PELICAN SME No. 2
(Article 62 Asset Identification Code 201503SGRCMGS00N0080)
€545,900,000 Class A Asset-Backed Floating Rate Securitisation Notes due 2043
€76,400,000 Class B Asset-Backed Floating Rate Securitisation Notes due 2043
€87,300,000 Class C Asset-Backed Floating Rate Securitisation Notes due 2043
€398,500,000 Class D Notes due 2043
€16,200,000 Class S Notes due 2043

Issue Price: 100 (one hundred) per cent. for the Class A Notes, Class B Notes and Class C Notes, 100 per cent. for the Class D Notes and 100 per cent. for the Class S Notes

Admission to trading of the Class A Notes Class B Notes and Class C Notes
Issued by
Sagres - Sociedade de Titularização de Créditos, S.A.
(*Incorporated in Portugal with limited liability* under sole commercial registration and tax payer number *506 561 461 with a share capital of €250,000 and head office at Rua Barata Salgueiro, no. 30,4th floor, Lisbon, Portugal*)

This prospectus is dated 5 March 2015 and relates to the admission to trading on a regulated market of the Class A Notes, Class B Notes and Class C Notes described herein.

The €545,900,000 Class A Asset-Backed Floating Rate Securitisation Notes due 2043 (the "**Class A Notes**"), the €76,400,000 Class B Asset-Backed Floating Rate Securitisation Notes due 2043 (the "**Class B Notes**"), the €87,300,000 Class C Asset-Backed Floating Rate Securitisation Notes due 2043 (the "**Class C Notes**"), together with the Class A Notes and Class B Notes, the "**Asset-Backed Notes**", the €398,500,000 Class D Notes due 2043 together with any further Class D Notes issued by the Issuer from time to time (the "**Class D Notes**"), and the €16,200,000 Class S Notes due 2043 together with any further Class S Notes issued by the Issuer from time to time (the "**Class S Notes**"), together with the Asset-Backed Notes and Class D Notes, (the "**Notes**") of Sagres - Sociedade de Titularização de Créditos, S.A. (the "**Issuer**") will be issued on 6 March 2015 (the "**Closing Date**"). The issue price of the Notes is 100 per cent. of their principal amount.

Interest on the Asset-Backed Notes issued on the Closing Date, the Class S Return Amount and the Class D Distribution Amount is payable on the 25th day of April 2015 and thereafter interest on the Asset-Backed Notes, the Class S Return Amount and the Class D Distribution Amount shall be payable monthly in arrears on the 25th day of each month in each year (or, if such day is not a Business Day, the next succeeding Business Day, unless such day would fall in the next calendar month, in which case it will be brought forward to the immediately preceding Business Day). Interest on the Asset-Backed Notes is payable in respect of each Interest Period at an annual rate equal to the sum of European Interbank Offered Rate ("**EURIBOR**") for one month euro deposits (except that in relation to the Interest Determination Date for the first Interest Period it shall be the result of the interpolation between the offered quotations for one and two months), plus for each Interest Period a margin of 1.15 per cent. per annum in relation to the Class A Notes, 1.60 per cent. per annum in relation to the Class B Notes and 3.00 per cent. per annum in relation to the Class C Notes. The Class D Notes and Class S Notes will not bear interest but the Class D Notes and the Class S Notes will be entitled to the Class D Distribution Amount and the Class S Return Amount, respectively, to the extent of available funds.

Payments on the Notes will be made in euro after any Tax Deduction (as defined below). The Notes will not provide for additional payments by way of gross-up in the case that interest payable under the Asset-Backed Notes, the Class S Return Amount or the Class D Distribution Amount payable under the Class S Notes and Class D Notes respectively is or becomes subject to income taxes (including withholding taxes) or other taxes. See "**Principal Features of the Notes – Taxes**".

The Notes will be redeemed at their Principal Amount Outstanding on the Final Legal Maturity Date to the extent not previously redeemed. The Asset-Backed Notes will be subject to mandatory redemption in whole or in part on each Interest Payment Date on which the Issuer has an Available Principal Distribution Amount available for redeeming the Notes in such class. The Class S Notes and the Class D Notes will be subject to mandatory redemption in whole or in part on each Interest Payment Date on which the Issuer has an Available Interest Distribution Amount available for redeeming the Class S Notes or Class D Notes (see "**Principal Features of the Notes**").

During the Revolving Period and the Offering Period, Principal Collections Proceeds will be used firstly, further to an Offer, to purchase Additional SME Loans or Further SME Loan Advances, as applicable. During the Revolving Period there will be no repayment of principal on the Notes, unless as provided in this Prospectus. After the end of the Revolving Period and the Offering Period, repayment of principal on the Notes on an Interest Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes and thereafter by redeeming all principal due on the Class C Notes and thereafter by redeeming all principal due on the Class D 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, subject to the provisions of the Securitisation Law then in force: (a) following the occurrence of certain tax changes concerning, *inter alia*, the Issuer, the SME Loans and/or the Notes; or (b) following the Calculation Date on which the Aggregate Principal Outstanding Balance of the SME Loans is equal to or less than 10 (ten) per cent. of the Aggregate Principal Outstanding Balance of the SME Loans as at the Initial Collateral Determination Date. 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 sole Noteholder, if on any Interest Payment Date, 100 per cent. of the Notes then outstanding are held by the Originator.

The source of funds for the payment of principal and interest on the Notes will be the right of the Issuer to receive payments in respect of receivables arising under term loans and current accounts granted to small and medium enterprises and Other Entities ("**SMEs**) domiciled in Portugal and originated by Caixa Económica Montepio Geral ("**Montepio**" or "**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 The Royal Bank of Scotland plc, or Montepio.

The Notes have not been, and will not be, registered under the US Securities Act 1933, as amended (the "**Securities Act**") and are being offered and sold only outside the United States, in offshore transactions in compliance with Regulation S. The Notes are subject to certain restrictions on transfer as described in "*Subscription and Sale and Transfer Restrictions*".

Montepio has agreed to purchase the Notes issued on the Closing Date from the Issuer.

This Prospectus (the "**Prospectus**") comprises a prospectus for the purposes of Directive 2003/71/EC, as amended, which includes the amendments introduced by Directive 2010/73/EU to the extent that such amendments have been implemented in the relevant member state (the "**Prospectus Directive**"). The Prospectus has been approved by the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários* or the "**CMVM**"), as competent authority under the Prospectus Directive. The CMVM only approves this Prospectus as meeting the requirements imposed under Portuguese and EU law pursuant to the Prospectus Directive. Application has been made to the Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. for the Class A Notes, Class B Notes and Class C Notes to be admitted to trading on its main market Euronext Lisbon (the "**Stock Exchange**"). The Class D Notes and Class S Notes will not be listed. 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.

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. No application will be

made to list the Class A Notes Class B Notes, the Class C Notes on any other stock exchange. Particulars of the dates of, parties to and general nature of each document to which the Issuer is a party are set out in various sections of this Prospectus.

The Class A Notes, Class B Notes and Class C Notes are expected to be rated by DBRS Ratings Ltd. ("**DBRS**") and Fitch Ratings Ltd. ("**Fitch**") (together, the "**Rating Agencies**"), while the Class D Notes and Class S Notes are expected to be unrated. It is a condition to the issuance of the Notes that the Class A Notes, Class B Notes and Class C Notes receive the ratings set out below:

	DBRS	Fitch
Class A Notes	A (low) (sf)	A+sf
Class B Notes	NR	Asf
Class C Notes	NR	BBBsf

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. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under the Regulation (EC) no. 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, as amended by regulation (EC) no. 513/2011 of the European Parliament and of the Council of 11 May 2011 and by Directive 2011/61/UE of the European Parliament and of the Council of 8 June 2011 ("**CRA Regulation**"). DBRS and Fitch are established in the European Union and registered under CRA Regulation. 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.

Particular attention is drawn to the section herein entitled "**Risk Factors**"**.**

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RISK FACTORS

Suitability

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 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.

Interest rate risk

The Asset-Backed Notes will require the Issuer to pay a floating interest rate in relation to each such Class as from the Closing Date. As the Issuer has not entered into any interest rate swap or other hedging arrangement, it is subject to the risk that the contractual interest rates agreed between the Originator and the Borrowers under the SME Loan Agreements might be lower than those required by the Issuer in order to meet its payment obligations under the Notes.

Absence of a Secondary Market

Despite ECB's announcement of 2 October 2014 on the details of the asset-backed securities purchase programme, there is currently no market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of such Notes 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 or earlier application in full of the proceeds of enforcement of the Issuer's obligations by the Common Representative. The market price of the capital in the Notes could be subject to fluctuation in response to, among other things, variations in the value of the SME Loans, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions referred to as the "credit crunch" (which continue at the date hereof), whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes. The Issuer cannot predict when these circumstances will change and if and when they do whether conditions of general market illiquidity for the Notes and instruments similar to the Notes will return in the future.

Moreover, the current liquidity crisis has stalled the primary market for a number of financial products including instruments similar to the Notes. While it is possible that the current liquidity crisis may soon alleviate for certain sectors of the global credit markets, 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.

Transaction Party 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 bankruptcy, lack of liquidity, operational failure or other reasons. This risk may arise, for example, from entering into contracts under which counterparties have obligations to make payments to the Issuer that fail to settle at the required time due to non-delivery by the counterparty or systems failure by clearing agents, exchanges, clearing houses or other financial intermediaries. 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.

Eligibility of the Asset-Backed Notes for Eurosystem Monetary Policy

The Class A Notes are intended to be held in a manner which will allow Eurosystem eligibility, as the Most Senior Class of Notes. This means that the Class A Notes will be upon issue registered with the centralised system (*sistema centralizado*) and settled through the Portuguese securities settlement system (*Central de Valores Mobiliários*) operated by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. 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 Notes constitute Eurosystem Eligible Collateral. In particular, please note the guideline of the ECB dated 20 September 2011 (ECB/2011/14) which states, *inter alia*, that asset-backed securities issued on or after 1 March 2011 will require 2 (two) ratings of an "AAA"/"Aaa" level at issuance in order to qualify as Eurosystem Eligible Collateral. However, the guideline of the ECB dated 2 August 2012 (ECB/2012/18) establishes that when an asset-backed security does not comply with such rating criteria, it shall be eligible as Eurosystem Eligible Collateral as well provided that such asset-backed security 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 article 3 of the such guideline. The Class B Notes or the Class C Notes may also be Eurosystem eligible if, at any time, they become the Most Senior Class of Notes.

Restrictions on Transfer

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. The Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S of the Securities Act. In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. The Notes are subject to certain restrictions on transfer as described in "*Subscription and Sale and Transfer Restrictions*".

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 on the enforcement of a SME Loan and repurchases due to breaches of representations and warranties) on the SME Loans and the price paid by the Noteholders and the absence of available funds for further purchases of Additional SME Loans or the Originator failing or being unable to offer the Additional SME Loans on an Additional Purchase Date. Upon any early payment by the Borrowers in respect of the SME Loans after the end of the Revolving Period, and upon the anticipated end of the Revolving Period for certain reasons, 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 SME Loans. The rate of prepayment of SME Loans cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the availability of alternative financing and local and regional economic conditions. With effect from 6 April 2007 (following publication of Decree-law no. 51/2007 of 7 March 2007, as amended) the ability of banks in Portugal to levy prepayment charges on borrowers is limited. As a result of these factors, no assurance can be given as to the level of prepayment that the SME Loans Portfolio will experience.

No Fiduciary Role

None of the Issuer, the Arranger or any of the other parties to the Transaction Documents or any of their respective affiliates[1] 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 of the other parties to the Transaction Documents 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.

[1] In relation to The Royal Bank of Scotland plc, the term "affiliate" shall not include (a) the UK government or any member or instrumentality thereof, including Her Majesty's Treasury and UK Financial Services Investments Limited (or any directors, officers, employees or entities thereof) or (b) any persons or entities controlled by or under common control with the UK government or any member or instrumentality thereof (including Her Majesty's Treasury and UK Financial Services Investments Limited) and which are not part of The Royal Bank of Scotland Group plc and its subsidiaries or subsidiary undertakings.

Liability Under the Notes and Limited Recourse Nature of the Notes

The Notes will be direct limited recourse obligations solely of the Issuer in respect of the Transaction Assets and will not be obligations or responsibilities of any other entity and, therefore, the Noteholders will have a claim under the Notes against the Issuer only to the extent of the cashflows generated by the SME Loans 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. Repayment of the Notes is limited to the funds received from or derived from the Transaction Assets. 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 and such unpaid amounts shall be deemed discharged in full. 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, shareholder, security holder or incorporator of the Issuer or their respective successors or assigns.

None of the Transaction Parties or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the Notes.

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 to the segregated portfolio of SME Loans corresponding to this transaction (as identified by the corresponding asset code awarded by the CMVM pursuant to article 62 of the Securitisation Law) and such other Transaction Assets.

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 SME Loans, the Collections, its rights pursuant to the Transaction Documents and the 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 SME Loans Portfolio by the Servicer;

(b) the Transaction Accounts arrangements; and

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

The Issuer will not have any other funds available 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 (or the Class S Return Amount or the Class D Distribution Amount) 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 optional redemption by the Issuer in the case of certain tax events, if the outstanding Receivables fall below 10% of their amount outstanding as at the Closing Date or at the option of the Noteholders (being the Originator), subject to certain conditions being met. Such optional redemption feature of Notes may limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally 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 Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

As Additional SME Loans are assigned to the Issuer, the characteristics of the SME Loans Portfolio may change from those existing at the Closing Date or relevant Additional Purchase Date, and those changes may adversely affect payments on the Notes.

There is no guarantee that any Additional SME Loans assigned to the Issuer will have the same characteristics as the SME Loans in the Initial SME Loans Portfolio as at the Closing Date or as at the relevant Additional Purchase Date. In particular, Additional SME Loans may have different payment characteristics from the loans in the SME Loans Portfolio as at the Closing Date or the relevant Additional Purchase Date. The ultimate effect of this could be to delay or reduce the payments received by Noteholders. Any Additional SME Loans will be required to meet the conditions described in "*Overview of certain Transaction Documents - Representations and Warranties as to the SME Loans*" below.

The Originator may change the lending criteria relating to SME Loans that are subsequently assigned to the Issuer, which could affect the characteristics of the SME Loans Portfolio and which may adversely affect payments on the Notes.

Each of the SME Loans assigned to the Issuer by the Originator was originated in accordance with the Originator's lending criteria at the time of origination, subject only to exceptions made on a case-by-case basis as would be acceptable to a reasonable, prudent lender. The current lending criteria as at the date of this prospectus are set out in the section "*Originator's Standard Business Practices, Servicing and Credit Assessment*" below. These lending criteria consider a variety of factors such as a potential borrower's credit history and repayment ability, as well as the value of the assets to be used as security. In the event of the sale by the Originator of any Additional SME Loans and new related security to the Issuer, the Originator will warrant that those Additional SME Loans and new related security were originated in accordance with the Originator's lending criteria at the time of their origination. However, the Originator retains the right to revise its lending criteria as determined from time to time, and so the lending criteria applicable to any loan at the time of its origination may not be or have been the same as those set out in the section "*Originator's Standard Business Practices, Servicing and Credit Assessment*" below.

If new loans that have been originated under revised lending criteria are sold to the Issuer, the characteristics of the SME Loans Portfolio could change. This could lead to a delay or a reduction in the payments received on the Notes.

Ratings are Not Recommendations

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, the Class B Notes and the Class C Notes. None of the foregoing or any other person has assumed any obligation in case the Issuer fails to make a payment due under any of the 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 rating initially assigned to the Class A Notes, the Class B Notes and the Class C Notes is 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 rating 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.

The rating of AAAsf is the highest rating that Fitch assigns to notes and the rating of AAA(sf) is the highest rating that DBRS assigns to notes.

The rating takes into consideration the characteristics of the SME Loans and the prevailing relevant legal framework and generally does not address the impact of unforeseen changes to the law (including taxation related legislation). The ratings assigned to the Class A Notes, the Class B Notes and the Class C 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, the Class B Notes and the Class C Notes might suffer a lower than expected yield due to prepayments.

The ratings do not imply or convey a specific statistical probability of default, notwithstanding the rating agencies published default histories that may be measured against ratings at the time of default. Ratings are opinions on relative credit quality and not a predictive measure of specific default probability. In the Rating Agencies' opinion, the structure of the transaction allows for ultimate 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, the Class B Notes and the Class C 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, the Class B Notes and the Class C 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, the Class B Notes and the Class C Notes could be lower than the respective ratings assigned by the Rating Agencies.

The Issuer notes that the Class D Notes and the Class S Notes are unrated.

Subordination of Class B Notes and Class C Notes

Under the Terms and Conditions of the Notes, payment of interest on the Class C Notes will be subordinated to the payment of interest on the Class B Notes and distributions of principal on the Class C Notes will be subordinated to the payment of both interest and principal due on the Class B Notes. Furthermore, no principal will be paid to the Class C Noteholders until all principal due to the Class B Noteholders has been paid in full. Likewise, payment of interest on the Class B Notes will be subordinated to the payment of interest on the Class A Notes and distributions of principal on the Class B Notes will be subordinated to the payment of both interest and principal due on the Class A Notes. Furthermore, no principal will be paid to the Class B Noteholders until all principal due to the Class A Noteholders has been paid in full.

Therefore, holders of the Class C Notes bear a greater risk of loss than do the holders of the Class B Notes and the holders of the Class B Notes bear a greater risk of loss than do the holders of the Class A 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 (as to which, in relation to the United Kingdom and Portugal, 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 Receivables Sale Agreement or the Receivables 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.

