HIPOTOTTA NO. 13

(Article 62 Asset Identification Code 201801GMMBSTNXXN0100)

€1,716,000,000 Class A Mortgage Backed Floating Rate Notes due 2072

€484,000,000 Class B Mortgage Backed Floating Rate Notes due 2072

€66,000,000 Class C Notes due 2072

€1 Variable Funding Note due 2072

Issue Price:

100.00 per cent. for the Class A Notes, the Class B Notes, the Class C Notes and VFN

Issued by

GAMMA - Sociedade de Titularização de Créditos, S.A.

(*incorporated in Portugal with limited liability under registered number 507 599 292 with share capital of €250,000.00 and head office at Rua da Mesquita, no. 6, Torre B, 4th floor – D, 1070-238, Lisbon, Portugal*)

This document constitutes a prospectus for admission to trading on a regulated market of the Class A Notes described herein for the purposes of the Prospectus Directive. The €1,716,000,000 Class A Mortgage Backed Floating Rate Notes due 2072 (the "**Class A Notes**"), the €484,000,000 Class B Mortgage Backed Floating Rate Notes due 2072 (the "**Class B Notes**" and together with the Class A Notes, the "**Mortgage Backed Notes**"), the €66,000,000 Class C Notes due 2072 (the "**Class C Notes**") and the €1 Variable Funding Note due 2072 (the "**VFN**" and together with the Mortgage Backed Notes and the Class C Notes, the "**Notes**"), will be issued by GAMMA – Sociedade de Titularização de Créditos, S.A. (the "**Issuer**") on 9 January 2018 (the "**Closing Date**").

Interest on the Mortgage Backed Notes will be payable quarterly in arrear on 23 April 2018 and thereafter will be payable quarterly in arrear on the 23rd day of July, October, January and April in each year (or, in each case, if such day is not a Business Day, the next succeeding Business Day, unless such day would fall into the next calendar month, in which case it will be brought forward to the immediately preceding Business Day). For each Interest Period, the Mortgage Backed Notes will bear interest at the European Interbank Offered Rate ("**EURIBOR**") for three-month euro deposits, or, in the case of the first Interest Period from (and including) the Closing Date to (but excluding) the 23rd day of April 2018, at a rate equal to the interpolation of the EURIBOR for 3 and 6 month euro deposits, plus a margin of 0.6 per cent. per annum in relation to the Class A Notes and a margin of 1.0 per cent. per annum in relation to the Class B Notes. The Class C Notes will not bear interest but will be entitled to the Class C Distribution Amount (if any), to the extent of available funds and subject to the relevant priority of payments described herein. The VFN shall not bear interest.

Payments on the Notes will be made in Euro after deduction for or on account of income taxes (including withholding taxes) or other taxes. The Notes will not provide for additional payments by way of gross-up in the case that interest payable under the Notes is or becomes subject to income taxes (including withholding taxes) or other taxes. See the section headed "***Principal Features of the Notes***" herein.

The Notes will be redeemed at their Principal Amount Outstanding on the Interest Payment Date falling in October 2072 (the "**Final Legal Maturity Date**"), to the extent that they have not been previously redeemed. The Notes of each

class will be subject to mandatory redemption in whole or in part on each Interest Payment Date if and to the extent that the Issuer has amounts available for redeeming the relevant class of Notes in accordance with the priority of payments. See the section headed "***Principal Features of the Notes***".

The Notes will be subject to optional redemption (in whole but not in part) at their Principal Amount Outstanding together with accrued interest at the option of the Issuer on any Interest Payment Date: (a) following the occurrence of certain tax changes concerning, *inter alia*, the Issuer and/or the Notes and/or the Mortgage Assets; or (b) following the Interest Payment Date on which the Aggregate Principal Outstanding Balance of the Mortgage Loans is equal to or less than 10.00 per cent. of the Aggregate Principal Outstanding Balance of the Mortgage Loans as at the Portfolio Calculation Date. The Notes will also be subject to optional redemption (in whole but not in part) at the option of the Sole Noteholder, if on any Interest Payment Date 100 per cent. of the Notes then outstanding are held by the Sole Noteholder.

The source of funds for the payment of principal and, where applicable, interest on the Notes will be the right of the Issuer to receive payments in respect of receivables arising under a portfolio of Portuguese law residential mortgage loans sold to it by Banco Santander Totta, S.A. ("**Banco Santander Totta**", "**BST**" or the "**Originator**").

The Notes are limited recourse obligations and are obligations solely of the Issuer and are not the obligations of, or guaranteed by, and will not be the responsibility of, any other entity, subject to statutory segregation as provided for in the Securitisation Law (as defined in the Risk Factors). In particular, the Notes will not be obligations of and will not be guaranteed by Banco Santander, S.A. ("**Banco Santander**" or the "**Arranger**"), or Banco Santander Totta or any of its affiliates.

The Notes are subject to certain restrictions on transfer as described in "**Subscription and Sale**".

The Notes will be issued in book-entry (*escritural*) and nominative (*nominativa*) form and will be governed by Portuguese law. The Notes, other than the VFN, will be issued in the denomination of €100,000 each. The VFN will be issued with an initial nominal value of €1, which may be increased in accordance with the terms defined herein.

This Prospectus ("**Prospectus**") has been approved by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários* or the "**CMVM**") as competent authority under Directive 2003/71/EC, as amended (the "**Prospectus Directive**") as a prospectus for admission to trading on a regulated market of the Class A Notes described herein. The CMVM only approves this Prospectus as meeting the requirements imposed under Portuguese and EU law pursuant to the Prospectus Directive. The approval of this Prospectus by the CMVM as competent authority under the Prospectus Directive does not imply any guarantee as to the information contained herein, the financial situation of the Issuer or as to the opportunity of the issue or the quality of the Notes. The Issuer is authorised by the CMVM as a securitisation company (*sociedade de titularização de créditos*).

IMPORTANT INFORMATION RELATING TO THE USE OF THIS PROSPECTUS AND SALE OR OFFER OF NOTES GENERALLY

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Arranger, the Originator and the Common Representative do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary, no action has been taken by the Issuer, the Arranger, the Originator or the Common Representative which would permit a public offer of any Notes in

any country or jurisdiction where action for that purpose is required or distribution of this Prospectus in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area, see the section headed "***Subscription and Sale***".

PROHIBITION OF SALES OF NOTES TO RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point 12 of article 4(1) of Directive 2004/39/EC of the European Parliament and of the Council, of 21 April 2004, (the "**MIFD"**) or (from the date of its implementation into applicable law) point 11 of article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, (the "**MIFD II"**); or (ii) a customer within the meaning of Directive 2002/92/EC of the European Parliament and of the Council, of 9 December 2002 (the "**Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point 11 of article 4(1) of MIFD or (from the date of its implementation into applicable law) point 10 of article 4(1) of MIFD II or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) no. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, (the "**PRIIPS Regulation"**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. The Class A Notes are intended to be admitted to trading on a regulated market, which regulated market may be accessed by institutional and retail investors, although the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA.

THIS PROSPECTUS HAS BEEN DELIVERED TO YOU ON THE BASIS THAT YOU ARE A PERSON INTO WHOSE POSSESSION THIS PROSPECTUS MAY BE LAWFULLY DELIVERED IN ACCORDANCE WITH THE LAWS OF THE JURISDICTION IN WHICH YOU ARE LOCATED. BY ACCESSING THE PROSPECTUS, YOU SHALL BE DEEMED TO HAVE CONFIRMED AND REPRESENTED TO US THAT (A) YOU HAVE UNDERSTOOD AND AGREE TO THE TERMS SET OUT HEREIN, (B) YOU CONSENT TO DELIVERY OF THE PROSPECTUS BY ELECTRONIC TRANSMISSION, (C) YOU ARE NOT A U.S. PERSON (WITHIN THE MEANING OF REGULATION S UNDER THE US SECURITIES ACT 1933 (THE "SECURITIES ACT") OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON AND THE ELECTRONIC MAIL ADDRESS THAT YOU HAVE GIVEN TO US AND TO WHICH THIS EMAIL HAS BEEN DELIVERED IS NOT LOCATED IN THE UNITED STATES OR ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) AND (D) IF YOU ARE A PERSON IN THE UNITED KINGDOM, THEN YOU ARE A PERSON WHO (I) HAS PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS OR (II) IS A PERSON FALLING WITHIN ARTICLE 49(2)(A) TO (D) (HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC.) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "RELEVANT PERSONS"). ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. FURTHER SEE RESTRICTIONS ON THE DISTRIBUTION OF THIS PROSPECTUS AND THE OFFER OR SALE OF NOTES IN THE SECTION HEADED "SUBSCRIPTION AND SALE".

Application has been made to Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. ("**Euronext**") for the Class A Notes to be admitted to trading on Euronext Lisbon, a regulated market managed by Euronext. No

application will be made to list the Class A Notes on any other stock exchange. The Class B Notes, the Class C Notes and the VFN will not be listed.

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Notes shall upon issue be integrated in a centralised system (*sistema centralizado*) and settled through the Portuguese securities settlement system operated by INTERBOLSA – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**"), in its capacity as securities settlement system and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. Recognition of the Notes as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem will depend, upon issue or at any and all times during the life of the Class A Notes, on satisfaction of the Eurosystem eligibility criteria.

The Class A Notes are expected to be rated by Fitch Ratings Ltd. and DBRS Ratings Limited ("**Fitch**" and "**DBRS**", respectively and together, the "**Rating Agencies**"), while the Class B Notes, the Class C Notes and the VFN will not be rated. Additionally, the Issuer has not been, and will not be, rated by the Rating Agencies or any other third-party rating agencies, and currently does not have any credit rating or similar rating assigned to it which may be relevant in the context of this transaction. It is a condition to the issuance of the Notes that the Class A Notes receive the ratings set out below:

	Fitch	DBRS
Class A Notes	A(sf)	A(sf)

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the Rating Agencies. See "***Ratings***" in the section headed "***Principal Features of the Notes***".

In general, European regulated investors are restricted under Regulation (EU) No 462/2013 ("**CRA III**") of the European Parliament and of the European Council amending Regulation (EC) No. 1060/2009, as amended, ("**CRA Regulation**") on credit rating agencies from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the CRA Regulation, as amended by the CRA III (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Credit ratings included or referred to in this Prospectus have been or, as applicable, may be, issued by Fitch and DBRS, each of which is a credit rating agency established in the European Union and are registered under the CRA at the date of this Prospectus. The list of registered and certified rating agencies is published by the European Securities and Markets Authority ("**ESMA**") on its website (http://www.esma.europa.eu/) in accordance with the CRA Regulation.

For a discussion of certain significant factors affecting investments in the Notes, see the section headed "***Risk Factors***" herein.

The language of the Prospectus is English, although 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.

NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY THE ARRANGER AS TO THE ACCURACY OR COMPLETENESS OF ANY INFORMATION CONTAINED IN THIS PROSPECTUS OR ANY OTHER INFORMATION SUPPLIED IN CONNECTION WITH THE NOTES OR THEIR OFFERING. FURTHERMORE, UNLESS OTHERWISE AND WHERE STATED IN THIS PROSPECTUS, NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION

WITH THE ISSUE AND SALE OF THE NOTES, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORISED BY ANY OF THE TRANSACTION PARTIES. EACH PERSON RECEIVING THIS PROSPECTUS ACKNOWLEDGES THAT SUCH PERSON HAS NOT RELIED ON THE ARRANGER, THE TRANSACTION MANAGER, THE COMMON REPRESENTATIVE, THE ACCOUNTS BANK, THE PAYING AGENT OR ANY OTHER PARTY NOR ON ANY PERSON AFFILIATED WITH ANY OF THEM IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION.

UNITED STATES DISTRIBUTION RESTRICTIONS

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAW AND EXCEPTIONS TO UNITED STATES TAX REQUIREMENTS, THE NOTES WILL ONLY BE OFFERED AND SOLD OUTSIDE THE UNITED STATES TO NON-US PERSONS PURSUANT TO THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT. THERE IS NO UNDERTAKING TO REGISTER THE NOTES UNDER STATE OR FEDERAL LAW.

THIS PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE RE PRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS, ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED, FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OR OTHER JURISDICTIONS.

THE NOTES MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSON EXCEPT FOR PERSONS THAT ARE NOT "U.S. PERSONS" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). HOWEVER, NOTWITHSTANDING THE FOREGOING, WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION __.20 OF THE RISK RETENTION REQUIREMENT OF SECTION 15G OF THE U.S. EXCHANGE ACT OF 1934, AS AMENDED, ("**U.S. RISK RETENTION RULES**"), THE ISSUER MAY SELL THE CLASS A NOTES TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY RISK RETENTION U.S. PERSONS UP TO THE 10 PER CENT. PROVIDED FOR IN SECTION 10 OF THE U.S. RISK RETENTION RULES WITH THE PRIOR WRITTEN CONSENT OF THE ORIGINATOR IN RESPECT OF ANY SUCH PERSON. THE NOTES MAY NOT BE TRANSFERRED TO ANY PERSON EXCEPT FOR PERSONS THAT ARE NOT RISK RETENTION U.S. PERSONS. PURCHASERS OF THE NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL SYNDICATION OF THE NOTES, BY THEIR ACQUISITION OF THE NOTES OR A BENEFICIAL INTEREST THEREIN WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT EACH PURCHASER (1) EITHER (i) IS NOT A RISK RETENTION U.S. PERSON OR (ii) HAS OBTAINED WRITTEN CONSENT FROM THE ORIGINATOR TO THEIR PURCHASE OF NOTES, (2) IS ACQUIRING SUCH NOTE OR BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES (INCLUDING ACQUIRING SUCH NOTE THROUGH A NON-RISK RETENTION U.S. PERSON, RATHER THAN A RISK RETENTION U.S. PERSON, AS PART OF A SCHEME TO EVADE THE 10 PER CENT. RISK RETENTION U.S. PERSON LIMITATION IN THE EXEMPTION PROVIDED FOR IN SECTION __.20 OF THE U.S. RISK RETENTION RULES). SEE "RISK FACTORS - U.S. RISK RETENTION REQUIREMENTS".

The determination of the proper characterisation of potential investors as non-Risk Retention U.S. Persons for such restriction or for determining the availability of the exemption provided for in Section _.20 of the U.S. Risk Retention Rules is solely the responsibility of the Originator, and the Arranger or any person who controls it or any of their directors, officers, employees, agents or affiliates will not have any responsibility for determining the proper

characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section _.20 of the U.S. Risk Retention Rules, and the Arranger or any person who controls it or any of their directors, officers, employees, agents or affiliates do not accept any liability or responsibility whatsoever for any such determination or characterisation.

The date of this Prospectus is 5 January 2018

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RISK FACTORS

Prior to making an investment decision, prospective purchasers of the Notes should consider carefully, in light of the circumstances and their investment objectives, the information contained in this entire Prospectus, including the documents incorporated by reference, and reach their own views prior to making any investment decision. Prospective purchasers should nevertheless consider, among other things, the risk factors set out below.

The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Notes. All 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. Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under this Prospectus are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but other reasons may adversely affect the Issuer's ability to pay interest, principal or other amounts on or in connection with any Notes and the Issuer does not represent that the risks described below are exhaustive. Additional risks not currently known or which are currently deemed immaterial may also have a material adverse effect on the Mortgage Assets, the Notes, business, financial condition or results of operations of the Issuer or result in other events that could lead to a decline in the trading price and/or value of the Notes.

RISKS RELATING TO THE NOTES

Absence of a Secondary Market

There is currently no market for the Notes and there can be no assurance that a secondary market for the Notes will develop or, if a secondary market does develop, that it will provide the Noteholders with liquidity of investment or that it will continue for the entire life of the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes until final redemption thereof. The market price of the Notes could be subject to fluctuation in response to, among other things, variations in the value of the Mortgage Assets (and, consequently, of the Notes), the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions.

Noteholders should also be aware of the prevailing and widely reported global credit market conditions and the general lack of liquidity in the secondary market for instruments similar to the Notes. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the securitised portfolio.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time. Moreover, the liquidity crisis has stalled the primary market for a number of financial products including instruments similar to the Notes. There can be no assurance that the market for securities similar to the Notes will recover at the same time or to the same degree as such other recovering global credit market sectors.

Interest Rate Risk

The Mortgage Backed Notes will require the Issuer to pay a floating interest rate in relation to each such Class as from the Closing Date.

The Issuer has not entered into any interest rate hedging transaction in respect of its assets and liabilities under this transaction. Whilst the Issuer's payment obligations under the Mortgage Backed Notes are of a floating interest rate nature and the Mortgage Assets comprising the Mortgage Asset Portfolio bear an express or implied fixed interest rate or floating interest rate, (i) the reference rate by which the interest on the Mortgage Backed Notes is set, (ii) the reference rate by which the interest on the Mortgage Assets comprising the Mortgage Asset Portfolio and (iii) the date on which the relevant interest rate is reset (in respect of Mortgage Assets bearing a floating interest rate) may not be aligned. In certain scenarios, this may result in the Issuer's income at times being insufficient to meet its payment obligations. This is mitigated by the Issuer's Reserve Account which is funded, on the Closing Date, with the proceeds of the Class C Notes and which takes into account the potential difference between the interest reference rates and reset dates under a number of scenarios.

Negative Interest Rates

Interest rates in some European countries and in Japan are at or near historically low levels. Certain European countries have recently experienced negative interest rates on certain fixed income instruments. Very low or negative interest rates may magnify interest rate risk. Changing interest rates, including rates that fall below zero, may have unpredictable effects on markets, may result in heightened market volatility and may detract from the Mortgage Backed Notes' performance to the extent the Mortgage Backed Notes are exposed to such interest rates.

Prospective holders of the Notes should consult their own advisers in relation to the consequences of negative interest rates associated with subscribing for, purchasing, holding and disposing of the Mortgage Backed Notes.

Eligibility of the Notes for Eurosystem Monetary Policy

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes will be integrated in a centralised system (*sistema centralizado*) and settled through the Portuguese securities settlement system operated by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., in its capacity as securities settlement system and does not necessarily mean that the Class A Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem ("**Eurosystem Eligible Collateral**") either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria as specified by the European Central Bank ("**ECB**"). If the Class A Notes do not satisfy the criteria specified by the ECB, there is a risk that the Class A Notes will not be Eurosystem Eligible Collateral. The Issuer gives no representation, warranty, confirmation or guarantee to any investor in the Class A Notes that the Class A Notes will, either upon issue, or at any or all times during their life, satisfy all or any requirements for Eurosystem eligibility and be recognised as Eurosystem Eligible Collateral. Any potential investors in the Class A Notes should make their own determinations and seek their own advice with respect to whether or not the Class A Notes constitute Eurosystem Eligible Collateral. In particular, please note ECB's guideline 2015/510 dated 19 December 2014 on the implementation of the Eurosystem monetary policy framework (ECB/2014/60) which states, *inter alia*, that asset-backed securities shall be eligible as Eurosystem eligible Collateral provided that such asset-backed securities has, *inter alia*, two ratings of, at least, "BBB-"/ "BBB" level at issuance and at any time subsequently and satisfies all the requirements set out in such guideline.

Restrictions on Transfer

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States. The offering of the Notes will be made pursuant to exemptions from the registration provisions under Regulation S of the Securities Act ("**Regulation S**") and from state securities laws. No person is obliged or intends to register the Notes under the

Securities Act or any applicable U.S. state securities laws. Accordingly, offers and sales of the Notes are subject to the restrictions described under the section headed "***Subscription and Sale***".

Liability under the Notes and Limited Recourse Nature of the Notes

The Notes will be direct limited recourse obligations solely of the Issuer and therefore the Noteholders will have a claim under the Notes against the Issuer only to the extent of the cashflows generated by the Mortgage Asset Portfolio and any other amounts paid to the Issuer pursuant to the Transaction Documents, subject to the payment of amounts ranking in priority to payment of amounts due in respect of the Notes (see section headed "***Transaction Overview***" for further detail in respect of Payment Priorities). If there are insufficient funds available to the Issuer to pay in full all principal, interest and other amounts due in respect of the Notes at the Final Legal Maturity Date or upon acceleration following delivery of an Enforcement Notice or upon mandatory early redemption in part or in whole as permitted under the Conditions, then the Noteholders will have no further claim against the Issuer in respect of any such unpaid amounts. No recourse may be had for any amount due in respect of any Notes or any other obligations of the Issuer against any officer, member, director, employee, security holder or incorporator of the Issuer or their respective successors or assigns.

The Notes are not the obligations of, nor are they guaranteed by, any other person mentioned in this Prospectus including but not limited to the Transaction Parties. None of the Transaction Parties or any other person has assumed any obligation in the event the Issuer fails to make a payment due under any of the Notes. No holder of any Notes will be entitled to proceed directly or indirectly against any of the Transaction Parties (other than indirectly against the Issuer through the Common Representative) under the Notes. No Transaction Party (other than the Issuer in respect of the Notes) or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the Notes.

Payments of principal and interest to be made to Noteholders under the Notes are not guaranteed, including on the Final Legal Maturity Date, bearing in mind that such payments under the Notes depend on the Principal Collections Proceeds and Interest Collections Proceeds being received by the Issuer in respect of the Mortgage Assets and on the distribution thereof in accordance with the Pre-Enforcement Interest Payment Priorities, Pre-Enforcement Principal Payment Priorities and Post-Enforcement Payment Priorities, as applicable.

Limited Resources of the Issuer

The Notes will not be obligations or responsibilities of any of the parties to the Transaction Documents other than the Issuer and shall be limited recourse obligations to the Mortgage Assets Portfolio segregated under the terms of the Securitisation Law and corresponding to this transaction (as identified by the corresponding asset code 201801GMMBSTNXXN0100 awarded by the CMVM on or about 5 January 2018 pursuant to Article 62 of the Securitisation Law).

The obligations of the Issuer under the Notes are without recourse to any other assets of the Issuer pertaining to other issuances of securitisation notes by the Issuer or to the Issuer's own funds or to the Issuer's directors, officers, employees, managers or shareholders. None of such persons or entities has assumed or will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on or in respect of the Notes.

The Issuer will not have any assets available for the purpose of meeting its payment obligations under the Notes other than the Mortgage Assets, the Collections, its rights pursuant to the Transaction Documents and amounts standing to the credit of certain of the Transaction Accounts. The Issuer's ability to meet its obligations in respect of the Notes, its operating expenses and its administrative expenses is wholly dependent upon:

a) Collections and recoveries made from the Mortgage Asset Portfolio by the Servicer;

b) arrangements made pursuant to the Transaction Accounts;

c) the performance by the parties to the Transaction Documents (other than the Issuer) of their respective obligations under the Transaction Documents; and

The Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. There is no assurance that there will be sufficient funds to enable the Issuer to pay interest on any class of Notes or, on the redemption date of any class of Notes (whether on the Final Legal Maturity Date, upon acceleration following the delivery of an Enforcement Notice or upon early redemption in part or in whole as permitted under the Conditions) that there will be sufficient funds to enable the Issuer to repay principal in respect of such class of Notes, in whole or in part.

Notes are Subject to Optional Redemption

The Notes may be subject to early redemption as provided for in the Conditions of the Notes, including at the option of the Sole Noteholder if on any Interest Payment Date, 100 per cent. of the Notes then outstanding are held by the Sole Noteholder, provided that certain conditions are met as set out in the Conditions of the Notes. Such early redemption feature of the Notes may limit their market value. During any period when the Issuer may elect to redeem the Notes, the market value of the Notes probably will not rise substantially above the price at which they can be redeemed. This also may be true prior to the occurrence of the events allowing the Issuer to exercise such optional redemption. An investor may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Mortgage Asset Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk bearing in mind other investments available at that time.

The Notes are not protected by the Deposit Guarantee Fund

Unlike a bank deposit, the Notes are not protected by the Deposit Guarantee Fund (*Fundo de Garantia de Depósito*s or "**FGD**") or any other government savings or deposit protection scheme. The Issuer is not a participating entity in the FGD. As a result, the FGD will not pay compensation to an investor in the Notes upon any payment failure of the Issuer. If the Issuer goes out of business or becomes insolvent, Noteholders may lose all or part of their investment in the Notes.

Estimated Weighted Average Lives of the Notes

The yield to maturity of the Notes will depend on, among other things, the amount and timing of payment of principal (including prepayments, sale proceeds arising from the enforcement of a Mortgage Asset Agreement and repurchases due to breaches of representations and warranties) on the Mortgage Assets and the price paid by the Noteholders. Upon any early payment by the Borrowers in respect of the Mortgage Assets the principal repayment of the Notes may be earlier than expected and, therefore, the yield on the Notes may be adversely affected by a higher or lower than anticipated rate of prepayment of the Mortgage Assets. The rate of prepayment of the Mortgage Assets cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the residential property market, the availability of alternative financing and local and regional economic conditions. With effect from 6 April 2007 (following the publication of Decree-Law no. 51/2007, of 7 March) the ability of banks operating in Portugal to levy prepayment charges on borrowers is limited and the effect thereof, if any, upon the rate of prepayment of the Mortgage Assets by the Borrowers remains, until this day, uncertain. As a result, no assurance can be given as to the level of prepayment that the Mortgage Asset Portfolio will experience.

Ratings are Not Recommendations and Ratings may be Lowered, Withdrawn or Qualified

There is no obligation on the part of any of the Transaction Parties under the Notes or the Transaction Documents to maintain any rating for itself or the Class A Notes. A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Each securities rating should be evaluated independently of any other securities rating. In the event that the ratings initially assigned to the Class A Notes are subsequently lowered, withdrawn or qualified for any reason, no person will be obliged to provide any credit facilities or credit enhancement to the Issuer for the original ratings to be restored. Any such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Class A Notes.

The Rating Agencies' rating address the credit risks associated with the transaction.

The ratings take into consideration the characteristics of the Mortgage Assets and the structural, legal and tax aspects associated with the Class A Notes. However, the ratings assigned to the Class A Notes do not represent any assessment of the likelihood or rate of principal prepayments. The ratings do not address the possibility that the holders of the Class A Notes might suffer a lower than expected yield due to prepayments.

The ratings address the expected loss or the default probability posed to investors by the Final Legal Maturity Date. In the Rating Agencies' opinions, the structure of the transaction allows for timely payment of interest and ultimate payment of principal at par on or before the Final Legal Maturity Date. The Rating Agencies' ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed but may have a significant effect on yield to investors.

The Issuer has not requested a rating of the Class A Notes by any rating agency other than the Rating Agencies. There can be no assurance, however, as to whether any other rating agency will rate the Class A Notes or, if it does, what rating would be assigned by such other rating agency. The rating assigned by such other rating agency to the Class A Notes could be lower than the respective ratings assigned by the Rating Agencies.

The Class B Notes, the Class C Notes and the VFN are unrated.

Noteholders have to rely on the procedures of Interbolsa or other clearing systems through which the Notes may be held on a secondary level by Noteholders

The Notes will be issued in book-entry form and held through Interbolsa (or on a secondary level through other clearing systems such as Euroclear or Clearstream, Luxembourg, as applicable). Accordingly, each person owning a Note must rely on the relevant procedures of Interbolsa (and other clearing systems through which the Notes may be held on a secondary level by Noteholders, such as Euroclear or Clearstream, Luxembourg, as applicable) and, if such person is not a participant in such entities, on the procedures of the participant through which such person owns its interest, to exercise any right of a Noteholder. There can be no assurance that the procedures to be implemented by any of Interbolsa (or other clearing systems through which the Notes may be held on a secondary level by Noteholders, such as Euroclear or Clearstream, Luxembourg, as applicable) under such circumstances will be adequate to ensure the timely exercise of remedies under the Transaction Documents.

In addition, payments of principal and interest on, and other amounts due in respect of, the Notes will be made by the Paying Agent. Upon receipt of any payment from the Paying Agent, Interbolsa (or other clearing systems through which the Notes may be held on a secondary level by Noteholders, such as Euroclear or Clearstream, Luxembourg, as applicable) will promptly credit participants' accounts with payment in amounts proportionate to their respective ownership of Notes, as shown on their records. None of the Issuer, the Common Representative or the Paying Agent

will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, the Notes or for maintaining, supervising or reviewing any records relating to such Notes.

Although Interbolsa (or other clearing systems through which the Notes may be held on a secondary level by Noteholders, such as Euroclear or Clearstream, Luxembourg, as applicable) have agreed to certain procedures in respect of the Notes, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Common Representative or the Paying Agent or any of their agents will have any responsibility for the performance by Interbolsa (or other clearing systems through which the Notes may be held on a secondary level by Noteholders, such as Euroclear or Clearstream, Luxembourg, as applicable) or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

RISKS RELATING TO THE ISSUER

Liquidity and Credit Risk for the Issuer

The Issuer may be subject to the risk of delays in the receipt, or risk of defaults in the making, of payments due from Borrowers in respect of the Mortgage Assets. There can be no assurance that the levels or timeliness of payments of Collections and recoveries received from the Mortgage Assets will be adequate to ensure the fulfilment of the Issuer's obligations in respect of the Notes on each Interest Payment Date or on the Final Legal Maturity Date.

Credit Risk on the Transaction Parties

The ability of the Issuer to meet its payment obligations in respect of the Notes depends partially on the full and timely payments by the Transaction Parties of the amounts due to be paid thereby and on the non-existence of unforeseen extraordinary expenses to be borne by the Issuer which are not already accounted for by the Rating Agencies in relation to the Transaction Documents. If any of the Transaction Party to the Transaction Documents fails to meet its payment obligations or if the Issuer has to bear the referred unforeseen extraordinary expenses, there is no assurance that the ability of the Issuer to meet its payment obligations under the Notes will not be adversely affected or that the rating initially assigned to the Class A Notes is subsequently lowered, withdrawn or qualified.

RISKS RELATING TO THE ORIGINATOR AND THE MORTGAGE ASSETS

Originator's Lending Criteria

Under the Mortgage Sale Agreement, the Originator will warrant that, as at the Closing Date, each Borrower in relation to a Mortgage Asset Agreement comprised in the Mortgage Asset Portfolio meets the Originator's lending criteria for new business in force at the time such Borrower entered into the relevant Mortgage Asset Agreement. The lending criteria considers, among other things, a Borrower's credit history, employment history and status, repayment ability, debt-to-income ratio and the need for guarantees or other collateral (see "*Originator's Standard Business Practices, Servicing and Credit Assessment*"). No assurance can be given that the Originator will not change the characteristics of its lending criteria in the future and that such change would not have an adverse effect on the cashflows generated by any substitute Mortgage Asset to ultimately repay the principal and interest due on the Notes. See the description of the limited circumstances when substitute Mortgage Assets may form part of the Mortgage Asset Portfolio in "*Overview of certain Transaction Documents - Mortgage Sale Agreement*".

Reliance on the Originator's Representations and Warranties

If any of the Mortgage Assets fails to comply with any of the Mortgage Asset Warranties, which could have a material adverse effect on (i) the relevant Mortgage Asset Agreement, (ii) the relevant Mortgage Asset or (iii) the Receivables, the Originator is obliged to hold the Issuer harmless against any losses which the Issuer may suffer as a result of such failure. The Originator may discharge this liability either by, at its option, (a) repurchasing or procuring a third party to repurchase such Mortgage Asset from the Issuer for an amount equal to the then Principal Outstanding Balance of such Mortgage Asset plus accrued interest or (b) making an indemnity payment equal to such amount or, in certain circumstances, (c) substituting or procuring the substitution of a similar loan and security in replacement for any Mortgage Asset in respect of which any Mortgage Asset Warranty is breached, provided that this shall not limit any other remedies available to the Issuer if the Originator fails to discharge such liability. The Originator is also liable for any losses or damages suffered by the Issuer as a result of any breach or inaccuracy of the representations and warranties given in relation to itself or its entering into any of the Transaction Documents. The Issuer's rights arising out of breach or inaccuracy of the representations and warranties are however unsecured and, consequently, a risk of loss exists if a Mortgage Asset Warranty is breached and the Originator does not or is unable to repurchase or cause a third party to purchase or substitute the relevant Mortgage Asset or indemnify the Issuer.

Competition in the Portuguese Residential Mortgage Market

The Issuer may be, among other things, subject to the risk of the contractual interest rates on the Mortgage Loans being reduced, which may result in the Issuer having insufficient funds available to meet the Issuer's commitment under the Notes and its other obligations. There are a number of competitors in the Portuguese residential mortgage market and competition may result in lower interest rates on offer in such market. In the event of lower interest rates, Borrowers under Mortgage Loans may seek to repay such Mortgage Loans early, with the result that the Mortgage Asset Portfolio may not continue to generate sufficient cashflows and ultimately the Issuer may not be able to meet its commitments under the Notes.

Insurance

The Originator will transfer in accordance with the Mortgage Sale Agreement to the Issuer on the Closing Date its right, title, interest and benefit (if any) in the real estate insurance policies for the mortgaged properties. However, as the real estate insurance policies may not, in each case, refer to assignees in title of the Originator, such an assignment may not provide the Issuer with an insurable interest under the relevant policies and the ability of the Issuer to make a claim under such a policy is not certain. Further, the Originator does not intend to notify each individual insurer of the assignment of the real estate insurance policies to the Issuer on the Closing Date. In accordance with the Mortgage Sale Agreement, the Purchaser shall not deliver notices to the insurers of the insurance policies in respect of any Assigned Rights until such time as a Notification Event shall have occurred.

No Independent Investigation in relation to the Mortgage Assets

None of the Transaction Parties (other than the Originator) has undertaken or will undertake any investigations, searches or other actions in respect of any Borrower, Mortgage Asset or any historical information relating to the Mortgage Assets and each will rely instead on the representations and warranties made by the Originator in relation thereto set out in the Mortgage Sale Agreement.

Geographical Concentration of the Mortgage Assets

The security for the Mortgage Loans may be affected by, among other things a decline in real estate values. No assurance can be given that values of the Properties have remained or will remain at their levels on the dates of

origination of the related Mortgage Loans. The residential real estate market in Portugal in general, or in any particular region may from time to time experience a decline in economic conditions and housing markets and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Although the Borrowers are located throughout Portugal, the Borrowers may be concentrated in certain locations, such as densely populated areas (see "*Characteristics of the Mortgage Assets*"). Any deterioration in the economic condition of the areas in which the Borrowers are located, or any deterioration in the economic condition of other areas that causes an adverse effect on the ability of the Borrowers to repay the Mortgage Assets could increase the risk of losses on the Mortgage Assets. A concentration of Borrowers in such areas may therefore result in a greater risk of loss than would be the case if such concentration had not been present. Such losses, if they occur, could have an adverse effect on the yield to maturity of the Notes as well as on the repayment of principal and interest due on the Notes.

Borrowers

The ability of Issuer to meet its payment obligations under the Notes depends almost entirely on the full and timely payments by the Borrowers of the amounts to be paid by such Borrowers in respect of the Mortgage Loans. The Originator has not made any representations nor given any warranties nor assumed any liability in respect of the ability of the Borrowers to make the payments due in respect of the Mortgage Loans.

The Mortgage Loans in the Mortgage Asset Portfolio were originated in accordance with the lending criteria set out in "*Originator's Standard Business Practices, Servicing and Credit Assessment*". General economic conditions and other factors (which may or may not affect property values), such as losses of subsidies or interest rate rises, may have an impact on the ability of Borrowers to meet their repayment obligations under the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and insolvency filings by Borrowers, which may lead to a reduction in payments by such Borrowers on their Mortgage Loans and could reduce the Issuer's ability to service payments on the Notes.

However, such criteria take into account, *inter alia*, a potential Borrower's credit history, employment history and status, repayment ability and debt-to-income ratio and are utilised with a view, in part, to mitigate the risks in lending to Borrowers.

Limited Liquidity of the Mortgage Assets on Liquidation of Issuer

In the event of occurrence of an Event of Default and the delivery of an Enforcement Notice to the Issuer by the Common Representative, the disposal of the Mortgage Assets of the Issuer (including its rights in respect of the Mortgage Assets) is restricted by Portuguese law in that any such disposal will be restricted to a disposal to the Originator or to another STC or FTC established under Portuguese law. In such circumstances, the Originator has no obligation to repurchase the Receivables from the Issuer under the Transaction Documents and there can be no certainty that any other purchaser could be found as there is not, at present, and the Issuer believes it is unlikely to develop, an active and liquid secondary market for receivables of this type in Portugal.

In addition, even if a purchaser could be found for the Mortgage Assets, the amount realised by the Issuer in respect of their disposal to such purchaser in such circumstances may not be sufficient to redeem all of the Notes in full at their then Principal Amount Outstanding together with accrued interest.

Segregation of Mortgage Assets and the Issuer Obligations

The Notes and the obligations owing to the Transaction Creditors will have the benefit of the segregation provided for in the Securitisation Law. Accordingly, the Issuer Obligations are limited in recourse, in accordance with the Securitisation Law, solely to the assets of the Issuer which collateralise the Notes, specifically the Mortgage Assets.

Both before and after any Event of Default or Insolvency Event in relation to the Issuer, the Mortgage Assets will be available for satisfying the obligations of the Issuer to the Noteholders in respect of the Notes and to the Transaction Creditors pursuant to the Transaction Documents.

The Mortgage Assets and all amounts deriving therefrom will not be available to creditors of the Issuer other than the Noteholders and the Transaction Creditors and to pay third party expenses and may only be used by the Noteholders and the Transaction Creditors in accordance with the terms of the Transaction Documents including the relevant Payment Priorities. The terms of the Notes provide that, after the delivery of an Enforcement Notice, payments will rank in order of priority set out under the heading "*Transaction Overview – Post-Enforcement Payment Priorities*". In the event the Issuer's obligations are enforced, no amount will be paid in respect of any class of Notes, until all amounts owing in respect of any class of Notes ranking in priority to such Notes (if any) and any other amounts ranking in priority to payments in respect of such Notes have been paid in full.

Equivalent provisions, as required by the Securitisation Law, will apply in relation to any other series of notes issued by the Issuer.

Assignment of Mortgage Asset Portfolio not affected by Originator Insolvency

Pursuant to paragraph 4 of article 6 of the Securitisation Law, and considering that the Originator is a credit institution, the assignment of the Mortgage Assets to the Issuer under the Securitisation Law is not dependent upon the awareness or acceptance of the relevant Borrowers or notice to them by the Originator, the Issuer or the Servicer to become effective. Therefore, the assignment of the Mortgage Loans (but not the security under the Mortgages (see section headed "***Selected Aspects of Laws of the Portuguese Republic relevant to the Mortgage Assets and the transfer of the Mortgage Assets***")) becomes effective, from a legal point of view, both between the parties and towards the Borrowers as from the moment on which it is effective between the Originator and the Issuer.

In the event of the Originator becoming insolvent, the Mortgage Sale Agreement, and the sale of the Mortgage Asset Portfolio conducted pursuant to it, will not be affected and therefore will neither be terminated, nor will such Mortgage Asset Portfolio form part of the Originator's insolvent estate, save if a liquidator appointed to the Originator or any of the Originator's creditors produces evidence that the sale of the Mortgage Asset Portfolio under the Mortgage Sale Agreement was prejudicial to the insolvency estate and that the Originator and the Issuer have entered into and executed such agreement in bad faith, i.e., with the intention of defrauding creditors.

The sale of the Ancillary Mortgage Rights subject to registration with a public registry will only be enforceable against a third party acting in good faith upon registration of the act at the relevant registry. No such registration will take place prior to a Notification Event.

Borrower Set-off Risks

Set-off issues in relation to Mortgage Assets are essentially those associated with the possibility of a Borrower to set-off against the Issuer any amounts owed to such Borrower by the Originator on the date of the assignment of the relevant Mortgage Loan to the Issuer. Such set-off issues will not arise where the Originator had no obligations due and payable to the relevant Borrower at the time of the assignment of the relevant Mortgage Asset to the Issuer which were not met in full at a later date given that the Originator is under an obligation to transfer to the Issuer any sums which the Originator holds or receives from any Borrower in relation to a Mortgage Asset, including sums in the possession of the Originator and Servicer arising from set-off effected by a Borrower.

The Originator will make certain representations and warranties in favour of the Issuer, under the Mortgages Sale Agreement, including in relation to the exercise of the right of set-off by the Obligors under the relevant Mortgage

Loan Agreement. (See section headed "**Overview of certain Transaction Documents – Mortgage Sale Agreement**"). If there is a breach of any warranties given by the Originator in respect of the Mortgage Asset Portfolio in the Mortgage Sale Agreement, the Originator will have an obligation to remedy such breach or, if such breach is not capable of remedy, or, if capable of remedy, is not remedied within the defined period for such remedy, the Originator shall indemnify the Issuer against any liabilities which the Issuer may suffer as a result thereof. The Issuer's rights arising out of breach or inaccuracy of the representations and warranties are however unsecured and, consequently, the Noteholders bear the risk of loss if a warranty relating to the Mortgage Assets is breached and the Originator is unable to repurchase or cause a third party to purchase or substitute the relevant Mortgage Asset or indemnify the Issuer.

RISKS RELATING TO THE TRANSACTION PARTIES AND THE TRANSACTION

No Fiduciary Role

None of the Issuer, the Arranger or any other Transaction Party or any of their respective affiliates is acting as an investment advisor and none of them (other than the Common Representative) assumes any fiduciary obligation to any purchaser of Notes.

None of the Issuer, the Arranger or any other Transaction Party or any of their respective affiliates assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, credit-worthiness, status and/or affairs of any other Transaction Party nor makes any representation or warranty, express or implied, as to any of these matters.

Common Representative's rights under the Transaction Documents

The Common Representative has entered into the Common Representative Appointment Agreement in order to exercise, following the occurrence of an Event of Default, certain rights on behalf of the Issuer and the Transaction Creditors in accordance with the terms of the Transaction Documents for the benefit of the Noteholders and the Transaction Creditors (other than itself) and to give certain directions and make certain requests in accordance with the terms and subject to the conditions of the Transaction Documents and the Securitisation Law.

The Common Representative will not be granted the benefit of any contractual rights or any representations, warranties or covenants by the Originator or the Servicer under the Mortgage Sale Agreement or the Mortgage Servicing Agreement but will acquire the benefit of such rights from the Issuer through the Co-ordination Agreement. Accordingly, although the Common Representative may give certain directions and make certain requests to the Originator and the Servicer on behalf of the Issuer under the terms of the Mortgage Sale Agreement and the Mortgage Servicing Agreement, the exercise of any action by the Originator and the Servicer in response to any such directions and requests will be made to and with the Issuer only and not with the Common Representative.

Therefore, if an Event of Default or an Insolvency Event has occurred in relation to the Issuer, the Common Representative may not be able to circumvent the involvement of the Issuer in the Transaction by, for example, pursuing actions directly against the Originator or the Servicer under the Mortgage Sale Agreement or the Mortgage Servicing Agreement. Although the Notes have the benefit of the segregation provided for by the Securitisation Law, the above may impair the ability of the Noteholders and the Transaction Creditors to be repaid amounts due to them in respect of the Notes and under the Transaction Documents.

Ranking of Claims of Transaction Creditors and Noteholders

Both before and after an Event of Default or an Insolvency Event in relation to the Issuer, amounts deriving from the Mortgage Assets will be available for the purposes of satisfying the Issuer Obligations to the Transaction Creditors and Noteholders and to pay third party expenses in priority to the Issuer's obligations to any other creditor.

In addition, pursuant to the Common Representative Appointment Agreement, the Transaction Management Agreement and the Conditions, the claims of certain Transaction Creditors and of third party expenses creditors will rank senior to the claims of the Noteholders in accordance with the relevant Payment Priorities (see "*Transaction Overview" – "Pre-Enforcement Interest Payment Priorities"* and *"Post-Enforcement Payment Priorities*").

Both before and after an Event of Default or an Insolvency Event in relation to the Issuer, amounts deriving from the assets of the Issuer other than the Mortgage Assets will not be available for satisfying the Issuer's obligations to the Noteholders and the other Transaction Creditors as they are legally segregated from the Mortgage Assets.

Authorised Investments

The Issuer has the right to make certain interim investments of money standing to the credit of the Payment Account and the Reserve Account. Such investments must comply with the requirements set out, for instance, in accordance with article 44(3) of the Securitisation Law, in article 3 of the CMVM Regulation no. 12/2002 and have appropriate ratings (as set out in the definition of Authorised Investments) depending on the term of the investment and the term of the investment instrument and shall not consist, either directly or indirectly, of asset-backed securities or credit-linked notes or similar claims resulting from the transfer of credit risk by means of credit derivatives. However, it may be that, irrespective of any such rating, such investments will be irrecoverable due to insolvency of the debtor under the investment or of a financial institution involved or due to the loss of an investment amount during the transfer thereof. Additionally, the return on an investment may not be sufficient to cover fully interest payment obligations due from the investing entity in respect of its corresponding payment obligations. In this case, the Issuer may not be able to meet all its payment obligations. None of the Transaction Parties other than the Issuer will be responsible for any such loss or shortfall.

Reliance on Performance by Servicer

The Issuer has engaged the Servicer to administer the Mortgage Asset Portfolio and has appointed the Back-up Servicer Facilitator to appoint a successor servicer to administer the Mortgages Asset Portfolio upon the Servicer ceasing to do so pursuant to the Mortgage Servicing Agreement. While the Servicer is under contract to perform certain services under the Mortgage Servicing Agreement, there can be no assurance that it will be willing or able to perform such services in the future. In the event the appointment of the Servicer is terminated by reason of the occurrence of any of the events specified in Clause 15 (*Servicer Events*) of the Mortgage Servicing Agreement (each a "**Servicer Event**") the occurrence of a Servicer Event, there can be no assurance that the transition of servicing will occur without adverse effect on investors or that an equivalent level of performance on collections and administration of the Mortgage Assets can be maintained by a successor servicer after any replacement of the Servicer, as many of the servicing and collections techniques currently employed were developed by the Servicer.

If the appointment of the Servicer is terminated, the Issuer shall endeavour to appoint a substitute servicer. No assurances can be made as to the availability of, and the time necessary to engage, such a substitute servicer.

The Servicer may not resign its appointment as Servicer without a justified reason and furthermore pursuant to the Mortgage Servicing Agreement, such resignation shall only be effective if the Issuer has appointed a substitute servicer. The appointment of a substitute servicer may not result in the downgrade of the rating of the Class A Notes

and is subject to the prior approval of the CMVM. Notice of the appointment of the substitute servicer shall be delivered by the Issuer to the Rating Agencies, the CMVM, the Bank of Portugal and each of the other Transaction Parties.

Servicer Insolvency and Commingling Risk

In accordance with article 5.7 of the Securitisation Law, in the event the Servicer becomes insolvent, all the amounts which the Servicer (but not the Proceeds Account Bank or Accounts Bank) may then hold in respect of the Mortgages Asset assigned by the Originator to the Issuer will not form part of the Servicer's insolvency estate and the replacement of Servicer provisions in the Mortgages Servicing Agreement will then apply.

Notwithstanding the above, if an Insolvency Event has occurred and is continuing with respect to the Servicer, there may be an operational risk that Collections may temporarily be, from an operational point of view, commingled with other monies within the insolvency estate of the Servicer.

Commingling Reserve Trigger Event

If on any relevant date the Servicer fails to transfer to the Payment Account any Interest Collections Proceeds and / or any Principal Collections Proceeds received by the Servicer in the Proceeds Account from Borrowers in the Calculation Period immediately preceding such Interest Payment Date, a Commingling Event will have occurred (a "**Commingling Event**").

