terms) and under which:

- I. the Floating Rate Option is as specified in the Issue Terms;
- II. the Designated Maturity is a period specified in the Issue Terms; and
- III. the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the Issue Terms.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the 2000 ISDA Definitions or the 2006 ISDA Definitions, as the case may be.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent Bank or the Calculation Agent, as the case may be, will be deemed to have discharged its obligations under Condition 7(b)(iv) (*Determination of Rate of Interest and Interest Amounts*) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

(B) Screen Rate Determination for Floating Rate Securities

Where Screen Rate Determination is specified in the Issue Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- I. the offered quotation; or
- II. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded downwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the relevant Interest Determination Date plus or minus (as indicated in the Issue Terms) the Margin (if any), all as determined by the Agent Bank. If 5 or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one

such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent Bank for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than 3 such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Securities is specified in the Issue Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Securities will be determined as provided in the Issue Terms.

(iii) ***Minimum and/or Maximum Interest Rate***

If the Issue Terms specify a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate. In all cases, even if no Minimum Interest Rate is specified, the Rate of Interest may not be less than zero.

If the Issue Terms specify a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of sub-paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

(iv) ***Determination of Rate of Interest and Interest Amounts***

The Agent Bank (in the case of Floating Rate Securities) or the Calculation Agent (in the case of Indexed Interest Securities) will, on or as soon as practicable after each time at which the Rate of Interest is to be determined, but in any event no later than the second Business Day thereafter, determine (acting in good faith and in a commercially reasonable manner) and notify the Issuer, the Trustee, the Counterparty (if any) and the Principal Paying Agent of (i) the Rate of Interest for the relevant Interest Period and (ii) the amounts payable in respect of each Security (the "**Interest Amounts**") pertaining to such Interest Period.

The Interest Amount payable in respect of each Security (and subject, in respect of Floating Rate Securities or Indexed Interest Securities in definitive form, to the paragraph below) shall be the product of:

- (A) the Rate of Interest;
- (B) (i) in the case of Floating Rate Securities or Indexed Interest Securities which are represented by a Global Security, such Security's *pro rata* share of the aggregate Outstanding Principal Amount of the Securities represented by such Global Security (or, if they are Partly Paid Securities, the aggregate amount paid up) as of the last day of the relevant Interest Period; or(ii) in the case of Floating Rate Securities or Indexed Interest Securities in definitive form, the Calculation Amount; and

(C) the applicable Day Count Fraction,

the resultant figure being rounded to the nearest sub-unit of the relevant Currency of Issue, half of any such sub-unit being rounded downwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Floating Rate Security or an Indexed Interest Security in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Floating Rate Security or Indexed Interest Security shall be the product of the Interest Amount (determined in the manner provided above) for the relevant Calculation Amount and the amount by which the relevant Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(v) ***Linear Interpolation***

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the Issue Terms, the Rate of Interest for such Interest Period shall be calculated by the Agent Bank (in the case of Floating Rate Securities) or the Calculation Agent (in the case of Indexed Interest Securities) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the Issue Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the Issue Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent Bank or the Calculation Agent (as applicable) shall determine such rate at such time and by reference to such sources as it determines appropriate.

"**Designated Maturity**" means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(vi) ***Publication of Rate of Interest and Interest Amounts***

The Principal Paying Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to any Stock Exchange upon which the Securities are (as specified in the Issue Terms) listed and to be published in accordance with Condition 15 (*Notices*) as soon as possible after their determination, but in any event no later than the 4th Business Day thereafter. The Interest Amounts and Interest Payment Date so published may subsequently be amended with the consent of the Trustee (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified as aforesaid to each Stock Exchange on which the relevant Floating Rate Securities or Indexed Interest Securities are for the time being listed and to the Securityholders.

(vii) ***Determination or calculation by Trustee***

If the Agent Bank or, as the case may be, the Calculation Agent at any material time defaults in its obligation to determine the Rate of Interest or the Interest Amounts in accordance with

sub-paragraphs (ii) and (iv) above, the Trustee (or a person appointed by the Trustee for the purpose) at the cost of the Issuer (but without any liability accruing to the Trustee as a result of such determination or appointment) shall, acting in good faith and in a commercially reasonable manner, (i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in sub-paragraph (ii) above), it shall deem fair and reasonable in all the circumstances and (ii) calculate the Interest Amounts in the manner specified in sub-paragraph (iv) above. Such determination and calculation shall be deemed to be a determination and calculation by the Agent Bank or, as the case may be, the Calculation Agent.

(viii) ***Notifications to be final***

All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained for the purposes of the provisions summarised under this Condition whether by the Agent Bank, the Calculation Agent or the Trustee, will (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Counterparty (if any), the Agent Bank, the Calculation Agent, the Trustee, the Paying Agents and all Securityholders, as applicable, and (subject as aforesaid) no liability to the Securityholders (or, in the case of the Trustee, to any other party) shall attach to the Agent Bank, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by them of their powers, duties and discretions pursuant to this Condition.

(c) **Partly Paid Securities**

If the Issue Terms specify that the Securities are Partly Paid Securities, the amount of each payment comprising the issue price, the date on which each payment is to be made and the consequences (if any) of failure to make any such payment will be as set out in the Issue Terms.

Other than Partly Paid Securities which are Zero Coupon Securities, interest will accrue on the paid-up nominal amount of such Securities and as specified in the Issue Terms.

(d) **Equity-Linked Securities**

If the Issue Terms specify that the Securities are Equity-Linked Securities, the Issue Terms will set out the expected dates of any distributions or payments.

(e) **Variable Coupon Amount Securities**

If the Issue Terms specify that the Securities are Variable Coupon Amount Securities (any such Securities "**Variable Coupon Amount Securities**"), the Issue Terms will set out the basis for calculating the amount of interest payable, which may be by reference to a debt, equity or commodity index or as otherwise provided in the applicable Issue Terms.

(f) **Variable Redemption Amount Securities**

If the Issue Terms specify that the Securities are Variable Redemption Amount Securities (any such Securities "**Variable Redemption Amount Securities**"), the Issue Terms will set out the basis for calculating the amounts payable on redemption, which may be by reference to a debt, equity or commodity index or as otherwise provided in the applicable Issue Terms.

(g) **Rounding in respect of all Securities**

Subject to Conditions 7(a) (*Determination of Rate of Interest and Interest Amounts - Fixed Rate Securities*) and 7(b)(iv) (*Determination of Rate of Interest and Interest Amounts*), all amounts resulting from any calculations referred to in these provisions will be rounded downwards to the nearest unit or sub-unit of currency or as described in the Issue Terms.

(h) **Cessation of interest**

Notwithstanding any other terms of these Conditions and unless otherwise specified in the Issue Terms:

(i) if:

- (A) an Event of Default in relation to the Securities occurs or the Securities are redeemed early,
- (B) an event of default in relation to the Charged Assets occurs or any of the Charged Assets are redeemed early, or
- (C) the Securities are redeemed pursuant to a termination under (i) the Swap Agreement, other than a termination of the CDS Transaction as a consequence of an Event Determination Date has occurred and/or (iii) the Repurchase Agreement,

the interest on the Securities will cease to accrue from, and including, the Interest Payment Date immediately preceding the date on which any of the events referred to in (A) to (C) above have occurred (or in the case of the first Fixed Interest Period or, as the case may be, the first Interest Period, the Interest Commencement Date); and

- (ii) in the case of Credit-Linked Securities, if, under the CDS Transaction, an Event Determination Date has occurred, unless otherwise specified in the Issue Terms, the interest on the Securities will cease to accrue from and including the Interest Payment Date immediately preceding the Event Determination Date (or in the case of the first Fixed Interest Period or, as the case may be, the first Interest Period, the Interest Commencement Date).

(i) **Default interest**

If payment to any Securityholder of any amount due in respect of the Securities is improperly withheld or refused, interest shall accrue (before and after judgement) as provided in the Trust Instrument at the rate specified for the purpose in the Issue Terms (or if no such rate is specified, the rate shall be deemed to be zero). References to any payment due or owing in respect of the Securities shall be deemed to include any interest which may be payable under this Condition 7 (*Types of Securities and Interest*).

**8. REDEMPTION**

(a) **Final redemption**

Each Security will be redeemed by the Issuer on the Maturity Date at its Final Redemption Amount or by delivery of the Entitlement as set out in Condition 8(1) (*Physical Delivery*) or as otherwise

specified in the Issue Terms, unless such Security has been redeemed, purchased or cancelled prior to such date.

(b) **Redemption for taxation reasons**

(i) If:

- (A) the Issuer, on the occasion of the next payment due in respect of the Securities, would be required by law to withhold or account for tax in respect of such payment or would suffer tax in respect of its income in respect of the Charged Assets or receipt of payments under any Charged Agreement (including the deductions of tax from such payments), including any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or any withholding or deduction otherwise imposed pursuant to Sections 1471 through 1474 of the Code and any regulations or agreements thereunder or official interpretations thereof ("**FATCA Withholding Tax**"), so that it would be unable to make payment of the full amount payable on the Securities without recourse to further sources of funding or any payment of principal or interest or other distribution in respect of the Charged Assets for the time being is required to be made subject to any deduction or withholding on account of any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any such payment of interest, or on account of any right of set-off, or for any other reason, including FATCA Withholding Tax, or
- (B) the Issuer, on the occasion of the next payment due in respect of any Charged Agreement, would be required by law to withhold or account for tax in respect of such payment or would suffer tax in respect of its income in respect of the Charged Assets (including the deductions of tax from such payments), including FATCA Withholding Tax, so that it would be unable to make payment of the full amount payable under such Charged Agreement without recourse to further sources of funding, or
- (C) the cost to the Issuer of complying with its obligations under the Trust Instrument or meeting its operating or administrative expenses would, in the opinion of the Issuer, be materially increased compared to such cost as of the Issue Date (including, without limitation, as a result of any adverse change in tax rulings in respect of the Issuer or any adverse change of law or practice (or interpretation or administration of the same) which applies to the Issuer), or
- (D) the Issuer would be required to account for any tax or suffer tax in respect of its income in respect of the Charged Assets or receipt of payments (whether actual or deemed) under any Charged Agreement as a result of the then accounting treatment, as certified by the Issuer's auditors,

then the Issuer shall so inform the Trustee, the Principal Paying Agent, the Calculation Agent and the Counterparty (if any).

The date on which any such withholding or deduction is suffered or increased amount is payable is referred to as the "**Shortfall Date**". The Issuer shall use its reasonable endeavours



to arrange the substitution as the principal debtor under the Securities of a company, approved by the Trustee and the Counterparty, if any, (and, in the case of Securities that are rated, subject to Rating Agency Confirmation or, in the case of Securities that are rated by Fitch, prior notification to Fitch), incorporated in another jurisdiction wherein (in respect of sub-paragraphs (A), (B) and (D) of Condition 8(b)(i)) such withholding would not be applicable, or such tax would not be accountable or suffered, or (in respect of sub-paragraph (C) of Condition 8(b)(i)) such costs or operating or administrative expenses would not materially exceed the Issuer's costs or operating or administrative expenses prior to the increase and the company concerned would not be in any worse position following the substitution than the Issuer was in before the event occurred which resulted in the Issuer being obliged to use reasonable endeavours to substitute in accordance with this provision.

- (ii) If the Issuer is unable to arrange such substitution before the relevant Shortfall Date, in the case of Condition 8(b)(i)(A) where there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, in its sole discretion, under any Charged Agreement to pay to the Issuer such amounts as will enable it (after any such withholding, accounting or suffering) to pay (and in such event, the Issuer will be obliged to pay) to the Securityholders the amounts which they would have received in the absence of such withholding, accounting or suffering.

If the Issuer is unable to arrange such substitution before the relevant Shortfall Date in the case of Condition 8(b)(i)(B), the Counterparty shall have the right, but not the obligation, in its sole discretion, under any such Charged Agreement to accept a lesser payment from the Issuer in respect of the Charged Agreements (after any such withholding or accounting or suffering of tax by the Issuer in respect of the Charged Assets).

If the event referred to in Condition 8(b)(i)(C) or (D) has occurred and there is a Charged Agreement, the Counterparty shall have the right, but not the obligation, before the Shortfall Date, to make additional payments to the Issuer so that the Issuer would not be in any worse position as a result of the occurrence of such event.

- (iii) If the Counterparty does not exercise such right as referred to in paragraph (ii) above, any such Charged Agreement will be terminated and the Securities redeemed as follows. The Selling Agent shall arrange for, and administer the sale of, the Charged Assets in accordance with the Agency Agreement in which case, upon the sale of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount.
- (iv) Notwithstanding the foregoing, if the requirement to withhold or account for any of the taxes referred to in this Condition arises:
  - (A) owing to any connection of any Securityholder with the taxing jurisdiction to which the Issuer is subject otherwise than by reason only of the holding of any Security or receiving principal, premium or interest in respect thereof; or
  - (B) by reason of the failure by the relevant Securityholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or

- (C) where such withholding or deduction is imposed on payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (D) (if applicable) in circumstances which could have been avoided if the relevant Securityholder presented the relevant Security to another Paying Agent in a Member State of the European Union,

then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Securityholder and the provisions of the preceding paragraph shall not apply. Any such deduction shall not constitute an Event of Default under Condition 11 (*Events of Default*).

(c) **Mandatory Redemption**

- (i) ***Following Default under the Charged Assets or termination or cancellation of a Charged Agreement or a Regulatory Event or an Illegality Event***

Subject to Condition 4(c) (*Substitution with Cash Collateral*):

- (A) if there has been a payment default in respect of the Charged Assets, or any one or more of the Charged Assets (as the case may be) as provided for in the terms and conditions of the relevant Charged Assets as at the date such Charged Assets become a Charged Asset without taking into account for this purpose any applicable grace period; or
- (B) if the Charged Agreements are terminated or cancelled (in whole but not in part) for any reason including due to the occurrence of an Event Determination Date in respect of a CDS Transaction but other than as a consequence of any other specific provisions relating to scheduled redemption of the Securities or on scheduled settlement of any transaction under the Charged Agreements; or
- (C) if any of the Charged Assets (or amounts due pursuant thereto) become capable of being declared due and payable (without taking into account for this purpose any applicable grace period under any terms in effect) prior to their stated date of maturity or other date or dates for their repayment by reason of any event of default (howsoever described) thereunder; or
- (D) if any obligor under the Charged Assets stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or if any order is made by any competent court or any resolution passed for the winding-up or dissolution of such obligor or if proceedings are initiated against such obligor under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or any analogous proceedings or such obligor is adjudicated or found bankrupt or insolvent; or
- (E) if the Issuer elects to redeem Securities for a Regulatory Event pursuant to Condition 8(e) (*Redemption or adjustment for a Regulatory Event*); or

- (F) if the Issuer elects to redeem Securities for an Illegality Event pursuant to Condition 8(f) (*Redemption for an Illegality Event*),

the Issuer shall give notice thereof to the Trustee, the Securityholders and the Selling Agent.

Thereupon, subject as provided below, the Selling Agent shall arrange for, and administer, the sale of all of the Charged Assets in accordance with the Agency Agreement and, if applicable, Condition 8(c)(vi) (*Liquidation of Charged Assets*) below, in which case, upon sale of all of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount and the Charged Agreement(s) will be terminated.

(ii) ***Following occurrence of an Event Determination Date***

In the case of Credit-Linked Securities, where the CDS Transaction is to be settled following the occurrence of an Event Determination Date, the Securities will be subject to mandatory redemption on (a) the second Business Day following the Settlement Date pursuant to the CDS Transaction or (b) if Credit Maturity Redemption is specified to apply in the Issue Terms, if later, the Scheduled Maturity Date, which will be the relevant "**Early Redemption Date**" and the Early Redemption Amount payable in respect of the mandatory redemption of the Securities pursuant to Condition 8(c)(i)(B) on such Early Redemption Date, shall be an amount determined by the Calculation Agent as specified in the Issue Terms.

For the avoidance of doubt the Early Redemption Date for these purposes may occur after the Scheduled Maturity Date. If an Event Determination Date has occurred pursuant to the CDS Transaction, the Calculation Agent shall as soon as reasonably practicable give notice on behalf of the Issuer to the Principal Paying Agent, the Trustee and to the Securityholders in accordance with Condition 15 specifying the following information: (i) the fact that an Event Determination Date has occurred and (ii) the date of occurrence thereof.

Unless otherwise specified in the Issue Terms and subject as provided below, the Selling Agent shall not arrange for, and administer, the sale of, all of the Charged Assets in accordance with the Agency Agreement but, in accordance with the terms of the Swap Agreement, (i) all Charged Assets will be delivered to the Counterparty and (ii) the Counterparty shall pay to the Issuer an amount equal to and in the same currency as the aggregate Early Redemption Amounts. Notwithstanding this provision, if any of the events or circumstances in Condition 8(b)(i)(A), (C), (D) or (E) occurs prior to the transfer of all Charged Assets to the Counterparty then the CDS Transaction will be terminated early and the Selling Agent shall arrange for, and administer, the sale of all of the Charged Assets in accordance with the Agency Agreement and, if applicable, Condition 8(c)(vi) (*Liquidation of Charged Assets*) below, in which case upon sale of all of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount and all other Charged Agreement(s) will be terminated.

The occurrence of any Credit Event, and all calculations, determinations and other steps required to be taken in connection therewith, under or in respect of the Charged Agreements are conclusive and binding on the Issuer, the Trustee, the Securityholders and the Principal Paying Agent, and all other persons when and as they occur or they are made or taken under

or in connection with the Charged Agreements pursuant to its terms, without further notice, consultation or determination hereunder.

If, in accordance with the terms of the definition of Event Determination Date, (i) following the determination of an Event Determination Date, such Event Determination Date is deemed (A) to have occurred on a date that is different from the date that was originally determined to be the Event Determination Date or (B) not to have occurred or (ii) an Event Determination Date is deemed to have occurred prior to one or more preceding Interest Payment Dates, the Calculation Agent will determine (1) such adjustment(s) to these Conditions (including any adjustment to payment amounts) as may be required to achieve as far as practicable the same economic position of Securityholders as would have prevailed had an Event Determination Date been determined and known on such deemed date of occurrence and (2) the effective date of such adjustment(s).

(iii) ***Following Early Redemption of the Charged Assets***

Subject to Condition 4(c) (*Substitution with Cash Collateral*), where any one or more of the Charged Assets in relation to a Series of Securities are redeemed pursuant to an early unscheduled redemption of such Charged Assets prior to their stated date of maturity (other than by reason of a payment default or exercise of a call option), the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Securityholders and the Selling Agent (which notice shall be irrevocable) of the date on which the net redemption proceeds of such Charged Assets shall be applied as specified in Condition 5 (*Application of Proceeds*). The Issuer shall give notice as soon as reasonably practicable to the Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount and the Charged Agreement(s) will be terminated. In such circumstances, in relation to any Charged Assets not so redeemed, the Selling Agent shall arrange for, and administer the sale of, such Charged Assets (and the Issuer shall give notice of the Realisation Amount relating thereto in accordance with the provisions set out in Condition 8(c)(i) above, which, for the avoidance of doubt, shall be applied on the same date as, and together with, the net redemption proceeds received in relation to the redeemed Charged Assets as specified in Condition 5 (*Application of Proceeds*)). In the event of an early unscheduled redemption of the Initial Charged Assets prior to their stated date of maturity (other than by reason of a payment default) prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the amount of cash held in the Cash Deposit Account at such time, the Selling Agent, on behalf of the Issuer, shall pay any such difference to the Vendor as soon as reasonably practicable thereafter. Each Security will thereafter be redeemed on a *pro rata* basis of the aggregate amount allocated to the Securityholders.

(iv) ***Following the exercise of a call option in relation to the Charged Assets***

Subject to Condition 4(c) (*Substitution with Cash Collateral*) and if specified as being applicable in the Issue Terms, where any one or more of the Charged Assets in relation to a Series of Securities are redeemed pursuant to the exercise of a call option, the Issuer shall give notice as soon as reasonably practicable to the Trustee, the Securityholders and the Selling Agent (which notice shall be irrevocable) of the date on which the net redemption proceeds of such Charged Assets shall be applied as specified in Condition 5 (*Application of*

*Proceeds*). The Issuer shall give notice as soon as reasonably practicable to the Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount and the Charged Agreement(s) will be terminated. In such circumstances, in relation to any Charged Assets not so redeemed, the Selling Agent shall arrange for, and administer the sale of, such Charged Assets (and the Issuer shall give notice of the Realisation Amount relating thereto in accordance with the provisions set out in Condition 8(c)(i) (*Following Default under the Charged Assets or termination or cancellation of a Charged Agreement*) above, which, for the avoidance of doubt, shall be applied on the same date as, and together with, the net redemption proceeds received in relation to the redeemed Charged Assets as specified in Condition 5 (*Application of Proceeds*)). In the event of an early unscheduled redemption of the Initial Charged Assets prior to their stated date of maturity pursuant to the exercise of a call option prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the amount of cash held in the Cash Deposit Account at such time, the Selling Agent, on behalf of the Issuer, shall pay any such difference to the Vendor as soon as reasonably practicable thereafter. Each Security will thereafter be redeemed on a *pro rata* basis of the aggregate amount allocated to the Securityholders.

(v) ***Following Event of Default under the Swap Agreement and/or the Repurchase Agreement with Counterparty as Defaulting Party***

If there has been an Event of Default under and as defined in the Swap Agreement and/or the Repurchase Agreement and the Counterparty is the Defaulting Party, the Issuer shall give notice thereof to the Securityholders, the Selling Agent and the Trustee. At any time at which the Event of Default under and as defined in the Swap Agreement and/or the Repurchase Agreement is continuing (having taken into account any applicable grace period), (a) the Securityholders may instruct the Issuer by way of Extraordinary Resolution (with a copy to the Trustee and the Selling Agent) or (b) the Selling Agent (provided it is a Replacement Selling Agent) may instruct the Issuer (with a copy to the Trustee and the Securityholders) (i) to terminate the Swap Agreement and Repurchase Agreement, in each case if any and (ii) to redeem the Securities in accordance with this Condition 8(c)(v). Thereupon, the Selling Agent shall (i) terminate the Swap Agreement and Repurchase Agreement, in each case if any on behalf of the Issuer and (ii) arrange for, and administer the sale of, all of the Charged Assets in accordance with the Agency Agreement and, if applicable, Condition 8(c)(vi) (*Liquidation of Charged Assets*) below. Upon sale of all of the Charged Assets and receipt of the Realisation Amount, the Issuer shall give notice as soon as reasonably practicable to the Trustee and the Securityholders (which notice shall be irrevocable) of the date on which the Securities will be redeemed at the Early Redemption Amount.