Compliance with Articles 405 to 410 of the CRR, Article 51 of Commission Delegated Regulation (EU) 231/2013 and Bank of Portugal Notice 9/2010

Articles 405 to 410 of 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, as may be amended or superseded from time to time, referred to as the Capital Requirements Regulation, as supplemented by the Commission Delegated Regulation (EU) No 625/2014 ("**CRR**"), Article 51 of Commission Delegated Regulation (EU) 231/2013 and Bank of Portugal Notice (*Aviso*) 9/2010 ("**Notice 9/2010**") place an obligation on a credit institution that is subject to the CRD IV (Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013) on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms ("**CRD IV**") (a "**CRD Credit Institution**") to assume exposure to the credit risk of a securitisation (as defined in Article 4(62) of the CRR) or an alternative investment fund manager investing on behalf of an alternative investment fund 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 the transaction. Furthermore, investors should be aware of Article 17 of the AIFMD, as supplemented by Section 5 of the AIFMR, which took effect on 22 July 2013. The provisions of Section 5 of Chapter III of the AIFMR provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. 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 is an originator for the purposes of Article 3(12) of CRD IV and will undertake in the Receivables Sale Agreement to retain, on an ongoing basis, a material net economic interest of not less

than 5 per cent. of the nominal amount of the securitised exposures (the "**Retained Interest**"). Therefore, the Originator will retain Notes in accordance with paragraph 3 (iv) of Bank of Portugal Notice 9/2010 and article 405, paragraph 1 (b) of CRR and such retention equals in total at least 5 per cent. of the SME Loans Portfolio and will undertake not to hedge, sell or in any other way mitigate its credit risk in relation to such retained exposures. The retained exposures may be reduced over time by, amongst other things, amortisation, allocation of losses or defaults on the underlying SME Loans. The Investor Report will also provide monthly confirmation as to the Originator's continued holding of the original retained exposures. It should be noted that there is no certainty that references to the Originator's retention obligation of the Retained Interest in this Prospectus or the undertakings in the Receivables Sale Agreement will constitute explicit disclosure (on the part of the Originator) or adequate due diligence (on the part of the Noteholders) for the purposes of Articles 405, 406 and 409 of the CRR, Article 51 of Commission Delegated Regulation (EU) 231/2013 and Notice 9/2010, as there can be no certainty that the Originator will comply with its undertakings set out in the Receivables Sale Agreement.

The Issuer does not warrant or represent to the Noteholders the compliance of such rules by the Originator and if the Originator does not comply with its undertakings set out in the Receivables Sale Agreement the ability of the Noteholders to sell, and/or the price investors receive for, the Notes in the secondary market may be adversely affected.

Articles 405 to 410 of the CRR, Article 51 of Commission Delegated Regulation (EU) 231/2013 and 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, 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 Commission Delegated Regulation (EU) 231/2013 and Notice 9/2010.

Where the relevant requirements of Articles 405 to 410 of the CRR, Article 51 of Commission Delegated Regulation (EU) 231/2013 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, non-compliance with the requirements of Articles 405 to 410 of the CRR and Article 51 of Commission Delegated Regulation (EU) 231/2013 may adversely affect the price and liquidity of the Notes. Noteholders should make themselves aware of the provisions of the CRR and Article 51 of Commission Delegated Regulation (EU) 231/2013 and make their own investigation and analysis as to the impact of the CRR on any holding of Notes.

Noteholders should take their own advice on compliance with, and the application of, the provisions of Articles 405 to 410 of the CRR, Article 51 of Commission Delegated Regulation (EU) 231/2013 and Notice 9/2010.

Liquidity and Credit Risk for the Issuer

The Issuer will 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 SME Loans. There can be no assurance that the levels or timeliness of payments of Collections and recoveries received from the SME Loans will be adequate to ensure 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 Parties to the Transaction

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 parties to the Transaction Documents 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 Parties 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, the Class B Notes and the Class C Notes is subsequently lowered, withdrawn or qualified.

Projections, forecasts and estimates

Forward looking statements, including estimates, any other projections and forecasts in this document are 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.

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 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 (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 and Decree-Law 193/2005 have not been considered by any Portuguese Court and no interpretation of their application has been issued by any Portuguese governmental or regulatory authority (with the exception of Circular 4/2014 and of 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 relating to the interpretation of Decree-Law 193/2005). Consequently, the choice of their application cannot be predicted by the Issuer. In addition, it is possible that such authorities may issue further regulations relating to the Securitisation Law, the Securitisation Tax Law and 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.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes and ratings assigned to the Class A Notes, the Class B Notes and the Class C 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.

Change of Counterparties

The parties to the Transaction Documents who receive and hold monies pursuant to the terms of such documents (such as the Accounts Bank) are required to satisfy certain criteria in order to continue to receive and hold such monies.

These criteria include requirements in relation to the short-term, unguaranteed and unsecured ratings ascribed to such party by the Rating Agencies. If the concerned party ceases to satisfy the applicable criteria, including such ratings criteria, then the rights and obligations of that party may be required to be transferred to another entity which does satisfy the applicable criteria. In these circumstances, the terms agreed with the replacement entity may not be as favourable as those agreed with the original party pursuant to the Transaction Documents.

In addition, should the applicable criteria cease to be satisfied, then the parties to the relevant Transaction Document may agree, after hearing the Rating Agencies, to amend or waive certain of the terms of such document, including the applicable criteria, in order to avoid the need for a replacement entity to be appointed. The consent of Noteholders may not be required in relation to such amendments and/or waivers. In any case, such amendments and/or waivers shall be effected in accordance with the general provisions of the law and the terms and conditions of the relevant Transaction Documents.

Segregation of Transaction Assets and the Issuer Obligations

The Notes and the obligations owing to the Transaction Creditors will have the benefit of the segregation provided pursuant to 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 Transaction Assets.

Both before and after any Insolvency Event in relation to the Issuer, the Transaction 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 Transaction Assets and all amounts deriving therefrom may not be used by any creditors of the Issuer other than the Noteholders and the Transaction Creditors 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.

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

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 Transaction Assets will be available for the purposes of satisfying the Issuer Obligations to the Transaction Creditors and Noteholders 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 will rank senior to the claims of the Noteholders in accordance with the relevant Payment Priorities (see "*Overview of the Transaction" – "Pre-Enforcement Interest Payment Priorities", "Pre-Enforcement Principal 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 Transaction Assets will not be available for purposes of satisfying the Issuer's Obligations to the Noteholders and the other Transaction Creditors as they are legally segregated from the Transaction Assets.

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 (other than itself) in accordance with the terms of the Transaction Documents for the benefit of the Noteholders and the Transaction Creditors and to give certain directions and make certain requests in accordance with the terms and subject to the conditions of the Transaction Documents, the Securitisation Law and article 359 of the Portuguese Companies Code.

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 Receivables Sale Agreement or the Receivables 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 Receivables Sale Agreement and the Receivables Servicing Agreement, the exercise of any action by the Originator and the Servicer, in response to any such directions and requests, will be made, respectively, 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 Receivables Sale Agreement or the Receivables 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.

Enforcement of Issuer's Obligations

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 "*Overview of Transaction – Post-Enforcement Payment Priorities*". In the event that 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.

Termination of Appointment of the Transaction Manager

In the event of the termination of the appointment of the Transaction Manager by reason of 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.

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.

"**Transaction Manager Event**" means any of the events specified in Clause 14 (*Transaction Manager Events*) of the Transaction Management Agreement.

Centre of main interests

The Issuer has its registered office in Portugal. As a result 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, 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.

Portuguese Economic Situation

As Montepio currently conducts the majority of its business in Portugal, its performance is influenced by the level and cyclical nature of business activity in Portugal, which is in turn affected by both domestic and international economic and political events. Thus, a decline in Portuguese economic activity may have a material effect on Montepio's financial condition and on the results of its operations.

Montepio's business activities are dependent on the level of banking and financial services required by its customers and borrowers in Portugal which are, in turn, based on the evolution of the economic activity, saving levels, investment and employment. In particular, levels of borrowing are heavily dependent on customer confidence, employment trends, and the condition of the Portuguese economy and market interest rates.

The average unemployment rate, which was 5.5 per cent. in the period from 1990-2006, has risen in recent years, reaching over 17 per cent. during 2013. Structural factors, such as the slow adaptation of some sectors to the increasing external competition, as well as labour laws and the low levels of qualification of a material portion of the workforce, combined with a period of very poor economic growth and the recent implementation of measures to reduce public deficit concerning the Portuguese "Financial Assistance Programme" ("**FAP**"), have contributed to this rise in the unemployment rate, placing it at a historically high level.

In May 2011, the FAP was agreed between the European Central Bank ("**ECB**"), the International Monetary Fund ("**IMF**") and the European Commission ("**EC**") – together, the "**Troika**" – and implemented in 2012. The FAP comprised a total funding of €78 billion to be allocated during the period from 2011 to 2014. The FAP's main objectives were to return the Portuguese economy to a path of sustained growth within a framework of financial stability and to restore the confidence of participants in

the international financial markets. To this end, the FAP focused its assistance in three main areas: (i) a set of significant structural reforms to increase potential growth, create jobs and improve the economy's competitiveness, (ii) a strategy for credible fiscal consolidation, based on measures of a structural nature and greater budgetary control over all the obligations of the State, and (iii) a process of orderly deleveraging of the financial sector through market mechanisms and supported by a fund to finance the recapitalisation of banks.

17 May 2014 marked the conclusion of the FAP and constituted an important moment in the evolution of the Portuguese economy. During its period of implementation there was a notable progress in the correction of certain macroeconomic imbalances and measures of a structural nature were put in place in many areas. Notwithstanding this progress, the return of normal conditions in market funding to the Portuguese economy will require sustained product growth. Such product growth will also be crucial to bringing about a reduction in Portuguese economy.

In relation to fiscal adjustment, during the first ten months of 2014, the general Government budget deficit on a cash basis was €5.96bn, approximately €1.84bn lower than in the first ten months of 2013. The year-on-year deficit reduction was due to a combination of higher revenue and lower expenditure. Cumulative State tax revenue grew, in net terms, by 6.8 per cent. year-on-year up to October 2014 (7.3 per cent. up to September 2014), reflecting an increase in both direct and indirect taxes, of 7.9 per cent. and 5.9 per cent. respectively. Central Administration expenditure grew by 2.5 per cent. year-on-year up to October 2014, thus continuing to decrease from previous growth of 34.8 per cent. up to September 2014, 4.8 per cent. up to August 2014. Year-on-year performance was affected primarily by employee compensation (an increase of 8.9 per cent., including one-off severance payments from mutually agreed contract terminations) and current transfers (which increased 4.3 per cent.).

Following Portugal's exit from the FAP, it became subject to Post-Programme Surveillance ("**PPS**") by the EC and ECB and to Post-Program Monitoring ("**PPM**") by the IMF. The first PPS-PPM period started on 28 October 2014 and was concluded on 4 November 2014. Meetings were held with the EC, ECB and IMF representatives which focused on discussing and monitoring developments in fiscal policy and on the Portuguese economy more generally. Further to this, the EC, the ECB and the IMF expressed, in their initial conclusions, concerns in respect of certain macroeconomic and budget forecasts included in the State Budget for 2015 ("**SB2015**"**)**. Notwithstanding this, the Government reaffirmed its commitment to respect the deadline set for 2015 for Portugal to exit the Excessive Deficit Procedure.

The SB2015 was submitted to the Portuguese Parliament on 15 October 2014 and it was approved on 25 November 2014 and published on 31 December 2014 (Law no. 82-B/2014 of 31 December 2014). Changes to the Government's proposal were minor and did not impact the budget balance.

The SB2015 complies with the European System of National and Regional Accounts ("**ESA 2010**") and aims to bring about: i) a reduction of the general Government deficit during 2015 to 2.7 per cent. of gross domestic product ("**GDP**") thereby complying with the Excessive Deficit Procedure's threshold of 3 per cent. of GDP; ii) a reduction of a third consecutive primary surplus, of about 2.2 per cent. of GDP, resulting in a cumulative correction of 10.4 percentage points in the 2010-2015 period; iii) a second consecutive yearly decrease in the debt-to-GDP ratio, expected to reach 123.7 per cent of GDP by the end of 2015, from 127.2 per cent. and 128.0 per cent. during 2014 and 2013, respectively. Published data for 2014 is, for now, still consistent with the fiscal estimates of Government to 2014.

The fiscal adjustment strategy for 2015 will essentially rely on measures presented in the fiscal strategy document (the "**FSD**") published on 30 April 2014 and will amount to approximately 0.7 per cent. of GDP. The main divergences of the fiscal adjustment strategy from the FSD are in relation to: i) the Public Sector Wage Bill: the 20 per cent. reversal in wage cuts now applies to the wage reductions in the 3.5 per cent. – 10 per cent. range, in force since mid-September 2014, as opposed to the 2.5 per cent. – 12 per cent. range foreseen in the FSD. These changes occurred as a result of Constitutional Court rulings in May and August 2014; ii) Pension Reform: the Extraordinary Solidarity Contribution ("**CES**") will be abolished, (save for the surcharge on higher pensions) though following the Constitutional Court ruling in August 2014, the permanent solution presented in the FSD will not be pursued, and iii) new measures that will include a cap on social benefits aimed at encouraging people to look for employment, a marginal increase in the levy imposed on banks and an increase in funds to the motorway system (reflected in oil/gas refuelling prices).

The current comprehensive reform of the tax system will continue in 2015. The corporate income tax reform (the "**CIT**") implemented in January 2014 will continue with a further two percentage point reduction in the statutory rate, to 21 per cent.. The Government also submitted proposals on the environmental tax reform (the "**ETR**") and the personal income tax reform (the "**PIT**"), aimed to achieve

a fiscally neutral result by allocating additional revenues from "green taxes" to the reduction of personal income tax for households with children in 2015.

The government's macroeconomic forecasts included in the SB2015 have been updated to comply with ESA2010 and data available until mid-October 2014. The government forecasts that GDP growth is expected to reach 1.0 per cent. during 2014 and to increase to 1.5 per cent. during 2015. This forecast is based on growth in domestic demand (of 1.1 per cent.) and a growth of 0.2 per cent. in net exports. Private consumption is also forecast to increase by 2.0 per cent. in 2015, due to higher disposable income (as a result of the increased minimum wage and the reversal of certain cuts. Other positive contributions which are predicted to bolster GBP are a predicted decline in the unemployment from 14.2 per cent. in 2014 to 13.4 per cent. in 2015, as well as a return to a positive current account balance of 0.3 per cent. of GDP, after the return to surplus in 2013 (0.7 per cent.).

An increase in the surplus of the current account balance is expected for 2015.

There are continued external risks to the Portuguese economy which include geopolitical uncertainty in the Middle East and Eastern Europe, which has detrimentally affected the Eurozone economy. Domestically, risks have arisen, and may continue to arise, from the recent Espírito Santo Group's crisis. The instability around the GES caused losses in the Portuguese financial assets directly in shares of Banco Espírito Santo (BES) and indirectly in the majority of Portuguese companies stocks but also on government bonds, which saw their spread widen against the German public debt (although from the end of July 2014 have been on a trajectory of shortening, and in early December 2014 fell to lowest level since May 2010). There will also be effects on the confidence of economic agents and direct effects on customers and shareholders in particular in terms of credit restrictions and wealth loss (although the wealth effects are not usually very intense in statistical terms), with impacts in consumption and investment decisions. We have no accurate estimate for the effect of instability in ESG's, whereas this was a single event and there is no past history to use in estimates. However, in general, the effects of the ESG's crisis are, for now, barely visible (from a statistical point of view) in the main Portuguese macroeconomic variables. GDP in third quarter of 2014 grew only 0.3 per cent., less than initially expected. However, this should not have resulted from the ESG's crisis, to the extent that, in terms of chain of growth, domestic demand had a higher positive contribution than in second quarter of 2014 and net exports were the cause (with a negative contribution) for the lower growth of the Portuguese economy. Unless the ESG's crisis has meant that many exporters have been lack of funding and thus may not have complied with the orders they received (which we believe has not been the case, at least in substance - note that the contribution of net exports was also negative in third quarter 2014 to the average of the Eurozone countries and in particularly to the Spanish economy). In contrast to the increase in domestically risks from the ESG's crisis,, there are a number of positive indicators linked to the larger than expected growth in the Spanish economy. Portugal's traditionally strong trading relationship with Spain (currently representing 23.54 per cent. of the Portuguese export market) means that a growth in performance of the Spanish economy could provide an important stimulus for economic growth in Portugal in 2015.

Since the first quarter of 2013, Portugal has been experiencing an inversion of the decline in economic activity recovering from the meltdown since the end of 2010. Despite this, a 0.4 per cent. reduction in GDP in the beginning of 2014 due to several factors which negatively affected economic activity in first quarter of 2014. Among these were: i) exceptionally adverse weather conditions, which negatively impacted sectors such as fisheries, agriculture and construction; ii) the slowdown of growth in the Eurozone in the first quarter of 2014, which detrimentally affected Portuguese exports; iii) the closure for maintenance of the Galp Sines refinery, for half of the first quarter of 2014 which impacted on the country's exports due to its strategic significance. The second quarter of 2014 saw a return to growth, with GDP expanding by 0.3 per cent.. In the third quarter of 2014, GDP growth was 0.3 per cent. quarter-on-quarter. As mentioned above, the net exports had a negative contribution (-0.8 per cent.) to the GDP quarter-on-quarter growth, with the growth of imports more than offset the growth in exports. The GDP growth was supported mainly by the contribution of private consumption (+0.8 per cent.) after a fall in the second quarter of 2014, followed by 0.3 per cent. contribution of the fixed capital investment (GFCF), while changes in inventories had a null contribution and public consumption a contribution slightly negative (-0.1 per cent.). GDP has continued to grow in the fourth quarter of 2014 consolidating the Portuguese economy's recovery. We also experienced an overall gradual improvement in domestic demand during 2014, albeit, limited by continuing fiscal consolidation the private sector deleveraging process, strong growth in exports (though lower than 2013). Exports are expected to grow during 2015, due to increasing foreign demand. In 2014-2015, the net external financing capacity of the economy is expected to increase further. The correction of external imbalances is one of the characteristics of Portuguese economy's adjustment process and is expected to lead to trade balance surpluses in the following years.