The proceeds of the VFN at issuance or once increased, will be credited to the Reserve Account and registered in the Commingling Reserve Ledger and will be used to mitigate any commingling risk up to the amount available in the Reserve Account and registered in the Commingling Reserve Ledger.

After the occurrence of a Commingling Reserve Trigger Event, the nominal amount of the VFN will be increased up to the Maximum Limit, on each Interest Payment Date, and the VFN Noteholder will be obliged to subscribe for and pay to the Issuer such amount as is required by the VFN nominal amount increase, pursuant to the Subscription Agreement. If a Commingling Event occurs, amounts pertaining to the Commingling Reserve Ledger required to make good such failure by the Servicer shall be transferred to the Payment Account to form part of the Available Interest Distribution Amount and/or the Available Principal Distribution Amount.

If the amount standing to the credit of the Commingling Reserve Ledger is less than the Commingling Reserve Ledger Required Amount on such Interest Payment Date (after making any deduction to the ledger required to make good a failure to transfer amounts by the Servicer), the Issuer may increase the nominal amount of the VFN up to the Maximum Limit, provided that the Issuer will not be required to increase the nominal value of the VFN to the extent such increase does not comply with the required level of the Issuer's own funds as provided for in the Securitisation Law and subject to the ability of the VFN Noteholder to pay the amount corresponding to the increased nominal value of the VFN.

The issuance of the VFN and the Commingling Reserve Ledger may mitigate the effects of a Commingling Reserve Trigger Event, but there is no assurance that this mechanism will be sufficient to address the risks described nor that it will be implemented in time to prevent losses suffered by the Noteholders.

Payment Interruption Risk

In the event of the Servicer becoming insolvent, it cannot be excluded that cash transfers to the Payment Account may be interrupted immediately thereafter while alternative payment arrangements are made, the effect of which could be a short-term lack of liquidity that may lead to an interruption of payments to the Noteholders.

Back-up Servicer Facilitator

Banco Santander, S.A. will agree in the Mortgage Servicing Agreement to act as a back-up servicer facilitator (a "**Back-up Servicer Facilitator**") pursuant to the Guideline of the European Central Bank ECB/2016/2300, of 2 November 2016 (as amended from time to time), which includes the duty of applying its best endeavors to search and select a successor servicer satisfying the requirements provided under the Mortgage Servicing Agreement in the event that a Back-up Servicer Facilitator Trigger Event occurs.

After its appointment, the successor servicer will provide to the Issuer and the Common Representative (in relation to their respective interests therein) certain administration services. Such services will include administering and enforcing the Mortgage Assets, the storing and safe-keeping of all documents relating to the Mortgage Assets, maintaining all such licenses, approvals, authorisations and consents as may be necessary in connection with the performance of the administration and arranging for repayments of the Mortgage Loans. The ability of the successor servicer to fully perform its duties (including duties in relation to any Defaulted Mortgage Asset) would depend on the information and records available to it and it is possible that there could be an interruption in the administration of the Mortgage Assets during the course of the Servicer substitution (for instance, due to the necessity to retrieve from the Servicer the documents evidencing the Mortgage Assets which may cause losses or delays in payments on the Notes). There is no guarantee that a successor servicer could be found who would be willing to manage the Mortgage Assets on the terms of the Mortgage Servicing Agreement. Any delays or other adverse effects caused by Servicer substitutions (for example, delays in delivery of the documentation evidencing the Mortgage Assets to the substitute servicer) may negatively impact the ability of Noteholders to receive timely payments and may result in losses in respect of the Noteholders.

Termination of Appointment of the Transaction Manager

In the event of the termination of the appointment of the Transaction Manager due to the occurrence of a Transaction Manager Event (as defined in the Transaction Management Agreement) it will be necessary for the Issuer to appoint a substitute transaction manager. The appointment of the substitute transaction manager is subject to the condition that, *inter alia*, such substitute transaction manager is capable of administering the Transaction Accounts of the Issuer. The appointment of any successor Transaction Manager shall be previously notified to the Rating Agencies.

There is no certainty that it would be possible to find a substitute or a substitute of satisfactory standing and experience, who would be willing to act as transaction manager under the terms of the Transaction Management Agreement.

In order to appoint a substitute transaction manager, it may be necessary to pay higher fees than those paid to the Transaction Manager and depending on the level of fees payable to any substitute, the payment of such fees could potentially adversely affect the rating of the Class A Notes.

Counterparty and Rating Trigger Risk

The Issuer faces the possibility that a counterparty will be unable to honour its contractual obligations to it. These parties may default on their obligations to the Issuer due to insolvency, lack of liquidity, operational failure or other reasons. For example, the Transaction Manager will provide calculation and management services under the Transaction Management Agreement, and the Paying Agent and the Agent Bank will provide payment and calculation services in connection with the Notes. In the event that any of these counterparties fails to perform its obligations under the respective agreements to which it is a party, or the creditworthiness of these third parties deteriorates, the Noteholders may be adversely affected.

While certain Transaction Documents provide for rating triggers to address the insolvency risk of counterparties, such rating triggers may be ineffective in certain situations. Rating triggers may require counterparties, *inter alia*, to arrange for a new counterparty to become a party to the relevant Transaction Document upon a rating downgrade or withdrawal of the original counterparty. It may, however, occur that a counterparty having a requisite rating becomes insolvent before a rating downgrade or withdrawal occurs or that insolvency occurs immediately upon such rating downgrade or withdrawal or that the relevant counterparty does not have sufficient liquidity for implementing the measures required upon a rating downgrade or withdrawal.

OTHER RISKS

The Credit Rating Agencies Regulation

Regulation (EU) No. 462/2013 ("**CRA III**") of the European Parliament and of the European Council amending Regulation (EC) No 1060/2009, as amended, ("**CRA**") regulates credit rating agencies. The majority of the CRA III rules became effective on 20 June 2013") although certain provisions will not apply until later. CRA III provides for certain additional disclosure requirements which are applicable in relation to structured finance instruments ("**SFI**"). Such disclosures will need to be made via a website to be set up by the European Securities and Markets Authority ("**ESMA**"). The precise scope and manner of such disclosure is subject to regulatory technical standards under Commission Delegated Regulation (EU) 2015/3, of 30 September 2014 (the "**CRA III RTS**"), which came into force on 26 January 2015, but were not scheduled to apply until 1 January 2017. The CRA III RTS apply to the Class A Notes and the Originator and/or the Issuer and/or an appointed third party are responsible for the mandated disclosure under the CRA III RTS. Such disclosure is expected to be made by the Servicer.

In relation to structured finance instruments issued between the date of entry into force of the CRA III RTS and the date of their application, the Issuer and the Originator are only required to comply with the reporting requirements in relation to the structured finance instruments which are still outstanding at the date of application of the CRA III RTS. On 27 April 2016, ESMA published a press release noting that it had encountered several issues in setting up the SFI Website, including the absence of a legal basis for its funding. Consequently, ESMA stated that it was unlikely that the SFI Website would be available to reporting entities by 1 January 2017 and, similarly, it was unlikely that ESMA would be in a position to publish the technical standards by 1 July 2017. ESMA expects that new securitisation legislation, which is currently in the legislative process, will provide clarity on the future obligation regarding reporting on SFIs. Such technical standards have not been published by ESMA at the date of this Prospectus. In addition, no guidance has been issued as to whether, once the SFI Website is set up, affected parties will be required to provide disclosure (in particular in respect of items such as loan level information and investor reports) dating back to 1 January 2017 or will merely have to provide such information going forward from the date on which the SFI Website is operational.

ESMA has published a consultation paper on updating the guidelines (*Update of the guidelines on the application of the endorsement regime under Article 4(3) of the Credit Rating Agencies Regulation*) on 4 April 2017 on the application of the endorsement regime under the CRA Regulation. Endorsement is a regime under the CRA Regulation, which allows credit ratings issued by a third-country CRA, and endorsed by an EU CRA, to be used for regulatory purposes in the EU. A credit rating that has been endorsed is considered to have been issued by the endorsing EU CRA. The endorsement regime is available for CRAs of systemic importance with global networks of affiliates.

The consultation paper sets out a number of changes and clarifications to the existing guidelines focusing, in particular, on the obligations of the endorsing CRA and ESMA's supervisory powers over endorsed credit ratings.

On 1 June 2018, the new requirements under CRA III will enter into force, for the purposes of endorsement and equivalence, and by updating the Guidelines now, ESMA is able to revise its methodological framework for assessing third-country legal and supervisory frameworks in advance of this deadline.

At the date of this Prospectus, there remains uncertainty as to what the consequences would be for the Issuer, related third parties and investors resulting from any potential non-compliance by the Issuer with CRA III upon application of the reporting obligations.

In general, European regulated investors are restricted under the CRA III from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA III (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances while the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA III (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended).

Credit ratings included or referred to in this Prospectus have been or, as applicable, may be issued by DBRS and Fitch, each of which as at the date of this Prospectus is a credit rating agency established in the European Community and registered under the CRA III.

Additionally, CRA III has introduced a requirement that where an issuer or related third parties (which term includes sponsors and originators) intends to solicit a credit rating of a structured finance instrument it will appoint at least two credit rating agencies to provide ratings independently of each other; and should consider appointing at least one rating agency having not more than a 10 (ten) per cent. total market share (as measured in accordance with Article 8(d)(3) of the CRA (as amended by CRA III)) (a small CRA), provided that a small CRA is capable of rating the relevant issuance or entity. In order to give effect to those provisions of Article 8(d) of CRA III, ESMA is required to annually publish a list of registered CRAs, their total market share, and the types of credit rating they issue. According to ESMA's 2016 market share calculations for the purposes of Article 8d of the CRA III, DBRS is a small CRA with less than 10 (ten) per cent. market share.

Compliance with Articles 405 to 410 of the CRR, Articles 51 and 52 of the AIFMR, Articles 254 and 256 of the Solvency II Implementing Rules and of the Bank of Portugal Notice 9/2010

Noteholders should make their own assessment on whether this transaction constitutes a securitisation and on the provisions set out in 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, as amended from time to time, namely by Regulation (EU) 2017/2401 of the European Parliament and of the Council of 12 December 2017, as supplemented by Commission Delegated Regulation (EU) No 625/2014, and including any regulatory technical standards and any implementing technical standards issued by the European Banking Authority or

any successor body, from time to time, (the "**CRR**"), in Commission Delegated Regulation no. 231/2013, of 19 December 2012 (the "**AIFMR**"), Commission Delegated Regulation (EU) 2015/35, of 10 October 2014 (the "**Solvency II Implementing Rules**")and Bank of Portugal Notice 9/2010.

Articles 405 to 410 of the CRR and Bank of Portugal's Notice 9/2010 place an obligation on a credit institution or investment firm that is subject to the CRR (a "**CRR Institution**") which assumes exposure to the credit risk on a securitisation position (as defined in Article 4(1)(61) of the CRR) to ensure that the originator, sponsor or original lender has explicitly disclosed that it will fulfil its Retention Obligation (as defined below), and to have a thorough understanding of all structural features of a securitisation transaction that would materially impact the performance of their exposures to a specific transaction.Furthermore, investors should be aware of Article 17 of the Alternative Investment Fund Managers Directive ("**AIFMD**"), as supplemented by the AIFMR and of Article 254(2) of the Solvency II Delegated Act, which provide for due diligence requirements to be undertaken by, respectively, alternative investment fund managers required to be authorised under the AIFMD and insurance or reinsurance undertakings which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds, as well as apply to them, respectively, restrictions on the investment in securities and other financial instruments originated through securitisation, in relation to risk retention requirements. While such requirements are similar to those which apply pursuant Articles 405 to 410 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment funds managers.The Originator will undertake in the Mortgage Sale Agreement to retain, on an ongoing basis, the Class C Notes and other tranches having the same or a more severe risk profile than those transferred or sold to investors and not maturing any earlier than those transferred or sold to investors, equaling in total not less than 5 per cent. of the Principal Amount Outstanding of each of the Notes (the "**EU Retained Interest**") pursuant to item (a) of Article 405 of the CRR, Article 51 of the AIFMR, and Article 254(2) of the Solvency II Delegated Act (the "**Retention Obligation**"). The Originator will undertake not to reduce its credit exposure to the Retained Interest either through hedging or the sale or encumbrance of all or part of the EU Retained Interest. The Investor Report will also provide confirmation as to the Originator's continued holding of the original EU Retained Interest. It should be noted that there is no certainty that references to the Originator's Retention Obligation of the EU Retained Interest in this Prospectus or the undertakings in the Mortgage Sale Agreement will constitute adequate disclosure (on the part of the Originator) or adequate due diligence (on the part of the Noteholders) for the purposes of Articles 406 and 409 of the CRR and any implementing technical standards issued by the European Banking Authority or any successor body, Bank of Portugal Notice 9/2010, Article 51 of AIFMR and Article 254(2) of the Solvency II Delegated Act and there can be no certainty that the Originator will, at all times, be able to comply with its undertakings set out in the Mortgage Sale Agreement.If the Originator does not comply with its undertakings set out in the Mortgage Sale Agreement, the ability of the Noteholders to sell and/or to receive the price for the Notes in the secondary market may be adversely affected.

Articles 405 to 410 of the CRR, Article 51 of the AIFMR and Bank of Portugal Notice 9/2010 also place an obligation on CRR Institutions, before investing in a securitisation and thereafter, to analyse, understand and stress test their securitisation positions, and monitor on an ongoing basis and in a timely manner performance information on the exposures underlying their securitisation positions.

The Originator has undertaken to provide to the Issuer such information as may be reasonably required by the Noteholders to be included in the Investor Report to enable such Noteholders to comply with the obligations set out in the CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Bank of Portugal Notice 9/2010, if applicable. Where the relevant requirements of Articles 405 to 410 of the CRR, Article 51 the AIFMR and Notice 9/2010 are not complied with in any material respect by reason of the negligence or omission of a CRR Institution that is investing in the Notes, a proportionate additional risk weight of no less than 250 per cent. of the risk weight (with

the total risk weight capped at 1250 per cent.) which would otherwise apply to the relevant securitisation position shall be imposed on such credit institution, progressively increasing with each subsequent infringement of the due diligence provisions.

Additionally, Noteholders should also be aware that, if applicable, non-compliance with the requirements of Articles 405 to 410 of the CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Bank of Portugal Notice 9/2010 may adversely affect the price and liquidity of the Notes.

Noteholders should make themselves aware of all those provisions and make their own investigation and analysis as to the impact thereof on any holding of Notes and should take their own advice on whether this transaction constitutes a securitisation and on the provisions of Articles 405 to 410 of the CRR, Article 51 of the AIFMR, Article 254(2) of the Solvency II Delegated Act and Bank of Portugal Notice 9/2010.

On 30 September 2015, the European Commission (the "**Commission**") published a proposal to amend the CRR (the "**CRR Amendment Regulation**") and a proposed regulation relating to a European framework for simple, transparent and standardised securitisation (the "**Securitisation Regulation**") which would, amongst other things, re-cast the EU risk retention rules as part of wider changes to establish a "Capital Markets Union" in Europe (together with the CRR Amendment Regulation, the "**STS Regulations**"). While some uncertainty about the precise language of the final CRR Amendment Regulation remains until its formal publication in the Official Journal of the European Union (which is expected in the first quarter of 2018), this regulation is expected to apply from 1 January 2020. The updated regulatory requirements include the risk retention and transparency requirements imposed variously on the issuer, originator, sponsor and/or original lender in respect of securitised assets and the due diligence requirement imposed on certain institutional investors in securitisation. In general the requirements imposed under the STS Regulations are more onerous and have a wider scope than those imposed under current legislation. If any changes to the Conditions or the Transaction Documents are required as a result of the implementation of the STS Regulations, the Issuer may be required to bear the costs of making such changes (to be paid through the Payment Priorities). Any costs incurred by the Issuer in connection with satisfying the requirements of the STS Regulations may be paid by the Issuer pursuant to the applicable Payment Priorities.

Consumer Protection

Portuguese law (namely the Portuguese Constitution, the *Código Civil* enacted by Decree-Law no. 47344, of 25 November 1966 (as amended) (the "**Portuguese Civil Code**") and the Portuguese consumer protection law (*Lei de Defesa do Consumidor* enacted by Law no. 24/96, of 31 July 1996 (as amended)) contains general provisions in relation to consumer protection. These provisions cover general principles of information disclosure, information transparency (contractual clauses must be clear, precise and legible) and a general duty of diligence, neutrality and good faith in the negotiation of contracts.

Decree-Law no. 446/85, of 25 October 1985, as amended by Decree-Law no. 220/95, of 31 August 1995, Decree-Law no. 249/99, of 7 July 1999 (which implemented Directive 93/13/CEE, of 5 April 1993) and Decree-Law no. 323/2001, of 17 December 2001 (*Lei das Cláusulas Contratuais Gerais*) prohibits, in general terms, the introduction of abusive clauses in contracts entered into with consumers. Pursuant to this law, a clause is, in general, deemed to be abusive if such clause has not been specifically negotiated by the parties and leads to an unbalanced situation, insofar as the rights and obligations of the consumer (regarded as the weaker party) and the rights and obligations of the counterparty (regarded as the stronger party) are concerned in violation of contractual good faith. The introduction of clauses that are prohibited will cause such clauses to be considered null and void.

Decree-Law no. 133/2009, of 2 June (which implemented Directive EC/2008/48), as amended, which governs consumer loan contracts sets forth relevant regulations for consumer protection by establishing that a contract is deemed to be null and void if mandatory information is not included in the written agreement, *inter alia* (i) it does not discloses the actual annual costs rate (the *Taxa Anual de Encargos Efetiva Global* which shall be calculated in accordance to the criteria set out on Annex I of Decree-Law 133/2009) related to the loan in question; and (ii) it does not inform the obligor of the existence of a mandatory free termination period of 14 (fourteen) days from signing thus allowing the consumer to revoke the contract during such period. Regarding early repayment fees, Decree-Law no. 133/2009, of 2 June establishes that the creditor's compensation due by the obligors following the exercise of the right of early repayment is capped at 0,5% (zero point five per cent.) of the principal repaid (or 0,25% (zero point twenty-five per cent.) in the event the repayment is performed less than one year from the date of termination of the agreement). In case the early repayment results from an insurance payment contracted to secure the payment of the loan or in the context of an overdraft or the early repayment occurs when the applicable nominal rate is variable, the creditor shall not be entitled to any compensation.

Decree-Law no. 67/2003, of 8 April (which implemented Directive 1999/44/CE, of 25 May), as amended, deals with the sale of assets to consumer and related guarantees with a view to ensure the protection of consumers. This decree law entitles the consumer to demand repair or substitution of the asset, a price reduction or the termination of the contract when the underlying asset does not meet the criteria set out therein (for example, does not comply with the description made in the relevant contract or its characteristics and performance are not those that a consumer could reasonably expect). These rights must be exercised in the two years commencing on the date of delivery of the asset which can be reduced to one year in case of used assets and if so agreed between the parties.

Decree-Law no. 227/2012, of 25 October established the principles and rules which credit institutions must comply with in respect of the prevention and remediation of default by banking clients and creates the out-of-court network to support such clients in the context of the remediation of such situations by establishing an action plan regarding the risk of default (*Plano de Acção para o Risco de Incumprimento* - PARI) and an out-of-court procedure for the remediation of default situations (*Procedimento Extrajudicial de Regularização de Situações de Incumprimento* - PERSI).

The foregoing should not be viewed as an exhaustive description of the provisions which could be invoked in respect of consumer protection. Although the Originator has represented and warranted to the Issuer that the Mortgage Loans comply with all applicable Portuguese laws, there can be no assurance that a judicial or arbitral court in Portugal would not apply the relevant consumer protection laws to vary the terms of a loan or to relieve a Borrower of its obligations thereunder.

U.S. Risk Retention Requirements

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

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

The Originator has advised the Issuer that it has not acquired, and it does not intend to acquire more than 25 per cent. of the assets from an affiliate or branch of the Originator or the Issuer that is organised or located in the United States.

The Notes provide that they may not be purchased by Risk Retention U.S. Persons except with the express written consent of the Originator up to the 10 per cent. Risk Retention U.S. Person limitation under the exemption provided by Section _.20 of the U.S. Risk Retention Rules. Prospective investors should note that the definition of "U.S. person" in the U.S. Risk Retention Rules is different from the definition of "U.S. person" under Regulation S. The definition of U.S. person in the U.S. Risk Retention Rules is excerpted below. Particular attention should be paid to clauses (b) and (h), which are different than comparable provisions from Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" means any of the following:

(a) Any natural person resident in the United States;

(b) Any partnership, corporation, limited liability company, or other organisation or entity organised or incorporated under the laws of any State or of the United States;

(c) Any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);

(d Any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);

(e) Any agency or branch of a foreign entity located in the United States;

(f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);

(g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States; and

(h) Any partnership, corporation, limited liability company, or other organisation or entity if:

  (i) Organised or incorporated under the laws of any foreign jurisdiction; and

  (ii) Formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act;

Consequently, the Notes may not be purchased by any person except for (a) persons that are not Risk Retention U.S. Persons or (b) Risk Retention U.S. Persons that have obtained written consent from the Originator to their purchase of the Notes. Each holder of a Note or a beneficial interest acquired in the initial syndication of the Notes, by its acquisition of a Note or a beneficial interest in a Note, will be deemed to represent to the Issuer, the Originator and the Arranger that it (1) either (i) is not a Risk Retention U.S. Person or (ii) is a Risk Retention U.S. Person that has obtained written consent from the Originator to its acquisition of the Notes, (2) is acquiring such Note or a beneficial interest therein for its own account and not with a view to distribute such Note and (3) is not acquiring such Note or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules (including acquiring such Note through a non-Risk Retention U.S. Person, rather than a Risk Retention U.S. Person, as part of a scheme to evade the 10 per cent. Risk Retention U.S. Person limitation in the exemption provided for in Section 20 of the U.S. Risk Retention Rules described herein).

The Originator, the Issuer and the Arranger have agreed that none of the Arranger or any person who controls it or any director, officer, employee, agent or Affiliate of the Arranger (as applicable) shall have any responsibility for determining the proper characterisation of potential investors for such restriction or for determining the availability of the exemption provided for in Section _.20 of the U.S. Risk Retention Rules, and none of the Arranger or any person who controls it or any director, officer, employee, agent or Affiliate of the Arranger accepts any liability or responsibility whatsoever for any such determination or characterisation.

Failure on the part of the Originator to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) could give rise to regulatory action against the Originator which may adversely affect the Notes and the ability of the Originator to perform its obligations under the Transaction Documents. Furthermore, a failure by the Originator to comply with the U.S. Risk Retention Rules could negatively affect the value and secondary market liquidity of the Notes.

No Gross up for Taxes

Should any withholding or deduction for or on account of any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by any government or state with authority to tax or any political subdivision or any authority thereof or therein having power to tax be required to be made from any payment in respect of the Notes (see "*Taxation*" below), neither the Issuer, the Common Representative, nor the Paying Agent will be obliged to make any additional payments to Noteholders to compensate them for the reduction in the amounts that they will receive as a result of such withholding or deduction. If payments made by any party under the Mortgage Servicing Agreement are subject to a Tax Deduction required by law, there will be no obligation on such party to increase the payment to leave an amount equal to the payment which would have been due if no Tax Deduction would have been required.

Centre of Main Interests

The Issuer has its registered office in Portugal. As such there is a rebuttable presumption that its centre of main interests ("**COMI**") is in Portugal and consequently that any main insolvency proceedings applicable to it would be governed by Portuguese law. In the decision by the European Court of Justice ("**ECJ**") in relation to Eurofood IFSC Limited, the ECJ restated the presumption in Council Regulation (EC) no. 1346/2000 of 29 May 2000 on Insolvency Proceedings, that the place of a company's registered office is presumed to be the company's COMI and stated that the presumption can only be rebutted if "factors which are both objective and ascertainable by third parties enable it to be established that an actual situation exists which is different from that which locating it at the registered office is deemed to reflect". As the Issuer has its registered office in Portugal, has Portuguese directors and is registered for tax

in Portugal, the Issuer does not believe that factors exist that would rebut this presumption, although this would ultimately be a matter for the relevant court to decide, based on the circumstances existing at the time when it was asked to make that decision. If the Issuer's COMI is not located in Portugal, and is held to be in a different jurisdiction within the European Union, Portuguese Insolvency proceedings would not be applicable to the Issuer.

The Securitisation Law, the Securitisation Tax Law and Decree Law 193/2005

The Securitisation Law was enacted in Portugal by Decree-Law no. 453/99, of 5 November 1999 as amended by Decree-Law no. 82/2002, of 5 April 2002, by Decree-Law no. 303/2003, of 5 December 2003, by Decree- Law no. 52/2006, of 15 March 2006 and by Decree-Law no. 211-A/2008, of 3 November 2008 (the "**Securitisation Law**"). The Portuguese Securitisation Tax Law was enacted by Decree-Law no. 219/2001, of 4 August 2001 as amended by Law no. 109-B/2001, of 27 December 2001, by Decree-Law no. 303/2003, of 5 December 2003, by Law no. 107-B/2003, of 31 December 2003 and by Law no. 53-A/2006, of 29 December 2006 (the "**Securitisation Tax Law**"). The tax regime applicable on income arising from debt securities in general was enacted by Decree-Law no. 193/2005, of 7 November, as amended by Decree-Law no. 25/2006, of 8 February, by Decree-Law no. 29-A, of 1 March and by Law no. 83/2013, of 9 December, and by Decree-Law no. 42/2016, of 28 December (the "**Decree Law 193/2005**").

As at the date of this Prospectus the application of the Securitisation Law by the Portuguese courts and the interpretation of its application by any Portuguese governmental or regulatory authority has been limited to a few cases, namely regarding effectiveness of the assignment of banking credits towards debtors, despite the absence of debtor notification and format of the assignment agreement. The Securitisation Tax Law has not been considered by any Portuguese Court and there are only a few orders on the interpretation of its application issued by Portuguese governmental authorities. Decree-Law 193/2005 has also been considered by Portuguese courts in limited cases, notably with regard to beneficial owners, and there are only a few orders on the interpretation of its application issued by Portuguese governmental authorities. Consequently, it is possible that such authorities may issue further regulations relating to the Securitisation Law, the Securitisation Tax Law and of Decree-Law 193/2005 or the interpretation thereof, the impact of which cannot be predicted by the Issuer as at the date of this Prospectus.

In certain circumstances, the Issuer and the Noteholders may be subject to US withholding tax under FATCA for any payments made after 31 December 2018

The United States enacted rules, commonly referred to as "**FATCA**", that generally impose a new reporting and withholding regime with respect to certain U.S. source payments (including dividends and interest), gross proceeds from the disposition of property that can produce U.S. source interest and dividends and certain payments made by entities that are classified as financial institutions under FATCA. The United States entered into a Model 1 intergovernmental agreement with Portugal (the "**IGA**"). Under the IGA, payments made on or with respect the Notes are not expected to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future.

Portugal has implemented through Law 82-B/2014, of 31 December 2014, as amended by Law 98/2017, of 24 August the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA. Through Decree-Law no. 64/2016, of 11 October, as amended by Law 98/2017, of 24 August the Portuguese government approved the complementary regulation required to comply with FATCA. Under this legislation, foreign financial institutions (as defined in Decree-Law no. 64/2016, of 11 October) are required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the United States Internal Revenue Service.

As defined in Decree-Law no. 64/2016, of 11 October, (i) "foreign financial institutions" means a *Foreign Financial Institution* as defined in the applicable U.S. *Treasury Regulations*, including inter alia Portuguese financial institutions; and (ii) "Portuguese financial institutions" means any financial institution with head office or effective management in the Portuguese territory, excluding its branches outside of Portugal and including Portuguese branches of financial institutions with head office outside of Portugal.

The deadline for the financial institutions to report to the Portuguese tax authorities the mentioned information has been postponed several times, the last time through Order (*Despacho*) issued by the Portuguese Secretary of Tax Affairs on 28 December 2016. In accordance with such Order, the deadline for the first reporting date was 10 January 2017.

Prospective investors should consult their own tax advisors regarding the potential impact of FATCA.

Common Reporting Standard

The Organisation for Economic Co-operation and Development ("**OECD**") approved, in July 2014, a Common Reporting Standard ("**CRS**") with the aim of providing comprehensive and multilateral automatic exchange of financial account information on a global basis. This goal is achieved through an annual exchange of information between the governments of 100 jurisdictions ("participating jurisdictions") that have already adopted the CRS.

On 9 December 2014, Council Directive 2014/107/EU, amending Council Directive 2011/16/EU, introduced the CRS among the EU Member States. This Directive was transposed to Portuguese national law on October 2016, via Decree-Law 64/2016, of 11 October, as amended by Law 98/2017, of 24 August (the "**Portuguese CRS Law**"), which amended Decree-Law number 61/2013, of 10 May, which transposed Directive 2011/16/EU in Portugal.

Under the Portuguese CRS Law, financial institutions established in Portugal are required to report to the Tax Authorities (for the exchange of information with the State of Residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Portuguese CRS Law. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

Under the Portuguese CRS Law, the first exchange of information was enacted in 2017 for information related to the calendar year 2016. The deadline for the first report was 31 July 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the participating Member States). However, Estonia has stated that it will not participate.

The proposed FTT has very broad scope and, if introduced in the form proposed on 14 February 2013, could apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the 14 February 2013 proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial

institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

The Basel Capital Accord ("Basel III")

The original Basel Accord was agreed in 1988 by the Basel Committee on Banking Supervision (the "**Committee**"). The 1988 Accord, now referred to as Basel I, helped to strengthen the soundness and stability of the international banking system as a result of the higher capital ratios that it required. The Committee published the text of the new capital accord under the title: "*Basel II; International Convergence on Capital Measurement and Capital Standards: a revised framework*" (the "**Framework**") in June 2004. In November 2005, the Committee issued an updated version of the Framework. On 4 July 2006, the Committee issued a comprehensive version of the Framework. This Framework places enhanced emphasis on market discipline and sensitivity to risk and serves as a basis for national and supranational rule-making and approval processes for banking organisations. The Framework was put into effect for credit institutions and investment firms in Europe via the recasting of a number of prior directives, which Member States were required to transpose, and the financial industry services to apply, by 1 January 2007, particularly Directive 2006/48/EC and Directive 2006/49/EC, formally adopted by the Council and the European Parliament on 14 June 2006 ("**CRD**"). The CRD is not self-implementing, implementation dates in participating countries being dependent on the relevant national implementation process in those countries.

Several amendments and developments were announced by the Basel Committee since 2008 to strengthen certain aspects of the Framework, including general information in respect of the supplier and the financial service, contractual terms and conditions, whether or not there is a right of cancellation and strengthening of existing capital requirements.

On 12 September 2010, existing capital requirements were strengthened, the minimum common equity requirement being increased from 2 per cent. to 4.5 per cent. In addition, banks were required to hold a capital conservation buffer of 2.5 per cent. to withstand future periods of stress bringing the total common equity requirements to 7 per cent. This reinforced the stronger definition of capital agreed by Governors and Heads of Supervision in July that year and the higher capital requirements for trading, derivative and securitisation activities introduced at the end of 2011.

On 26 October 2011, the European Banking Authority issued a Methodological Note, in accordance with which, by June 2012, the core Tier 1 capital ratio is assessed after the removal of the prudential filters on sovereign assets in the Available-for-Sale portfolio and prudent valuation of the exposure to sovereign debt, reflecting current market prices.

The Committee has developed a comprehensive set of reform measures known as "Basel III" in order to further strengthen the regulation, supervision and risk management of the banking sector. These measures aim, notably, at improving the banking sector's ability to absorb shocks arising from financial and economic stress, improving risk management and governance and strengthening banks' transparency and disclosures.

The new capital reserve rules shall be implemented in stages, between 1 January 2014 and 1 January 2019 (and subsequently transposed into the national laws), with a phase-in period beginning in 2014, the common equity requirements coming into force in 2014, the completing measures in 2019.

The first stage of the Basel III measures has been put in place on 1 January 2014 by Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 ("**CRD IV**", generally required to be transposed by Member States by 31 December 2013 in accordance with Article 162 thereof) implemented in Portugal by Decree-Law no. 157/2014, complemented by the CRR, directly applicable since 1 January 2014. The CRD has been repealed by the entry into force of CRD IV and CRR. Additionally, European credit institutions are also subject to an annual Supervisory Review and Evaluation Process ("**SREP**") assessment, which takes into account the general framework and principles defined in the CRD IV. The SREP assessments include capital assessment, business model analysis, assessment of internal governance and institution-wide risk controls, assessment of risks to liquidity and funding, SREP liquidity assessment and broader stress testing. The SREP annual review under which the banking supervisors assess the adequacy of capital of an entity, identify risks that are not covered by own funds requirements and the need of 'Pillar 2' capital requirements. Where the SREP for an institution identifies risks or elements of risk that are not covered by the 'Pillar 1' capital requirements or the combined buffer requirement, competent authorities can determine the appropriate level of the institution's own funds under CRD IV and assess whether additional own funds shall be required.

The Basel framework affects risk weighting of the Notes for investors subject to the new framework following implementation (via EU or non-EU regulators). Consequently, Noteholders should consult their own advisers as to the consequences to and effect on them of the application of the framework, as implemented by their own regulator, to their holding of Notes. The Issuer is not responsible for informing Noteholders of the effects of the changes to risk weighting which will result for investors from the adoption by their own regulator of the framework (whether or not implemented by them in its current form or otherwise). The new capital adequacy requirements may impact existing business models. In addition, there can be no assurances that breaches of legislation or regulations by the Issuer will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

Further to the above, recent developments in the banking market suggests that even stricter rules may be applied by a new framework ("**Basel IV**"), which would follow Basel III and would require more stringent capital requirements and greater financial disclosure. Basel IV is likely to comprise higher leverage ratios for the banks to meet, more detailed disclosure of reserves and the use of standardised models rather than banks' internal models, for calculation of capital requirements.

As of 30 June 2017, the Originator complied with its regulatory capital requirements. There is no certainty as to the regulatory capital requirements that the Originator will be required to comply with in the future and the Originator may be unable to comply with or incur substantial costs in monitoring and in complying with those requirements. Additionally, the Issuer cannot foresee what impact such regulations and eventual capital adequacy may have on prospective investors.

Bank Recovery and Resolution Directive

In May 2014, the EU Council and the EU Parliament approved a Directive establishing a framework for the recovery and resolution of credit institutions and investment firms (Directive 2014/59/UE of the European Parliament and of the Council, of 15 May 2014, establishing a framework for the recovery and resolution of credit institutions and investment firms, the "**BRRD**"). The aim of the BRRD is to equip national authorities with harmonised tools and powers to tackle crises at banks and certain investment firms at the earliest possible moment and to minimise costs for taxpayers. The tools and powers include:

i. preparatory and preventive measures (including the requirement for banks to have recovery and resolution plans);

ii. early supervisory intervention (including powers for authorities to take early action to address emerging problems); and

iii. resolution tools, which are intended to ensure the continuity of essential services and to manage the failure of a credit institution in an orderly way.

The BRRD was implemented in Portugal by a number of legislative acts, including Law no. 23-A/2015, of 26 March, which have amended the Portuguese Legal Framework of Credit Institutions and Financial Companies (hereinafter, "**RGICSF**") (enacted by Decree-Law no. 298/92, of 31 December, as amended), including the requirements for the application of preventive measures, supervisory intervention and resolution tools to credit institutions and investment firms in Portugal. The Issuer cannot anticipate the impact of such regime on the Notes even though the Issuer is not subject to it.

Nonetheless, credit institutions and investment firms, such as BST are subject to the BRRD regime as implemented in the relevant EU Member States.

Economic conditions in the eurozone

Concerns relating to credit risks (including those of sovereigns and those of entities which are exposed to sovereigns) continue. In particular, concerns have been raised with respect to current economic, monetary and political conditions in the eurozone. 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 cause further severe stress in the financial system generally and/or may adversely affect one or more of the Transaction Parties (including the Originator and/or the Servicer) and/or any Borrower in respect of the Mortgage Loans. Given the current uncertainties and the range of possible outcomes, no assurance can be given as to the impact of any of the matters described above and no assurance can be given that such matters would not adversely affect the rights of the Noteholders, the market value of the Notes and/or the ability of the Issuer to satisfy its obligations under the Notes.

Portuguese Economic Situation

Following its exit from the Financial Assistance Programme, Portugal became subject to Post-Programme Surveillance ("**PPS**") by the European Commission ("**EC**") and the European Central Bank ("**ECB**") and to Post-Program Monitoring ("**PPM**") by the International Monetary Fund ("**IMF**").

As per the Bank of Portugal's December Statistical Bulletin, the debt-to-GDP ratio was 130.8 per cent of GDP in the third quarter of 2017, 0.7 p.p. higher than in December 2016. In the third quarter of 2017, GDP grew 2.5 per cent., and for the rest of the year, the estimates are that GDP will grow 2.6 per cent..

According to the latest forecasts by the Bank of Portugal (Economic Bulletin, December 2017), a 8.3 per cent. increase in investment ("**GFCF**") in 2017 is anticipated, in acceleration from 2016 (1.6 per cent.), supported by funding from EU funds (v.g. Juncker Plan, Portugal 2020), some construction recovery and recovery of business investment in equipment. Private consumption (+2.1 per cent. in 2016 and +2.2 per cent. in 2017) is expected to slow down, driven by rising energy prices and the slowdown in consumption of durable goods. Net exports should again have a positive contribution (+1.5 p.p.) to growth. Exports of services, tourism, should continue to grow at a steady pace, as several Portuguese destinations consolidate their prestige in international markets.

In 2018, the Bank of Portugal forecasts a minor slowdown in growth to 2.3 per cent., largely due to a consolidation of investment growth around 6%, while private consumption is expected to continue to grow at a sustainable pace (+2.1 per cent.).

The Portuguese economy's current situation, despite a clear improvement in recent years, continues to reveal sensitivity to the fiscal consolidation and the lack of availability of credit. These risks could threaten to deprive of funding even well-established companies in the country. Such companies have been important to an economy facing weak internal demand.

The steady improvement in economic and financial conditions, namely (i) the decline of the fiscal deficit to 1.3 per cent. of GDP in 2017 (as per recent comments by the Government), (ii) the repayment of a large scale of the IMF loans, (iii) improved market access (as reflected in the steady narrowing of the sovereign spreads vis a vis Germany), and (iv) the stabilization of the financial system, have been reflected in (i) the termination of the Excessive Deficit Procedures by the European Union, and (ii) the upgrades of Portugal's sovereign ratings to investment grade by S&P (to BBB-) and Fitch (to BBB).

The Issuer cannot foresee what impact such eventual fiscal policies or other additional measures, namely changes in the mortgage loan market, may have on the Portuguese economic situation, the Borrowers, the Noteholders and prospective investors.

United Kingdom's exit from the European Union

On 23 June 2016, the United Kingdom ("**UK**") held a referendum on the UK's membership of the EU. The result of the referendum's vote was to leave the EU, which creates several uncertainties within the UK, and regarding its relationship with the EU. On 29 March 2017, the UK served notice in accordance with Article 50 of the Treaty on European Union of its intention to withdraw from the EU. The notification of withdrawal started a two-year process during which the terms of the UK's exit will be negotiated, although this period may be extended in certain circumstances.

The result and the resulting negotiations are likely to generate further increased volatility in the markets and economic uncertainty which could adversely affect one or more of the Transaction Parties (including the Originator and/or the Servicer) and/or any Borrower in respect of the Mortgage Assets. Until the terms and timing of the UK's exit from the EU are confirmed, it is not possible to determine the full impact that the referendum, the UK's departure from the EU and/or any related matters may have on general economic conditions in the UK.

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

The departure of the United Kingdom is expected to occur until the 23.00 (GMT) of the 29th of March of 2019.

Limited Provision of Information

The Issuer will not be under any obligation to disclose to the Noteholders any financial or other information received by it in relation to the Mortgage Asset Portfolio or to notify them of the contents of any notice received by it in respect of the Mortgage Asset Portfolio. In particular it will have no obligation to keep any Noteholder or any other person informed as to matters arising in relation to the Mortgage Asset Portfolio, except for the information provided in the quarterly investor report concerning the Mortgage Asset Portfolio and the Notes which will be made available to the Paying Agents on or about each Interest Payment Date.

Projections, Forecasts and Estimates

Forward looking statements, including estimates, and any other projections are forecasts in this document necessarily speculative in nature and some or all of the assumptions underlying the forward-looking statements may not materialise or may vary significantly from actual results.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Class A Notes are based on law, tax rules, rates, procedures and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax rules, rates, procedures or administration practice will not change after the date of this Prospectus or that such change will not adversely impact the structure of the transaction and the treatment of the Notes including the expected payments of interest and repayment of principal in respect of the Notes.

Potential Conflict of Interest

Each of the Transaction Parties (other than the Issuer) and their affiliates, in the course of each of their respective businesses, may provide services to other Transaction Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Transaction Parties and their affiliates or between such Transaction Parties and their affiliates and third parties. Each of the Transaction Parties (other than the Issuer) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Transaction Party.

Issuer structured so as not to constitute a covered fund

According to legal advice obtained by the Issuer related to the description hereinafter, the Issuer was structured so as not to constitute a "covered fund" for purposes of the regulations adopted to implement Section 619 of the Dodd-Frank Act (such statutory provision together with such implementing regulations, the "**Volcker Rule**"). The Volcker Rule generally prohibits "banking entities" (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from (i) engaging in proprietary trading, (ii) acquiring or retaining an ownership interest in or sponsoring a "covered fund" and (iii) entering into certain relationships with such funds. The Volcker Rule became effective on 1 April 2014, during which banking entities must make good-faith efforts to conform their activities and investments to the Volcker Rule. Under the Volcker Rule, unless otherwise jointly determined otherwise by specified federal regulators, a "covered fund" does not include an issuer that may rely on an exclusion or exemption from the definition of "investment company" under the Investment Company Act other than the exclusions contained in Section 3(c)(1) and Section 3(c)(7) of the Investment Company Act. The Volcker Rule also provides for a single exclusion from the definition of "covered fund" for issuing entities of asset-backed securities (as defined in Section 3(a)(79) of the Securities Exchange Act of 1934) engaging in loan securitisations that meet the criteria set forth in Section.10(c)(8) of the Volcker Rule. The general effects of the Volcker Rule remain uncertain. Any prospective investor in the Notes, should consult its own legal advisors regarding such matters and other effects of the Volcker Rule.

Suitability of the Notes as an investment

The Notes may not be a suitable investment for all investors. Each potential investor in Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

(a) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
(b) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
(c) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
(d) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and
(e) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

The Issuer believes that the risks described above are certain of the principal risks inherent in the transaction for Noteholders but the inability of the Issuer to pay interest or repay principal on the Notes may occur for other reasons and, accordingly, the Issuer does not represent that the above statements of the risks of holding the Notes are comprehensive. While the various structural elements described in this Prospectus are intended to lessen some of these risks for Noteholders, there can be no assurance that these measures will be sufficient or effective to ensure payment to the Noteholders of interest or principal on such Notes on a timely basis or at all.

RESPONSIBILITY STATEMENTS

In accordance with article 243 of the Portuguese Securities Code the following entities are responsible for the information contained in this Prospectus:

The **Issuer**, **Mr. Manuel António Amaral Franco Preto**, **Mr. José Fernandes Caeiro** and **Mr. Gladstone Medeiros de Siqueira,** who resigned on 23 January 2017, in their capacities as directors of the Issuer for the mandate 2017/2019 are responsible for the information contained in this document. To the best of the knowledge and belief of the Issuer and of all the aforementioned individuals, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. This statement is without prejudice to any liability which may arise under Portuguese law. The Issuer further confirms that this Prospectus contains all information which is material in the context of the issue of the Notes, that such information contained in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and the intentions expressed in it are honestly held by it and that there are no other facts the omission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect and all proper enquiries have been made to ascertain and to verify the foregoing.

Mr. Raúl Manuel Nunes da Costa Simões Marques, Mr. Vitor Manuel Farinha Nunes (as the Sharehoder's General Meeting was suspended with respect to, inter alia, the appointment of the Issuer's Board Members for the mandate 2015/2017), **Mr. João Paulo Pereira Marques de Almeida,** who resigned on 31 August 2015 and **Mr. Carlos Alberto Rodrigues Ballesteros Amaral Firme, Mr. Gladstone Medeiros de Siqueira** and **Mr. Luis Miguel Pereira Chaves**, in their capacity as directors of the Issuer in respect of the relevant financial statements of the Issuer incorporated by reference herein in respect of the financial year ended on 31 December 2015 and on 31 December 2016, appointed on the Shareholder's General Meeting of 14 September 2015 for the mandate 2015/2017, are responsible for the accuracy of the financial statements of the Issuer required by law or regulation to be prepared from the date on which they began their term of office following their appointment as directors of the Issuer until the end of such term of office. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by **Mr. Raúl Manuel Nunes da Costa Simões Marques, Mr. Vitor Manuel Farinha Nunes, Mr. João Paulo Pereira Marques de Almeida, Mr. Carlos Alberto Rodrigues Ballesteros Amaral Firme, Mr. Gladstone Medeiros de Siqueira** and **Mr. Luis Miguel Pereira Chaves** as to the accuracy or completeness of any information contained in this Prospectus (other than the aforementioned financial information) or any other information supplied in connection with the Notes or their distribution.

Mr. Ernesto Ferreira da Silva, Mr. Rui Manuel Braga de Almeida, who resigned on 31 December 2015 and **Mr. Sérgio António do Rosário Vaz Monteiro,** in their capacities as members of the supervisory board of the Issuer in respect of the relevant financial statements of the Issuer incorporated by reference herein in respect of the financial year ended on 31 December 2015, reappointed on 14 September 2015 for the mandate 2015/2017 are responsible for the accuracy of the financial statements of the Issuer required by law or regulation to be prepared as from the date on which they began their term of office following their appointment as members of the supervisory board of the Issuer until the end of such term of office. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by **Mr. Ernesto Ferreira da Silva, Mr. Rui Manuel Braga de Almeida** and **Mr. Sérgio António do Rosário Vaz Monteiro** as to the accuracy or completeness of any information contained in this Prospectus (other than the aforementioned financial information) or any other information supplied in connection with the Notes or their distribution.

Mr. Sérgio António do Rosário Vaz Monteiro, who resigned on 31 March 2016, **Mr. Ernesto Ferreira da Silva,** who resigned on 28 December 2016, **Mr. Ernesto Jorge de Macedo Lopes Ferreira,** appointed on 8 April 2016, who

resigned on 28 December 2016, **Mr. Pedro Miguel Marques Dias,** who resigned on 28 December 2016, **Mr. José Duarte Assunção Dias, Mr. Fernando Jorge Marques Vieira** and **Mr**. **Ricardo Manuel Duarte Vidal de Castro**, in their capacity as members of the supervisory board of the Issuer in respect of the relevant financial statements of the Issuer incorporated by reference herein in respect of the financial year ended on 31 December 2016, appointed on 23 January 2017 for the mandate 2017/2019, are responsible for the accuracy of the financial statements of the Issuer required by law or regulation to be prepared as from the date on which they began their current term of office following their appointment as members of the supervisory board of the Issuer. To the best of the knowledge and belief of the supervisory board of the Issuer and of all the aforementioned individuals, the financial statements contained in this document are in accordance with the facts and do not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by **Mr. Sérgio António do Rosário Vaz Monteiro, Mr. Ernesto Ferreira da Silva, Mr. Ernesto Jorge de Macedo Lopes Ferreira, Mr. Pedro Miguel Marques Dias, Mr. José Duarte Assunção Dias**, **Mr. Fernando Jorge Marques Vieira** and **Mr**. **Ricardo Manuel Duarte Vidal de Castro** as to the accuracy or completeness of any information contained in this Prospectus (other than the aforementioned financial information) or any other information supplied in connection with the Notes or their distribution.