(vi) ***Liquidation of Charged Assets***

In the event of a payment default in respect of the Initial Charged Assets prior to the delivery by the Vendor of all or any part of the Initial Charged Assets, any undelivered Initial Charged Assets shall be deemed to have been delivered by the Vendor to the Issuer and sold by the Selling Agent in accordance with the Agency Agreement. In the event that the deemed proceeds of the sale of such undelivered Initial Charged Assets are less than the

amount of cash held in the Cash Deposit Account at such time, any such difference shall be paid to the Vendor as soon as reasonably practicable thereafter.

(vii) **General**

Once the net proceeds of sale or redemption of the Charged Assets have been applied in accordance with this Condition, failure to make any further payment due in respect of a mandatory redemption of part of the principal amount of the Securities or interest thereon or any termination payment under any Charged Agreement shall not constitute an Event of Default.

(d) **Redemption at the option of the Issuer**

- (i) The Issue Terms may specify that the Issuer has the option to redeem all or some of the Securities on the Optional Call Redemption Date(s) at the Optional Call Redemption Amount together with interest to (but excluding) the date of redemption.
- (ii) The Issuer may only exercise such option by giving notice to the Securityholders, the Trustee, the Counterparty (if any) and the Principal Paying Agent within the Issuer's Option Period (as specified in the Issue Terms).
- (iii) In the case of a partial redemption of the Securities, the Securities to be redeemed will be selected individually by lot (where the Securities are in definitive form) or in accordance with the rules of the Clearing Systems (where the Securities are in global form) (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in the nominal amount, at their discretion).

(e) **Redemption or adjustment for a Regulatory Event**

- (i) If the Calculation Agent determines that a Regulatory Event has occurred, the Issuer may and will, if so directed by a Counterparty in respect of the relevant Series (i) require the Calculation Agent to determine and make any adjustment(s) to the Conditions to account for the Regulatory Event or (ii) elect to redeem the Securities in accordance with Condition 8(c) above. The Issuer will give notice of any such determination or election to Securityholders. The determinations of the Calculation Agent under this paragraph shall be made in good faith and in a commercially reasonable manner.
- (ii) **"Regulatory Event"** means the occurrence at any time on or after the Issue Date of any of the following events:
  - (A) a change in the official interpretation or application of the international, European or Spanish regulations, rules and instructions (the **"Bank Regulations"**) by any relevant competent international, European or national body (including any relevant international, European or other competent authority);
  - (B) a change in, or in the official interpretation or other interpretation of, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act or any existing or future rules, regulations, guidance, interpretations or directives from the U.S. bank regulatory agencies relating to the FAS 166/167 Capital Guidelines or the Dodd-Frank Wall Street Reform and Consumer Protection Act and/or (ii) the United States Commodity Exchange Act, as amended, or any related existing or future rules,

regulations, guidance, interpretations or directive (in each case whether or not having the force of law) which would require the Issuer, Banco Bilbao Vizcaya Argentaria S.A. ("**BBVA**") and/or any other relevant party to take any action in relation to or for purposes of the Securities, whether such change commences prior to, on or after the Issue Date; or

- (C) the Issuer is required to register with the Commodity Futures Trading Commission ("**CFTC**") as a Commodity Pool Operator (a "**CPO**") or is otherwise required to have another entity registered with the CFTC as a CPO for the Issuer, or the Issuer becomes subject to any other registration, reporting or disclosure requirements with the CFTC or any other US regulator or agency,

and which, in the case of sub-paragraph (A) above, has the effect that BBVA directly or indirectly in connection with any Securities would be subject to materially less favourable regulatory capital or capital adequacy treatment and/or results in an increase in the amount of capital required or expected to be maintained by BBVA.

(f) **Redemption for an Illegality Event**

In the event that the Issuer determines in good faith and in a commercially reasonable manner that the performance of its obligations under the Securities or any other agreement(s) entered into by it in connection with the Securities has or will become unenforceable, illegal or otherwise prohibited in whole or in part as a result of the Issuer's compliance with any applicable present or prospective law, rule, regulation, judgment, order or directive of or in any jurisdiction or any governmental administrative, legislative or judicial power or the interpretation thereof (the "**Illegality Event**"), the Issuer may and will, if so directed by a Counterparty in respect of the relevant Series, elect to redeem the Securities in accordance with Condition 8(c) above.

(g) **Redemption at the option of the Securityholders**

- (i) The Issue Terms may specify that the Issuer shall, at the option of the Securityholders (either individually or acting together, subject to a minimum percentage of all the Securityholders, as specified in the Issue Terms), redeem all or some of the Securities on the Optional Put Redemption Date at the Optional Put Redemption Amount, together with interest to (but excluding) the date of redemption.
- (ii) A Securityholder may only exercise such option by giving notice to the Issuer within the Securityholder's Option Period (as specified in the Issue Terms). If the Securities are in definitive form, the Securityholder must deposit the relevant Security at the specified office of a Paying Agent together with a duly completed and signed notice of exercise (the "**Put Notice**"). If the Securities are represented by a Global Security, to exercise the right to require redemption of the Security the Securityholder must, within the notice period, give notice of such exercise in accordance with the standard procedures of the Clearing Systems (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in the nominal amount, at their discretion, and which may include notice being given on his instruction by the Clearing Systems or any Common Service Provider for them to the Principal Paying Agent by electronic means) in a form acceptable to the Clearing Systems from time to time.
- (iii) Any Put Notice shall be irrevocable except where, prior to the due date of redemption, an Event of Default shall have occurred and be continuing and the Trustee shall have declared

the Securities due and repayable. In such event, a Securityholder may, at its option, elect to withdraw the Put Notice.

- (iv) Notwithstanding the foregoing provisions of this Condition 8(g) and subject to the terms of the relevant Issue Terms, no holder of a Security which forms part of a Prioritised Tranche which is subordinated to another Prioritised Tranche of the same Series may serve notice requiring the Issuer to redeem its Securities for so long as any Securities of such other Prioritised Tranche is outstanding. The Issuer shall give notice to the Trustee, holders of Securities comprising Prioritised Tranches which are subordinated to any other Prioritised Tranche of the same Series and, if the Securities are rated, the relevant Rating Agency(ies) promptly on redemption (or purchase and cancellation) of all Securities comprised within any such Prioritised Tranche.

(h) **Redemption of Zero Coupon Securities**

- (i) For the purpose of this Condition 8 (*Redemption*) and Condition 11 (*Events of Default*), each Zero Coupon Security will be redeemed at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

$$\text{Amortised Face Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

"**RP**" means the Reference Price (as defined in the Issue Terms);

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Securities to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Security becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the Issue Terms.

- (ii) If the amount payable in respect of any Zero Coupon Security upon redemption of such Zero Coupon Security pursuant to this Condition 8 (*Redemption*) or upon its becoming due and repayable as provided in Condition 11 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Security shall be the amount calculated as provided in sub-paragraph (i) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Security becomes due and payable were replaced by references to the date which is the earlier of:
  - (A) the date on which all amounts due in respect of such Zero Coupon Security have been paid; and
  - (B) 5 days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Securities has been received by the Agent or the Trustee and notice to that effect has been given to the Securityholders in accordance with Condition 15 (*Notices*).



(i) **Instalments**

Instalment Securities will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Securities will be redeemed at the relevant Early Redemption Amount.

(j) **Cancellation**

All Securities redeemed early (together, in the case of definitive Bearer Securities, with such unmaturing Receipts, Coupons and Talons as are attached thereto or are surrendered therewith at the time of such redemption) or (where in definitive form) purchased and subject to cancellation by the Issuer pursuant to the Issue Terms shall be cancelled and may not be reissued or resold. The Issuer may (but is not obliged to) cancel any Securities that are not in definitive form that are purchased by the Issuer or it may re-sell such Securities in its discretion.

(k) **Maturity Date extension**

In respect of a Credit-Linked Security, if, in the determination of the Calculation Agent the Termination Date may or will occur following the Scheduled Termination Date in respect of and each as defined in a CDS Transaction, the Calculation Agent may at its option notify the Securityholders in accordance with Condition 15 (*Notices*) that the Maturity Date has been postponed to a date (such date the "**Postponed Maturity Date**") being the fifth Business Day immediately following (x) the Termination Date of the CDS Transaction or if earlier (y) the date as of which the Calculation Agent determines the Termination Date of the CDS Transaction is the Scheduled Termination Date determined under the CDS Transaction.

(l) **Physical Delivery**

If physical delivery is specified as applicable in the Issue Terms, the provisions of this Condition 8(l) (*Physical Delivery*) shall apply.

(i) In order to obtain delivery of the Entitlement in respect of such Security:

- (A) if such Security is represented by a Global Security, the relevant Securityholder must deliver or have delivered to the relevant Clearing System, with a copy to the Issuer and Principal Paying Agent, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice (as defined below); and
- (B) in all other cases, the relevant Securityholder must deliver to the Principal Paying Agent, with a copy to the Issuer, not later than the close of business in each place of receipt on the Cut-Off Date, a duly completed Asset Transfer Notice.

Forms of the Asset Transfer Notice may be obtained during normal business hours from the specified office of the Principal Paying Agent.

An Asset Transfer Notice may only be delivered (i) if such Security is represented by a Global Security, in such manner as is acceptable to Euroclear or Clearstream, Luxembourg, as the case may be, or (ii) if such Security is a Definitive Registered Security, in writing.

If (ii) above applies the relevant Security must be delivered together with the duly completed Asset Transfer Notice.

(ii) An Asset Transfer Notice must:

- (A) specify the name and address of the relevant Securityholder and the person from whom the Issuer may obtain details for the delivery of the Entitlement;
- (B) in the case of Securities represented by a Global Security, specify the principal amount of Securities which are the subject of such notice and the number of the Securityholder's account at the relevant Clearing System, to be debited with such Securities and irrevocably instruct and authorise the relevant Clearing System, to debit the relevant Securityholder's account with such Securities on or before the Delivery Date (as defined below);
- (C) include an undertaking to pay all Expenses and, in the case of Securities represented by a Global Security, an authority to debit a specified account of the Securityholder at the relevant Clearing System, as the case may be, in respect thereof and to pay such Expenses;
- (D) specify an account to which dividends (if any) or any other cash amounts payable by the Issuer are to be paid, including without limitation, any cash amount constituting the Entitlement or any dividends relating to the Entitlement;
- (E) give such certification as to US or other securities, regulatory and/or tax status as may be set out in the form of Asset Transfer Notice; and
- (F) authorise the production of such notice in any applicable administrative or legal proceedings.

No Asset Transfer Notice may be withdrawn after receipt thereof by the relevant Clearing System or the Principal Paying Agent, as the case may be, as provided above. After delivery of Asset Transfer Notice, the relevant Securityholder may not transfer the Securities which are the subject of such notice.

In the case of Securities represented by a Global Security, upon receipt of such notice, the relevant Clearing System, shall verify that the person specified therein as the Securityholder is the holder of the specified principal amount of Securities according to its books.

Failure properly to complete and deliver an Asset Transfer Notice may result in such notice being treated as null and void. Any determination as to whether such Asset Transfer Notice has been properly completed and delivered as provided in these Conditions shall be made by the relevant Clearing System, as the case may be, after consultation with the Issuer and Principal Paying Agent and shall be conclusive and binding on the Issuer and the relevant Securityholder.

If such Asset Transfer Notice is subsequently corrected to the satisfaction of the relevant Clearing System or the Principal Paying Agent, it shall be deemed to be a new Asset Transfer Notice submitted at the time such correction was delivered as provided above.

The relevant Clearing System shall use its best efforts promptly to notify the Securityholder submitting an Asset Transfer Notice if, in consultation with the Principal Paying Agent and the Issuer, it has determined that such Asset Transfer Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, none of the Issuer, the

relevant Clearing System or the Principal Paying Agent shall be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Securityholder.

Delivery of the Entitlement in respect of each Security shall be made at the risk of the relevant Securityholder in such commercially reasonable manner as the Calculation Agent shall in its sole discretion determine to be appropriate and notified to the person designated by the Securityholder in the relevant Asset Transfer Notice on the Maturity Date (such date, subject to adjustment in accordance with this Condition, the "**Delivery Date**"), provided that the Asset Transfer Notice is duly delivered to the relevant Clearing System with a copy to the Issuer and Principal Paying Agent, as provided above, not later than the close of business in each place of receipt on the Cut-Off Date specified in the applicable Issue Terms.

If a Securityholder fails to give an Asset Transfer Notice as provided herein with a copy to the Issuer and Principal Paying Agent, not later than the close of business in each place of receipt on the Cut-Off Date, then the Entitlement will be delivered as soon as practicable after the Maturity Date (in which case, such date of delivery shall be the Delivery Date) at the risk of such Securityholder in the manner provided above; provided that, if in respect of a Security, an Asset Transfer Notice is not delivered to the relevant Clearing System with a copy to the Principal Paying Agent and the Issuer by the close of business in each place of receipt on the 180th calendar day following the Cut-Off Date, the Issuer's obligations in respect of such Security shall be discharged and no further liability in respect thereof shall attach to the Issuer. For the avoidance of doubt, in such circumstances such Securityholder shall not be entitled to any payment, whether of interest or otherwise, as a result of such Delivery Date falling after the originally designated Delivery Date and no liability in respect thereof shall attach to the Issuer and any non-delivered assets comprising the Entitlement shall be delivered to the account of the Counterparty.

(iii) **Delivery of Entitlement – General Provisions**

- (A) All Expenses arising from the delivery of the Entitlement in respect of such Securities shall be for the account of the relevant Securityholder and no delivery of the Entitlement shall be made until all Expenses have been paid to the satisfaction of the Issuer by the relevant Securityholder.
- (B) After delivery of the Entitlement and for such period of time after the Delivery Date as any person other than the relevant Securityholder shall continue to be the legal owner of the securities or obligations comprising the Entitlement (the "**Intervening Period**"), none of the Issuer, the Calculation Agent, Principal Paying Agent nor any other person shall at any time (A) be under any obligation to deliver or procure delivery to any Securityholder any letter, certificate, notice, circular or any other document or, except as provided herein, payment whatsoever received by that person in respect of such securities or obligations, (B) be under any obligation to exercise or procure exercise of any or all rights attaching to such securities or obligations or (C) be under any liability to the relevant Securityholder in respect of any loss or damage which such Securityholder may sustain or suffer as a result, whether directly or indirectly, of that person being during such Intervening Period the legal owner of such securities or obligations.
- (C) Where the Entitlement is, in the determination of the Issuer not capable of delivery in full, an amount other than an amount of Relevant Assets capable of being

delivered, the Securityholders will receive an Entitlement comprising of the nearest number (rounded down) of Relevant Assets capable of being delivered by the Issuer (taking into account that a Securityholder's entire holding may be aggregated at the Issuer's discretion for the purpose of delivering the Entitlements), and in respect of the amount of Relevant Assets not capable of being delivered the Securityholder will receive an amount in the Specified Currency ("**Cash Adjustment**") which shall be the value of the amount of the Relevant Assets so rounded down, as calculated by the Calculation Agent in its sole discretion from such source(s) as it may select (converted if necessary into the Specified Currency by reference to such exchange rate as the Calculation Agent deems appropriate). Payment will be made to the account specified by the Securityholder in the Asset Transfer Notice referred to in Condition 8(l)(ii) or otherwise in such manner as shall be notified to the Securityholders in accordance with Condition 15 (*Notices*).

(iv) **Settlement Disruption Event**

- (A) If, prior to the delivery of the Entitlement in accordance with this Condition, a Settlement Disruption Event is subsisting, then the Delivery Date in respect of such Security shall be postponed until the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event and notice thereof shall be given to the relevant Securityholder, in accordance with Condition 15 (*Notices*). Such Securityholder shall not be entitled to any payment, whether of interest or otherwise, on such Security as a result of any delay in the delivery of the Entitlement pursuant to this Condition.
- (B) Where delivery of the Entitlement has been postponed as provided in this Condition the Issuer shall not be in breach of these Conditions and no liability in respect thereof shall attach to the Issuer.
- (C) For so long as delivery of the Entitlement in respect of any Security is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Security by payment to the relevant Securityholder of the Disruption Cash Settlement Price not later than on the third Business Day following the date that the notice of such election is given to the Securityholders in accordance with Condition 15 (*Notices*). Payment of the Disruption Cash Settlement Price will be made in such manner as shall be notified to the Holders in accordance with Condition 15 (*Notices*).

(v) If "**Failure to Deliver due to Illiquidity**" is specified as applicable in the Issue Terms and if, in the opinion of the Calculation Agent, it is impossible or impracticable to deliver, when due, some or all of the Relevant Assets comprising the Entitlement (the "**Affected Relevant Assets**") due to illiquidity in the market for the Relevant Assets (a "**Failure to Deliver**"), then:

- (A) subject as provided elsewhere in these Conditions and/or the applicable Issue Terms, any Relevant Assets which are not Affected Relevant Assets, will be delivered pro rata on the originally designated Delivery Date in accordance with this Condition 8(l) (*Physical Delivery*); and

- (B) in respect of any Affected Relevant Assets, in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion, in lieu of delivery of the Affected Relevant Assets, to pay to the Securityholder the Failure to Deliver Settlement Price (as defined below) on the fifth Business Day following the date on which the Failure to Deliver Notice (as defined below) is given to the Securityholders in accordance with Condition 15 (*Notices*).

Payment of the Failure to Deliver Settlement Price will be made in such manner as shall be notified to the Securityholders in accordance with Condition 15 (*Notices*). The Issuer shall give notice (such notice a "**Failure to Deliver Notice**") as soon as reasonably practicable to the Securityholders in accordance with Condition 15 (*Notices*) that the provisions of this Condition 8(l)(v) apply.

**(m) Redemption of Prioritised Tranches**

In respect of a Series of Securities comprised of Non-Fungible Tranches, the relevant Issue Terms shall specify whether any redemption of some only of the Securities in accordance with this Condition 8 shall take place *pari passu* in respect of all Non-Fungible Tranches or whether redemption of any Non-Fungible Tranche(s) shall take priority over the redemption of any other Non-Fungible Tranche(s).

**9. PURCHASE**

- (a) The Issuer may, through the Counterparty or an Affiliate, provided that no Event of Default has occurred and is continuing and subject as follows in the case of Securities comprising a Prioritised Tranche, purchase the Securities (or any of them) at any time in the open market or otherwise at any price. The Issuer shall not purchase any definitive Bearer Security unless it purchases all unmatured Receipts, Coupons and Talons (if any) in respect of such Bearer Security.
- (b) On any such purchase and cancellation the Charged Agreements (or a proportionate part thereof which corresponds to the Securities to be purchased) may be terminated in accordance with their terms. The Trust Instrument provides that the security over the Mortgaged Property (or a proportionate part thereof) will be automatically released against receipt by the Trustee of the net proceeds of the realisation of such Mortgaged Property.
- (c) No interest will be payable with respect to a Security purchased and cancelled in respect of the period from the Issue Date or the previous Interest Payment Date, as the case may be, to the date of such purchase.
- (d) On a purchase and cancellation under this Condition of a proportion of the Securities, the Calculation Agent shall, having:
- (i) received the prior consent of the Trustee; and
  - (ii) first notified each Rating Agency and, in the case of Securities that are rated by S&P only, having received Rating Agency Confirmation from S&P,

but without the consent of any other person, make such amendments as are necessary to preserve the economic equivalence of the remaining Securities including without limitation, any consequential amendments to the Notional Amount, and, in the case of Securities that are rated, notify the Rating Agencies of such amendments. The Trustee may only withhold its consent to such amendments in

circumstances where the Trustee determines that, in its opinion, such amendments would result in materially onerous obligations being imposed on the Trustee or on liabilities being imposed on the Trustee, the repayment of which the Trustee is not satisfied is assured to it.

- (e) Notwithstanding the foregoing, in respect of any Series of Securities comprised of Prioritised Tranches, the Issuer may not, unless otherwise permitted in the relevant Issue Terms, purchase and cancel any Security which forms part of a Prioritised Tranche that is subordinated to another Prioritised Tranche of the same Series for so long as any Securities of such other Prioritised Tranche is outstanding.

## **10. PAYMENTS**

- (a) Payments of principal and premium (if any) in respect of Bearer Securities or a Bearer Global Security will be made at the specified office of any of the Paying Agents against surrender (or, in the case of partial payment, presentation) of the Bearer Securities or the Bearer Global Security, as the case may be. Payments of interest, if applicable, in respect of Bearer Securities or a Bearer Global Security due on an Interest Payment Date will be made at the specified office of any of the Paying Agents outside the United States (which expression, as used herein, means the United States of America (including the States thereof, the District of Columbia and the territories, possessions and other areas subject to the jurisdiction of the United States of America)), subject as provided in subparagraph (d) below, against surrender (or, in the case of partial payment, presentation) of the relevant Coupons or, as applicable, against presentation of the Bearer Global Security.
- (b) Payments of instalments of principal (if any) in respect of definitive Bearer Securities, other than the final instalment, will be made at the specified office of any of the Paying Agents only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the final instalment will be made at the specified office of any of the Paying Agents only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Security. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Security to which it appertains. Receipts presented without the definitive Bearer Security to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Security becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Such payments shall be made by a cheque payable in the Currency of Issue drawn on, or, at the option of the holder, by transfer to an account denominated in the Currency of Issue with, a bank in the city specified in the Issue Terms as the place of payment, or, in the case of the euro, a city in which banks have access to the Target2 System, subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

The Paying Agent to which a Bearer Global Security shall have been presented for payment shall instruct Euroclear and Clearstream, Luxembourg to make appropriate entries in their records in respect of such Bearer Global Security.

As long as Bearer Securities are represented by a Bearer Global Security, each of the persons shown in the records of the Clearing Systems as the holder of a Bearer Security must look solely to the Clearing Systems for his share of each payment so made by the Issuer to the bearer of the Bearer Global Security, subject to and in accordance with the respective rules and procedures of the Clearing Systems.

Such persons shall have no claim directly against the Issuer in respect of payments due on the Bearer Securities for so long as the Bearer Global Security is outstanding. The Issuer will be discharged by payment to the bearer of the Bearer Global Security in respect of each amount so paid.

Notwithstanding the foregoing, payments on a Temporary Bearer Global Security due prior to the Exchange Date will only be made upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and that the holder thereof is not a U.S. person (as defined in Regulation S or in the CFTC Interpretive Guidance) and is not a Non-United States Person (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission). No payments due after the Exchange Date will be made on the Temporary Bearer Global Security.