Inflation, measured by the year-on-year variation in the consumer price index ("**CPI** "), decreased significantly in the first half of 2014, shifting from 0.2 per cent. in December 2013 to minus 0.4 per cent. in June 2014. Core inflation declined from 0.2 per cent. to 0.0 per cent., its minimum level since December 2009 (0.6 per cent.). At the end of the third quarter of 2014, inflation stood at minus 0.4 per cent. (and rose to 0.0 per cent. in October 2014 and stabilizing at 0.0 per cent. in November). However this occurred following a minus 0.9 per cent. contraction in July 2014, the biggest contraction since October 2009 (minus 1.5 per cent.), while core inflation stood at 0.1 per cent. The continued slowdown in inflation reinforces the view that previous pressure on prices was temporary and essentially due to commodities (specifically energy) or fiscal alterations and an increase in regulated prices. The dissipation of these temporary effects throughout 2013, the decline of the annual average price of oil, marginal growth of the import prices of non-energy goods and maintenance of strong salary moderation resulted in a reduction of annual average inflation in 2013, from 2.8 per cent. to 0.3 per cent. Forecasts point to an inflation rate of around 0.1per cent. in 2014, which would be the second lowest on record, surpassed only by the 0.9 per cent. fall observed in 2009, which followed the global collapse in the price of oil. The limited change in prices reflects the maintenance of low inflationary pressures from moderate global and ongoing adjustment in the Portuguese economy. In addition to a recent improvement in the labour market, there has been a moderate growth in private sector salaries, which has, in turn, limited the increase in unit labour costs.

The drastic deterioration in the **labour market** over the last few years was reflected in and subsequently amplified by the country's economic recession. The decline in investment also detrimentally impacted the unemployment rate. Despite this trend continuing over the first half of 2013, the unemployment rate began to improve, shifting from 15.3 per cent. observed in the fourth quarter of 2013 to 13.9 per cent. in the second quarter of 2014. In the third quarter of 2014, unemployment fell again, to 13.1 per cent.. This represented the lowest rate since the third quarter of 2011, but, albeit still at an objectively high level, remained distant from the maximum of 17.5 per cent. recorded in the first quarter of 2013, according to the quarterly series published by Banco de Portugal started in 1977.

The Portuguese economy's current situation continues to reveal the risks related to budget approval and the lack of availability of credit. These risks threaten to deprive even well-established companies in the country of funding. Such companies have been important to an economy facing weak internal demand.

Despite signs of recovery, further deterioration in the external environment could constrain the commitment that the Portuguese authorities have made to achieving the goals and measures agreed at budget level, which may adversely affect the desired sustained economic recovery, and Montepio's activity and performance.

Originator's Lending Criteria

Under the Receivables Sale Agreement, the Originator will warrant that, as at the Closing Date and each Additional Purchase Date, each Borrower in relation to a SME Loan Agreement comprised in the SME Loan Portfolio meets the Originator's lending criteria for new business in force at the time such Borrower entered into the relevant SME Loan Agreement. The lending criteria consider, among other things, a Borrower's credit history, repayment ability, debt-to-income ratio and the need for guarantees or other collateral. 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 cash flows generated by any SME Loan to ultimately repay the principal and interest due on the Notes. For a description of the Lending Criteria applicable as of the date of this Prospectus please refer the section "***Originator's Standard Business Practices, Servicing And Credit Assessment***".

Borrowers

The SME Loans in the SME Loans 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, such as loss of subsidies or increase of interest rates (which may or may not affect property values), may have an impact on the ability of Borrowers to meet their repayment obligations under the SME Loans. Loss of earnings and other similar factors may lead to an increase in delinquencies and bankruptcy or insolvency filings by Borrowers, which may lead to a reduction in payments by such Borrowers on their SME Loans and could reduce the Issuer's ability to service payments on the Notes.

However, the Originator's lending criteria take into account, *inter alia*, a potential Borrower's credit history and repayment ability, as well as the value of the assets to be used as security and are utilised with a view, in part, to mitigate the risks in lending to Borrowers.

Competition in the Portuguese Market

The Issuer is, among other things, subject to the risk of the contractual interest rates on the SME Loans being less than that required by the Issuer to meet its commitments under the Notes, which may result in the Issuer having insufficient funds available to meet the Issuer's commitment under the Notes and other Issuer obligations. There are a number of lenders in the Portuguese market and competition may result in lower interest rates on offer in such market. In the event of lower interest rates, Borrowers under SME Loans may seek to repay such SME Loans early, with the result that the SME Loans Portfolio may not continue to generate sufficient cash flows and the Issuer may not be able to meet its commitments under the Notes.

No Independent Investigation in relation to the SME Loans

None of the Issuer, the Arranger, the Transaction Manager, the Common Representative or any other Transaction Party (other than the Originator) has undertaken or will undertake any investigations, searches or other actions in respect of any Borrower, SME Loan or any historical information relating to the SME Loans and each will rely instead on the representations and warranties made by the Originator in relation thereto set out in the Receivables Sale Agreement.

Reliance on the Originator's Representations and Warranties

If any of the SME Loans fails to comply with any SME Loan Warranties which could have a material adverse effect on (i) any SME Loan, (ii) its related SME Loan Agreements or (iii) the Receivables in respect of such SME Loan, the Originator is obliged to hold the Issuer harmless against any Liabilities 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 SME Loan from the Issuer for an amount equal to the aggregate of: (i) the Principal Outstanding Balance of the relevant SME Loan as at the date of re-assignment of such Assigned Rights; (ii) an amount equal to all other amounts due in respect of the relevant SME Loan and its related SME Loan Agreement with the exception of Excluded Rights; and (iii) the properly incurred costs and expenses of the Issuer incurred in relation to such re-assignment, or (B) making an indemnity payment equal to such amount referred in (A) above. The Originator is also liable for any Liabilities 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 SME Loan Warranty is breached and the Originator is unable to repurchase or cause a third party to purchase or substitute the relevant SME Loan or indemnify the Issuer.

"**Excluded Rights**" means, in relation to any Receivable and related SME Loan, any rights which relate to fees payable by a Borrower to the Originator in relation to such Receivable and the related SME Loan in connection with any (i) late payment penalties and similar charges; (ii) early payment penalties and similar charges and/or (iii) fees due in connection with an amendment or variation of the relevant SME Loan and which would, but for this exception, constitute Ancillary Rights.

Limited Liquidity of the SME Loans

In the event of the occurrence of an Event of Default and the delivery of an Enforcement Notice to the Issuer by the Common Representative, the disposal of the Transaction Assets of the Issuer (including its rights in respect of the SME Loans) 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 SME Loans, 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.

Authorised Investments

The Issuer has the right to make certain interim investments of money standing to the credit of the Transaction Accounts. The investments must have appropriate ratings depending on the term of the investment and the term of the investment instrument and must comply with the provisions of article 3 paragraph 2 of CMVM Regulation no. 12/2002 and with the ECB eligibility criteria. However, it may be that, irrespective of any such rating, such investments will be irrecoverable due to bankruptcy or 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, although Authorised Investments are required to be realised or to mature at least at par, 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. No Transaction Party 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 SME Loans Portfolio pursuant to the Receivables Servicing Agreement, and has appointed the Back-up Servicer to administer the SME Loans Portfolio upon the Servicer ceasing to do so pursuant to the Receivables Servicing Agreement. While the Servicer and the Back-up Servicer are under contract to perform certain services under the Receivables Servicing Agreement, there can be no assurance that they will be willing or able to perform such services in the future. In the event the appointment of the Servicer or the Back-up Servicer is terminated by reason of 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 SME Loans can be maintained by a successor servicer after any replacement of the Servicer or the Back-up Servicer, as many of the servicing and collections techniques currently employed were developed by the Servicer.

If the appointment of the Servicer or of the Back-up 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 and the Back-up Servicer may not resign its appointment as Servicer or Back-up Servicer, respectively, without a justified reason and furthermore, pursuant to the Receivables Servicing Agreement, such resignation shall only be effective if the Issuer has appointed a substitute servicer, provided that such appointment does not have an adverse effect on the current ratings of the Class A Notes, the Class B Notes and the Class C Notes. The appointment of the Back-up Servicer and any other substitute servicer is subject to the prior approval of the CMVM.

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

Commingling Risk

In accordance with the Securitisation Law, in the event of the Servicer becoming insolvent, all the amounts which the Servicer may then hold in respect of the SME Loans assigned by the Originator to the Issuer will not form part of the Servicer's insolvent estate and the replacement of Servicer provisions in the Receivables 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.

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.

Geographical concentration of the SME Loans

The security for the Notes may be affected by, among other things a decline in values of the assets securing the relevant SME Loans. No assurance can be given that the values of the relevant assets have remained or will remain at their levels on the dates of origination of the related SME Loans. Although the Borrowers are located throughout Portugal, the Borrowers may be concentrated in certain locations, such as densely populated areas (see "**Characteristics of the SME Loans**"). 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 SME Loans could increase the risk of losses on the SME Loans. 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.

Industry Concentration of the SME Loans

The SME Loans Portfolio may have a disproportionate concentration of Borrowers conducting business in certain industry categories (see "**Characteristics of the SME Loans**"). Any deterioration in the economic condition of certain industries may have adverse effect on the ability of the Borrowers to repay SME Loans which could increase the risk of losses on the SME Loans Portfolio. A concentration of Borrowers in such industries may therefore result in 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.

Assignment of SME Loans not affected by Originator's insolvency

In the event of the Originator becoming insolvent, the Receivables Sale Agreement, and the sale of the SME Loans conducted pursuant to it, will not be affected and therefore will neither be terminated nor will such SME Loans form part of the respective Originator's insolvent estate, save if a liquidator appointed to the Originator or any of the Originator's creditors produces evidence 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 Ancillary Rights (if applicable) will only be enforceable against a third party acting in good faith upon registration of the act at the competent registry office. No such registration will take place prior to a Notification Event.

Collections not affected by Servicer insolvency

In the event of the Servicer becoming insolvent, all the amounts which the Servicer may then hold in respect of the SME Loans assigned by the Originator to the Issuer, will not form part of the Servicer's insolvent estate and the replacement of Servicer provisions referred to in the "*Receivables Servicing Agreement – Termination*" below will then apply.

Assignment and Borrower set-off risks

The assignment of the SME Loans 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 SME Loans 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.

Set-off issues in relation to the SME Loans are essentially those associated with the Borrower's possibility of exercising against the Issuer any set-off rights the Borrower held against the Originator prior to the assignment of the relevant SME Loans to the Issuer. Such set-off rights held by the Borrower against the Originator prior to the assignment of the relevant SME Loans to the Issuer are not affected by the assignment of the SME Loans to the Issuer. Such set-off issues will not arise where the Originator, at the time of the assignment of the relevant SME Loans to the Issuer, had no obligations then due and payable to the relevant Borrower 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 it holds or receives from the Borrowers in relation to the SME Loans including sums in the possession of the Originator and Servicer arising from set-off effected by a Borrower. The Securitisation Law does not contain any direct provisions in respect of set-off (which therefore continues to be regulated by the Portuguese Civil Code's general legal provisions on this matter) but it may have an impact on the set-off risk related matters to the extent the Securitisation Law has varied the Portuguese Civil Code rules on assignment of credits. (See "*Selected Aspects of Laws of the Portuguese Republic Relevant to the SME Loans and the Transfer of the SME Loans*".)

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 SME Loans Portfolio or to notify them of the contents of any notice received by it in respect of the SME Loans 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 SME Loans Portfolio, except for the information provided in the monthly investor report concerning the SME Loans Portfolio and the Notes which will be made available to the Paying Agent on or about each Interest Payment Date.

Potential Conflict of Interest

Each of the Transaction Parties (other than the Issuer), the Arranger and their affiliates in the course of each of their respective businesses may provide services to other Transaction Parties, to the Arranger 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, the Arranger and their affiliates or between such Transaction

Parties, the Arranger and their affiliates and third parties. Each of the Transaction Parties (other than the Issuer), the Arranger 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 or Arranger in respect of the Transaction.

The Royal Bank of Scotland plc ("RBS") transacting with the Issuer

RBS and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer and its affiliates in the ordinary course of business. RBS and its affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

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

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 CRD 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.

In 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 ("**EBA**") 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.

More recently, 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 2913/36/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), complemented by 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 (the "**CRR**", directly applicable in the Member-States and generally applying from 1 January 2014, in accordance with Article 521 thereof). The CRD has been repealed by the entry into force of CRD IV and CRR.

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.

There is no certainty as to the final framework for, or the timing of, the capital adequacy standards that will be ultimately developed and implemented, and the Originator may incur substantial costs in monitoring and complying with the new capital adequacy requirements. The Issuer cannot foresee how such regulations and eventual capital adequacy standards 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 (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:

- preparatory and preventive measures (including the requirement for banks to have recovery and resolution plans);
- early supervisory intervention (including powers for authorities to take early action to address emerging problems); and
- resolution tools, which are intended to ensure the continuity of essential services and to manage the failure of a bank in an orderly way.

EU Member States are required to implement the BRRD in national law by 1 January 2015, save that the bail-in tool (which will enable the recapitalisation of a failed or failing bank through the imposition of losses on certain of its creditors through the write-down of their claims or the conversion of the claims into the failed or failing bank's equity) will apply from 1 January 2016. The bail-in tool as proposed in the BRRD will apply to all "eligible liabilities" (as defined in the BRRD) irrespective of when they were issued.

The BRRD was partially implemented in Portugal under Decree-Law no. 298/92, of 31 December, as amended from time to time, establishing the Portuguese Legal Framework of Credit Institutions and Financial Companies (hereinafter, "**RGICSF**") and including the requirements for the application of preventive measures, supervisory intervention and resolution tools to credit institutions and investment firms in Portugal. Further amendments to RGICSF to further implement the BRRD are expected.

Potencial impact of resolution measures applied by the Bank of Portugal

Decree-Law 31-A/2012, dated 10 February, introduced the legal framework for the adoption of resolution measures into the RGICSF, such resolution framework having been further amended by Decree-Law 114-A/2014 of 1 August and Decree Law 114-B/2014 of 4 August. The possible resolution measures include the transfer to a bridge bank of all or part of the activity of the intervened institution and, in such case, the newly incorporated bridge bank for such purpose shall be funded through the resolution fund, in

accordance with articles 145.º-H no. 6 and 153.º-C of the RGICSF. Furthermore, in accordance with articles 153.º-D, 153.º-G and 153.º-H, credit institutions with head office in Portugal, *inter alia*, shall be called to mandatorily participate with initial and periodic contributions to the resolution fund, which amount shall be fixed on an annual basis, as set out in Decree Law 24/2013, dated 19 February.

The resolution fund created pursuant to Decree-Law no. 31-A/2012, dated 10 February, and the funding of such resolution fund depends upon contributions by the Portuguese banking system, namely the authorised institutions operating therein, including the Originator. Part of the funding of the resolution fund has been temporarily financed by the Portuguese Government and will be recovered with future contributions towards the resolution fund by the Portuguese banking sector and / or the sale of the bridge bank. At this stage there is no indication as to the amount that the Originator, or the rest of the banks within the Portuguese banking system, may be required to contribute to this effect and the Issuer is therefore unable to assess the amount of such required future contributions or the potential consequences on its business or operations.

Prospective holders shall note that, in case recovery and resolution measures are applicable to the Originator under the RGICSF, the assets and liabilities of the Originator and the Servicer, including the Retention Obligation, may be transferred to a new entity.

Foreign Account Tax Compliance withholding may affect payments on the Notes

Pursuant to sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") or similar law implementing an intergovernmental approach to FATCA, the Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, certain payments in respect of the Notes. This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("**FFI**") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide certain information on its account holders (making the Issuer a "**Participating FFI**"), (ii) the Issuer makes payments treated as attributable to U.S. source payments ("foreign passthru payments"), and (iii) (a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Issuer, or (b) any FFI, that is an investor, or through which payment on such Notes is made is not a Participating FFI. When a payment will be treated as a foreign passthru payment has not yet been defined, and no amounts will be required to be withheld from any foreign passthru payments before 1st January, 2017. Withholding will be required in respect of (i) any Notes issued on or after the date that is six months after the date final regulations defining the term "foreign passthru payment" are published and (ii) any Notes which are treated as equity for U.S. federal tax purposes, whenever issued. With respect to the Notes held through Euroclear and Clearstream, while the Notes are in global form and held within the clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, with respect to the Notes held through Interbolsa, payments made to the financial intermediaries holding control accounts with Interbolsa could be subject to FATCA withholding if such financial intermediaries are not Participating FFIs. FATCA may also affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding.

If an amount in respect of FATCA withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes be required to pay additional amounts as a result of the deduction or withholding of such tax. FATCA is particularly complex and its application to the Notes remains unclear in certain respects. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The proposed financial transaction tax

The European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current 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. Joint statements issued by the Participating Member States indicate an intention to implement the FTT by 1 January 2016. Additional EU Member States may decide to participate. The Issuer cannot predict the impact of the FTT on the Notes and prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income (as amended by an EU Council Directive adopted by the European Council on 24 March 2014) (the "**EU Savings Directive**") each Member State is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in that other Member State; however, for a transitional period, Austria may instead apply a withholding system in relation to such payments, deducting tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

The Council of the European Union formally adopted a Council Directive amending the EU Savings Directive on 24 March 2014 (the "**Amending Directive**"). The Amending Directive broadens the scope of the requirements described in the first paragraph above. Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The changes made under the Amending Directive include extending the scope of the EU Savings Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

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

If a payment by the Issuer in respect of the Notes were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer, any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive (if there is any such Member State).

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, the Class S Return Amount and Class D Distribution Amount 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, the Class S Return Amount and the Class D Distribution Amount 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**, **Ms. Raquel Teixeira Ribeiro Pacheco**, in her capacity as chairman of the board of directors of the Issuer, **Mr. Luis Maria Navarro de Melo Ferreira de Aguiar** and **Ms. Ana Paula Fernandes Esteves da Silva**, in their capacities as directors of the Issuer are responsible for the information contained in this document. To the best of the knowledge and belief of the Issuer and of 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. The Issuer accepts responsibility accordingly (except where another party mentioned below accepts responsibility for certain information).