Banco Santander Totta, S.A. ("**BST**", the "**Originator**" and "**Servicer**") accepts responsibility for the information in this Prospectus relating to itself in its capacities as Originator and Servicer, the description of its rights and obligations in respect of, and all information relating to, the Mortgage Assets, the Mortgage Sale Agreement, the Mortgage Servicing Agreement and all information relating to the Mortgage Asset Portfolio, in the sections headed "**Characteristics of the Mortgage Assets**", "**Originator's Standard Business Practices, Servicing and Credit Assessment**" and "**Business of Banco Santander Totta, S.A.**" (together the "**BST Information**"). BST confirms that, to the best of its knowledge and belief, such BST Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BST as to the accuracy or completeness of any information contained in this Prospectus (other than the BST Information) or any other information supplied in connection with the Notes or their offering.

BST, accepts responsibility for the information in this Prospectus relating to itself in the section headed "**The Accounts Bank**" (the "**Account Bank Information**"). To the best of the knowledge and belief of BST (which has taken all reasonable care to ensure that such is the case), the Account Bank Information is in accordance with the facts and does not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by BST as to the accuracy or completeness of any information contained in this Prospectus (other than the Account Bank Information and as stated in the previous paragraph) or any other information supplied in connection with the Notes or their offering.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, LdA., in its capacity as the independent auditor and statutory auditor of the Issuer for the mandate 2015/2017, with registered office at Palácio Sottomayor, Rua Sousa Martins, no. 1, 3rd floor, 1050-217 Lisbon, Portugal, represented by **Mr. José Manuel Henriques Bernardo** for the year 2015 and represented by **Mr. Aurélio Adriano Rangel Amado** for the year 2016 within the terms of the *Código das Sociedades Comerciais*, is responsible for the independent auditors' reports issued in connection with the audited financial statements prepared in accordance with the International Financial Reporting Standards ("**IAS/IFRS**") as adopted by the European Union ("**EU**") for the years ended on 31 December 2015 and 31 December 2016, which are incorporated by reference herein and confirms that the financial information relating to the Issuer in the section headed "**Documents Incorporated by Reference**" including the independent auditor's report, the balance sheet and profit and loss information and accompanying notes (incorporated by reference) has been,

where applicable, accurately extracted from the audited financial statements for the relevant years. To the best of the knowledge and belief of the independent auditor and statutory auditor, the audited financial statements incorporated by reference herein are in accordance with the facts and do not omit anything likely to affect the import of such information. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by **PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, LdA**. as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Notes or their offering, other than the independent auditors' reports issued in connection with the audited financial statements for the years ended on 31 December 2015 and 31 December 2016.

Vieira de Almeida & Associados Sociedade de Advogados, SP R.L., as legal advisors to the Originator and Servicer, accepts responsibility for the Portuguese legal matters included in the chapters "**Selected Aspects of Laws of the Portuguese Republic relevant to the Mortgage Assets and the transfer of the Mortgage Assets**" and "**Taxation**".

In accordance with article 149, no. 3 (*ex vi* article 243) of the Portuguese Securities Code, liability of the entities referred to above is excluded if any of such entities proves that the addressee knew or should have known about the shortcomings and/or discrepancies in the contents of this Prospectus as of the date of issuance of its declaration or moment when revocation thereof was still possible. Pursuant to subparagraph b) of article 150 of the Portuguese Securities Code, the Issuer is liable (independently of fault) if any of the members of its board of directors, supervisory board, statutory auditors and any other individuals that have certified or, in any other way, verified the financial statements on which the Prospectus is based is held to be civilly liable for such information.

Further to subparagraph b) of article 243 of the Portuguese Securities Code, the right to compensation based on the aforementioned responsibility is to be exercised within six months following the knowledge of shortcomings and/or discrepancies in the contents of the Prospectus, or, if applicable, in any amendment thereof, and ceases, in any case, two years following (i) the disclosure of the admission Prospectus or, if applicable, (ii) the amendment that contains the defective information or forecast.

The Notes will be obligations solely of the Issuer and will not be obligations of, and will not be guaranteed by, and will not be the responsibility of, any other entity. In particular, the Notes will not be the obligations of, and will not be guaranteed by the Transaction Parties (other than the Issuer).

Financial Condition of the Issuer

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, nor any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

Selling Restrictions Summary

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, any of the Transaction Parties to subscribe for or purchase any of the Notes and this document may not be used for or in connection with an offer to, or a solicitation of an offer by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Arranger to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "***Subscription and Sale***" herein.

Representations about the Notes

No person has been authorised to give any information or to make any representations, other than those contained in this Prospectus, in connection with the issue and sale of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by any of the Transaction Parties. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date hereof.

No action has been taken by the Issuer or the Arranger that would permit a public offer of the Notes in any country or jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus (nor any part hereof) nor any prospectus, form of application, advertisement or other offering materials may be issued, distributed or published in any country or jurisdiction except in circumstances that will result in compliance with applicable laws, orders, rules and regulations and the Issuer has represented that all offers and sales by them have been made on such terms.

Each person receiving this Prospectus shall be deemed to acknowledge that (i) such person has been afforded an opportunity to request from the Issuer, and to review, and has received, all additional information which it considers to be necessary to verify the accuracy and completeness of the information herein, (ii) such person has not relied on the Arranger or any person affiliated with the Arranger in connection with its investigation of the accuracy of such information or its investment decision, and (iii) except as provided pursuant to clause (i) above, no person has been authorised to give any information or to make any representation concerning the Notes offered hereby except as contained in this Prospectus, and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or the Arranger.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser. You should remember that the price of securities and the income deriving therefrom can go down, as well as up.

None of the Transaction Parties nor any of their respective affiliates, accepts any responsibility: (i) makes any representation, warranty or guarantee that the information described in this Prospectus is sufficient for the purpose of allowing an investor to comply with the Retention Obligation, or any other applicable legal, regulatory or other requirements; (ii) shall have any liability to any prospective investor or any other person with respect to the insufficiency of such information or any failure of the transactions contemplated herein to comply with or otherwise satisfy the Retention Obligation, or any other applicable legal, regulatory or other requirements; or (iii) shall have any obligation, other than the obligations undertaken by the Originator, to enable compliance with the Retention Obligation, or any other applicable legal, regulatory or other requirements.

Each prospective investor in the Notes which is subject to the Retention Obligation or any other applicable legal, regulatory or other requirements should consult with its own legal, accounting and other advisors and/or its national regulator in determining the extent to which the information set out under the section headed "**Overview of Certain Transaction Documents**" and in this Prospectus generally is sufficient for the purpose of complying with the Retention Obligation, or any other applicable legal, regulatory or other requirements. Any such prospective investor is required to independently assess and determine the sufficiency of such information for its own purpose.

To the extent that the Notes do not satisfy the Retention Obligation, the Notes are not a suitable investment for the types of EEA-regulated investors subject to the Retention Obligation. In such case: (i) any such investor holding the Notes may be required by its regulator to set aside additional capital against its investment in the Notes or take other

remedial measures in respect of such investment or may be subject to penalties in respect thereof; and (ii) the price and liquidity of the Notes in the secondary market may be adversely affected.

Currency

In this Prospectus, unless otherwise specified, references to "**EUR**", "**Euro**", "**euro**" or "**€**" are to the lawful currency of the Member States of the European Union participating in the Economic and Monetary Union as contemplated by the Treaty establishing the European Communities as amended by, *inter alia*, the Treaty on European Union (the "**Treaty**").

Interpretation

Capitalised terms used in this Prospectus, unless otherwise indicated, have the meanings set out in this Prospectus and, in particular in the Conditions. An index of defined terms used in this Prospectus appears at the back of this Prospectus on pages 170 – 172. A reference to a "**Condition**" or the "**Conditions**" is a reference to a numbered Condition or Conditions set out in the "***Terms and Conditions of Notes***" below.

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

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Arranger as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Notes or their offering. Furthermore, unless otherwise and where stated in this Prospectus, no one (other than the Issuer and the Originator) is allowed to provide information or make representations in connection with the offering of the Notes.

Banco Santander, S.A. in its role as Arranger does not accept responsibility for the information in this document. The Arranger is acting merely as arranger for the Notes and is not providing any financial service in relation to which the Arranger would be required, pursuant to article 149, no. 1 (ex vi article 243) of the Portuguese Securities Code, to accept responsibility for the information contained herein.

This Prospectus may only be used for the purposes for which it has been published. This Prospectus is not, and under no circumstances is to be construed as an advertisement, and the offering contemplated in this Prospectus is not, and under no circumstances is it to be construed as, an offering of the Notes to the public.

THE PARTIES

Issuer: Gamma – Sociedade de Titularização de Créditos, S.A., a special purpose vehicle incorporated under the laws of the Portuguese Republic for the issue of asset backed securities, with head office at Rua da Mesquita, no. 6, Torre B, 4º D, 1070-238, Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the sole registration and tax payer number 507 599 292 and with a share capital of €250,000.

The Issuer's share capital is fully owned by Banco Santander Totta, S.A.. Banco Santander Totta S.A.'s share capital is indirectly fully owned by Banco Santander, S.A.

Originator: Banco Santander Totta, S.A., a credit institution incorporated under the laws of the Portuguese Republic, with head office at Rua Áurea, no. 88, Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the sole registration and tax payer number 500 844 321 and with a share capital of €1,256,723,284,00.

Arranger: Banco Santander, S.A., a public limited company ("*Sociedad Anónima"*), incorporated under the laws of Spain, having its registered office at Paseo de Pereda 9-12 39004 Santander, Spain, with registration number A-39000013.

Servicer: Banco Santander Totta, S.A., a credit institution incorporated under the laws of the Portuguese Republic, with head office at Rua Áurea no. 88, Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the sole registration and tax payer number 500 844 321 and with a share capital of €1,256,723,284,00 in its capacity as servicer of the Mortgage Assets pursuant to the Securitisation Law and in accordance with the terms of the Mortgage Servicing Agreement, or any successor thereof appointed in accordance with the provisions of the Mortgage Servicing Agreement.

Transaction Manager: Citibank N.A., London Branch ("**Citibank London**") at Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, in its capacity as Transaction Manager to the Issuer in accordance with the terms of the Transaction Management Agreement, or any successor thereof appointed in accordance with the provisions of the Transaction Management Agreement.

Accounts Bank: Banco Santander Totta, S.A., a credit institution incorporated under the laws of the Portuguese Republic, with head office at Rua Áurea, no. 88, Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the sole registration and tax payer number 500 844 321 and with a share capital of €1,256,723,284.00, in its capacity as the bank at which the Payment Account and the Reserve Account is held in accordance with the terms of the Accounts Agreement.

Proceeds Account Bank:	Banco Santander Totta, S.A., a credit institution incorporated under the laws of the Portuguese Republic, with head office at Rua Áurea no. 88, Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the sole registration and tax payer number 500 844 321 and with a share capital of €1,256,723,284,00, in its capacity as the bank at which the Proceeds Account is held in accordance with the terms of the Accounts Agreement.
Common Representative:	Citicorp Trustee Company Limited, a company incorporated under the laws of England and Wales, with registered number 00235914, having its registered office at Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, in its capacity as common representative of the Noteholders pursuant to article 65 of the Securitisation Law in accordance with the Conditions and the Common Representative Appointment Agreement. The Common Representative is not in a group (*grupo*) or control (*domínio*) relationship with the Issuer or the Originator, in accordance with Article 65 of the Securitisation Law and Article 357(4) of the Portuguese Companies Code.
Back–up Servicer Facilitator:	Banco Santander, S.A., a public limited company ("*Sociedad Anónima"*), incorporated under the laws of Spain, having its registered office at Paseo de Pereda 9-12 39004 Santander, Spain, with registration number A-39000013, in its capacity as Back-up Servicer Facilitator in accordance with the terms of the Mortgage Servicing Agreement.
Paying Agent:	Citibank Europe PLC, Sucursal em Portugal, a Portuguese branch of a credit institution incorporated under the laws of the Republic of Ireland, acting through its registered office at Edifício Fundação, Rua Barata Salgueiro, 30, 4.º, 1269-056 Lisboa, Portugal, in its capacity as the Paying Agent in respect of the Notes in accordance with the terms of a Paying Agency Agreement.
Agent Bank:	Citibank N.A., London Branch, acting through its London branch ("**Citibank London**") at Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, in its capacity as Agent Bank in accordance with the terms of a Transaction Management Agreement.
Rating Agencies:	DBRS and Fitch

PRINCIPAL FEATURES OF THE NOTES

The following is a summary of certain aspects of the Conditions of the Notes of which prospective Noteholders should be aware. This summary is not intended to be exhaustive and prospective Noteholders should read the detailed information set out in this document and reach their own views prior to making any investment decision.

Notes:	The Issuer intends to issue on the Closing Date in accordance with the terms of the Common Representative Appointment Agreement and the Conditions the following Notes: €1,716,000,000 Class A Mortgage Backed Floating Rate Notes due 2072 (the "**Class A Notes**"); €484,000,000 Class B Mortgage Backed Floating Rate Notes due 2072 (the "**Class B Notes**"); €66,000,000 Class C Notes due 2072 (the "**Class C Notes**"); €1 Variable Funding Note due 2072 (the "**VFN**") The Notes will be governed by the Conditions. The Class A Notes and the Class B Notes are together referred to as the "**Mortgage Backed Notes**". The Class A Notes, the Class B Notes, the Class C Notes and the VFN are together referred to as the "**Notes**". The Originator has agreed to purchase on the Closing Date the Notes.
Issue Price:	The issue price for the Class A Notes, the Class B Notes, the Class C Notes and VFN will be 100.00 per cent. of its nominal amount.
Form and Denomination:	The Notes will be in book-entry (*forma escritural*) and registered form (*nominativas*) and will be registered with Interbolsa and held through the accounts of Interbolsa Participants, as operator and manager of the Portuguese securities depository system (Central de Valores Mobiliários or "**CVM**"). The Notes, other than the VFN, will be issued in denominations of € 100,000, while the VFN will be a variable funding note issued, on the Closing Date, with a nominal value of €1, which may be increased in accordance with the terms set forth in the Conditions.
ECB Eligibility:	The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility. This means that the Class A Notes are intended upon issue to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**") as operator of CVM and does not necessarily mean that the Class A Notes will be recognised as

	eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.
Status and Ranking:	The Notes will constitute direct limited recourse obligations of the Issuer and will benefit from the statutory segregation provided for in the Securitisation Law. The Notes in each class rank *pari passu* without preference or priority amongst themselves. The Notes (with the exception of the VFN) represent the right to receive interest or, in the case of the Class C Notes, the Class C Distribution Amount and principal payments from the Issuer in accordance with the Conditions, the Common Representative Appointment Agreement and the relevant Payment Priorities. The VFN is a non-interest bearing variable funding note and represents the right to receive principal payments from the Issuer in accordance with the Conditions and the relevant Payment Priorities.
Priority of Payments	Prior to service of an Enforcement Notice, all payments of principal due on the Notes (other than the VFN) will be made in accordance with the Pre-Enforcement Principal Payment Priorities. Prior to service of an Enforcement Notice, all payments of interest due on the Notes (and, with respect of the VFN only, payments of principal) will be made in accordance with the Pre-Enforcement Interest Payment Priorities. After the service of an Enforcement Notice all payments of interest and principal in respect of the Notes will be made in accordance with the Post-Enforcement Payment Priorities.
Limited Recourse:	All obligations of the Issuer to the Noteholders or to the Transaction Parties in respect of the Notes or the other Transaction Documents, including, without limitation, the Issuer Obligations, are limited in recourse and, as set out in Condition 8 (*Limited Recourse*), the Noteholders and/or the Transaction Parties will only have a claim in respect of the Mortgage Assets and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Issuer's other assets or its contributed capital.
Statutory Segregation in relation of the Notes:	The Notes and the other obligations of the Issuer under the Transaction Documents owing to the Transaction Creditors will have the benefit of the statutory segregation provided for by Article 62 of the Securitisation Law which establishes that the assets and liabilities of the Issuer in respect of each transaction entered into by the Issuer

are completely segregated from the other assets and liabilities of the Issuer.

Use of Proceeds: On or about the Closing Date, the Issuer will apply the net proceeds of the Notes (other than the VFN) as follows:

a) the proceeds of the issue of the Class A Notes and the Class B Notes, in or towards payment to the Originator of the Purchase Price for the purpose of purchasing the Mortgage Assets pursuant to the Mortgages Sale Agreement;

b) the proceeds of the issue of the Class C Notes, in or towards funding of the Reserve Account; and

c) any excess amount will be transferred to the Payment Account.

The proceeds of the VFN at issuance or once increased, will be credited in the Reserve Account and registered in the Commingling Reserve Ledger and will be used to mitigate the materialisation of any commingling risk up to the amount available in the Reserve Account and registered in the Commingling Reserve Ledger. An increase in the nominal amount of the VFN is subject to compliance with the required level of the Issuer's own funds as provided for in the Securitisation Law and subject to the ability of the VFN Noteholder to pay the amount corresponding to the increased nominal value of the VFN.

The initial up-front transaction expenses will be paid by the Issuer up-front without recourse to any of the proceeds of the issue of the Notes.

Rate of Interest: The Mortgage Backed Notes of each class will represent entitlements to payment of interest in respect of each successive Interest Period from the Closing Date at an annual rate in respect of each class equal to EURIBOR for three-month euro deposits or, in the case of the first Interest Period from (and including) the Closing Date to (but excluding) the 23 day of April 2018, at a rate equal to the interpolation of the EURIBOR for three and six month euro deposits, plus the following margins:

Class A Notes	0.6 per cent.
Class B Notes	1.0 per cent.

Class C Distribution Amount: In respect of any Interest Payment Date, the Class C Notes will bear an entitlement to payment of the Class C Distribution Amount in the amount calculated by the Transaction Manager to be paid from the Available Interest Distribution Amount on that Interest Payment

	Date (if any).
VFN:	The VFN will be issued in an initial nominal amount of €1, which nominal amount may be increased in accordance with the terms herein and will not bear interest.
Interest Period:	Interest on the Mortgage Backed Notes and the Class C Distribution Amount will be paid quarterly in arrear. Interest will accrue from, and including, the immediately preceding Interest Payment Date (or, in the case of the First Interest Payment Date, the Closing Date) to, but excluding, the relevant Interest Payment Date.
Interest Payment Date:	Interest on the Mortgage Backed Notes and the Class C Distribution Amount is payable quarterly in arrear on the 23rd day of January, April, July and October in each year (other than interest which will be paid on the First Interest Payment Date for the period from Closing Date to 23 April 2018) (or, if such day is not a Business Day, the next succeeding Business Day, unless such day would fall into the next calendar month, in which case, it will be brought forward to the immediately preceding Business Day).
Business Day:	For the purposes of payments under the Notes, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("**TARGET 2**") is open for the settlement of payments in euro (a "**TARGET 2 Day**") or, if such TARGET 2 Day is not a day on which banks are open for business in London and Lisbon, the next succeeding TARGET 2 Day on which banks are open for business in London and Lisbon; and For any other purpose, any day on which banks are open for business in Lisbon.
Final Redemption:	Unless the Notes have previously been redeemed in full as described in the Conditions, the Notes will be redeemed by the Issuer on the Final Legal Maturity Date at their Principal Amount Outstanding.
Final Legal Maturity Date:	The Interest Payment Date falling in October 2072 (or, if such day is not a Business Day, the next succeeding Business Day).
Mandatory Redemption in Part:	Prior to the delivery of an Enforcement Notice, each class of Notes will be subject to mandatory redemption in part on each Interest Payment Date on which the Issuer has received amounts that are available for redeeming the relevant class of Notes in accordance with the relevant priority of payments set out below.

Authorised Investments:

The Issuer has the right to make Authorised Investments (in compliance with the requirements set out in article 3 of the CMVM Regulation no. 12/2002) using amounts standing to the credit of the Payment Account and the Reserve Account, in accordance with the terms set out in the Transaction Management Agreement.

Taxation in respect of the Notes:

Payment of interest and other amounts due under the Notes will be subject to income taxes, including applicable withholding taxes (if any), and other taxes (if any) and neither the Issuer nor any other person will be obliged to pay additional amounts in relation thereto.

Income generated by the holding (distributions) or transfer (capital gains) of the Notes is generally subject to Portuguese tax for securitisation debt notes (*obrigações*) if the holder is a Portuguese resident or has a permanent establishment in Portugal to which the income might be attributable. Pursuant to Decree-Law 193/2005, any payments of interest made in respect of the Notes to Noteholders who are not Portuguese residents and do not have a permanent establishment in Portugal to which the income might be attributable will be exempt from Portuguese income tax provided the requirements and procedures for the evidence of non-residence are complied with. The above-mentioned exemption from income tax does not apply to non-resident individuals or companies if the individual's or company's country of residence is any of the jurisdictions listed as tax havens in Ministerial Order no. 150/2004, of 13 February 2004 (as amended from time to time) and with which Portugal does not have a double tax treaty in force or a tax information exchange agreement in force.

For a more detailed description of Tax matters please see the "***Taxation***" section.

Ratings:

The Class A Notes are expected on issue to be assigned the following ratings by the Rating Agencies:

		Fitch	DBRS
Class A Notes	A	A(sf)	A(sf)

It is a condition precedent to the issuance of the Notes that the Class A Notes receive the above ratings. The Class B Notes, the Class C Notes and the VFN are unrated.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal

at any time by the Rating Agencies.

The ratings take into consideration the characteristics of the Mortgage Assets and the structural, legal and tax aspects associated with the Class A Notes, including the nature of the underlying assets.

The Rating Agencies' rating of the Class A Notes addresses the likelihood that the Noteholders of the Class A Notes will receive timely payments of interest and ultimate repayment of principal. The ratings assigned to the Class A Notes do not represent any assessment of the likelihood or rate of principal prepayments. The ratings do not address the possibility that the holders of the Class A Notes might suffer a lower than expected yield due to prepayments. The Rating Agencies' ratings address only the credit risks associated with the transaction. Other non-credit risks such as any change in any applicable law, rule or regulations have not been addressed but may have a significant effect on yield to investors.

Each securities rating should be evaluated independently of any other securities rating. In the event that the ratings initially assigned to the Class A Notes are subsequently lowered, withdrawn or qualified for any reason, no person or entity will be obliged to provide any credit facilities or credit enhancement to the Issuer for the original ratings to be restored. Any such lowering, withdrawal or qualification of a rating may have an adverse effect on the liquidity and market price of the Notes.

Optional Redemption in Whole:

The Issuer may redeem all (but not some only) of the Notes in each Class at their Principal Amount Outstanding together with accrued interest (or any other amount set forth in the Conditions) on any Interest Payment Date:

a) when, on the related Calculation Date, the Aggregate Principal Outstanding Balance of the Mortgage Loans is equal to or less than 10.00 per cent. of the Aggregate Principal Outstanding Balance of the Mortgage Loans, as at the Portfolio Calculation Date; or

b) after the date on which, by virtue of a change in tax law of the Issuer's jurisdiction (or the application or official interpretation of such tax law), the Issuer would be required to make a tax deduction from any payment in respect of the Notes (other than by reason of the relevant Noteholder having some connection with the Portuguese Republic, other than the holding of the Notes or related coupons); or

c) after the date on which, by virtue of a change in the tax law of

the Issuer's jurisdiction (or the application or official interpretation of such tax law), the Issuer would not be entitled to relief for the purposes of such tax law for any material amount which it is obliged to pay, or the Issuer would be treated as receiving for the purposes of such tax law any material amount which it is not entitled to receive, under the Transaction Documents; or

d) after the date of a change in the tax law of any applicable jurisdiction (or the application or official interpretation of such tax law) which would cause the total amount payable in respect of Notes to cease to be receivable by the Noteholders including as a result of any of the Borrowers being obliged to make a tax deduction in respect of any payment in relation to any Mortgage Asset.

subject to certain conditions as set out in the Conditions for the Notes.

The Notes will be subject to optional redemption (in whole but not in part) at the option of the Sole Noteholder, if on any Interest Payment Date, 100 per cent. of the Notes then outstanding are held by the Sole Noteholder, provided that certain conditions are met as set out in the Conditions of the Notes.

Paying Agent:

The Issuer will appoint the Paying Agent with respect to payments due under the Notes. The Issuer will procure that, for so long as any Notes are outstanding, there will always be a Paying Agent to perform the functions assigned to it. The Issuer may at any time, by giving not less than 30 (thirty) days' notice, replace the Paying Agent by one or more banks or other financial institutions which will assume such functions. As consideration for performance of the paying agency services, the Issuer will pay the Paying Agent a fee in accordance with the terms of the Paying Agency Agreement.

Transfers of Notes:

Transfers of Notes will require appropriate entries in securities accounts, in accordance with the applicable procedures of Interbolsa.

Transfers of Notes (i) between Euroclear participants, (ii) between Clearstream, Luxembourg participants and (iii) between Euroclear participants, on the one hand, and Clearstream, Luxembourg participants, on the other hand, will be carried out in accordance with procedures established for these purposes by Euroclear and/or Clearstream, Luxembourg, respectively.

Settlement:	Settlement of the Notes is expected to be made on or about the Closing Date.
Listing:	Application has been made to Euronext Lisbon for the Class A Notes to be admitted to trading on its regulated market.
EU Retained Interest:	The Originator will undertake that there will be no arrangements pursuant to which the EU Retained Interest will decline over time materially faster than the Principal Outstanding Balance of the Mortgage Assets transferred to the Issuer, although the EU Retained Interest may be reduced over time by, amongst other things, amortisation and allocation of losses or defaults on the underlying Mortgage Loans (See "**Risk Factors — Compliance with Articles 405 to 410 of the CRR, Articles 51 and 52 of the AIFMR, Articles 254 and 256 of the Solvency II Implementing Rules and Bank of Portugal Notice 9/2010**"). The Originator will hold the EU Retained Interest and has undertaken, whilst any of the Notes remain outstanding, not to reduce its credit exposure to the EU Retained Interest either through hedging or the sale of all or part of the EU Retained Interest, under the terms of the Mortgage Sale Agreement. The Originator has also undertaken to provide, or procure that the Servicer shall provide, to the Issuer, the Common Representative and the Transaction Manager such information as may be reasonably required by the Noteholders to be included in the Investor Report to enable such Noteholders to comply with their obligations pursuant to the CRR, Articles 51 and 52 of the AIFMR, Articles 254 and 256 of the Solvency II Implementing Rules and Notice 9/2010.
Governing Law:	The Notes and the Transaction Documents will be governed by Portuguese law.

TRANSACTION OVERVIEW

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus and related documents referred to herein. Prospective investors are advised to read carefully, and should rely solely on, the detailed information appearing elsewhere in this Prospectus and related documents referred to herein in making any investment decision. Capitalised terms used but not defined in this section shall have the meaning given to them elsewhere in this Prospectus.

Purchase of Mortgage Assets:	Under the terms of the Mortgage Sale Agreement and pursuant to article 4.1 of the Securitisation Law, on the Closing Date, the Originator will sell and assign to the Issuer and the Issuer will, subject to satisfaction of certain conditions precedent and the Eligibility Criteria, purchase from the Originator, certain Mortgage Assets.
Consideration for Purchase of the Mortgage Assets:	In consideration for the assignment of the Mortgage Assets to the Issuer on the Closing Date, the Issuer will pay the Purchase Price to the Originator.
Servicing of the Receivables:	Pursuant to the terms of the Mortgage Servicing Agreement, the Servicer will agree to administer and service the Mortgage Assets on behalf of the Issuer and, in particular, to: a) collect amounts due in respect thereof; b) set interest rates applicable to the Mortgage Assets; c) administer relationships with the Borrowers; d) undertake enforcement proceedings in respect of any Borrowers which may default on their obligations under the relevant Mortgage Assets.
Servicer Reporting and Investor Report:	The Servicer is required to prepare, in a pre-agreed form, and submit on the 8th Business Day of the month following each Calculation Date, to the Issuer and the Transaction Manager, a report containing information as to the Mortgage Assets and Collections relating to the period from the last date covered by the previous Quarterly Servicing Report (the "**Quarterly Servicing Report**"). This report shall contain, *inter alios*, information as to the Collections received by the Servicer and details of the overdue loans. The Quarterly Servicing Report shall form part of an investor report to be in a form acceptable to the Issuer, the Transaction Manager and the Common

Representative (the "**Investor Report**") to be made available by the Transaction Manager to, *inter alia*, the Issuer, the Common Representative, the Paying Agent and the Rating Agencies not less than 2 Business Days prior to each Interest Payment Date.

The obligation of the Transaction Manager to make available the Investor Report is without prejudice to its obligation to deliver to the Issuer and to the Paying Agent, no later than 5 Business Days prior to each Interest Payment Date, information on the principal and/or interest amounts payable per Class A Note and Class B Note, on the Class C Distribution Amount payable per Class C Note and principal amounts payable on the VFN, on each Interest Payment Date.

Each Investor Report will be made available to Noteholders and certain other persons on a quarterly basis via the Transaction Manager's website currently located at https://sf.citidirect.com. It is not intended that the Investor Reports will be made available in any other format, save in certain limited circumstances as foreseen in the Transaction Management Agreement. The Transaction Manager's internet website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are Noteholders.

In the event that the Transaction Manager does not receive, or there is a delay in the receipt of, some or all the information necessary for it to prepare the Investor Report in respect of any Calculation Date (until the date on which the Quarterly Servicing Report was due) and the Transaction Manager is aware that the amounts standing to the credit of the Payment Account and the Reserve Account are sufficient to pay the interest due on the Class A Notes and any other amount subsequently ranking in priority thereto pursuant to the Pre-Enforcement Priority of Payments of which it has been notified, the Transaction Manager shall:

a) promptly inform the Issuer and the Common Representative;

b) prepare an Investor Report related to the relevant Interest Payment Date based on the information provided in the Quarterly Servicing Report for the immediately preceding Interest Payment Date and on the assumption that any fees and expenses due and payable by the Issuer, and not previously notified as above, shall be equal to such amounts paid or provided for on the previous Interest Payment Date; and

c) take such reasonable steps, together with the Issuer, the Common Representative and the Accounts Bank, as are required to apply the amounts standing to the credit of the Payment Account and the Reserve Account in or towards payment of any interest amount in respect of the Class A Notes and any other payment subsequently ranking in priority thereto, on the relevant Interest Payment Date.

For the avoidance of doubt, the Transaction Manager shall make reasonable inquiries (as determined by the Transaction Manager in its discretion) to the relevant parties if the relevant information is not received.

Proceeds Account:

All Collections received from a Borrower pursuant to a Mortgage Asset will be credited to the Originator's Proceeds Account. The Proceeds Account is held by the Originator and will be operated by the Servicer in accordance with the terms of the Mortgage Servicing Agreement.

On each Business Day, the Servicer will transfer to the Payment Account all amounts credited to the Proceeds Account on the previous Business Day which relate to the Mortgage Assets.

Payment Account:

On or about the Closing Date the Issuer will establish the Payment Account in its name at the Accounts Bank. The Payment Account will be operated by the Transaction Manager in accordance with the terms of the Accounts Agreement and the Transaction Management Agreement.

A downgrade of the rating of the Accounts Bank below the Minimum Rating will require the Accounts Bank within 30 calendar days from such downgrade to (i)

transfer the Payment Account (and the balances standing to the credit thereto) to such other bank whose short and/or long-term (as applicable), unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Minimum Rating), or (ii) procure a suitable guarantee of the obligations of the Accounts Bank from a financial institution with the Minimum Rating (provided that the Rating Agencies are notified of the identity of such financial institution). Certain expenses and costs associated with the replacement of the Accounts Bank due to a downgrade of its rating below the Minimum Rating will be borne by the Accounts Bank and for the avoidance of doubt none of those costs and expenses will be borne by the Issuer.

Payments from Payment Account on each Business Day: On each Business Day prior to the delivery of an Enforcement Notice, funds standing to the credit of the Payment Account will be applied by the Transaction Manager on behalf of the Issuer in or towards payment of (i) an amount equal to any payment incorrectly paid or transferred to the Payment Account, identified as such by the Servicer through the Quarterly Servicing Report (any such payment, an "**Incorrect Payment**"), and (ii) any tax payments and Third Party Expenses.

Reserve Account: On or about the Closing Date, the Reserve Account will be established with the Accounts Bank in the name of the Issuer into which an amount equal to €66,000,001 will be deposited (to be funded from the proceeds of the issue of the Class C Notes and the proceeds of the VFN).

The amount standing to the credit of the Reserve Account will be recorded in two ledgers: (i) the General Reserve Ledger and (ii) the Commingling Reserve Ledger, as detailed below.

A downgrade of the rating of the Accounts Bank below the Minimum Rating will require the Accounts Bank within 30 calendar days from such downgrade to (i) transfer the Reserve Account (and the balances standing to the credit thereto) to such other bank whose short and/or long-term (as applicable), unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Minimum Rating), or (ii) procure a suitable guarantee of the obligations of the Accounts

Bank from a financial institution with the Minimum Rating (provided that the Rating Agencies are notified of the identity of such financial institution). Certain expenses and costs associated with the replacement of the Accounts Bank due to a downgrade of its rating below the Minimum Rating will be borne by the Accounts Bank and for the avoidance of doubt none of those costs and expenses will be borne by the Issuer.

General Reserve Ledger:

The Transaction Manager, on behalf of the Issuer, will establish in its books a General Reserve Ledger pertaining to the Reserve Account, and register as a credit entry therein an amount equal to the proceeds of the issue of Class C Notes, on the Closing Date.

The Transaction Manager shall, prior to the delivery of an Enforcement Notice, register as a debit entry in the General Reserve Ledger and shall transfer from the Reserve Account to the Payment Account, to form part of the Available Interest Distribution Amount, on each Interest Payment Date the amount available in the General Reserve Ledger at that time, to be applied by the Issuer on the relevant Interest Payment Date in accordance with the Pre-Enforcement Interest Payment Priorities.

The Transaction Manager shall, after the delivery of an Enforcement Notice, register as a debit entry in the General Reserve Ledger and shall transfer from the Reserve Account to the Payment Account, to form part of the Available Principal Distribution Amount, the amount registered as a credit entry in the General Reserve Ledger to be applied as described under the Post-Enforcement Payment Priorities.

Release of Reserve Amounts:

As the Principal Amount Outstanding of the Notes reduces through repayment of principal by the Issuer in accordance with the Payment Priorities, the Reserve Amount may from time to time be reduced. Any amount standing to the credit of the Reserve Account (i) in excess of the Reserve Account Required Balance as reduced from time to time or (ii) on final redemption or optional redemption in whole of the Notes, will be credited to the Payment Account on the relevant Interest Payment Date, the Final Legal Maturity Date of the Notes or the date on

which all of the Notes are subject to any optional redemption (as applicable) and applied in accordance with the Pre-Enforcement Principal Payments Priorities.

Commingling Reserve Ledger:

The Transaction Manager, on behalf of the Issuer, will establish in its books a Commingling Reserve Ledger pertaining to the Reserve Account and register as a credit entry therein the proceeds of the VFN received by the Issuer from time to time.

After the occurrence of a Commingling Reserve Trigger Event, the nominal amount of the VFN will be increased up to the Maximum Limit, on each Interest Payment Date, and the VFN Noteholder will be obliged to pay to the Issuer such amount as is required by the VFN nominal amount increase, pursuant to the Subscription Agreement. If on any relevant date the Servicer fails to transfer to the Payment Account any Interest Collections Proceeds and / or any Principal Collections Proceeds received in the Proceeds Account from Borrowers in the Calculation Period immediately preceding such Interest Payment Date (a "**Commingling Event**"), amounts registered in the Commingling Reserve Ledger in amount corresponding to the amounts that the Servicer failed to transfer shall be transferred to the Payment Account to form part of the Available Interest Distribution Amount and/or the Available Principal Distribution Amount.

"Commingling Reserve Trigger Event" means Banco Santander Totta, S. A. being downgraded below "BBB (low)" by DBRS or BBB by Fitch or if at any time Banco Santander, S.A. ceases to hold directly or indirectly more than 50 per cent. of the Servicer's share capital or voting rights, except if the company then holding directly or indirectly more than 50 per cent. of the Servicer's share capital has a rating of at least "BBB (low)" by DBRS or "BBB" by Fitch or the Servicer has a rating of at least "BBB (low)" by DBRS or "BBB" by Fitch.

Release of the Commingling Reserve Ledger Required Amount:

If, on any Interest Payment Date prior to the occurrence of a Commingling Event or the delivery of an Enforcement Notice, the amount credited to the Commingling Reserve Ledger would exceed the Commingling Reserve Ledger Required Amount on such Interest Payment Date, the amount of such excess shall

be deducted from the Commingling Reserve Ledger and transferred to the Payment Account to be applied on such Interest Payment Date in reducing the Principal Amount Outstanding of the VFN.

Replenishment of Reserve Account:

On each Interest Payment Date, to the extent that monies are available for the purpose, further amounts (if required) will be credited to the Reserve Account and recorded in the General Reserve Ledger in accordance with the Pre-Enforcement Interest Payments Priorities until the amount standing to the credit thereof equals the Reserve Account Required Balance.

Available Interest Distribution Amount:

"**Available Interest Distribution Amount**" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

a) any Net Revenue Collections, Revenue Recoveries and other interest amounts received by the Issuer as interest payments under or in respect of the Mortgage Assets during the Calculation Period immediately preceding such Interest Payment Date (less the amount of any Incorrect Payments made which are attributable to interest); plus

b) all amounts standing to the credit of the Reserve Account which are recorded in the General Reserve Ledger; plus

c) upon the occurrence of a Commingling Event, all amounts standing to the credit of the Reserve Account which are recorded in the Commingling Reserve Ledger; plus

d) where the proceeds or estimated proceeds of disposal or, on maturity, the maturity proceeds of any Authorised Investment received in relation to the relevant Calculation Period exceeds the original cost of such Authorised Investment, the amount of such excess together with interest thereon; plus

e) interest accrued and credited to the Transaction Accounts during the relevant Calculation Period; plus

f) for the purposes of payments to be made on the Final Legal Maturity Date or the date of redemption

in full of the Notes, all other amounts standing to the credit of the Reserve Account; plus

g) the remaining Available Principal Distribution Amount after all payments of the Pre-Enforcement Principal Payment Priorities have been made in full,

provided that, prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount will be applied by the Issuer on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payment Priorities.

Available Principal Distribution Amount:

"**Available Principal Distribution Amount**" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date immediately preceding such Interest Payment Date as being equal to:

a) the amount of all Net Principal Collections and Principal Recoveries (less the amount of the Incorrect Payments made which are attributable to principal) received by the Issuer as principal payments under the Mortgage Assets during the Calculation Period immediately preceding such Interest Payment Date; plus

b) any amounts standing to the credit of the Payment Account to the extent it relates to any principal amounts, to the extent not covered in item (a) above; plus

c) such amount of the Available Interest Distribution Amount as is credited to the Payment Account (if any) and which is applied by the Transaction Manager on such Interest Payment Date in reducing the debit balance on the Class A Principal Deficiency Ledger or the Class B Principal Deficiency Ledger; plus

d) any amounts standing to the credit of the Reserve Account and (i) are allocated to the General Reserve Ledger in excess of the Reserve Account Required Balance, or (ii) are allocated to the Commingling Reserve Ledger in excess of the Commingling Reserve Ledger Required Amount.

Principal Deficiency Ledgers:

The Transaction Manager, on behalf of the Issuer, will establish in its books a principal deficiency ledger comprising two sub-ledgers (the "**Class A Principal Deficiency Ledger**" and the "**Class B Principal Deficiency Ledge**r", and together the "**Principal Deficiency Ledgers**") and, on each Interest Payment Date, the Transaction Manager shall record any Deemed Principal Losses in relation to the Mortgage Loans that have occurred in the related Calculation Period by debiting the Principal Deficiency Ledger as set out below.

Any Deemed Principal Loss will first be debited to the Class B Principal Deficiency Ledger so long as the debit balance on the Class B Principal Deficiency Ledger is not greater than the Principal Amount Outstanding of the Class B Notes. Thereafter, any Deemed Principal Loss will be debited to the Class A Principal Deficiency Ledger so long as the debit balance on the Class A Principal Deficiency Ledger is not greater than the Principal Amount Outstanding on the Class A Notes.

Amounts debited to the Principal Deficiency Ledgers in respect of a Defaulted Mortgage Asset in an Interest Period shall be credited to the relevant Principal Deficiency Ledgers if such Defaulted Mortgage Asset becomes a Recredited Defaulted Mortgage Asset in that same Interest Period.

Further, in the event that the Realised Loss is less than the applicable amount debited to the Principal Deficiency Ledgers at the time a relevant Mortgage Asset became a Written-off Mortgage Asset, so much of the amounts debited to the Principal Deficiency Ledgers that represent the excess over the Realised Loss shall be credited to the Principal Deficiency Ledgers up to an amount not exceeding the debit balance on such Principal Deficiency Ledgers at such time, provided that, any uncredited amounts as a result are carried forward for crediting to the Principal Deficiency Ledgers in the next Interest Period(s).

"**Deemed Principal Loss**" means (without double-counting any Mortgage Asset under (a) and (b) below), means, in relation to any Mortgage Asset on any Calculation Date:

a) if there are any unpaid payments due under such Mortgage Asset in respect of at least 9 (nine) but not more than 12 (twelve) monthly instalments during the related Calculation Period, an amount equal to 25 per cent. of the Principal Outstanding Balance of the Receivable in relation to such Mortgage Asset determined as at such Calculation Date; and

b) if there are unpaid payments due under such Mortgage Asset in respect of at least 12 (twelve) monthly instalments during the related Calculation Period or such Mortgage Asset otherwise becomes a Written-Off Mortgage Asset, an amount equal to 100 per cent. of the Principal Outstanding Balance of the Receivable in relation to such Mortgage Asset determined as at such Calculation Date.

Pre-Enforcement Interest Payment Priorities:

Prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount determined in respect of the Calculation Period ending immediately preceding the relevant Interest Payment Date will be applied by the Transaction Manager on such Interest Payment Date in making the following payments or provisions in the following order of priority (the "**Pre-Enforcement Interest Payment Priorities**"), but in each case only to the extent that all payments or provisions of a higher priority that fall due to be paid or provided for on such Interest Payment Date have been made in full:

a) *first*, in or towards payment of the Issuer's liability to tax, in relation to this transaction, if any;

b) *second*, in or towards payment of the Common Representative's Fees and the Common Representative's Liabilities, in relation to this transaction;

c) *third*, in or towards payment of any fees, liabilities and expenses, in relation to this transaction, payable by the Issuer as Issuer Expenses, to the extent not already paid under items above;

d) *fourth*, in or towards payment *pari passu* and on a *pro rata* basis of the Interest Amount in respect of the Class A Notes, but so that current interest is paid

before interest that is past due;

e) *fifth*, in or towards reduction of the debit balance on the Class A Principal Deficiency Ledger until such balance is equal to zero;

f) *sixth*, in or towards payment to the Reserve Account up to the Reserve Account Required Balance;

g) *seventh*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount in respect of the Class B Notes, but so that current interest is paid before interest that is past due, including any Deferred Interest Amount Arrear;

h) *eight*, in or towards reduction of the debit balance on the Class B Principal Deficiency Ledger until such balance is equal to zero;

i) *ninth*, in or towards payment of the Principal Amount Outstanding of the VFN (except for €1, which will be redeemed on the Final Legal Maturity Date);

j) *tenth*, in or towards payment of any Class C Distribution Amount due and payable in respect of the Class C Notes.

"**Common Representative Fees**" means the fees payable by the Issuer to the Common Representative in accordance with the Common Representative Appointment Agreement relating to the Notes.

"**Common Representative Liabilities**" means any liabilities due and payable by the Issuer to the Common Representative in accordance with the terms of the Common Representative Appointment Agreement together with interest payable in accordance with the terms of the Common Representative Appointment Agreement accrued in the immediately preceding Calculation Period.

"**Issuer Expenses**" means any fees, liabilities and expenses, in relation to this transaction, payable by the Issuer to the following parties (or any successor): Servicer, the Transaction Manager, the Paying Agent, the Accounts Bank, the Agent Bank and any Third Party Expenses that would be paid or provided for by the Issuer on the next Interest Payment Date, including the

Issuer Transaction Revenues and any other costs incurred by the Issuer in connection with exercising or complying with its rights and duties under the Transaction Documents.

"**Issuer Transaction Revenues**" means the amounts agreed between the Issuer and the Originator, payable to the Issuer on each Interest Payment Date.

"**Third Party Expenses**" means any amounts due and payable by the Issuer to third parties (not being Transaction Creditors) in respect of the Notes or the Transaction Documents, if such amounts have been so identified by the Issuer, including any liabilities payable in connection with:

a) the purchase or disposal of any Authorised Investments;

b) any filing or registration of any Transaction Documents;

c) any provision for and payment of the Issuer's liability to any tax (including any VAT payable by the Issuer on a reverse charge basis);

d) any law or any regulatory direction with whose directions the Issuer is accustomed to complying with;

e) any legal or audit or other professional advisory fees (including without limitation Rating Agencies' fees);

f) any directors' fees or emoluments;

g) any advertising, publication, communication and printing expenses including postage, telephone and telex charges;

h) the admission to trading of the Class A Notes to Euronext Lisbon and any expenses with the CVM in connection with the registration and maintenance of the Notes; and

i) any other amounts then due and payable to third parties and incurred without breach by the Issuer of the provisions of the Transaction Documents.

Pre-Enforcement Principal Payment Priorities:

Prior to the delivery of an Enforcement Notice, the Available Principal Distribution Amount determined by

the Transaction Manager in respect of the Calculation Period immediately preceding each Interest Payment Date will be applied by the Transaction Manager on each Interest Payment Date in making the following payments in the following order of priority (the "**Pre-Enforcement Principal Payment Priorities**") but in each case only to the extent that all payments of a higher priority that fall due to be paid on such Interest Payment Date have been made in full:

a) *first*, if the Available Interest Distribution Amount is insufficient to pay items (a) to (d) of the Pre-Enforcement Interest Payment Priorities, in or towards payment of items (a) to (d) of the Pre-Enforcement Interest Payment Priorities in the order of priority of the Pre-Enforcement Interest Payment Priorities;

b) *second*, in or towards payment *pari passu* on a pro rata basis of the Principal Amount Outstanding of the Class A Notes until all the Class A Notes have been redeemed in full;

c) *third*, in or towards payment *pari passu* on a pro rata basis of the Principal Amount Outstanding of the Class B Notes until all the Class B Notes have been redeemed in full;

d) *fourth*, in or towards payment *pari passu* on a pro rata basis of the Principal Amount Outstanding on the Class C Notes until all the Class C Notes have been redeemed in full.

Provided that, after payment of items (a) to (d) above, if there is still any outstanding Available Principal Distribution Amount, then such amount shall, on the relevant Interest Payment Date, be included in the Available Interest Distribution Amount.