- (c) Each Bearer Security should be presented for payment together with, if applicable, all unmatured related Coupons. If any Bearer Security in respect of a Fixed Rate Security is presented for payment without, if applicable, all unmatured related Coupons (not being a Talon), the full amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount in the Currency of Issue of such missing unmatured Coupon which the sum of principal so paid bears to the total amount of principal due) will be deducted from the principal amount due for payment. Any amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time thereafter but before the expiry of a period of 10 years from the Relevant Date (as defined in Condition 13 (*Prescription*)) for the payment of such principal (whether or not such Coupon would otherwise have become void pursuant to Condition 13 (*Prescription*)) or, if later, 5 years from the date for payment stated on such Coupon, but not thereafter. All (if any) unmatured Talons and all unmatured Coupons appertaining to a Floating Rate Security or Indexed Interest Security (whether or not attached to the relative Bearer Security) shall become void upon the date on which such Bearer Security becomes due and repayable and no payment or exchange shall be made in respect thereof.
- (d) No payments of principal and/or interest in respect of Bearer Securities denominated in U.S. dollars will be made at the specified office of any Paying Agent in the United States. Notwithstanding the foregoing, such payments of principal and/or interest will be made at the specified office of any Paying Agent in the United States if:
  - (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on such Securities in the manner provided above when due;
  - (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
  - (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

If no appointment of a Paying Agent with a specified office in the United States is then in effect, the Issuer shall appoint a Paying Agent with a specified office in New York City at which such payments will be made. Notice of any termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agents will be given to the Securityholders in accordance with Condition 15 (*Notices*).

- (e) After all the Coupons attached to or issued in respect of a definitive Bearer Security have matured, further Coupons and, where applicable, one further Talon will (subject to Condition 13 (*Prescription*)) be issued against surrender of the relevant Talon at the specified office of any Paying Agent.
- (f) If the due date for payment of any amount of principal, premium (if any) or, if applicable, interest in respect of any Security is not a Payment Day, the holder of such Security shall be entitled to payment:
  - (i) unless (ii) below applies, on the next following Payment Day; or
  - (ii) in respect of payments of interest only, where a Payment Day Convention is specified as being applicable in the relevant Issue Terms, on the relevant Payment Day determined in accordance with the Payment Day Convention so specified,

and shall not be entitled to any further interest or other payment in respect of any resulting delay. If a Security is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account for value on the date of presentation, the Issuer shall not be obliged so to do but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after the date of presentation.

- (g) Subject as provided in this Condition 10 (*Payments*):
  - (i) payments in a Currency of Issue other than euro will be made by credit or transfer to an account in the relevant Currency of Issue maintained by the payee with, or, at the option of the payee, by a cheque in such Currency of Issue drawn on, a bank in the principal financial centre of the country of such Currency of Issue (which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
  - (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable to such payments in the place of payment; (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto; and (iii) any withholding or deduction required pursuant to Section 871(m) of the Code. This Condition is without prejudice to the provisions of Condition 8(b) (*Redemption for taxation reasons*).

- (h) Unless otherwise specified in the Issue Terms, any reference in the Conditions to principal in respect of the Securities shall be deemed to include, as applicable:
  - (i) any additional amounts which the Counterparty (if any) may elect to pay to the Issuer with respect to principal under Condition 8(b) (*Redemption for taxation reasons*);
  - (ii) the Final Redemption Amount of the Securities;
  - (iii) the Early Redemption Amount of the Securities;



- (iv) the Optional Call Redemption Amount(s) (if any) or Optional Put Redemption Amount (s) of the Securities;
- (v) in relation to Securities redeemable in instalments, the Instalment Amounts;
- (vi) in relation to Zero Coupon Securities, the Amortised Face Amount; and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Securities.

Any reference in the Conditions to interest in respect of the Securities shall be deemed to include, as applicable, any additional amounts which the Counterparty may elect to pay with respect to interest under Condition 8(b) (*Redemption for taxation reasons*).

## 11. EVENTS OF DEFAULT

Upon the occurrence of an Event of Default, the Trustee at its discretion may, and, if requested by the Instructing Creditor, shall (subject to being indemnified, secured and/or prefunded to its satisfaction), give notice to the Issuer that the Securities of the relevant Series in respect of which the Event of Default occurred, or continues to occur, are, and they shall accordingly immediately become, due and repayable at the Early Redemption Amount. Upon such notice being given, the Security shall become enforceable (as provided in the Trust Instrument) and the proceeds of realisation of such Security shall be applied as specified in Condition 5 (*Application of Proceeds*).

**"Event of Default"** means any of the following events:

- (a) if default is made for a period of 14 days or more in the payment of any sum due in respect of the Securities or any of them; or
- (b) if (i) the Issuer fails to perform or observe any of its other obligations under the Securities or the Trust Instrument, (ii) the breach of which obligation the Trustee shall have certified to be in its opinion materially prejudicial to the interests of the Securityholders and (iii) where in the opinion of the Trustee such failure is capable of remedy and such failure continues 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) if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer other than for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangements on terms approved by the Trustee.

For the avoidance of doubt, other than in the case of (c) above, an Event of Default in respect of one Series of Securities will not constitute an Event of Default in respect of any other Series of Securities.

## 12. ENFORCEMENT

At any time after the Securities (or any of them) shall have become immediately due and repayable and have not been repaid, the Trustee may, at its discretion and without further notice, and if requested by the Instructing Creditor shall (subject to being indemnified, secured and/or prefunded to its satisfaction), institute such proceedings against the Issuer as it may think fit to enforce repayment thereof and to enforce the provisions of the Trust Instrument.

No Securityholder shall be entitled to proceed against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable time and such failure is continuing. After realising the security which has become enforceable and distributing the net proceeds in accordance with Condition 5 (*Application of Proceeds*), the obligations of the Issuer with respect to the Trustee, the Counterparty (if any) and the Securityholders shall be satisfied.

Neither the Trustee nor the Counterparty (if any) nor any Securityholder may take any further steps against the Issuer to recover any further sums in respect thereof, and the right to receive any such sums shall be extinguished. In particular, neither the Trustee nor the Counterparty (if any) nor any Securityholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Issuer (other than the lodging of a claim by the Trustee in extant winding up proceedings) nor shall any of them have any claim in respect of the Mortgaged Property for any other Series.

**The Relevant Sums (as defined in Condition 6(c)(i)) may be insufficient to pay all amounts due to, among others, the Trustee, the Counterparty (if any) and the Securityholders. The other assets (if any) of the Issuer including, in particular, assets securing other series of Securities will not be available to make up any Shortfall.**

### **13. PRESCRIPTION**

Claims under the Bearer Securities, the Bearer Global Securities and, if applicable, any Receipts or Coupons (which for this purpose shall not include Talons) will be prescribed and become void unless the same are presented for payment within a period of 10 years in the case of principal or premium (if any) and 5 years in the case of interest from the Relevant Date relating thereto. Talons may not be exchanged for Coupons which would be void on issue.

For this purpose, the "**Relevant Date**" means the date on which the payment in respect of the Security, Receipt or the Coupon first becomes due and payable. However, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the "**Relevant Date**" means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Securityholders in accordance with Condition 15 (*Notices*).

### **14. REPLACEMENT OF SECURITIES**

If any Security is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and Stock Exchange or other relevant authority rules or regulations, at the specified office of the Principal Paying Agent (or such other place of which notice shall have been given in accordance with Condition 15 (*Notices*)). Such replacement is subject to payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Securities must be surrendered before replacements will be issued.

### **15. NOTICES**

All notices regarding Securities represented by a Bearer Global Security will be valid if (i) published (A) in one leading London daily newspaper or, if this is not possible, in one other English language daily newspaper approved by the Trustee with general circulation in Europe and (B) if and for so long as the Securities are listed on the Irish Stock Exchange and the Irish Stock Exchange so requires, filed with the Companies Announcements Office of the ISE or (ii) delivered to the

Common Service Provider for communication by the Clearing Systems to the Securityholders and, to the extent required under the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005, filed with the Companies Announcement Office of the Irish Stock Exchange. Any notice delivered to a Common Service Provider as aforesaid shall be deemed to have been given on the day of such delivery. It is expected that such publication will be made in (i) the *Financial Times* and (as the case may be) and/or (ii) the *Irish Times*.

All notices regarding Securities represented by Bearer Securities in definitive form will be valid if published in accordance with option (i) in the above paragraph.

The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other Stock Exchange on which the Securities are for the time being listed.

Any notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once, on the date of the first such publication. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

## **16. AGENTS**

The Issue Terms will specify the relevant Agents for an issue of a Series of Securities. The duties of each of the Agents shall be as specified in the Trust Instrument, the Agency Agreement and in the Issue Terms in respect of the Securities.

Subject to the following paragraph, the Issuer reserves the right, subject to the approval of the Trustee and the Counterparty (if any), at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that it will at all times maintain Agents as specified in the Issue Terms, provided that the Issuer undertakes it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Upon the occurrence of a Selling Agent Default, a Calculation Agent Default and/or an Agent Bank Default in respect of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, the Issuer may appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, pursuant to Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

## **17. APPOINTMENT OF REPLACEMENT SELLING AGENT, REPLACEMENT CALCULATION AGENT AND REPLACEMENT AGENT BANK**

- (a) Upon the occurrence of a Selling Agent Default, a Calculation Agent Default and/or an Agent Bank Default, the Issuer may (or shall if instructed by means of an Extraordinary Resolution of the Securityholders or by the Trustee) (x) terminate, with immediate effect, the appointment of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and (y) at no additional cost to the Issuer, appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, provided that (i) the relevant Extraordinary Resolution or direction from the Trustee, as applicable, specifies the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, to be

appointed, (ii) the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, is appointed on substantially the same terms as the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, is appointed under the Agency Agreement (other than any fee arrangements which may be agreed from time to time with the Securityholders by the Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, and notified, as soon as reasonably practicable, to the Issuer in writing, but which shall not for the avoidance of doubt include any fee arrangements that would affect the Security Ranking Basis from time to time), (iii) the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, has the ability, experience and qualifications necessary to professionally and competently perform the duties required of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and (iv) the Replacement Selling Agent, Replacement Calculation Agent and/or Replacement Agent Bank, as the case may be, agrees to be appointed in accordance with this Condition and is able to be so appointed by the Issuer.

- (b) If the Issuer fails (if instructed by means of an Extraordinary Resolution of the Securityholders or by the Trustee) to (x) terminate, with immediate effect, the appointment of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and/or (y) appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, in accordance with paragraph (a) above, within 30 calendar days from receipt of the relevant instruction of the Trustee or Extraordinary Resolution, the Trustee may (x) terminate, with immediate effect, the appointment of the Selling Agent, the Calculation Agent or the Agent Bank, as the case may be, and/or (y) appoint a Replacement Selling Agent, a Replacement Calculation Agent and/or a Replacement Agent Bank, as the case may be, in accordance with paragraph (a) above, on behalf of the Issuer and at the Issuer's cost.

## **18. RESTRICTIONS**

So long as any of the Securities remains outstanding, the Issuer will not, without the written consent of the Trustee and the Counterparty (if any):

- (a) engage in any activity or do anything whatsoever, except:
  - (i) issue Securities and issue or, as the case may be, enter into Alternative Investments subject to a maximum aggregate principal amount outstanding at any time of EUR5,000,000,000 (or its equivalent in other currencies);
  - (ii) acquire and own Charged Assets or any assets used to secure any Debt Investments and exercise its rights and perform its obligations in respect thereof;
  - (iii) enter into and perform its obligations under the Transaction Documents;
  - (iv) enforce any of its rights under the Transaction Documents, any Securities or the Mortgaged Property relating to any Series;
  - (v) as permitted by sub-paragraph (b) below; and
  - (vi) perform any act incidental to or necessary in connection with any of the above, including without limitation, entering into any swap, option or forward foreign exchange agreement in connection with the issue of Securities;

- (b) have any Subsidiaries except, if the Issuer has issued rated Securities, with the written consent of S&P (in the case of Securities rated by S&P) and with prior notification to Moody's (in the case of Securities rated by Moody's) and with prior notification to Fitch (in case of Securities rated by Fitch) and with prior notification to DBRS (in case of Securities rated by DBRS) and, in any event, only Subsidiaries:
  - (i) which are wholly owned by the Issuer;
  - (ii) whose share capital is fully paid up by the Issuer;
  - (iii) whose activities are limited to the same extent as those of the Issuer under the Trust Instrument (including, without limitation, the terms of any securities or other debt instruments issued or loans entered into, by such Subsidiary being required to be on substantially the same terms as those of the Securities); and
  - (iv) in respect of whose activities the Issuer will have no liability;
- (c) subject to sub-paragraph (a) above, dispose of any of its property or other assets or any part thereof or interest therein (otherwise than in accordance with Condition 8(l) (*Physical Delivery*));
- (d) create or permit within its control to subsist any charge, mortgage, lien or other encumbrance over the Mortgaged Property other than the Security Interests in respect of all Series of Securities of the Issuer;
- (e) have any employees;
- (f) declare any dividends or make any distributions of any other kind;
- (g) issue any further shares;
- (h) take any action which would lead to its dissolution, liquidation or winding up or to the amendment of its constitutional documents; or
- (i) perform such other activities as are expressly restricted in the Trust Instrument.

## **19. MEETINGS OF SECURITYHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Instrument contains provisions for convening a single meeting of the Securityholders and the holders of securities of other Series in certain circumstances where the Trustee so decides. The Trust Instrument also contains provisions for convening meetings of Securityholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution of the Issue Terms or other provisions of the Trust Instrument. The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing in aggregate not less than  $66\frac{2}{3}$  per cent. in Outstanding Principal Amount of the Securities for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Securityholders whatever the Outstanding Principal Amount of the Securities held or represented by them. An Extraordinary Resolution passed at any meeting of Securityholders or in the form of a written resolution (as described in the Trust Instrument) will be binding on all Securityholders, whether or not they are present at the meeting.

The Trustee may, without the consent of the Securityholders (but, in the case of Securities which are rated, subject to (in the case of Securities rated by S&P) Rating Agency Confirmation from S&P and (in the case of Securities rated by Moody's) prior notification to Moody's and (in the case of Securities rated by Fitch) prior notification to Fitch) and (in the case of Securities rated by DBRS) prior notification to DBRS), at any time and from time to time concur with the Issuer in making any modification (a) to the Securities, the Trust Instrument or any other Transaction Document (as more fully set out in the Trust Instrument) that, in the opinion of the Trustee, is not materially prejudicial to the interests of the Securityholders or (b) to the Trust Instrument or any other Transaction Document if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error. No such modification shall be effective without the consent of the Counterparty (if any) (such consent not to be unreasonably withheld or delayed).

Notwithstanding the foregoing, the Trustee shall agree to make any modification (whether or not it may be materially prejudicial to the Securityholders) requested by the Dealer in respect of a Series of Securities if, and to the extent that, such modification is to correct an error in the Conditions arising from a discrepancy between the Conditions and the final termsheet provided to the initial Securityholders, as certified by the relevant Dealer to the Trustee and the Trustee is satisfied that such amendments, in the opinion of the Trustee, would not result in materially onerous obligations being imposed on the Trustee or on liabilities being imposed on the Trustee, the repayment of which the Trustee is not satisfied is assured to it. Any such modification may be made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding upon the Counterparty and the Securityholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Securityholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

The Trustee may, without the consent of the Securityholders or the Counterparty (but, where the Securities are rated, subject to (in the case of Securities rated by S&P) Rating Agency Confirmation from S&P, (in the case of Securities rated by Moody's) prior notification to Moody's and/or (in the case of Securities rated by Fitch) prior notification to Fitch) and/or (in the case of Securities rated by DBRS) prior notification to DBRS), without prejudice to its rights in respect of any subsequent breach, Event of Default or Potential Event of Default from time to time and at any time but only if and in so far as in its opinion the interests of the Securityholders shall not be materially prejudiced thereby, waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in the Trust Instrument or determine that any Event of Default or Potential Event of Default in relation to Securities shall not be treated as such for the purposes of the Trust Instrument provided always that the Trustee shall not exercise any powers conferred on it by the Trust Instrument in contravention of any express direction given by Extraordinary Resolution of the Securityholders or by a request of the Instructing Creditor under Condition 11 (*Events of Default*) but so that no such direction or request shall affect any waiver, authorisation or determination previously given or made. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions (if any) as the Trustee may determine, shall be binding on the Counterparty and the Securityholders and, if, but only if, the Trustee, shall so require, shall be notified by the Issuer to the Securityholders in accordance with Condition 15 (*Notices*) as soon as practicable thereafter.

Subject as provided in the Trust Instrument, the Trustee, if it is satisfied that it would not be materially prejudicial to the interests of the Securityholders, may agree, without the consent of the Securityholders (but, in the case of Securities which are rated, subject to Rating Agency Confirmation or, in the case of Securities that are rated by Fitch, prior notification to Fitch), to the substitution of any other company in place of the Issuer as principal debtor under the Securities, the Trust Instrument and the Transaction Documents. No such substitution shall be effective without the

consent of the Counterparty (if any) (such consent not to be unreasonably withheld or delayed). Under the Trust Instrument, the Trustee may require the Issuer to use its reasonable endeavours to procure the substitution as principal debtor of a company incorporated in a jurisdiction other than that of the Issuer upon the occurrence of one of the events referred to in Condition 8(b)(i) (*Redemption for taxation reasons*).

In connection with any exercise of its trusts, powers, authorities or discretions, the Trustee shall not have regard to the consequences of such exercise for individual Securityholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory. In connection with any such exercise, no person shall be entitled to claim, whether from the Issuer, any substitute Issuer, the Counterparty (if any), the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon any person.

Any such modification, waiver, authorisation or substitution shall be binding on the Counterparty (if any and provided that it has consented to the same) and all Securityholders and (if the Securities are listed and the Stock Exchange so requires) the Stock Exchange and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Securityholders by the Issuer as soon as practicable thereafter.

In respect of a Series of Securities comprised of Non-Fungible Tranches, for the purposes of voting, each Non-Fungible Tranche shall be treated as a separate Series, provided that, in respect of a direction or resolution which, in the opinion of the Trustee, affects each Non-Fungible Tranche or more than one Non-Fungible Tranche and gives or may give rise to a conflict of interest between the holders of the Securities of each Non-Fungible Tranche or such Non-Fungible Tranches, any such direction or resolution will only be duly given or passed if duly given or passed in respect of each Non-Fungible Tranche or in respect of such Non-Fungible Tranches, as applicable.

In the case of a Series of Securities consisting of Non-Fungible Tranches, the relevant Issue Terms will state whether the reference to Securityholders for the purpose of determining the Instructing Creditor refers to the Securityholders of a specified Non-Fungible Tranche(s). If a specified Non-Fungible Tranche(s) is not stated in the relevant Issue Terms for this purpose, the reference to Securityholders for the purpose of determining the Instructing Creditor will be deemed to refer to all Securityholders of the relevant Series of Securities.

In the event of a conflict in respect of any direction or resolution in relation to the enforcement of the security over the Mortgaged Property of a Series of Securities comprised of Prioritised Tranches, the direction or resolution of the holders of Securities comprising each senior ranking Prioritised Tranche shall prevail over that of the holders of Securities of any subordinated Prioritised Tranche and be binding on such holders of Securities.

The relevant Issue Terms may include other provisions in respect of a Series of Securities comprised of Non-Fungible Tranches regarding the requirements for passing of Extraordinary Resolutions, and the definition of Instructing Creditor.

## **20. FURTHER ISSUES**

The Issuer shall be at liberty from time to time, without the consent of the Securityholders (but subject to the consent of the Counterparty (if any) (such consent not to be unreasonably withheld or delayed) in the case of (a) below), to create and issue further securities either:

- (a) as one or more Fungible Tranches which will be consolidated and form a single Series with the Securities (each a "**Further Tranche**"), provided that the Issuer provides additional Charged Assets as security for the original issue of Securities and any Further Tranches either on a Nominal Basis or a Market Value Basis as specified in the Issue Terms and enters into an additional or supplemental Charged Agreement(s) (if applicable) (and references to "**Securities**", "**Charged Assets**" and "**Charged Agreements**" shall thereafter be deemed to be references to such terms as amended to take into account the further issue); or
- (b) to form a separate Series from the Securities upon such terms as to security, interest, premium, redemption and otherwise as the Issuer may, in its absolute discretion, at the time of the issue thereof determine.

Any such securities shall be constituted in accordance with the Trust Instrument.

In addition, such Further Tranches, when issued, shall preserve the economic equivalence of the existing Series of Securities (including, in the case of a Series of Securities comprised of Prioritised Tranches, the levels of priority and subordination as between such Prioritised Tranches unless otherwise permitted in the relevant Issue Terms) and the Calculation Agent shall, subject to Rating Agency Confirmation in the case of Securities that are rated (or, in the case of Securities that are rated by Fitch, prior notification to Fitch), but without the consent of any other person, make such amendments as are necessary, including without limitation, any consequential amendments to the Notional Amount.

For the avoidance of doubt, in respect of a Series of Securities comprised of Non-Fungible Tranches, no Further Tranches of any Non-Fungible Tranche may be issued to the extent that this would have an adverse impact on the rights (either economic or in respect of voting, control or otherwise) of the holders of any other Non-Fungible Tranche of that Series.

## **21. CONFLICTS OF PRIORITISED TRANCHES**

Where, in the opinion of the Trustee, there is a conflict between the interests of the holders of Securities comprising different Prioritised Tranches of the same Series, the Trustee shall, except where expressly provided otherwise in the Trust Instrument, act solely on behalf of the holders of the Securities comprising the senior ranking Prioritised Tranche and shall have regard to their interests alone and shall not be responsible to the holders of Securities comprising any other Prioritised Tranches of the same Series for so doing.

In the case of a Series of Securities consisting of Non-Fungible Tranches, the relevant Issue Terms will state whether the reference to Securityholders for the purpose of determining the Instructing Creditor refers to the Securityholders of a specified Non-Fungible Tranche(s). If a specified Non-Fungible Tranche(s) is not stated in the relevant Issue Terms for this purpose, the reference to Securityholders for the purpose of determining the Instructing Creditor will be deemed to refer to all Securityholders of the relevant Series of Securities.

## **22. LIABILITIES AND INDEMNIFICATION OF THE TRUSTEE**

The Trust Instrument contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings unless indemnified, secured and/or prefunded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Counterparty (if any), any obligor in respect of the Charged Assets



or any of their subsidiary or associated companies without accounting for any profit resulting therefrom.

The Trustee is exempted from any liability in respect of any loss or theft or diminution in value of the Mortgaged Property, from any obligation to insure the Mortgaged Property and from any claim arising from the fact that the Mortgaged Property is held in a clearing system or in safe custody by a bank or other custodian. The Trust Instrument also provides that the Trustee shall accept without investigation, requisition or objection such right, benefit, title and interest, if any, as the Issuer may have in and to any of the Mortgaged Property and is not bound to make any investigation into the same or into the Mortgaged Property in any respect.