To the extent such responsibility is imposed by law, the Issuer and **Ms. Raquel Teixeira Ribeiro Pacheco**, in her capacity as chairman of the board of directors of the Issuer, **Mr. Luis Maria Navarro de Melo Ferreira de Aguiar** and **Ms. Ana Paula Fernandes Esteves da Silva**, in their capacities as directors of the Issuer are responsible for the accuracy of the information contained in this Prospectus referring to the financial statements of the Issuer for the years ended on 31 December of 2012, on 31 December of 2013 and referring to the nine month period ending on 30 September 2014 (non-audited)

Caixa Económica Montepio Geral, in its capacities as Originator and Servicer, accepts responsibility for the information in this document relating to itself, to the description of its rights and obligations in respect of all information relating to the SME Loans originated by it, the Receivables Sale Agreement, the Receivables Servicing Agreement and all information relating to the SME Loans Portfolio in the sections headed "*Characteristics of the SME Loans Portfolio*", "*Originator's Standard Business Practices, Servicing and Credit Assessment*" and "*The Originator*" (together the "**Originator Information**") and confirms that such Originator 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 the Originator as to the accuracy or completeness of any information contained in this Prospectus (other than the Originator Information).

Citibank, N.A., London Branch, in its capacity as the Accounts Bank accepts responsibility for the information in this document relating to itself in this regard in the section headed "*The Accounts Bank*" (the "**Accounts Bank Information**") and to the best of its knowledge and belief, such Accounts 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 the Accounts Bank as to the accuracy or completeness of any information contained in this Prospectus (other than the Accounts Bank Information) or any other information supplied in connection with the Notes or their distribution.

The members of the supervisory board of the Issuer, **Mr. Andre Lopes Teixeira de Figueiredo**, **Mr. João Luis Correia Duque** and **Mr. João Vasco Pereira Martins Nunes** in their capacities as members of the supervisory board of the Issuer 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 begun their 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. Andre Lopes Teixeira de Figueiredo, Mr. João Duque and Mr. João Vasco Pereira Martins Nunes 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 offering.

KPMG & Associados –SROC, S.A., hereby represented by Ana Cristina Soares Valente Dourado, in its capacity as external auditor of the Issuer for the years 2012 and 2013, 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 EU for the years ended on 31 December 2012 and 31 December 2013,

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, 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 KPMG & Associados – SROC, S.A. 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 2012 and 31 December 2013.

António Frutuoso de Melo e Associados, Sociedade de Advogados, RL as legal advisors to the Originator, responsible for the Portuguese legal matters included in the chapter "*Selected Aspects of Laws of the Portuguese Republic Relevant to the SME Loans and the Transfer of the SME Loans*" to the extent it relates to the Originator.

Vieira de Almeida & Associados Sociedade de Advogados, RL as legal advisors to the Arranger responsible for the Portuguese legal matters included in the chapter "*Selected Aspects of Laws of the Portuguese Republic Relevant to the SME Loans and the Transfer of the SME Loans*", except to the extent it relates to the Originator.

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 shortcoming in the contents of this Prospectus on the date of issue of the contractual declaration or when the respective revocation was still possible. Pursuant to subparagraph b) of article 150 of the Portuguese Securities Code, the Issuer is strictly liable (*i.e.* independently of fault) if any of the members of its management board is held responsible or if any of the auditing body, accounting firms, chartered accountants and any other individuals that have certified or, in any other way, verified the accounting documents on which the Prospectus is based is held responsible for such information.

Further to subparagraph b) of article 243 of the Portuguese Securities Code, the right to compensation based on the aforementioned responsibility statements is to be exercised within six months following the knowledge of a shortcoming in the contents of the Prospectus and ceases, in any case, two years following (i) disclosure of the admission Prospectus or (ii) 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 Originator, the Servicer, the Transaction Manager, the Common Representative, the Accounts Bank, the Paying Agent, the Agent Bank (together the "**Transaction Parties**") or the Arranger.

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.

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, or 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 Montepio 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 and Transfer Restrictions*" 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 or the Arranger. 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, the Arranger or the Originator other than as set out in this Prospectus 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 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 securities laws, orders, rules and regulations, and the Issuer and the Originator have 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 not relied on the Arranger or on any person affiliated with the Arranger in connection with its investment decision, and (ii) 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, the Originator 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.

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

Currency

In this Prospectus, unless otherwise specified, references to "**€**", "**EUR**" or "**euro**" are to the lawful currency of the member states of the European Union participating in Economic and Monetary Union as contemplated by the Treaty.

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.

Interpretation

The language in this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law. 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 on pages 145 to 148. 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 the Notes*" below.

THE PARTIES

Issuer:	Sagres – 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, with head office at Rua Barata Salgueiro, no. 30, 4th floor, in Lisbon, Portugal, registered with the Commercial Registry Office of Lisbon under the sole registration and tax payer number 506 561 461 and with a share capital of €250,000.00. The Issuer's share capital is fully owned by Citigroup Financial Products, Inc..
Originator:	Caixa Económica Montepio Geral, a credit institution, with an institutional capital of €1,500,000,000, having its registered office at Rua Áurea, no. 219-241, in Lisbon, Portugal and registered with the Commercial Registry of Lisbon with sole commercial registration and taxpayer number 500 792 615.
Servicer:	Caixa Económica Montepio Geral, in its capacity as Servicer or any successor appointed in accordance with the Receivables Servicing Agreement.
Back-up Servicer:	Whitestar Asset Solutions, S.A. constituted and incorporated under the laws of Portugal, with a share capital of € 50.000.00, registered with the Commercial Registry Office under sole taxpayer and commercial registration number 508 099 161, with its head office at Edifício D. Sebastião, Rua Quinta do Quintã, n.º 6, Quinta da Fonte, in Oeiras, Portugal.
Common Representative:	The Law Debenture Trust Corporation p.l.c., acting through its office at Fifth Floor, 100 Wood Street, London EC2V 7EX, United Kingdom, in its capacity as representative of the Noteholders pursuant to Article 65 of the Securitisation Law in accordance with the Common Representative Appointment Agreement. The Common Representative is an entity authorised to represent investors in the United Kingdom and Northern Ireland and is not in a group (*grupo*) or control (*domínio*) relationship with the Issuer or the Originator, as required by article 65.1 of the Securitisation Law.
Transaction Manager:	Citibank, N.A., London Branch, in its capacity as transaction manager and as a non-exclusive agent to the Issuer in accordance with the terms of the Transaction Management Agreement acting through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.
Accounts Bank:	Citibank, N.A., a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number BR001018.
Collections Account Bank:	Caixa Económica Montepio Geral, in its capacity as the credit institution at which the Collections Account is held, or any successor appointed in accordance with the provisions of the Receivables Servicing Agreement.
Agent Bank:	Citibank, N.A., London Branch, in its capacity as the agent bank in respect of the Notes in accordance with the terms of the Paying Agency

	Agreement through its office at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.
Paying Agent:	Citibank International Limited, a corporation duly organised and existing under the laws of the United Kingdom and having its principal place of business at Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and operating in Portugal under branch (Citibank International Limited - Sucursal em Portugal) number 169 and registration and taxpayer number 980 194 121 having its registered office at Rua Barata Salgueiro, 30, 4th floor, Lisbon, Portugal ("**Citibank Portugal**") in its capacity as paying agent in respect of the Notes in accordance with the terms of the Paying Agency Agreement.
Transaction Creditors:	The Common Representative, the Agents, the Transaction Manager, the Accounts Bank, the Back-up Servicer, the Originator and the Servicer.
Rating Agencies:	Fitch and DBRS.
Arranger:	The Royal Bank of Scotland plc, acting through its office at 135 Bishopsgate, EC2M 3UR London, United Kingdom.

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: €545,900,000 Class A Asset-Backed Floating Rate Securitisation Notes due 2043 (the "**Class A Notes**"); €76,400,000 Class B Asset-Backed Floating Rate Securitisation Notes due 2043 (the "**Class B Notes**"); €87,300,000 Class C Asset-Backed Floating Rate Securitisation Notes due 2043 (the "**Class C Notes**" and, together with the Class A Notes and Class B Notes, the "**Asset-Backed Notes**"); €398,500,000 Class D Notes due 2043 together with any further Class D Notes issued by the Issuer from time to time (the "**Class D Notes**"); and €16,200,000 Class S Notes due 2043 together with any further Class S Notes issued by the Issuer from time to time (the "**Class S Notes**"). The Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and Class S Notes together are referred to as the "**Notes**". The Originator has agreed to purchase on the Closing Date the Asset-Backed Notes, the Class D Notes and the Class S Notes. After the Closing Date, the Issuer may issue further Class D Notes in order to finance the purchase of any (i) additional drawings on the current accounts credit lines during both Revolving Period and Offering Period and (ii) additional current account credit lines or additional term loans during Revolving Period only. After the Closing Date, the Issuer may issue further Class S Notes as may be required in order to maintain the Set-off Risk Required Balance, after the purchase of any Additional SME Loans by the Issuer.
Issue Price:	The Notes of each Class will be issued at 100 (one hundred) per cent. of their principal amount.
Form and Denomination:	The Notes will be in book-entry (*forma escritural*) and registered form (*nominativas*) and in denominations of €100,000 and will be registered with Interbolsa and held through the accounts of affiliate members of Interbolsa, as operator and manager of the *Central de Valores Mobiliários* (the "**CVM**").
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 (as defined in "*Risk Factors – The Securitisation Law, the Securitisation Tax Law and Decree-Law 193/2005*"). The Notes of each class rank *pari passu* without prejudice or priority amongst themselves. The Notes represent the right to receive interest (or, in the case of the Class S Notes, the Class S Return Amount and in the case of the Class

	D Notes, the Class D Distribution Amount) and principal payments from the Issuer in accordance with the Conditions, the Common Representative Appointment Agreement and the relevant Payment Priorities. During the Revolving Period there will be no repayment of principal on the Notes, unless as provided below. After the end of the Revolving Period, repayment of principal on the Notes on an Interest Payment Date will be made sequentially by redeeming all principal due on the Class A Notes and thereafter by redeeming all principal due on the Class B Notes and thereafter by redeeming all principal due on the Class C Notes and thereafter by redeeming all principal due on the Class D Notes. All payments of interest due on the Class A Notes will rank in priority to payments of interest due on the Class B Notes and on the Class C Notes, to payments of the Class S Return Amount and to payments of the Class D Distribution Amount; all payments of interest due on the Class B Notes will rank in priority to payments of interest due on the Class C Notes, to payments of the Class S Return Amount and to payments of the Class D Distribution Amount; all payments of interest due on the Class C Notes will rank in priority to payments of the Class S Return Amount and to payments of the Class D Distribution Amount; all payments of the Class S Return Amount will rank in priority to any payments of the Class D Distribution Amount. Both during the Revolving Period and after the Revolving Period, payment of interest on the Asset-Backed Notes, of the Class S Return Amount and of Class D Distribution Amount will be made in accordance with the 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 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.
Statutory Segregation in favour 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 by the Securitisation Law.
Use of Proceeds:	On or about the Closing Date, the Issuer shall apply the gross proceeds of the Notes as follows: (A) the payment to the Originator of the component of the Initial Purchase Price relating to the Principal Outstanding Balance of the SME Loans included in the Initial SME Loans Portfolio will be made with proceeds of the issue of the Asset-Backed Notes and part of the Class D Notes; (B) the funding of the Cash Reserve Amount will be made with the proceeds of the issue of the remaining part of the Class D Notes not used for the purposes of item (A) above; (C) the proceeds of the Class S Notes will be transferred to the Class S Principal Ledger of the Payment Account; (D) any excess amount will be transferred to the Payment Account. The initial up-front transaction expenses of the Issuer will be paid up-front without recourse to the proceeds of the issue of the Notes.

Rate of Interest: The Asset-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 one month plus the following Relevant Margins ("**Relevant Margins**"):

Class A Notes	1.15 per cent.
Class B Notes	1.60 per cent.
Class C Notes	3.00 per cent.

Class S Notes The Class S Notes are issued by the Issuer on or about the Closing Date with an initial nominal aggregate amount of €16,200,000 the proceeds of which will be credited to the Class S Principal Ledger and to be applied as described below.

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

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

Interest Accrual Period: Interest on the Asset-Backed Notes, the Class S Return Amount and the Class D Distribution Amount will be paid monthly in arrears. 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 Asset-Backed Notes, the Class S Return Amount and the Class D Distribution Amount are payable monthly in arrears on the 25th day of each month in each year (other than interest which will be paid on the first Interest Payment Date for the period from Closing Date to 27 April 2015) (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: A TARGET Settlement Day or, if such TARGET Settlement Day is not a day on which banks are open for business in London and in Lisbon, the next succeeding TARGET Settlement Day on which banks are open for business in London and in Lisbon.

Lisbon Business Day: Any TARGET Settlement Day on which banks are open for business in Lisbon.

TARGET Settlement Day: Any day on which TARGET2 is open for the settlement of payments in euro.

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

Final Redemption: Unless the Notes have previously been redeemed in full as described in Condition 7 (*Final Redemption, Mandatory Redemption in part and Optional Redemption*), 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 25 February 2043.

Authorised Investments: The Issuer has the right to make Authorised Investments using amounts standing to the credit of the Payment Account (including the Class S Principal Ledger), and the Cash Reserve Account. Any Authorised Investments will be disclosed in the Investor Report.

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 (as amended), 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.

The above-mentioned exemption from income tax does not apply to non-resident Noteholders if such Noteholders' country of residence is any of the jurisdictions listed as tax havens in Ministerial Order no. 150/2004, of 13 February 2004 (as amended) and with which Portugal does not have in force a double tax treaty or a tax information exchange agreement provided the requirements and procedures of evidence of non-residence status are complied with. For a more detailed description of the Tax please see the "*Taxation*" section.

No Purchase of Notes by the Issuer: The Issuer may not at any time purchase any of the Notes.

Ratings: The Class A Notes, the Class B Notes and the Class C Notes are expected on issue to be assigned the following ratings by the Rating Agencies:

	"DBRS"	"Fitch"
Class A Notes	A (low) (sf)	A+sf
Class B Notes	NR	Asf
Class C Notes	NR	BBBsf

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

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.

Optional Redemption in Whole:

At the option of the Issuer, the Notes in each Class will be subject to optional redemption (in whole but not in part) at their Principal Amount Outstanding together with accrued interest on any Interest Payment Date:

(a) when, on the related Calculation Date, the Aggregate Principal Outstanding Balance of the SME Loans is equal to or less than 10 (ten) per cent. of the Aggregate Principal Outstanding Balance of the SME Loans as at the Initial Collateral Determination 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 any Collections to cease to be receivable by the Issuer 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 SME Loan,

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 their Principal Amount Outstanding together with accrued interest 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 Originator, in accordance with Condition 7.9 (*Optional Redemption in Whole by the Sole Noteholder*).

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.

Settlement:

Settlement of the Notes is expected to be made on or about the Closing Date.

Listing:	Application has been made to the Stock Exchange for the Class A, Class B and Class C Notes to be admitted to trading on its regulated market. No assurance can be given that the Notes will be listed on the Stock Exchange, or if listed, will continue to be listed for the term of the Notes.
Governing Law:	The Notes and the Transaction Documents will be governed by Portuguese law, except for the Accounts Agreement, the Note Purchase Agreement, the Transaction Management Agreement and the Master Execution Deed which will be governed by English Law.

OVERVIEW OF THE TRANSACTION

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 SME Loans:	Under the terms of the Receivables Sale Agreement, the Originator will assign to the Issuer and the Issuer will, subject to satisfaction of the applicable conditions precedent, purchase from the Originator, a portfolio of SME Loans (the "**Initial SME Loans Portfolio**") on the Closing Date and, in the case the Originator and the Issuer so agree, further portfolios of Additional SME Loans (the "**Additional SME Loans Portfolio**") on Additional Purchase Dates during the Revolving Period and the Offering Period, as applicable.
The SME Loans:	The SME Loans to be assigned to the Issuer shall consist of term loans and current accounts granted to SMEs originated by Montepio. The SME Loans are interest-bearing receivables payable monthly, quarterly, semi-annually, annually or upon maturity and interest is calculated on the basis of a 360 day year at a variable rate. The SME Loan Agreements are denominated in euro and governed by Portuguese law. Borrowers are SMEs or any Other Entity domiciled in the Portuguese jurisdiction (see "*Characteristics of the SME Loans*").
Consideration for Purchase of the Initial SME Loans Portfolio:	As consideration for the sale and assignment to the Issuer of the Initial SME Loans Portfolio on the Closing Date, the Issuer will pay to the Originator the Initial Purchase Price. The Originator will not assign to the Issuer any accrued interest from the Initial Collateral Determination Date to the Closing Date.
Consideration for Purchase of Additional SME Loans Portfolios:	As consideration for the sale and assignment to the Issuer of each Additional SME Loans Portfolio on the relevant Additional Purchase Date, the Issuer will pay to the Originator the relevant Additional Purchase Price. The purchase of Additional SME Loans by the Issuer through the issuance of additional Class D Notes is conditional on the ability of the Class D Noteholder to purchase additional Class D Notes and, to the extent the Set-off Risk Required Balance increases with the purchase of Additional SME Loans, the ability of the Class S Noteholder to purchase additional Class S Notes. For the avoidance of doubt, the Issuer will not in any circumstances be held liable should it not purchase any Additional SME Loans offered for sale by the Originator, namely in the case where the Class D Noteholder and/or the Class S Noteholder are not able to purchase any additional Class D Notes and Class S Notes, respectively. Any additional issuances of Class D Notes and Class S Notes shall be notified to the Rating Agencies.
Revolving Period:	During the Revolving Period and subject to satisfaction of the Eligibility Criteria (as defined and more fully described under "*Overview of Certain Transaction Documents – Receivables Sale Agreement - Representations and Warranties as to the SME Loans*"), the Originator may sell Additional SME Loans to the Issuer, such Additional SME Loans being randomly selected by the

Originator in accordance with the Receivables Sale Agreement.

During the Revolving Period, the purchase of Additional SME Loans by the Issuer shall be funded out of the available Principal Collections Proceeds, to the extent available, or through the proceeds of the issuance of additional Class D Notes.

"**Revolving Period**" means the period commencing on the Closing Date and ending on the earlier of:

(a) the Business Day immediately following the Interest Payment Date that falls 24 (twenty four) months after the Closing Date; or

(b) the date on which a Notification Event occurs; or

(c) the date on which the Originator informs the Issuer, the Common Representative and the Transaction Manager that it wishes to end the Revolving Period; or

(d) the date on which a breach of the Originator Representations and Warranties has occurred, if such breach is not capable of being remedied or, if such breach is capable of being remedied and has not been so remedied or the Issuer has been indemnified in respect thereof by the Originator on or prior to the next succeeding Interest Payment Date, from the Business Day immediately following such Interest Payment Date where the breach was not remedied; or

(e) the date on which a Servicer Event occurs; or

(f) the date on which the Portfolio Tests are breached.