Post-Enforcement Payment Priorities:

Following the delivery of an Enforcement Notice, the Available Principal Distribution Amount and the Available Interest Distribution Amount will be applied by the Transaction Manager (as agent of the Common Representative) or the Common Representative in making the following payments in the following order of priority but in each case only to the extent that all

payments of a higher priority have been made in full:

a) *first*, in or towards payment or provision of the Issuer's liability to tax, in relation to this transaction, if any;

b) *second*, in or towards payment *pari passu* on a *pro rata* basis of (i) any remuneration then due and payable to any receiver of the Issuer and all costs, expenses and charges incurred by such receiver, in relation to this transaction, and (ii) the Common Representative's Fees and the Common Representative's Liabilities;

c) *third*, in or towards payment of the Issuer Expenses, to the extent not yet paid under the subparagraphs above;

d) *fourth*, in or towards payment *pari passu* on a *pro rata* basis of accrued interest on the Class A Notes but so that current interest will be paid before interest that is past due;

e) *fifth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding on the Class A Notes until all the Class A Notes have been redeemed in full;

f) *sixth*, in or towards payment *pari passu* on a *pro rata* basis of accrued interest on the Class B Notes but so that current interest will be paid before interest that is past due;

g) *seventh*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding on the Class B Notes until all the Class B Notes have been redeemed in full;

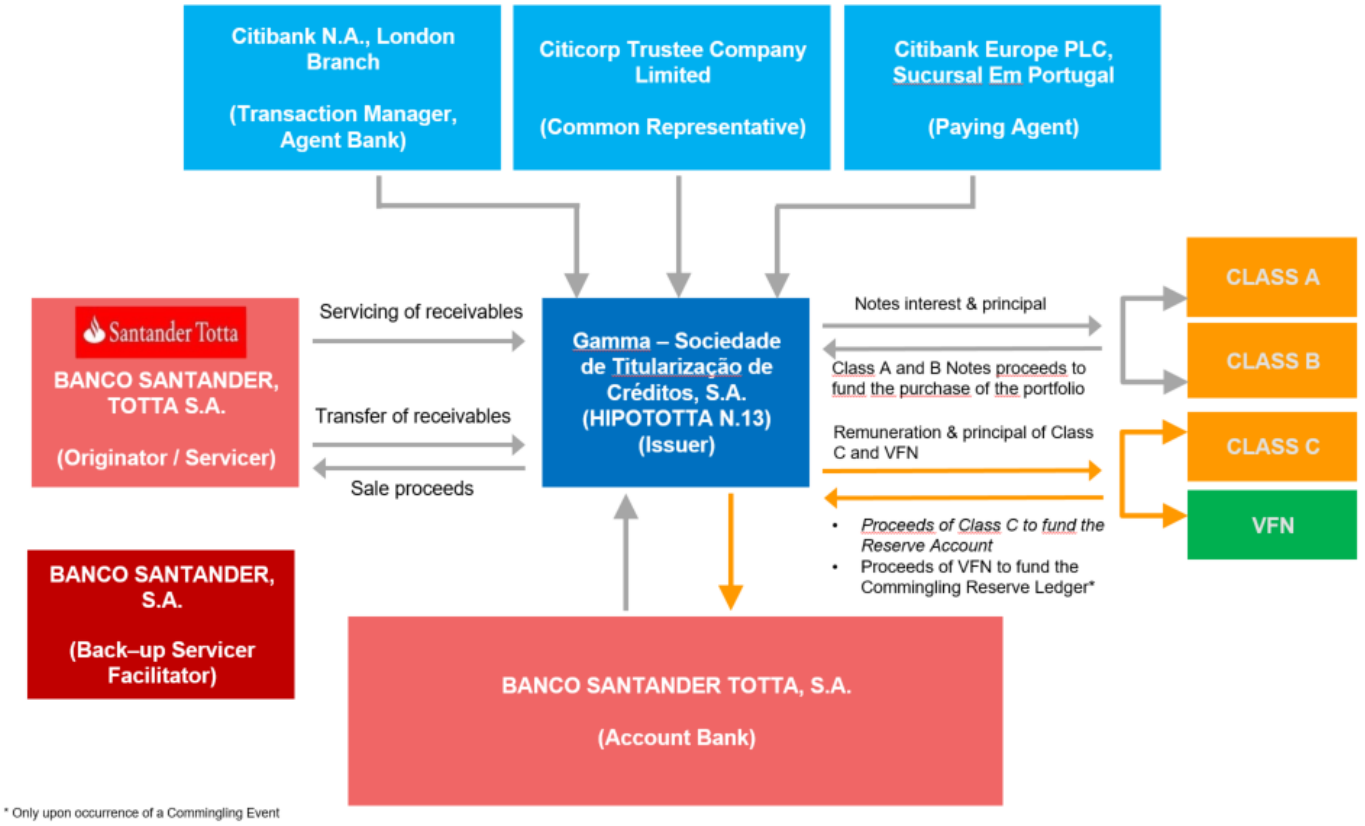
h) *eighth*, in or towards payment of the Principal Amount Outstanding of the VFN (except for €1, which will be redeemed on the Final Legal Maturity Date);

i) *ninth*, in or towards payment of any Class C Distribution Amount;

j) *tenth*, in or towards payment *pari passu* on a *pro rata* basis of the Principal Amount Outstanding on the Class C Notes until the Class C Notes have been

redeemed in full.

TRANSACTION STRUCTURE



DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed with the CMVM, shall be incorporated in, and form part of, this Prospectus:

- The auditor's report and audited annual financial statements of the Issuer for the financial year ended 31 December 2015 and 31 December 2016 and the unaudited financial statements for the semester ending on 30 June 2017 which are available at www.cmvm.pt.

OVERVIEW OF CERTAIN TRANSACTION DOCUMENTS

The description of certain Transaction Documents set out below is a summary of certain features of such documents and is qualified by reference to the detailed provisions thereof. Noteholders may inspect a copy of the documents described below upon request at the specified office of each of the Common Representative and the Paying Agent.

Mortgage Sale Agreement

Purchase of Mortgage Asset Portfolio

Under the terms of the Mortgage Sale Agreement, the Originator will assign to the Issuer and the Issuer will, subject to satisfaction of certain conditions precedent, purchase from the Originator the Mortgage Asset Portfolio.

Consideration for Purchase of the Mortgage Asset Portfolio

In consideration for the assignment of the Mortgage Asset Portfolio on the Closing Date, the Issuer will pay to the Originator a sum equal to €2,243,992,981, being the Aggregate Principal Outstanding Balance in respect of the Mortgage Assets assigned to the Issuer and included in the Mortgage Asset Portfolio as at the close of business on the Portfolio Calculation Date less the amounts that exceed the global principal amount of the Mortgage Backed Notes (the "**Purchase Price**").

Effectiveness of the Assignment

The assignment of the Mortgage Asset Portfolio by the Originator to the Issuer in accordance with the terms of the Mortgage Sale Agreement on the Closing Date will be effective to transfer the full, unencumbered benefit of and right, title and interest (present and future) to the Mortgage Asset Portfolio to the Issuer and will not require any further act, condition or thing to be done in connection therewith to enable the Issuer to require payment of the receivables arising thereunder or enforce such right in court, other than the registration of the assignment of any related Mortgage to the Purchaser at a Real Estate Registry Office, any formalities that need to be fulfilled in relation to other existing security and the delivery to the relevant Borrower or Borrowers of a Notification Event Notice.

Mortgage Assets Notification Event

Following the occurrence of a Notification Event, the Originator will at the request of the Issuer and as soon as reasonably practicable execute and deliver to the Issuer: (a) all property deeds and all other documents in the Originator's possession and which are necessary in order to register the transfer of the Mortgage Assets from the Originator to the Issuer, (b) an official application form duly completed to be filed in the relevant Portuguese Real Estate Registry Office requesting registration of the assignment to the Issuer of each Mortgage or, whenever possible, a set of Mortgages, (c) Notification Event Notices addressed to the relevant Borrowers and copied to the Issuer in respect of the assignment to the Issuer of each of the Assigned Rights included in the Mortgage Asset Portfolio, and (d) such other documents and provide such other assistance to the Issuer as is necessary in order to register the assignment of the Mortgage Asset Portfolio with the Issuer and notify the relevant Borrowers. The Notification Event Notice will instruct the relevant Borrowers, with effect from the date of receipt by the Borrowers of such notice, to pay all sums due in respect of the relevant Mortgage Loan into an account designated by the Issuer. In accordance with the Mortgage Sale Agreement, the Issuer may deliver Notification Event Notices, if any Notification Event occurs.

No further act, condition or thing will be required to be done in connection with the assignment of the Mortgage Asset Portfolio to enable the Issuer to require payment of the Receivables arising under the Mortgage Loans or to enforce any such rights in court other than the registration of the assignment of any related Mortgage at a Portuguese Real Estate Registry Office and the delivery to the relevant Borrower or Borrowers of a Notification Event Notice.

A "**Notification Event**" means:

a) the delivery by the Common Representative to the Issuer of an Enforcement Notice in accordance with the Conditions;

b) the occurrence of an Insolvency Event in respect of the Originator;

c) the termination of the appointment of the Originator as Servicer in accordance with the terms of the Mortgage Servicing Agreement; or

d) the Originator being required, under the laws of Portugal, to deliver the Notification Event Notices.

"**Insolvency Event**"

(a) in respect of a natural person or entity means:

(i) the initiation of, or consent to, any Insolvency Proceedings by such person or entity;

(ii) the initiation of Insolvency Proceedings against such person or entity and such proceeding is not contested in good faith on appropriate legal advice;

(iii) the application (and such application is not contested in good faith on appropriate legal advice) to any court for, or the making by any court of, an insolvency or an administration order against such person or entity;

(iv) the enforcement of, or any attempt to enforce (and such attempt is not contested in good faith on appropriate legal advice) any security over the whole or a material part of the assets and revenues of such person or entity;

(v) any distress, execution, attachment or similar process (and such process, if contestable, is not contested in good faith on appropriate legal advice) being levied or enforced or imposed upon or against any material part of the assets or revenues of such person or entity;

(vi) the appointment by any court of a liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager or other similar official in respect of all (or substantially all) of the assets of such person or entity generally; or

(vii) the making of an arrangement, composition or reorganisation with the creditors of such person or entity; and

(b) in respect of the Originator and/or the Servicer, to the extent not already covered by paragraphs (a) to (g) above, the suspension of payments, the commencing of any recovery or insolvency proceedings against the Originator or the Servicer, under Decree-Law no. 298/92, of 31 December, Decree-Law no. 199/2006, of 26 October, and/or (if applicable) under Decree-Law no. 53/2004, of 18 March (each one as amended from time to time).

"**Insolvency Proceedings**" means:

a) the presentation of any petition for the bankruptcy or insolvency of a natural person or entity (whether such petition is presented by such person or entity or another party); or

b) the winding-up, dissolution or administration of an entity,

and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person or entity is ordinarily resident or incorporated (as the case may be) or of any jurisdiction in which such person or entity may be liable to such proceedings;

Representations and Warranties as to the Mortgage Assets

The Originator will make certain representations and warranties in respect of the Mortgage Assets included in the Mortgage Asset Portfolio as at the Portfolio Calculation Date including statements to the following effect which together constitute the "**Eligibility Criteria**":

a) *Eligible Receivables*

The Receivables arising under each Mortgage Asset Agreement are Eligible Receivables (as defined in the Mortgage Sale Agreement) in that they:

(i) were originated by BST and are legally and beneficially owned by BST;

(ii) are created in compliance with the laws of the Portuguese Republic and the lending criteria applicable at the time of origination;

(iii) are owed by an Eligible Borrower;

(iv) are not in arrear;

(v) are payable without any deduction, rebate or discount;

(vi) are not the subject of any dispute, right of set-off, counterclaim, defence or claim existing or pending against BST;

(vii) may be freely sold and transferred by way of assignment under the laws of the Portuguese Republic in particular, the Securitisation Law;

(viii) are freely assignable without restriction pursuant to the terms of the relevant Mortgage Loan Agreement;

(ix) are free and clear of any encumbrance;

(x) can be segregated and identified on any day;

(xi) are payable in full not later than 50 (fifty) years from the Closing Date and are payable in full at least 60 (sixty) months prior to the Final Legal Maturity Date;

(xii) have a Principal Outstanding Balance, which, together with the aggregate Principal Outstanding Balance of all other Eligible Receivables owing by the relevant Borrower, does not exceed 0,1% of the Aggregate Principal Outstanding Balance of the Mortgage Assets Portfolio as at the Closing Date;

(xiii) have a current LTV which is less than or equal to 100.00 per cent.;

(xiv) have monthly instalments;

(xv) do not have payments pending;

(xvi) have no deferral of interest payments; and

(xvii) have not been restructured.

b) *Eligible Mortgage Asset Agreements*

Each Mortgage Asset Agreement is an Eligible Mortgage Asset Agreement (as defined in the Mortgage Sale Agreement), which:

(i) was entered into in the ordinary course of BST's business, on arms' length commercial terms with the relevant Borrower for the purpose of acquiring residential property;

(ii) has been duly executed by the relevant Borrower or Borrowers and constitutes the legal, valid, binding and enforceable obligations of the relevant Borrower or Borrowers;

(iii) has been duly executed by BST and constitutes legal, valid, binding and enforceable obligations of BST;

(iv) is governed by and subject to the laws of the Portuguese Republic and relates to a residential property located in Portugal;

(v) does not contain any restriction on assignment of the benefit of any right, title and interest to the relevant Mortgage Asset Agreement or, where consent to assign is required, such consent has been obtained;

(vi) in respect of which at least one payment of Receivables due thereunder has been made prior to the Portfolio Calculation Date;

(vii) provides for all payments under such Mortgage Asset Agreement to be denominated in euro;

(viii) is entered into in writing on the terms of the Standard Documentation of BST without any modification or variation thereto other than as would be acceptable to a Prudent Mortgage Lender;

(ix) does not contain provisions which may give rise (after the Closing Date) to a liability on the part of BST to make further advances, pay money or perform any other onerous act;

(x) has been duly registered in the relevant Portuguese Real Estate Registry Office in favour of BST rendering the Mortgage Asset Agreement a fully valid security interest with first ranking priority (or with subsequently or the same ranking priority if the security interest or security interests with prior ranking priority or the same ranking priority also form part of the Mortgage Asset Portfolio) for the performance of all payment obligations under the Mortgage Loan;

(xi) is fully disbursed and is not a revolving credit;

(xii) has the benefit of a valuation for the relevant residential property which is dated approximately the same date as the one on which the relevant Mortgage Asset Agreement was entered into;

(xiii) has the benefit of a mortgage insurance policy; and

(xiv) is secured against property which is located in Portugal.

c) *Eligible Borrowers*

Each Borrower in respect of each Mortgage Asset Agreement to which it is a party is an Eligible Borrower (as defined in the Mortgage Sale Agreement) who:

(i) is a party to a Mortgage Asset Agreement as primary borrower or guarantor;

(ii) as far as BST is aware, is not dead or untraceable;

(iii) as far as BST is aware, is not unemployed;

(iv) as far as BST is aware, is not subject to an Insolvency Event;

(v) is not an employee of the Santander Totta Group;

(vi) has an account with BST; and

(vii) met the Lending Criteria for new business in force at the time such Borrower entered into the relevant Mortgage Asset Agreement.

Breach of Mortgage Asset Warranties

If there is a breach of any of the warranties given by the Originator in respect of the Mortgage Asset Portfolio in the Mortgage Sale Agreement (each a "**Mortgage Asset Warranty**") which, in the opinion of the Common Representative upon advice received, at the cost of the Issuer, from a reputable Portuguese counsel selected by the Common Representative and in form and substance satisfactory to it, could (without limitation, having regard to whether a loss is likely to be incurred in respect of the Mortgage Assets to which the breach relates) have a material adverse effect on the validity or enforceability of any Assigned Rights in respect of such Mortgage Assets, the Originator will have an obligation to remedy such breach within 90 (ninety) days after receiving written notice of such breach from the Issuer or from the Common Representative (as applicable), if such breach is capable of remedy. If, in the opinion of the Common Representative, upon advice received, at the cost of the Issuer, from a reputable Portuguese counsel selected by the Common Representative and in form and substance satisfactory to it, such breach is not capable of remedy, or, if capable of remedy, is not remedied within the 90 (ninety) day period, the Originator shall repurchase or cause a third party, to the extent permitted by the Securitisation Law, to repurchase the relevant Mortgage Asset (for the avoidance of doubt, where the breach by the Originator of a Mortgage Asset Warranty relates to a Mortgage Asset Agreement comprising first and subsequent priority Mortgages, the repurchase shall include the relevant subsequent priority Mortgages, if the same are also included in the Mortgage Asset Portfolio in order to ensure, at all times, that the Mortgages comprised within the Mortgage Asset Portfolio represent a fully valid security interest with first ranking priority).

The consideration payable by the Originator or a Third Party Purchaser, as the case may be, in relation to the re-assignment of a relevant Mortgage Asset will be an amount equal to the aggregate of: (a) the Principal Outstanding Balance of the relevant Mortgage Asset as at the date of the re-assignment of such Mortgage Asset plus accrued interest outstanding as of the date of re-assignment, (b) an amount equal to all other amounts due in respect of the relevant Mortgage Asset and its related Mortgage Asset Agreement, and (c) the costs and expenses of the Issuer properly incurred in relation to such re-assignment, or, as applicable, the aggregate of the foregoing amounts which would have subsisted but for the breach of the relevant Mortgage Asset Warranty, after deducting an amount equal to any interest not yet accrued but paid in advance to the Issuer (which amount paid in advance the Issuer shall keep).

If a Mortgage Asset expressed to be included in the Mortgage Asset Portfolio has never existed or has ceased to exist on or before the date on which it is due to be re-assigned to the Originator, the Originator shall, on demand, fully indemnify the Issuer against any and all liabilities suffered by the Issuer by reason of the breach of the relevant Mortgage Asset Warranty relating to or otherwise affecting that given Mortgage Asset up to the amount paid by the Issuer for that Mortgage Asset plus an amount equal to accrued interest in respect of such amount (less any principal amounts already received by the Issuer in respect of that given Mortgage Asset which has ceased to exist, including, for the avoidance of doubt, any full repayment of a Mortgage Asset by the relevant Borrower). However, the Originator shall not be obliged to accept a re-assignment of the relevant Mortgage Asset.

Pursuant to the Mortgage Sale Agreement, the Originator may, instead of repurchasing a Mortgage Asset from the Issuer or indemnifying the Issuer, require the Issuer to accept in consideration for the re-assignment or indemnity payment, the assignment of further Mortgage Assets such that the aggregate of the Principal Outstanding Balance of

such further Mortgage Assets will be no less than the consideration or indemnity payment in cash that would have been payable by the Originator to the Issuer.

The cash consideration for such repurchase or purchase (as the case may be) shall be equivalent to the aggregate amount of:

a) the Principal Outstanding Balance of the relevant Mortgage Asset as at the date of the re-assignment plus accrued interest outstanding as of the date of re-assignment;

b) an amount equal to all other amounts due in respect of the relevant Mortgage Asset and its related Mortgage Asset Agreement; and

c) the costs and expenses of the Issuer properly incurred in relation to such re-assignment, or, as applicable, the aggregate of the foregoing amounts which would have subsisted but for the breach of the relevant Mortgage Asset Warranty after deducting an amount equal to any interest not yet accrued but paid in advance to the Issuer (which amount paid in advance the Issuer shall keep).

Instead of the Mortgage Asset relating to a Mortgage Asset Agreement that has been subject to variations other than Permitted Variations being repurchased, the Originator is entitled to substitute the relevant Mortgage Asset with Substitute Mortgage Assets complying with the Criteria for Substitute Mortgage Assets, pursuant to the terms and conditions of the Mortgage Sale Agreement, which shall be applicable *mutatis mutandis*.

In addition to meeting the Eligibility Criteria outlined above, such further Mortgage Assets will be required to meet certain additional Criteria for Substitute Mortgage Assets as described in the Mortgage Sale Agreement and set out below.

Each substitute Mortgage Asset assigned by the Originator to the Issuer at any time from the Closing Date to the Final Legal Maturity Date must satisfy each of the following conditions (the "**Criteria for Substitute Mortgage Assets**"):

(a) the Substitute Mortgage Asset constitutes the same ranking and priority of security over a property as the security provided in respect of relevant replaced Mortgage Asset;
(b) the Substitute Mortgage Asset is an Eligible Receivable;
(c) the borrower in respect of the Substitute Mortgage Asset is an Eligible Borrower and the relevant Mortgage Asset Agreement is an Eligible Mortgage Asset Agreement, where references to the Closing Date in the defined terms of this paragraph shall be references to the date upon which the relevant Mortgage Asset or Mortgage Assets and the related Receivables were substituted; and references to the "Portfolio Calculation Dates" were references to the date upon which the Principal Outstanding Balance of the relevant Mortgage Asset or Mortgage Assets and the related Receivables was determined for the purposes of such substitution;
(d) the Current LTV of the Substitute Mortgage Assets must be equal to or lower than the Current LTV of the replaced Mortgage Assets;
(e) the current DTI of the Borrower in respect of the Substitute Mortgage Asset must be the same or lower than the DTI of the Borrower in respect of the replaced Mortgage Asset as at the Portfolio Calculation Date, provided that this condition is only required to be satisfied if the current DTI in respect of the such Borrower is available to the Originator in its normal course of business;
(f) the then current Lending Criteria of the Seller, as varied from time to time in compliance with the Transaction Documents, have been applied to and satisfied in respect of the Substitute Mortgage Assets and to the circumstances of the Borrowers as at the date of the Substitute Asset was originated;
(g) no Enforcement Notice in respect of the Notes has been delivered by the Common Representative to the Issuer in accordance with the Conditions;

(h) the sum of (a) the Principal Outstanding Balance of the Substitute Mortgage Asset and (b) the Aggregate Principal Outstanding Balance of the Substitute Mortgage Assets previously purchased does not exceed 10.00 per cent. of the Aggregate Principal Outstanding Balance of the Mortgage Asset Portfolio on the Portfolio Calculation Date;

(i) the Seller has not breached any of its obligations in respect of the purchase of Substitute Mortgage Assets pursuant to the Mortgage Sale Agreement;

(j) the relevant Borrower has not materially breached any term of the relevant Mortgage Asset Agreement;

(k) the Servicer has no reason to believe that the purchase of the Substitute Mortgage Asset will adversely affect the then current ratings of the Notes;

(l) the remaining maturity of the Substitute Mortgage Assets must not be greater than the remaining maturity of the Substitute Mortgage Assets;

(m) the Principal Outstanding Balance of the Substitute Mortgage Assets must be at least equal to the amount of consideration that would have been payable for the repurchase of the relevant Retired Mortgage Asset;

(n) the Substitute Mortgage Assets are not subsidised by the Portuguese government or investment Mortgage Loans;

(o) where the Retired Mortgage Asset which is subject to a first ranking mortgage has an associated Mortgage Asset which has a lesser ranking mortgage over the same Property, such associated Mortgage Asset is also substituted at the same time;

(p) the Substitute Mortgage Assets relate to properties which are the principal place of residence for the respective Borrowers;

(q) the balance of the Reserve Account is no less than the Reserve Account Required Balance;

(r) the Original LTV of the Substitute Mortgage Assets is lower than the Original LTV of the Retired Mortgage Assets plus 5.00 per cent, provided the Servicer has no reason to believe that the purchase of the Substitute Mortgage Asset will adversely affect the then current ratings of the Notes;

(s) no Portfolio Performance Trigger Event has occurred;

(t) for the Substitute Mortgage Asset at least one payment has been collected;

(u) the aggregate outstanding of loans with an outstanding principal greater than €500,000 does not exceed 2.02 per cent. of the total outstanding principal;

(v) the aggregated outstanding principal of all loans, including the Substitute Mortgage Assets, on a single borrower does not exceed 0.1 per cent. of the current principal balance;

(w) the aggregated outstanding principal of amount due by the twenty borrowers with highest debt exposure after substitution does not exceed 1.00 per cent. of the percentage of the Portfolio Calculation Date of the Mortgage Assets Portfolio;

(x) after the envisaged amendment has been carried out, the average spread payable under all mortgage assets is not reduced to less than 0.9 per cent.

In accordance with the Mortgage Sale Agreement, if there is a breach of any other representations and warranties (other than, and without prejudice to, the rights in respect of breach of, a Mortgage Asset Warranty), the Originator has an obligation to pay a compensation payment to the Issuer.

Borrower Set-off

Pursuant to the terms of the Mortgage Sale Agreement, the Originator will undertake to pay to the Issuer, on the next Business Day after receipt of the demand, an amount equal to the amount of any reduction in any payment due with

respect to any Mortgage Loan sold to the Issuer, as a result of any exercise of any right of set-off by any Borrower against the Issuer which has arisen on or prior to the Closing Date.

Undertakings for the EU Retained Interest

The Originator will undertake the following in relation to Articles 405 to 410 of the CRR, Article 51 of the AIFMR, Notice 9/2010 and Article 254(2) of the Solvency II Delegated Act:

a) to retain the EU Retained Interest, until the Principal Amount Outstanding of the Notes is reduced to zero;

b) to confirm to the Issuer and Transaction Manager, on a monthly basis, that it continues to hold the EU Retained Interest;

c) to provide notice to the Issuer, the Common Representative and the Transaction Manager as soon as practicable in the event it no longer holds the EU Retained Interest;

d) that at the Closing Date there are no arrangements pursuant to which the EU Retained Interest will decline over time materially faster than the Mortgage Assets transferred to the Issuer;

e) not to reduce its credit exposure to the EU Retained Interest either through hedging or the sale or encumbrance of all or part of the EU Retained Interest whilst any of the Notes are still outstanding; and

f) to provide the Servicer, or procure that the Servicer shall provide to the Issuer, the Common Representative and the Transaction Manager such information as may be reasonably required by the Noteholders to be included in the Investor Report to enable such Noteholders to comply with their obligations pursuant to the CRR, Article 51 of the AIFMR, Notice 9/2010 and Article 254(2) of the Solvency II Delegated Act.

The Originator will represent and warrant that, at the Closing Date, there are no arrangements pursuant to which the EU Retained Interest will decline over time materially faster than the Mortgage Assets transferred to the Issuer.

Applicable law and jurisdiction

The Mortgage Sale Agreement and all non-contractual obligations arising from or connected with it will be governed by the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to settle any dispute that may arise in connection with the Mortgage Sale Agreement.

Mortgage Servicing Agreement

Servicing and Collection of Receivables

Pursuant to the terms of the Mortgage Servicing Agreement, the Issuer will appoint the Servicer to provide certain services relating to the servicing of the Mortgage Assets and the collection of the Receivables in respect of such Mortgage Assets (the "**Services**").

Servicer's Duties

The duties of the Servicer will be set out in the Mortgage Servicing Agreement, and will include, but not be limited to:

a) servicing and administering the Mortgage Assets;

b) implementing the enforcement procedures in relation to Defaulted Mortgage Assets;

c) complying with its customary and usual servicing procedures for servicing comparable residential mortgages in accordance with its policies and procedures relating to its residential mortgage business;

d) servicing and administering the cash amounts received in respect of the Mortgage Assets, including transferring amounts to the Payment Account on the Business Day following the day on which such amounts are credited to the Proceeds Account;

e) preparing periodic reports for submission to the Issuer, the Common Representative and the Transaction Manager in relation to the Mortgage Asset Portfolio in an agreed form including reports on delinquency and default rates;

f) collecting amounts due in respect of the Mortgage Asset Portfolio;

g) setting interest rates applicable to the Mortgage Loans;

h) administering relationships with the Borrowers; and

i) undertaking enforcement proceedings in respect of any Borrowers which may default on their obligations under the relevant Mortgage Loan.

The Servicer is required to prepare and submit on the 8th Business Day of the month following the Calculation Date, to the Issuer and the Transaction Manager, a report in a pre-agreed form containing information as to the Mortgage Asset Portfolio and Collections in respect of the preceding Calculation Period (the "**Quarterly Servicing Report**").

Commingling Reserve Trigger Event

Pursuant to the terms of the Mortgage Servicing Agreement, after the occurrence of a Commingling Reserve Trigger Event, the Servicer shall procure that the Issuer increases the nominal amount of the VFN up to the Maximum Limit, on each Interest Payment Date, and the VFN Noteholder will be obliged to subscribe for and pay to the Issuer such amount as is required by the VFN nominal amount increase, pursuant to the Subscription Agreement, and deposit such proceeds into the Reserve Account to be registered as a credit entry in the Commingling Reserve Ledger.

If on any relevant date the Servicer fails to transfer to the Payment Account any Interest Collections Proceeds and/or any Principal Collections Proceeds received in the Proceeds Accounts from Borrowers in the Calculation Period immediately preceding such Interest Payment Date (a "**Commingling Event**"), amounts pertaining to the Commingling Reserve Ledger required to cure such failure by the Servicer shall be transferred to the Payment Account to form part of the Available Interest Distribution Amount and/or the Available Principal Distribution Amount.

Back-up Servicer Facilitator

Under the Mortgage Servicing Agreement, Banco Santander, S.A. will agree to act as Back-up Servicer Facilitator and no fees will be charged by Banco Santander, S.A. for its role as Back-up Servicer Facilitator.

In the event that a Servicer Termination Event occurs, the Back-up Servicer Facilitator will be required to (i) use its best endeavours to select a Successor Servicer satisfying the requirements set out in the Mortgage Servicing Agreement and willing to assume the duties of a Successor Servicer in the event that a Servicer Termination Notice is delivered , (ii) review the information provided to it by the Servicer under the Mortgage Servicing Agreement, (iii) enter into appropriate data confidentiality provisions, (iv) verify and confirm that the terms of any replacement servicing agreement require the Successor Servicer to put in place new direct debit mandates, (v) notify the Servicer if it requires further assistance and (vi) assist the Servicer to deliver a Notification Event Notice and/or assist the Servicer to set up alternative payment arrangements with the Obligors if a Servicer Termination Notice is delivered.

"**Servicer Termination Notice** XE "**Servicer Termination Notice**"" means a Notice delivered by the purchaser with the effect to terminate the servicer´s appointment, as set out in clause 18 of the mortgage Servicing Agreement.

For the avoidance of doubt, a Servicer Termination Event will not constitute, by itself, an Event of Default under the Conditions.

Back-Up Servicer Facilitator Trigger Event

The following events will be a "**Back-Up Servicer Facilitator Trigger Event**" under the Mortgage Servicing Agreement:

(i) Banco Santander, S.A. ceases to hold directly or indirectly 50 per cent. of the Servicer's share capital or voting rights, unless the new owner of the Servicer's share capital is assigned with a rating of at least "BBB" (low) by DBRS or "BBB" or "F2" (or its replacement) by Fitch; or

(ii) Banco Santander Totta, S.A. is assigned a rating less than "BBB" or "F2" (or its replacement) by Fitch, unless the long-term unsecured, unsubordinated and unguaranteed obligations of the Servicer are at such time assigned a rating of or higher than "BBB" or "F2" (or its replacement) by Fitch; or

(iii) Banco Santander Totta, S.A. is assigned a rating less than "BBB (low)" (or its replacement) by DBRS, except if at such time the long term unsecured, unsubordinated and unguaranteed obligations of the Servicer are assigned a rating of or higher than "BBB (low)" (or its replacement) by DBRS.

After the occurrence of a Back-Up Servicer Facilitator Trigger Event, the Servicer shall, within thirty (30) calendar days of the occurrence of such Back-Up Servicer Facilitator Trigger Event, use its best endeavours to select a Successor Servicer satisfying the requirements set out in the Mortgage Servicing Agreement.

Sub-Contractor

The Servicer may appoint sub-contractors to carry out certain of the Services subject to certain conditions specified in the Mortgage Servicing Agreement including, but not limited to, the Servicer retaining liability to the Issuer for those services performed by any sub-contractor. In certain circumstances, the Issuer may require the Servicer to assign any rights which the Servicer may have against a sub-contractor.

Permitted Variations and Substitutions

The Servicer will covenant in the Mortgage Servicing Agreement that it is entitled to agree to an amendment, variation or waiver of any Material Term in a Mortgage Asset Agreement that constitutes a Permitted Variation, either for commercial reasons or while enforcement proceedings are being taken in respect of the relevant Mortgage Asset, provided the Aggregate Principal Outstanding Balance of the Mortgage Assets so varied does not exceed 20 (twenty) per cent. of the Aggregate Principal Outstanding Balance of the Mortgage Assets Portfolio as at the Portfolio Calculation Date.

The Servicer will also covenant in the Mortgage Servicing Agreement that information on the Permitted Variations shall be included in the Quarterly Servicing Report.

"**Permitted Variation**" means, in relation to any mortgage asset, any amendment or variation to the Material Terms of the relevant Mortgage Asset Agreement where following such amendment:

a) The annual interest rate payable under such amended Mortgage Asset is not reduced by more than 0.5%, subject to a minimum 0 per cent. per annum margin;

b) The remaining term of such amended Mortgage Asset is not extended by more than 15 per cent. of the original term of such Mortgage Asset;

c) The maturity of such Mortgage Asset is not greater than 5 (five) years prior to the Final Legal Maturity Date;

d) The average spread payable under all Mortgage Assets (including for the avoidance of doubt, any amended Mortgage Assets and Substituted Mortgage Assets) is not reduced to less than 0.9 per cent.;

e) The sum of the Principal Outstanding Balance of the Mortgage Assets with floating rate mortgages that change to fixed rate mortgages does not exceed 10.00 per cent. of the Aggregate Principal Outstanding Balance of the Mortgage Asset Portfolio on the Portfolio Calculation Date.

"**Material Term**" means, in respect of any Mortgage Asset Agreement, any provision thereof on the date on which the Mortgage Asset is assigned to the Issuer relating to: (i) the interest rate; (ii) the maturity date of the Mortgage Loan, (iii) the ranking of the Mortgage provided by the relevant Borrower, (iv) the Principal Outstanding Balance of such Mortgage Loan, and (v) the amortisation profile of such Mortgage Loan.

To the extent the Servicer wishes to propose or accept an amendment, variation or waiver of a Material Term of a Mortgage Asset Agreement that it is not otherwise permitted, such amendment, variation or waiver shall only be proposed or accepted so far as the relevant Mortgage Assets are substituted or repurchased by the Seller in compliance with the conditions set out under the Mortgage Sale Agreement, which shall be applicable mutatis mutandis, and in addition the following conditions are met:

(i) such amendment, variation or waiver arises from circumstances that do not relate to the solvency of ability to pay of the respective Borrower;

(ii) the variations are based on changes to the prevailing market conditions, including more favourable offers regarding the Borrower's Material Terms by competing entities (whether in relation to specific terms or as a package) or changes to applicable laws and regulations;

(iii) the substitution of the Mortgage Assets pertaining to the amended or varied Mortgage Asset Agreements do not imply modifications in the average credit risk of the remainder Mortgage Assets; and

(iv) the effect of such variation is not to cause the repurchase by the Seller or a third party purchaser of Mortgage Assets with an Aggregate Principal Outstanding Balance that would exceed 20.00 (twenty) per cent. of the Aggregate Principal Outstanding Balance of the Mortgage Assets Portfolio as at the Portfolio Calculation Date,

it being understood that these limitations may from time to time be amended should that be authorised by the Bank of Portugal and/or following the occurrence of legal or regulatory changes allowing the relevant limitation to be changed, so far as the same has no negative impact for the holders of the Notes.

Disposal of Written-off Mortgage Assets

The Servicer may, on behalf of the Issuer and in accordance with the Securitisation Law, sell or otherwise transfer or dispose of Mortgage Assets that have been classified as Written-off Mortgage Assets as the Servicer may deem to correspond to the best servicing of the Mortgage Assets in question.

Servicing Fee

The Servicer (or, if applicable, a replacement Servicer) will receive a servicer fee quarterly in arrear calculated by reference to the Aggregate Principal Outstanding Balance of the Mortgage Assets Portfolio as at the first day of the preceding Calculation Period and payable by the Issuer on each Interest Payment Date.

Representations and Warranties

The Servicer will make certain representations and warranties to the Issuer in accordance with the terms of the Mortgage Servicing Agreement relating to itself and its entering into the relevant Transaction Documents to which it is a party.

Covenants of the Servicer

The Servicer will be required to make certain covenants in favour of the Issuer in accordance with the terms of the Mortgage Servicing Agreement relating to itself and any subcontracted servicer and its entering into the relevant Transaction Documents to which it is a party.

Servicer Event

The following events will be "**Servicer Events**" under the Mortgage Servicing Agreement, the occurrence of which will entitle the Issuer to serve a notice on the Servicer (a "**Servicer Event Notice**") immediately or at any time after the occurrence of a Servicer Event:

a) *Non-payment*: default is made by the Servicer in ensuring the payment on the due date of any payment required to be made by the Servicer under the Mortgage Servicing Agreement and such default continues unremedied for a period of 5 (five) Business Days after the earlier of the Servicer becoming aware of the default or receipt by the Servicer of written notice from the Issuer requiring the default to be remedied; or

b) *Breach of other obligations*: without prejudice to (a) above:

   (i) default is made or delay occurs by the Servicer in the performance or observance of any of its other covenants and obligations under the Mortgage Servicing Agreement; or

   (ii) any of the Servicer Warranties in the Mortgage Servicing Agreement proves to be untrue, incomplete or incorrect; or

   (iii) any certification or statement made by the Servicer in any certificate or other document delivered pursuant to the Mortgage Servicing Agreement proves to be untrue,

   and in each case (A) such default or such warranty, certification or statement proving to be untrue, incomplete or incorrect is reasonably expected to have a Material Adverse Effect and (B) (if such default is capable of remedy) such default continues unremedied for a period of 15 (fifteen) Business Days after the earlier of the Servicer becoming aware of such default and receipt by the Servicer of written notice from the Issuer requiring the same to be remedied; or

c) *Unlawfulness*: it is or will become unlawful, under Portuguese law, for the Servicer to perform or comply with any of its material obligations under the Mortgage Servicing Agreement; or

d) *Force Majeure*: if the Servicer is prevented or severely hindered for a period of 60 (sixty) days or more from complying with its obligations under the Mortgage Servicing Agreement as a result of a Force Majeure Event; or

e) *Insolvency Event*: any Insolvency Event occurs in relation to the Servicer; or

f) *Withdrawal of the Servicer's authorisation to carry on its business*: the Bank of Portugal intervenes under Title VIII of Decree-Law no. 298/92, of 31 December (as amended), into the regulatory affairs of the Servicer where such intervention could lead to the withdrawal by the Bank of Portugal of such Servicer's authorisation to carry on its business or otherwise withdraws the authorisation of the Servicer; or

g) *Material adverse change*: a material adverse change occurs in the financial condition of the Servicer since the date of the latest audited financial statements of the Servicer which, in the justified opinion of the Issuer, impairs due performance of the obligations of the Servicer under the Mortgage Servicing Agreement as and when the same fall due.

After receipt by the Servicer of a Servicer Event Notice but prior to the delivery of a notice terminating the appointment of the Servicer under the Mortgage Servicing Agreement (the "**Servicer Termination Notice**"), the Servicer shall, *inter alia:*

a) hold to the order of the Issuer the Mortgage Assets Records, the Servicer Records and other Transaction Documents which it may hold in its capacity as Servicer;

b) hold to the order of the Issuer any monies then held by the Servicer on behalf of the Issuer together with any other Mortgage Assets held by the Servicer on behalf of the Issuer;

c) other than as the Issuer may direct, pursuant to the Mortgage Servicing Agreement continue to perform the Services (unless prevented by any Portuguese law or any applicable law, regulation or Force Majeure Event) until the Servicer Termination Date;

d) take such further action in accordance with the terms of the Mortgage Servicing Agreement as the Issuer may reasonably direct in relation to the Servicer's obligations under the Mortgage Servicing Agreement, including, if so requested, giving a Notification Event Notice to the Borrowers and provide such assistance as referred to in the Mortgage Servicing Agreement as may be necessary to enable the Services to be performed by a Successor Servicer; and

e) stop taking any such action under the terms of the Mortgage Servicing Agreement as the Issuer may reasonably direct, including, the collection of Receivables into the Proceeds Account, communication with Borrowers or dealing with the Mortgage Assets.

At any time after the delivery of a Servicer Event Notice, the Issuer may deliver a Servicer Termination Notice to the Servicer, the effect of which will be to terminate the Servicer's appointment from the date specified in such notice and from such date, *inter alia:*

a) all authority and power of the retiring Servicer under the Mortgage Servicing Agreement shall be terminated and shall be of no further effect;
b) the retiring Servicer shall no longer hold itself out in any way as the agent of the Issuer pursuant to the Mortgage Servicing Agreement;
c) the rights and obligations of the retiring Servicer and any obligations of the Issuer and the Originator to the retiring Servicer shall cease but such termination shall be without prejudice to:
    (i) any liabilities or obligations of the retiring Servicer to the Issuer or the Originator or any Successor Servicer incurred before the Servicer Termination Date;
    (ii) any liabilities or obligations of the Issuer or the Originator to the retiring Servicer incurred before the Servicer Termination Date;
    (iii) the retiring Servicer's obligation to deliver documents and materials in accordance with the Mortgage Servicing Agreement; and
    (iv) the duty not to hinder the safeguard of the Issuer's interests in the Mortgage Assets.

The occurrence of a Servicer Event leading to the replacement of the Servicer or a Notification Event will not, of itself, constitute an Event of Default under the Conditions.

Termination

The appointment of the Servicer will continue (unless otherwise terminated by the Issuer) until the Final Discharge Date when the obligations of the Issuer under the Transaction Documents will be discharged in full. The Issuer may terminate the Servicer's appointment and appoint a Successor Servicer to the extent permitted by the Securitisation Law, upon the occurrence of a Servicer Event and the delivery of a Servicer Termination Notice in accordance with the provisions of the Mortgage Servicing Agreement. Notice of the appointment of the Successor Servicer shall be delivered by the Issuer to the Rating Agencies, CMVM, Bank of Portugal and to each of the other Transaction Parties.

Payments

The Servicer will procure that all Collections received from Borrowers in respect of the Mortgage Assets are paid into the Proceeds Account. The Servicer will give instructions to the bank in which the Proceeds Account is maintained (the "**Proceeds Account Bank**") to ensure that monies received by the Proceeds Account Bank from Borrowers on any particular Business Day are paid on such day into the Proceeds Account.

The Servicer will direct the Proceeds Account Bank to transfer the amount of all Collections relating to Mortgage Assets received in the Proceeds Account on any Business Day to the Payment Account on the following Business Day.

Applicable law and jurisdiction

The Mortgage Servicing Agreement and all non-contractual obligations arising from or connected with it will be governed by the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to settle any dispute that may arise in connection with the Mortgage Servicing Agreement.

Common Representative Appointment Agreement

On the Closing Date, the Issuer and the Common Representative will enter into an agreement setting forth the Conditions of the Notes and providing for the appointment of the Common Representative as common representative of the Noteholders for the Notes pursuant to Article 65 of the Securitisation Law and to Articles 357, 358 and 359 of Decree – Law no. 262/86 of 2 September 1986, as amended (the "**Portuguese Companies Code"**).

Pursuant to the Common Representative Appointment Agreement, the Common Representative will agree to act as Common Representative of the Noteholders in accordance with the provisions set out therein and the Conditions. The Common Representative shall have among other things the power:

a) to exercise in the name and on behalf of the Noteholders all the rights, powers, authorities and discretions vested on the Noteholders or on it (in its capacity as the common representative of the Noteholders pursuant to article 65 of the Securitisation Law and of article 359 of the Portuguese Companies Code) at law, under the Common Representative Appointment Agreement or under any other Transaction Document;

b) to start any action in the name and on behalf of the Noteholders in any proceedings, to the extent that such proceedings do not involve any conflict of interests between the Common Representative and the Issuer or the Originator in which case the Common Representative undertakes to convene a Meeting of the Noteholders and act in accordance with the Noteholders' instructions passed at such meeting (including a resolution approving the replacement of the Common Representative by a third party designated by the Noteholders through such Resolution to represent the Noteholders in such judicial proceedings);

c) to enforce or execute in the name and on behalf of the Noteholders any Resolution passed by a Meeting of the Noteholders; and

d) to exercise, in its name and on its behalf, the rights of the Issuer under the Transaction Documents pursuant to the terms of the Co-ordination Agreement.

The rights and obligations of the Common Representative are set out in the Common Representative Appointment Agreement and include, but are not limited to:

a) determining whether any proposed modification to the Notes or the Transaction Documents is materially prejudicial to the interest of any of the Noteholders and the Transaction Creditors;

b) giving any consent required to be given in accordance with the terms of the Transaction Documents;

c) waiving certain breaches of the terms of the Notes or the Transaction Documents on behalf of the Noteholders; and

d) determining certain matters specified in the Common Representative Appointment Agreement, including any questions in relation to any of the provisions therein.

In addition, the Common Representative may, at any time and from time to time, without the consent or sanction of the Noteholders or any other Transaction Creditor (other than in respect of a Reserved Matter or any provision of the Conditions, the Common Representative Agreement or any other of the Transaction Documents referred to in the definition of a Reserved Matter) concur with the Issuer and any other relevant Transaction Creditor in making (A) any modification to the Conditions, to the Notes, the Common Representative Appointment Agreement or any other Transaction Documents in relation to which the Common Representative's consent is required which, in the opinion of the Common Representative will not be materially prejudicial to the interests of (i) holders of the Most Senior Class of Notes then outstanding and (ii) any of the Transaction Creditors, unless such Transaction Creditors have given their prior written consent to any such modification, and (B) any modification, to the Conditions or any of the Transaction Documents in relation to which the Common Representative's consent is required if, in the opinion of the Common Representative, such modification is of a formal, minor, administrative or technical nature, or is made to correct a manifest error or is necessary or an error which, in the opinion of the Common Representative, is proven, or is necessary or desirable for purposes of clarity. Any such modifications shall be notified to the Rating Agencies and, to the extent the Common Representative requires it, notice thereof shall be delivered to the Noteholders in accordance with the Notices Condition.

Remuneration of the Common Representative

The Issuer shall pay to the Common Representative remuneration for its services as Common Representative as from the date of the Common Representative Appointment Agreement, such remuneration to be at such rate as may from time to time be agreed between the Issuer and the Common Representative. Such remuneration shall accrue from day to day and be payable in advance and in accordance with the Payment Priorities until the powers, authorities and discretions of the Common Representative are discharged.

In the event of the Common Representative considering it convenient or necessary or being requested by the Issuer to undertake duties which the Common Representative and the Issuer agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Common Representative under the Common Representative Appointment Agreement, the Issuer shall, in accordance with the Payment Priorities, considering such duties to be discharged, pay to the Common Representative such additional remuneration as shall be agreed between them.

The rate of remuneration in force from time to time may, upon the final redemption of the whole of the Notes in a Class, be reduced by an amount as may from time to time be agreed between the Issuer and the Common Representative. Such reduction in remuneration shall be calculated from the date following such final redemption

Retirement of the Common Representative

The Common Representative may retire at any time upon giving not less than 3 (three) calendar months' notice in writing to the Issuer without assigning any reason therefor and without being responsible for any liabilities occasioned by such retirement. The retirement of the Common Representative shall not become effective until the appointment of a new Common Representative. In the event of the Common Representative giving notice of its retirement under the Common Representative Appointment Agreement, the Issuer shall use its best endeavours to find a substitute common representative. If a new common representative has not been appointed within 30 days of notice of retirement, the Common Representative may appoint a successor. The Issuer or the Common Representative, as applicable, shall ensure that each substitute common representative enters into the same agreements to which the Common Representative is a Party and is bound by the same terms and conditions to which the Common Representative is subject to therein.