The Trustee shall not be bound or concerned to make any investigation into the creditworthiness of any obligor in respect of the Mortgaged Property, the validity of any such obligor's obligations under or in respect of the Mortgaged Property or any of the terms of the Charged Assets (including, without limitation, whether the cashflows from the Charged Assets and the Securities are matched) or to monitor the value of any Charged Assets.

## **23. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Security under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

## **24. GOVERNING LAW**

The Trust Instrument, the Securities and the Charged Agreement(s) and any non-contractual obligations arising out of or in connection with such agreements are governed by, and will be construed in accordance with, English law.

## **25. JURISDICTION**

- (a) Subject to Condition 25(c) the Issuer has, in the Trust Instrument, irrevocably agreed that the English courts are to have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Instrument, the Securities and the Charged Agreement(s) including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection therewith (a "**Dispute**") and each party to the Trust Instrument has submitted to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 25, each party has, in the Trust Instrument, waived any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute. Further the Issuer has irrevocably agreed that a judgment in any proceedings brought in the English courts shall be conclusive and binding upon the Issuer and may be enforced in the courts of any other jurisdiction.
- (c) This Condition 25(c) is for the benefit of the Agents and the Trustee only. To the extent allowed by law, any Agent or the Trustee may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction and (ii) concurrent proceedings in any number of jurisdictions.
- (d) The Issuer has appointed the person named in the Trust Instrument as its agent for service of process in any proceedings before the English courts in relation to any Dispute and has agreed that in the

event of the person named in the Trust Instrument as its agent for service of process being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute on terms acceptable to the Dealer, failing which the Dealer may appoint another agent for service of process for this purpose. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this subclause shall affect the right to serve process in any other manner permitted by law.

## **26. DEFINITIONS**

Capitalised terms used in these Conditions have the meanings given to them in the Definitions Module as modified and supplemented by the relevant Trust Instrument and/or Issue Terms.

## GENERAL DEFINITIONS

### to be incorporated by reference into the Conditions of the Further Securities

#### 27. GENERAL DEFINITIONS

The following capitalised terms used in the Trust Instrument in respect of a Series of Securities into which this General Definitions Module is incorporated shall have the meanings set out below, except where the context otherwise requires or as may be modified and/or supplemented by the Issue Terms and/or Trust Instrument in respect of such Securities:

**"1940 Act"** means the United States Investment Company Act of 1940, as amended.

**"2000 ISDA Definitions"** means, in relation to a Series of Securities, the 2000 ISDA Definitions as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of such Securities.

**"2006 ISDA Definitions"** means, in relation to a Series of Securities, the 2006 ISDA Definitions as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of such Securities.

**"2002 ISDA Equity Derivatives Definitions"** means, in relation to a series of Equity-Linked Securities, the 2002 ISDA Equity Derivatives Definitions as published by ISDA and as amended and updated as at the Issue Date of the first Tranche of such Equity-Linked Securities.

**"Account Bank"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Additional Agreement"** means, in relation to a Series of Securities, any agreements entered into by the Issuer other than the Trust Instrument, Agency Agreement, Charged Agreement(s), Sale Agreement, Placing Agreement and any Additional Charging Document.

**"Additional Charging Document"** means, in relation to a Series of Securities, any non-English law governed security document entered into by the Issuer for the purposes of granting security over or in respect of any part of the Mortgaged Property for such Series.

**"Affiliate"** has the meaning given to such term in the Swap Agreement.

**"Agency Agreement"** means, in relation to a Series of Securities, the agency agreement entered into by, among others, the Issuer, the Trustee and the Agents in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Agency Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument.

**"Agency Terms Module"** means the Agency Terms Module (July 2014 Edition) containing the standard agency and custodian provisions for an issue of Securities or such other edition as specified in the Issue Terms.

**"Agent Bank"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms, and includes any Replacement Agent Bank.

**"Agent Bank Default"** means, in relation to the Agent Bank, the Agent Bank or any of its Affiliates also acts as the Counterparty in relation to the relevant Series of Securities and, having taken into account any applicable grace period, an Event of Default (as defined in the Swap Agreement) has occurred under the Swap Agreement and the Counterparty is the Defaulting Party (as defined in the Swap Agreement).

**"Agents"** means, in relation to a Series of Securities, each of the agents of the Issuer appointed under the Agency Agreement and as specified in the Issue Terms and, for the avoidance of doubt, includes any Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank.

**"Alternative Investments"** means any indebtedness in respect of moneys borrowed or raised by the Issuer (other than in the form of Securities) on terms similar to the Securities (in particular as to limited recourse and extinguishment of claims) and includes, without limitation, loans, loan certificates and schuldscheine.

**"Appointee"** means any attorney, manager, agent, delegate, receiver or other person appointed by the Trustee or by another Appointee under the Trust Instrument.

**"Arranger"** means Banco Bilbao Vizcaya Argentaria S.A.

**"Asset Transfer Notice"** means a duly completed asset transfer notice substantially in the form set out in the relevant Trust Instrument

**"Auditors"** means, in relation to the Issuer, the auditors (if any) for the time being of such Issuer or, in the event of their being unable or unwilling promptly to carry out any action requested of them pursuant to the provisions of the Trust Instrument, such other firm of accountants as may be nominated or approved by the Trustee.

**"Authorised Denomination"** means U.S.\$250,000 and integral multiples of U.S.\$1 in excess thereof.

**"Bearer Global Security"** means a Temporary Bearer Global Security and/or a Permanent Bearer Global Security, as the context may require.

**"Bearer Securities"** means those Securities which are for the time being in bearer form.

**"Bearer Securities Base Conditions Module"** means the Bearer Securities Base Conditions Module (July 2014 Edition) containing the base conditions for an issue of Bearer Securities or such other edition as specified in the Issue Terms.

**"Beneficial Owners"** means any person holding a beneficial interest in the DTC Rule 144A Global Certificates from time to time.

**"benefit plan investor"** means (A) any employee benefit plan (as defined in section 3(3) of ERISA), (B) any plan described in Section 4975(e)(1) of the U.S. Internal Revenue Code, or (C) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity (within the meaning of the U.S. Department of Labor Regulations section 2510.3-101 as modified by section 3(42) of ERISA).

**"Business Day"** means a day which is both:

- (a) a day on which the Target 2 System is open (other than a Saturday or Sunday) and on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the Issue Terms; and
- (b) either (i) in relation to any sum payable in a Currency of Issue other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Currency of Issue (if other than any Additional Business Centre or a day on which the Target 2 System is open and which, if the Currency of Issue is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively).

**"Business Day Convention"** means one of the following, as specified in the Issue Terms:

- (a) **"FRN Convention"** means that, in any case where Specified Periods are specified in the Issue Terms, the date subject to such convention (i) if there is no numerically corresponding day in the calendar month in which an date subject to such convention should occur, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) if any date subject to such convention would otherwise fall on a day which is not a Business Day, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such date subject to such convention shall be brought forward to the immediately preceding Business Day and (B) each subsequent date subject to such convention shall be the last Business Day in the month which falls the Specified Period after the preceding applicable date subject to such convention occurred; or
- (b) **"Following Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be postponed to the next day which is a Business Day; or
- (c) **"Modified Following Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such date subject to such convention shall be brought forward to the immediately preceding Business Day; or
- (d) **"Preceding Business Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Business Day, such date subject to such convention shall be brought forward to the immediately preceding Business Day.

**"C Rules"** means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(C) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010).

**"Calculation Agent"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms, and includes any Replacement Calculation Agent.

**"Calculation Agent Default"** means, in relation to the Calculation Agent, the Calculation Agent also acts as the Counterparty in relation to the relevant Series of Securities and, having taken into account any applicable grace period, an Event of Default (as defined in the Swap Agreement) has occurred under the Swap Agreement and the Counterparty is the Defaulting Party (as defined in the Swap Agreement).

**"Calculation Amount"** means, in relation to a Series of Securities, the Specified Denomination if there is only one Specified Denomination, but where there is more than one Specified Denomination, the highest common factor or otherwise as specified in the Issue Terms. For clarification purposes, there must be a common factor in the case of two or more Specified Denominations.

**"Cash Collateral"** means, in relation to a Series of Securities, (a) the Price payable by the Issuer to the Vendor in respect of the sale of the Initial Charged Assets multiplied by (b) the principal amount of the Initial Charged Assets not delivered by the Vendor on the Completion Date (or the date thereafter agreed by the Issuer and the Vendor) divided by the total principal amount of the Initial Charged Assets specified in the Issue Terms.

**"Cash Deposit Account"** means, in relation to a Series of Securities and as may be further described in the Issue Terms, the deposit established in the name of the Issuer with the Account Bank.

**"Cash Margin"** shall, in respect of a Repurchase Agreement, have the meaning given to it in such Repurchase Agreement.

**"CDS Transaction"** has the meaning given to it in the Issue Terms.

**"CFTC Interpretive Guidance"** means the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the United States Commodity Futures Trading Commission, as amended, modified or supplemented from time to time, under the Commodity Exchange Act, as amended.

**"Charged Agreement(s)"** means, in relation to a Series of Securities, the Swap Agreement(s) and/or the Repurchase Agreement(s) (if any).

**"Charged Assets"** means, in relation to a Series of Securities, the benefits, interest, right and title in and to the bonds, notes, securities, commodities, loans, schuldscheine, equity interests (including shares and participating income notes), contractual or other rights (including, without limitation, with respect to sub-participations or swap, option, exchange and hedging arrangements (but, for the avoidance of doubt, excluding Charged Agreements)), or other assets as specified in the Issue Terms and, where applicable, the instruments and other documents representing, evidencing, acknowledging and/or transferring or otherwise relating to the same. The term "Charged Assets" shall include the Initial Charged Assets, any cash standing to the credit of the relevant Cash Deposit Account and any substitute or replacement Charged Assets.

**"Charged Assets Ramp-up Period"** means 90 days unless otherwise specified in the Issue Terms.

**"Charged Asset Redemption Substitution Period"** means 45 days unless otherwise specified in the Issue Terms.

**"Clearing Systems"** means, in relation to a Series of Securities, any of Euroclear, Clearstream, Luxembourg and DTC, as the case may be, and includes any additional or alternative clearing systems specified in the Issue Terms.

**"Clearstream, Luxembourg"** means Clearstream Banking, société anonyme.

**"Code"** means the US Internal Revenue Code of 1986.

**"Common Depositary"** means a common depositary on behalf of Euroclear and Clearstream, Luxembourg.

**"Common Safekeeper"** means a common safekeeper for Euroclear and Clearstream, Luxembourg.

**"Common Service Provider"** means a common service provider appointed by Euroclear and Clearstream, Luxembourg to service the Securities.

**"Conditions"** means, in relation to a Series of Securities, the provisions of the Conditions Modules incorporated by reference into the relevant Issue Terms as the same may be modified and/or supplemented by such Issue Terms.

**"Conditions Modules"** means the modules containing terms and conditions which will apply to a Series of Securities to the extent incorporated into the Issue Terms (including, without limitation, the Bearer Securities Base Conditions Module, the Registered Securities Conditions Module and/or such other modules as may be proposed by the Arranger from time to time).

**"Counterparty"** means, in relation to a Series of Securities, the entity or entities (if any) designated as the counterparty or counterparties in the Issue Terms or, in respect of any Counterparty to a Repurchase Agreement entered into after the Issue Date, the entity designated as such in any Securityholders approval pursuant to Condition 4(d)(iii) (*Repo of Charged Assets*) or (where Securityholders approval is not required) designated as such in the notice to be given to Securityholders pursuant to Condition 4(d)(iv) (*Repo of Charged Assets*).

**"Counterparty Account"** means, in relation to a Series of Securities, the account of the Counterparty from time to time designated for such purpose, which account being initially as set out in the Issue Terms.

**"Counterparty Priority Basis"** means first, in meeting the claims of the Counterparty (or if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s) and, thereafter, in meeting the claims of the Securityholders on a *pari passu* and *pro rata* basis (or, in case of a Series of Securities consisting of Prioritised Tranches, in the order of priorities set out in the relevant Issue Terms).

**"Counterparty/Securityholder Priority Basis"** means (a) Counterparty Priority Basis or (b) if the Counterparty is the Defaulting Party in respect of and as defined in the Swap Agreement and/or the Repurchase Agreement at any time, Securityholder Priority Basis.

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

**"Coupons"** means the bearer interest coupons appertaining to the Bearer Securities in definitive form (other than in the case of Zero-Coupon Securities) or, as the context may require, a specific number thereof and includes any replacements for Coupons issued pursuant to Condition 14 (*Replacement of Securities*) and, where the context so permits, the Talons.

**"Credit-Linked Securities"** means any Securities specified as such in the relevant Issue Terms.

**"Currency of Issue"** means, in relation to a Series of Securities, the currency in which the Issue Terms of such Securities specify that the principal, premium (if any) and/or interest, if any, and all other amounts are payable by the Issuer.

**"Custodian"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and, if applicable, any subcustodian of, or any other entity appointed by, the Custodian.

**"Custodian Account"** means, in relation to a Series of Securities, the segregated account designated as the Custodian Account in the Issue Terms.

**"Cut-Off Date"** means 5 Business Days prior to the Maturity Date unless otherwise specified in Issue Terms.

**"D Rules"** means U.S. Treas. Reg. section 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010).

**"Day Count Fraction"** means the Fixed Day Count Fraction or Floating Day Count Fraction as specified in the applicable Issue Terms.

**"DBRS"** means DBRS Ratings Limited or any successor to the rating business thereof.

**"Dealer"** means, in relation to a Series of Securities, the entity or entities designated as dealer in the Issue Terms.

**"Debt Investments"** means the Securities and/or Alternative Investments that may be issued by, or entered into by, the Issuer pursuant to the Programme.

**"Defaulting Party"** means in respect of a Swap Agreement the Defaulted Party as defined in the Swap Agreement and in respect of a Repurchase Agreement the party in respect of which an Event of Default as defined in the Repurchase Agreement has occurred.

**"Definitions Modules"** means the General Definitions Module and/or such other modules as may be proposed by the Arranger from time to time.

**"Definitive Registered Security"** means a definitive certificate representing a Registered Security substantially in the form of Part 3-E of the First Schedule to the Trust Terms Module to be issued only in the limited circumstances set out in the Conditions and bearing a legend substantially in the form of the legend appearing on the Rule 144A Global Certificate or Regulation S Global Certificate in exchange for which such Definitive Registered Security is issued.

**"Delivery Agent"** has the meaning given to it in the Issue Terms.

**"Determination Date"** means, in relation to a Series of Securities, the dates as set out in the Issue Terms, if applicable.

**"Determination Period"** means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).



**"Disruption Cash Settlement Price"** means, in respect of each principal amount of Securities equal to the Calculation Amount, an amount equal to the fair market value of the relevant Security (but not taking into account any interest accrued on such Security) on such day as shall be selected by the Issuer in its sole and absolute discretion provided that such day is not more than 15 days before the date on which the Election Notice is given as provided above adjusted to take account fully for any losses, expenses and costs in respect of unwinding or adjusting any related hedging arrangements in respect of the Security, all as calculated by the Calculation Agent in its sole and absolute discretion.

**"Distribution Compliance Period"** means the period commencing on the later of the first date the Securities are offered to the public or the settlement date for the Securities, and ending on the day that is 40 calendar days thereafter.

**"DTC"** means The Depository Trust Company at its office at 55 Water Street, New York, N.Y. 10041, United States of America.

**"DTC Important Notice"** means a notice substantially in the form set out in Part 10 of the First Schedule to the Trust Terms Module to be sent to DTC in connection with the issuance of the DTC Rule 144A Global Certificates.

**"DTC Rule 144A Global Certificates"** means a fully registered book-entry security substantially in the form of Part 3-B of the First Schedule to the Trust Terms Module to be deposited on or prior to the issue date for the Securities with or on behalf of DTC and registered in the name of its nominee Cede & Co. pursuant to which any DTC-Settled Securities offered and sold to or for the account or benefit of U.S. Persons who are Eligible Investors in accordance with the legend appearing thereon will be represented.

**"DTC Settled Securities"** means any Securities specified as such in the relevant Issue Terms.

**"ERISA"** means the United States Employee Retirement Income Security Act of 1974, as amended.

**"Early Redemption Amount"** means, in relation to a Series of Securities, that portion of the Realisation Amount available for distribution to the Securityholders in accordance with the relevant Security Ranking Basis, as apportioned *pro rata* amongst all the Securities or as may otherwise be specified in the Issue Terms.

**"Eligible Assets"** means cash deposits or any debt securities:

- (a) of any Group of 7 country (or any country that becomes a member of the Group of 7 if such Group of 7 expands its membership);
- (b) which have the same credit rating as the Initial Charged Assets at the Issue Date or better; and
- (c) which are non-amortising,

unless otherwise specified in the Issue Terms.

**"Eligible Investments"** means securities, cash or other assets of the type or types specified as such in the relevant Issue Terms.

**"Eligible Investors"** means persons who are QIBs.

**"Entitlement"** means the quantity of the Relevant Asset or the Relevant Assets, as the case may be, which the Securityholder is entitled to receive on the Maturity Date following payment of the Expenses, as determined by the Calculation Agent.

**"Equity-Linked Securities"** means Securities which incorporate, amongst other things, the 2002 ISDA Equity Derivatives Definitions.

References to **"EUR"**, **"euro"** and **"€"** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

**"Euroclear"** means Euroclear Bank S.A./N.V.

**"Euroclear/Clearstream Important Notice"** means a notice substantially in the form set out in Part 11 of the First Schedule to the Trust Terms Module to be sent to each of Euroclear and Clearstream, Luxembourg, respectively, in connection with the issuance of the Rule 144A Global Certificates.

**"EURIBOR"** means Euro-zone inter-bank offered rate.

**"Event of Default"** means, in relation to the Securities of any Series, any of the conditions, events or acts provided in Condition 11 (*Events of Default*) to be events upon the occurrence of which the Securities of such Series would, subject only to notice by the relevant Trustee as therein provided, become immediately due and repayable.

**"Event Determination Date"** has the meaning given to it in the Issue Terms.

**"Exchange Act"** means the United States Securities Exchange Act of 1934, as amended.

**"Exchange Date"** means, where applicable, the date which is 40 days after the date on which the Temporary Bearer Global Security is issued.

**"Exchange Event"** means that (i) an Event of Default has occurred and is continuing or (ii) Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days or the Issuer has been notified of such closure of Euroclear and Clearstream, Luxembourg, and no successor clearing system is available.

**"Expenses"** means all costs, taxes, duties and/or expenses, including stamp duty, stamp duty reserve tax and/or other costs, duties or taxes arising from the delivery of the Entitlement.

**"Extraordinary Resolution"** has the meaning set out in paragraph 20 of the Third Schedule to the Trust Terms Module.

**"Failure to Deliver Settlement Price"** means, in respect of each principal amount of the Securities equal to the Calculation Agent, the fair market value of the Affected Relevant Assets on the fifth Business Day prior to the date on which the Failure to Deliver Notice is given as provided above, less the proportionate cost of unwinding or adjusting any related hedging arrangements in respect of the Securities, all as calculated by the Calculation Agent in its sole and absolute discretion.

**"Fair Value Basis"** means, in the case of substitution of Charged Assets, that the value of the assets required to be provided by the Issuer shall be equal to the Fair Value of the then subsisting Charged Assets on the date specified by the Counterparty in the Substitution Notice given by the Counterparty, and, for these purposes, **"Fair Value"** shall mean the fair market value determined by

the Counterparty with reference to such source(s) as the Counterparty determines appropriate in its sole and absolute discretion (and this will not require the Counterparty to obtain any "best execution" price).

**"FCA"** means the Financial Conduct Authority or any successor regulator which may be appointed from time to time.

**"FCA Rules"** means the rules and regulations as amended or varied from time to time, of the FCA, including its Conduct of Business Rules, established under or pursuant to the FSMA by which the Custodian is regulated.

**"Final Redemption Amount"** means, in relation to a Series of Securities, the Final Redemption Amount set out in the Issue Terms.

**"Fitch"** means Fitch Ratings, Inc. or any successor to the rating business thereof.

**"Fixed Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Fixed Interest Period:

- (a) if "Actual/Actual (ICMA)" is specified in the Issue Terms:
  - (i) in the case of Securities where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (A) the number of days in such Determination Period and (B) the number of Determination Dates (as specified in the Issue Terms) that would occur in one calendar year; or
  - (ii) in the case of Securities where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and
    - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates that would occur in one calendar year; and
- (b) if "30/360" is specified in the Issue Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

**"Fixed Interest Period"** means, in relation to Fixed Rate Securities, the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

**"Fixed Rate Securities"** means an issue of Securities in respect of which interest accrues at a fixed rate as stated in the Issue Terms applicable to such Securities.

**"Floating Day Count Fraction"** means, in respect of the calculation of an amount of interest for any Interest Period:

- (a) if "Actual/365" or "Actual/Actual" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (i) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (ii) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (b) if "Actual/365 (Fixed)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365;
- (c) if "Actual/365 (Sterling)" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (d) if "Actual/360" is specified in the Issue Terms, the actual number of days in the Interest Period divided by 360;
- (e) if "30/360", "360/360" or "Bond Basis" is specified in the Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (f) if "30E/360" or "Eurobond Basis" is specified in the Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (g) if "30E/360 (ISDA)" is specified in the applicable Issue Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

**"Floating Rate Option"** means, in respect of a Series of Floating Rate Securities, the option (which may, but need not, be provided in the ISDA Definitions) which is specified in the Issue Terms of such Securities.

**"Floating Rate Securities"** means an issue of Securities in respect of which interest at a floating rate is determined in accordance with the Issue Terms applicable to such Securities.

**"FSMA"** means the Financial Services and Markets Act 2000.

**"Fungible Tranche"** means a Tranche of Securities of the same Series which have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and which are intended to be interchangeable with all other Securities of that Series (or, in the case of a Series of Securities comprising Prioritised Tranches or Pari Passu Tranches, all other Securities of the same Prioritised Tranche or Pari Passu Tranche, as applicable).

**"Further Tranches"** has the meaning given to it in Condition 20 (*Further Issues*).

**"General Definitions Module"** means the General Definitions Module (July 2014 Edition) containing general definitions for an issue of Securities or such other edition as specified in the Issue Terms.

**"Global Certificate"** means a Regulation S Global Certificate and/or a Rule 144A Global Certificate, as the context may require.

**"Global Security"** means a Temporary Bearer Global Security and/or a Permanent Bearer Global Security and/or a Regulation S Global Certificate and/or a Rule 144A Global Certificate, as the context may require.