"**Additional SME Loan**" means a SME Loan either consisting on (i) during the Revolving Period, new term loans, new current accounts or additional drawings on the current accounts credit lines granted to SME's or Other Entities or (ii) during the Offering Period, additional drawings on the current accounts credit lines already assigned to the Issuer on the Closing Date or during the Revolving Period (the "**Further Advance SME Loans**"), being (i) and (ii) included in an Additional SME Loans Portfolio.

"**Additional SME Loans Portfolio**" means a portfolio of Additional SME Loans sold and assigned by the Originator to the Issuer on an Additional Purchase Date in consideration for which the relevant Additional Purchase Price will be paid by the Issuer to the Originator.

Offering Period:

During the Offering Period and subject to satisfaction of the Eligibility Criteria (as defined and more fully described under "*Overview of Certain Transaction Documents – Receivables Sale Agreement - Representations and Warranties as to the SME Loans*"), the Originator may sell Further Advance SME Loans to the Issuer, such Further Advance SME Loans being randomly selected by the Originator in accordance with the Receivables Sale Agreement.

During the Offering Period, the purchase of Further Advance SME Loans by the Issuer shall be funded out of the available Principal Collections Proceeds, to the extent available, or through the proceeds of the issuance of additional Class D Notes.

For the avoidance of doubt, no new term loans may be assigned by the Originator to the Issuer during the Offering Period.

"**Offering Period**" means the period commencing on the Business Day immediately following the end of the Revolving Period and

ending on the earlier of:

(a) the Business Day immediately following the Interest Payment Date that falls 12 (twelve) months after the Business Day immediately following the end of the Revolving Period; or

(b) the date on which a Notification Event occurs; or

(c) the date on which the Originator informs the Issuer, the Common Representative and the Transaction Manager that it wishes to end the Offering Period; or

(d) the date on which a breach of the Originator Representations and Warranties has occurred, if such breach is not capable of being remedied or, if such breach is capable of being remedied and has not been so remedied or the Issuer has been indemnified in respect thereof by the Originator on or prior to the next succeeding Interest Payment Date, from the Business Day immediately following such Interest Payment Date where the breach was not remedied; or

(e) the date on which a Servicer Event occurs; or

(f) the date on which the Portfolio Tests are breached.

Eligibility Criteria: The SME Loans comprised within the Initial SME Loans Portfolio shall comply with the Eligibility Criteria as at the Initial Collateral Determination Date and as at the Closing Date and the Additional SME Loans comprised within each Additional SME Loans Portfolio shall comply with the Eligibility Criteria as at the relevant Additional Collateral Determination Date and as at the relevant Additional Purchase Date (except if the period from the applicable Additional Collateral Determination Date to the applicable Additional Purchase Date is less than 10 (ten) Business Days, in which case compliance with the Eligibility Criteria will only be provided with reference to the relevant Additional Collateral Determination Date).

Portfolio Tests: The Servicer will determine on any Calculation Date and on any Additional Collateral Determination Date if the Portfolio Tests are met.

If the Originator offers to sell and assign an Additional SME Loans Portfolio to the Issuer during the Revolving Period and the Offering Period, the Issuer shall accept such offer if the conditions in clause 3.3 of the Receivables Sale Agreement and all Portfolio Tests are met as at the relevant Additional Collateral Determination Date. The Servicer will determine if such Portfolio Tests are met taking into account the aggregate of both the SME Loans Portfolio(s) already sold and assigned by the Originator to the Issuer and the Additional SME Loans Portfolio offered for sale and assignment on the relevant Additional Collateral Determination Date.

The following conditions are defined as the "**Portfolio Tests**":

(a) the SME Loans which will be the subject of each Additional Purchase shall have substantially the same characteristics as the SME Loans in the Initial SME Loan Portfolio purchased on the Closing Date and shall comply with the Eligibility Criteria;

(b) the balances of the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger and the Class C

Principal Deficiency Ledger shall be equal to zero;

(c) the sum of the Principal Outstanding Balance of the SME Loans which are in arrears for a period between 90 and 180 days, shall not correspond to more than 4 (four) per cent. of the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio, on each Interest Payment Date;

(d) the Principal Outstanding Balance of the Defaulted Receivables, less the Liquidation Proceeds in relation to such SME Loans, shall not correspond to more than 3 (three) per cent. of the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio, on each Interest Payment Date;

(e) the Principal Outstanding Balance in respect of the largest Borrower group should not exceed 1,10 (one point ten per cent.) of the Aggregate Principal Outstanding Balance of all SME Loans with the exception of 5 (five) Borrowers, whose Principal Outstanding Balance can individually be up to 1.80 (one point eighty) per cent.;

(f) the Principal Outstanding Balance of the SME Loans in respect of the 10 (ten) largest Borrower groups should not exceed 12.5 (twelve point fifty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(g) the Principal Outstanding Balance of the SME Loans in respect of the 20 (twenty) largest Borrowers groups should not exceed 19 (nineteen) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(h) the Principal Outstanding Balance of the SME Loans in respect of the 50 (fifty) largest Borrowers groups should not exceed 28 (twenty eight) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(i) the Principal Outstanding Balance of the SME Loans in respect of the 100 (hundred) largest Borrowers groups should not exceed 38 (thirty eight) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(j) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers identified by any NACE Rev. 2 industry section (identified by letters A to U) should not exceed 22 (twenty two) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(k) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers identified by any two NACE Rev. 2 industry section (identified by letters A to U) should not exceed 37 (thirty seven) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(l) the Aggregate Principal Outstanding Balance of the SME Loans in respect of Borrowers classified in the following codes using NACE Rev.2. (Nace "F" + "L68") does not exceed jointly 26 (twenty six) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(m) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers identified by "Building and Development" category as per the NACE Code Conversion table produced by DBRS should not exceed 35 (thirty five) per cent. of the Aggregate Principal Outstanding Balance of

all SME Loans;

(n) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers located in one single Portuguese District should not exceed 31 (thirty one) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(o) the number of Borrowers groups in relation to SME Loans should be equal to or greater than 9,800 (nine thousand and eight hundred);

(p) the Principal Outstanding Balance of SME Loans under the form of term loans should be equal to or greater than 80 (eighty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(q) the Principal Outstanding Balance of SME Loans in respect of Borrowers qualified as Microenterprises or self-employed should be no greater than 50 (fifty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(r) the Principal Outstanding Balance of SME Loans under the form of term loans which do not have a French or linear amortisation should not be greater than 16 (sixteen) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans under the form of term loans;

(s) the Principal Outstanding Balance of SME Loans under the form of term loans with a bullet amortisation should not be greater than 8 (eight) per cent of the Aggregate Principal Outstanding Balance of all SME Loans under the form of term loans.

(t) the Principal Outstanding Balance of SME Loans supported by a first-rank mortgage should be greater than 20 (twenty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans of which at least 40 (fourty) per cent of these mortgages should correspond to residential mortgages;

(u) the weighted average CLTV for the mortgages supporting the SME Loans should be lower than 100 (one hundred) per cent.;

(v) the weighted average margin of the SME Loans should be equal to or greater than 4 (four) per cent.;

(w) the weighted average internal rating of the Borrowers in relation to the respective SME Loans should be equal to or lower than 4.4 (four point four);

(x) the Principal Outstanding Balance of SME Loans with an internal rating of the Borrower equal to or lower than 4 (four) shall be equivalent to, at least, 50 (fifty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(y) the Principal Outstanding Balance of SME Loans with an internal rating of the Borrower equal to or lower than 5 (five) shall be equivalent to, at least, 80 (eighty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(z) the weighted average time to maturity of SME Loans should be less than 6 (six) years;

(aa) the weighted average time to maturity of SME Loans under the form of term loans should be less than 7 (seven) years;

(bb) the weighted average time to maturity of SME Loans in the form of revolving credit lines should be less than 1 (one) year;

(cc) the Principal Outstanding Balance of SME Loans in relation to which interest is calculated on the basis of a 6 (six) month or 3 (three) month EURIBOR should be equal to, or greater than, 90 (ninety) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(dd) the SME Loans included in the SME Loans Portfolio which are subject to Permitted Variations shall not correspond to more than 20 per cent. of the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio; and

(ee) the Gross Cumulative Default less the principal amounts collected in the SME Loans that went into default, divided by the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio, shall not be higher than 10 (ten) per cent..

The Servicer, on behalf of the Issuer, will be able to amend the Portfolio Tests subject to providing prior written notice to DBRS and Fitch.

Servicing of the SME Loans: Pursuant to the terms of the Receivables Servicing Agreement, the Servicer will agree to administer and service the SME Loans sold and assigned by the Originator to the Issuer on behalf of the Issuer and, in particular, to:

(a) collect the Receivables due in respect thereof;

(b) set interest rates applicable to the SME Loans;

(c) administer relationships with Borrowers; and

(d) undertake enforcement proceedings in respect of any Borrowers which may default or which have defaulted on their obligations under the relevant SME Loans.

Servicer Reporting: Montepio, in its capacity as Servicer, will be required to deliver to the Transaction Manager no later than 13 (thirteen) calendar days after each Calculation Date, a report in a form agreed with the Transaction Manager (the "**Monthly Report**") relating to the period from the last date covered by the previous Monthly Report.

The Monthly Report will form part of an investor report to be in a form agreed with the Issuer, the Transaction Manager, the Common Representative and the Arranger, as set out in the Transaction Management Agreement, (the "**Investor Report**") to be delivered by the Transaction Manager to, *inter alia*, the Common Representative, the Arranger, the Rating Agencies and the Paying Agent no later than 6 (six) Business Days prior to each Interest Payment Date.

Collections Account: All Collections received by the Servicer from a Borrower pursuant to a SME Loan will be credited by the Servicer to the Collections Account. Montepio shall operate such account in accordance with the Receivables Servicing Agreement.

The Servicer will on each Lisbon Business Day, transfer to the

	Payment Account any cleared funds standing to the credit of the Collections Account, except that the Servicer shall not, in respect of the Collections Account, give any such direction if it would cause the Collections Account to become overdrawn.
Payment Account:	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 Accounts Agreement and the Transaction Management Agreement. A downgrade of the rating of the Accounts Bank by any of the Rating Agencies below the Minimum Rating will require the Transaction Manager, on behalf of the Issuer, to transfer, within 30 days, the Payment Account and the funds standing to the credit thereof to a bank whose rating meets or exceeds the Minimum Rating. "**Minimum Rating**" means, in respect of any entity, other than the Originator or the Collections Account Bank, (i) such entity's short term unsecured, unsubordinated, unguaranteed debt obligations having ratings of "F2" by Fitch, and (ii) such entity's long term unsecured, unguaranteed and unsubordinated debt obligations being rated "BBB+" by Fitch and (iii) such entity's long term unsecured, unguaranteed and unsubordinated debt obligations being rated "BBB (high)" by DBRS or such other ratings that may be agreed by DBRS and Fitch from time to time as is consistent with the then current rating of the Class A Notes. For the avoidance of doubt, ratings assigned by DBRS will consist of public ratings assigned by DBRS, or in the absence of such public ratings, private ratings assigned by DBRS.
Payments from Payment Account on each Business Day:	On each Business Day, funds standing to the credit of the Payment Account will be applied by the Transaction Manager on behalf of Issuer in or towards payment of (i) an amount equal to any Incorrect Payment to the Originator due on such Business Day and (ii) other amounts, including Tax payments, Third Party Expenses and payments to the Back-up Servicer required by it to meet up-front cash required expenses as foreseen in clause 22.4.3 of the Receivables Servicing Agreement.
Statutory Segregation for the Notes, right of recourse and Issuer Obligations:	The Notes will have the benefit of the statutory segregation provided for by Article 62 of the Securitisation Law which sets forth that the assets and liabilities (*património autónomo*) 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. In accordance with Article 61 and the subsequent articles of the Securitisation Law the right of recourse of the Noteholders is limited to the specific pool of assets (*património autónomo*), including the SME Loans, 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. Accordingly, the obligations of the Issuer in relation to the Notes under the Transaction Documents are limited in recourse in accordance with the Securitisation Law, to the Transaction Assets.
Use of funds to reduce or eliminate a Payment Shortfall:	If, in respect of an Interest Payment Date, the Transaction Manager determines as at the Calculation Date immediately preceding such Interest Payment Date that a Payment Shortfall will exist on such

Interest Payment Date, the Transaction Manager will ensure that an amount equal to the Principal Draw Amount is deducted from the Available Principal Distribution Amount and is added to the Available Interest Distribution Amount on or prior to such Interest Payment Date to reduce or, as applicable, eliminate such Payment Shortfall.

Cash Reserve Account:

On or before the Closing Date, the Cash Reserve Account will be established with the Accounts Bank in the name of the Issuer. An amount equal to the Cash Reserve Amount will be transferred to the Cash Reserve Account on the Closing Date.

Funds will be debited and credited to the Cash Reserve Account in accordance with the payment instructions of the Transaction Manager, on behalf of the Issuer, in accordance with the Transaction Management Agreement and the Accounts Agreement.

A downgrade of the rating of the Accounts Bank by any of the Rating Agencies below the Minimum Rating will require the Transaction Manager, on behalf of the Issuer, to transfer the Cash Reserve Account and the funds standing to the credit thereof to a bank whose rating meets or exceeds the Minimum Rating.

Replenishment of Cash Reserve Account:

On each Interest Payment Date, to the extent that monies are available for the purpose, amounts (if required) will be credited to the Cash Reserve Account in accordance with the Pre-Enforcement Interest Payment Priorities until the amount standing to the credit of the Cash Reserve Account equals the Cash Reserve Account Required Balance on such Interest Payment Date.

Excess Available Interest Distribution Amount:

On each Interest Payment Date, and as calculated on the immediately preceding Calculation Date, following replenishment of the Cash Reserve Account, any excess Available Interest Distribution Amount will be applied towards the remaining items of the Pre-Enforcement Payment Priorities on such Interest Payment Date.

Principal Draw Amount:

In relation to any Interest Payment Date, the Principal Draw Amount is the aggregate amount determined on the related Calculation Date as being the amount (if any) of the Available Principal Distribution Amount which is to be utilised by the Issuer to reduce or eliminate any Payment Shortfall on such Interest Payment Date.

"**Payment Shortfall**" means, as at any Interest Payment Date, an amount equal to the greater of:

(a) zero; and

(b) the aggregate of the amounts required to pay or provide in full on such Interest Payment Date for the items falling in (a) to (e), (g), (h), (j) and (k) of the Pre-Enforcement Interest Payments Priorities less the amount of the Available Interest Distribution Amount calculated in respect of such Interest Period but before taking into account any Principal Draw Amount.

Available Interest Distribution Amount:

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

(a) the amount of any Interest Collections Proceeds received by the Issuer as interest payments under the SME Loans during the Collections Period immediately preceding such Interest Payment Date; plus

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

(c) all amounts standing to the credit of the Cash Reserve Account; plus

(d) interest accrued on the Transaction Accounts and credited to such Transaction Accounts during the relevant Collection Period; plus

(e) the amount of any Principal Draw Amount to be made on such Interest Payment Date to cover any Payment Shortfall in respect of such Interest Payment Date; plus

(f) where the proceeds standing to the credit of the Class S Principal Ledger exceed the Set-off Risk Required Balance, any excess proceeds thereof; plus

(g) any portion of the Available Principal Distribution Amount remaining after the redemption in full of the Notes; less

(h) any Withheld Amount.

Prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount will be applied by the Transaction Manager 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 of the Calculation Date immediately preceding such Interest Payment Date in respect of the immediately preceding Calculation Date, which is equal to:

(a) the amount of any Principal Collections Proceeds received by the Issuer as principal payments under the SME Loans during the Collections Period immediately preceding such Interest Payment Date; plus

(b) during the Revolving Period and Offering Period, the proceeds of any further Class D Notes issued by the Issuer; plus

(c) during the Revolving Period, any amounts of Available Principal Distribution Amounts not used on any previous Interest Payment Dates to purchase Additional SME Loans; plus

(d) during the Offering Period, any amounts of Available Principal Distribution Amounts not used on any previous Interest Payment Dates to purchase Further Advance SME Loans; plus

(e) upon the exercise of set-off rights by any Borrower, the corresponding amount of such set-off rights from the proceeds standing to the credit of the Class S Principal Ledger; plus

(f) such amount of the Available Interest Distribution Amount as is credited to the Payment Account and which is to be 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 or the Class C Principal Deficiency Ledger; less

(g) the amount of any Principal Draw Amount to be made on such Interest Payment Date.

Class S Principal Ledger: Means a ledger of the Payment Account ("Class S Principal Ledger ") to which the proceeds of the Class S Notes will be transferred to on the Closing Date. On each Interest Payment Date where the amounts standing to the credit of the Class S Principal Ledger exceed the Set-off Required Balance, then such excess amounts will form part of the Available Interest Distribution Amount to be applied on such Interest Payment Date in accordance with the Payment Priorities.

In the event that the amounts standing to the credit of the Class S Principal Ledger do not cover the Set-off Risk Required Balance, the Issuer shall issue further Class S Notes and use the proceeds thereof to credit the Class S Principal Ledger until the amount standing to the credit thereof equals the Set-off Risk Required Balance. In such case, the Issuer will issue Class S Notes to fund the Class S Principal Ledger, such issuance being conditional on the ability of the Class S Noteholder to purchase and subscribe for the additional Class S Notes.

Principal Deficiency Ledgers: The Issuer will establish in its books a principal deficiency ledger comprising three sub-ledgers (the "**Class A Principal Deficiency Ledger**", the "**Class B Principal Deficiency Ledger**" and the "**Class C Principal Deficiency Ledger"**, together referred as the "**Principal Deficiency Ledgers**").