Substitution of the Common Representative

The Noteholders may at any time, by means of resolutions passed in accordance with the relevant terms of the Conditions and the Common Representative Appointment Agreement remove the Common Representative and appoint a new Common Representative, provided 90 days prior notice is given to the Common Representative. In accordance with article 65.3 of the Securitisation Law, the power of appointing new common representatives shall be vested in the Noteholders and no person shall be appointed who shall not previously have been approved by a Resolution. The removal of any Common Representative shall not become effective unless there shall be a Common Representative in office after such removal.

The replacement of the Common Representative shall not give rise to any costs, fees and/or expenses payable to the retiring Common Representative (other than the costs, fees and expenses already incurred by the date on which the replacement of the Common Representative becomes effective).

Applicable law and jurisdiction

The Common Representative Appointment Agreement and all non-contractual obligations arising from or connected with it will be governed by the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to settle any dispute in connection with the Common Representative Appointment Agreement.

Transaction Management Agreement

Transaction Manager Services

Pursuant to the Transaction Management Agreement, the Issuer will appoint the Transaction Manager to carry out certain administrative tasks on behalf of the Issuer, including:

a) operating the Payment Account and the Reserve Account in such a manner as to enable the Issuer to perform its financial obligations pursuant to the Notes and the Transaction Documents;

b) providing the Issuer and the Common Representative with certain cash management, calculation, notification and reporting information in relation to the Payment Account and the Reserve Account;

c) taking the necessary action and giving the necessary notices to ensure that the Payment Account and the Reserve Account is credited with the appropriate amounts in accordance with the Transaction Management Agreement;

d) taking all necessary action to ensure that all payments are made from the Payment Account and the Reserve Account in accordance with the Transaction Management Agreement and the Conditions;

e) maintaining adequate records to reflect all transactions carried out by or in respect of the Payment Account and the Reserve Account;

f) investing the funds credited to the Payment Account and the Reserve Account in Authorised Investments, which shall not consist, either directly or indirectly, of asset-backed securities or assets which do not comply with the ECB's eligibility criteria; and

g) producing the Investor Report not later than 2 Business Days prior to each Interest Payment Date.

All references in this Prospectus to payments or other procedures to be made by the Issuer shall whenever the same fall within the scope of functions of the Transaction Manager under the Transaction Management Agreement, be understood as payments or procedures that shall be performed by the Transaction Manager on behalf of the Issuer.

Remuneration of the Transaction Manager

The Transaction Manager will receive a fee to be paid on a quarterly basis in arrear on each Interest Payment Date in accordance with the Payment Priorities.

Termination of the Transaction Manager

In the event of the termination of the appointment of the Transaction Manager due to the occurrence of a Transaction Manager Event (as defined in the Transaction Management Agreement) it would be necessary for the Issuer to appoint a substitute transaction manager. The appointment of the substitute transaction manager is subject to the condition that, *inter alia*, such substitute transaction manager is capable of administering the Transaction Accounts of the Issuer. The appointment of any successor Transaction Manager shall be previously notified to the Rating Agencies.

Applicable law and jurisdiction

The Transaction Management Agreement and all non-contractual obligations arising from or connected with it will be governed by the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to settle any disputes that may arise in connection with the Transaction Management Agreement.

Accounts Agreement

On or about the Closing Date, the Issuer, the Common Representative, the Accounts Bank and the Transaction Manager will enter into an Accounts Agreement pursuant to which the Accounts Bank will agree to open and maintain the Transaction Accounts which are held in the name of the Issuer and operated by the Transaction Manager on behalf the Issuer (and, after the delivery of an Enforcement Notice, the Common Representative), and provide the Issuer with certain services in connection with account handling and reporting requirements in relation to the monies from time to time standing to the credit of the Transaction Accounts. The Accounts Bank will pay interest (which interest must not be below zero) on the amounts standing to the credit of the Payment Account and the Reserve Account.

The Accounts Bank will agree to comply with any directions given by the Transaction Manager in relation to the management of the Payment Account and the Reserve Account.

Minimum rating required

The Accounts Bank is required to be rated at least the Minimum Rating during any time when the relevant Transaction Account is held by the Accounts Bank. In the event that the debt obligations of the Accounts Bank ceases to be rated at least the Minimum Rating, then within 30 (thirty) calendar days of such event and at the cost of the Accounts Bank:

(i) the Accounts Bank shall transfer the Transaction Accounts (and the balances standing to the credit thereto) to such other bank whose short and/or long term (as applicable), unsecured, unsubordinated and unguaranteed debt obligations are rated at least the Minimum Rating; or (ii) the Accounts Bank shall procure a suitable guarantee of the obligations of the Accounts Bank from a financial institution rated at least the Minimum Rating (provided that the Rating Agencies are notified of the identity of such financial institution).

Applicable law and jurisdiction

The Accounts Agreements and all non-contractual obligations arising from or connected with it will be governed by the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to settle any dispute in connection with the Accounts Agreements.

Paying Agency Agreement

Pursuant to the Paying Agency Agreement, the Issuer and, in case a Potential Event of Default or Event of Default occurs, the Common Representative will appoint the Agents (the Paying Agent and the Agent Bank) as its agent in relation to the Notes to perform various payments and other administrative functions in connection with the Notes and the other Transaction Documents. The obligations and duties of the Agents under the Paying Agency Agreement and the Conditions shall be several and not joint.

Each of the Agents (the Paying Agent and the Agent Bank) may resign its appointment upon not less than 30 (thirty) days' notice to the Issuer (with a copy to the Common Representative)and the Issuer may (with the prior written approval of the Common Representative) revoke the appointment of each of the Agents by not less than 30 (thirty) days' notice to the relevant Agent (with a copy to the Common Representative), provided that either resignation, revocation or termination does not take effect until a successor has been duly appointed.

The Issuer may (with the prior written approval of the Common Representative) or each of the Agents may (in case of resignation, if no successor agent is appointed by the Issuer and following such consultation with the Issuer as is practicable in the circumstances and with the prior written approval of the Common Representative), appoint a successor Agent and shall forthwith give notice of any such appointment to the continuing Agent, the Noteholders, the Rating Agencies and the Common Representative. Any successor Agent appointed in accordance with the Paying Agency Agreement must be appointed prior to the termination of the appointment of the previous Agent and shall be a reputable and experienced financial institution provided such financial institution is capable of acting as a paying agent or agent bank (as applicable) pursuant to Interbolsa applicable regulations.

Applicable law and jurisdiction

The Paying Agency Agreement and all non-contractual obligations arising from or connected with it will be governed by the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to settle any dispute in connection with the Paying Agency Agreement.

Co-ordination Agreement

On the Closing Date, the Transaction Creditors and the Issuer will enter into the Co-ordination Agreement pursuant to which the parties (other than the Common Representative) will be required, subject to Portuguese law, to give certain information and notices to and give due consideration to any request from or opinion of the Common Representative in relation to certain matters regarding the Mortgage Asset Portfolio, the Originator and its obligations under the Mortgage Sale Agreement, the Servicer and its obligations under the Mortgage Servicing Agreement.

Pursuant to the terms of the Co-ordination Agreement, the Common Representative Appointment Agreement, the Conditions and the relevant provisions of the Securitisation Law, the Common Representative shall, following the delivery of an Enforcement Notice, act in the name and on behalf of the Issuer in connection with the Transaction Documents and in accordance with the Co-ordination Agreement.

In addition, pursuant to the Co-ordination Agreement, the Transaction Manager and the Common Representative will receive the benefit of the Mortgage Asset Warranties and other representations and warranties made by the Originator and the Servicer in the Mortgage Sale Agreement and the Mortgage Servicing Agreement respectively. The Issuer will authorise the Common Representative to exercise the rights provided for in the Co-ordination Agreement and the Originator and the Servicer will acknowledge such authorisation therein.

Applicable law and jurisdiction

The Co-ordination Agreement and all non-contractual obligations arising out of or in connection with it will be governed by the laws of the Portuguese Republic. The Courts of Lisbon will have exclusive jurisdiction to settle any dispute in connection with the Co-ordination Agreement.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes will amount to €2,266,000,001.

On or about the Closing Date, the Issuer will apply the net proceeds of the Notes (other than the VFN) as follows:

a) the proceeds of the issue of the Class A Notes and Class B Notes, in or towards payment to the Originator of the Purchase Price for the purpose of purchasing the Mortgage Assets pursuant to the Mortgages Sale Agreement;

b) the proceeds of the issue of the Class C Notes, in or towards funding of the Reserve Account; and

c) any excess amount will be transferred to the Payment Account.

The proceeds of the VFN, at issuance or once increased, will be credited to the Reserve Account and registered in the Commingling Reserve Ledger and will be used to mitigate the materialisation of any commingling risk up to the amount available in the Reserve Account and registered in the Commingling Reserve Ledger. The nominal amount of the VFN to be increased shall be subject to compliance with the required level of the Issuer's own funds as provided for in the Securitisation Law and subject to the ability of the VFN Noteholder to pay the amount corresponding to the increased nominal value of the VFN.

The initial up-front transaction expenses will be paid by the Issuer up-front without recourse to any of the proceeds of the issue of the Notes.

The total expenses relating to the admission of the Class A Notes to trading on the Euronext's regulated market will amount to €16,250.00.

CHARACTERISTICS OF THE MORTGAGE ASSETS

Mortgage Assets

Each Mortgage Asset is a first lien mortgage loan secured by a mortgage over a residential property in Portugal (with the exception of the Mortgage Loans secured by a first ranking mortgage, a second ranking mortgage and/or a third ranking mortgage over the same property, each in favour of the Originator, where the Mortgage Loan with the benefit of a prior ranking mortgage is always included in the Mortgage Asset Portfolio).

Mortgage Loans are fully amortised with monthly instalments, mainly due on the last 5 (five) days of each month. Such monthly instalments in respect of floating rate mortgage loans are generally of constant amounts, which are reset annually to reflect the applicable floating interest rate. No Mortgage Loans allow the capitalisation of interest.

The information set out below has been prepared on the basis of a preliminary pool of the Mortgage Assets as of 27 November 2017. The actual Mortgage Asset Portfolio to be acquired by the Issuer on the Closing Date will differ to the provisional pool of Mortgage Assets described herein, and the actual portfolio may be smaller than the provisional pool.

The Mortgages

The Mortgage Asset Portfolio: The Mortgage Asset Portfolio will be selected (in accordance with the criteria summarised below) from, and will substantially comprise, a pool of Mortgage Assets owned by BST which has the characteristics indicated in Tables A to J below.

The Mortgage Asset Portfolio will be selected so that it complies with the Mortgage Asset representations and warranties.

The interest rate in respect of each Mortgage Loan comprised in the Mortgage Asset Portfolio will be either:

a) a variable rate of interest indexed to EURIBOR or to other published indexes;

b) a fixed rate of interest set for an initial period at the end of which the relevant interest rate is converted to a variable interest rate indexed to EURIBOR or to other published indexes. In certain cases, the Borrower may be entitled to elect to fix the rate for an additional period;

c) a fixed rate.

The interest rate payable under a Mortgage Asset Agreement may become subject to a Cap, Floor or Collar for the whole or part of the remaining life of such Mortgage Asset Agreement.

The Mortgage Loans comprised in the Mortgage Asset Portfolio will be amortising loans with instalments of both principal and interest.

At the Closing Date, none of the Mortgage Loans in the Mortgage Asset Portfolio will be in arrear.

SUMMARY OF THE MORTGAGE ASSET PORTFOLIO	
Type of Assets	Mortgage-backed Loans
Collateral	First lien mortgage loan secured by a mortgage over a residential property in Portugal. Certain Mortgage Loans are secured by a first ranking mortgage, a second

	ranking mortgage and/or a third ranking mortgage over the same property, each in favour of the Originator).
Amortisation of the Credits comprising the Portfolio	Fully amortised pursuant to a monthly instalments plan
Capitalisation of Interest	No
Interest Rate	• Indexed to EURIBOR or other published indexes; • Fixed rate for an initial period, followed by variable rate indexed to EURIBOR or other published indexes (in some cases the Borrower is entitled to fix the rate for an additional period); • Fixed rate
Interest rate related provisions	Some Mortgage Asset Agreements may provide for a Cap, Floor or Collar
Performing Credits	Yes; no Mortgage Loans will be in arrears as at the Closing Date
Assignability and Eligibility Criteria	All credits comprising the portfolio comply with article 4 of the Securitisation Law, as well as with the Eligibility Criteria as set out under Schedule 1 to the Mortgage Sale Agreement as at the Closing Date
Applicable Law	Portuguese Law

Characteristics of the Mortgage Asset Portfolio

The pool of Mortgage Loans from which the Mortgage Asset Portfolio will be selected had the aggregate characteristics indicated in Tables A to J below as at 27 November 2017 the "**Portfolio Calculation Date**".

Since such date, there have been changes to the pool of the Mortgage Asset Portfolio but the Mortgage Asset Portfolio complies, as at the Portfolio Calculation Date, with the Eligibility Criteria set out and agreed for the issuance of the Notes. The actual Mortgage Asset Portfolio to be acquired by the Issuer on the Closing Date will not be materially different to the provisional pool of Mortgage Assets described herein, and the actual portfolio may be smaller than the provisional pool. Amounts are rounded to the nearest euro unit with euro 50 cents being rounded upwards. This may give rise to certain rounding errors in the tables.

TABLE A: INITIAL BALANCE (€)

Mortgage Loans Pool dated 27 November 2017 Initial Balance						
Range of Initial Balance			Mortgage Loans		Initial Balance	
			number	%	euros	%
0	-	50 000	10 948	33,41	218 219 246,22	8,66
50 000	-	100 000	11 935	36,42	902 138 856,26	35,82
100 000	-	150 000	7 054	21,53	840 383 591,86	33,37
150 000	-	200 000	1 941	5,92	324 476 765,28	12,88
200 000	-	250 000	526	1,61	114 697 817,18	4,55
250 000	-	300 000	201	0,61	54 038 277,25	2,15
300 000	-	350 000	72	0,22	22 859 764,55	0,91
350 000	-	400 000	31	0,09	11 395 242,18	0,45
400 000	-	450 000	21	0,06	8 695 287,54	0,35
450 000	-	500 000	16	0,05	7 531 010,88	0,30
500 000	-	550 000	10	0,03	5 137 971,74	0,20
550 000	-	600 000	4	0,01	2 303 000,00	0,09
600 000	-	650 000	3	0,01	1 810 000,00	0,07
750 000	-	800 000	1	0,00	750 000,00	0,03
800 000	-	850 000	1	0,00	800 000,00	0,03
1 000 000	-	1 050 000	2	0,01	2 000 000,00	0,08
1 250 000	-	1 300 000	1	0,00	1 300 000,00	0,05
Total			**32 767**	**100,00**	**2 518 536 831**	**100,00**

TABLE B: OUTSTANDING BALANCE (€)

Mortgage Loans Pool dated 27 November 2017 Outstanding Balance						
Range of Outstanding Balance			Mortgage Loans		Outstanding Balance	
			number	%	euros	%
0	-	50 000	12 405	37,86	248 549 142,01	11,08
50 000	-	100 000	13 050	39,83	967 408 292,67	43,11
100 000	-	150 000	5 408	16,50	645 531 771,85	28,77
150 000	-	200 000	1 287	3,93	218 360 689,42	9,73
200 000	-	250 000	370	1,13	82 060 983,87	3,66
250 000	-	300 000	127	0,39	34 522 301,34	1,54
300 000	-	350 000	51	0,16	16 350 861,15	0,73
350 000	-	400 000	27	0,08	10 134 570,64	0,45
400 000	-	450 000	20	0,06	8 506 158,39	0,38
450 000	-	500 000	9	0,03	4 190 175,47	0,19
500 000	-	550 000	6	0,02	3 108 590,17	0,14
550 000	-	600 000	2	0,01	1 175 296,13	0,05
650 000	-	700 000	1	0,00	694 955,65	0,03
700 000	-	750 000	2	0,01	1 433 158,52	0,06
800 000	-	850 000	1	0,00	816 857,09	0,04
1 100 000	-	1 150 000	1	0,00	1 149 176,27	0,05
Total			**32 767**	**100,00**	**2 243 992 981**	**100,00**

TABLE C: DAYS IN ARREAR

Table C: Days in Arrears

Mortgage Loans Pool dated 27 November 2017 Days in Arrears				
Range of days in Arrears	Mortgage Loans		Outstanding Balance	
	number	%	euros	%
No Payments Pending	32 767	100,00	2 243 992 980,64	100,00
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**

TABLE D: ORIGINATION DATE

Mortgage Loans Pool dated 27 November 2017 Origination Date						
Origination Date Range	Mortgage Loans		Outstanding Balance		Weighted Origination Date	
	number	%	euros	%	Date	Months
1996	1	0,00	28 139,75	0,00	14/dez/96	251,67
1997	26	0,08	430 428,49	0,02	24/set/97	242,32
1998	18	0,05	399 730,20	0,02	19/ago/98	231,52
1999	61	0,19	1 537 720,70	0,07	30/jun/99	221,14
2000	42	0,13	1 478 593,72	0,07	11/jul/00	208,74
2001	78	0,24	2 482 721,79	0,11	10/jul/01	196,78
2002	96	0,29	4 064 108,78	0,18	23/jul/02	184,35
2003	618	1,89	27 521 553,16	1,23	14/ago/03	171,63
2004	1 010	3,08	49 128 156,15	2,19	18/jul/04	160,48
2005	1 554	4,74	82 185 165,05	3,66	06/ago/05	147,86
2006	3 531	10,78	201 656 570,43	8,99	04/ago/06	135,93
2007	7 917	24,16	455 308 090,37	20,29	11/jul/07	124,71
2008	4 813	14,69	280 446 636,92	12,50	29/mai/08	114,08
2009	1 378	4,21	85 334 401,14	3,80	22/mai/09	102,33
2010	1 010	3,08	73 204 218,85	3,26	01/jul/10	89,02
2011	592	1,81	39 599 572,49	1,76	16/jun/11	77,50
2012	555	1,69	46 174 625,30	2,06	30/jul/12	64,04
2013	497	1,52	46 943 240,95	2,09	14/jul/13	52,57
2014	772	2,36	66 247 858,86	2,95	28/jul/14	40,09
2015	1 468	4,48	129 807 112,62	5,78	13/ago/15	27,56
2016	3 059	9,34	281 766 368,51	12,56	10/jul/16	16,64
2017	3 671	11,20	368 247 966,41	16,41	02/jun/17	5,90
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**		

TABLE E: MATURITY DATE

Mortgage Loans Pool dated 27 November 2017 Final Maturity Classification						
Final Maturity Range	Mortgage Loans		Outstanding Balance		Weighted Amortization Date	
	number	%	euros	%	Date	Months
2018	2	0,01	10 224,19	0,00	14/mai/18	5,47
2019	13	0,04	96 619,50	0,00	07/out/19	22,29
2020	4	0,01	55 323,44	0,00	15/mai/20	29,52
2021	5	0,02	59 528,47	0,00	23/jun/21	42,81
2022	31	0,09	447 501,47	0,02	14/set/22	57,55
2023	34	0,10	454 024,21	0,02	02/jul/23	67,12
2024	30	0,09	477 236,62	0,02	26/jun/24	78,95
2025	31	0,09	1 691 194,70	0,08	11/mai/25	89,44
2026	39	0,12	1 091 880,77	0,05	04/ago/26	104,24
2027	56	0,17	2 023 271,17	0,09	01/ago/27	116,12
2028	48	0,15	1 994 731,44	0,09	10/jul/28	127,45
2029	82	0,25	3 363 474,49	0,15	05/jul/29	139,28
2030	73	0,22	2 345 730,20	0,10	02/jul/30	151,20
2031	101	0,31	4 058 737,02	0,18	12/jun/31	162,52
2032	100	0,31	4 345 949,22	0,19	04/jul/32	175,29
2033	231	0,70	10 047 347,91	0,45	12/jun/33	186,56
2034	128	0,39	5 519 296,41	0,25	23/jun/34	198,92
2035	175	0,53	8 006 047,13	0,36	22/jul/35	211,89
2036	194	0,59	9 430 979,94	0,42	02/jul/36	223,25
2037	260	0,79	14 626 495,27	0,65	13/jul/37	235,60
2038	293	0,89	14 304 313,88	0,64	24/jun/38	246,99
2039	343	1,05	17 363 880,09	0,77	19/jun/39	258,81
2040	351	1,07	22 414 750,75	1,00	07/jul/40	271,46
2041	461	1,41	28 275 108,95	1,26	27/jun/41	283,13
2042	550	1,68	34 350 318,90	1,53	18/jun/42	294,83
2043	689	2,10	42 727 742,64	1,90	06/jul/43	307,40
2044	1 107	3,38	63 611 226,22	2,83	06/jul/44	319,43
2045	1 401	4,28	82 653 212,87	3,68	05/jul/45	331,41
2046	2 261	6,90	134 290 293,99	5,98	22/jun/46	343,00
2047	1 833	5,59	118 776 160,80	5,29	15/jun/47	354,75
2048	1 261	3,85	84 274 210,14	3,76	11/jun/48	366,66
2049	1 254	3,83	84 195 848,42	3,75	18/jun/49	378,88
2050	1 469	4,48	103 319 809,44	4,60	23/jun/50	391,05
2051	1 623	4,95	119 958 196,67	5,35	02/jul/51	403,34
2052	2 383	7,27	165 043 967,03	7,35	20/jun/52	415,00
2053	1 653	5,04	116 601 858,98	5,20	10/jun/53	426,64
2054	1 471	4,49	105 264 731,77	4,69	10/jun/54	438,67
2055	1 606	4,90	114 652 881,38	5,11	20/jun/55	450,99
2056	1 720	5,25	129 710 790,99	5,78	23/jun/56	463,12
2057	2 158	6,59	156 624 865,63	6,98	17/jun/57	474,93
2058	1 451	4,43	103 421 956,19	4,61	28/mai/58	486,25
2059	827	2,52	67 803 670,17	3,02	04/jun/59	498,48
2060	610	1,86	53 926 193,97	2,40	26/jun/60	511,26
2061	564	1,72	52 046 241,00	2,32	09/jun/61	522,70
2062	494	1,51	47 258 549,18	2,11	09/jun/62	534,70
2063	381	1,16	34 857 996,88	1,55	09/jun/63	546,70
2064	280	0,85	23 480 331,01	1,05	12/jun/64	558,81
2065	264	0,81	22 166 952,33	0,99	11/jun/65	570,79
2066	221	0,67	17 542 211,46	0,78	20/jun/66	583,08
2067	151	0,46	12 929 115,34	0,58	18/mai/67	594,00
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**		

TABLE F: INDEX RATE TYPE

Mortgage Loans Pool dated 27 November 2017 Index Rate						
Index Rate	Mortgage Loans		Outstanding Balance		W. Average	W. Average
	number	%	euros	%	Int. Rate	margin
Fixed (Including 233 Mixed Loans)	1 213	3,70	112 306 408,88	5,00	2,22	0,41
Variable						
-EURIBOR 1M	4	0,01	190 992,37	0,01	0,00	1,59
-EURIBOR 3M	16 142	49,26	916 484 042,55	40,84	0,72	1,05
-EURIBOR 6M	7 862	23,99	491 998 782,10	21,93	1,36	1,63
-EURIBOR 12M	7 546	23,03	723 012 754,74	32,22	1,86	1,99
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**	**1,45**	**1,31**

TABLE G: CURRENT LTV (PER CENT.)

Mortgage Loans Pool dated 2 Current Loan to Value*					
Range of Loan to value	Mortgage Loans		Outstanding Balance		Weighted
	number	%	euros	%	average LTV
] 0% ; 10%]	40	0,12	378 599,28	0,02	7,68
] 10% ; 20%]	83	0,25	1 732 151,88	0,08	16,53
] 20% ; 30%]	104	0,32	3 171 567,23	0,14	25,42
] 30% ; 40%]	150	0,46	5 496 302,13	0,24	35,76
] 40% ; 50%]	232	0,71	10 754 604,01	0,48	46,26
] 50% ; 60%]	439	1,34	23 456 057,17	1,05	56,47
] 60% ; 70%]	944	2,88	54 613 626,81	2,43	66,27
] 70% ; 80%]	6 504	19,85	460 026 559,90	20,50	77,99
] 80% ; 90%]	20 401	62,26	1 424 682 078,19	63,49	84,26
] 90% ; 100%]	3 870	11,81	259 681 434,04	11,57	94,22
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**	**82,95**

* Sum of Outstanding Balance for each property divided by the current property valuation

TABLE H: INTEREST RATE (PER CENT.)

Mortgage Loans Pool dated 27 November 2017 Interest Rate*								
Range of Interest Rate			Mortgage Loans		Outstanding Balance		W. Average	W. Average
			number	%	euros	%	Int. Rate	margin
0	-	0,5	9 912	30,25	626 775 525,75	27,93	0,20	0,50
0,5	-	1,0	4 549	13,88	262 996 730,87	11,72	0,76	1,05
1,0	-	1,5	5 399	16,48	456 585 446,73	20,35	1,23	1,25
1,5	-	2,0	5 216	15,92	440 184 234,35	19,62	1,77	1,91
2,0	-	2,5	5 317	16,23	303 706 217,99	13,53	2,19	2,40
2,5	-	3,0	579	1,77	41 979 206,29	1,87	2,74	2,72
3,0	-	3,5	596	1,82	37 468 827,07	1,67	3,23	3,25
3,5	-	4,0	342	1,04	15 147 244,14	0,68	3,72	3,84
4,0	-	4,5	477	1,46	32 559 865,62	1,45	4,08	4,24
4,5	-	5,0	106	0,32	6 580 911,92	0,29	4,85	5,07
5,0	-	5,5	123	0,38	7 230 885,00	0,32	5,44	5,63
5,5	-	6,0	26	0,08	1 168 026,34	0,05	5,64	5,41
6,0	-	6,5	1	0,00	68 950,06	0,00	6,04	5,05
6,5	-	7,0	18	0,05	737 649,05	0,03	6,71	6,39
7,0	-	7,5	3	0,01	46 976,94	0,00	7,33	2,59
8,0	-	9,0	103	0,31	10 756 282,52	0,48	8,50	0,00
Total			**32 767**	**100,00**	**2 243 992 981**	**100,00**	**1,31**	**1,45**

* Equal to the sum of index rate and spread. The index rate is reset in each interest rate reset date for floating rate loans, the reset date varying from loan to loan.

TABLE I: GEOGRAPHIC DISTRIBUTION

Mortgage Loans Pool dated 27 November 2017 Geographic Distribution of the Loans				
Regions	Mortgage Loans		Outstanding Balance	
	number	%	euros	%
Aveiro	1 678	5,12	105 507 721,26	4,70
Beja	189	0,58	10 349 439,25	0,46
Braga	1 665	5,08	122 168 595,81	5,44
Bragança	218	0,67	13 742 776,68	0,61
Castelo Branco	563	1,72	30 715 068,84	1,37
Coimbra	1 310	4,00	93 970 334,11	4,19
Évora	398	1,21	26 536 799,99	1,18
Faro	1 344	4,10	101 734 794,48	4,53
Guarda	176	0,54	10 534 228,77	0,47
Ilha da Graciosa	2	0,01	80 834,08	0,00
Ilha da Madeira	494	1,51	34 888 087,95	1,55
Ilha de Porto Santo	5	0,02	518 452,51	0,02
Ilha de Santa Maria	3	0,01	112 824,34	0,01
Ilha de São Jorge	2	0,01	72 220,46	0,00
Ilha de São Miguel	71	0,22	5 053 669,06	0,23
Ilha do Faial	49	0,15	2 830 881,09	0,13
Ilha do Pico	14	0,04	576 199,20	0,03
Ilha Terceira	34	0,10	1 836 422,94	0,08
Leiria	907	2,77	55 748 899,83	2,48
Lisboa	9 916	30,26	741 299 229,22	33,03
Portalegre	191	0,58	10 944 174,86	0,49
Porto	6 497	19,83	443 396 375,76	19,76
Santarém	1 408	4,30	80 846 476,04	3,60
Setúbal	4 445	13,57	273 954 121,28	12,21
Viana do Castelo	324	0,99	23 955 431,14	1,07
Vila Real	239	0,73	14 570 168,73	0,65
Viseu	509	1,55	33 822 329,61	1,51
No Data	116	0,35	4 226 423,35	0,19
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**

TABLE J: 20 LARGEST DEBTORS

Mortgage Loans Pool dated 27 November 2017 20 Largest Debtors					
Debtor	Property Region	WA Current L.T.V	Number of Loans	Outstanding euros	Principal %
1	Lisboa	81%	2	1 341 479	0,06
2	Lisboa	86%	1	816 857	0,04
3	Lisboa	85%	1	721 310	0,03
4	Lisboa	73%	1	711 849	0,03
5	Lisboa	83%	2	705 132	0,03
6	Lisboa	90%	1	694 956	0,03
7	Braga	84%	2	642 554	0,03
8	Lisboa	69%	1	588 169	0,03
9	Lisboa	93%	1	587 128	0,03
10	Lisboa	83%	2	559 828	0,02
11	Porto	77%	1	540 079	0,02
12	Lisboa	77%	1	538 723	0,02
13	Lisboa	84%	1	514 845	0,02
14	Lisboa	89%	2	514 692	0,02
15	Coimbra	82%	1	509 863	0,02
16	Lisboa	78%	2	507 647	0,02
17	Lisboa	81%	3	506 917	0,02
18	Braga	85%	2	505 648	0,02
19	Coimbra	84%	4	504 478	0,02
20	Lisboa	84%	1	501 970	0,02
Rest of Debtors			32 735	2 231 478 858	99,44
Total			**32 767**	**2 243 992 981**	**100,00**

TABLE K: ORIGINAL LTV

Mortgage Loans Pool dated 27 November 2017 Original Loan to Value*					
Range of Loan to value	Mortgage Loans number	%	Outstanding Balance euros	%	Weighted average LTV
] 0% ; 10%]	30	0,09	1 521 023,05	0,07	8,80
] 10% ; 20%]	35	0,11	673 325,12	0,03	15,83
] 20% ; 30%]	35	0,11	1 287 831,43	0,06	25,54
] 30% ; 40%]	78	0,24	3 473 969,93	0,15	34,95
] 40% ; 50%]	114	0,35	5 733 234,95	0,26	46,57
] 50% ; 60%]	201	0,61	13 264 762,53	0,59	56,47
] 60% ; 70%]	327	1,00	24 755 806,99	1,10	66,90
] 70% ; 80%]	2 068	6,31	170 256 776,46	7,59	78,22
] 80% ; 90%]	12 021	36,69	935 214 682,05	41,68	85,85
] 90% ; 100%]	14 821	45,23	916 206 875,49	40,83	95,37
> 100%	3 037	9,27	171 604 692,64	7,65	110,41
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**	**90,37**

* Sum of Original Balance for each property divided by the original property valuation

TABLE L: LOAN PURPOSE

Mortgage Loans Pool dated 27 November 2017 Days in Arrears				
Range of days in Arrears	Mortgage Loans		Outstanding Balance	
	number	%	euros	%
Purchase	21 872	66,75	2 007 101 770,30	89,44
Renovation	10 551	32,20	207 641 653,31	9,25
Construction	343	1,05	29 228 517,02	1,30
Other	1	0,00	21 040,01	0,00
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**

TABLE M: OCCUPANCY TYPE

Mortgage Loans Pool dated 27 November 2017 Days in Arrears				
Range of days in Arrears	Mortgage Loans		Outstanding Balance	
	number	%	euros	%
Owner-Occupied	31 880	97,29	2 198 544 215,87	97,97
Second Home	494	1,51	39 766 502,74	1,77
Other	393	1,20	5 682 262,03	0,25
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**

TABLE N: EMPLOYMENT TYPE

Mortgage Loans Pool dated 27 November 2017 Employment Type				
Range of Employment	Mortgage Loans		Outstanding Balance	
	number	%	euros	%
Employed	28 644	87,42	1 973 624 635,20	87,95
Civil Servant	2 649	8,08	176 356 972,26	7,86
Self-Employed	862	2,63	56 272 481,87	2,51
Student	137	0,42	12 007 418,75	0,54
Pensioner	192	0,59	8 626 797,93	0,38
Other	274	0,84	16 475 729,09	0,73
No Data	9	0,03	628 945,54	0,03
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**

TABLE O: REMAINING LIFE

Remaining Life

Mortgage Loans Pool dated 27 November 2017 Remaining Life				
Range of Remaining Life	Mortgage Loans		Outstanding Balance	
	number	%	euros	%
[0 - 10 years]	241	0,74	6 205 827,94	0,28
[10 - 20 years]	1 374	4,19	62 987 275,23	2,81
[20 - 30 years]	9 168	27,98	550 707 187,06	24,54
[30 - 40 years]	16 556	50,53	1 176 129 516,05	52,41
[40 - 50 years]	5 428	16,57	447 963 174,36	19,96
Total	**32 767**	**100,00**	**2 243 992 981**	**100,00**

ORIGINATOR'S STANDARD BUSINESS PRACTICES, SERVICING AND CREDIT ASSESSMENT

Origination and Underwriting Process

BST is a bank providing full retail banking services, including residential mortgage loans. The Mortgage Loans are originated through its branch network, as a result of direct contact with borrowers.

The mortgage loan application is prepared at the branch level by branch staff. The relevant mortgage data includes loans characteristics, property description and borrower details.

The internal procedure for the approval of an application for a mortgage-backed loan involves: (i) the creation of an application by the relevant branch within the internal financial system; and (ii) the receipt of the relevant documentation (either the originals or authenticated copies) from the potential borrower. In respect of each mortgage-backed loan application, the transaction and customer in question are analysed by a risk analyst who will focus, among other things, on the loan application, the security to be given, the maturity of the loan, and the borrowing capacity, scoring and income of the potential borrower.

After an application has been accepted, the branch and customer begin the contractual process.

Collections

Mortgages are generally repaid on a monthly basis. Interest and principal components are paid through direct debit on the borrower's current account with BST.

Monitoring Procedures

The monitoring process is comprised of three stages: (i) the branch level; (ii) the call centre level; and (iii) the pre-non-performing loan level. These are applicable depending on the number of days by which the borrower is in default.

At the branch level, during the first seven to twelve days of arrear the relevant branch will contact the borrower in an informal way so as to arrange for the default to be remedied.

The call centre level takes on after seven to twelve days of arrear, contacting the borrower on a regular basis so as to reach an agreement. The call centre follows standardised procedures and all action taken is registered.

Lending Criteria

Certain key features of the criteria applied prior to approval of any advance in respect of a Mortgage Loan to be comprised in the Mortgage Asset Portfolio (the "**Lending Criteria**") are set out below. BST has the right to vary or waive the Lending Criteria from time to time in the manner of a reasonably prudent mortgage lender (a "**Prudent Mortgage Lender**") and BST may have waived or varied the Lending Criteria acting as a Prudent Mortgage Lender in respect of the Mortgage Loans to be comprised in the Mortgage Asset Portfolio. Only underwriting staff expressly granted the authority to do so may approve applications for Mortgage Loans which vary from the Lending Criteria.

The key features of the Lending Criteria are as follows:

Security

a) each of the Mortgage Loans is secured by a first ranking mortgage over a property in Portugal or by a subsequent ranking mortgage only to the extent that every prior ranking Mortgage Loan is also comprised in the Mortgage Asset Portfolio;

b) an independent valuer selected by the relevant Originator is required to assess the value of the property securing each Mortgage Loan, Independent valuers are selected based on their professional qualifications and

experience, and the quality and accuracy of their valuation reports are regularly monitored by specialised staff of the relevant Originator; and

c) Borrowers are required to effect and maintain property insurance in an amount sufficient to recover the reinstatement value of the property and the relevant Originator is a joint beneficiary under the policy.

Loan-to-Value ("LTV")

The LTV of each Mortgage Loan, calculated by dividing the total principal amount advanced under such Mortgage Loan, taken together with all Mortgage Loans secured on the same property, by the valuation of the property, will not exceed, as at the Portfolio Calculation Date, 100.00 per cent. Mortgage Loans with an LTV in excess of 100.00 per cent. will not be included in the Mortgage Asset Portfolio.

Purpose

The Mortgage Loans are granted for the:

a) acquisition of residential property;

b) construction of residential property;

c) improvement of residential property; or

d) refinancing of a mortgage loan granted by another credit institution for one of the above purposes,

where such residential property is the primary or secondary residence of the Borrower. The lending criteria for the acquisition of a secondary residence are more restrictive than that applicable for the acquisition of the primary residence.

Term

Each mortgage loan originated by the Originator has an initial term no longer than 50 years.

Borrowers

a) Borrowers must have a minimum age of 18;

b) The Borrower's credit history has been assessed based on the relevant Originator's own internal records as well as on records from the Bank of Portugal in respect of such Borrower. These records contain details of dishonoured cheques and the aggregate outstanding amount of debts to all credit institutions in Portugal in the previous twelve months, including details of any arrear, defaults and write-offs;

c) Borrowers have a demand deposit account with BST to which the direct debit of the instalments under the Mortgaged Loans has been authorised; and

d) Borrowers are required to effect and maintain a life assurance policy in the amount of the loan for the duration of the term and the relevant Originator is a joint beneficiary under the policy. The requirement to obtain life insurance is waived by the relevant Originator in a limited number of cases.

Income

Annual gross income is determined by the tax return of the Borrower and, in the case of an employed Borrower, by a certificate issued by the employer. The amount of the monthly instalments under the Mortgage Loan cannot normally exceed 50.00 per cent. of the gross income of the relevant Borrower, although this limit may be modified where a Borrower delivers evidence of additional sources of income.

Information on the Mortgage Assets

The information on the Mortgage Assets set out in this Prospectus is derived without material adjustment from information provided by BST. The information in the section entitled "The Mortgage Asset Portfolio" has not been audited by the Issuer, the Common Representative, the Transaction Manager or any other independent source.

THE ISSUER

Introduction

The Issuer is a limited liability company by shares registered and incorporated in Portugal on 17 July 2006 as a special purpose vehicle (known as "**Securitisation Company**" or "**STC**", a *sociedade de titularização de créditos*) for the purpose of issuing asset-backed securities under the Securitisation Law and has been duly authorised by the Portuguese Securities Market Commission through a resolution of the Board of Directors of the CMVM dated on or about 27 July 2006 for an unlimited period of time and was given registration number 9152.The Issuer is registered with the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 507 599 292.

On 17 June 2016, BST and Banif – Banco de Investimento, S.A (as former owner of the Issuer's share capital) have entered into a share purchase agreement with respect to the shares representing the share capital of the Issuer. The transaction was completed on 30 December 2016.

The Issuer has no subsidiaries.

The registered office of the Issuer is at Rua da Mesquita, no.6, Torre B, 4º D, 1070-238 Lisbon, Portugal. The contact details of the Issuer are as follows: telephone number (+351) 21 352 6334; fax number (+351) 21 311 1200.

Main activities

The principal corporate purposes of the Issuer are set out in its articles of association (*Estatutos* or *Contrato de Sociedade*) and permit, *inter alia*, the purchase of a number of portfolios of assets from public and private entities and the issue of notes in series to fund the purchase of such assets and the entry into of such transaction documents to effect the necessary arrangements for such purchase and issuance including, but not limited to, handling enquiries and making appropriate filings with Portuguese regulatory bodies and any other competent authority and any relevant stock exchange.

Corporate bodies

Board of Directors

The directors of the Issuer for the term 2017/2019 and their respective business addresses and their principal occupations outside of the Issuer are:

NAME	BUSINESS ADDRESS	PRINCIPAL OCCUPATIONS OUTSIDE OF THE ISSUER
MANUEL ANTÓNIO AMARAL FRANCO PRETO	RUA DA MESQUITA NO. 6, TORRE B, 4º D, 1070-238 LISBON, PORTUGAL	MEMBER OF THE BOARD OF DIRECTORS OF BANCO SANTANDER TOTTA, S.A.
JOSÉ FERNANDES CAEIRO	RUA DA MESQUITA NO. 6, TORRE B, 4º D, 1070-238 LISBON, PORTUGAL	

There are no potential conflicts of interest between any duties of the persons listed above to the Issuer and their private interests.

Supervisory Board

The member of the supervisory board of the Issuer for the term 2017/2019 are as follows:

Chairman: José Duarte Assunção Dias;

Members: Fernando Jorge Marques Vieira and Ricardo Manuel Duarte Vidal de Castro;

Alternate Member: José Luís Areal Alves da Cunha.

The members of the Supervisory Board are appointed by the Shareholders General Meeting and the relevant term of office is three years.

Independent statutory auditor

The Issuer's independent statutory auditor is PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, LdA. ("**PwC**"), which is registered with the Chartered Accountants Bar under number 183 and with the CMVM under number 20161485 and is currently represented by Aurélio Adriano Rangel Amado, ROC no. 1074 and registered with the CMVM under number 20160522. The registered office of PwC is Palácio Sottomayor, Rua Sousa Martins, no.1, 3rd floor, 1050-217 Lisbon, Portugal. PwC has taxpayer number 192 184 113.

Chairman and Secretary of the Shareholders meeting and Secretary of the Company

The chairman of the Issuer shareholder's general meeting is Mr. José Manuel Galvão Teles, the vice president is António Maria Pinto Leite and the secretary of the Issuer's shareholder's general meeting is Ms. Raquel João Branquinho Nunes Garcia Batista.

The secretary of the Issuer is Ms. Raquel João Branquinho Nunes Garcia Batista with offices at Rua da Mesquita, no. 6, Torre B, 4º D, 1070-238 Lisbon, Portugal.

Legislation Governing the Issuer's Activities

The Issuer's activities are specifically governed by the Securitisation Law and supervised by the CMVM.

Insolvency of the Issuer

The Issuer is a special purpose vehicle and as such it is not permitted to carry out any activity other than the issue of securitisation notes and certain activities ancillary thereto including, but not limited to, the borrowing of funds in order to ensure that securitisation notes have the necessary liquidity support and the entering into of documentation in connection with each such issue of securitisation notes.

Accordingly, the Issuer will not have any creditors other than the Republic of Portugal in respect of tax liabilities, if any, the Noteholders and the Transaction Creditors, third parties in relation to any third party expenses, and Noteholders and other creditors in relation to other series of securitisation notes issued or to be issued in the future by the Issuer from time to time.

The segregation principle imposed by the Securitisation Law and the related privileged nature of the Noteholders' entitlements, on the one hand, together with the own funds requirements and the limited number of general creditors an STC may have, on the other, makes the insolvency of the Issuer a remote possibility. In any case, under the terms of the Securitisation Law, such remote insolvency would not prevent Noteholders from enjoying privileged entitlements to the Mortgage Assets.

Capital requirements

The Securitisation Law imposes on the Issuer certain capitalisation requirements for supervisory purposes.

The level of capitalisation of the Issuer is determined by reference to the nominal amount outstanding of notes issued by the Issuer and traded (*em circulação*) at any given point in time. Apart from the minimum share capital, an STC must meet further own funds levels depending upon the nominal amount outstanding of the securitisation notes issued. In this respect, (a) if the nominal amount outstanding of the notes issued and traded is €75 million or less, the own funds of the Issuer shall be no less than 0.5 per cent. of the nominal amount outstanding of such notes, and (b) if the nominal amount outstanding of the notes issued and traded exceeds €75 million, the own funds of the Issuer, in relation to the portion of the nominal amount outstanding of the notes in excess of €75 million, shall not be less 0.1 per cent. of the nominal amount outstanding of such notes.

An STC can use its own funds to pursue its activities. However, if, at any time, the STC's own funds fall below the percentages referred to above the STC must, within 3 (three) months, ensure that such percentages are met. CMVM will supervise the Issuer in order to ensure that it complies with the relevant capitalisation requirements.

The required level of capitalisation can be met, *inter alia*, through share capital, ancillary contributions (*prestações acessórias*) and reserves as adjusted by profit and losses.

The entire authorised share capital of the Issuer corresponds to €250,000.00 comprises 50,000.00 issued and fully paid shares (the "**Shares**") of €5.00 each.

The amount of supplementary capital contributions (*prestações acessórias*) made by Banco Santander Totta, S.A. (the "**Shareholder**") is €4.035.000,00, comprising the required level with the issuance of Hipototta No. 13).

The Shareholder

The Shares are held directly by the Shareholder. There are not any special mechanisms in place to ensure that control is not abusively exercised. Risk of control abuse is in any case mitigated by the provisions of the Securitisation Law and the remainder applicable legal and regulatory provisions and the supervision of the Issuer by the CMVM.

Capitalisation of the Issuer

	As at 30 November 2017
Indebtedness	
Hipototta No. 13 (Article 62 Asset Identification Code No. 201801GMMBSTNXXN0100)	
Notes	€2,266,000,001.00
Other Securitisation Transactions	€1.802.810.453,00
Share capital (Authorised €250,000.00; Issued 50,000.00 shares with a par value of €5.00 each)	€250,000.00
Ancillary Capital Contributions	€4.035.000,00
Reserves and retained earnings	€2.488.634,00
Net income	€95.571,00

Total capitalisation	€6.869.205,00

Other Securities of the Issuer

The Issuer has not issued any convertible or exchangeable securities/notes.

Financial Statements

Audited financial statements of the Issuer are to be published on an annual basis and are certified by an auditor registered with the CMVM. The first audited financial statement is for the period starting on the date of incorporation and ending on 31 December 2006. The Issuer has not prepared interim financial statements for the first and third quarters of 2017.

BUSINESS OF BANCO SANTANDER TOTTA, S.A.

Formation

Banco Santander Totta, S.A. ("**BST**") is a limited liability company (*sociedade anónima*) incorporated under the laws of Portugal with a registered and fully-paid share capital of EUR 1,256,723,284.00, represented by EUR 1,256,723,284 ordinary shares with a nominal value of EUR 1 each, and is registered in the Commercial Registry Office of Lisbon under the sole registration and taxpayer number 500 844 321. BST's registered address is situated at Rua do Ouro, 88 1100-063 Lisbon, Portugal and its registered office telephone number is +351 21 3262031. BST was registered by deed on 19 December 2004. BST is a credit institution whose activities are regulated by the Credit Institutions General Regime (enacted by Decree–Law no. 289/92 of 31 December 1992, as amended) and is subject to the Portuguese Companies Code (approved by Decree-Law no. 262/86 of 2 September 1986, as amended).

Business overview

BST's commercial banking business is managed through its retail network. The investment banking and investment funds business of BST, formerly managed through Banco Santander de Negócios Portugal, S.A. ("BSN"), is now directly managed by BST, following the merger by incorporation of BSN into BST in May 2010. The specialised credit (including leasing, factoring and consumer credit) is also directly managed by BST, following BST's merger with Totta-Crédito Especializado, Instituição Financeira de Crédito, S.A. on 1 April 2011. The strategy of BST Group is to position itself as a full service bank offering customers a full range of banking products.

The commercial banking business is divided into four core customer/business areas:

(i) individuals and self-employed;

(ii) small and medium-sized businesses;

(iii) corporate and institutional customers; and

(iv) high net worth individuals.

Distribution channels

As of 31 December 2016 BST had a domestic network of 608 branches and a branch in London, as well as an offshore financial branch in the Autonomous Region of Madeira. BST has subsidiaries and representative offices abroad, as well as investments in subsidiaries and associated companies.

BST also has a long-standing strategy of targeting the university market. It serves this market with branches located either within or near university campuses. In lower traffic sites, BST also has small kiosks which serve its customers with limited services and shorter opening hours.

Furthermore, BST benefits from electronic/ complementary channels.