**"ICSDs"** means the international central securities depositories, Euroclear and Clearstream, Luxembourg.

**"Indexed Interest Securities"** means any Securities specified as such in the relevant Issue Terms, being Securities in respect of which payments of interest may be calculated by reference to the index, indices and/or formula as specified in the relevant Issue Terms.

**"Indexed Redemption Securities"** means any Securities specified as such in the relevant Issue Terms, being Securities in respect of which payments in respect of principal (whether at maturity or otherwise) may be calculated by reference to such index, indices and/or formula as specified in the relevant Issue Terms.

**"Individual Certificates"** means Registered Securities issued in physical definitive form and registered in the name of the holder thereof.

**"Initial Charged Assets"** has the meaning given to it in Condition 4 (*Charged Assets*) and in respect of each Series of Securities, as specified in the Issue Terms (if any).

**"Initial Tranche(s)"** means, if the Securities of a Series are, in accordance with the terms of the Trust Instrument relating to such Series, to be issued in tranches, the initial tranche(s) specified in the Trust Instrument in respect of that Series.

**"Instalment Amount"** means, in relation to a Series of Securities, each Instalment Amount set out in the Issue Terms.

**"Instalment Date"** means, in relation to a Series of Securities, each Instalment Date set out in the Issue Terms.

**"Instalment Securities"** means any Securities specified as such in the relevant Issue Terms.

**"Instructing Creditor"** means, in relation to a Series of Securities, either: (a) the Swap Agreement Counterparty only; (b) Repurchase Agreement Counterparty only; (c) the Securityholders only; or (d) the Swap Agreement Counterparty or the Securityholders; or (e) the Repurchase Agreement Counterparty or the Securityholders, as specified in the Issue Terms provided that (i) notwithstanding anything to the contrary in the Issue Terms, if (x) the Counterparty is the Defaulting Party in respect of the Swap Agreement and/or the Repurchase Agreement at any time; and (y) "the Swap Agreement Counterparty only" or "the Repurchase Agreement Counterparty only" is specified as the Instructing Creditor in the Issue Terms, the Instructing Creditor shall be deemed to be "the Swap Agreement Counterparty or the Securityholders" or "the Repurchase Agreement Counterparty or the Securityholders", as applicable, and (ii) where "the Swap Agreement Counterparty or the Securityholders" or "the Repurchase Agreement Counterparty or the Securityholders", as applicable, are specified as or deemed to be the Instructing Creditor, (a) there is no requirement for the Swap Agreement Counterparty or Repurchase Agreement Counterparty (as applicable) and the Securityholders to act together as Instructing Creditors, and (b) the instructions of the Swap Agreement Counterparty or Repurchase Agreement Counterparty (as applicable) shall prevail, unless at such time, the relevant Counterparty is the Defaulting Party in respect of and as defined in the Swap Agreement and/or the Repurchase Agreement, in which case the instructions of the Securityholders shall prevail. For the avoidance of doubt, where "the Swap Agreement Counterparty or the Securityholders" or "the Repurchase Agreement Counterparty or the Securityholders", as applicable, are specified as the Instructing Creditor there is no requirement for such Counterparty and the Securityholders to act together as Instructing Creditors. In the case of a Series of Securities consisting of Non-Fungible Tranches, the relevant Issue Terms will state (in respect of (c), (d) and (e) above) whether the reference to Securityholders refers to the Securityholders of a specified Non-Fungible Tranche or specified Non-Fungible Tranches only. If a specified Non-Fungible Tranche(s) is not stated in the relevant Issue Terms for this purpose, the reference to Securityholders for the purpose of determining the Instructing Creditor will be deemed to refer to all Securityholders of the relevant Series of Securities.

**"Interest Amount"** has the meaning set out in Condition 7(b)(iv) (*Determination of Rate of Interest and Interest Amounts– Floating Rate Securities and Indexed Interest Securities*).

**"Interest Determination Date"** means, in relation to a Series of Securities, the date(s) set out in the Issue Terms where Screen Rate Determination is specified as applicable.

**"Interest Payment Date"** means, in relation to a Series of Securities, the date(s) set out in the Issue Terms.

**"Interest Period"** has the meaning set out in Condition 7(b)(i) (*Interest Payment Dates*).

**"investment company"** means an investment company for the purposes of the 1940 Act.

**"Investment Letter"** means a letter substantially in the form attached as Part 9 of the First Schedule to the Trust Terms Module, to be delivered by each initial purchaser that is a U.S. Person or that

purchased the Securities during the Distribution Compliance Period or in such other form as is set out in the Trust Instrument.

**"Irish Stock Exchange"** means the Irish Stock Exchange Limited.

**"ISDA"** means the International Swaps and Derivatives Association, Inc.

**"ISDA"** has the meaning given to it in the Issue Terms.

**"ISDA Definitions"** means the 2000 ISDA Definitions or the 2006 ISDA Definitions or such other definitions as may be specified in the Issue Terms.

**"Issue Date"** means, in relation to a Tranche of Securities, the date specified in the Issue Terms relating to such Securities as such, being the date on which such Securities are constituted.

**"Issue Terms"** means, in relation to a Series of Securities, the issue terms set out in the Trust Instrument relating to such Securities, including the terms of the Conditions Modules and Definitions Modules incorporated by reference, as the same may be modified and/or supplemented.

References to **"Japanese Yen"**, **"Yen"** and **"¥"** are to the lawful currency of Japan.

**"Liability"** means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including, without limitation, any irrecoverable value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses on a full indemnity basis.

**"LIBOR"** means London inter-bank offered rate.

**"Margin"** means, in relation to a Series of Floating Rate Securities (or, in respect of a Series comprised of Non-Fungible Tranches of Floating Rate Securities, each Non-Fungible Tranche of such Series), the margin (if any) set out in the Issue Terms.

**"Market Value Basis"** means:

- (a) in the case of substitution of Charged Assets, that the value of the assets required to be provided by the Issuer shall be equal to the Market Value of the then subsisting Charged Assets on the date specified by the Counterparty in the Substitution Notice given by the Counterparty, and, for these purposes, **"Market Value"** shall mean, in the case of cash, the value of such cash, if applicable determined by reference to relevant exchange rate(s), or otherwise the firm bid price obtained by the Calculation Agent from 3 dealers (one of whom may be the Counterparty) in such assets as it may in its discretion select (or, if more than one, the arithmetical average of such prices, disregarding the highest and lowest quotes) or, if less than 2 such bid prices are quoted by or available to such Calculation Agent, it shall be calculated by the Calculation Agent in such other manner as it shall determine in good faith and in a commercially reasonable manner; and
- (b) in the case of the issue of Further Tranches, that the additional assets required to be provided by the Issuer in respect of the Further Tranches shall be calculated in accordance with a formula that takes into account the Market Value of the Charged Assets and the replacement costs of the Charged Agreement(s), if any, all as more fully described in the Issue Terms.



**"Master Repurchase Terms Module"** means the Master Repurchase Terms Module July 2014 Edition containing the standard provisions of the SIFMA/ICMA Global Master Repurchase Agreement (version 2011) and annex I thereto in relation to an issue of Securities as specified in the Issue Terms or such other edition as specified in the Issue Terms.

**"Maturity Date"** means, in relation to a Series of Securities, the final date on which the Securities are expressed to be redeemable as specified in the Issue Terms (which date may in certain circumstances be extended in accordance with the Issue Terms).

**"Maximum Interest Rate"** means, in relation to a Series of Securities, if applicable, such rate as is specified as the Maximum Interest Rate in the Issue Terms.

**"Minimum Interest Rate"** means, in relation to a Series of Securities, if applicable, such rate as is specified as the Minimum Interest Rate in the Issue Terms.

**"Moody's"** means Moody's Investor Services Limited or any successor to the rating business thereof.

**"Mortgaged Property"** means, in relation to any Series of Securities, the assets over which the Security Interests are created by the Issuer from time to time in relation to such Securities, including, as applicable, the Charged Assets and the Rights under the Transaction Documents.

**"Nominal Basis"** means:

- (a) in the case of substitution of Charged Assets, that the assets required to be provided by the Issuer shall be of a nominal amount equal to the nominal amount of the Charged Assets being substituted; and
- (b) in the case of the issue of Further Tranches, that the additional assets required to be provided by the Issuer shall be in a nominal amount which bears the same proportion to the nominal amount of the Further Tranches as the proportion which the nominal amount of such assets forming part of the Mortgaged Property for the existing Securities of such Series bears to the nominal amount thereof as at such date.

**"Nominal Value"** means, in respect of any Charged Assets, an amount equal to the nominal amount of such Charged Assets.

**"Non-DTC Settled Securities"** means any Securities specified as such in the relevant Issue Terms.

**"Non-DTC Rule 144A Global Certificate"** means a fully registered global security substantially in the form of Part 3-C of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series pursuant to which any Securities offered and sold in the United States to Eligible Investors or to or for the account or benefit of U.S. Persons who are Eligible Investors in accordance with the legend appearing thereon will be represented.

**"Non-Fungible Tranche"** means a Pari Passu Tranche and/or a Prioritised Tranche, as the case may be.

**"Non-U.S. Series"** means a series of Securities all of which will be offered and sold in offshore transactions outside the United States to non-U.S. persons (as defined in Regulation S or in the CFTC Interpretive Guidance) and Non-United States Persons (as defined in CFTC Rule 4.7 of the United States Commodity Futures Trading Commission).

**"Optional Call Redemption Amount"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

**"Optional Call Redemption Date"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

**"Optional Put Redemption Amount"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

**"Optional Put Redemption Date"** in relation to a Series of Securities shall have the meaning set out in the Issue Terms.

**"outstanding"** means, in relation to a Series of Securities, all the Securities of that Series issued (or, in the case of Partly Paid Securities, the paid up amount thereof) other than:

- (a) those Securities to the extent that they shall have been redeemed in part pursuant to the relevant Issue Terms;
- (b) those Securities which have been redeemed in full pursuant to the relevant Issue Terms;
- (c) those Securities in respect of which the date for redemption in accordance with the relevant Issue Terms has occurred and the redemption moneys (including all premium (if any) and interest (if any) payable thereon) have been duly paid to the Trustee, the Registrar and/or the Principal Paying Agent in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the Securityholders in accordance with Condition 15 (*Notices*)) and remain available for payment against presentation of the Securities;
- (d) those Securities which have been purchased and cancelled in accordance with and Condition 8(j) (*Cancellation*);
- (e) those Securities in respect of which claims have become void under Condition 13 (*Prescription*);
- (f) those mutilated or defaced Securities which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Securities*);
- (g) (for the purpose only of ascertaining the nominal amount of the Securities of that Series outstanding and without prejudice to the status for any other purpose of the Securities) those Securities which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to Condition 14 (*Replacement of Securities*); and
- (h) any Temporary Global Security to the extent that it shall have been exchanged for definitive Bearer Securities or a Permanent Bearer Global Security and any Permanent Bearer Global Security to the extent that it shall have been exchanged for definitive Bearer Securities in each case pursuant to its provisions; and

PROVIDED THAT for each of the following purposes, namely:

- (i) the right to attend and vote at any meeting of the Securityholders or any of them;

- (ii) the determination of how many and which Securities are for the time being outstanding for the purposes of Conditions 11 (*Events of Default*) and 12 (*Enforcement*) and paragraphs 2, 5, 6 and 9 of the Third Schedule to the Trust Terms Module;
- (iii) any discretion, power or authority (whether contained in the Trust Instrument or vested by operation of law) which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Securityholders or any of them; and
- (iv) the determination by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Securityholders or any of them,

those Securities (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer, the Counterparty (if any) or any Subsidiary of the Issuer, the Counterparty shall (unless and until ceasing to be so held) be deemed not to remain outstanding.

**"Outstanding Principal Amount"** means in relation to a Security, the principal amount of such Security outstanding from time to time.

**"Pari Passu Basis"** means, in meeting the claims of the Securityholders and the Counterparty (or if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s), on a *pari passu* and *pro rata* basis (provided that, in case of a Series of Securities consisting of Prioritised Tranches, the distribution of amounts available for meeting the claims of Securityholders shall be distributed amongst the holders of each Prioritised Tranche in the order of priorities set out in the relevant Issue Terms).

**"Pari Passu Tranche"** means a Tranche of Securities of the same Series which provides that the claims of the holders of one Tranche of such Series of Securities will rank *pari passu* to the claims of the holders of another such Tranche or Tranches of the same Series of Securities but which (subject to the approval from existing holders of Securities of the same Series) is otherwise issued on terms which are different to the terms of other Tranches of the same Series of Securities.

**"Partly Paid Securities"** means Securities which are issued on a partly paid basis.

**"Paying Agents"** means, in relation to a Series of Securities, the entities (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms and includes, for the avoidance of doubt, the Principal Paying Agent.

**"Payment Day"** means any day which (subject to Condition 13 (*Prescription*)) is:

- (a) a day on which the Target 2 System is open and (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Securities in definitive form only, the relevant place of presentation; and
  - (ii) any Additional Financial Centre specified in the Issue Terms; and
- (b) in relation to any sum payable in a Currency of Issue other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Currency of Issue (if other than the

place of presentation and any Additional Financial Centre or a day on which the Target 2 system is open and which if the Currency of Issue is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively).

**"Payment Day Convention"** means one of the following, as specified in the Issue Terms:

- (a) **"Following Payment Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Payment Day, such date subject to such convention shall be postponed to the next day which is a Payment Day; or
- (b) **"Modified Following Payment Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Payment Day, such date subject to such convention shall be postponed to the next day which is a Payment Day unless it would thereby fall into the next calendar month, in which event such date subject to such convention shall be brought forward to the immediately preceding Payment Day; or
- (c) **"Preceding Payment Day Convention"** means that, if any date subject to such convention would otherwise fall on a day which is not a Payment Day, such date subject to such convention shall be brought forward to the immediately preceding Payment Day.

**"Permanent Bearer Global Security"** means a permanent bearer global security in the form or substantially in the form set out in Part 2 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Bearer Securities of the same Issue, issued by the Issuer pursuant to the Trust Instrument either on issue of the Securities or in exchange for the whole or part of the Temporary Bearer Global Security issued in respect of such Bearer Securities (all as indicated in the Issue Terms).

**"Placing Agreement"** means, in relation to a Series of Securities, the placing agreement entered into by the Issuer and the Dealer(s) in respect of such Series by execution of the relevant Trust Instrument and into which the terms of the Placing Terms Module are incorporated by reference as the same may be modified and/or supplemented by the Trust Instrument.

**"Placing Terms Module"** means the Placing Terms Module (July 2014 Edition) containing the provisions relating to the purchase and/or placing of Securities or such other edition as specified in the Issue Terms.

**"Postponed Maturity Date"** has the meaning given to it in Condition 8(k) (*Maturity Date extension*).

**"Potential Event of Default"** means any condition, event or act which, with the lapse of time and/or the issue, making or giving of any notice, certification, declaration, demand, determination and/or request and/or the taking of any similar action and/or the fulfilment of any similar condition, would constitute an Event of Default.

**"Price"** has the meaning given in the Sale Agreement.

**"Principal Paying Agent"** means, in relation to a Series of Securities, the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Principal Protected CDO Securities"** means, unless otherwise specified in the Issue Terms, Securities which do not bear a pre-determined rate of interest and where:

- (a) in the event that distributions are made by, or payments of interest and/or principal are made by, the obligor of the relevant Charged Assets specified in the Issue Terms, such sums will be paid to the Securityholders within two Business Days (or such other number of days as may be specified in the Issue Terms) of receipt thereof; and
- (b) the Issue Terms will set out the expected dates of any distributions or payments.

**"Prioritised Tranche"** means a Tranche of Securities of the same Series which provides that the claims of the holders of one Tranche of such Series of Securities may (subject to the approval from existing holders of Securities of the same Series) rank prior or be subordinated to the claims of the holders of another such Tranche or Tranches of the same Series of Securities prior to and/or following enforcement of the security over the Mortgaged Property relating to such Series of Securities and which is issued on terms which are different to the terms of other Tranches of Securities of the same Series.

**"Programme"** means the EUR5,000,000,000 Limited Recourse Secured Debt Issuance Programme of the Issuer.

**"Put Notices"** has the meaning given to it in Condition 8(g) (*Redemption - Redemption at the option of the Securityholders*).

**"QIB"** means a "qualified institutional buyer" as defined in Rule 144A under the Securities Act.

**"Rate of Interest"** means, in relation to a Series of Securities, the Rate of Interest set out in the Issue Terms.

**"Rating Agency"** means, in relation to a Series of Securities that is rated, each rating agency specified in the Issue Terms.

**"Rating Agency Confirmation"** means, in relation to a Series of Securities that is rated (other than by Fitch) the notification of the relevant event specified in the Issue Terms to the Rating Agency and confirmation from the Rating Agency that there has been no adverse change to the credit rating granted by such Rating Agency in respect of such Securities.

**"Realisation Amount"** means the net proceeds of realisation of, or enforcement with respect to the Security Interests over, the Charged Assets or the Mortgaged Property, as applicable (following payment of all amounts due to the Trustee and/or, as the case may be, the Selling Agent, including any costs, expenses and taxes incurred in connection with such realisation or enforcement).

**"Receiptholders"** means the several persons who are for the time being holders of the Receipts.

**"Receipts"** means the receipts each for the payment of an instalment of principal appertaining to Bearer Securities in definitive form that are redeemable in instalments, or, as the context may require, a specific number thereof and includes any replacements for Receipts issued pursuant to Condition 14 (*Replacement of Securities*).

**"Record Date"** means, in relation to a payment in respect of Individual Certificates, Regulation S Global Certificates or Non-DTC Rule 144A Global Certificates, close of business on the Business Day immediately prior to the date on which the relevant payment is due.

**"Reference Banks"** means, in the case of a determination of LIBOR, the principal London office of 4 major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the

principal Euro-zone office of 4 major banks in the Euro-zone inter-bank market, in each case selected by the Principal Paying Agent or as specified in the Issue Terms.

**"Reference Rate"** means, in relation to a Series of Securities, the Reference Rate set out in the Issue Terms where Screen Rate Determination is specified as applicable.

**"Register"** means a register on which shall be entered the names and addresses of the subscribers of the Registered Securities or, as the case may be, of the latest transferees of the same notified to the Registrar in accordance with Condition 1.4(b) of the Registered Securities Conditions Module (*Transfers of Registered Securities of a U.S. Series Represented by Rule 144A Global Certificates and Regulation S Global Certificates*), together with the particulars of the Registered Securities held by them respectively and of all transfers of Registered Securities.

**"Registered Global Securities"** means, together, the Regulation S Global Certificates and the Rule 144A Global Certificates.

**"Registered Securities"** means those of the Securities which are for the time being in registered form.

**"Registered Securities Conditions Module"** means the Registered Securities Conditions Module (July 2014 Edition) containing the provisions relating to an issue of Registered Securities and provisions additional to or instead of provisions in the Bearer Securities Base Conditions Module or such other edition as specified in the Issue Terms.

**"Registrar"** means, in relation to a Series of Securities (being, or which are exchangeable for, Registered Securities), the entity appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Regulation S"** means Regulation S under the Securities Act.

**"Regulation S Global Certificate"** means a registered global security in the form or substantially in the form set out in Part 3-A of the First Schedule to the Trust Terms Module (in the case of a Non-U.S. Series) or Part 3-D of the First Schedule to the Trust Terms Module (in the case of a U.S. Series) with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Registered Securities of the same Series sold in offshore transactions outside the United States to non-U.S. Persons in reliance on Regulation S, issued by the Issuer pursuant to the Trust Instrument.

**"Regulation S Transfer Certificate"** means a transfer certificate substantially in the form attached to the Rule 144A Global Certificate, being the certificate to be delivered to the Registrar in order to request a transfer of an interest in a Rule 144A Global Certificate to a non-U.S. Person taking an interest in a Regulation S Global Certificate representing Securities of the same Series.

**"Relevant Assets"** means the assets specified as such in the Issue Terms.

**"Relevant Date"** has the meaning set out in Condition 13 (*Prescription*).

**"Relevant Screen Rate"** means, in relation to a Series of Securities, the relevant screen rate set out in the Issue Terms where Screen Rate Determination is specified as applicable.

"**repay**", "**redeem**" and "**pay**" shall each include both the others and cognate expressions shall be construed accordingly and shall (where the context so permits) be deemed to include references to delivery of the Charged Assets in accordance with the Issue Terms.

"**Replacement Agent Bank**" means the Replacement Agent Bank appointed by the Issuer or the Trustee, as the case may be, in accordance with Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

"**Replacement Calculation Agent**" means the Replacement Calculation Agent appointed by the Issuer or the Trustee, as the case may be, in accordance with Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

"**Replacement Selling Agent**" means the Replacement Selling Agent appointed by the Issuer or the Trustee, as the case may be, in accordance with Condition 17 (*Appointment of Replacement Selling Agent, Replacement Calculation Agent and Replacement Agent Bank*).

"**Replacement Swap**" has the meaning given to it in Condition 4(b)(ii) (*Substitution at the request of Securityholders*).

"**Repurchase Agreement**" means, in relation to a Series of Securities, each Repurchase Agreement as specified in the Issue Terms entered into by the Issuer and the Counterparty by the execution of the relevant Trust Instrument and into which the terms of the Master Repurchase Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument, together with any confirmations relating to such Repurchase Agreement entered into by the Issuer and the Counterparty pursuant thereto, each dated on or any time after the Issue Date.

"**Rights**" means, in relation to any agreement or asset, all rights, title and interest of the relevant person in, to and under such agreement or asset including, without limitation:

- (a) the Issuer's rights under the Agency Agreement, including all its rights in respect of all funds and/or assets held from time to time by any of the Agents for payment in respect of the Securities or otherwise in relation to the Securities or the Charged Assets; and
- (b) the Issuer's rights to the Charged Assets, including all its rights in respect thereof or relating thereto and any sums or assets derived therefrom whether or not against third parties, including, without limitation, the Issuer's rights against the Custodian to redelivery of equivalent Charged Assets and any proceeds of the sale of the Charged Assets.

"**Rule 144A Global Certificates**" means, collectively, the DTC Rule 144A Global Certificate and the Non-DTC Rule 144A Global Certificate.

"**Rule 144A Transfer Certificate**" means a transfer certificate substantially in the form attached to the Regulation S Global Certificate representing Securities of a U.S. Series, being the certificate to be delivered to a Registrar in order to request a transfer of an interest in the Regulation S Global Certificate to a U.S. Person who is an Eligible Investor taking an interest in a Rule 144A Global Certificate representing Securities of the same Series.

"**Sale Agreement**" means, in relation to a Series of Securities, the sale agreement entered into by the Issuer and the Vendor in respect of such Series by execution of the relevant Trust Instrument pursuant to which the Issuer agrees to purchase the relevant Charged Assets and into which the terms

of the Sale Agreement Terms Module are incorporated by reference, as the same may be modified and/or supplemented by the Trust Instrument.