The Principal Deficiency Ledgers will be debited as follows:

(a) after receipt by the Transaction Manager of the Monthly Report but before the next Interest Payment Date, an amount equal to the amount of any Deemed Principal Loss if such Deemed Principal Loss is reported as having occurred in the relevant Collections Period in the Monthly Report;

(b) on any Interest Payment Date, an amount equal to the amount of any Principal Draw Amount determined on the related Calculation Date and transferred to the Payment Account from the Available Principal Distribution Amount; and

(c) any amounts by which a Borrower exercises set-off rights and discharges its payment obligations under the relevant SME Loan Agreement in regard to a SME Loan.

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

(a) in respect of which no Liquidation Proceeds have yet been

realised and which is not a Written-off SME Loan on the date on which more than twenty-four monthly instalments, more than eight quarterly instalments, more than four semi-annual instalments or more than two annual instalments have not been paid when due and which remain outstanding, an amount equal to 100 per cent. of the Principal Outstanding Balance of such SME Loan determined as at such Calculation Date; and

(b) in respect of which Liquidation Proceeds have been realised or which is a Written-off SME Loan by reason of having been so classified by the Servicer, the Principal Outstanding Balance (which shall not be deemed to be zero) of such SME Loan less the sum of all Collections, Repurchase Proceeds and other recoveries, if any, on such SME Loan, which will be applied first to outstanding expenses incurred with respect to such SME Loan, then to accrued and unpaid interest and, finally, to principal.

The Principal Deficiency Ledgers will be credited with any Available Interest Distribution Amount determined as at the related Calculation Date and transferred to the Payment Account in accordance with item (d) of the definition of Available Principal Distribution Amount.

Allocation of debits to Principal Deficiency sub-ledgers:

Amounts debited to the Principal Deficiency Ledgers shall be allocated to each of the sub-ledgers as follows:

a) *firstly*, to the Class C Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class C Notes then outstanding;

b) *secondly*, to the Class B Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class B Notes then outstanding; and

c) *thirdly*, to the Class A Principal Deficiency Ledger, subject to a maximum amount equal to the Principal Amount Outstanding of the Class A Notes then outstanding.

Allocation of credits to Principal Deficiency sub-ledgers:

Amounts credited or deemed to be credited to the Principal Deficiency Ledgers shall be added in accordance with the Payment Priorities and shall be allocated to each of such sub-ledgers as follows:

(a) *firstly*, to the Class A Principal Deficiency Ledger until the debit balance thereof is reduced to zero; and

(b) *secondly*, to the Class B Principal Deficiency Ledger until the debit balance thereof is reduced to zero.

(c) *thirdly*, to the Class C Principal Deficiency Ledger until the debit balance thereof is reduced to zero.

Pre-Enforcement Interest Payment Priorities:

Prior to the delivery of an Enforcement Notice, the Available Interest Distribution Amount determined in respect of the Collections Period ending on the immediately preceding Calculation Date will be applied by the Transaction Manager on a given Interest Payment Date in making the following payments or provisions in the following order of priority, 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;

(c) *third*, in or towards payment of the Issuer Expenses, excluding the Issuer's liability to tax, paid under item (a) above;

(d) *fourth*, in or towards payment *pari passu* on a *pro rata* basis of the Interest Amount due on the Class A Notes;

(e) *fifth*, to the extent there are Class A Notes outstanding, in or towards payment to the Cash Reserve Account up to the Cash Reserve Account Required Balance;

(f) *sixth*, in or towards reduction *pari passu* on a *pro rata* basis, of the debit balance on the Class A Principal Deficiency Ledger until such balance is equal to zero;

(g) *seventh*, in or towards payment of the Interest Amount, Deferred Interest Amount Arrears and any default interest thereon due and payable on any Interest Payment Date in respect of the Class B Notes *pari passu* on a pro rata basis but so that such Interest Amount will be paid before such Deferred Interest Amount Arrears which shall, in turn, be paid before any default interest in accordance with Condition 6.14 (*Deferral of Interest Amounts in Arrears*);

(h) *eighth*, to the extent there are no Class A Notes outstanding but there are Class B Notes outstanding, in or towards payment to the Cash Reserve Account up to the Cash Reserve Account Required Balance;

(i) *ninth*, in or towards reduction *pari passu* on a *pro rata* basis, of the debit balance on the Class B Principal Deficiency Ledger until such balance is equal to zero;

(j) *tenth*, in or towards payment of the Interest Amount, Deferred Interest Amount Arrears and any default interest thereon due and payable on any Interest Payment Date in respect of the Class C Notes *pari passu* on a pro rata basis but so that such Interest Amount will be paid before such Deferred Interest Amount Arrears which shall, in turn, be paid before any default interest in accordance with Condition 6.14 (*Deferral of Interest Amounts in Arrears*);

(k) *eleventh*, to the extent there are no Class A Notes and Class B Notes outstanding but there are Class C Notes outstanding, in or towards payment to the Cash Reserve Account up to the Cash Reserve Account Required Balance;

(l) *twelfth*, in or towards reduction *pari passu* on a *pro rata* basis, of the debit balance on the Class C Principal Deficiency Ledger until such balance is equal to zero;

(m) *thirteenth*, in or towards payment of any Class S Return Amount due and payable in respect of the Class S Notes; and

(n) *fourteenth*, in or towards payment of any Class D Distribution Amount due and payable in respect of the Class D Notes.

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

"**Common Representative's Liabilities**" means any Liabilities due to the Common Representative in accordance with the Common Representative Appointment Agreement together with any interest payable in accordance with the Common Representative Appointment Agreement accrued due in the immediately preceding Collections Period.

"**Issuer Expenses**" means any fees, liabilities and expenses, in relation to this transaction, payable by the Issuer to the Servicer, the Transaction Manager (or any successor), 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 document.

"**Issuer Transaction Revenues**" means an upfront fee and an annual administration fee in the amount of 1 bps on the nominal amount of Notes outstanding, payable to the Issuer on each Interest Payment Date.

Pre-Enforcement Principal Payment Priorities:

Prior to the delivery of an Enforcement Notice, the Available Principal Distribution Amount determined in respect of the Collections Period ending on the immediately preceding Calculation Date will be applied by the Transaction Manager on a given Interest Payment Date in making the following payments or provisions in the following order of priority, 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) During the Revolving Period:

(i) *first*, provided the Portfolio Tests have been met in or towards the purchase of Additional SME Loans Portfolios (to the extent such Additional SME Loans Portfolios are offered to be sold and assigned to the Issuer by the Originator);

(ii) *second*, if no Additional SME Loans Portfolios are offered to be sold and assigned to the Issuer by the Originator, or if the Portfolio Tests have not been met, or if the Available Principal Distributions Amount exceeds the amount of Additional SME Loans offered to the Issuer, the Transaction Manager shall credit any remaining amounts to the Payment Account (which, for the avoidance of doubt shall remain to the credit of the Payment Account and be applied towards the Available Principal Distribution Amount in the following Interest Payment Date) up to a maximum amount corresponding to 10 (ten) per cent. of the Principal Outstanding Balance of the Initial SME Loans Portfolio. If the remaining amounts mentioned above exceed the 10 (ten) per cent. threshold on any Interest Payment Date, such excess shall be applied in accordance with item B(iii) to B(vii) below;

B) After the end of the Revolving Period:

(i) *first*, during the Offering Period and provided the Portfolio

Tests have been met, in or towards the purchase of Further Advance SME Loans;

(ii) *second*, if, during the Offering Period, no Further Advance SME Loans are offered to be sold and assigned to the Issuer by the Originator, or if the Portfolio Tests have not been met, or if the Available Principal Distributions Amount exceeds the amount of Further Advance SME Loans offered to the Issuer, the Transaction Manager shall credit any remaining amounts to the Payment Account (which, for the avoidance of doubt shall remain to the credit of the Payment Account and be applied towards the Available Principal Distribution Amount in the following Interest Payment Date) up to a maximum amount corresponding to 10 (ten) per cent. of the Principal Outstanding Balance of the Initial SME Loans Portfolio. If the remaining amounts mentioned above exceed the 10 (ten) per cent. threshold on any Interest Payment Date, such excess shall be applied in accordance with item B(iii) to B(vii) below;

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

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

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

(vi) *sixth*, in or towards payment, *pari passu*, on a pro rata basis, of the Principal Amount Outstanding of the Class D Notes until all Class D Notes have been redeemed in full; and

(vii) *seventh*, in or towards the Available Interest Distribution Amount.

Redemption of Class D Notes from Available Interest Distribution Amount:

On the Interest Payment Date (after redemption in full of the Asset-Backed Notes) on which any Class D Distribution Amount is to be paid by the Issuer in accordance with Condition 6.6 (*Class D Distribution Amount Payments*), the Issuer will cause the Class D Notes to be redeemed in full in an amount which is equal to the Principal Amount Outstanding of the Class D Notes.

Post-Enforcement Payment Priorities:

Following the delivery of an Enforcement Notice, all amounts received or recovered by the Issuer and/or the Common Representative will be applied by the Transaction Manager 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;

(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;

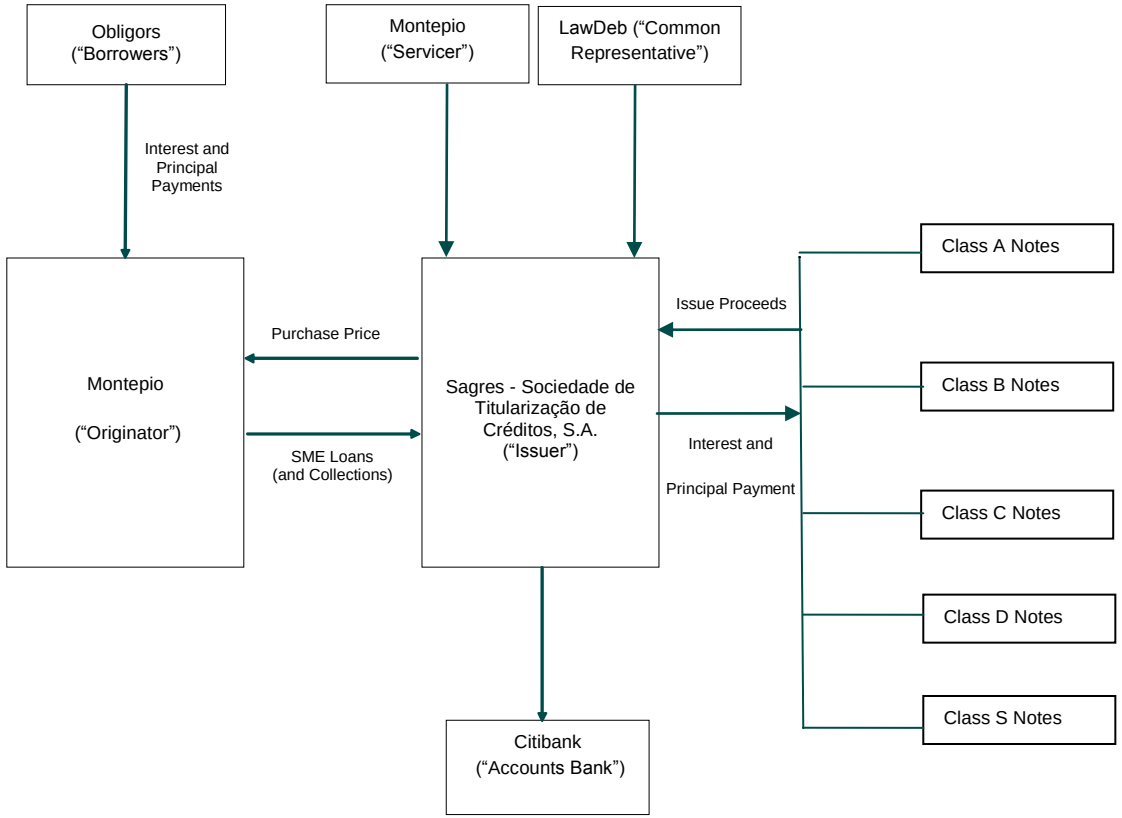
(h) *eighth*, in or towards payment *pari passu* on a *pro rata* basis of accrued interest on the Class C Notes but so that current interest will be paid before interest that is past due;

(i) *ninth*, 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;

(j) *tenth*, in or towards payment of any Class S Return Amount; and

(k) *eleventh*, in or towards payment of any Class D Distribution Amount.

STRUCTURE AND CASH FLOW DIAGRAM OF TRANSACTION



DOCUMENTS INCORPORATED BY REFERENCE

The following information has been filed with the CMVM and shall be deemed to be incorporated in and to form part of this Prospectus: the audited financial statements for the years ended 31 December 2012 and 31 December 2013, as well as the corresponding Auditor's Report, and the non-audited financial statement referring to the nine month period ending on 30 September 2014 of Sagres - Sociedade de Titularização de Créditos, S.A..

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. Prospective 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.

Receivables Sale Agreement

Consideration for Purchase of the Initial SME Loans Portfolio

The purchase price of the Initial SME Loans (the "**Initial Purchase Price**") will be €1,091,672,418.43, which shall be equal to the Principal Outstanding Balance of the SME Loans included in the Initial SME Loans Portfolio to be sold and assigned to the Issuer on the Closing Date, as calculated at the Initial Collateral Determination Date. The Originator will not assign to the Issuer any accrued interest from the Initial Collateral Determination Date to the Closing Date.

The Initial SME Loans Portfolio as at the Closing Date will be the Initial SME Loans Portfolio as at the Initial Collateral Determination Date as varied, in accordance with the Receivables Sale Agreement, by (a) the conversion of SME Loans which are repaid between that date and the Closing Date into their cash equivalent and (b) the substitution on the Closing Date of SME Loans which do not comply with the Originator's Representations and Warranties in respect of SME Loans contained in Part C of Schedule 2 of the Receivables Sale Agreement (each, a "**SME Loan Warranty**" and, together, "**SME Loan Warranties**") to be set out in the Receivables Sale Agreement with SME Loans which do comply with such SME Loan Warranty or their cash equivalent.

The principal component of the proceeds of repayment of SME Loans which are repaid between the Initial Collateral Determination Date and the Closing Date and the principal component of any cash received by the Issuer for SME Loans which do not comply with the SME Loan Warranties to be set out in the Receivables Sale Agreement on the Closing Date will form part of the Available Principal Distribution Amount on the next Interest Payment Date.

Consideration for Purchase of Additional SME Loans

On each Additional Purchase Date during the Revolving Period and the Offering Period, the Issuer will pay to the Originator an additional purchase price (the "**Additional Purchase Price**"), to be calculated as an amount equal to the Principal Outstanding Balance of the Additional SME Loans included in the relevant Additional SME Loans Portfolio sold and assigned to the Issuer on the applicable Additional Purchase Date, as calculated at the related Additional Collateral Determination Date.

The purchase of Additional SME Loans by the Issuer through the issuance of additional Class D Notes is conditional on the ability of the Class D Noteholder to purchase additional Class D Notes and, to the extent the Set-off Risk Required Balance increases with the purchase of Additional SME Loans, the ability of the Class S Noteholder to purchase additional Class S Notes.

For the avoidance of doubt, the Issuer will not in any circumstances be held liable should it not purchase any Additional SME Loans offered for sale by the Originator, namely in the case where the Class D Noteholder and/or the Class S Noteholder are not able to purchase any additional Class D Notes and Class S Notes, respectively.

Renewals of Further Advance SME Loans beyond the Offering Period are not permitted and therefore if the Originator wishes to renew any such Further Advance SME Loans it will be required to repurchase such loans from the Issuer.

"**Additional SME Loan**" means a SME Loan either consisting on (i) during the Revolving Period, new term loans, new current accounts or additional drawings on the current accounts credit lines granted to SME's or Other Entities or (ii) during the Offering Period, additional drawings on the current accounts credit lines already assigned to the Issuer on the Closing Date or during the Revolving Period (the "**Further Advance SME Loans**"), being (i) and (ii) included in an Additional SME Loans Portfolio.

"**Additional SME Loans Portfolio**" means a portfolio of Additional SME Loans sold and assigned by the Originator to the Issuer on an Additional Purchase Date in consideration for which the relevant Additional Purchase Price will be paid by the Issuer to the Originator.

Effectiveness of the Assignment

The assignment of the SME Loans Portfolio by the Originator to the Issuer will be governed by the Securitisation Law (See "*Selected aspects of laws of the Portuguese Republic relevant to the SME Loans and the transfer of the SME Loans*"). Paragraph 4 of Article 6 of the Securitisation Law facilitates the process of transferring receivables by introducing an amendment to the general principles, provided by Article 583 of the Portuguese Civil Code, on the effectiveness of the transfer of receivables, *inter alia*, by a credit institution (which is also acting as the servicer) whereby the assignment becomes effective at the time of execution of the relevant sale agreement, both between the parties thereto and against the Borrowers. No notice to the Borrowers is required to give effect to the assignment of the SME Loans to the Issuer.

Pursuant to Article 62 of the Securitisation Law the CMVM has granted on 5 March 2015 to the Initial SME Loans Portfolio an Asset Identification Code, through which it has segregated the Initial SME Loans Portfolio and the Transaction Assets corresponding to this transaction.

Notification Event

Following the occurrence of a Notification Event, the Originator will execute and deliver to, or to the order of, the Issuer: (a) all SME Loan Agreements and all other documents in the Originator's possession in relation to the SME Loans and which are necessary in order to register the transfer of any Ancillary Rights in relation to the SME Loans Portfolio from the Originator to the Issuer, (b) if relevant, an official application form duly filled in to be filed in the Portuguese real estate registry office requesting registration of the assignment to the Issuer of any Ancillary Rights over any Portuguese real estate, (c) notices addressed to the relevant Borrowers and copied to the Issuer in respect of the assignment to the Issuer of each of the SME Loans included in the SME Loans Portfolio, and (d) such other documents and provide such other assistance as is necessary in order to register the assignment of any Ancillary Rights in relation to the SME Loans Portfolio and notify the relevant Borrowers.

The notice to Borrowers will instruct the relevant Borrowers, with effect from the date of receipt by the Borrowers of the notice, to pay all sums due in respect of the relevant SME Loan directly into an account designated by the Issuer. In the event that the Originator cannot or will not effect such actions, the Issuer is entitled under Portuguese Law: (a) to have delivered to it any such documents as referred to above, (b) to complete any such application forms as referred to above and (c) to give any such notices to Borrowers as referred to above.