International Business/Activity

In 2016, BST's international business for private customers residing abroad recorded an increase in new customers, the offering of digital channels, with a greater focus on NetBanco and Mobile, both of which are strategic priorities; and the integration of former Banif's commercial business.

Restructuring operations were also completed, through the closure of two units regulated by U.S. legislation: Totta Inc. (money remitters) and the BSTI subsidiary (in Puerto Rico).

The integration of former Banif's external units was also considered strategically important, achieved namely via the merger of offices of representation present in three countries and by reorganising the adequacy of licences with local authorities.

Volume of business in the Residents Abroad segment recorded a growth in credit granted, notwithstanding the volume of redemptions. However, a slower evolution in resources was recorded, due to interest rate levels and the redirecting of savings towards investment, especially in real estate.

BST has always endeavoured to maintain its scope of services and availability to support Portuguese communities residing abroad.

The London branch has continued to evolve in the control of the credit portfolio, by supporting the branches located in Portugal in their provision of services to members of the Portuguese community who live and work in the United Kingdom.

Operations

Commercial Banking

In past years, BST strengthened its position in terms of home loans, recording a 43 per cent. growth with reference to the value of new loans contracted.

A 20 per cent. positive variation (+85 thousand) was recorded in active credit cards, having registered a growth of 61 thousand new credit card customers (+13 per cent.).

The Private Banking area strengthened the reliability and consistency of services rendered to its customers. In a year externally characterised by high market volatility resulting from relevant geopolitical changes and by historically low interest rates, and internally by the challenges presented with the integration of the former Banif team, Private Banking successfully overcame, once again, a year of intense challenges in terms of customer growth, managed assets, profitability and market share.

Collaboration with the Companies area, with which a dynamic customer cross-reference strategy was implemented, proved fundamental to obtaining this result, providing customers with an integrated experience across all their areas of requirements.

Corporates

BST's corporate division continued to be a pivotal component of the Originator's business.

BST remained focused on the growth of its corporate customers, through initiatives that also promoted proximity with customers, such as Santander Advance's non-financial offer (training, seminars, etc.) and the series of local conferences held across several of the country's regions (Box Santander Advance), which have contributed to a growth in market share.

In turn, Box Santander Advance companies represent the success of a marketing operation that has afforded greater proximity to these companies and that had a very positive impact in the cities where it has been present, such as Aveiro, Leiria, Faro and Coimbra, linking BST to local companies, universities and institutional partners.

In the field of international business, BST has strengthened its presence in supporting external trade and internationalisation processes through the significant increase in the number of companies that use BST to carry out their international business, which has enabled the growth registered in the trade finance market share and the increase in revenues, namely commissions linked to this business.

BST continued to actively provide direct support to companies, both with respect to market knowledge and the widening of networks, as well as with developing specific know-how in trade finance. This included the organisation, jointly with the International Chamber of Commerce, of a number of workshops on trade finance in Lisbon, Porto, Leiria and Guimarães, which were attended by more than 300 medium-sized companies. The International Desk also developed events covering markets where Santander is represented, including Brazil, Chile, Argentina, the United Kingdom and Germany.

Additionally, the Bank continued to expand its capabilities in the technology and operative support areas, with the goal of providing even more effective and professional services to Portuguese companies operating in international markets.

THE ACCOUNTS BANK

Banco Santander Totta, S.A., a credit institution incorporated under the laws of the Portuguese Republic, with head office at Rua Áurea, no. 88, Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the sole registration and tax payer number 500 844 321 and with a share capital of €1,256,723,284.00.

SELECTED ASPECTS OF LAWS OF THE PORTUGUESE REPUBLIC RELEVANT TO THE MORTGAGE ASSETS AND THE TRANSFER OF THE MORTGAGE ASSETS

Securitisation Legal Framework

General

Decree-Law no. 453/99, of 5 November, as amended by Decree-Law no. 82/2002, of 5 April, Decree-Law no. 303/2003, of 5 December, Decree-Law no. 52/2006, of 15 March, and Decree-Law no. 211-A/2008, of 3 November (together the "**Securitisation Law**") has implemented a specific securitisation legal framework in Portugal, which contains a simplified process for the assignment of credits for securitisation purposes. The Securitisation Law regulates (i) the establishment and activity of Portuguese securitisation vehicles, (ii) the type of credits that may be securitised and (iii) the entities which may assign credits for securitisation purposes.

Some of the most important aspects of this legal framework include:

a) the establishment of special rules facilitating the assignment of credits in the context of securitisation transactions;

b) the types of entities (referred to as originators) which may assign their credits pursuant to the Securitisation Law;

c) the types of credits that may be assigned for securitisation purposes and the legal eligibility criteria that they have to comply with;

d) the creation of two different types of securitisation vehicles (i.e. entities capable of acquiring credits from originators for securitisation purposes): (i) credit securitisation funds (*Fundos de Titularização de Créditos* – "**FTC**") and (ii) credit securitisation companies (*Sociedades de Titularização de Créditos* – "**STC**").

Securitisation Tax Law

Decree-Law no. 219/2001, of 4 August, as amended by Law no. 109-B/2001, of 27 December, Decree-Law no. 303/2003, of 5 December, by Law no. 107-B/2003, of 31 December, and by Law no. 53-A/2006, of 29 December (together the "**Securitisation Tax Law**") established the tax regime applicable to the securitisation of credits implemented under the Securitisation Law. The Securitisation Tax Law allows for a neutral fiscal treatment of securitisation vehicles as well as tax exemptions regarding the amounts paid by securitisation vehicles to non-resident entities without a permanent establishment in Portuguese territory. In addition, article 4(1) of Securitisation Tax Law, Circular no. 4/2014 and the Order issued by the Secretary of State for Tax Affairs, dated July 14, 2014, in connection with tax ruling no. 7949/2014 recently disclosed by tax authorities, foresee that the income tax exemptions foreseen in Decree-Law 193/2005 may also be applicable on the Notes in the context of Securitisation Transactions if the requirements (including the evidence of non-residence status) set out in Decree-Law 193/2005 are met. As a rule, a final withholding tax of 35% will become due in the event that such non-resident entity is domiciled in a country or territory included in the list of countries pursuant to Ministerial Order no. 150/2004, of 13 February, as amended from time to time. A final withholding tax of 35% also becomes due if investment income payment is made to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties.

For a more detailed description of the Portuguese taxation framework, please see the section headed "***Taxation***".

STC Securitisation Companies

STCs are established for the exclusive purpose of carrying out securitisation transactions in accordance with the Securitisation Law. The following is a description of the main features of an STC.

Corporate Structure

STCs are commercial companies ("*sociedades anónimas*") incorporated with limited liability, having a minimum share capital of €250,000. The shares in STCs can be held by one or more shareholders. STCs are subject to the supervision of the CMVM and their incorporation is subject to the prior authorisation by the CMVM. STCs are subject to ownership requirements. A prospective shareholder must obtain approval from the CMVM for the establishment of an STC. Such approval is granted when the prospective shareholder shows that it can provide the company with a sound and prudent management.

If a qualifying holding in shares of an STC is to be transferred to another shareholder or shareholders, prior authorisation of the CMVM of the prospective shareholder must be obtained, the prospective shareholder demonstrating that it can provide the company with a sound and prudent management. The qualifying holding interest of the new shareholder in the STC must be registered within 15 days of the purchase.

Regulatory Compliance

To ensure the sound and prudent management of STCs, the Securitisation Law provides that the members of the board of directors and the members of the board of auditors meet high standards of professional qualification and personal reputation.

The members of the board of directors and the members of the board of auditors must be registered with the CMVM.

Corporate Object

STCs can only be incorporated for carrying out one or more securitisation transactions by means of the acquisition, management and transfer of receivables and the issue of securitisation notes for payment of the purchase price for the acquired receivables.

An STC may primarily finance its activities with its own funds and by issuing notes.

Without prejudice to the above, pursuant to the Securitisation Law, STCs are permitted to carry out certain financial activities, but only to the extent that such financial activities are (i) ancillary to the issuance of the securitisation notes, and (ii) aimed at ensuring that the appropriate levels of liquidity funds are available to the STC.

Types of credits which may be securitised and types of assignors

The Securitisation Law sets out details of the types of credits that may be securitised and specific legal eligibility criteria requirements which have to be met in order to allow such credits to be securitised.

The Securitisation Law allows a wide range of entities (referred to as originators) to assign their credits for securitisation purposes including the Portuguese Republic, public entities, credit institutions, financial companies, insurance companies, pension funds, pension fund management companies and other corporate entities whose accounts have been audited for the last three years by an auditor registered with the CMVM).

Assignment of credits

Under the Securitisation Law, the sale of credits for securitisation is carried out by way of assignment of credits. In this context the following should be noted:

a) Notice to Debtors

In general, and as provided in the Portuguese Civil Code ("*Código Civil*"), an assignment of credits is effective against the relevant debtor after notification of assignment is made to such debtor or in cases where the assignment is accepted by the debtor. The Portuguese Civil Code does not require any specific formality for such notification to be made to the debtor.

An exception to this general rule applies when the assignment of credits is made under the Securitisation Law by, *inter alia*, credit institutions or financial companies, and such entities are also the servicers of the credits. In that case, there is no requirement to notify the relevant debtor in order for the assignment to be effective vis-à-vis the relevant debtor since such assignment is deemed to be effective in relation to any third party from the moment it becomes effective between assignor and assignee.

Accordingly, in the situation set out in the preceding paragraph, any payments made by the debtor to its original creditor after an assignment of credits has been made will effectively belong to the assignee who may, at any time and even in the context of the insolvency of the assignor, claim such payments from the assignor.

b) Assignment Formalities

There are no specific formality requirements for an assignment of credits under the Securitisation Law. A written private agreement between the parties is sufficient for a valid assignment to occur (including an assignment of mortgage loans). Transfer by means of a public deed is not required. In the case of an assignment of mortgage loans, the signatures to the assignment contract must be certified by a notary public or the company secretary of each party (when the parties have appointed such a person) under the terms of the Securitisation Law, such certification being required for the registration of the assignment at the Mortgage Asset's relevant Portuguese Real Estate Registry Office.

To perfect an assignment of mortgage loans and ancillary mortgage rights which are capable of registration at a public registry against third parties, the assignment must be followed by the corresponding registration (as described in the paragraph below) of the transfer of such mortgage loans and ancillary mortgage rights in the relevant Real Estate Registry Office.

The Portuguese real estate registration legal framework allows for the registration of the assignment of any Mortgage Asset at any Portuguese Real Estate Registry Office. The registration of the transfer of the mortgage loans requires the payment of a fee for each mortgage loan of approximately €200 (two hundred euros).

The Securitisation Law provides for the assignment of credits to be effective between the parties upon execution of the relevant assignment agreement. This means that in the event of insolvency of the assignor prior to registration of the assignment of credits, the credits will not form part of the insolvent estate of the assignor even if the assignee may have to claim its entitlement to the assigned credits before a competent court.

However, the assignment of any security over real estate in Portugal is only effective against third parties acting in good faith further to registration of such assignment with the competent registry by or on behalf of the assignee. The Issuer is entitled under the Securitisation Law to carry out such registration.

c) Assignment and Insolvency

Unless an assignment of credits is effected in bad faith and is deemed prejudicial to the assignor's insolvency estate, such assignment under the Securitisation Law cannot be challenged for the benefit of the assignor's

insolvency estate and any payments made to the assignor in respect of credits assigned prior to a declaration of insolvency will not form part of the assignor's insolvency estate even when the term of the credits falls after the date of declaration of insolvency of the assignor. In addition, any amounts held by the servicer as a result of its collection of payments in respect of the credits assigned under the Securitisation Law will not form part of the servicer's insolvency estate.

Mortgages charging real estate under Portuguese law

a) Concept

A mortgage entitles the mortgagee, in the event of default of the relevant obligations, to be paid with preference to non-secured creditors from the proceeds of the sale of the relevant property, the subject of the mortgage.

b) Legal Form, Registry and Priority Rights

Mortgages can be validly created by means of a notarial deed, which is a document prepared and testified by, and executed before, a public notary, or by a private authenticated document, provided that the authenticity of such document is ensured by execution before, or certification by, a notary public, a lawyer, a bailiff (*solicitador*) or a commerce association. Mortgages can also be created by a public document executed before a Real Estate Registry Office.

The perfection and enforceability of this type of security depends on the registration of the mortgage with the Real Estate Registry Office. If the mortgage is not duly registered it will not produce any effects, not even between the parties thereto.

Registration also governs the ranking of creditors' claims in the event that several mortgages are created over the same property. In this case, the ranking of rights among such creditors will correspond to the priority of mortgage registration (i.e., the creditor with a prior registered mortgage will rank ahead of the others).

Although mortgagees have priority over non-secured creditors, there are preferential rights ("*privilégios creditórios*") which apply as a matter of law and which rank ahead of a mortgage, such as: (i) amounts due to the Portuguese Republic in respect of social security charges and taxes (except when insolvency of the obligor has been declared); and (ii) employees' credits in respect of unpaid salaries due by the mortgagor.

In accordance with the the Portuguese Civil Code, the relevant originator as lender of a mortgage loan may require a borrower to provide additional security for a mortgage loan if the value of the property securing the mortgage loan is insufficient to cover the amount of the mortgage loan due to reasons not attributable to the lender.

c) Enforcement and court procedures

Enforcement of a mortgage over real property may only be made through a court procedure, whereby the mortgagee is entitled, *inter alia*, to demand the sale by a court of the property and be paid from the proceeds of such sale (after payment to the preferential creditors, if any).

The mortgagee may not take possession or become owner of the property (foreclosure) by virtue of enforcement of the mortgage, and is only entitled to be paid out of the proceeds of sale of the relevant property.

Should the mortgagee be willing to acquire the property, he may bid in the court sale along with (but with no preference over) any other parties interested in the purchase of the property.

In case there are various creditors with mortgages over the same property, the proceeds of the sale of the property are distributed among the secured creditors in accordance with the above explained registration priority and are allocated first to the payment of the first ranking secured creditor, with the remaining amount (if any) being allocated to the next ranking creditor.

Court procedures in relation to enforcement of mortgages over real property usually take two to four years on average for a final decision to be reached on the execution of a mortgage loan. Court fees payable in relation to the enforcement process are calculated on the basis of the value of the enforcement procedure and of the procedural incidents arisen.

Risk of Set-off by Borrowers

a) General

The Securitisation Law does not contain any specific provisions in respect of set-off. Accordingly, Articles 847 to 856 of the Portuguese Civil Code are applicable. The Securitisation Law has an impact on set-off risk to the extent that, by virtue of establishing that the assignment of credits by a credit institution, a financial company, an insurance company, pension funds and pension fund managers is effective against the debtor on the date of assignment of such credits without notification to the debtor being required (provided that the assignor is the servicer of the assigned credit), it effectively prevents a debtor from exercising any right of set-off against an assignee if such right did not exist against the assignor prior to the date of assignment.

b) Set-off on Insolvency

Under Article 99 of the Code for the Insolvency and Recovery of Companies ("*Código da Insolvência e da Recuperação de Empresas*"), implemented by Decree-Law no. 53/2004, of 18 March (as amended), applicable to insolvency proceedings commenced on or after 15 September 2004, a debtor will only be able to exercise any right of set-off against a creditor after a declaration of insolvency of such creditor provided that, prior to the declaration of insolvency, (i) such set-off right existed, and (ii) the circumstances allowing set-off as described in Article 847 of the Portuguese Civil Code were met.

Data Protection Law

Law no. 67/98, of 26 October, as amended and currently in force (the "**Data Protection Act**") provides for the protection of individuals regarding the processing and transfer of personal data. This law will be repealed by the European Regulation no. 2016/679 of the European Parliament and of the Council (the General Data Protection Regulation or "**GDPR**") which will apply from 25 May 2018 onwards.

Since we assume the Transaction will be carried out prior to 25 May 2018, the GDPR will not apply thereto and the provisions of the Data Protection Act will apply, rather than those in the GDPR. As such, two types of obligations must be complied with prior to completion of the Transaction:

a) Compliance with data subject rights;

b) Formalities before the Portuguese Data Protection Authority (*Comissão Nacional de Proteção de Dados* ("**CNPD**")).

Pursuant to both the Data Protection Act, the processing of personal data generally requires express consent from the data subject (i.e. the individual person whose personal data is being processed in the context of the Transaction). This obligation does not apply (i.e. mere prior notification is required, if the processing is necessary in certain specific circumstances, such as for example, compliance with legal and contractual obligations, and the pursuit of legitimate

interests of the data controller. The assignment of credits to a third party would fall under this exemption, since debtor consent is expressly noted as unnecessary under Portuguese civil law. In this context and in light of the applicable legal framework, debtors would need only to be informed as to the terms of the transfer of their personal data (i.e. the purposes of the transfer to the buyer, the identity of the new data controller and the rights of the data subject in respect of possible objection to, access to, update, elimination and/or modification of his/her data). This notification should be carried out prior to the transfer taking place.

Moreover, in light of the Portuguese Data Protection Act, the entity collecting and processing personal data (in this case, the entity selling the credits to the buyer) must obtain prior authorisation from the CNPD before transferring the data to the purchaser. Since the Transaction will include personal data deemed to be sensitive (i.e. data concerning credit and solvability data, as well as data possibly concerning private life), prior notification to CNPD is not sufficient. The purchaser must also proceed to comply with its obligations before CNPD, by submitting the necessary notification/authorisation request regarding the management of the relevant assets.

Note that, should potential purchasers wish to access personal data prior to the Transaction being completed (i.e. during the negotiation stage), not only will a prior CNPD authorisation be required, but express data subject consent is also necessary, since the legal exemption for consent does not apply in this context.

Should the Transaction be concluded with an entity located outside Portugal, different formalities before CNPD apply, depending on whether the purchaser (and/or entities processing data on behalf of the seller) are located within or outside EU territory.

In this respect, please note that the transfer of personal data to an entity within a European Union Member State does not require prior authorisation by CNPD, merely a notification to this entity (and inclusion in the information to be provided to the data subjects). The transfer of personal data to an entity that is not located in EU territory is subject to prior CNPD authorisation, except if adequate validation mechanisms are employed (in which case, a mere prior notification is required). These validation mechanisms include signing the EU Standard Contractual-Clauses for third parties or processors (as applicable), Privacy Shield certification by the recipient (valid for transfers to the USA only), express data subject consent for the transfer or carrying out the transfer to a country that is deemed to provide an adequate level of protection of the data, as determined by CNPD (which typically follows the opinions of the Article 29 Working Party on this matter).

Note that, should any data processors be employed specifically in the context of the Transaction (for example, in the context of IT services), it is necessary to ensure that a written contract is entered into with these entities, stating that the processor shall process the personal data collected in the context of the execution of its services, on behalf of the Issuer/Originator as controller and exclusively for the purpose of the services agreed by the parties. Processor will furthermore implement appropriate technical and organizational measures to protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorized disclosure or access, and against all other unlawful forms of processing.

On 28 December 2017, Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 was published, laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012. Such regulation will be applicable from 1 January 2019.

SUMMARY OF PROVISIONS RELATING TO THE NOTES CLEARED THROUGH INTERBOLSA

General

Interbolsa manages a centralised system ("s*istema centralizado*") composed by interconnected securities accounts, through which such securities (and related rights) are held and transferred, and which allows Interbolsa to control at all times the amount of securities so held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal and Interbolsa, as the controlling entity, all participate in such centralised system.

The centralised securities system of Interbolsa provides for all the procedures required for the exercise of ownership rights inherent to the notes held through Interbolsa.

In relation to each issue of securities, Interbolsa's centralised system comprises, *inter alia*, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Securities held through Interbolsa will be attributed an International Securities Identification Number ("**ISIN**") code through the codification system of Interbolsa and will be accepted for clearing through LCH. Clearnet, S.A. as well as through the clearing systems operated by Euroclear and Clearstream, Luxembourg and settled by Interbolsa's settlement system. Under the procedures of Interbolsa's settlement system, the settlement of trades executed through Euronext Lisbon takes place on the third Business Day after the trade date and is provisional until the financial settlement that takes place at the TARGET 2 on the settlement date.

Form of the Notes

The Notes will be in book-entry (*escritural*) and nominative (*nominativa*) form and title to the Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable CMVM regulations. No physical document of title will be issued in respect of Notes held through Interbolsa.

The Notes will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Interbolsa Participant on behalf of the holders of the Notes. Such control accounts reflect at all times the aggregate of Notes held in the individual securities accounts opened by the holders of the Notes with each of the Interbolsa Participants. The expression "**Interbolsa Participant**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in the Notes shall be treated as the holder of the principal amount of the Notes recorded therein.

Payment of principal and interest in respect of Notes

Whilst the Notes are held through Interbolsa, payment of principal and interest in respect of the Notes will be (a) credited, according to the procedures and regulations of Interbolsa, to TARGET 2 payment current-accounts held in the payment system of TARGET 2 by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Notes and thereafter (b) credited by such Interbolsa Participants from the aforementioned payment current-accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to

the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer must provide Interbolsa with a prior notice of all payments in relation to Notes and all necessary information for that purpose. In particular, such notice must contain:

(a) the identity of the Paying Agent responsible for the relevant payment; and

(b) a statement of acceptance of such responsibility by the Paying Agent.

The Paying Agent must notify Interbolsa of the amounts to be settled and Interbolsa calculates the amounts to be transferred to each Interbolsa Participant on the basis of the balances of the accounts of the relevant Interbolsa Participants.

In the case of a partial payment, the amount held in the current account of the Paying Agent with the TARGET2 must be apportioned pro-rata between the accounts of the Interbolsa Participants. After a payment has been processed, following the information sent by Interbolsa to the TARGET2 whether in full or in part, such entity will confirm that fact to Interbolsa.

Transfer of the Notes

Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Notes. No owner of a Note will be able to transfer such Note, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

TERMS AND CONDITIONS OF THE NOTES

1. General

1.1 The Issuer has agreed to issue the Notes subject to the terms of the Common Representative Appointment Agreement.

1.2 The Paying Agency Agreement records certain arrangements in relation to the payment of interest and principal in respect of the Notes.

1.3 Certain provisions of these Conditions are summaries of the Common Representative Appointment Agreement, the Subscription Agreement, the Co-ordination Agreement, the Paying Agency Agreement and the Transaction Management Agreement and are subject to their detailed provisions.

1.4 The Noteholders are bound by the terms of the Common Representative Appointment Agreement and are deemed to have notice of all the provisions of the Transaction Documents.

1.5 Copies of the Transaction Documents are available for inspection, on reasonable notice, during normal business hours at the registered office for the time being of the Common Representative and at the Specified Office of the Paying Agent, the initial Specified Office of which are set out below.

1.6 In these Conditions the defined terms have the meanings set out in Condition 20. (*Definitions*).

2. Form, Denomination and Title

2.1 **Form and denomination of the Notes**

The Notes are in book-entry (*escritural*) and nominative (*nominativa*) form in the denomination of €100,000 each (except the VFN).

2.2 **Variable Funding Note**

The VFN will be issued on the Closing Date with a nominal amount of €1 and will be subscribed for by the VFN Noteholder. The nominal amount of the VFN may be increased up to the Maximum Limit in accordance with the provisions of the Transaction Management Agreement and for the purpose of mitigating the materialisation of any commingling risk up to the amount available in the Reserve Account and registered in the Commingling Reserve Ledger, in accordance with the provisions of the Subscription Agreement and Condition 6.17. If further funding is made in respect of the VFN, such increase shall be recorded in the corresponding securities account held with Affiliate Members of Interbolsa. Until the Final Legal Maturity Date, the VFN will always have at least €1 nominal value.

2.3 **Title**

The registered holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (including the making of any payment) whether or not any payment is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof and no person shall be liable for so treating such holder. Title to the Notes will pass by registration in the corresponding individual securities account held with Interbolsa Participants at the CVM. References herein to the "holders" of Notes or Noteholders are to the persons in whose names such Notes are so registered in the securities account with the relevant Interbolsa Participant.

3. Status and Ranking

3.1 **Status**

The Notes constitute direct limited recourse secured obligations of the Issuer.

3.2 **Ranking**

The Notes in each class will at all times rank *pari passu* without preference or priority amongst themselves. The Class A Notes rank senior to the Class B Notes, to the VFN and to Class C Notes. The Class B Notes rank senior to the VFN and to Class C Notes. The VFN ranks senior to the Class C Notes.

3.3 **Sole Obligations**

The Notes are obligations solely of the Issuer limited to the Mortgage Assets included in the segregated portfolio of Mortgage Assets allocated to this transaction (as identified by the corresponding asset code awarded by the CMVM pursuant to article 62 of the Securitisation Law) and without recourse to any other assets of the Issuer pertaining to other issuances of securitisation notes by the Issuer or to the Issuer's own funds or to the Issuer's directors, managers or shareholders and are not obligations of, or guaranteed by, any of the other Transaction Parties.

3.4 **Priority of Payments**

Prior to the delivery of an Enforcement Notice, the Issuer is required to apply the Available Interest Distribution Amount and the Available Principal Distribution Amount in accordance with the Pre-Enforcement Interest Payment Priorities and the Pre-Enforcement Principal Payment Priorities respectively and thereafter in accordance with the Post-Enforcement Payment Priorities.

4. Statutory Segregation

4.1 **Segregation under the Securitisation Law**

The Notes and any Issuer Obligations have the benefit of the statutory segregation under the Securitisation Law.

4.2 **Restriction on Disposal of Mortgage Assets**

The Common Representative shall only be entitled to dispose of the Mortgage Assets upon the delivery by the Common Representative of an Enforcement Notice in accordance with Condition 11 (*Events of Default and Enforcement*) and subject to the provisions of Condition 11.5 (*Proceedings*). If an Enforcement Notice has been delivered by the Common Representative, the Common Representative will only be entitled to dispose of the Mortgage Assets to a Portuguese securitisation fund (FTC) or to another Portuguese securitisation company (STC) or to the Originator in accordance with the Securitisation Law.

5. Covenants of the Issuer

5.1 **Issuer Covenants**

So long as any Notes remains outstanding, the Issuer shall comply with all the covenants of the Issuer, as set out in the Transaction Documents, including but not limited to those covenants set out in Schedule 4 to the Master Framework Agreement.

5.2 **Investor Reports**

The Issuer Covenants include an undertaking by the Issuer to provide to the Common Representative, the Rating Agencies, the Arranger and the Paying Agent, or to procure that the Transaction Manager provides the Common Representative, the Rating Agencies, the Arranger and the Paying Agent with, the Investor Reports.

5.3 **Investor Reports available for inspection**

The Investor Reports will be made available for inspection on the website of the Transaction Manager currently located at http://sf.citidirect.com. It is not intended that the Investor Reports are made available in any other format, save in certain limited circumstances set forth in the Transaction Management Agreement. The Transaction Manager's website does not form part of the information provided for the purposes of these Conditions and disclaimers may be posted in connection with the information therein. Registration may be required for access to such website and persons wishing to access will be required to provide evidence that they are Noteholders or other persons entitled to do so.

6. Interest and Class C Distribution Amount

6.1 **Accrual**

Each Class A Note and Class B Note issued on the Closing Date bears interest on its Principal Amount Outstanding from the Closing Date. The Class C Notes bear no entitlement to interest and will instead bear an entitlement to receive the Class C Distribution Amount. The VFN does not bear interest.

6.2 **Cessation of Interest**

Each Note of each class shall cease to bear interest (or, in the case of the Class C Notes, shall cease to bear an entitlement to the Class C Distribution Amount) from its due date for final redemption unless, upon due presentation, payment of the principal is improperly withheld or refused, in which case, it will continue to bear interest (or the Class C Distribution Amount) in accordance with this Condition (both before and after enforcement) until whichever is the earlier of:

(A) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder; and

(B) the day which is 7 (seven) days after the date on which the Paying Agent or the Common Representative has notified the Noteholders of such Class that it has received all sums due in respect of the Notes of such Class up to such 7th (seventh) day, except to the extent that there is any subsequent default in payment.

6.3 **Calculation Period of less than 1 year**

Whenever it is necessary to compute an amount of interest in respect of any Note for a period of less than a full year, such interest shall be calculated on the basis of the applicable Day Count Fraction.

6.4 **Interest Payments**

Interest on each Class A Note is payable in euro in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date.

Interest on each Class B Note, Deferred Interest Amount Arrear and any default interest thereon due and payable on any Interest Payment Date in respect of the Class B Notes is payable in euro in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Interest

Amount in respect of such Note for the Interest Period ending on the day immediately preceding such Interest Payment Date but so that such Interest Amount will be paid before such Deferred Interest Amount Arrear which shall, in turn, be paid before any default interest.

6.5 **Class C Distribution Amount Payments**

Payment of any Class C Distribution Amount in relation to the Class C Notes is payable in euro in arrear on each Interest Payment Date commencing on the First Interest Payment Date, in an amount equal to the Class C Distribution Amount related to the Calculation Date immediately preceding such Interest Payment Date and notified to the Class C Noteholders in accordance with the Notices Condition.

6.6 **Calculation of Interest Amount**

Upon or as soon as practicable after each Interest Determination Date, the Agent Bank on behalf of the Issuer shall calculate the Interest Amount payable on each Note for the related Interest Period. For the avoidance of any doubt, the Interest Amount payable on each Note for the related Interest Period will be equal to zero (as the applicable Note Rate will be floored to 0%) whenever the Interest Amount calculated by the Agent Bank with respect to such Interest Payment Date is less than zero.

6.7 **Calculation of Class C Distribution Amount**

No later than 5 (five) Business Days before each Interest Payment Date, the Transaction Manager on behalf of the Issuer shall calculate the Class C Distribution Amount payable on each Class C Note respectively for the following Interest Payment Date.

6.8 **Notification of Note Rate, Interest Amount and Interest Payment Date**

As soon as practicable after each Interest Determination Date, the Agent Bank will cause:

(A) the Note Rate for each Interest Period;

(B) the Interest Amount for each Class of Mortgage Backed Notes for the related Interest Period; and

(C) the next Interest Payment Date in relation to the next Interest Period,

to be notified to the Issuer, the Transaction Manager, the Common Representative, the Paying Agent, and, for so long as the Class A Notes are listed on any stock exchange, such stock exchange no later than the first day of the relevant Interest Period.

6.9 **Notification of Class C Distribution Amount**

As soon as practicable after each Interest Determination Date, the Transaction Manager will cause the Class C Distribution Amount to be notified to the Issuer, the Common Representative and the Paying Agent.

6.10 **Publication of Note Rate, Interest Amount and Interest Payment Date**

As soon as practicable after receiving each notification of the Interest Amount and the Interest Payment Date in accordance with Condition 6.8 (*Notification of Note Rate, Interest Amount and Interest Payment Date*) and after determining the Class C Distribution Amount in accordance with Condition 6.9 (*Notification of Class C Distribution Amount*), the Transaction Manager on behalf of the Issuer will cause such Note Rate, Interest Amount, Interest Payment Date and Class C Distribution Amount to be published in accordance with the Notices Condition.

6.11 **Amendments to Publications**

The Interest Amount for each Class of Mortgage Backed Notes, the Class C Distribution Amount and the Interest Payment Date so published or notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the relevant Interest Period.

6.12 **Determination or Calculation by Common Representative**

If the Agent Bank does not at any time for any reason determine the Interest Amount for each Class of Mortgage Backed Notes in accordance with this Condition, or if the Agent Bank does not determine or does not cause the Transaction Manager to determine the Class C Distribution Amount in accordance with this Condition, the Common Representative may (but without any liability accruing to the Common Representative as a result):

(i) calculate the Interest Amount for that Class of Notes (and the Class C Distribution Amount) in the manner specified in this Condition and/or;

(ii) appoint a third party to calculate the Interest Amount for each Class of Mortgage Backed Notes (and the Class C Distribution Amount) in the manner specified in this Condition, provided, however, that, the rationale to arrive at the aforementioned rate must always be disclosed to the Common Representative by such third party.

6.13 **Deferral of Interest Amounts in Arrear**

If there are any Deferred Interest Amount Arrear in respect of Deferrable Notes on any Interest Payment Date (other than the Final Legal Maturity Date), such amounts shall not be regarded as payable on such date and shall accrue interest during the Interest Period in which such Interest Payment Date falls in accordance with Condition 6.15 (*Default Interest*).

6.14 **Notification of Deferred Interest Amount Arrear**

If, when being informed by the Agent Bank or calculating the Deferred Interest Amount Arrear, the Transaction Manager on behalf of the Issuer determines that any Deferred Interest Amount Arrear will arise on the immediately succeeding Interest Payment Date, notice to this effect shall be given by the Issuer or on its behalf in accordance with the Notices Condition, specifying the amount of the Deferred Interest Amount Arrear in respect of the Deferrable Notes to be deferred on such following Interest Payment Date, which can be done through the Investor Report.

6.15 **Default Interest**

Any Deferred Interest Amount Arrear shall bear interest during the period from (and including) the Interest Payment Date upon which such Deferred Interest Amount Arrear is deferred to (and excluding) the date upon which the obligations of the Issuer to pay any Deferred Interest Amount Arrear is discharged. Interest on such Deferred Interest Amount Arrear shall accrue from day to day at the Note Rate and shall be due and payable in accordance with Condition 6.4 (*Interest Payments*) or on such other date on which the Deferrable Notes fall due for redemption in full.

6.16 **Notification of Availability for Payment**

The Issuer shall cause notice of the availability for payment of any Deferred Interest Amount Arrear in respect of Deferrable Notes and interest thereon (and any payment date thereof) to be published in accordance with the Notices Condition, which can be done through the Investor Report.

6.17 **VFN Increase**

a. The nominal amount of the VFN may be increased, after the Closing Date, up to the Maximum Limit on each Interest Payment Date, in accordance with the provisions of the Subscription Agreement, following the occurrence of a Commingling Reserve Trigger Event. The Issuer will issue the VFN only for the purpose of, and shall apply the initial nominal amounts raised by it solely towards, crediting the Reserve Account, and recording the amount credited in the Commingling Reserve Ledger established in such account. The proceeds recorded to the Commingling Reserve Ledger will be used to mitigate against the materialisation of any commingling risk up to the amount available in the Reserve Account and registered in the Commingling Reserve Ledger, The nominal amount of the VFN to be increased shall be subject to compliance with the required level of the Issuer's own funds as provided for in the Securitisation Law and subject to the ability of the VFN Noteholder to pay the amount corresponding to the increased nominal value of the VFN.

b. The Issuer will not increase the nominal amount of the VFN to the extent such increase does not comply with the required level of the Issuer´s own funds as provided for in the Securitisation Law.

c. The proceeds of the VFN issued and recorded in the Commingling Reserve Ledger shall be transferred from the Reserve Account to the Payment Account upon a Commingling Event and applied by the Issuer in accordance with the provisions of the Conditions, the Accounts Agreement and of the Subscription Agreement.

6.18 **Priority of Payment of Interest and Deferred Interest**

The Issuer shall pay the Interest Amount due and payable on any Interest Payment Date prior to any Deferred Interest Amount Arrear payable on such Interest Payment Date which shall, in turn, be paid prior to any default interest on any such Deferred Interest Amount Arrear arising under Condition 6.15 (*Default Interest*) which is payable on such Interest Payment Date.

7. Redemption and Purchase

7.1 **Final Legal Maturity Date**

Unless previously redeemed and cancelled as provided in this Condition, the Issuer shall redeem the Notes of each Class at its Principal Amount Outstanding, together with accrued interest (in the case of the Class C, the Class C Distribution Amount, if applicable), on the Interest Payment Date falling in October 2072(the "**Final Legal Maturity Date**"). If as a result of the Issuer having insufficient amounts of Available Principal Distribution Amount and/ or Available Interest Distribution Amount, any of the Notes cannot be redeemed in full or interest due paid in full in respect of such Note, the amount of any principal and/ or interest than unpaid shall be cancelled.

7.2 **Mandatory Redemption in part**

On each Interest Payment Date, the Issuer will cause any Available Principal Distribution Amount and/or Available Interest Distribution Amount available for this purpose on such Interest Payment Date in accordance with the Payment Priorities to be applied in the redemption in part of the Principal Amount Outstanding of each Class of Notes determined as at the related Calculation Date in the following amounts, in each case the relevant amount being applied to each class divided by the number of Notes outstanding in such class:

a) in an amount equal to the lesser of the Available Principal Distribution Amount available for this purpose on such Interest Payment Date in accordance with the Payment Priorities and the aggregate of the Principal Amount Outstanding of the Notes (except for the VFN);

b) in the case of the VFN, in an amount equal to the lesser of the Available Interest Distribution Amount available for this purpose on such Interest Payment Date in accordance with the Payment Priorities and the Principal Amount Outstanding of the VFN (except for €1, which will be redeemed on the Final Legal Maturity Date only),

in each case in an amount rounded down to the nearest 0.01 euro.

7.3 **Mandatory Redemption in whole of the Class C Notes**

On the last Interest Payment Date (after redemption in full of the Mortgage Backed Notes) if any Class C Distribution Amount is to be paid by the Issuer in accordance with Condition 6.5 (*Class C Distribution Amount Payments*), the Issuer will cause the Class C Notes to be redeemed in full, irrespectively of the amounts available for such purpose.

7.4 **Calculation of Note Principal Payments and Principal Amount Outstanding**

Following each Calculation Date, the Issuer shall calculate (or cause the Transaction Manager to calculate):

a) the aggregate of any Note Principal Payments due in relation to each class (other than the VFN) on the Interest Payment Date immediately succeeding the relevant Calculation Date;

b) the Principal Amount Outstanding of each Note in each class on the Interest Payment Date immediately succeeding such Calculation Date (after deducting any Note Principal Payment due to be made on that Interest Payment Date in relation to such class); and

c) the Class C Distribution Amount.

7.5 **Optional Redemption in whole**

The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding (together with accrued interest, if applicable) on any Interest Payment Date, when, on the related Calculation Date, the Aggregate Principal Outstanding Balance of the Mortgage Loans is equal to or less than 10 (ten) per cent. of the Aggregate Principal Outstanding Balance of all of the Mortgage Loans at the Portfolio Calculation Date, subject to the following:

a) that the Issuer has given not more than 60 (sixty) nor less than 15 (fifteen) days' notice to the Common Representative, the Transaction Manager, the Paying Agent and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and

b) the Issuer shall have provided to the Common Representative a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payment Priorities.

7.6 **Optional Redemption in whole for taxation reasons**

The Issuer may redeem all (but not some only) of the Notes in each class at their Principal Amount Outstanding on any Interest Payment Date:

a) after the date on which, by virtue of a change in tax law of the Issuer's jurisdiction (or the application or official interpretation of such tax law), the Issuer would be required to make a tax deduction from any payment in respect of the Notes (other than by reason of the relevant Noteholder having some connection with the Portuguese Republic, other than the holding of the Notes or related coupons); or

b) after the date on which, by virtue of a change in the tax law of the Issuer's jurisdiction (or the application or official interpretation of such tax law), the Issuer would not be entitled to relief for the purposes of such tax law for any material amount which it is obliged to pay, or the Issuer would be treated as receiving for the purposes of such tax law any material amount which it is not entitled to receive, under the Transaction Documents; or

c) after the date of a change in the tax law of any applicable jurisdiction (or the application or official interpretation of such tax law) which would cause the total amount payable in respect of Notes to cease to be receivable by the Noteholders including as a result of any of the Borrowers being obliged to make a tax deduction in respect of any payment in relation to any Mortgage Asset,

subject to the following:

(i) that the Issuer has given not more than 60 (sixty) nor less than 15 (fifteen) days' notice to the Common Representative, the Transaction Manager, the Paying Agent and the Noteholders in accordance with the Notices Condition of its intention to redeem all (but not some only) of the Notes in each class; and

(ii) that, prior to giving any such notice, the Issuer has provided to the Common Representative:

(A) a legal opinion (in form and substance satisfactory to the Common Representative) from a firm of lawyers in the Issuer's jurisdiction (approved in writing by the Common Representative), opining on the relevant change in Tax law; and

(B) in respect of 7.6.(a) and 7.6.(b) above, a certificate signed by two directors of the Issuer to the effect that the obligation to make a tax deduction cannot be avoided; and

(C) a certificate signed by two directors of the Issuer to the effect that it will have the funds on the relevant Interest Payment Date, not subject to the interest of any other person, required to redeem the Notes pursuant to this Condition and meet its payment obligations of a higher priority under the Pre-Enforcement Payment Priorities.

7.7 **Optional Redemption in whole by the Sole Noteholder**

The Sole Noteholder holding all Notes outstanding from time to time, following an Extraordinary Resolution and by giving not less than 15 (fifteen) days' notice to the Issuer, may decide to exercise its option (the "**Put Option**") to have all (but not some only) of the Notes redeemed at their Principal Amount Outstanding together with accrued interest on the date specified in such notice (the "**Put Option Date**") provided that:

a) the Notes are free of any encumbrance at the moment when the Put Option notice is delivered to the Issuer and will remain free of any encumbrance up to and including the Put Option Date;

b) the Sole Noteholder decides and expressly agrees to the exercise of the optional redemption in whole pursuant to this Condition;

c) the necessary funds for the redemption are available to the Issuer for payment of all the Issuer Expenses, its payment obligations of a higher or equal priority under the Pre-Enforcement Interest Payment Priorities or Pre-Enforcement Principal Payment Priorities (as applicable) and all and any other

amounts which may be due or owed by the Issuer under or in connection with the Notes up to and including the Put Option Date;

d) the Originator accepts to acquire the Mortgage Asset Portfolio on the Put Option Date at or above the then current market price;

e) the Sole Noteholder exercising the Put Option has established to the satisfaction of the Issuer that it holds the Notes on the date on which the Put Option is exercised and that it will be the holder of the Notes on the Put Option Date; and

f) the exercise of the Put Option by the Sole Noteholder is valid to discharge all of the Issuer's obligations under or in connection with the Notes towards the Noteholder and the Transaction Creditors pursuant to this Condition and to the confirmation that funds are available to the Issuer to meet its payment obligations of a higher or equal priority,

subject to, prior to delivery of the Put Option notice to the Issuer, the Issuer receiving a certificate (in form and substance satisfactory to it) signed on behalf of the Transaction Manager confirming that all the requirements detailed under this Condition 7.7 have or will be duly met on the Put Option Date.

It is expressly stated and agreed that the exercise of the Put Option by the Sole Noteholder shall be conditional upon there being sufficient funds to redeem the Notes, and the Issuer shall have no obligation whatsoever to actually redeem the Notes in the event that there are not such sufficient funds. The Issuer shall not be obliged to use any efforts to procure that such sufficient funds are made available to it, except if in the alluded Extraordinary Resolution the Sole Noteholder expressly authorises the Issuer to redeem all Notes in the terms described above even if the funds available to the Issuer are not sufficient to redeem all Notes at their Principal Amount Outstanding, together with all accrued interest on the Put Option Date. In such case, the requisite of the Issuer having sufficient funds to redeem the Notes in accordance with Conditions 7.7(c) above will not apply and (i) the Issuer will redeem the Notes and pay all accrued interest thereon in accordance with the Pre-Enforcement Payment Priorities or Post-Enforcement Payment Priorities (as applicable) up to the limit of the funds available to it on the Put Option Date and (ii) the certificate to be issued by the Transaction Manager confirming that all the requirements detailed under this Condition have or will be duly met up to the Put Option Date shall refer that the Sole Noteholder expressly authorised the Issuer to redeem all Notes in the terms described above on the Put Option Date, considering the funds available to the Issuer are not sufficient to redeem all Notes at their Principal Amount Outstanding together with accrued interest.

In case the exception provided for in the preceding paragraph applies, the Issuer will be fully released of any obligation towards the Sole Noteholder provided that it redeems the Notes and pays all accrued interest thereon in accordance with the Pre-Enforcement Payment Priorities or Post-Enforcement Payment Priorities (as the case may be) up to the limit of the funds available to it on the Put Option Date.

In case the Notes are not redeemed on the Put Option Date, the exercise of the Put Option will become ineffective, which shall not affect the Sole Noteholder's right to exercise further Put Options in accordance with the terms of this Condition.

7.8 **Calculations final and binding**

Each calculation by or on behalf of the Issuer of any Note Principal Payment or the Class C Distribution Amount or the Principal Amount Outstanding of a Note of each class shall in each case (in the absence of any Breach of Duty) be final and binding on all persons.

7.9 **Common Representative to determine amounts in case of Issuer default**

If the Issuer does not at any time for any reason calculate (or cause the Transaction Manager to calculate) any Note Principal Payment or the Principal Amount Outstanding in relation to each class in accordance with this Condition, the Common Representative may (without any liability accruing to the Common Representative as a result) (i) calculate such amounts in with the manner specified in this Condition (based on information supplied to it by the Issuer or the Transaction Manager) or (ii) appoint a third party to calculate such amounts in the manner specified in this Condition (based on information supplied to it by the Issuer or the Transaction Manager), provided however that the rationale to arrive at the aforementioned amounts must always be disclosed to the Common Representative by such third party.

7.10 **Conclusiveness of certificates and legal opinions**

Any certificate or legal opinion given by or on behalf of the Issuer or to the Issuer pursuant to this Condition 7 may be relied upon by the Common Representative or the Issuer (as applicable) without further investigation and shall be conclusive and binding on the Noteholders and on the Transaction Creditors. All certificates required to be signed by the Issuer will be signed by the Issuer's directors without personal liability.

7.11 **Notice irrevocable**

Any such notice as is referred to in this Condition 7 shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes to which such notice relates at their Principal Amount Outstanding, or in accordance with Condition 7.7, or and in an amount equal to the Note Principal Payment calculated as at the related Calculation Date, as applicable.

7.12 **No Purchase**

The Issuer may not at any time purchase any of the Notes.

7.13 **Cancellation**

All Notes so redeemed shall be cancelled and may not be reissued or resold.

8. Limited Recourse

Each of the Noteholders will be deemed to have agreed with the Issuer that notwithstanding any other provisions of these Conditions or the Transaction Documents, all obligations of the Issuer to the Noteholders, including, without limitation, the Issuer Obligations, are limited in recourse as set out below:

a) it will have a claim only in respect of the Transaction Assets and will not have any claim, by operation of law or otherwise, against, or recourse to, any of the Issuer's other assets or its contributed capital;

b) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the Issuer in respect of the Transaction Assets, net of any sums which are payable by the Issuer in accordance with the Payment Priorities in priority to or *pari passu* with sums payable to such Noteholder in accordance with the Payment Priorities; and

c) on the Final Legal Maturity Date or upon the Common Representative giving written notice to the Noteholders or any of the Transaction Creditors that it has determined in its sole opinion, following the Servicer having certified to the Common Representative, that there is no reasonable likelihood of there

being any further realisations in respect of the Transaction Assets (other than the Transaction Accounts) and the Transaction Manager having informed the Common Representative that there is no reasonable likelihood of there being any further realisations in respect of the Transaction Accounts which would be available to pay in full the amounts outstanding under the Transaction Documents and the Notes owing to such Transaction Creditors and Noteholders, then such Transaction Creditors shall have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be discharged in full.

9. Payments

9.1 **Principal and Interest**

Payments of principal and interest (when applicable) in respect of the Notes may only be made in euro. Payment in respect of the Notes of principal and interest will, in accordance with the applicable rules and procedures of Interbolsa, be (a) credited to the TARGET2 relevant current accounts of the Interbolsa Participants (whose control accounts with Interbolsa are credited with such Notes) and (b) thereafter credited by such Interbolsa Participants from the aforementioned payment current accounts to the accounts of the owners of those Notes or through Euroclear and Clearstream, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

9.2 **Payments subject to fiscal laws**

All payments in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations, but without prejudice to the provisions of Condition 10 (*Taxation*). No commissions or expenses shall be charged by the Issuer to the Noteholders in respect of such payments.