**"Sale Agreement Terms Module"** means the Sale Agreement Terms Module (July 2014 Edition) containing the standard provisions of sale of the Charged Assets to the Issuer or such other edition as specified in the Issue Terms.

**"Scheduled Maturity Date"** has the meaning given to it in the Issue Terms.

**"Scheduled Termination Date"** has the meaning given to it in the Issue Terms.

**"Schuldschein Loan"** means the loans, howsoever described, constituted by the Trust Instrument and incorporating therein the Schuldschein Loan Terms Module.

**"Schuldschein Loan Terms"** means, in relation to a Schuldschein Loan, the schuldschein loan terms set out in the Trust Instrument relating to such Schuldschein Loan including the terms of the Schuldschein Loan Terms Module and Definitions Modules incorporated by reference, as the same may be modified and/or supplemented.

**"Schuldschein Loan Terms Module"** means the Schuldschein Loan Terms Module (July 2014 Edition) containing the standard provisions of a schuldschein loan as specified in the Schuldschein Loan Terms or such other edition as specified in the Schuldschein Loan Terms.

**"S&P"** means Standard & Poor's Credit Market Services Europe Limited or any successor to the rating business thereof.

**"Securities"** means the bonds, notes or other securities of a Series, howsoever described, constituted by the Trust Instrument and for the time being outstanding or, as the context may require, a specific number thereof, such Securities being denominated in the Currency of Issue and:

- (a) having such maturity as may be specified in the Issue Terms and, in any case, such minimum or maximum maturity as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue;
- (b) having such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Currency of Issue; and
- (c) if sold within the United States or to a U.S. Person, having an Authorised Denomination, or the equivalent in other Currencies of Issue;

and reference to **"Securities"** shall be deemed to include any Coupons and/or Receipts in the case of Bearer Securities in definitive form and Securities comprising Further Tranches unless the context otherwise requires.

**"Securities Act"** means the United States Securities Act of 1933, as amended.

**"Securities and Exchange Law"** means the Securities and Exchange Law of Japan.

**"Security Documents"** means, in relation to a Series of Securities, the Trust Instrument and any Additional Charging Documents.



**"Securityholder Priority Basis"** means, first, in meeting claims of the Securityholders under the Securities on a *pari passu* and *pro rata* basis (or, in case of a Series of Securities consisting of Prioritised Tranches, in the order of priorities set out in the relevant Issue Terms) and, thereafter, in meeting the claims of the Counterparty (or if more than one Counterparty, meeting the claims of all such Counterparties on the basis as specified in the Issue Terms) under the Charged Agreement(s).

**"Securityholders"** means the several persons who are for the time being holders of the Securities (being, in the case of Bearer Securities, the bearers thereof, and, unless the context requires otherwise, each Couponholder and Receiptholder, and, in the case of Registered Securities, the several persons whose names are entered in the register of holders of the Registered Securities as the holders thereof) save that, in respect of the Securities of any Series, for so long as such Securities or any part thereof are represented by a Bearer Global Security deposited with a depositary for Euroclear and/or Clearstream, Luxembourg or so long as DTC or its nominee is the registered holder of a Global Security each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg or, as the case may be, DTC as the holder of a particular nominal amount of the Securities of such Issue shall be deemed to be the holder of such nominal amount of such Securities (and the holder of the relevant Global Security shall be deemed not to be the holder) for all purposes of the Trust Instrument other than with respect to the payment of principal, premium (if any) or interest (if any) on such Securities, the right to which shall be vested, as against the relevant Issuer and the relevant Trustee, solely in such depositary or, as the case may be, DTC or its nominee and for which purpose such depositary or, as the case may be, DTC or its nominee shall be deemed to be the holder of such nominal amount of such Securities in accordance with and subject to its terms and the provisions of the Trust Instrument and the expressions **"Securityholder"**, **"holder of Securities"** and related expressions shall be construed accordingly.

**"Security Interests"** means, in relation to a Series of Securities, the security interests created, or intended to be created at any time, in favour of the Trustee under the Security Documents.

**"Security Ranking Basis"** has the meaning given to it in Condition 5 (*Application of Proceeds*).

**"Selling Agent"** means, in relation to a Series of Securities, the entity (if any) appointed as such under the Agency Agreement and as specified in the Issue Terms, and includes any Replacement Selling Agent.

**"Selling Agent Default"** means, in relation to the Selling Agent, the Selling Agent also acts as the Counterparty in relation to the relevant Series of Securities and an Event of Default (as defined in the Swap Agreement and/or the Repurchase Agreement) has occurred under the Swap Agreement and/or the Repurchase Agreement and the Counterparty is the Defaulting Party.

**"Series"** means a Tranche of Securities (or, together, Non-Fungible Tranches of Securities issued on the same Issue Date which are expressed to form a single series) together with any Further Tranche(s) of Securities which are expressed to form a single series.

**"Settlement Business Day"** has the meaning ascribed to it in the Issue Terms.

**"Settlement Date"** has the meaning given to it in the Issue Terms.

**"Settlement Disruption Event"** means an event beyond the control of the Issuer (including but not limited to non-delivery of the Entitlement by a counterparty to any hedging agreements entered into to hedge the Securities) as a result of which, in the opinion of the Calculation Agent, delivery of the

Entitlement by or on behalf of the Issuer in accordance with these Conditions and/or the Issue Terms is not practicable.

**"Shortfall Date"** has the meaning given to it in Condition 8(a) (*Final redemption*).

**"Specified Currency"** means, in relation to a Series of Securities, the currency as specified in the Issue Terms.

**"Specified Denomination"** means, in relation to a Series of Securities, the denomination(s) of the Securities as specified in the Issue Terms.

**"Specified Time"** means 11.00 a.m. (London time, in the case of a determination of LIBOR, or Brussels time, in the case of a determination of EURIBOR).

References to **"Sterling"**, **"Pounds Sterling"**, **"Pounds"** and **"£"** are to the lawful currency of the United Kingdom.

**"Stock Exchange"** means, in relation to a Series of Securities, each stock exchange or securities market (if any) specified in the Issue Terms.

**"Subsidiary"** means any company which is for the time being a subsidiary (within the meaning of Section 736 of the Companies Act 1985 of Great Britain) or a subsidiary undertaking (within the meaning of Section 258 and Schedule 10A of the Companies Act 1985 of Great Britain).

**"Substitution Notice"** has the meaning given to it in Condition 4(b) (*Substitution of Charged Assets*).

**"sub-unit"** means, with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to the euro, means one cent.

**"successor"** means any successor to any one or more persons appointed in relation to the Securities pursuant to the Trust Instrument and/or such other or further persons appointed as such.

**"Swap Agreement"** means, in relation to a Series of Securities, (a) each interest rate and/or currency exchange and/or credit default swap agreement(s) or other hedging agreement(s) as evidenced by either (i) a 1992 ISDA Master Agreement (Multicurrency - Cross Border) or (ii) a 2002 ISDA Master Agreement, as specified in the Issue Terms and schedule thereto entered into by the Issuer and the Counterparty by the execution of the relevant Trust Instrument and into which the terms of the Swap Schedule Terms Module are incorporated by reference, as the same may be modified and supplemented by the Trust Instrument, together with the confirmation entered into by the Issuer and the Counterparty, each dated the Issue Date; and (b) any credit support annex entered into by the Issuer and the Counterparty in respect thereof specified in the Issue Terms.

**"Swap Schedule Terms Module"** means the Swap Schedule Terms Module (July 2014 Edition) containing the standard provisions of a swap schedule in relation to an issue of Securities as specified in the Issue Terms or such other edition as specified in the Issue Terms.

**"Talons"** means the talons (if any) appertaining to, and exchangeable in accordance with the provisions therein contained for further Coupons appertaining to, the Bearer Securities in definitive form of any Series (other than Zero-Coupon Securities) and includes any replacements for Talons issued pursuant to Condition 14 (*Replacement of Securities*).

**"Target2 System"** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System.

**"Temporary Bearer Global Security"** means a temporary bearer global security in the form or substantially in the form set out in Part 1 of the First Schedule to the Trust Terms Module with such modifications (if any) as may be agreed between the Issuer, the Trustee and the Counterparty, comprising some or all of the Securities of the same Series, issued by the Issuer pursuant to the Trust Instrument.

**"Tranche"** means, in relation to a Series of Securities which are, in accordance with the terms of the Trust Instrument, to be issued in tranches, the Initial Tranche(s) and any further tranches issued in accordance with the Trust Instrument relating to that Series.

**"Transaction Documents"** means, in relation to a Series of Securities, the Trust Instrument, the Agency Agreement, the Sale Agreement, the Placing Agreement, the Charged Agreements, the Additional Agreements and any Additional Charging Document, in each case entered into in relation to such Securities and all agreements incidental to the issue of such Securities.

**"Transfer Agents"** means, in relation to a Series of Registered Securities, the entity or entities appointed as such under the Agency Agreement and as specified in the Issue Terms.

**"Transfer Certificate"** means the Regulation S Transfer Certificate and/or the Rule 144A Transfer Certificate as the context may require.

**"Trust Corporation"** means a corporation entitled by rules made under the Public Trustee Act 1906 of Great Britain or entitled pursuant to any other comparable legislation applicable to a trustee in any other jurisdiction to carry out the functions of a custodian trustee.

**"Trustee"** means, in relation to a Series of Securities, the entity designated as the trustee in the Issue Terms.

**"Trust Instrument"** means, in respect of a Tranche of Securities, a trust instrument dated the Issue Date of such Tranche of Securities and made between, among others, the Issuer and the Trustee.

**"Trust Terms Module"** means the Trust Terms Module (July 2014 Edition) containing the trust terms constituting and/or securing the Securities or such other edition as specified in the Issue Terms.

References to **"U.S. dollars"**, **"U.S.\$"** and **"U.S. cents"** are to the lawful currency of the United States of America.

**"U.S. Internal Revenue Code "** means the United States Internal Revenue Code of 1986, as amended.

**"U.S. Person"** has the meaning set out in Regulation S.

**"U.S. Series"** means a series of Registered Securities all or a portion of which will be offered or sold within the United States to Eligible Investors or to, or for the account or benefit of, U.S. Persons who are Eligible Investors.

**"Vendor"** means, in relation to a Series of Securities, the entity designated as the vendor of the Charged Assets in the Issue Terms.

**"Zero-Coupon Securities"** means an issue of Securities which bear no interest.

**28. STATUTORY PROVISIONS**

Save where the context otherwise requires, references in any Transaction Document or Conditions Module to any statutory provision shall be deemed also to refer to any statutory modification or re-enactment thereof or to any statutory instrument, order or regulation made thereunder or under any such re-enactment.

**29. AMENDMENTS**

References in any Transaction Document or Conditions Module to that or any other Transaction Document, Conditions Module, agreement, deed or document shall be deemed also to refer to such module, agreement, deed or document as amended, supplemented, varied, replaced or novated (in whole or in part) from time to time and to modules, agreements, deeds and documents executed pursuant thereto.

**30. SCHEDULES**

Any Schedule, Appendix or Exhibit annexed to a Transaction Document or Conditions Module forms part of such Transaction Document or Conditions Module and shall have the same force and effect as if set out in the body of such Transaction Document or Conditions Module. Any reference to a Transaction Document or Conditions Module shall include any such Schedule, Appendix or Exhibit.

**31. HEADINGS**

Headings in any Transaction Document or Conditions Module and herein are for ease of reference only.

**32. NUMBER**

In any Transaction Document or Conditions Module and herein, save where the context otherwise requires, words importing the singular number include the plural and *vice versa*.

**33. SUCCESSORS**

Save where the context otherwise requires, references in any Transaction Document or Conditions Module and herein to any party to the Transaction Documents or Conditions Module shall include references to its successors and assigns, whether in security or otherwise, whomsoever.

**34. MISCELLANEOUS**

In each Transaction Document or Conditions Module, unless the contrary intention appears, a reference to:

(a) **"assets"** includes properties, revenues and rights of every description;

an **"authorisation"** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration and notarisation;

a "**month**" is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that, if there is no numerically corresponding day in the month in which that period ends, that period shall end on the last Business Day in that calendar month;

a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental body, agency, department or regulatory, self-regulatory or other authority or organisation; and

- (b) a time of day is a reference to London time.

## ISSUE TERMS

Issue Terms dated 17 June 2015 and amended and restated on 23 February 2017 and 27 February 2017

**Douro Finance B.V.**

*(incorporated with limited liability in the Netherlands under registered number 55482643)*

**Series 2015-265 EUR 20,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044 (the “Securities”)**

**(consisting of an existing issue of EUR 10,000,000 and a further issue of EUR 10,000,000)**

**under the EUR 5,000,000,000**

**Limited Recourse Secured Debt Issuance Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Information Memorandum dated 30 July 2014 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in a relevant Member State of the European Economic Area (the “**Prospectus Directive**”). Full information on the Issuer and the offer of the Securities is only available on the basis of the combination of these Issue Terms, the Information Memorandum and the Series Information Memorandum in respect of the Securities (the “**Series Information Memorandum**”) and the Supplemental Series Information Memorandum (the “**Supplemental Series Information Memorandum**”). The Information Memorandum, the Series Information Memorandum, the Supplemental Series Information Memorandum and these Issue Terms are available for viewing during normal office hours at the office of the Principal Paying Agent in London<sup>1</sup> and copies may be obtained from the principal office of the Issuer.

### **Terms of the Securities**

The Issuer will issue its EUR 10,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044 (the “**Further Fungible Securities**”) on 27 February 2017. The Further Fungible Securities will be consolidated and form a single series with the existing Series 2015-265 EUR 10,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044 issued on 17 June 2015 (the “**Existing Series**”) pursuant to Condition 20(a) of the Securities. The Further Fungible Securities and the Existing Series are together referred to as the “**Securities**”.

The Securities have the “**Terms**” as set out in these Issue Terms, which will complete and modify (i) the Bearer Securities Base Conditions Module, July 2014 Edition and (ii) the General Definitions Module, July 2014 Edition (the “**General Definitions Module**”), both of which are incorporated by reference<sup>2</sup> into these Issue Terms (together, the “**Conditions**”) and are set out in full in the Information Memorandum.

As used herein, the term “**Swap Transaction**” means the swap transaction with an effective date of 17 June 2015 entered into between the Issuer and the Counterparty pursuant to a 2002 ISDA Master Agreement and

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<sup>1</sup> Supplemental Series Information Memorandum Footnote 1: Global Markets Legal Department, Banco Bilbao Vizcaya Argentaria, S.A., London branch, 44<sup>th</sup> Floor, One Canada Square, London, E14 5AA

<sup>2</sup> Supplemental Series Information Memorandum Footnote 2: The Bearer Securities Base Conditions Module, July 2014 Edition and the General Definitions Module are set in out full in the Supplemental Series Information Memorandum

Schedule thereto (in the form of the Swap Schedule Terms Module, July 2014 Edition) dated as of 29 May 2015 and a 1995 ISDA credit support annex (Bilateral Form-Transfer) (English Law), including paragraph 11 (Elections and Variables), which supplement, form part of, and are subject to the ISDA Master Agreement and Schedule (the “**Credit Support Document**”, together with the ISDA Master Agreement and Schedule, the “**Master Agreement**”) as supplemented by a swap transaction confirmation each with an effective date of 17 June 2015 as amended and/or restated from time to time (the “**Swap Transaction Confirmation**” and the definitions contained in the Master Agreement and Swap Transaction Confirmation are incorporated by reference herein.).

1. Issuer: Douro Finance B.V.
2. Description of Securities: Series 2015-265 EUR 20,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044.
3. Principal Amount: EUR 20,000,000 (consisting of EUR 10,000,000 relating to the Existing Series and EUR 10,000,000 relating to the Further Fungible Securities).
  - (a) Issue Date: 17 June 2015 for the Existing Series.  
27 February 2017 for the Further Fungible Securities.
  - (b) Issue Price: 100 per cent. of the Principal Amount relating to the Existing Securities.  
100 per cent. of the Principal Amount relating to the Further Fungible Securities.
4. Status of the Securities: The Securities will constitute direct, secured, limited recourse obligations of the Issuer and will rank pari passu and without preference among themselves.
5. Type of Securities: Variable Coupon Amount Securities.
6. Date of corporate authorisation for issuance of Securities: 2 June 2015 for the Existing Securities.  
21 February 2017 for the Further Fungible Securities.

## INTEREST

7. Fixed Rate Security Provisions: Applicable.  
  
In respect of the Interest Payment Dates set out in paragraph 7(b) below only, the Securities pay interest, in arrear, in accordance with Condition 7(a) (as amended by paragraph 38(i) below), at the Rate of Interest set out below in paragraph 7(f).
  - (a) Interest Rate Basis: Fixed Rate.
  - (b) Interest Payment Dates: 17 June in each year from and including 17 June 2016 up to and including 17 June 2019 (the “**Final Fixed Rate Interest Payment Date**”).

(c) Fixed Rate Interest Commencement Date: 17 June 2015.

(d) Interest Periods: The period from (and including) an Interest Payment Date (or the Fixed Rate Interest Commencement Date) to (but excluding) the following Interest Payment Date.

*Fixed Interest Periods will be unadjusted.*

(e) Payment Day Convention for Condition 10(f): Modified Following Payment Date Convention.

(i) Additional Financial Centre(s): London.

(f) Rate of Interest: In respect of the Interest Payment Date on 17 June 2016, 4.00 per cent. per annum.

In respect of the subsequent Interest Payment Dates, 6.00 per cent. per annum.

(g) Day Count Fraction: 30/360.

8. Floating Rate Security Provisions: Applicable.

In respect of the Interest Payment Dates set out in paragraph 8(b) below only, the Securities pay interest, in arrear, in accordance with Condition 7(b) (as amended by paragraph 38(ii) below), at the Rate of Interest set out below in paragraph 8(h) (subject at all times to paragraphs 8(i) and 8(j)).

(a) Interest Rate Basis: Floating Rate.

(b) Interest Payment Dates: 17 June in each year from and including 17 June 2020 up to and including 17 June 2044 and the final Interest Payment Date shall fall on the Maturity Date (short final coupon).

(c) Floating Rate Interest Commencement Date: 17 June 2019.

(d) Interest Periods: The period from (and including) an Interest Payment Date (or the Floating Rate Interest Commencement Date) to (but excluding) the following Interest Payment Date.

*Floating Interest Periods will be unadjusted.*

(e) Payment Day Convention for Condition 10(f): Modified Following Payment Date Convention.

(i) Additional Financial Centre(s): London.

(f) Linear Interpolation: Not Applicable.



- (g) ISDA Determination: Not Applicable.
- (h) Screen Rate Determination: Applicable.
- Reference Rate: EUR-ISDA-EURIBOR Swap rate (20 years)
- Relevant Screen Page: Bloomberg EUAMDB20 Index
- Margin: Plus 0.70 per cent.
- Interest Determination Date: Two TARGET2 Business Days prior to the first day of each Interest Period, where TARGET2 Business Day means any day on which TARGET2 is open.
- (i) Day Count Fraction: 30/360.
- (j) Minimum Rate of Interest: 0.00 per cent per annum.
- (k) Maximum Rate of Interest: 9.00 per cent per annum.
- (l) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Securities, if different from those set out in the Conditions: The offered quotation for the Reference Rate which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. Frankfurt time on the relevant Interest Determination Date, all as determined by the Agent Bank.
- If the Reference Rate does not appear on the Relevant Screen Page, the rate for that Interest Determination Date will be determined as if the parties had specified "EUR-Annual Swap Rate-Reference Banks" as the applicable Reference Rate.
- If for any reason the Agent Bank cannot determine the rate as set out above, the rate shall be determined by the Agent Bank in such manner as it deems appropriate, acting in good faith and in a commercially reasonable manner.

## PROVISIONS RELATING TO REDEMPTION

9. Maturity Date: 7 November 2044.
10. Final Redemption Amount: The principal amount of each Security.
11. Early Redemption Amount pursuant to Condition 8(b) Redemption for taxation reasons, Condition 11 Events of Default, and Condition 8(c) Mandatory Redemption: As set out in the Conditions.

## PROVISIONS RELATING TO SECURITY

12. *Initial Charged Assets:*

EUR 5,000,000 nominal amount of 5.15% Fixed Rate Notes due 2044 issued by the Kingdom of Spain: Bonos y Obligaciones del Estado. ISIN Code: ES00000124H4.

EUR 5,000,000 nominal amount of Inflation Linked Notes due 2041 issued by the Republic of Italy. ISIN Code: IT0004545890.

(the “**Initial Charged Assets**”).

With effect from 27 February 2017, the Charged Assets of the Securities will comprise the Initial Charged Assets and:

EUR 5,000,000 nominal amount of 5.15% Fixed Rate Notes due 2044 issued by the Kingdom of Spain: Bonos y Obligaciones del Estado. ISIN Code: ES00000124H4.

EUR 5,000,000 nominal amount of Inflation Linked Notes due 2041 issued by the Republic of Italy. ISIN Code: IT0004545890.

(the “**Additional Charged Assets**”).

On 27 February 2017, the Issuer shall procure that there have been credited to the Custodian Account, the Additional Charged Assets, pursuant to Condition 20(a), on a Nominal Basis.

On each date on which redemption proceeds are due in respect of the maturity of the Charged Assets (“**Charged Asset Redemption Proceeds**”), pursuant to the terms of the Swap Transaction, the Issuer shall pay such Charged Asset Redemption Proceeds to the Counterparty. From the time of payment to the Counterparty, such Charged Asset Redemption Proceeds will not form part of the Charged Assets.

13. *Net Settlement:*

Not applicable.

14. *Substitution of Charged Assets:*

- (i) At the direction of the Counterparty pursuant to Condition 4(b)(i) (*Substitution at direction of Counterparty*):

Not applicable.

(ii) Applicable notice period for giving of a Substitution Notice pursuant to Condition 4(b)(i) (*Substitution at direction of Counterparty*): Not applicable.

(iii) At the direction of the Securityholders pursuant to Condition 4(b)(ii) (*Substitution at the request of Securityholders*): Not applicable.

(iv) Substitution with Cash Collateral pursuant to Condition 4(c) (*Substitution with Cash Collateral*): Applicable.

15. Charged Agreements:

(a) Counterparty: Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedá, 28 Edificio Asia Nivel 1 28050 Madrid.

(b) Swap Agreement: The Master Agreement together with the Swap Transaction Confirmation as amended and restated from time to time (the "**Swap Agreement**").

The form of Swap Transaction Confirmation is set out at Annex 1 hereto.

The elections and variables relating to the Credit Support Document as amended and restated from time to time are set out in Annex 2 hereto.