No further act, condition or thing will be required to be done in connection with the assignment of the SME Loans Portfolio to enable the Issuer to require payment of the Receivables arising under the SME Loans or to enforce any such rights in court other than the registration of any related Ancillary Rights over Portuguese real estate assigned to the Issuer at the Portuguese real estate registry office. Such action by the Issuer will only be effected following the occurrence of a Notification Event.

"**Notification Event**" means:

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

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

(c) the termination of the appointment of Montepio as servicer in accordance with the terms of the Receivables Servicing Agreement; and/ or

(d) if the Originator is required to deliver a Notification Event Notice by the laws of the Portuguese Republic.

"**Insolvency Event**" in respect of a natural person or entity means:

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

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

(c) 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, a bankruptcy, an insolvency or an administration order against such person or entity;

(d) 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 a person or entity;

(e) 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 a person or entity;

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

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

(h) in relation to the Originator and 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 1992, Decree-Law no. 199/2006 of 26 October 2006 and/or the Code for the Insolvency and Recovery of Companies, introduced by Decree-Law no. 54/2004 of 18 March (each one as amended from time to time).

"**Notification Event Notice**" means a notice substantially in the form set out in Part B (*Form of Notification Event Notice*) of Schedule 4 (*Notification Events*) of the Receivables Sale Assignment Agreement.

Representations and Warranties as to the SME Loans

In relation to the SME Loans Portfolio, some of the SME Loans included therein are secured loans and all remaining SME Loans included therein are unsecured.

In accordance with the terms of the Receivables Sale Agreement, the Originator represents and warrants that, in respect of each SME Loan included in the Initial SME Loans Portfolio as at the Initial Collateral Determination Date and the Closing Date and in respect of each SME Loan included in each Additional SME Loans Portfolio as at the relevant Additional Collateral Determination Date and Additional Purchase Date (except if the period from the Additional Collateral Determination Date to the Additional Purchase Date is less than 10 (ten) Business Days, in which case the Originator represents and warrants only with reference to the relevant Additional Collateral Determination Date), the following criteria (the "**Eligibility Criteria**") are met:

(a) *Eligible SME Loans*

An "**Eligible SME Loan**" is one that complies with all of the following:

1. corresponds to a SME Loan originated by Montepio and granted to an Eligible Borrower;
2. it is governed by Portuguese law;
3. it is denominated in Euro;
4. it is an interest-bearing receivable payable monthly, quarterly, semi-annually, annually, or upon maturity and interest payable is calculated on the basis of a 360 day year at a variable rate;
5. it is in existence, maintained and serviced by Montepio;
6. at least one instalment has been paid in relation thereto;
7. it is a SME Loan which is not more than 30 days in arrears;
8. it is legally and beneficially owned by Montepio;
9. it is not subject to any dispute, right of set-off counterclaim, defence or claim existing or pending against Montepio;
10. it does not benefit from subsidies (interest or principal contributions of any kind);
11. it is not a syndicated loan;
12. it is not a project finance loan;

13. if it is a SME Loan in respect of which Security has been created, all the SME Loans benefiting (in whole or in part) from the same Security have been sold and assigned to the Issuer; and

14. if it is a SME Loan secured by a Mortgage, the relevant Property is located in a Portuguese District, and such Property (to the extent it is not land) must be completed and not in construction process.

(b) *Eligible SME Loan Agreements*

An "**Eligible SME Loan Agreement**" is one that complies with all the following criteria:

1. has been entered into with Montepio in the ordinary course of the Borrower's business, on arms' length commercial terms;

2. has not been subject to a waiver or amendment in any material aspect of its terms; and

3. has been entered into in compliance with the laws of the Portuguese Republic;

(c) *Eligible Borrowers*

An "**Eligible Borrower**" is one in respect to each SME Loan Agreement that complies with all the following criteria:

1. the Borrower is a SME domiciled in a Portuguese District;

2. the Borrower is still in existence and is not insolvent or bankrupt

3. the Borrower is not a subsidiary of Montepio;

4. the Borrower is not a single purpose vehicle;

5. the Borrower is not an employee nor director of Montepio;

6. the Borrower is not a company where Montepio is a shareholder;

7. if a Mortgage has been granted as security in respect of the relevant SME Loan, the Borrower has good and marketable title to the relevant Property;

8. the Borrower has full legal capacity to enter into the SME Loan Agreement under Portuguese law; and

9. at the time the relevant SME Loan was sold and assigned to the Issuer, the respective Borrower was assigned an internal rating by the Originator equal to or lower than 6 (six) within the Originator's internal rating scale from 1 to 8.

"**Defaulted Receivable**" means on any day of determination, (i) any SME Loan which is not a Written-off SME Loan under items (b) or (c) of such definition and in respect of which more than 6 (six) monthly instalments, or more than 2 (two) quarterly instalments, or more than 1 (one) semi-annual instalment; (ii) or in relation to a Written-off SME Loan under items (a), (b) or (c) of such definition, more than 1 (one) annual instalment (as the case may be) have not been paid by the respective Instalment Due Dates relating thereto and which remain outstanding on such day of determination; or (iii) in relation to SME Loans with bullet payments, the SME Loan is not redeemed on its maturity date.

"**Delinquent Receivable**" means any SME Loan which is more than 90 (ninety) days in arrears.

"**Performing Receivable**" means any SME Loan which is less than 30 (thirty) days in arrears.

Revolving Period

During the Revolving Period or the Offering Period, subject to satisfying the conditions described below and the Issuer having available funds for such purpose, the Issuer may make further purchases of SME Loans (each of these being an "**Additional Purchase**") on each Interest Payment Date falling within the Revolving Period (each such date being an "**Additional Purchase Date**"), such Additional SME Loans being randomly selected by the Originator in accordance with the Receivables Sale Agreement. The SME Loans which will be the subject of each Additional Purchase shall result from a SME Loan Agreement drafted according to one of the standard forms of SME Loan Agreements reviewed for the purposes of a Legal Due Diligence Report dated 27 January 2015.

Where an Additional Purchase is made on an Additional Purchase Date during the Revolving Period, the following requirements (the "**Portfolio Tests**"), calculated by reference to the relevant Additional Collateral Determination Date, must be met on each Interest Payment Date:

(a) the SME Loans which will be the subject of each Additional Purchase shall have substantially the same characteristics as the SME Loans in the Initial SME Loan Portfolio purchased on the Closing Date and shall comply with the Eligibility Criteria;

(b) the balances of the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger and the Class C Principal Deficiency Ledger shall be equal to zero;

(c) the sum of the Principal Outstanding Balance of the SME Loans which are in arrears for a period between 90 and 180 days, shall not correspond to more than 4 (four) per cent. of the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio, on each Interest Payment Date;

(d) the Principal Outstanding Balance of the Defaulted Receivables, less the Liquidation Proceeds in relation to such SME Loans, shall not correspond to more than 3 (three) per cent. of the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio, on each Interest Payment Date;

(e) the Principal Outstanding Balance in respect of the largest Borrower group should not exceed 1,10 (one point ten per cent.) of the Aggregate Principal Outstanding Balance of all SME Loans with the exception of 5 (five) Borrowers, whose Principal Outstanding Balance can individually be up to 1.80 (one point eighty) per cent.;

(f) the Principal Outstanding Balance of the SME Loans in respect of the 10 (ten) largest Borrower groups should not exceed 12.5 (twelve point fifty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(g) the Principal Outstanding Balance of the SME Loans in respect of the 20 (twenty) largest Borrowers groups should not exceed 19 (nineteen) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(h) the Principal Outstanding Balance of the SME Loans in respect of the 50 (fifty) largest Borrowers groups should not exceed 28 (twenty eight) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(i) the Principal Outstanding Balance of the SME Loans in respect of the 100 (hundred) largest Borrowers groups should not exceed 38 (thirty eight) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(j) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers identified by any NACE Rev. 2 industry section (identified by letters A to U) should not exceed 22 (twenty two) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(k) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers identified by any two NACE Rev. 2 industry section (identified by letters A to U) should not exceed 37 (thirty seven) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(l) the Aggregate Principal Outstanding Balance of the SME Loans in respect of Borrowers classified in the following codes using NACE Rev.2. (Nace "F" + "L68") does not exceed jointly 26 (twenty six) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(m) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers identified by "Building and Development" category as per the NACE Code Conversion table produced by DBRS should not exceed 35 (thirty five) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(n) the Principal Outstanding Balance of the SME Loans in respect of the Borrowers located in one single Portuguese District should not exceed 31 (thirty one) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(o) the number of Borrowers groups in relation to SME Loans should be equal to or greater than 9,800 (nine thousand and eight hundred);

(p) the Principal Outstanding Balance of SME Loans under the form of term loans should be equal to or greater than 80 (eighty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(q) the Principal Outstanding Balance of SME Loans in respect of Borrowers qualified as Microenterprises or self-employed should be no greater than 50 (fifty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(r) the Principal Outstanding Balance of SME Loans under the form of term loans which do not have a French or linear amortisation should not be greater than 16 (sixteen) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans under the form of term loans;

(s) the Principal Outstanding Balance of SME Loans under the form of term loans with a bullet amortisation should not be greater than 8 (eight) per cent of the Aggregate Principal Outstanding Balance of all SME Loans under the form of term loans.

(t) the Principal Outstanding Balance of SME Loans supported by a first-rank mortgage should be greater than 20 (twenty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans of which at least 40 (fourty) per cent. of these mortgages should correspond to residential mortgages;

(u) the weighted average CLTV for the mortgages supporting the SME Loans should be lower than 100 (one hundred) per cent.;

(v) the weighted average margin of the SME Loans should be equal to or greater than 4 (four) per cent.;

(w) the weighted average internal rating of the Borrowers in relation to the respective SME Loans should be equal to or lower than 4.4 (four point four);

(x) the Principal Outstanding Balance of SME Loans with an internal rating of the Borrower equal to or lower than 4 (four) shall be equivalent to, at least, 50 (fifty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(y) the Principal Outstanding Balance of SME Loans with an internal rating of the Borrower equal to or lower than 5 (five) shall be equivalent to, at least, 80 (eighty) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(z) the weighted average time to maturity of SME Loans should be less than 6 (six) years;

(aa) the weighted average time to maturity of SME Loans under the form of term loans should be less than 7 (seven) years;

(bb) the weighted average time to maturity of SME Loans in the form of revolving credit lines should be less than 1 (one) year;

(cc) the Principal Outstanding Balance of SME Loans in relation to which interest is calculated on the basis of a 6 (six) month or 3 (three) month EURIBOR should be equal to, or greater than, 90 (ninety) per cent. of the Aggregate Principal Outstanding Balance of all SME Loans;

(dd) the SME Loans included in the SME Loans Portfolio which are subject to Permitted Variations shall not correspond to more than 20 per cent. of the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio; and

(ee) the Gross Cumulative Default less the principal amounts collected in the SME Loans that went into default, divided by the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio, shall not be higher than 10 (ten) per cent..

Breach of SME Loan Warranties and Variations other than Permitted Variations

In case there is any breach of any SME Loan Warranty, such breach shall be notified by the Servicer, as soon as practicable and upon the Servicer becoming aware of it, to the Issuer, the Common Representative and the Transaction Manager, which, in the opinion of the Common Representative (without limitation, having regard to whether a loss is likely to be incurred in respect of the SME Loan to which the breach relates) could have a material adverse effect on any SME Loan, its related SME Loan Agreements or the Receivables in respect of such SME Loan, if such breach is capable of remedy, the Originator shall remedy such breach within 30 (thirty) days after receiving written notice of such breach from the Issuer or the Common Representative.

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 30 (thirty) day period, the Originator shall indemnify the Issuer against any Liabilities which the Issuer may suffer as a result thereof. In addition, if, in the case of the representation made by an Originator that no rights of set-off exist or are pending against such Originator in respect of a Receivable being proved to have been breached, the Originator fails to pay to the Issuer an amount equal to the amount so set-off, the Originator shall also indemnify the Issuer against any Liabilities which the Issuer may suffer as a result thereof. The Originator will discharge the liability by repurchasing or causing a third party to repurchase the relevant SME Loan in accordance with the paragraph below.

The consideration payable by the Originator or a third party purchaser, as the case may be, in relation to the repurchase of a relevant SME Loan will be an amount equal to the aggregate of: (a) the Principal Outstanding Balance of the relevant SME Loan as at the date of re-assignment of such Assigned Rights, (b) an amount equal to all other amounts due in respect of the relevant SME Loan and its related SME Loan Agreement with the exception of Excluded Rights, and (c) the properly incurred costs and expenses of the Issuer incurred in relation to such re-assignment. Any such Repurchase Proceeds to be paid into the Payment Account and afterwards to be included in the Available Interest Distribution Amounts.

If a SME Loan expressed to be included in the SME Loans Portfolio has never existed or has ceased to exist so that it is not outstanding on the date on which it is due to be re-assigned, the Originator shall, on demand, indemnify the Issuer against any and all Liabilities suffered by the Issuer by reason of the breach of the relevant SME Loan Warranty.

Borrower Set-Off

Pursuant to the terms of the Receivables Sale Agreement, the Originator will undertake to pay to the Issuer an amount equal to the amount of any reduction in any payment due with respect to any SME 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 occurred on or prior to the Closing Date and will indemnify and hold the Issuer harmless against other costs and Liabilities (Clause 14.1 of the Receivables Sale Agreement).

In order to mitigate the Issuer's risk to set-off, the Class S Principal Ledger will be credited with the proceeds of the Class S Notes in order to protect the Issuer against the materialisation of any Exposure Amount through the exercise by a Borrower of any set-off or deduction from any amount payable by such Borrower under a SME Loans Agreement in respect of claims that such Borrower has against the Originator and the potential failure of such Originator to indemnify the Issuer.

If the Servicer ceases to be the same entity as the Originator, the Originator will provide the successor servicer with periodic information on the amount of the funds on deposit with the Originator from time to time by the Borrowers, as may be required for the successor servicer to calculate the required amounts and prepare the Quarterly Servicer Report.

Applicable law and jurisdiction

The Receivables Sale Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The judicial courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Receivables Servicing Agreement

Servicing and Collections of Receivables

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

Sub-Contractor

The Servicer may appoint any of its subsidiaries or affiliates for the time being as its sub-contractor and may appoint any other person as its sub-contractor to carry out certain of the services subject to certain conditions specified in the Receivables Servicing Agreement. In certain circumstances the Issuer may require the Servicer to assign any rights which it may have against a sub-contractor.

Servicer's Duties

The duties of the Servicer, in relation to the SME Loans originated by it, will be set out in the Receivables Servicing Agreement and will include, but not be limited to:

(a) servicing and administering the SME Loans Portfolio;

(b) implementing the enforcement procedures in relation to defaulted SME Loans and undertaking enforcement proceedings in respect of any Borrowers which may default on their obligations under the relevant SME Loan Agreement;

(c) complying with its customary and usual servicing procedures for servicing comparable loans in accordance with its policies and procedures relating to its SME Loan business;

(d) servicing and administering the cash amounts received in respect of the SME Loans including transferring amounts to the Payment Account on the Collections Payment Date following the day on which such amounts are credited to the Collections Account;

(e) preparing periodic reports for submission to the Issuer and the Transaction Manager in relation to the SME Loans Portfolio in an agreed form including reports on delinquency and default rates;

(f) collecting amounts due in respect of the SME Loans Portfolio;

(g) setting interest rates applicable to the SME Loans;

(h) administering relationships with the Borrowers; and

(i) acting as the designated reporting entity for the purposes of performing any reporting requirements under the Article 8(b) Requirements (as defined below).

Pursuant to the terms of the Receivables Servicing Agreement, on or after 1 January 2017, the Servicer has undertaken to:

(i) provide notice on behalf of the Applicable Entities (as defined below) to ESMA of its appointment as the designated reporting entity for the purposes of complying with the Article 8b Requirements (as defined below) and to provide such notice in accordance with article 2(2) of Regulation (EU) No. 2015/3 of 30 September 2014 and any corresponding formal guidance provided by ESMA; and

(ii) on behalf of each Applicable Entity (as defined below) to perform (or to procure the performance of) all activities as are required in order for that Applicable Entity to comply with the Article 8b Requirements applicable to it from time to time in respect of any relevant Notes issued by the Issuer and to carry out such activities in accordance with the Article 8b Requirements and any related technical reporting instructions made by ESMA

The Servicer has undertaken to prepare and submit to the Issuer and the Transaction Manager within 13 (thirteen) calendar days after each Calculation Date the Monthly Report containing information as to the SME Loans Portfolio and Collections in respect of the preceding Collections Period.

"**Collections Payment Date**" means the Business Day following each Business Day on which the relevant Collections are credited to the Collections Account.

Collections and Transfers to the Collections Account

The Servicer covenants in the Receivables Servicing Agreement that it shall give instructions to the Collections Account Bank to ensure that monies received by the Collections Account Bank from Borrowers in respect of the SME Loans on any particular Lisbon Business Day are on such Lisbon Business Day of receipt paid into the Collections Account if received prior to 3.00 p.m. or on the next Lisbon Business Day if received after 3.00 p.m., in accordance with the provisions of the Receivables Servicing Agreement. The Servicer will direct the Collections Account Bank to transfer to the Payment Account on each Collections Payment Date the amount of all Collections relating to SME Loans received in the Collections Account. If the Collections Account Bank (where it is not also the Servicer) fails to comply with such directions, the Servicer shall, so far as it is able, take all such reasonable administrative actions to ensure compliance by the Collections Account Bank with its obligations under the Receivables Servicing Agreement and the Collections Account Mandate (to the extent applicable).

Variations of SME Loans

The Servicer will covenant in the Receivables Servicing Agreement that it shall not agree to any amendment, variation or waiver of any Material Term in a SME Loan Agreement, other than (i) a Permitted Variation, or (ii) an amendment or variation made while Enforcement Procedures are being taken in respect of such SME Loan.

To the extent that the Servicer agrees, under Clause 9.3 of the Receivables Servicing Agreement, to an amendment, variation or waiver to a SME Loan Agreement that is not otherwise permitted, the Originator or a third party shall be required to repurchase the relevant SME Loan by paying an amount in cash as consideration for the relevant SME Loan.