9.3 **Notifications to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Paying Agent or the Common Representative shall (in the absence of any gross negligence, wilful default, fraud or manifest error) be binding on the Issuer and all Noteholders and (in the absence of any gross negligence, wilful default or fraud) no liability to the Common Representative or the Noteholders shall attach to the Agents, or the Common Representative in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions under this Condition 9 (*Payments*).

10. Taxation

10.1 **Payments free of Tax**

All payments of principal and interest in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by Portugal or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer, the Common Representative or the Paying Agent shall be entitled to withhold or deduct the required amount for or on account of tax from such payment and shall account to the relevant tax authorities for the amount so withheld or deducted.

10.2 **No payment of additional amounts**

Neither the Common Representative, the Issuer nor the Paying Agent will be obliged to pay any additional amounts to Noteholders in respect of any Tax Deduction made under Condition 10.1 (*Payments free of Tax*) above.

10.3 **Tax Jurisdiction**

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Portuguese Republic, references in these Conditions to the Portuguese Republic or to Portugal shall be construed as references to the Portuguese Republic or to Portugal and/or such other jurisdiction.

10.4 **Tax Deduction not Event of Default**

Notwithstanding that the Common Representative, the Issuer or any of the Paying Agents is required to make a tax deduction in accordance with Condition 10.1 (*Payments free of Tax*) this shall not constitute an Event of Default.

11. Events of Default and Enforcement

11.1 **Events of Default**

Subject to the other provisions of this Condition, the following shall be events of default in respect of the Notes (each an "**Event of Default**"):

a) *Non-payment*: the Issuer fails to pay any amount of principal on the Most Senior Class of Notes then outstanding or interest on the Class A Notes within 5 (five) Business Days after the due date for payment of such principal or within 10 (ten) Business Day after the due date for payment of such interest; or

b) *Breach of other obligations*: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Common Representative Appointment Agreement and such default (i) is, in the opinion of the Common Representative, incapable of remedy or (ii) being a default which is, in the opinion of the Common Representative, capable of remedy, remains unremedied for 30 (thirty) days or such longer period as the Common Representative may agree after the Common Representative has given written notice thereof to the Issuer; or

c) *Issuer Insolvency*: An Insolvency Event occurs with respect to the Issuer, or

d) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Common Representative Appointment Agreement.

11.2 **Delivery of Enforcement Notice**

If an Event of Default occurs and is continuing, the Common Representative may at its discretion and shall:

a) if so requested in writing by the holders of at least 25 (twenty-five) per cent. of the Principal Amount Outstanding of the Notes; or

b) if so directed by an Extraordinary Resolution passed by the Noteholders;

deliver a notice (the "**Enforcement Notice**") to the Issuer.

11.3 **Conditions to delivery of Enforcement Notice**

Notwithstanding Condition 11.2 (*Delivery of Enforcement Notice*) above, the Common Representative shall not be obliged to deliver an Enforcement Notice unless:

a) in the case of the occurrence of any of the events mentioned in Condition 11.1(b) (*Breach of other obligations*) above, the Common Representative shall have certified in writing that the occurrence of such event is in its opinion materially prejudicial to the interests of the Noteholders, subject to Condition 11.7 (*Directions to the Common Representative*) and the Common Representative may obtain such directions from Noteholders and/or expert advice as it considers appropriate and rely thereon, without any responsibility for delay occasioned by doing so; and

b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities to which it may thereby become liable or which it may incur by so doing.

11.4 **Consequences of delivery of Enforcement Notice**

Upon the delivery of an Enforcement Notice, the Notes of each class shall become immediately due and payable without further action or formality at their Principal Amount Outstanding together with any accrued interest and deferred interest.

11.5 **Proceedings**

After the occurrence of an Event of Default, the Common Representative may at its discretion and without further notice, institute such proceedings as it thinks fit to enforce its rights under the Notes and the Common Representative Appointment Agreement in respect of the Notes of each class and under the other Transaction Documents, in any case acting to serve the best interests of the Noteholders as a class, but it shall not be bound to do so unless it is:

a) so requested in writing by the holders of at least 25 (twenty five) per cent. of the Principal Amount Outstanding of the Notes; or

b) so directed by an Extraordinary Resolution of the Noteholders;

and in any such case, only if it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities to which it may thereby become liable or which it may incur by so doing.

11.6 **Restrictions on disposal of Issuer's assets**

If an Enforcement Notice has been delivered by the Common Representative, the Common Representative will only be entitled to dispose of the Mortgage Assets to a Portuguese securitisation fund or to another Portuguese securitisation company or to the Originator in accordance with the Securitisation Law.

11.7 **Directions to the Common Representative**

Without prejudice to Condition 11.5 (*Proceedings*), the Common Representative shall not be bound to take any action described in Condition 11.5 (*Proceedings*) and may take such action without having regard to the effect of such action on individual Noteholders or any other Transaction Creditor. The Common Representative shall have regard to the Noteholders of each Class as a Class and, for the purposes of exercising its rights, powers, duties or discretions, the Common Representative to the extent permitted by Portuguese law shall have regard only to the Most Senior Class of Notes then outstanding, provided that so long as any of the then Most Senior Class of Notes are outstanding, the Common Representative shall not, and shall not be bound to, act at the request or direction of the Noteholders of any other Class of Notes unless:

a) to do so would not, in its opinion, be materially prejudicial to the interests of the Noteholders of all the Classes of Notes ranking senior to such other Class; or

b) (if the Common Representative is not of that opinion) such action of each Class is sanctioned by a Resolution of the Noteholders of the Class or Classes of the Notes ranking senior to such other Class.

12. Common Representative and Agents

12.1 **Common Representative's right to indemnity**

Under the Transaction Documents, the Common Representative is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid or reimbursed of its costs and expenses in priority to the claims of the Noteholders and the other Transaction Creditors. The Common Representative shall not be required to do anything which would require it to risk or expend its own funds. In addition, the Common Representative is entitled to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents and/or any of their subsidiary or associated companies and to act as common representative for the holders of any other securities issued by or relating to the Issuer without accounting for any profit and to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such role. For the avoidance of doubt, the Common Representative will not be obliged to enforce the provisions of the Common Representative Appointment Agreement unless it is directed to do so by the Noteholders and unless it is indemnified and/or secured and/or pre-funded to its satisfaction.

12.2 **Common Representative not responsible for loss or for monitoring**

The Common Representative will not be responsible for any loss, expense or liability which may be suffered as a result of the Mortgage Assets or any documents of title thereto being uninsured or inadequately insured or being held by or to the order of the Servicer or by any person on behalf of the Common Representative. The Common Representative shall not be responsible for monitoring the compliance by any of the other Transaction Parties with their obligations under the Transaction Documents and the Common Representative shall assume, until it has actual knowledge to the contrary, that such persons are properly performing their duties.

The Common Representative shall have no responsibility (other than arising from its wilful default, gross negligence or fraud) in relation to the legality, validity, sufficiency, adequacy and enforceability of the Transaction Documents.

The Common Representative will not be responsible for any loss, expense or liability which may be suffered as a result of any assets or any deeds or documents of title thereto, being uninsured or inadequately insured.

12.3 **Regard to classes of Noteholders**

In the exercise of its powers and discretions under these Conditions and the Common Representative Appointment Agreement and the other Transaction Documents, the Common Representative will have regard to the interests of each class of Noteholders as a class and will not be responsible for any consequence for individual Noteholders as a result of such holders being domiciled or resident in, or otherwise connected in any way with, or subject to the jurisdiction of, a particular territory or taxing jurisdiction.

In any circumstances in which, in the opinion of the Common Representative, there is any conflict, actual or potential, between the Noteholders' interests and those of the Transaction Creditors, the Common Representative shall have regard only to the interests of the Noteholders and no other Transaction Creditor shall have any claim against the Common Representative for so doing.

To the extent permitted by Portuguese law and whenever there is any conflict between the interests of the classes of Noteholders the Common Representative shall have regard to the most senior ranking of Notes.

When the Notes are no longer outstanding and, in its opinion, there is an actual or potential conflict between the interests of the Transaction Creditors, have regard to the interests of that Transaction Creditor which is, or those Transaction Creditors which are most senior in the Payment Priorities and which claim is still outstanding thereunder and no other Transaction Creditor shall have any claim against the Common Representative for so doing. If there are 2 (two) or more Transaction Creditors who rank *pari passu* in the Payment Priorities then the Common Representative shall look at the interests of such Transaction Creditors equally.

12.4 **Agents solely agents of Issuer**

In acting under the Paying Agency Agreement and in connection with the Notes, the Paying Agent acts solely as agent of the Issuer and (to the extent provided therein) the Common Representative and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

12.5 **Initial Paying Agent**

The Issuer reserves the right (with the prior written approval of the Common Representative) to vary or terminate the appointment of any Agent and to appoint a successor paying agent or agent bank and additional or successor paying agent at any time, having given not less than 30 (thirty) days' notice to such Agent.

13. Meetings of Noteholders

13.1 **Convening**

The Common Representative Appointment Agreement contains Provisions for Meetings of Noteholders for convening separate or combined meetings of Noteholders of any Class to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Common Representative Appointment Agreement and the circumstances in which modifications may be made if sanctioned by a Resolution.

13.2 **Request from Noteholders**

A meeting of Noteholders of a particular Class or Classes may be convened by the Common Representative or, if the Common Representative has not yet been appointed on refuses to convene the meeting, by the Chairman of the Shareholders' General Meeting of the Issuer at any time and must be convened by the Common Representative (subject to its being indemnified and/or secured and/or prefunded to its satisfaction) upon the request in writing of Noteholders of a particular Class holding not less than 5 (five) per cent. of the Aggregate Principal Amount Outstanding of the outstanding Notes of that Class or Classes.

13.3 **Quorum**

The quorum at any Meeting convened to vote on:

a) a Resolution not regarding a Reserved Matter, relating to a meeting of a particular Class or Classes of the Notes, will be any person or persons holding or representing such Class or Classes of Notes whatever the Principal Amount Outstanding of the of the Notes then outstanding held or represented at the Meeting;

b) an Extraordinary Resolution regarding to items (a) to (d), (f) and (g) of the definition of a Reserved Matter, relating to a Meeting of a particular Class or Classes of the Notes, will be any person or persons holding or representing at least 50 (fifty) per cent. of the Principal Amount Outstanding of the Notes then outstanding so held or represented or in such Class or Classes or, at any adjourned Meeting, any person holding or representing such Class or Classes whatever the Principal Amount Outstanding of the Notes then outstanding so held or represented; or

c) an Extraordinary Resolution regarding to item (e) of the definition of Reserved Matter, will be all Noteholders of the Notes then outstanding.

13.4 **Majorities**

The majorities required to pass a Resolution at any meeting convened in accordance with these rules shall be:

a) if in respect to a Resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting; or

b) if in respect to an Extraordinary Resolution regarding matters in items (a) to (d), (f) and (g) of the definition of a Reserved Matter, at least 50 (fifty) per cent. of the Principal Amount Outstanding of the Notes then outstanding in the relevant Class or Classes or, at any adjourned second meeting by at least two thirds of the votes cast at the relevant meeting and, if in respect of matters in item (e) of the definition of Reserved Matter, a unanimous Resolution by all Noteholders.

13.5 **Separate and combined meetings**

The Common Representative Appointment Agreement provides that (subject to Condition 13.6 (*Relationship between Classes*)):

a) a Resolution which in the opinion of the Common Representative affects the Notes of only one Class shall be transacted at a separate meeting of the Noteholders of that Class;

b) a Resolution which in the opinion of the Common Representative affects the Noteholders of more than one Class of Notes but does not give rise to an actual or potential conflict of interest between the Noteholders of one Class of Notes and the holders of another Class of Notes may be transacted either at separate meetings of the Noteholders of each such Class or at a single meeting of the Noteholders of all such Classes of Notes as the Common Representative shall determine in its absolute discretion; and

c) a Resolution which in the opinion of the Common Representative affects the Noteholders of more than one Class and gives rise to any actual or potential conflict of interest between the Noteholders of one Class of Notes and the Noteholders of any other Class of Notes shall be transacted at separate meetings of the Noteholders of each such Class.

13.6 **Relationship between Classes**

In relation to each Class of Notes:

a) no Resolution involving a Reserved Matter that is passed by the holders of one Class of Notes shall be effective unless it is sanctioned by a Resolution of the holders of each of the other Classes of Notes (to the extent that there are outstanding Notes in each such other Classes);

b) no Resolution or other resolution (as applicable) to approve any matter other than a Reserved Matter of any Class of Notes shall be effective unless it is sanctioned by a Resolution or other resolution (as applicable) of the holders of each of the other Classes of Notes then outstanding ranking senior to such Class (to the extent that there are Notes outstanding ranking senior to such Class) unless the Common Representative considers that none of the holders of each of the other Classes of Notes ranking senior to such Class would be materially prejudiced by the absence of such sanction;

c) any Resolution passed at a Meeting of Noteholders of one or more Classes of Notes duly convened and held in accordance with the Common Representative Appointment Agreement shall be binding upon all Noteholders of such Class or Classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Reserved Matter, any Resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other Classes of Notes; and

d) a resolution involving the appointment or removal of the Common Representative must be approved by the holders of each Class of Notes then outstanding.

13.7 **Written Resolutions**

A Written Resolution shall take effect in the same terms as a Resolution or an Extraordinary Resolution.

14. Modification and Waiver

14.1 **Modification**

The Common Representative may, at its sole discretion at any time and from time to time, without the consent or sanction of the Noteholders or any other Transaction Creditors (other than in respect of a Reserved Matter or any provisions of these Conditions, the Common Representative Appointment Agreement or any other Transaction Documents referred to in the definition of a Reserved Matter) concur with the Issuer and any other relevant Transaction Creditor in making:

a) any modification to these Conditions, to the Notes, the Common Representative Appointment Agreement or any other Transaction Documents in relation to which the Common Representative's consent is required which, in the opinion of the Common Representative will not be materially prejudicial to the interests of the (i) holders of the Most Senior Class of Notes then outstanding and (ii) any of the Transaction Creditors, unless, in the case of (ii), such Transaction Creditors have given their prior written consent to any such modification;

b) any modification to these Conditions or any of the Transaction Documents in relation to which the Common Representative's consent is required if, in the opinion of the Common Representative, such modification is of a formal, minor, administrative or technical nature, or is made to correct a manifest error or is necessary or an error which, in the reasonable opinion of the Common Representative, is proven, or is necessary or desirable for the purpose of clarification,

The Issuer shall send prior notice of any such modification pursuant to Condition 14.1 (a) (*Modification*) above to the Rating Agencies and, to the extent the Common Representative requires it, notice thereof shall be delivered to the Noteholders in accordance with the Notices Condition; and regarding Condition 14.1 (b) (*Modification*), the Issuer shall send prior notice to the Rating Agencies and notice thereof has been delivered to the Noteholders in accordance with the Notices Condition.

14.2 **Waiver**

In addition, the Common Representative may, at any time and from time to time, without prejudice to its rights in respect of any subsequent breach, condition, event or act, without the consent or sanction of the Noteholders or any other Transaction Creditors, concur with the Issuer and any other relevant Transaction Creditor in authorising or waiving on such terms and subject to such conditions (if any) as it may decide, any proposed breach or actual breach by the Issuer of any of the covenants or provisions contained in the Common Representative Appointment Agreement, the Notes or any other Transaction Documents (other than in respect of a Reserved Matter or any provision of the Notes, the Common Representative Appointment Agreement or such other Transaction Document referred to in the definition of a Reserved Matter) which, in the opinion of the Common Representative will not be materially prejudicial to the interests of (i) the holders of the Most Senior Class of Notes then outstanding (which will be the case if any such authorisation or waiver does not result in an adverse effect on the Ratings of such Class of Notes) and (ii) any of the Transaction Creditors, unless such Transaction Creditors have given their prior written consent to any such authorisation or waiver, (provided that it may not and only the Noteholders may by Resolution determine that any Event of Default shall not be treated as such for the purposes of the Common Representative Appointment Agreement, the Notes or any of the other Transaction Documents).

14.3 **Restriction on power to waive**

The Common Representative shall not exercise any powers conferred upon it by Condition 14.2 (*Waiver*) in contravention of any of the restrictions set out therein or any express direction by a Resolution of the holders of the Most Senior Class of Notes then outstanding or of a request or direction in writing made by the holders

of not less than 25 (twenty-five) per cent. in Aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, but so that no such direction or request (a) shall affect any authorisation, waiver or determination previously given or made or (b) shall authorise or waive any such proposed breach or breach relating to a Reserved Matter unless the holders of each class of Notes then outstanding has, by Resolution, so authorised such proposed breach or breach.

14.4 **Notification**

Unless the Common Representative otherwise agrees, the Issuer shall cause any such consent, authorisation, waiver, modification or determination to be notified to the Noteholders (if required by these Conditions or by law), the other relevant Transaction Creditors and the Rating Agencies in accordance with the Notices Condition and the relevant Transaction Documents, as soon as practicable after it has been made.

14.5 **Binding Nature**

Any consent, authorisation, waiver, determination or modification referred to in Condition 14.1 (*Modification*) or Condition 14.2 (*Waiver*) shall be binding on the Noteholders and the other Transaction Creditors.

15. No action by Noteholders or any other Transaction Party

15.1 The Noteholders may be restricted from proceeding individually against the Issuer and the Mortgage Assets or otherwise seek to enforce the Issuer's obligations, where such action or actions, taken on an individual basis, contravene a Resolution of the Noteholders.

15.2 Furthermore, and to the extent permitted by Portuguese Law, only the Common Representative may pursue the remedies available under the general law or under the Common Representative Appointment Agreement against the Issuer and the Mortgage Assets and, other than as permitted in this Condition, no Transaction Creditor shall be entitled to proceed directly against the Issuer and the Mortgage Assets or otherwise seek to enforce the Issuer's obligations. In particular, each Transaction Creditor agrees with and acknowledges to each of the Issuer and the Common Representative, and the Common Representative agrees with and acknowledges to the Issuer that:

a) none of the Transaction Creditors other than the Common Representative (nor any person on their behalf) is entitled, otherwise than as permitted by the Transaction Documents, to direct the Common Representative to take any proceedings against the Issuer unless the Common Representative, having become bound to serve an Enforcement Notice or having been requested in writing or directed by a Resolution of the Noteholders in accordance with Condition 11.5 (*Proceedings*) to take any other action to enforce its rights under the Notes and the Common Representative Appointment Agreement or under any other Transaction Documents (each, a "**Common Representative Action**"), fails to do so within 30 (thirty) days of becoming so bound or of having been so requested or directed and that failure is continuing (in which case each of the Noteholders and the Transaction Creditors shall (subject to Conditions 12.2(c) and 15.2(d)) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

b) none of the Transaction Creditors other than the Common Representative (nor any person on their behalf) shall have the right to take or join any person in taking any steps against the Issuer for the purpose of obtaining payment of any amount due from the Issuer to any of such Transaction Parties unless the Common Representative, having become bound to take a Common Representative Action, fails to do so within 30 (thirty) days of becoming so bound and that failure is continuing (in which case

each of the Noteholders and the Transaction Creditors shall be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

c) until the date falling 2 (two) years after the Final Discharge Date none of the Transaction Creditors nor any person on their behalf (including the Common Representative) shall initiate or join any person in initiating any Insolvency Event or the appointment of any insolvency official in relation to the Issuer; and

d) none of the Transaction Creditors shall be entitled to take or join in the taking of any steps or proceedings which would result in the Payment Priorities not being observed.

16. Prescription

Claims for principal in respect of the Notes shall become void twenty years after the appropriate Relevant Date. Claims for interest and any Class C Distribution Amount shall become void five years after the appropriate Relevant Date.

17. Issuer Substitution

The Sole Noteholder (being the Originator) holding all Notes outstanding from time to time, following an Extraordinary Resolution and by giving not less than 15 (fifteen) days' notice to the Issuer and the Common Representative, may decide to substitute the Issuer for another credit securitisation company registered with the CMVM (the "**Substitute Issuer**"), under the terms provided for in the law, provided that:

a) The Substitute Issuer accepts to become the Issuer of the Notes and to acquire the Mortgage Asset Portfolio, on date of substitution, at or above the then current market price;

b) The Substitute Issuer accepts to accede to the terms of the Transaction Documents as Issuer of the Notes;

c) Such substitution shall be previously notified to the CMVM and, for so long as the Notes are listed on Euronext Lisbon or any other stock exchange, to such stock exchange and to the Noteholders in accordance with Condition 18.

18. Notices

18.1 **Valid notices**

Any notice to Noteholders shall only be validly given if such notice is published on the CMVM's website, except in the cases expressly referred to in this Prospectus including in Condition 5.3 (*Investor Reports available for inspection*). For so long as any of the Notes are listed on any stock exchange and the rules of such stock exchange's jurisdiction so require, such notice will additionally be published in accordance with the requirements applicable to such stock exchange. It may additionally be published on a page of the Reuters service or of the Bloomberg service or on any other medium for the electronic display of data as may be previously approved in writing by the Common Representative at the request of the Issuer.

18.2 **Date of publication**

Any notices so published shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which the publication was made.

18.3 **Other methods**

The Common Representative shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange (if any) on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Common Representative shall require.

19. Governing Law and Jurisdiction

19.1 **Governing Law**

The Common Representative Appointment Agreement, the Notes and any non-contractual obligations arising from or connected with them are governed by, and shall be construed in accordance with, Portuguese law.

19.2 **Jurisdiction**

The courts of Lisbon are to have exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Notes and accordingly any legal action or proceedings arising out of or in connection with the Notes may be brought in such courts.

20. Definitions

"**Accounts Agreement**" means the agreement so named to be entered into on or about the Closing Date between the Issuer, the Accounts Bank, the Transaction Manager and the Common Representative;

"**Accounts Bank**" means Banco Santander Totta, S.A., in its capacity as the bank at which the Payment Account and the Reserve Account are held in accordance with the terms of the Accounts Agreement;

"**Agent Bank**" means Citibank London, in its capacity as the agent bank in respect of the Notes in accordance with the Paying Agency Agreement;

"**Agents**" means the Agent Bank and the Paying Agent and "**Agent**" means any one of them;

"**Aggregate Principal Amount Outstanding**" means, on any day of calculation, the aggregate of the Principal Amount Outstanding of all classes of Notes on such day;

"**Aggregate Principal Outstanding Balance**" means, with respect to all Mortgage Loans purchased by the Issuer, the aggregate amount of the Principal Outstanding Balance of each Mortgage Loan;

"**Ancillary Mortgage Rights**" means, in respect of each Mortgage Loan and its Mortgage:

(a) any advice, report, valuation, opinion, certificate, undertaking, or other statement of fact or of law or opinion given in connection with such Mortgage Loan or Mortgage, to the extent assignable without the consent or notification of the party issuing the advice, report, valuation, opinion, certificate, undertaking, or other statement of fact or of law or opinion;

(b) any credit rights of the Originator under the related Insurance Policy;

(c) all monies and proceeds payable or to become payable under, in respect of or pursuant to such Mortgage Loan or its related Mortgage;

(d) the benefit of all covenants, undertakings, representations, warranties, default interest and indemnities of any Borrower in favour of the Originator contained in or relating to such Mortgage Loan or Mortgage; and

(e) all causes and rights of action (present and future) against any person relating to such Mortgage Loan or Mortgage including the benefit of all powers and remedies for enforcing or protecting the Originator's right, title, interest and benefit in respect of such Mortgage Loan or Mortgage;

"**Arranger**" means Banco Santander, S.A., in its capacity as arranger of the Transaction;

"**Assigned Rights**" means the Mortgage Assets, the Mortgage Asset Agreements and the Receivables assigned to the Issuer by BST in accordance with the terms of the Mortgage Sale Agreement;

"**Authorised Investments**" means:

(i) any euro denominated deposit in respect of which a security interest can be created, in accordance with article 44(3) of the Securitisation Law and article 3 of CMVM Regulation 12/2002 and complying with the ECB Eurosystem eligibility criteria as specified by the ECB, as currently disclosed and as amended from time to time; and

(ii) which is held at or made with an institution having a minimum rating equal to Minimum Ratings for cash by DBRS or "BBB" or "F2" by Fitch; and

(iii) which payment at maturity is at least equal to the amount invested; and

(iv) from which amounts deposited may be withdrawn at any time without penalty, before the earliest of (i) the next Interest Payment Date or (ii) one month from the date of the investment;

"**Available Distribution Amount**" means, in respect of any Calculation Period, the Available Interest Distribution Amount and the Available Principal Distribution Amount in respect of the same Calculation Period;

"**Available Interest Distribution Amount**" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date immediately preceding such Interest Payment Date equal to the sum of:

a) any Net Revenue Collections, Revenue Recoveries and other interest amounts received by the Issuer as interest payments under or in respect of the Mortgage Assets during the Calculation Period immediately preceding such Interest Payment Date (less the amount of any Incorrect Payments made which are attributable to interest); plus

b) all amounts standing to the credit of the Reserve Account which are recorded in the General Reserve Ledger; plus

c) upon the occurrence of a Commingling Event, all amounts standing to the credit of the Reserve Account which are recorded in the Commingling Reserve Ledger; plus

d) where the proceeds or estimated proceeds of disposal or, on maturity, the maturity proceeds of any Authorised Investment received in relation to the relevant Calculation Period exceeds the original cost of such Authorised Investment, the amount of such excess together with interest thereon; plus

e) interest accrued and credited to the Transaction Accounts during the relevant Calculation Period; plus

f) on the Final Legal Maturity Date or the date of redemption in full of the Notes, all other amounts standing to the credit of the Reserve Account; plus

g) the remaining Available Principal Distribution Amount after all payments of the Pre-Enforcement Principal Payment Priorities have been made in full,

provided that, prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount will be applied by the Issuer on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payment Priorities;

"**Available Principal Distribution Amount**" means, in respect of any Interest Payment Date, the amount calculated by the Transaction Manager as at the Calculation Date immediately preceding such Interest Payment Date as being equal to:

a) the amount of all Net Principal Collections and Principal Recoveries (less the amount of the Incorrect Payments made which are attributable to principal) received by the Issuer as principal payments under the Mortgage Assets and any related Ancillary Mortgage Rights during the Calculation Period immediately preceding such Interest Payment Date; plus

b) any amounts standing to the credit of the Payment Account to the extent it relates to any principal amounts, to the extent not covered in item (a) above; plus

c) such amount of the Available Interest Distribution Amount as is credited to the Payment Account (if any) and which is applied by the Transaction Manager on such Interest Payment Date in reducing the debit balance on the Class A Principal Deficiency Ledger or the Class B Principal Deficiency Ledger; plus

d) any amounts standing to the credit of the Reserve Account and (i) are allocated to the General Reserve Ledger in excess of the Reserve Account Required Balance, or (ii) are allocated to the Commingling Reserve Ledger in excess of the Commingling Reserve Ledger Required Amount;

"**Back-Up Servicer Facilitator**" means Banco Santander, S.A.;

"**Back-up Servicer Facilitator Trigger Event"** means any of the following events described under the Mortgage Servicing Agreement:

(i) Banco Santander, S.A. ceases to hold directly or indirectly 50 per cent. of the Servicer's share capital or voting rights, unless the new owner of the Servicer's share capital is assigned with a rating of at least "BBB" (low) by DBRS or "BBB" or "F2" (or its replacement) by Fitch; or

(ii) Banco Santander Totta, S.A. is assigned a rating less than "BBB" or "F2" (or its replacement) by Fitch, unless the long-term unsecured, unsubordinated and unguaranteed obligations of the Servicer are at such time assigned a rating of or higher than "BBB" or "F2" (or its replacement) by Fitch; or

(iii) Banco Santander Totta, S.A. is assigned a rating less than "BBB (low)" (or its replacement) by DBRS, except if at such time the long term unsecured, unsubordinated and unguaranteed obligations of the Servicer are assigned a rating of or higher than "BBB (low)" (or its replacement) by DBRS;

"**Banco Santander Totta**" means Banco Santander Totta, S.A.;

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

"**Borrower**" means, in respect of any Mortgage Loan, the related borrower or borrowers or other person or persons who is or are under any obligation to repay that Mortgage Loan, including any guarantor of such borrower and "**Borrowers**" means all of them;

"**Breach of Duty**" means, in relation to any person, a wilful default, fraud, illegal dealing, gross negligence;

"**BST**" means Banco Santander Totta, S.A.;

"**Business Day**" means:

a) for the purpose of the Notes, any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer System ("**TARGET 2**") is open (a "**TARGET 2 Day**") or, if such TARGET 2 Day is not a day on which banks are open for business in London and Lisbon, the next succeeding TARGET 2 Day on which banks are open for business in London and Lisbon; and

b) for any other purpose, any day on which banks are open for business in London and Lisbon;

"**Calculation Date**" means the last Lisbon Business Day of March, June, September and December in each year, the first Calculation Date being the last Lisbon Business Day of March 2018;

"**Calculation Period**" means a period from (and including) a Calculation Date (or in respect of the first Calculation Period, from the Closing Date) to (but excluding) the next (or first) Calculation Date and, in relation to an Interest Payment Date, the "**related Calculation Period**" means, unless the context otherwise requires, the Calculation Period ending on the related Calculation Date;

"**Cap**" means, with respect to a Mortgage Asset Agreement, a provision that establishes an upper limit to the floating interest rate payable by the relevant Borrower (including spread variations or others, as the case may be);

"**Citibank London**" means Citibank N.A., London Branch, acting through its office at Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom;

"**Class**" means the Class A Notes, the Class B Notes, the Class C Notes or the VFN, as the context may require, and "**Classes**" shall be construed accordingly;

"**Class A Noteholders**" means the holders of the Class A Notes;

"**Class A Notes**" means the €1,716,000,000 Class A Mortgage Backed Floating Rate Notes due 2072 issued by the Issuer on the Closing Date;

"**Class A Principal Deficiency Ledger**" means the principal deficiency ledger created and maintained by the Transaction Manager in accordance with the Transaction Management Agreement, so that the debit balance on such principal deficiency ledger is not greater than the Aggregate Principal Amount Outstanding of the Class A Notes;

"**Class B Noteholders**" means the holders of the Class B Notes;

"**Class B Notes**" means the €484,000,000 Class B Mortgage Backed Floating Rate Notes due 2072 issued by the Issuer on the Closing Date;

"**Class B Principal Deficiency Ledger**" means the principal deficiency ledger created and maintained by the Transaction Manager in accordance with the Transaction Management Agreement, so that the debit balance on such principal deficiency ledger is not greater than the Aggregate Principal Amount Outstanding of the Class B Notes;

"**Class C Noteholders**" means the holders of the Class C Notes;

"**Class C Notes**" means the €66,000,000 Class C Notes due 2072 issued by the Issuer on the Closing Date;

"**Class C Distribution Amount**" means in respect of any Interest Payment Date, the amount calculated by the Transaction Manager to be paid from the Available Interest Distribution Amount on such Interest Payment Date and which shall be equal to the Available Interest Distribution Amount less the aggregate of the amounts

to be paid by the Issuer in respect of payments of a higher priority set forth in the Pre-Enforcement Interest Payment Priorities, or, after the delivery of an Enforcement Notice, the amount calculated by the Transaction Manager to be paid from the Available Interest Distribution Amount and Available Principal Distribution Amount on such Interest Payment Date and which shall be equal to the sum of both such amounts less the aggregate of the amounts to be paid by the Issuer in respect of payments of a higher priority set forth in the Post-Enforcement Payment Priorities. This amount will only be payable to the extent that funds are available to the Issuer for that purpose under the Pre-Enforcement Interest Payment Priorities or the Post-Enforcement Payment Priorities;

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

"**Closing Date**" means 9 January 2018;

"**CMVM**" means *Comissão do Mercado de Valores Mobiliários*, the Portuguese Securities Market Commission;

"**CNPD**" means *Comissão Nacional de Proteção de Dados*, the Portuguese Data Protection Commission;

"**Collar**" means, with respect to a Mortgage Asset Agreement, a provision that simultaneously establishes a Cap and a Floor;

"**Collections**" means, as appropriate, all Principal Collections Proceeds and all Interest Collections Proceeds;

"**Commingling Event**" means, on any Interest Payment Date, that the Servicer has failed to transfer to the Payment Account any Interest Collections Proceeds and / or Principal Collections Proceeds received by the Servicer in the Proceeds Account from Borrowers in the Calculation Period immediately preceding such Interest Payment Date;

"**Commingling Reserve Ledger**" means a ledger of the Reserve Account where the proceeds of the VFN will be registered as a credit entry and used to mitigate any commingling risk up to the amount available in the Reserve Account and registered in the Commingling Reserve Ledger;

"Commingling Reserve Ledger Required Amount" means an amount equal to the highest expected level of collections to be received in any future month as estimated by the Servicer when the Commingling Reserve Trigger Event occurs and provided that such amount upon the occurrence of a Commingling Reserve Trigger Event does not result in a downgrade of the Most Senior Class of Notes;

"**Commingling Reserve Trigger Event**" means Banco Santander Totta, S. A. being downgraded below BBB (low) by DBRS or BBB by Fitch or if at any time Banco Santander, S.A. ceases to hold directly or indirectly more than 50 per cent. of the Servicer's share capital or voting rights, except if the company then holding directly or indirectly more than 50 per cent. of the Servicer's share capital has a rating of at least BBB (low) by DBRS or BBB by Fitch or the Servicer has a rating of at least BBB (low) by DBRS or BBB by Fitch;

"**Common Representative**" means Citicorp Trustee Company Limited, a company incorporated under the laws of England and Wales, with registered number 00235914, having its registered office at Citigroup Centre 2, Canada Square, Canary Wharf, London E14 5LB, United Kingdom, in its capacity as initial representative of the Noteholders pursuant to the Portuguese Companies Code and Article 65 of the Securitisation Law and in accordance with the Conditions of the Notes and the terms of the Common Representative Appointment Agreement and any replacement common representative or common representative appointed from time to time under the Common Representative Appointment Agreement;

"**Common Representative Fees**" means the fees payable by the Issuer to the Common Representative in accordance with the Common Representative Appointment Agreement;

"**Common Representative Liabilities**" means any liabilities due and payable by the Issuer to the Common Representative in accordance with the terms of the Common Representative Appointment Agreement together with interest payable in accordance with the terms of the Common Representative Appointment Agreement accrued in the immediately preceding Calculation Period;

"**Completion of Enforcement Procedures**" means the completion of the Enforcement Procedures upon the Servicer having reasonably considered that continuation of the Enforcement Procedures is no longer cost effective having regard to the amounts likely to be recovered by such further action;

"**Conditions**" means the terms and conditions of the Notes in, or substantially in, the form set out in Schedule 1 to the Common Representative Appointment Agreement as any of them may from time to time be modified in accordance with the Common Representative Appointment Agreement and any reference to a particular numbered Condition shall be construed in relation to the Notes accordingly;

"**Co-ordination Agreement**" means the agreement so named to be entered into on or about the Closing Date by and between the Issuer, the Originator, the Transaction Manager, the Agent Bank, the Accounts Bank, the Paying Agent, the Servicer, the Back-up Servicer Facilitator and the Common Representative;

"**Current LTV**" means, in respect of all Mortgage Loans relating to a Borrower and secured by a Mortgage over the same property, the ratio of the aggregate amount of the Principal Outstanding Balance as at any day of calculation to the current valuation of the relevant property;

"**CVM**" means the Portuguese securities depository system (*Central de Valores Mobiliários*) operated by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A.;

"**Day Count Fraction**" means in respect of, an Interest Period, the actual number of days in such period divided by 360;

"**DBRS**" means DBRS Ratings Limited or any legitimate successor thereto;

"**Deemed Principal Loss**" means (without double-counting any Mortgage Asset under (a) and (b) below), means, in relation to any Mortgage Asset on any Calculation Date:

a) if there are any unpaid payments due under such Mortgage Asset in respect of at least 9 (nine) but not more than 12 (twelve) monthly instalments during the related Calculation Period, an amount equal to 25 per cent. of the Principal Outstanding Balance of the Receivable in relation to such Mortgage Asset determined as at such Calculation Date; and
b) if there are unpaid payments due under such Mortgage Asset in respect of at least 12 (twelve) monthly instalments during the related Calculation Period or such Mortgage Asset otherwise becomes a Written-Off Mortgage Asset, an amount equal to 100 per cent. of the Principal Outstanding Balance of the Receivable in relation to such Mortgage Asset determined as at such Calculation Date.

"**Defaulted Mortgage Asset**" means, on any day, any Mortgage Asset which is not a Written-off Mortgage Asset and in respect of which 9 (nine) or more monthly instalments have not been paid by the Instalment Due Dates relating thereto and remain unpaid on the day of determination;

"**Deferrable Notes**" means the Class B Notes;

"**Deferred Interest Amount Arrear**" means, in respect of each of the Deferrable Notes on any Interest Payment Date, any Interest Amount which is due but not paid as at such date;

"**Delinquent Mortgage Asset**" means, on any day, any Mortgage Asset which is neither a Defaulted Mortgage Asset nor a Written-off Mortgage Asset and in respect of which 3 (three) or more monthly instalments have not been paid by the Instalment Due Dates relating thereto and remain unpaid on the day of determination;

"**DTI**" means the ratio of the annual aggregate amount of the monthly instalments (interest and principal payments) in respect of all Mortgage Assets relating to a Borrower to the annual gross income of that Borrower;

"**EC**" means the European Commission;

"**ECB**" means the European Central Bank;

"**Eligibility Criteria**" means the criteria set out in Schedule 1 of the Mortgage Sale Agreement;

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

"**Enforcement Procedures**" means the exercise of rights and remedies (including enforcement of security) against a Borrower in respect of the Borrower's obligations arising from any Mortgage Asset in accordance with the procedures described in the Servicer's Operating Procedures;

"**EU**" means the European Union;

"**EUR**", "**Euro**", "**euro**" or "**€**" means the lawful currency of the Member States of the European Union participating in the Economic and Monetary Union as contemplated by the Treaty establishing the European Communities as amended by, *inter alia*, the Treaty on European Union;

"**EURIBOR**" means the Euro Reference Rate;

"**Euro Reference Rate**" means, on any Interest Determination Date, the rate determined by reference to the Euro Screen Rate on such date, or if, on such date, the Euro Screen Rate is unavailable:

(a) the Rounded Arithmetic Mean of the offered quotations, as at or about 11.00 a.m. (Brussels time) on that date, of the Reference Banks to leading banks for Euro-zone interbank market for euro deposits for the Relevant Period in the Representative Amount, determined by the Agent Bank after request of the principal Euro-zone office of each of the Reference Banks; or

(b) if, on such date, two or three only of the Reference Banks provide such quotations, the rate determined in accordance with paragraph (a) above on the basis of the quotations of those Reference Banks providing such quotations; or

(c) if, on such date, one only or none of the Reference Banks provide such a quotation, the Rounded Arithmetic Mean of the rates quoted, as at or about 11.00 a.m. (Brussels time) on such Interest Determination Date, by leading banks in the Euro-zone for loans in euros for the Relevant Period in the Representative Amount to leading European banks, determined by the Agent Bank after request of the principal office in the principal financial centre of the relevant Participating Member State of each such leading European bank;

"**Euro Screen Rate**" means, in relation to an Interest Determination Date, the offered quotations for euro

deposits for the Relevant Period by reference to the Screen as at or about 11.00 a.m. (Brussels time) on that date;

"**Euroclear**" means Euroclear Bank S.A./N.V. as operator of the Euroclear System;

"**Euronext**" means Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A.;

"**Euronext Lisbon**" means Euronext Lisbon, a regulated market managed by Euronext;

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

"**Extraordinary Resolution**" means a resolution in respect of a Reserved Matter passed at a Meeting duly convened and approved by the required majority;

"**Final Discharge Date**" means the date on which the Common Representative is satisfied that all Issuer Obligations and/or all other monies and other liabilities due or owing by the Issuer in connection with the Notes have been paid or discharged in full;

"**Final Legal Maturity Date**" means the Interest Payment Date falling in October 2072;

"**First Interest Payment Date**" means the 23 April 2018;

"**Fitch**" means Fitch Ratings Ltd. or any legitimate successor thereto;

"**Floor**" means, with respect to a Mortgage Asset Agreement, a provision that establishes the minimum limit to the floating interest rate payable by the relevant Borrower (including spread variations or others);

"**General Reserve Ledger**" means a ledger pertaining to the Reserve Account where an amount equal to the proceeds of the issue of Class C Notes on the Closing Date will be registered as a credit entry;

"**Incorrect Payments**" means a payment incorrectly paid or transferred to the Payment Account, identified as such by the Servicer through the Quarterly Servicing Report and confirmed as such by the Transaction Manager;

"**Insolvency Event**" means:

(a) in respect of a natural person or entity means:

(i) the initiation of, or consent to, any Insolvency Proceedings by such person or entity; or

(ii) the initiation of Insolvency Proceedings against such person or entity and such proceedings are not contested in good faith on appropriate legal advice; or

(iii) the application (and such application is not contested in good faith on appropriate legal advice) to any court for, or the making by any court of, an insolvency or an administration order against such person or entity; or

(iv) the enforcement of, or any attempt to enforce (and such attempt is not contested in good faith on appropriate legal advice) any security over the whole or a material part of the assets and revenues of such person or entity; or

(v) any distress, execution, attachment or similar process (and such process, if contestable, is not contested in good faith on appropriate legal advice) being levied or enforced or imposed upon or against any material part of the assets or revenues of such person or entity; or

(vi) the appointment by any court of a liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager or other similar official in respect of all (or substantially all) of the assets of such person or entity generally; or

(vii) the making of an arrangement, composition or reorganisation with the creditors of such person or entity;

(b) in respect of the Originator and/or the Servicer, to the extent not already covered by paragraphs (a) to (g) above, the suspension of payments, the commencing of any recovery or insolvency proceedings against the Originator or the Servicer, under Decree-Law no. 298/92, of 31 December, Decree-Law no. 199/2006, of 26 October, and/or (if applicable) under Decree-Law no. 53/2004, of 18 March (each one as amended from time to time);

"**Insolvency Proceedings**" means:

a) the presentation of any petition for the bankruptcy or insolvency of a natural person or entity (whether such petition is presented by such person or entity or another party); or

b) the winding-up, dissolution or administration of an entity,

and shall be construed so as to include any equivalent or analogous proceedings under the law of the jurisdiction in which such person or entity is ordinarily resident or incorporated (as the case may be) or of any jurisdiction in which such person or entity may be liable to such proceedings;

"**Instalment Due Date**" means, in relation to any Mortgage Asset, the original date on which each monthly instalment is due and payable under the relevant Mortgage Asset Agreement;

"**Interbolsa**" means Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., as operator of the Central de Valores Mobiliários having its registered office at Avenida da Boavista, 3433, 4100-138 Porto, Portugal;

"**Interbolsa Participant**" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg;

"**Interest Amount**" means, in respect of a Mortgage Backed Note for any Interest Period, the amount of interest calculated on the related Interest Determination Date in respect of such Note for such Interest Period by multiplying the Principal Amount Outstanding of such Note on the Interest Payment Date next following such Interest Determination Date by the relevant Note Rate and multiplying the amount so calculated by the relevant Day Count Fraction and rounding the resultant figure to the nearest one cent of euro;

"**Interest Collections Proceeds**" means in respect of any Business Day, the portion of the aggregate amount that stands to the credit of the Proceeds Account that relates to the Interest Component;

"**Interest Component**" means all interest collected and to be collected thereunder from and including the Closing Date which shall be determined, in respect of the Mortgage Loans, on the basis of the rate of interest specified in the relevant Mortgage Loan Agreement and all interest accrued and credited to the Payment Account and the Reserve Account in the Calculation Period ending immediately prior to the related Interest Payment Date;

"**Interest Determination Date**" means each day which is two Business Days prior to an Interest Payment Date,

and, in relation to an Interest Period, the "**related Interest Determination Date**" means, the Interest Determination Date immediately preceding the commencement of such Interest Period save that the Interest Determination Date in respect of the first Interest Period shall be two Business Days prior to the Closing Date;

"**Interest Payment Date**" means the 23rd day of each January, April, July and October in each year commencing on the First Interest Payment Date, provided that if any such day is not a Business Day, it shall be the immediately succeeding Business Day unless it would as a result fall into the next calendar month, in which case it will be brought forward to the next preceding Business Day;

"**Interest Period**" means each period from (and including) an Interest Payment Date (or the Closing Date) to (but excluding) the next (or First) Interest Payment Date and, in relation to an Interest Determination Date, the "related Interest Period" means the Interest Period next commencing after such Interest Determination Date;

"**Investor Report**" means the report so named to be made available by the Transaction Manager to the Issuer, the Paying Agents, the Common Representative and the Rating Agencies not less than 2 Business Days prior to each Interest Payment Date substantially in a form acceptable to the Issuer, the Transaction Manager and the Common Representative;

"**Issuer**" means Gamma – Sociedade de Titularização de Créditos, S.A., a limited liability company incorporated under the laws of Portugal as a special purpose vehicle for the purposes of issuing asset-backed securities, having its registered office at Rua da Mesquita, no. 6, Torre B, 4th floor-D, 1070-238, Lisbon, Portugal, with a share capital of €250,000.00 and registered with the Commercial Registry of Lisbon under the sole registration and taxpayer number 507 599 292;

"**Issuer Expenses**" means any fees, liabilities and expenses, in relation to this transaction, payable by the Issuer to the following parties (or any successor): Servicer, the Transaction Manager, the Paying Agent, the Accounts Bank, the Agent Bank and any Third Party Expenses that would be paid or provided for by the Issuer on the next Interest Payment Date, including the Issuer Transaction Revenues and any other costs incurred by the Issuer in connection with exercising or complying with its rights and duties under the Transaction Documents;

"**Issuer Obligations**" means all the legal obligations of the Issuer which from time to time are or may become due, owing or payable by the Issuer to each, some or any of the Noteholders or the other Transaction Creditors under the Transaction Documents;

"**Issuer Transaction Revenues**" means the amounts agreed between the Issuer and the Originator, payable to the Issuer on each Interest Payment Date;

"**Lending Criteria**" means the lending criteria as described in "Originator's Standard Business Practices, Servicing and Credit Assessment", section headed "Lending Criteria";

"**LTV**" means the Loan-to-Value of each mortgage loan;

"**Master Framework Agreement**" means the agreement so named to be entered into on or about the Closing Date by and between the Transaction Parties;

"**Material Term**" means, in respect of any Mortgage Asset Agreement, any provision thereof on the date on which the Mortgage Asset is assigned to the Issuer relating to: (i) the interest rate; (ii) the maturity date of the Mortgage Loan, provided the maturity of such Mortgage Asset Agreement does not fall later than 5 (five) years prior to the Final Legal Maturity Date (iii) the ranking of the Mortgage provided by the relevant Borrower, (iv)

the Principal Outstanding Balance of such Mortgage Loan, and (v) the amortisation profile of such Mortgage Loan;

"**Maximum Limit**" corresponds to €14,000,000, the amount up to which the Issuer may increase the nominal amount of the VFN;

"**Meeting**" means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment);