The Calculation Agent under the Swap Agreement shall be the Counterparty (the "**Swap Calculation Agent**").

16. (a) Security Ranking Basis: Counterparty Priority Basis.

(b) Instructing Creditor: Swap Agreement Counterparty only.

17. Custodian's account details: Clearstream Account No. 18038 or such other account as may be advised by the Custodian from time to time.

18. Counterparty Account details: Account No: 14923 held with Banco Bilbao Vizcaya Argentaria, S.A.

19. Additional Charging Document: Not Applicable.

**GENERAL PROVISIONS APPLICABLE TO THE SECURITIES**

20. Closing Date and Time: Close of business on 17 June 2015.

21. Pre Closing Date and Time: Not Applicable.

22. Form of Securities: Bearer Securities.

The Securities will be issued in global bearer form, evidenced on issue by a Temporary Bearer Global Security. Beneficial interests in a Temporary Bearer Global Security will be exchangeable for either beneficial interests in a Permanent Bearer Global Security on or after the date which is 40 days after the date on which the Temporary Bearer Global Security is issued and upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations.

23. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D.

24. Whether Securities are a Non-U.S. Series or a U.S. Series: Non-U.S. Series.

25. Specified Currency and Currency of the Issue: EUR.

26. Specified Denomination: EUR 100,000.

27. Rating: The Securities will not be rated.

28. Listing: Application has been made to the Irish Stock Exchange for the Securities to be listed on the Official List and trading on its regulated market. No assurance is given as to when or whether such listing application will be granted.

29. Common Code and ISIN: For the Existing Series 124298059 and XS1242980594.

For the Further Fungible Securities 156515442 and XS1565154421 until 40 days following 27 February 2017 and thereafter 124298059 and XS1242980594, respectively.

30. Applicable United States Selling Restrictions: Regulation S.

- |     |  |                 |
|-----|--|-----------------|
| 31. | Governing law:   | English law.    |
| 32. | New Global Security:   | Yes.            |
| 33. | Securities to be held under New Safekeeping Structure:                               | Not applicable. |
| 34. | Securities intended to be held in a manner which would allow Eurosystem eligibility: | No.             |

## **USE OF PROCEEDS AND NET PROCEEDS**

- |     |  |  |
|-----|--|--|
| 35. | Reasons for the offer:                 | See "Use of Proceeds" in the Information Memorandum. |
| 36. | Dealer fees / commissions / discounts: | Not Applicable.                                      |

## **AGENTS AND OTHER PARTIES**

- |     |                            |   |
|-----|----------------------------|---|
| 37. | Party and specified office |   |
| (a) | Trustee:                   | Deutsche Trustee Company Limited of Winchester House, 1 Great Winchester Street, London EC2N 2DB.     |
| (b) | Principal Paying Agent:    | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid. |
| (c) | Custodian:                 | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid. |
| (d) | Calculation Agent:         | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid. |
| (e) | Vendor:                    | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid. |
| (f) | Agent Bank                 | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid. |
| (g) | Account Bank:              | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid. |
| (h) | Selling Agent:             | Banco Bilbao Vizcaya Argentaria, S.A., Ciudad BBVA c/ Saucedo, 28 Edificio Asia Nivel 1 28050 Madrid. |
| (i) | Authentication Agent:      | Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.        |
| (j) | Common Safekeeper:         | Deutsche Bank AG, London Branch, Winchester House, 1 Great Winchester Street, London EC2N 2DB.        |

- (k) Issuer's Agent for Service of Process: Banco Bilbao Vizcaya Argentaria, S.A. at its principal London office, for the time being at One Canada Square, 44<sup>th</sup> Floor, London E14 5AA.

#### **ADDITIONAL TERMS**

38. Additional Terms:

(i) Condition 7(a) is amended such that the words “Interest Commencement Date” shall be deleted and replaced by the words “Fixed Rate Interest Commencement Date” and the reference to the “Maturity Date” shall be deemed to be a reference to the “Final Fixed Rate Interest Payment Date”; and

(ii) Condition 7(b) is amended such that the words: “Interest Commencement Date” shall be deleted and replaced by the words “Floating Rate Interest Commencement Date”.

(iii) References to “Charged Assets” in Condition 8(c)(i)(A), (C), (D) and 8(c)(iii) shall be deemed to include the Charged Assets that have been transferred to the Counterparty under the Credit Support Document for the purpose of triggering a mandatory redemption of the Notes only under such Conditions, notwithstanding that they are not Charged Assets during the period in which they have been transferred to the Counterparty and do not form part of the Mortgaged Property during this period.

Signed on behalf of the Issuer:

By: \_\_\_\_\_

Name:

Title:

**ANNEX 1**

**FORM OF SWAP TRANSACTION CONFIRMATION**

**AMENDED AND RESTATED SWAP TRANSACTION CONFIRMATION**

Date: 2 June 2015 as amended and restated on 17 June 2015, 23 February 2017 and 27 February 2017

To: Douro Finance B.V.

From: Banco Bilbao Vizcaya Argentaria, S.A.

Our reference: Securities ISIN Code XS1242980594

Re: **Series 2015-265 EUR 20,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044 (consisting of an existing issue of EUR 10,000,000 and a further issue of EUR 10,000,000)**

**This Amended and Restated Swap Transaction Confirmation amends and restates the original Swap Transaction Confirmation entered into between the parties hereto in connection with the Series identified above on or prior to the date hereof with effect from the date of the original Swap Transaction Confirmation.**

Ladies and Gentlemen:

The purpose of this letter agreement is to set forth the terms and conditions of the single Transaction entered into between Banco Bilbao Vizcaya Argentaria, S.A. ("**Party A**") and Douro Finance B.V. ("**Party B**") on the Trade Date specified below (the "**Transaction**"). This constitutes a "**Confirmation**" as referred to in the Agreement specified below.

The definitions and provisions contained in the 2006 ISDA Definitions (the "**Definitions**") as published by the International Swaps and Derivatives Association, Inc. are incorporated by reference herein. In the event of any inconsistency between the Definitions and this Confirmation, the provisions of this Confirmation will prevail.

For the purposes of this Confirmation, all references in the Definitions to a "**Swap Transaction**" shall be deemed to apply to the Transaction referred to herein.

This Confirmation supplements, forms a part of, and is subject to, the ISDA Master Agreement dated as of the Trade Date as amended and supplemented from time to time (the "**Agreement**"), entered into by you and us by our execution of the Trust Instrument dated of 17 June 2015 (the "**Existing Trust Instrument**") and the Supplemental Trust Instrument dated 27 February 2017 (the "**Supplemental Trust Instrument**"), by and among the persons thereto for purposes of constituting **Series 2015-265 EUR 20,000,000 Secured Limited Recourse Variable Coupon Amount Securities due 2044** (the "**Securities**") of the Issuer issued under its EUR 5,000,000,000 Limited Recourse Secured Debt Issuance Programme (the "**Programme**"). All provisions contained in the Agreement govern this Confirmation except as expressly modified below. All terms defined in the Agreement and not otherwise defined herein shall have the meanings assigned in the Agreement. References to "**Existing Securities**", "**Further Fungible Securities**", the "**Conditions**" in respect of the Securities and any other capitalized term that is used but not defined herein, the Agreement or the Definitions shall have their meanings as given to them in the Supplemental Trust Instrument and in the event of any inconsistency between words and meaning defined in the Supplemental Trust Instrument and words and meaning defined in this Confirmation, this Confirmation will prevail.

**1. The terms of the particular Transaction to which this Confirmation relates are as follows:**

Trade Date:	29 May 2015
Termination Date:	7 November 2044
Effective Date:	17 June 2015
Termination Currency:	EUR
Business Days:	TARGET and London
Business Day Convention:	Modified Following



Notional Amount: EUR 20,000,000

### **1.1 Initial Exchange Amount**

On the Effective Date, Party A will pay to Party B an amount equal to EUR 4,142,500

On the 27 February 2017, Party A will pay to Party B an amount equal to EUR 3,562,137.68

### **1.2. Fixed Amounts**

Fixed Rate Payer: Party A

Fixed Rate Payer

Calculation Amount: An amount equal to the Notional Amount

Fixed Rate Payer

Payment Dates: 17 June in each year from and including 17 June 2016, up to and including the 17 June 2019

Fixed Rate: In respect of the Interest Payment Date on 17 June 2016, 4.00 per cent. per annum

In respect of the subsequent Interest Payment Dates, 6.00 per cent per annum

Fixed Rate Day Count

Fraction: 30/360

Period End Dates: No Adjustment

The initial Calculation Period of the “Fixed Amounts” will commence on 17 June 2015 and the final Calculation Period will end on, but exclude, 17 June 2019.

### **Variable Amounts - Party A**

Floating Amount Payer: Party A

Floating Amount Payer

Payment Dates: 17 June in each year from and including 17 June 2020 up to and including 17 June 2044 and the final Floating Amount Payer Payment Date shall fall on the Termination Date (short final coupon).

Floating Rate Option: EUR-ISDA-EURIBOR Swap Rate-11:00-Bloomberg, means that the rate for a Reset Date will be the annual swap rate for euro swap transactions with a maturity of the designated Maturity, expressed as a percentage, which appears on the Bloomberg Screen EUAMDB20 Index as of 11:00 a.m. Frankfurt time, on the day that it is two TARGET Settlement Days preceeding that Reset Date. If such rate does not appear on the Bloomberg Screen EUAMDB20 Index, the rate for that Reset Date will be determined as if the parties had specify "EUR-Annual Swap Rate-Reference Banks" as the applicable Floating Rate Option.

If for any reason the Calculation Agent cannot determine the rate as set out above, the rate shall be determined by the Calculation Agent in such manner as it deems appropriate, acting in good faith and in a commercially reasonable manner.

Designated Maturity: 20 years

Maximum Rate: 9.00% per annum

Minimum Rate 0.00% per annum

Linear Interpolation: Not applicable

Spread: 0.7% per annum

Floating Rate Day Count

Fraction: 30/360

Period End Dates: No Adjustment

Reset Days: The first day of each Calculation Period

*provided that*, if the Floating Rate plus the Spread is equal to or:

- (i) higher than the Maximum Rate, then the Floating Rate plus the Spread shall be deemed to be the Maximum Rate; and,
- (ii) lower than the Minimum Rate, then the Floating Rate plus the Spread shall be deemed to be the Minimum Rate.

The initial Calculation Period of the “Variable Amounts - Party A” will commence on 17 June 2019 and the final Calculation Period will end on, but exclude, the Termination Date.

#### **Final Exchange Amount - Party A**

Party A will pay to Party B, EUR 20,000,000 on the Termination Date.

#### **Variable Amounts – Party B**

From and including the Effective Date to and including the Termination Date, Party B will pay to Party A amounts equal to and in the same currency as each amount of coupon or interest which is scheduled to be paid in respect of the Charged Assets in accordance with the terms and conditions thereof, each such amount being payable by Party B on the date on which such amount is received by Party B.

From and including the Effective Date to and including the Termination Date, Party B will pay to Party A amounts equal to and in the same currency as each amount of any Distributions (as defined in the Credit Support Document) which are scheduled to be paid to Party B pursuant to the Credit Support Document, each such amount being payable by Party B on the date on which such amount is received by Party B.

On each date on which redemption proceeds are received in respect of the maturity or redemption of the Charged Assets (each a “**Charged Asset Redemption Date**”), Party B will pay an amount equal to and in the same currency as such redemption proceeds to Party A free and clear of any interest of Party B or the Trustee.

For the avoidance of doubt, no Variable Amounts payable by Party B to Party A hereunder shall be reduced on account of any deduction or withholding from any payment in respect of any Charged Assets that are securities (if any) on account of any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any such payment in respect of such Charged Assets, or on account of any right of set-off, or for any other reason whatsoever.

## **2. Account Details**

Account Details for Party A: To be advised

Account Details for Party B: To be advised

and/or such other accounts as will be advised by one party to the other as and when necessary.

## **3. Offices**

The Office of Party A for this Transaction is Clara del Rey 26-2a Planta, 28002 Madrid

The Office of Party B for this Transaction is De Entree 99-197, 1101 HE Amsterdam, Zuidoost, Netherlands.

#### **4. Calculation Agent**

Party A will act as Calculation Agent and will act reasonably and in good faith according to its customary practices and procedures, provided, however, that absent manifest error, the Calculation Agent's computations hereunder will be binding for all purposes.

If any Securities are purchased and cancelled pursuant to Condition 9 (Purchase) or any further Securities are issued pursuant to Condition 20 (Further Issues) the Calculation Agent will be entitled to make such adjustments to the terms of this Transaction as it determines appropriate to preserve the intended economic effect of the Transaction.

This message will be the only form of Confirmation dispatched by us. Please execute and return it to:

Banco Bilbao Vizcaya Argentaria, S.A.

Attention: Pablo Cabanes

Tesorería - Documentación

Clara del Rey 26 - 2º Planta. 28002 Madrid (Spain)

Phone: +34 91 537 8465

Fax: +34 91 537 0955

#### **5. Time of the Essence**

Time is of the essence of this Agreement.

**EXECUTION PAGE OF CONFIRMATION - DOURO FINANCE B.V. SERIES 2015- 265**

Yours faithfully

for and on behalf of

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

By:

By:

Name:

Name:

Confirmed as of the date first above written:

**DOURO FINANCE B.V.**

By:

Name:

## ANNEX 2

### FORM OF PARAGRAPH 11 (ELECTIONS AND VARIABLE) TO THE CREDIT SUPPORT DOCUMENT

Paragraph 11 (Elections and Variables) to the Credit Support Annex

between

**Banco Bilbao Vizcaya Argentaria, S.A.**      **and Douro Finance B.V.**

**("Party A")**

**("Party B")**

**(a) Base Currency and Eligible Currency.**

- (i) **"Base Currency"** means EUR.
- (ii) **"Eligible Currency"** means the Base Currency.

**(b) Credit Support Obligations.**

- (i) Delivery Amount, Return Amount and Credit Support Amount.

- (A) **"Delivery Amount"** has the meaning specified in Paragraph 2(a), provided that the words "upon a demand made by the Transferee on or promptly following a Valuation Date" will be deemed to have been deleted and replaced with the words: "on each Valuation Date".
- (B) **"Return Amount"** has the meaning specified in Paragraph 2(b).
- (C) **"Credit Support Amount"** has the meaning specified in Paragraph 10.

- (ii) **Eligible Credit Support.** The following items:

Type	Party A	Party B	Valuation Percentage
Fixed Rate Notes due 2044 issued by the Kingdom of Spain: Bonos y Obligaciones del Estado. ISIN CODE: ES00000124H4	[X]	[X]	[85]%
Inflation Linked Notes due 2041 issued by the Republic of Italy. ISIN CODE: IT0004545890	[X]	[X]	[75%]

(iii) **Thresholds.**

(A) **"Independent Amount"** means with respect to Party A: Zero

**"Independent Amount"** means with respect to Party B: Zero

(B) **"Threshold"** means with respect to Party A: Zero

**"Threshold"** means with respect to Party B: Zero

(C) **"Minimum Transfer Amount"** means with respect to Party A: EUR 1,000,000.

**"Minimum Transfer Amount"** means with respect to Party B: EUR 100,000.

(D) **Rounding.** The Delivery Amount and the Return Amount will be rounded up to the nearest integral multiple of EUR 1,000.

(c) **Valuation and Timing.**

(i) **"Valuation Agent"** means Banco Bilbao Vizcaya Argentaria, S.A. in all circumstances.

(ii) **"Valuation Date"** means each first Local Business Day in each week.

(iii) **"Valuation Time"** means the close of business in the city of the Valuation Agent on the Local Business Day immediately preceding the Valuation Date or date of calculation, as applicable, provided that the calculations of Value and Exposure will, as far as practicable, be made as of approximately the same time on the same date.

(iv) **"Notification Time"** means 1:00 p.m., Madrid time on a Local Business Day.

(d) **Exchange Date**

**"Exchange Date"** has the meaning specified in Paragraph 3(c)(ii)

(e) **Dispute Resolution.**

(i) **"Resolution Time"** means 1:00 p.m., Madrid time on the Local Business Day following the date on which the notice is given that gives rise to a dispute under Paragraph 4.

(ii) **Value.** For the purpose of Paragraphs 4(a)(4)(i)(C) and 4(a)(4)(ii), on any date, the Value of the outstanding Credit Support Balance or of any transfer of Eligible Credit Support or Equivalent Credit Support, as the case may be, will be calculated as follows:

the amount of the Eligible Credit Support transferred by the Transferor together with any Distributions thereon to the extent not transferred pursuant to Paragraph 5(c)(i) or (ii).

(iii) **Alternative.** As amended by the preceding paragraphs of this Paragraph 11(e), the provisions of Paragraph 4 will apply.

(f) **Distributions and Interest Amount.**



- (i) **Interest Rate.** Not applicable.
- (ii) **Transfer of Interest Amount.** Not applicable.
- (iii) **Alternative to Interest Amount.** Not applicable.

(g) **Address for Transfers.**

Party A: As set forth in notices to Party B from time to time.

Party B: As set forth in notices to Party A from time to time.

(h) **Other Provisions.**

(i) **Early Termination.**

Paragraph 6 is deleted in its entirety and replaced with the following:

“If an Early Termination Date is designated or deemed to occur as a result of an Event of Default in relation to a party or as a result of a Termination Date where all Transactions are Affected Transactions, an amount equal to the Value of the Credit Support Balance, determined as though the Early Termination Date were a Valuation Date, will be deemed to be an Unpaid Amount due to the Transferor (which may or may not be the Defaulting Party) for purposes of Section 6(e).”

(ii) **Transfer of undisputed amounts**

Paragraph 4(a)(2) shall be amended by the insertion of the words “(or deemed received)” after the word “received” in the third line thereof.

(iii) **Party B’s Credit Support Balance.**

Where Party B is the Transferor on a Valuation Date, the Credit Support Balance shall comprise the aggregate of all Eligible Credit Support that has been transferred to or received by Party A and not returned to Party B under this Annex, together with any Distributions and all proceeds of any such Eligible Credit Support or Distributions, as reduced pursuant to paragraph 2(b) or 6.

(iv) **Party B as Transferor.**

- (a) For the avoidance of doubt, where Party B is the Transferor, on a Valuation Date, only where Party B holds Eligible Credit Support which comprise Initial Charged Assets its obligation to make a transfer of Eligible Credit Support will be limited to such Initial Charged Assets comprising Eligible Credit Support held by Party B on the relevant Valuation Date.
- (b) The Eligible Credit Support delivered by Party B as Transferor pursuant to paragraph 2(a), will be delivered in the priority of the Eligible Credit Support, held by Party B on such date, with the latest scheduled maturity date to be delivered first.

(i) **Demands and Notices.**

Any demand, specification or notice will be given to or made at the following addresses:

If to Party A: BBVA S.A.

Address: Banco Bilbao Vizcaya Argentaria, S.A.  
C/ Saucedo 28, Edificio Oceanía planta 1ª, 28050 Madrid  
Attention: Collateral Department  
Telephone: +34 91 374 74 13 /+34 91 537 70 94  
Fax: +34 91 5370988  
E-mail: bbvacollaterales@grupobbva.com

If to Party B:

Address: Douro Finance B.V.  
De Entrée 99-197  
1101 HE Amsterdam  
The Netherlands  
  
Attention: Managing Director  
Telephone: + 31 205 554 488  
Fax: + 31 205 55 43 08

or at such other address as the relevant party may from time to time designate by giving notice (in accordance with the terms of this subparagraph) to the other party.

Party A and Party B agree that the Principal Paying Agent in respect of the Securities shall be authorised to act on behalf of Party B in making any demands or providing any notices to Party A.

#### (j) Definitions

Any definitions used in this Paragraph 11 to the Credit Support Annex and not defined herein shall have the meaning given to such terms in the Charged Agreement and the Trust Instrument relating to the Securities.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

**BANCO BILBAO VIZCAYA ARGENTARIA, S.A.**

By: By:

Name: Name:

**DOURO FINANCE B.V.**

By:

Name:

## SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

### United States

The Further Securities have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may include Securities in bearer form that are subject to U.S. tax law requirements. Consequently, the Further Securities may not be offered, sold, resold, delivered or transferred within the United States or to, or for the account or benefit of, any person who is (i) a "U.S. person" (as defined in Regulation S), (ii) a "U.S. person" as defined in the Interpretive Guidance and Policy Statement Regarding Compliance with Certain Swap Regulations promulgated by the CFTC, as amended, modified or supplemented from time to time, **under the CEA**, (iii) a person other than a "**Non-United States** person" as defined in CFTC Rule 4.7, or (iv) a "**United States** person" as defined in the Code and the U.S. Treasury regulations promulgated thereunder, in each case, as such definition may be amended, modified or supplemented from time to time (each such person, a "U.S. Person").

### Hong Kong

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Further Securities have not been authorised by the Hong Kong Securities and Futures Commission. The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities (except Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong) other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made under that Ordinance or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Further Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Further Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made under that Ordinance.

### European Union

#### *Public Offer Selling Restriction under the Prospectus Directive*

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the

"**Relevant Implementation Date**") it has not made and will not make an offer of Further Securities which are the subject of the offering contemplated by this Supplemental Series Information Memorandum as completed by the Issue Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Further Securities to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Further Securities shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Further Securities to be offered so as to enable an investor to decide to purchase or subscribe the Further Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

## **United Kingdom**

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 any Further Securities 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 an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Further Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

## **Spain**

Neither the Further Securities nor this Supplemental Series Information Memorandum have been registered with the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*). Therefore, neither the Further Securities nor this Supplemental Series Information Memorandum are intended for any public offer of the Further Securities in the Kingdom of Spain in compliance with the requirements of Royal Decree 4/2015, of 23 October, on the Spanish Securities Market (as amended from time to time) implementing the Prospectus Directive, Royal Decree 1310/2005, of 4 November, on admission to listing and on issues and public offers of securities (as amended from time to time) and any other regulation developing them which may be in force from time to time. Accordingly, no Further Securities will be offered, marketed nor may copies of this Supplemental Series Information Memorandum

or of any other document relating to the Further Securities be distributed in the Kingdom of Spain, except in other circumstances which are exempted from the rules on public offerings pursuant to Article 35 of Royal Decree 4/2015, of 23 October, on the Spanish Securities Market.

Any offer of the Further Securities or distribution of copies of this Supplemental Series Information Memorandum or any other document relating to the Further Securities in the Kingdom of Spain shall be made under circumstances which are exempted from the rules on public offerings. Except when the offer is addressed to qualified investors, any offer or placement of the Further Securities must be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Kingdom of Spain in accordance with Royal Decree 4/2015, of 23 October, on the Spanish Securities Market.

## **Ireland**

The Dealer represents, warrants and agrees that, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that it has not offered, sold, placed or underwritten and will not offer, sell, place or underwrite the Further Securities or Alternative Investments, or do anything in Ireland in respect of the Further Securities or Alternative Investments, otherwise than in conformity with the provision of:

- (a) the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued by the Central Bank of Ireland under Section 1363 of the Companies Act 2014 (as amended) (the “Companies Act”);
- (b) the Companies Act;
- (c) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) (as amended) of Ireland and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland;
- (d) the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Central Bank of Ireland under Section 1370 of the 2014 Act, and will assist the Issuer in complying with its obligations thereunder; and
- (e) Notice BSD C01/02 dated 12th November, 2002 issued by the Central Bank and Financial Services Authority pursuant to Section 8(2) of the Central Bank Act 1971 (as amended).

## **Netherlands**

### **Act on Financial Supervision**

Securities (including rights representing an interest in any Global Security) may not, directly or indirectly, be, (or announced to be) offered, sold, resold, delivered or transferred as part of their initial distribution or at any time thereafter to, or to the order of, or for the account of, any person anywhere in the world other than to:

- (a) persons who do not form part of the “public”, as that term is interpreted by the applicable regulator pursuant to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012; and

- (b) Qualified Investors within the meaning of Section 1:1 of the Financial Supervision Act (Wet op het financieel toezicht).

### **Savings Certificates Act**

In addition and without prejudice to the relevant restrictions set out above, Further Securities that are in bearer form and that constitute a claim for a fixed sum against the Issuer and on which interest does not become due during their tenor or on which no interest is due whatsoever ("**Zero Coupon Securities**") in definitive form may only be transferred and accepted, directly or indirectly, within, from or into the Netherlands through the mediation of either the Issuer or an admitted institution (*toegelaten instelling*) of Euronext Amsterdam N.V., admitted in a function on one or more markets or systems held or operated by Euronext Amsterdam N.V., in accordance with the Savings Certificates Act (*Wet inzake spaarbewijzen*) as amended from time to time. No such mediation is required in respect of:

- (a) the transfer and acceptance of Zero Coupon Securities whilst in the form of rights representing an interest in a Zero Coupon Instrument in global form;
- (b) the initial issue of Zero Coupon Securities in definitive form to the first holders thereof;
- (c) the transfer and acceptance of Zero Coupon Securities in definitive form between individuals not acting in the conduct of a business or profession; or
- (d) the transfer and acceptance of such Zero Coupon Securities within, from or into the Netherlands if all Zero Coupon Securities (either in definitive form or as rights representing an interest in a Zero Coupon Instrument in global form) of any particular Series are issued outside the Netherlands and are not distributed into the Netherlands in the course of initial distribution or immediately thereafter.

In the event that the Savings Certificates Act applies, certain identification requirements in relation to the issue and transfer of, and payments on, Zero Coupon Securities have to be complied with and, in addition thereto, if such Zero Coupon Securities in definitive form do not qualify as commercial paper traded between professional borrowers and lenders within the meaning of the agreement of 2 March 1987 attached to the Royal Decree of 11 March 1987 as published in the Official Gazette 1987, 129, as amended from time to time, each transfer and acceptance should be recorded in a transaction note, including the name and address of each party to the transaction, the nature of the transaction and the details and serial numbers of such Further Securities.

### **Republic of Italy**

The offering of the Further Securities has not been registered pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered, nor may copies of this Supplemental Series Information Memorandum or of any other document relating to the Further Securities be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 100 of Legislative Decree No. 58 of 24th February, 1998, as amended, (the "**Financial Services Act**") and Article 34-ter, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14th May 1999, as amended from time to time ("**Regulation No.11971**");or
- (ii) in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter of Regulation No.11971.

Any offer, sale or delivery of the Further Securities or distribution of copies of this Supplemental Series Information Memorandum or any other document relating to the Further Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29th October, 2007 (as amended from time to time) and Legislative Decree No. 385 of 1st September, 1993, as amended (the "**Banking Act**");
- (b) in compliance with Article 129 of the Banking Act, as amended, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB or other Italian authority.

*Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (i) and (ii) above, the subsequent distribution of the Further Securities on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Further Securities being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.*

## **France**

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Further Securities to the public in France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Supplemental Series Information Memorandum, the relevant Issue Terms or any other offering or marketing material relating to the Further Securities and such offers, sales and distributions have been and shall only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own account, other than individuals as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Neither this Supplemental Series Information Memorandum nor any other offering material has been or will be filed with the French *Autorité des Marchés Financiers* ("**AMF**") for prior approval or submitted for clearance to the AMF.

## **Switzerland**

Neither this Supplemental Series Information Memorandum nor any other offering or marketing material relating to the Issuer or the Further Securities have been or will be filed with or approved by any Swiss regulatory authority. The Further Securities do not constitute a collective investment scheme within the meaning of the Swiss Collective Investment Scheme Act ("**CISA**"). Therefore, they are not subject to authorisation by the Swiss Financial Market Supervisory Authority and potential investors do not benefit from the specific investor protection provided under the CISA.

## Portugal

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Supplemental Series Information Memorandum has not been and will not be registered or filed with or approved by the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários*, "**CMVM**") nor has a prospectus recognition procedure been commenced with the CMVM. The Further Securities may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the *Código dos Valores Mobiliários* (the "**Portuguese Securities Code**") enacted by Decree Law no. 486/99 of 13th November 1999 (as amended and restated from time to time) unless the requirements and provisions applicable to the public offering in Portugal are met and the above mentioned registration, filing, approval or recognition procedure is made in relation to the Further Securities. In addition, the Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that (i) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions or sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Securities in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code and in circumstances which could qualify the issue of the Securities as an issue in the Portuguese market otherwise than in accordance with all applicable laws and regulations and, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not directly or indirectly distributed and will not directly or indirectly distribute any document, circular, advertisements or any offering material except in accordance with all applicable laws and regulations; (iii) all offers, sales and distributions by it of the Securities have been and will only be made in Portugal in circumstances that, pursuant to the Portuguese Securities Code or other securities legislation or regulations, qualify as a private placement of Securities only (*oferta particular*); (iv) it will comply with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive and any applicable CMVM Regulations, determinations and/or opinions and all relevant Portuguese securities laws and regulations, and in any such case that may be applicable to it in respect of any offer or sale of Securities by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be, including compliance with the rules and regulations that require the publication of a prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

## Taiwan

The Further Securities have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan pursuant to relevant securities laws and regulations of Taiwan and may not be issued, offered or sold within Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or other regulatory authority of Taiwan. No person or entity in Taiwan has been authorised to offer or sell the Further Securities in Taiwan.

## Korea (Republic of Korea)

The Further Securities have not been and will not be registered under the Financial Investment Services and Capital Markets Act (the "**FSCMA**"). The Dealer has represented and agreed, and each new Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Securities in Korea or to, or for the account or benefit of, any Korean resident (as such term is defined in the Foreign Exchange Transaction Law



(the "FETL")), except as otherwise permitted under applicable Korean laws and regulations, including the FSCMA and the FETL and the decrees and regulations thereunder. The Further Securities may not be resold to Korean residents unless the purchaser of the Further Securities complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL and its subordinate decrees and regulations) in connection with the purchase of the Further Securities.

### **The People's Republic of China**

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any of the Further Securities in the People's Republic of China (for such purposes, not including Hong Kong, Macau SAR or Taiwan) or to residents of the People's Republic of China unless such offer or sale is made in compliance with all applicable laws and regulations of the People's Republic of China.

### **Chile**

Neither the Issuer nor the Further Securities have been registered with the "*Registro de Valores*" nor the "*Registro de Valores Extranjeros*" before the "Superintendencia de Valores y Seguros" (the "SVS") pursuant to Law No. 18,045, the Ley de Mercado de Valores ("**Law 18,045**"), and regulations thereunder therefore, such Further Securities are not overseen by the SVS and, hence, there is no obligation to provide public information of such Further Securities in the Republic of Chile. This Information Memorandum does not constitute an offer of, or an invitation to subscribe for or purchase, the Further Securities in The Republic of Chile, other than to individually identified buyers pursuant to a Private Offering, and subject to SVS's *Norma de Carácter General Número 336*, within the meaning of Article 4 of Law 18,045 (an offer that is not addressed to the public at large or to a certain sector or specific group of the public). Therefore, such Further Securities cannot be subject to a public offer in the Republic of Chile as long as they are not registered in the appropriate Securities Registry ("**Registro de Valores**").

This Supplemental Series Information Memorandum does not constitute an offer to any other person or to the general public in Chile to acquire the Further Securities. Each prospective investor in Chile, by accepting the delivery of this Supplemental Series Information Memorandum, agrees to the foregoing and will not make photocopies or any other reproduction, either physical or electronic, of this Supplemental Series Information Memorandum or any other documents referred to herein.

### **Colombia**

This document does not constitute a public offer in the Republic of Colombia. The offer of the Further Securities may only be addressed to less than one hundred specifically identified investors. The Further Securities may not be promoted or marketed in Colombia or to Colombian residents, unless such promotion and marketing is made in compliance with Decree 2555 of 2010 and other applicable rules and regulations related to the promotion of foreign products in Colombia.

The Further Securities have not been, and will not be, registered in the National Securities and Issuers Registry (*Registro Nacional de Valores y Emisores*) of Colombia or traded on the Colombian Stock Exchange (Bolsa de Valores de Colombia). Therefore, the Further Securities may not be publicly offered in Colombia or traded on the Colombian Stock Exchange.

This Supplemental Series Information Memorandum is for the sole and exclusive use of the addressee as an offeree in Colombia, and this Supplemental Series Information Memorandum shall not be interpreted as being addressed to any third party in Colombia or for the use of any third party in Colombia, including any shareholders, administrators or employees of the addressee.

The recipient of the Further Securities acknowledges that certain Colombian laws and regulations (specifically foreign exchange and tax regulations) are applicable to any transaction or investment made in connection with the Further Securities being offered and represents that it is the sole party liable for full compliance with any such laws and regulations.

## **Mexico**

The Further Securities have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the "CNBV") and, therefore, the Further Securities may not be publicly offered or sold in Mexico, publicly or otherwise, except that the Further Securities may be offered in Mexico to institutional and accredited investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

## **Peru**

The Further Securities have not been, and will not be, registered with the Superintendency of Securities Market (*Superintendencia del Mercado de Valores*, or "SMV"). If through any private offering an institutional investor acquires Securities that are not registered with the SMV, such Further Securities may not be sold or transferred by such institutional investor unless such transfer or sale is made to another institutional investor as defined by the Peruvian Securities Market Law (*Ley del Mercado de Valores*) or such Further Securities have been registered under the SMV's Public Registry.

Notice to Private Pension Funds and Insurance Companies in Peru: Private Pension Funds (*Administradoras Privadas de Fondos de Pensiones*) and Insurance Companies (*Compañías de Seguros*) in Peru should seek their own legal advice as to the eligibility of the Further Securities and legal, financial and technical advice as to their capacity to acquire the Further Securities in compliance with the limits set forth by applicable Peruvian law. In particular, to acquire the Further Securities, Peruvian Private Pension Funds should register the Further Securities as provided by the applicable regulation approved by the Peruvian Bank and Insurance Superintendency (*Superintendencia de Banca, Seguros y AFP*) and, if applicable, to register the particular placement procedure through which such Further Securities are acquired.

## **General**

The Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Further Securities or possesses or distributes the Information Memorandum or this Supplemental Series Information Memorandum and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Further Securities under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

Neither the Issuer, the Trustee nor any Dealer represents that Further Securities may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Series of Further Securities, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in this Supplemental Series Information Memorandum.

## DESCRIPTION OF THE ADDITIONAL CHARGED ASSETS AND THE OBLIGORS UNDERLYING THE ADDITIONAL CHARGED ASSETS

*The information in the following sections concerning the Additional Charged Assets, the Obligors underlying the Additional Charged Assets (the "**Underlying Obligors**") and the Inflation Index is a summary only of certain terms and conditions of the Additional Charged Assets and has been extracted from the Pricing Supplements relating to the Additional Charged Assets and from Bloomberg's on screen information service published by the Underlying Obligors and the source of the Inflation Index and the Issuer accepts responsibility for accurately reproducing such extracts. Such information has not been independently verified by the Issuer. So far as the Issuer is aware and is able to ascertain from the information published by Bloomberg and the Underlying Obligors, no facts have been omitted which would render the information reproduced herein inaccurate or misleading.*

### A. Description of the Additional Charged Assets

- i) **EUR 5,000,000 nominal amount of 5.15% Fixed Rate Notes due 2044 issued by the Kingdom of Spain: Bonos y Obligaciones del Estado. ISIN Code: ES00000124H4.**

Issuer:	Kingdom of Spain
Guarantor:	Not Applicable
Issue Date:	16 October 2013
Aggregate Principal Amount issued:	EUR 11,750,423,000
Denomination:	EUR 1,000.
First Interest Payment Date:	31 October 2013
Maturity Date:	31 October 2044
Interest Rate:	5.15 per cent
Interest Payment Dates:	Annual
Day Count Fraction:	Act/Act
Clearing System:	Clearstream Lux, Euroclear
ISIN Code:	ES00000124H4
Listing:	AIAF- Mercado de Renta Fija (ESMA MIC Code : XDRF)
Governing Law:	Spanish law.

Method of Origination/ Creation:	The Charged Asset was created by their issuance by the issuer of the Charged Asset
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**ii) EUR 5,000,000 nominal amount of Inflation Linked Notes due 2041 issued by the Republic of Italy. ISIN CODE: IT0004545890.**

Issuer:	Republic of Italy
Guarantor:	Not Applicable
Issue Date:	15 September 2009
Aggregate Principal Amount issued:	EUR 7,792,870,000
Denomination:	EUR 1,000.
First Interest Payment Date:	15 March 2010
Maturity Date:	15 September 2041
Interest Rate:	2.55 per cent multiplied by the indexation coefficient over the Eurostat Eurozone HICP Ex-Tobacco (Bloomberg Ticker: CPTFEMU Index) (the "Index")
Interest Payment Dates:	S/A
Day Count Fraction:	Act/Act
Clearing System:	Clearstream Lux, Euroclear
ISIN Code:	IT0004545890
Listing:	MTS GOVERNMENT MARKET (ESMA MIC Code: MTSC)
Governing Law:	Italian law.
Method of Origination/ Creation:	The Charged Asset was created by their issuance by the issuer of the Charged Asset

## **B. Description of the Underlying Obligors**

Name:	Kingdom of Spain
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Guarantor:	Not Applicable
Address	Complejo de la Moncloa Avda. Puerta de Hierro Madrid, 28071
Country of Establishment:	Spain
Nature of Business:	Government
Listing:	AIAF- Mercado de Renta Fija (ESMA MIC Code : XDRE)

Name:	Republic of Italy
Guarantor:	Not Applicable
Address	Via della Stamperia 8 Rome, 00187
Country of Establishment:	Italy
Nature of Business:	Government
Listing:	MTS GOVERNMENT MARKET (ESMA MIC Code: MTSC)

### C. Description of the Index

Name of the Index	Eurostat Eurozone HICP Ex-Tobacco (Bloomberg Ticker: CPTFEMU Index)
Category	Consumer Price Index
Description of the Index	<p>This sector holds the unrevised numbers initially released by Eurostat. Eurostat may revise their HICP indices, however this sector will not change and will continue to display the initial HICP value as published.</p> <p>On the 28<sup>th</sup> February 2006, Eurostat rebased the Consumer Price Indices to 2005=100. As a result, this index has been rebased to correctly represent the new reference year. To see the equivalent index which contains revised data as published by Eurostat, please use Bloomberg Ticker: CPXTEMU index. To see the previous data under this ticker for base year 1996=100, please use Bloomberg Ticker CPTFEZ96 index.</p>

Source	Eurostat
Country	Eurozone
Performance	Past and further performance of the index and volatility can be obtained from Bloomberg Ticker: CPTFEMU Index

## **DESCRIPTION OF THE COUNTERPARTY**

### **BUSINESS OF THE COUNTERPARTY**

Banco Bilbao Vizcaya Argentaria, S.A. ("**BBVA**") is a highly diversified international financial group, with strengths in the traditional banking businesses of retail banking, asset management, private banking and wholesale banking. It also has a portfolio of investments in some of Spain's leading companies.

BBVA was incorporated in Spain for an unlimited term on 28th January, 2000. BBVA was formed as the result of a merger by absorption of Argentaria into BBV, which was registered at the Vizcaya Mercantile Registry (Registro Mercantil de Vizcaya) on 28th January, 2000.

In 2012 BBVA's organisational structure was divided into five business areas (Spain, Eurasia, Mexico, the United States and South America) and, in addition, BBVA continues to have a separate "Corporate Activities" business area which handles BBVA's general management functions. These mainly consist of structural positions for interest rates associated with the euro balance sheet and exchange rates, together with liquidity management and shareholders' funds. This area also books the costs from central units that have a strictly corporate function and makes allocations to corporate and miscellaneous provisions, such as early retirement and others of a corporate nature. It also includes the Industrial and Financial Holdings Unit and the Group's Spanish real estate business.

The registered office of BBVA is at Plaza San Nicolas 4, Bilbao, Spain.

BBVA has securities admitted to trading on the regulated market of Madrid Stock Exchange and the New York Stock Exchange.

## INCORPORATION OF DOCUMENTS BY REFERENCE

The following document is hereby incorporated into this Supplemental Series Information Memorandum:

The Information Memorandum dated 8 July 2016 relating to the EUR 5,000,000,000 Limited Recourse Secured Debt Issuance Programme of Douro Finance B.V. (the “**Information Memorandum**”) is hereby incorporated into this Supplemental Series Information Memorandum. Provided that, for the purposes of these Further Securities, the ‘Bearer Securities Base Conditions Module’ and the ‘General Definitions Module’ sections of the Information Memorandum are not incorporated by reference.

This document has been published in electronic format on the website of the Irish Stock Exchange and can be viewed at:

[http://www.ise.ie/debt\\_documents/Base%20Prospectus\\_a17b6bd7-595e-46a0-87c8-da96dfb539d6.PDF](http://www.ise.ie/debt_documents/Base%20Prospectus_a17b6bd7-595e-46a0-87c8-da96dfb539d6.PDF)

For the avoidance of doubt, the Issue Terms is included for disclosure purposes. Any incidental references within the Issue Terms (or the Annexes thereto) to documents being incorporated by reference therein are not intended to be incorporated by reference into this Series Information Memorandum.



## GENERAL INFORMATION

1. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have had in such period a significant effect on the financial position or profitability of the Issuer.
2. No material fees are payable by the Issuer in respect of which the Issuer does not have the right of reimbursement. The estimated total expenses related to the admission to trading on the Irish Stock Exchange are approximately EUR 3,000.
3. The auditors of the Issuer are Deloitte Accountants B.V. Orlyplein 10, 1043 DP Amsterdam, Netherlands. The auditors of the Issuer are Chartered Accountants and members of the Netherlands Institute for Chartered Accountants (*Nederlands Instituut voor Registeraccountants*).
4. The Issuer does not intend to provide any post-issuance information in relation to the Further Securities. The Issuer does not intend to provide any post-issuance information in relation to the Charged Assets or the Charged Agreements.
5. For the life of this Supplemental Series Information Memorandum, copies of the following documents (together with any other documents specified in this Supplemental Series Information Memorandum) will, when published (to the extent applicable), be available in physical format for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Issuer and from the specified offices of the Paying Agents, Registrar and Transfer Agents (if any) in respect of such Further Securities:
  - (i) the Memorandum and Articles of Association of the Issuer;
  - (ii) the Supplemental Trust Instrument relating to such Further Securities (and the documents incorporated therein, including, *inter alia*, the Agency Agreement, the Charged Agreements and the Sale Agreement);
  - (iii) a copy of the Information Memorandum and this Supplemental Series Information Memorandum relating to such Further Securities, together with any other document required or permitted to be published by the Irish Stock Exchange;
  - (iv) the audited annual financial statements of the Issuer for the year ended 31 December, 2014;
  - (v) the audited annual financial statements of the Issuer for the year ended 31 December, 2015;
  - (vi) any future information memoranda, prospectus, offering circulars and supplements including Issue Terms (save that, any Issue Terms relating to Further Securities which are neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive will only be available for inspection by a holder of such Security and such holder must produce evidence satisfactory to the Issuer, Paying Agent, Registrar or Transfer Agent as to its holding of Further Securities and identity) to the Information Memorandum and any other documents incorporated therein by reference.

In addition a copy of the Information Memorandum and this Supplemental Series Information Memorandum in respect of listed Further Securities will be available free of charge from the website of the Irish Stock Exchange ([www.ise.ie](http://www.ise.ie)).

6. There has been no significant change in the financial or trading position of the Issuer since 31 December 2015 and there has been no material adverse change in the financial position or prospects of the Issuer since 31 December 2015.
7. Banco Bilbao Vizcaya Argentaria, S.A. is acting solely in its capacity as listing agent for the Issuer in connection with the Further Securities and is not itself seeking admission of the Further Securities to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.
8. Any websites referred to herein do not form part of this prospectus.
9. The issue of the Further Securities was authorised by a resolution of the Board of Directors of the Issuer passed on 21 February 2017.
10. The Calculation Agent is Banco Bilbao Vizcaya Argentaria, S.A. of Ciudad BBVA c/ Saucedá, 28 Edificio Oceanía Nivel 1 28050 Madrid (Spain). The Calculation Agent is appointed pursuant to the Agency Agreement. The Issuer may terminate the appointment of the Calculation Agent at any time with the prior written approval of the Trustee with 45 days' prior written notice to that effect. Notwithstanding the previous provision, the Calculation Agent may be removed if the Calculation Agent becomes incapable of acting or is adjudged bankrupt or insolvent. In this case, the Issuer must appoint a replacement Calculation Agent.

**REGISTERED OFFICE OF THE ISSUER**

**Douro Finance B.V.**  
De Entree 99 -197  
1101 HE Amsterdam  
Netherlands

**ARRANGER AND DEALER**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 Madrid  
Spain

**TRUSTEE**

**Deutsche Trustee Company Limited**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB

**PRINCIPAL PAYING AGENT, ACCOUNT BANK, CALCULATION AGENT, AGENT BANK AND  
CUSTODIAN**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 MADRID Spain

**VENDOR**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 MADRID Spain

**THE COUNTERPARTY**

**Banco Bilbao Vizcaya Argentaria, S.A.**  
CIUDAD BBVA c/ Saucedo, 28 28050 MADRID Spain

**THE AUTHENTICATION AGENT AND COMMON SAFEKEEPER**

**Deutsche Bank AG, London Branch**  
Winchester House  
1 Great Winchester Street  
London EC2N 2DB