"**Minimum Ratings**" means in respect of the Payment Account and Reserve Account, such entity having a (i) in the case of DBRS, the higher of (a) long term issuer rating of at least "BBB (low)" or (b) a rating one notch below the critical obligations rating according to DBRS; (ii) in the case of Fitch, a long term Issuer default of at least "BBB" or short term issuer default "F2" rating according to Fitch;

"**Mortgage**" means, in respect of any Mortgage Loan, the charge by way of voluntary mortgage over the relevant property together with all other encumbrances or guarantees the benefit of which is vested in the Originator as security for the repayment of that Mortgage Loan;

"**Mortgage Asset**" means any Mortgage Loan, its Mortgage and any Ancillary Mortgage Rights to the Mortgage and to the Mortgage Loan assigned by the Originator to the Issuer and "**Mortgage Assets**" means all of them;

"**Mortgage Asset Agreement**" means, in respect of a Mortgage Asset, the public deed or any other legally acceptable contract through which the Mortgage was granted, including the Mortgage Loan Agreement and all other agreements or documentation relating to that Mortgage Asset;

"**Mortgage Asset Portfolio**" means the Mortgage Loans and the related Mortgages and Ancillary Mortgage Rights specified in the information records identified in Schedule 6 of the Mortgage Sale Agreement as updated from time to time;

"**Mortgage Asset Warranty**" means any of the warranties given by the Originator in respect of the Mortgage Asset Portfolio in the Mortgage Sale Agreement;

"**Mortgage Backed Notes**" means the Class A Notes and Class B Notes;

"**Mortgage Loan**" means the aggregate Euro advances made by the Originator to the relevant Borrower by way of a loan and from time to time outstanding, representing the credits of the Originator towards such Borrower;

"**Mortgage Loan Agreement**" means an agreement made between the Originator and the relevant Borrower in respect of which the Originator has agreed to make a Mortgage Loan to the Borrower;

"**Mortgage Sale Agreement**" means the agreement so named to be entered into on or about the Closing Date by and between the Originator and the Issuer;

"**Mortgage Servicing Agreement**" means the agreement so named to be entered into on or about the Closing Date by and between the Issuer and the Servicer;

"**Most Senior Class**" means the Class A Notes, whilst they remain outstanding and, thereafter, the Class B Notes, whilst they remain outstanding and, thereafter, the VFN whilst it remains outstanding and, thereafter, the Class C Notes whilst they remain outstanding;

"**Net Principal Collections**" means the aggregate of: (i) the amount of the Principal Receivables from the Mortgage Assets received into the Proceeds Account during each Calculation Period; and (ii) the Repurchase Price, for the avoidance of doubt, the difference (if any) between the proceeds received by the Issuer upon the

issue of the Notes and the actual Principal Outstanding Balance in respect of the Mortgage Assets included in the Mortgage Asset Portfolio as at the close of business on the Portfolio Calculation Date is not comprised in the Net Principal Collections;

"**Net Revenue Collections**" means the amount of the Revenue Receivables from the Mortgage Assets received into the Proceeds Account during each Calculation Period;

"**Note Principal Payment**" means, on any Interest Payment Date:

(a) in the case of each Class A Note, an amount equal to the lesser of the Available Principal Distribution Amount and the Principal Amount Outstanding of the Class A Notes, each determined as at the related Interest Payment Date, divided by the number of outstanding Class A Notes;

(b) in the case of each Class B Note, an amount equal to the lesser of the Available Principal Distribution Amount (minus the amount to be applied in redemption of the Class A Notes (if any) on such Interest Payment Date) and the Principal Amount Outstanding of the Class B Notes, each determined as at the related Interest Payment Date, divided by the number of outstanding Class B Notes;

(c) in the case of each Class C Note, an amount equal to the lesser of the Available Principal Distribution Amount (minus the aggregate of the amount to be applied in redemption of the Class A Notes (if any) and the amount to be applied in redemption of the Class B Notes (if any) on such Interest Payment Date) and the Principal Amount Outstanding of the Class C Notes, each determined as at the related Interest Payment Date, divided by the number of outstanding Class C Notes;

"**Note Rate**" means, in respect of each class of Mortgage Backed Notes for each Interest Period, the Euro Reference Rate determined as at the related Interest Determination Date plus the Relevant Margin in respect of such class, subject to a floor of zero;

"**Noteholders**" or "**Holders of the Notes**" means the persons who for the time being are the holders of the Notes;

"**Notes**" means, upon the relevant issue, the Class A Notes, the Class B Notes, the Class C Notes and the VFN;

"**Notice 9/2010**" means the Bank of Portugal Notice 9/2010;

"**Notification Event**" means:

(a) the delivery by the Common Representative to the Issuer of an Enforcement Notice in accordance with the Conditions;

(b) the occurrence of an Insolvency Event in respect of the Originator;

(c) the termination of the appointment of the Originator as Servicer in accordance with the terms of the Mortgage Servicing Agreement;

(d) the Originator being required, under the laws of Portugal, to deliver the Notification Event Notices;

"**Operating Procedures**" means the Servicer operating procedures set out in Schedule 4 of the Mortgage Servicing Agreement (as amended, varied or supplemented from time to time, in accordance with the Mortgage Servicing Agreement);

"**Originator**" means Banco Santander Totta, S.A.;

"**Paying Agency Agreement**" means the agreement so named dated on or about the Closing Date between the

Issuer, the Agents and the Common Representative;

"**Paying Agent**" means Citibank Europe PLC, Sucursal Em Portugal, a Portuguese branch of a credit institution incorporated under the laws of Ireland, acting through its registered office at Rua Barata Salgueiro, no. 30, 4th floor, 1269-056 Lisboa, Portugal, in its capacity as the paying agent in respect of the Notes under the Paying Agency Agreement together with any successor or additional paying agent appointed from time to time in connection with the Notes under the Paying Agency Agreement;

"**Payment Account**" means the account opened in the name of the Issuer with the Accounts Bank (or such other bank to which the Payment Account may be transferred) into which Collections are transferred by the Servicer;

"**Payment Priorities**" means the Pre-Enforcement Interest Payment Priorities, the Pre-Enforcement Principal Payment Priorities and the Post-Enforcement Payment Priorities, as the case may be;

"**Portfolio Calculation Date**" means 27 November 2017;

"**Portfolio Performance Trigger Event**" will occur at any time if, on any Calculation Date, the Aggregate Principal Outstanding Balance of Delinquent Mortgage Assets is equal to or greater than 1.00 (one) per cent. of the Aggregate Principal Outstanding Balance of all Mortgage Loans on such date;

"**Portuguese Legal Framework of Credit Institutions and Financial Companies**" means RGICSF;

"**Portuguese Securities Market Commission**" means the CMVM;

"**Post-Enforcement Payment Priorities**" means the provisions relating to the order of Payment Priorities set out in the Common Representative Appointment Agreement;

"**Pre-Enforcement Interest Payment Priorities**" means the provisions relating to the order of Payment Priorities set out in the Transaction Management Agreement;

"**Pre-Enforcement Principal Payment Priorities**" means the provisions relating to the order of Payment Priorities set out in the Transaction Management Agreement;

"**Principal Amount Outstanding**" means, on any day:

a) in relation to a Note, at any time the principal amount thereof as at the Closing Date as reduced by any payment of principal to the holder of the Note up to (and including) that time;
b) in relation to a class, the aggregate of the amount in (a) in respect of all Notes outstanding in such class; and
c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class;

"**Principal Collections Proceeds**" means, in respect of any Business Day, the portion of the aggregate amount that stands to the credit of the Proceeds Account that relates to the Principal Component of the Mortgage Loan;

"**Principal Component**" means all cash collections and other cash proceeds of any Mortgage Asset in respect of principal collected or to be collected thereunder from the Portfolio Determination Date including repayments and prepayments of principal thereunder and similar charges allocated to principal (other than such amounts as are referred to in the definition of Interest Component);

"**Principal Deficiency Ledgers"** means the Class A Principal Deficiency Ledger and the Class B Principal Deficiency Ledger;

"**Principal Outstanding Balance**" means in relation to any Mortgage Assets and on any date, the aggregate of:

a) the original principal amount advanced to the Borrower; plus

b) any other disbursement, legal expense, fee, charge or premium capitalised; plus

c) any further advance of principal to the Borrower; less

d) any repayments of such amounts,

but, in respect of each Written-off Mortgage Asset, the Principal Outstanding Balance of such Mortgage Asset will be zero;

"**Principal Receivables**" means, on any day, the principal payments (whether or not yet due) which remain to be paid by the relevant Borrowers under a Mortgage Asset, including:

a) the amount of any proceeds of sale of any Mortgage Assets received by the Issuer as a result of a sale of any Mortgage Asset to the Originator arising from any breach of any Mortgage Asset Warranty; and

b) the aggregate amount of the proceeds of sale of any Mortgage Assets received by the Issuer (other than as any taken into account under (a) above),

but excluding any Principal Recovery;

"**Principal Recovery**" means, on any date, an amount which is a principal payment received in respect of a Mortgage Asset after the Completion of Enforcement Procedures in respect of such Mortgage Asset or as a proceed of the disposal of such Mortgage Asset once it has been classified by the Servicer as a Written-off Mortgage Asset;

"**Proceeds Account**" means the account or accounts held by the Originator at the Proceeds Account Bank into which the Servicer will procure that all Collections received from the Borrowers will be paid or, with the prior written consent of the Issuer, such other account or accounts as may for the time being be in addition thereto or substituted therefore and designated as a Proceeds Account;

"**Proceeds Account Bank**" means the bank with which the Proceeds Account is maintained;

"**Prospectus**" means the prospectus dated the Signing Date prepared by the Issuer in connection with the issue of the Notes and the listing of the Class A Notes;

"**Prospectus Directive**" means Directive 2003/71/EC, as amended from time to time, including as amended by Directive 2010/73/EU;

"**Purchase Price**" means an amount equal to the Aggregate Principal Outstanding Balance of the Mortgage Loans comprised within the Mortgage Asset Portfolio assigned to the Issuer paid or to be paid by the Issuer to the Originator on the Closing Date for the purchase of Mortgage Asset Portfolio under the Mortgage Sale Agreement;

"**Put Option**" has the meaning given to it on Condition 7.7 (*Optional Redemption in Whole by Sole Noteholder*);

"**Put Option Date**" has the meaning given to it on Condition 7.7 (*Optional Redemption in Whole by Sole Noteholder*);

"**Quarterly Servicing Report**" means the report so named to be given by the Servicer to the Transaction Manager and the Issuer in a pre-agreed form to the Transaction Manager and the Issuer on the 8th Business Day of the month following the Calculation Date in accordance with the Mortgage Servicing Agreement;

"**Rating Agencies**" means DBRS and Fitch;

"**Realised Loss**" means, with respect to a Written-off Mortgage Asset, the Principal Outstanding Balance of such Mortgage Asset less the sum of all Collections, Repurchase Proceeds and other recoveries, if any, calculated by the date such Mortgage Asset becomes a Written-off Mortgage Asset on such Mortgage Asset which will be applied first to outstanding expenses incurred with respect to such Mortgage Asset, then to accrued and unpaid interest and, finally, to principal provided that for the purposes of this definition, the proviso to the definition of Principal Outstanding Balance which deems the Principal Outstanding Balance of such Written-off Mortgage Asset to be zero shall not apply;

"**Receivables**" means the Principal Receivables and the Revenue Receivables;

"**Recredited Defaulted Mortgage Asset**" means a Mortgage Asset which ceases to be a Defaulted Mortgage Asset (other than by reason of becoming a Written-off Mortgage Asset) and, in respect of which, all amounts in arrear have been collected in full;

"**Reference Banks**" means four leading banks active in the Euro-zone Interbank Market selected by the Agent Bank from time to time;

"**Regulation S**" has the meaning given to it in this Prospectus;

"**Relevant Date**" means, in respect of any Notes, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date 7 (seven) days after the date on which notice is duly given to the Noteholders in accordance with the Notices Condition that, upon further presentation of the Notes being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

"**Relevant Margin**" means in relation to the Class A Notes, 0.6 per cent. per annum, and in relation to the Class B Notes, 1.0 per cent. per annum;

"**Relevant Period**" means, in relation to an Interest Determination Date, the length in months of the related Interest Period;

"**Repurchase Price**" means, in relation to any Mortgage Assets, an amount equal to the Principal Outstanding Balance at the date of the re-assignment of such Mortgage Asset plus accrued interest outstanding as of the date of re-assignment;

"**Repurchase Proceeds**" of a Mortgage Asset means such amounts as are received by the Issuer pursuant to the sale of certain Mortgage Assets by the Issuer to the Originator pursuant to the Mortgage Sale Agreement;

"**Reserve Account**" means the account established with the Accounts Bank (or such other bank to which such account may be transferred) in the name of the Issuer;

"**Reserve Account Required Balance**" means:

(a) as of the Closing Date, €66,000,000 or 3 per cent. of the original outstanding balance of the Class A and the Class B Notes (the "**Initial Level of the Reserve Account**");

(b) on each Interest Payment Date falling after the Closing Date, an amount equal to the Reserve Account Required Balance as at such Interest Payment Date, provided that the Reserve Account Required Balance shall not be greater than the Initial Level of the Reserve Account;

(c) zero following the earliest of:

i) repayment in full of interest and principal due in respect of the Class A and Class B Notes;

ii) the Interest Payment Date on which the Aggregate Principal Outstanding Balance is zero but the Class A Notes and the Class B Notes have not been redeemed in full; and

iii) the Maturity Date.

The Reserve Account Required Balance will be equal to the highest amount among the following:

(a) 3 per cent. of the current outstanding balance of Class A and Class B Notes;

(b) 1.5 per cent. of the original outstanding balance of the Class A and Class B Notes.

The Reserve Account Required Balance shall not decrease if on the preceding Interest Payment Date, the balance in the Reserve Account (excluding amounts registered in the Commingling Reserve Ledger) did not reach the Reserve Account Required Balance.

For the avoidance of doubt, amounts standing to the credit of the Reserve Account and allocated to the Commingling Reserve Ledger shall be fully disregarded when calculating the Reserve Account Required Balance;

"**Reserve Amount**" means an amount equal to €66,000,000 to be paid on the Closing Date into the Reserve Account and registered in the General Reserve Ledger;

"**Reserved Matter**" means any proposal:

(a) to change any date fixed for payment of principal or interest (or the Class C Distribution Amount) in respect of the Notes of any Class, to reduce the amount of principal or interest (or the Class C Distribution Amount) due on any date in respect of the Notes of any Class or to alter the method of calculating the amount of any payment in respect of the Notes of any Class on redemption or maturity;

(b) to the extent that it is legally admissible, to effect the exchange, conversion or substitution of the Notes, or the conversion of such Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;

(c) to change the currency in which amounts due in respect of the Notes are payable;

(d) to alter the priority of payment of interest (or the Class C Distribution Amount) or principal in respect of the Notes;

(e) to amend these Conditions such that the Noteholders will be burdened with additional costs;

(f) to appoint or remove the Common Representative; or

(g) to amend this definition;

"**Resolution**" means a resolution passed at a Meeting duly convened and held in accordance with the quorums of the provisions for meetings of Noteholders;

"**Retired Mortgage Asset**" means a Mortgage Asset which, within the limits from time to time authorised under the Securitisation Law and in accordance with the terms of the Mortgage Sale Agreement and the Mortgage Servicing Agreement, ceases to be owned by the Issuer following the acquisition thereof by the Originator or any Third Party Purchaser;

"**Revenue Receivables**" means all payments (whether or not yet due) which remain to be paid by the relevant Borrower under a Mortgage Assets Agreement, other than Principal Receivables, Principal Recoveries and Revenue Recoveries;

"**Revenue Recovery**" means, on any date, an amount which is not a principal payment received in respect of Mortgage Assets after the Completion of Enforcement Procedures in respect of such Mortgage Assets or as a proceed of the disposal of such Mortgage Asset once it has been classified by the Servicer as a Written-off Mortgage Asset;

"**RGICSF**" means the Portuguese Legal Framework of Credit Institutions and Financial Companies established by Decree-Law no. 298/92, of 31 December, as amended from time to time;

"**Rounded Arithmetic Mean**" means the arithmetic mean (rounded, if necessary, to the nearest 0.0001, 0.00005 being rounded upwards);

"**Screen**" means, the display as quoted on Reuters Screen EURIBOR1 Page; or

(a) such other page as may replace Reuters Screen EURIBOR1 Page on that service for the purpose of displaying such information; or

(b) if that service ceases to display such information, such page as displays such information on such service (or, if more than one, that one previously approved in writing by the Common Representative) as may replace such services;

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

"**Securitisation Law**" means Decree-Law no. 453/99 of 5 November, as amended by Decree-Law no. 82/2002 of 5 April, by Decree-Law no. 303/2003 of 5 December, by Decree-Law no. 52/2006 of 15 March and by Decree-Law no. 211-A/2008 of 3 November;

"**Securitisation Tax Law**" means the Portuguese tax legal framework enacted in Portugal on 4 August 2001 through Decree-Law no. 219/2001, of 4 August, as amended by Law no. 109-B/2001, of 27 December, Decree-Law no. 303/2003, of 5 December, Law no. 107-B/2003, of 31 December and Law no. 53-A/2006, of 29 December;

"**Servicer**" means Banco Santander Totta, S.A. in its capacity as servicer pursuant to the Mortgage Servicing Agreement;

"**Servicer Event Notice**" means a notice terminating the appointment of the Servicer under the Mortgage Servicing Agreement;

"**Servicer Events**" means any of the events described under Clause 15 in the Mortgage Servicing Agreement;

"**Servicer Termination Notice**" has the meaning given to it under the section headed "Mortgage Servicing Agreement - Servicer Event";

"**Services**" means certain services which the Servicer must provide, pursuant to the Mortgage Servicing Agreement;

"**Signing Date**" means the date of this Prospectus;

"**Sole Noteholder**" means BST;

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

(a) the offices specified below; or

(a) such other office as such Agent may specify in accordance with the Paying Agency Agreement;

"**Subscription Agreement**" means the agreement so named entered into between the Issuer and Banco Santander Totta, S.A. as initial subscriber of the Notes, on or about the Closing Date;

"**Substitute Mortgage Asset**" means, in respect of a Retired Mortgage Asset, a Mortgage Asset which is substituted into the Mortgage Asset Portfolio to replace such Retired Mortgage Asset in accordance with the terms of the Mortgage Sale Agreement and Mortgage Servicing Agreement;

"**Successor Servicer**" means the successor servicer in accordance with clause 22 (*Appointment of Successor Servicer*) of the Mortgage Servicing Agreement to perform the Services;

"**TARGET 2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer system;

"**TARGET 2 Day**" means any day on which TARGET 2 is open for the settlement of payments in euro;

"**Tax**" shall be construed so as to include any present or future tax, levy, impost, duty, charge, fee, deduction or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied by or on behalf of Portugal or any sub-division of it or by any authority in it having power to tax, and "**Taxes**", "**taxation**", "**taxable**" and comparable expressions shall be construed accordingly;

"**Tax Deduction**" means any deduction or withholding on account of Tax;

"**Third Party Expenses**" means any amounts due and payable by the Issuer to third parties (not being Transaction Creditors) in respect of the Notes or the Transaction Documents, if such amounts have been so identified by the Issuer, including any liabilities payable in connection with:

a) the purchase or disposal of any Authorised Investments;

b) any filing or registration of any Transaction Documents;

c) any provision for and payment of the Issuer's liability to any tax (including any VAT payable by the Issuer on a reverse charge basis);

d) any law or any regulatory direction with whose directions the Issuer is accustomed to comply with;

e) any legal or audit or other professional advisory fees (including without limitation Rating Agencies' fees);

f) any directors' fees or emoluments;

g) any advertising, publication, communication and printing expenses including postage, telephone and telex charges;

h) the admission to trading of the Class A Notes to Euronext Lisbon and any expenses with the CVM in connection with the registration and maintenance of the Notes; and

i) any other amounts then due and payable to third parties and incurred without breach by the Issuer of the provisions of the Transaction Documents.

"**Third Party Purchaser**" means a third party as defined in Clause 9.2.2 of the Mortgage Sale Agreement;

"**Transaction Accounts**" means the Payment Account and the Reserve Account opened in the name of the Issuer with the Accounts Bank, or such other accounts as may, with the prior written consent of the Common Representative, be designated as such accounts;

"**Transaction Assets**" means the specific pool of assets (*património autónomo*) of the Issuer which collateralises the Issuer Obligations, including the Mortgage Assets, the Collections, the Transaction Accounts, the Issuer's rights in respect of the Transaction Documents and any other right and/or benefit either contractual or statutory relating thereto purchased or received by the Issuer in connection with the Notes;

"**Transaction Creditors**" means the Common Representative (in its capacity as creditor of the Issuer), the Noteholders, any receiver or liquidator of the Issuer (in its capacity as creditor of the Issuer), the Agent Bank, the Paying Agent, the Transaction Manager, the Accounts Bank, and "**Transaction Creditor**" means any of them;

"**Transaction Documents**" means the Mortgage Sale Agreement, the Mortgage Servicing Agreement, the Master Framework Agreement, the Prospectus, the Subscription Agreement, the Common Representative Appointment Agreement, the Notes, the Transaction Management Agreement, the Paying Agency Agreement, the Accounts Agreement, the Co-ordination Agreement, the Master Execution Agreement and any other agreement or document entered into from time to time by the Issuer pursuant thereto;

"**Transaction Management Agreement**" means the agreement so named to be entered into on or about the Closing Date by and between the Issuer, the Transaction Manager and the Common Representative;

"**Transaction Manager**" means Citibank London, in its capacity as transaction manager in accordance with the terms of the Transaction Management Agreement;

"**Transaction Parties**" means all of the parties to the Transaction Documents;

"**Treaty**" has the meaning given to it in this Prospectus;

"**VFN**" means the € 1 Variable Funding Note due 2072 issued on the Closing Date and subject to increases and/or decreases in its nominal amount in accordance with the Transaction Management Agreement and the Subscription Agreement;

"**VFN Noteholder**" means Banco Santander Totta, S.A.;

"**Written-off Mortgage Asset**" means on any day, any Receivables in respect of a Mortgage Asset in respect of which:

a) any instalments have not been paid for a period in excess of 12 (twelve) months, after the respective instalment due date relating thereto and which remains outstanding on such day; or

b) Revenue Recoveries and Principal Recoveries have been realised; or

c) a classification as a written-off mortgage asset has been made by the Originator or the Servicer; or

d) enforcement proceedings have been commenced by or against the Borrower for such Borrower's insolvency and the Servicer is notified of such fact;

"**Written Resolution**" means a resolution in writing signed by or on behalf of all Noteholders of the relevant class who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for the Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of Notes.

TAXATION

The following is a summary of the current Portuguese withholding tax treatment at the date hereof in relation to certain aspects of the Portuguese taxation of payments of principal and interest in respect of, and transfers of, the Notes. The statements do not deal with other Portuguese tax aspects regarding the Notes and relate only to the position of persons who are absolute beneficial owners of the Notes. The following is a general guide, does not constitute tax or legal advice and should be treated with appropriate caution. This summary is based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date. Noteholders who may be liable to taxation in jurisdictions other than Portugal in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions). In particular, Noteholders should be aware that they may be liable to taxation under the laws of Portugal and of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of Portugal.

The reference to "**interest**" and "**capital gains**" in the paragraphs below mean "**interest**" and "**capital gains**" as understood in Portuguese tax law. The statements below do not take any account of any different definitions of "**interest**" or "**capital gains**" which may prevail under any other law or which may be created by the Conditions or any related documentation.

The present transaction qualifies as a securitisation transaction (*operação de titularização de créditos*) for the purposes of the Securitisation Law. Portuguese tax-related issues for transactions which qualify as securitisation transactions under the Securitisation Law are generally governed by Decree-Law no. 219/2001, of 4 August, as amended by Law no. 109-B/2001, of 27 December, by Decree-Law no. 303/2003, of 5 December, by Law no. 107-B/2003, of 31 December, and by Law no. 53-A/2006, of 29 December (the "**Securitisation Tax Law**"). Under article 4(1) of Securitisation Tax Law and further to the confirmation by the Portuguese Tax Authorities pursuant to Circular no. 4/2014 and the Order issued by the Secretary of State for Tax Affairs, dated July 14, 2014, in connection with tax ruling no. 7949/2014 disclosed by tax authorities, the tax regime applicable on debt securities in general, foreseen in Decree-Law 193/2005, also applies on income generated by the holding or the transfer of Notes issued under the Securitisation Transactions.

Noteholders' Income Tax

Income generated by the holding (distributions) or transfer (capital gains) of the Notes is generally subject to the Portuguese tax regime established for debt securities (*obrigações*). Any payments of interest made in respect of the Notes to Noteholders who are not Portuguese residents for tax purposes and do not have a permanent establishment in Portugal to which the income is attributable will be, as a rule, exempt from Portuguese income tax under Decree-Law no. 193/2005. Pursuant to Decree-Law 193/2005, investment income paid on, as well as capital gains derived from a sale or other disposition of the Notes, to non-Portuguese resident Noteholders will be exempt from Portuguese income tax provided the debt securities are integrated in (i) a centralised system for securities managed by an entity resident for tax purposes in Portugal, or (ii) an international clearing system operated by a managing entity established in a member state of the EU other than Portugal (e.g. Euroclear or Clearstream, Luxembourg) or in a European Economic Area Member State provided, in this case, that such State is bound to cooperate with Portugal under an administrative cooperation arrangement in tax matters similar to the exchange of information schemes in relation to tax matters existing within the EU Member States or (iii) integrated in other centralised systems not covered above provided that, in this last case, the Portuguese Government authorises the application of the Decree-Law 193/2005, and the beneficiaries are:

a) central banks or governmental agencies; or

b) international bodies recognised by the Portuguese State; or

c) entities resident in countries or jurisdictions with whom Portugal has a double tax treaty in force or a tax information exchange agreement in force; or

d) other entities without headquarters, effective management or a permanent establishment in the Portuguese territory to which the relevant income is attributable and which are not domiciled in a blacklisted jurisdiction as set out in the Ministerial Order (*Portaria*) no. 150/2004, of 13 February, as amended from time to time (the "**Ministerial Order 150/2004**").

For purposes of application at source of this tax exemption regime, Decree-Law 193/2005 requires completion of certain procedures aimed at verifying the non-resident status of the Noteholder and the provision of information to that effect. Accordingly, to benefit from this tax exemption regime, a Noteholder is required to hold the Notes through an account with one of the following entities:

a) a direct registered entity, which is the entity with which the debt securities accounts that are integrated in the centralised system are opened;

b) an indirect registered entity, which, although not assuming the role of the "direct registered entities", is a client of the latter; or

c) an international clearing system, which is an entity that proceeds, in the international market, to clear, settle or transfer securities which are integrated in centralised systems or in their own registration systems.

Domestic Cleared Notes – held through a direct registered entity

Direct registered entities are required to register the Noteholders in one of two accounts: (i) an exempt account or (ii) a non-exempt account. Registration in the exempt account is crucial for the tax exemption to apply upfront and requires evidence of the non-resident status of the beneficiary, to be provided by the Noteholder to the direct registered entity prior to the relevant date for payment of investment income and to the transfer of Notes, as follows:

a) if the beneficiary is a is a central bank, an international body recognised as such by the Portuguese State, or a public law entity and respective agencies, a declaration issued by the beneficial owner of the Notes itself duly signed and authenticated, or proof of non residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

b) if the beneficiary is a credit institution, a financial company, a pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty, certification shall be made by means of the following: (A) its tax identification official document; or (B) a certificate issued by the entity responsible for such supervision or registration, or by tax authorities, confirming the legal existence of the beneficial owner of the Notes and its domicile; or (C) proof of non residence pursuant to (iv) below. The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

c) if the beneficiary is an investment fund or other collective investment scheme domiciled in any OECD country or in a country with which the Republic of Portugal has entered into a double tax

treaty in force or a tax information exchange agreement in force, it must provide (a) a declaration issued by the entity responsible for its supervision or registration or by the relevant tax authority, confirming its legal existence, domicile and law of incorporation; or (b) proof of non-residence pursuant to the terms of paragraph (iv) below; The respective proof of non-residence in Portugal is provided once, its periodical renewal not being necessary and the beneficial owner should inform the direct register entity immediately of any change in the requisite conditions that may prevent the tax exemption from applying;

d) other investors will be required to prove of their non-resident status by way of: (a) a certificate of residence or equivalent document issued by the relevant tax authorities; (b) a document issued by the relevant Portuguese Consulate certifying residence abroad; or (c) a document specifically issued by an official entity which forms part of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country. The beneficiary must provide an original or a certified copy of such documents and, as a rule, if such documents do not refer to a specific year and do not expire, they must have been issued within the three years prior to the relevant payment or maturity dates or, if issued after the relevant payment or maturity dates, within the following three months. The Beneficiary must inform the direct registering entity immediately of any change in the requirement conditions that may eliminate the tax exemption.

Internationally Cleared Notes – held through an entity managing an international clearing system

Pursuant to the requirements set forth in the tax regime, if the Notes are registered in an account held by an international clearing system operated by a managing entity, the latter shall transmit, on each interest payment date and each relevant redemption date, to the direct register entity or to its representative, and with respect to all accounts under its management, the identification and quantity of securities, as well as the amount of income, and, when applicable, the amount of tax withheld, segregated by the following categories of beneficiaries:

(a) Entities with residence, headquarters, effective management or permanent establishment in the Portuguese territory to which the income would be imputable and which are non-exempt and subject to withholding;

(b) Entities which have residence in a country, territory or region with a more favourable tax regime, included in the Portuguese "blacklist" (countries and territories listed in Ministerial Order (*Portaria*) no. 150/2004, as amended from time to time) and which are non-exempt and subject to withholding;

(c) Entities with residence, headquarters, effective management or permanent establishment in the Portuguese territory to which the income would be imputable, and which are exempt or not subject to withholding;

(d) Other entities which do not have residence, headquarters, effective management or permanent establishment in the Portuguese territory to which the income generated by the securities would be imputable.

On each interest payment date and each relevant redemption date, the following information with respect to the beneficiaries that fall within the categories mentioned in paragraphs (a), (b) and (c) above, should also be transmitted:

(a) Name and address;

(b) Tax identification number (if applicable);

(c) Identification and quantity of the securities held; and

(d) Amount of income generated by the securities.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax was withheld, a special refund procedure is available under the special regime approved by Decree Law 193/2005, as amended from time to time. The refund claim is to be submitted to the direct register entity of the Notes within 6 months from the date the withholding took place. For these purposes a specific tax form was approved by Order (*Despacho*) no. 2937/2014, published in the Portuguese official gazette, second series, no. 37, of 21 February 2014 issued by the Secretary of State of Tax Affairs (*Secretário de Estado dos Assuntos Fiscais*) and may be available at www.portaldasfinancas.gov.pt.

The refund of withholding tax after the above six-month period is to be claimed from the Portuguese tax authorities within two years, starting from the term of the year in which the withholding took place.

The non-evidence of the status from which depends the application of the exemption in the terms set forth above, at the date of the obligation to withhold tax on the income derived from the Notes, will imply Portuguese withholding tax on the interest payments at the applicable tax rates, as described below.

Interest and other types of investment income obtained by non-resident legal persons without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at a rate of 25 per cent. when it becomes due and payable or upon transfer of the Notes (in this latter case, on the interest accrued since the last date on which the investment income became due and payable), which is the final tax on that income. If the interest and other types of investment income are obtained by non-resident individuals without a Portuguese permanent establishment to which the income is attributable said income is subject to withholding tax at a rate of 28 per cent., which is the final tax on that income.

A withholding tax rate of 35 per cent. applies in case of investment income payments to individuals or legal persons resident in the countries and territories included in the Portuguese "blacklist" listed in Ministerial Order (*Portaria*) no. 150/2004, of 13 February 2004, as amended from time to time. Investment income paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties is subject to a final withholding tax rate of 35 per cent., unless the relevant beneficial owner(s) of the income is/are identified, in which case, the withholding tax rates applicable to such beneficial owner(s) will apply.

However, under the double taxation conventions entered into by Portugal which are in full force and effect on the date of this Prospectus, the withholding tax rate may be reduced to 15, 12, 10 or 5 per cent., depending on the applicable convention and provided that the relevant formalities and procedures are met. In order to benefit from such reduction, non-resident Noteholders shall comply with certain requirements established by the Portuguese Tax Authorities, aimed at verifying the non-resident status and entitlement to the respective tax treaty benefits (through submission of tax forms 21 RFI or 22 RFI, depending on whether the reduction applies at source or through refund).

Interest derived from the Notes and capital gains and losses obtained by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the interest or capital gains or losses are attributable are included in their taxable income and are subject to corporate income tax rate at a rate of (i) 21 per cent or (ii) if the taxpayer is a small or medium enterprise as established in Decree-Law no. 372/2007, of 6 November 2007, 17 per cent for taxable profits up to € 15,000 and 21 per cent on profits in excess thereof to which may be added a municipal surcharge (*derrama municipal*) of up to 1.5 per cent of its taxable income. Corporate taxpayers with a taxable income of more than € 1,500,000 are also subject to State surcharge (*derrama estadual*) of (i) 3 per cent on the part of its taxable profits exceeding € 1,500,000 up to € 7,500,000, (ii) 5

per cent on the part of the taxable profits that exceeds € 7,500,000 up to € 35,000,000, and (iii) 7 per cent on the part of the taxable profits that exceeds € 35,000,000. Pursuant to the Law n.º 114/2017, of 29 of December 2017, which has approved the Portuguese State Budget for 2018, taxable profits that exceeds €35,000,000 will be subject to a state surcharge of 9 per cent. (instead of 7 per cent.) from 1 January 2018 onwards.

As a general rule, withholding tax at a rate of 25 per cent applies on interest derived from the Notes, which is deemed to be a payment on account of the final tax due. Financial institutions resident in Portugal (or branches of foreign financial institutions located herein), pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and collective investment undertakings incorporated under the laws of Portugal and certain exempt entities are not subject to Portuguese withholding tax. However, where the interest is paid or made available to accounts opened in the name of one or more accountholders acting on behalf of one or more unidentified third parties a 35 per cent withholding tax rate applies, unless the relevant beneficial owner(s) of the income is/are identified, in which case, the general rule shall apply.

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals, withholding tax applies at a rate of 28 per cent which is the final tax on that income, unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding € 80,000 as follows: (i) 2.5 per cent on the part of the taxable income exceeding € 80,000 up to € 250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding € 250,000. Additionally, in case the income aggregation is chosen, an additional surtax is due for the tax year of 2017 according to the taxpayer's taxable income, as follows: (i) 0.88 per cent. for taxable income exceeding €20,261 up to €40,522; (ii) 2.75 per cent. for taxable income exceeding €40,522 up to €80,640 and (iii) 3.21 per cent. for taxable income above €80,640. This additional surtax will not be due from 1 January 2018 onwards.

Interest on the Notes paid to accounts opened in the name of one or several accountholders acting on behalf of third entities which are not disclosed is subject to withholding tax at a flat rate of 35 per cent, except where the beneficial owners of such income are disclosed, in which case the general rule shall apply.

Capital gains obtained with the transfer of the Notes by Portuguese tax resident individuals are taxed at a special rate of 28 per cent levied on the positive difference between such gains and gains and losses on other securities unless the individual elects to include such income in his taxable income, subject to tax at progressive rates of up to 48 per cent. In the latter circumstance an additional income tax will be due on the part of the taxable income exceeding € 80,000 as follows: (i) 2.5 per cent on the part of the taxable income exceeding € 80,000 up to € 250,000 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding € 250,000. Additionally, in case the income aggregation is chosen, an additional surtax is due for the tax year of 2017 according to the taxpayer's taxable income, as follows: (i) 0.88 per cent. for taxable income exceeding €20,261 up to €40,522; (ii) 2.75 per cent. for taxable income exceeding €40,522 up to €80,640 and (iii) 3.21 per cent. for taxable income above €80,640. This additional surtax will not be due from 1 January 2018, onwards.

Payments of principal on Notes are not subject to Portuguese withholding tax. For these purposes, principal shall mean all payments carried out without any remuneration component.

Stamp Tax

An exemption from stamp tax will apply to the assignment for securitisation purposes of the Receivables by the Assignor to the Issuer and on the commissions paid by the Issuer to the Servicer pursuant to the Securitisation Tax Law.

Value Added Tax

An exemption from VAT will apply to the servicing activities referred to in the Securitisation Tax Law.

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign pass thru payments) to persons that fail to meet certain certification, reporting or related requirements. Certain issuers, custodians and other entities, may qualify as a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions.

The United States has entered into a Model 1 intergovernmental agreement with Portugal. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA with respect to payments on instruments such as Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign pass thru payments are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the Issuer). However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA.

Portugal has implemented, through Law 82-B/2014, of 31 December, as amended by Law 98/2017, of 24 August, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA.

Through Decree-Law no. 64/2016, of 11 October, as amended by Law 98/2017, of 24 August the Portuguese government approved the complementary regulation required to comply with FATCA. Under this legislation, foreign financial institutions (as defined in Decree-Law no. 64/2016, of 11 October) are required to obtain information regarding certain accountholders and report such information to the Portuguese Tax Authorities, which, in turn, will report such information to the United States Internal Revenue Service.

As defined in Decree-Law no. 64/2016, of 11 October, (i)“foreign financial institutions” means a *Foreign Financial Institution* as defined in the applicable U.S. *Treasury Regulations*, including inter alia Portuguese financial institutions; and (ii) “Portuguese financial institutions” means any financial institution with head office or effective management in the Portuguese territory, excluding its branches outside of Portugal and including Portuguese branches of financial institutions with head office outside of Portugal.

The deadline for the financial institutions to report to the Portuguese tax authorities the mentioned information has been postponed several times, the last time through Order (*Despacho*) issued by the Portuguese Secretary of Tax Affairs on 28 December 2016. In accordance with such Order, the deadline for the first reporting date was 10 January 2017.

Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes.

Administrative cooperation in the field of taxation

The EC Council Directive 2003/48/EC on the taxation of savings income in the form of interest payments (the Savings Directive), as amended by Council Directive 2014/48/EU, of 24 March 2014, was repealed by Council Directive 2015/2060, of 10 November 2015. The aim was the adoption of a single and more comprehensive cooperation system in the field of taxation in the European Union under Council Directive 2011/16/EU, of 15 February 2011. The new regime under Council Directive 2011/16/EU, as amended by Council Directive 2014/107/EU, of 9 December 2014, introduced the automatic exchange of information in the field of taxation concerning bank accounts and is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. This regime is generally broader in scope than the Savings Directive. Notwithstanding the repeal of the Savings Directive as of 1 January 2016, certain provisions will continue to apply for a transitional period.

Under Council Directive 2014/107/EU, of 9 December 2014, financial institutions are required to report to the tax authorities of their respective Member State (for the exchange of information with the state of residence) information regarding bank accounts, including custodial accounts, held by individual persons residing in a different Member State or entities which are controlled by one or more individual persons residing in a different Member State, after having applied the due diligence rules foreseen in the Directive. The information refers to the account balance at the end of the calendar year, income paid or credited in the account and the proceeds from the sale or redemption of the financial assets paid or credited in the account during the calendar year to which the financial institution acted as custodian, broker, nominee, or otherwise as an agent for the account holder, among others.

The Council Directive 2014/107/EU, of 9 December 2014 regarding the mandatory automatic exchange of information in the field of taxation was implemented into Portuguese law through the Decree-law no. 64/2016, of 11 October 2016, amended by Law 98/2017, of 24 August. In addition, the information regarding the registration of the financial institutions, and the procedures to comply with the reporting obligations arising from Decree-law no. 64/2016, of 11 October 2016, and the applicable forms were approved by Ministerial Order (*Portaria*) no. 302-A/2016, of 2 December 2016, as amended, Ministerial Order (*Portaria*) no. 302-B/2016, of 2 December 2016, Ministerial Order (*Portaria*) no. 302-C/2016, of 2 December 2016, as amended, Order (*Portaria*) no. 302-D/2016, of 2 December 2016, as amended, and Ministerial Order (*Portaria*) no. 302-E/2016, of 2 December 2016.

In any case investors should consult their own tax advisers to obtain a more detailed explanation of this regime and how it may individually affect them.

The proposed financial transaction tax ("FTT")

On 14 February 2013, the European Commission published a proposal for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The proposed FTT has very broad scope if introduced in the form proposed on 14 February 2013, and could apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the 14 February 2013 proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States. Additional EU Member States may decide to participate, although certain Member States have expressed strong objections to the proposal. The FTT proposal may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Prohibition of Sales to Retail Investors

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point 12 of article 4(1) of Directive 2004/39/EC of the European Parliament and of the Council, of 21 April 2004, (the "**MIFD"**) or (from the date of its implementation into applicable law) point 11 of article 4(1) of Directive 2014/65/EU of the European Parliament and of the Council, of 15 May 2014, (the "**MIFD II"**); or (ii) a customer within the meaning of Directive 2002/92/EC of the European Parliament and of the Council, of 9 December 2002 (the "**Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point 11 of article 4(1) of MIFD or (from the date of its implementation into applicable law) point 10 of article 4(1) of MIFD II or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently, no key information document required by Regulation (EU) no. 1286/2014 of the European Parliament and of the Council, of 26 November 2014, (the "**PRIIPS Regulation"**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation. The Class A Notes are intended to be admitted to trading on a regulated market, which regulated market may be accessed by institutional and retail investors, although the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA.

General

BST has, upon the terms and subject to the conditions contained in the Subscription Agreement, agreed to subscribe and pay for the Notes at their issue price of 100 per cent.. BST is entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the Closing Date.

United States of America

The Notes have not been, and will not be, registered under the US Securities Act 1933, as amended (the "**Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code. The sections referred to in such legend provide that a United States person who holds a Note will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such instrument and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

In relation to the Notes, BST has further represented to and agreed with the Issuer that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services Market Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Portugal

BST has represented and agreed with the Issuer that the Notes 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 Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99 of 13 November 1999, as amended and restated from time to time, unless the requirements and provisions applicable to the public offer in Portugal are met and registration, filing, approval or recognition procedure with the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários*, the "**CMVM**") is made.

BST has represented and agreed that other than in compliance with all applicable provisions of the Portuguese Securities Code, the Prospectus Regulation implementing the Prospectus Directive (as amended) and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes 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, (1) it has not directly or indirectly taken any action or offered, advertised, marketed, invited to subscribe, gathered investment intentions, 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 Notes in circumstances which could qualify as a public offer (*oferta pública*) of securities pursuant to the Portuguese Securities Code, 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; (2) it has not distributed, made available or cause to be distributed and will not distribute, make available or cause to be distributed the Prospectus or any other offering material relating to the Notes to the public in Portugal; and that (3) any such distribution shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Public Offers Generally

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), BST has represented and agreed in the Subscription Agreement, 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 the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent

authority in that Relevant Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer to the public in that Relevant Member State at any time:

a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

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;

c) or at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer, the Arrange or BST 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 the Notes to the public**" in relation to any of the Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Investor Compliance

Persons into whose hands this Prospectus comes are required to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense. No action has been or will be taken in any jurisdiction by the Issuer or the Originator that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

GENERAL INFORMATION

1. The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated on 21 December 2017.

2. It is expected that the Class A Notes will be admitted to the regulated market of Euronext Lisbon and for trading on its main market on the Closing Date.

3. There are no governmental, litigation or arbitration proceedings, including any which are pending or threatened of which the Issuer is aware, which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position of the Issuer.

4. There are no significant conflicting interests of the Parties, without prejudice to each Party having a potential and relative interest in this issuance corresponding to its respective role in relation to the Notes.

5. Since 31 December 2016 (the date of the most recent audited annual accounts of the Issuer) there has been (i) no significant change in the financial or trading position of the Issuer, and (ii) no material adverse change in the financial position or prospects of the Issuer.

6. Since the date of the most recent publicly available financial statements of the Issuer (30 June 2017), the Issuer has no other outstanding or created but unissued loan capital, term loans, borrowings, indebtedness in the nature of borrowing or contingent liabilities, nor has the Issuer created any mortgages, charges or given any guarantees.

7. Application has been made to Euronext for the Class A Notes to be admitted to trading on Euronext Lisbon, a regulated market managed by Euronext. No application will be made to list the Class A Notes on any other stock exchange. The Class B Notes, the Class C Notes and the VFN will not be listed. Also, the Notes have been accepted for settlement through Interbolsa. The CVM code, ISIN and CFI for the Notes are:

	CVM Code	ISIN	CFI
Class A Notes	GMMBOM	PTGMMBOM0001	DGVSDR
Class B Notes	GMMCOM	PTGMMCOM0000	DGVSDR
Class C Notes	GMMDOM	PTGMMDOM0009	DGVSDR
VFN	GMMEOM	PTGMMEOM0008	DBZSDR

8. Copies of the following documents will be available in physical and/or electronic form at the Specified Offices of the Common Representative and of the Paying Agent during usual business hours on any week day (Saturdays, Sundays and public holidays excepted) after the date of this document and for so long as the Notes are outstanding:

   a) the Articles of Association (*estatutos*) of the Issuer;

   b) the following documents:

      (i) Mortgage Sale Agreement;

      (ii) the Mortgage Servicing Agreement;

      (iii) the Paying Agency Agreement;

(iv) the Common Representative Appointment Agreement;

(v) the Accounts Agreement;

(vi) the Co-ordination Agreement;

(vii) the Transaction Management Agreement;

(viii) the Master Framework Agreement;

9. Effective Interest Rate

The estimated effective interest rates of the Notes are presented below:

	Effective Interest Rate (gross)	Effective Interest Rate (net of 25% withholding tax)	Effective Interest Rate (net of 28% withholding tax)
Class A Notes	0.271 per cent.	0.20325 per cent.	0.19512 per cent.

These estimated effective interest rates are based on the following assumptions:

a) 3m EURIBOR used in the calculation of the interest on the Notes constant at -0.329 per cent. (rate as of 27 November 2017);

b) Interest on the Notes calculated based on an ACT/360 day-count fraction;

c) Mortgage Assets continuing to be fully performing; and

d) Taking into account the general individual and corporate income tax rates of 28% and 25% respectively.

10. The Notes shall be freely transferable.

11. The Securitisation Law combined with the holding structure of the Issuer and the role of the Common Representative is together intended to prevent any abuse of control of the Issuer.

12. Any foreign language included in this document is for convenience purposes only.

13. The Comissão do Mercado de Valores Mobiliários, pursuant to article 62 of the Securitisation Law, has assigned asset identification code 201801GMMBSTNXXN0100 to the Notes.

14. Any website (or the contents thereof) referred to in this Prospectus does not form part of this Prospectus as approved by the CMVM.

Post-issuance information

The Issuer intends to provide any post issuance information where it is required to do so by law in relation to the issue of the Notes and as applicable pursuant to the legal provisions of the Portuguese Securities Code, notably article 244 and following.

The Transaction Manager shall produce an Investor Report no later than 2 Business Days prior to each Interest Payment Date. Each Investor Report shall be available at the specified offices of the Common Representative and the Paying Agent, the registered office of the Issuer and in the Transaction Manager's website currently located at (http://sf.citidirect.com). It is not intended that the Investor Reports will be made available in any other format, save in certain limited circumstances as foreseen in the Transaction Management Agreement. The Transaction Manager's internet website does not form part of the information provided for the purposes of this Prospectus and disclaimers may be posted

with respect to the information posted thereon. Registration may be required for access to such website and persons wishing to access the website will be required to certify that they are Noteholders.

INDEX OF DEFINED TERMS

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