If the Servicer determines that it will accept a request by a Borrower for an amendment, variation or waiver of any Material Term of a SME Loan Agreement that is not otherwise permitted (as described in this section "*Variations of SME Loans*"), the Servicer shall notify the Originator of such a determination, and within 30 (thirty) days of such amendment, variation or waiver being made, the Originator or, if applicable, a third party purchaser shall pay an amount in cash to the Issuer to purchase the Assigned Rights in respect of such SME Loan or SME Loans.

To the extent that an amendment, variation or waiver is made in relation to a Material Term in a SME Loan Agreement while Enforcement Procedures are being taken regarding such SME Loan Agreement, which leads to a SME Loan becoming current again, such SME Loan will be considered a Defaulted Receivable. In addition, the Servicer will not agree to any Permitted Variation of an SME Loan Agreement where:

(a) the Aggregate Principal Outstanding Balance of the SME Loans which are subject to Permitted Variations exceeds 20 per cent. of the Principal Outstanding Balance of the SME Loans in the Initial SME Loans Portfolio; or

(b) such SME Loan has already been subject to two Permitted Variations after the Closing Date.

In any case, the Servicer may only amend, vary or waive any Material Term in a SME Loan Agreement (other than a Permitted Variation or any amendment or variation made while Enforcement Procedures are being taken against such SME Loan) if, further to the conditions set under Clause 9.3 (*Conditions for Variations*) of the Receivables Servicing Agreement, the following conditions are met:

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

(b) such amendment, variation or waiver is based on changes to the prevailing market conditions, including more favourable offers regarding the Material Terms by competing entities (whether in relation to specific terms or as a package) or changes to applicable laws and regulations.

"**Permitted Variation**" means any variation or amendment to the Material Terms of a SME Loan Agreement under which (a) the spread over the index used to determine the rate of interest thereunder is not reduced by more than 1 (one) per cent.; (b) the maturity term of such SME Loan Agreement is not amended so as to fall within the last 3 (three) years prior to the Final Legal Maturity Date; (c) the maturity term of such SME Loan Agreement is not amended by more than 25 (twenty five) per cent. of its original maturity term, provided that no more than 2 (two) of the above (a), (b) or (c) can be carried out in relation to each SME Loan Agreement.

"**Material Term**" means, in respect of any SME Loan Agreement, any provision thereof on the date on which the SME Loan is assigned to the Issuer relating to (i) the maturity date of the SME Loan Agreement, (ii) the spread over the index used to determine the rate of interest thereunder, (iii) the currency of such SME Loan, (iv) the compliance of such SME Loan with the Eligibility Criteria and with the Portfolio Tests or (v) the index used to determine the interest rate.

"**Servicer Records**" means the original and/or any copies of all documents and records, in whatever form or medium, relating to the Services including all information maintained in electronic form (including computer tapes, files and discs) relating to the Services.

"**Services**" means the services to be provided by the Servicer as set out in Schedule 1 to the Receivables Servicing Agreement.

"**Enforcement Procedures**" means the exercise, according to the Servicer's Operating Procedures, of rights and remedies against a Borrower in respect of such Borrower's obligations arising from any SME Loans in respect of which such Borrower is in default.

"**Operating Procedures**" means the operating procedures applicable to the Originator and initialled for identification by the Originator and delivered on the Closing Date (as amended, varied or supplemented from time to time in accordance with the Receivables Servicing Agreement).

Servicing Fee

The Servicer will, on each Interest Payment Date, receive a servicing fee monthly in arrear from the Issuer calculated by reference to the Principal Outstanding Balance of the SME Loans which it services as at the first day of the relevant Collections Period.

Representations and Warranties

The Servicer will make certain representations and warranties to the Issuer in accordance with the terms of the Receivables Servicing Agreement relating to itself and any subcontracted servicer 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 positive and negative covenants in favour of the Issuer, in accordance with the terms of the Receivables 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 occurrence of a Servicer Event leading to the replacement of the Servicer or a Notification Event will not, by itself, constitute an Event of Default under Condition 11.

The following events will be "**Servicer Events**" under the Receivables Servicing Agreement, the occurrence of which will entitle the Issuer, to serve a notice on the Servicer (a "**Servicer Event Notice**"):

(a) default is made by the Servicer in ensuring the payment on the due date of any payment required to be made under the Receivables 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) without prejudice to clause (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 Receivables Servicing Agreement; or

(ii) the Servicer Representations and Warranties (as defined in the Incorporated Terms Memorandum) made by a Servicer 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 Receivables Servicing Agreement proves to be untrue,

and in each case (1) such default or such warranty, certification or statement proving untrue, incomplete or incorrect could reasonably be expected to have a Material Adverse Effect and (2) (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) it is or will become unlawful for the Servicer to perform or comply with any of its material obligations under the Receivables Servicing Agreement; or

(d) if the Servicer is prevented or severely hindered for a period of 60 (sixty) calendar days or more from complying with its obligations under the Receivables Servicing Agreement as a result of a force majeure event; or

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

(f) 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 opinion of the Issuer, impairs due performance of the obligations of the Servicer under the Receivables Servicing Agreement; and/or

(g) 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 the Servicer's authorisation to carry on its business.

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 Receivables Servicing Agreement (the "**Servicer Termination Notice**"), the Servicer shall, *inter alia:*

(a) hold to the order of the Issuer the records relating to the SME Loans, the Servicer Records and the Transaction Documents;

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

(c) other than as the Issuer may direct, continue to perform all of the Services (unless prevented by any Portuguese law or any applicable law) until the date specified in the Servicer Termination Notice;

(d) take such further action, in accordance with the terms of the Receivables Servicing Agreement, as the Issuer may reasonably direct in relation to the Servicer's obligations under the Receivables Servicing Agreement, including, if so requested, giving notice to the Borrowers and providing such assistance 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 Receivables Servicing Agreement as the Issuer may reasonably direct, including, the collections of the Receivables into the Collections Account, communication with Borrowers or dealing with the SME Loans.

At any time after the delivery of a Servicer Event Notice, the Issuer may deliver the 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 Receivables 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 Receivables Servicing Agreement; and

(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, *inter alia*:

  (i) any liabilities or obligations of the retiring Servicer to the Issuer or the Originator or any successor Servicer incurred before such date;

  (ii) any liabilities or obligations of the Issuer or the Originator to the retiring Servicer incurred before such date;

  (iii) any obligations relating to computer systems referred to in Paragraph 31 of Schedule 1 of the Receivables Servicing Agreement;

  (iv) the retiring Servicer's obligation to deliver documents and materials; and

  (v) the duty to provide assistance to the successor Servicer as required to safeguard its interests or its interest in the SME Loans.

"**Servicer Representation and Warranty**" means each statement of the Servicer contained in Schedule 2 (*Servicer's Representations and Warranties*) to the Receivables Servicing Agreement and "**Servicer Representations and Warranties**" means all of those statements.

Notice of Breach

The Servicer will, as soon as practicable, upon becoming aware of:

(a) any breach of the Originator Representation and Warranty;

(b) the occurrence of a Servicer Event; or

(c) any breach by a Sub-contractor pursuant to clause 6.3 (*Events requiring assignment of rights against Sub-contractor*) of the Receivables Servicing Agreement,

notify the Issuer, the Common Representative and the Transaction Manager of the occurrence of any such event and do all other things and make all such arrangements as are permitted and necessary pursuant to such Transaction Document in relation to such event.

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 (such appointment being subject to the prior approval of the CMVM) upon the occurrence of a Servicer Event by delivering a Servicer Termination Notice in accordance with the provisions of the Receivables Servicing Agreement, provided that it shall not have an adverse effect on the then current ratings of the Class A Notes, the Class B Notes and the Class C Notes.

Notice of the termination of the Servicer's appointment and appointment of substitute servicer shall be delivered by the Issuer to the Rating Agencies, the CMVM, the Bank of Portugal, the Arranger and each of the other Transaction Parties.

Back-Up Servicer

As from the Closing Date, the Back-up Servicer will be appointed by the Issuer, subject to the prior approval of the CMVM, to, on an unconditional basis, undertake to perform, on a cold basis, the Services under and in accordance with the Transaction Documents and article 5(4) of the Securitisation Law and to be appointed as the Successor Servicer of the Servicer immediately upon the delivery of a Servicer Event Notice.

Appointment of Servicer for Reporting Under Regulation (EU) No. 2015/3

The Issuer and the Originator (each, an "**Applicable Entity**" and, together, the "**Applicable Entities**") appoint the Servicer (in its capacity as such) to act as the designated reporting entity for the purposes of complying with any applicable requirements under Article 8b of Regulation (EC) No. 1060/2009 (as amended) and the corresponding implementing measures from time to time (including the disclosure and reporting requirements under articles 3 to 7 of Regulation (EU) No. 2015/3) (together, the "**Article 8b Requirements**") in respect of any relevant Notes issued by the Issuer.

The Servicer agrees on behalf of each Applicable Entity to perform (or to procure the performance of) all activities as are required in order for that Applicable Entity to comply with the Article 8b Requirements applicable to it from time to time in respect of any relevant Notes issued by the Issuer and to carry out such activities in accordance with the Article 8b Requirements and any related technical reporting instructions made by ESMA.

On or after 1 January 2017, the Servicer undertakes to provide notice on behalf of the Applicable Entities to ESMA of its appointment as the designated reporting entity for the purposes of complying with the Article 8b Requirements and to provide such notice in accordance with article 2(2) of Regulation (EU) No. 2015/3 and any corresponding formal guidance provided by ESMA.

Applicable law and jurisdiction

The Receivables Servicing Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The judicial courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Common Representative Appointment Agreement

Appointment and services

On the Closing Date, the Issuer and the Common Representative will enter into an agreement which sets 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. 76-A/2006 of 29 March 2006, 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 terms of 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;

(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 and conditions of the Notes or the Transaction Documents on behalf of the holders of the Notes; 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 without the consent or sanction of the Noteholders or any other Transaction Creditor, concur with the Issuer and any other relevant Transaction Party in making (A) any modification to the Conditions or the Transaction Documents in relation to which the consent of the Common Representative is required (other than in respect of a Reserved Matter or any provisions of the Notes, the Common Representative Appointment Agreement or any Transaction Document referred into the definition of 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 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, and (B) any modification, other than a modification in respect of a Reserved Matter, to any provision of the Notes, the Common Representative Appointment Agreement or any of the Transaction Documents in relation to which the consent of the Common Representative 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 an error which, in the reasonable opinion of the Common Representative, is proven or is necessary or desirable for purposes of clarity provided that such changes have always been previously notified to the Rating Agencies and notice thereof has been delivered to the Noteholders in accordance with the Notices Conditions, provided that no such modification will take effect until and unless: (a) regarding item (A) above (i) DBRS and Fitch have been previously notified about the making of any such modification; and (ii) (to the extent the Common Representative requires it) notice thereof has been delivered to the Noteholders in accordance with the Notices Condition; and (b) regarding item (B) above (i) the Rating Agencies have been previously notified about the making of any such modification and (ii) notice thereof has been delivered to the Noteholders in accordance with the Notices Condition.

Modifications in respect of a Reserved Matter require the written consent of the Transaction Creditors.

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 accordance with the Payment Priorities until the powers, authorities and discretions of the Common Representative are discharged.

In the event of the occurrence of an Event of Default or the Common Representative considering it expedient or necessary or being requested by the Issuer to undertake duties which the Common

Representative considers 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 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, can 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 1 (one) calendar month 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 under the Common Representative Appointment Agreement, the Issuer shall use its best endeavours to find a substitute common representative and prior to the expiry of the 1 (one) calendar month notice period the Common Representative shall convene a Meeting for appointing such person as the new common representative.

Termination 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 that a 90 (ninety) days prior notice is given to the Common Representative.

Applicable law and jurisdiction

The Common Representative Appointment Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

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 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 on the amounts standing to the credit of the Payment Account and the Cash 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 Cash Reserve Account.

If the short-term unsecured debt obligations of the Accounts Bank are downgraded by the Rating Agencies below the Minimum Rating or it otherwise ceases to be rated this will result in the termination of the appointment of the Accounts Bank within 30 (thirty) calendar days of the downgrade and the appointment of a replacement accounts bank subject to the provisions of the Accounts Agreement. The appointment of any successor Accounts Bank shall be previously notified to the Rating Agencies. Failure by the successor Agent to meet the Minimum Rating may result in the Rating Agencies downgrading the Class A Notes.

"**Minimum Rating**" means, in respect of any entity, other than the Originator or the Collections Account Bank, (i) such entity's short term unsecured, unsubordinated, unguaranteed debt obligations having ratings of "F2" by Fitch, and (ii) such entity's long term unsecured, unguaranteed and unsubordinated debt obligations being rated "BBB+" by Fitch and (iii) such entity's long term unsecured, unguaranteed and unsubordinated debt obligations being rated "BBB (high)" by DBRS or such other ratings that may be agreed by DBRS and Fitch from time to time as is consistent with the then current rating of the Class A Notes. For the avoidance of doubt, ratings assigned by DBRS will consist of public ratings assigned by DBRS, or in the absence of such public ratings, private ratings assigned by DBRS.

The Accounts Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Paying Agency Agreement

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 and the Issuer may terminate the appointment of each of the Agents by not less than 30 (thirty) days' notice to the relevant Agent (and such appointment shall automatically terminate in case an Insolvency Event occurs in respect of the relevant Agent), provided such termination does not take effect until a successor has been duly appointed.

The appointment of any successor Agent shall be previously notified to the Rating Agencies. Any successor Agent appointed by the Issuer must be appointed prior to the termination of the appointment of the previous Agent and shall be a reputable and experienced financial institution which is rated at least the Minimum Rating. Failure by the successor Agent to meet the Minimum Rating may result in the Rating Agencies downgrading the Asset-Backed Securitisation Notes.

Applicable law and jurisdiction

The Paying Agency Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The courts of Lisbon will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

Co-ordination Agreement

On the Closing Date, the Transaction Creditors 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 SME Loans Portfolio, the Originator and its obligations under the Receivables Sale Agreement, the Servicer and its obligations under the Receivables Servicing Agreement.

Pursuant to the terms of the Co-ordination Agreement, the Common Representative Appointment Agreement, the Terms and Conditions of the Notes 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.

Pursuant to the terms of the Co-ordination Agreement, the Common Representative will have the direct benefit of certain representations and warranties made by the Originator and the Servicer in the Receivables Sale Agreement and the Receivables 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.

Pursuant to the terms of the Co-Ordination Agreement, (i) the parties thereto have acknowledged the Originator's obligation to comply with the Article 8b Requirements, (ii) the Servicer has undertaken to ensure that the Originator complies with the Article 8b Requirements, and (iii) the Issuer has undertaken to provide the Servicer and the Originator with any information reasonably required by the Servicer or by the Originator in respect of its obligation to ensure that the Originator complies with the Article 8b Requirements.

The Co-ordination Agreement will be governed by and construed in accordance with the laws of the Portuguese Republic. The Courts of Lisbon will have exclusive jurisdiction to hear any disputes that may arise in connection therewith.

Transaction Management Agreement

Appointment and services

On the Closing Date, the Issuer, the Transaction Manager, the Accounts Bank and the Common Representative will enter into the Transaction Management Agreement pursuant to which each of the Issuer and the Common Representative (according to their respective interests) will appoint the Transaction Manager to perform cash management duties and to carry out certain administrative tasks on behalf of the Issuer, including:

(a) operating the Payment Account, the Cash Reserve Account and the Principal Deficiency Ledgers 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, the Cash Reserve Account and the Principal Deficiency Ledgers;

(c) taking the necessary action and giving the necessary notices to ensure that the Payment Account, the Cash Reserve Account and the Principal Deficiency Ledgers are credited with the appropriate amounts in accordance with the Transaction Management Agreement;

(d) maintaining adequate records to reflect all transactions carried out by or in respect of the Payment Account, the Cash Reserve Account and the Principal Deficiency Ledgers; and

(e) investing the funds credited to the Payment Account, including the Class S Principal Ledger, and the Cash Reserve Account in Authorised Investments in accordance with the Transaction Management Agreement.

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 monthly basis in arrear on each Interest Payment Date in accordance with the Pre-Enforcement Interest Payment Priorities.

Termination of the Transaction Manager

In the event of the termination of the appointment of the Transaction Manager by reason of 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 and failure by such successor Transaction Manager to meet a Minimum Rating may result in the Rating Agencies downgrading the rating of the Asset-Backed Securitisation Notes.

Applicable law and jurisdiction

The Transaction Management Agreement will be governed by and construed in accordance with English law. The courts of England will have exclusive jurisdiction to hear and determine any disputes that may arise in connection therewith.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes will amount to €1,124,300,000.

On or about the Closing Date, the Issuer shall apply the gross proceeds of the Notes as follows:

(A) the payment to the Originator of the component of the Initial Purchase Price relating to the Principal Outstanding Balance of the SME Loans included in the Initial SME Loans Portfolio will be made with proceeds of the issue of the Asset-Backed Notes and part of the Class D Notes;

(B) the funding of the Cash Reserve Amount will be made with the proceeds of the issue of the remaining part of the Class D Notes not used for the purposes of item (A) above;

(C) the funding of the Class S Principal Ledger will be made with the proceeds of the issue of the Class S Notes;

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

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

The estimated costs associated with admission to trading of the Asset-Backed Notes are approximately €17,000.

CHARACTERISTICS OF THE SME LOANS

The information set out below has been prepared on the basis of a pool of the SME Loans as at 1 February 2015.

The SME Loans

The Initial SME Loans Portfolio: The Initial SME Loans Portfolio as at the Initial Collateral Determination Date corresponds to a pool of SME Loans owned by the Originator which has the characteristics indicated in the tables 1 to 24 below. The Initial SME Loans Portfolio has been selected so that it complies with the SME Loan Warranties set out in the Receivables Sale Agreement.

The interest rate in respect of each SME Loan comprised in the Initial SME Loans Portfolio is a variable rate of interest indexed to EURIBOR. The SME Loans comprised in the Initial SME Loans Portfolio are amortising loans with instalments of both principal and interest. The interest is payable monthly, quarterly, semi-annually, annually or upon maturity and is calculated on the basis of a 360 day year at a variable rate.

Characteristics of the Initial SME Loans Portfolio

The Initial SME Loans Portfolio had the aggregate characteristics indicated in tables below as at 1 February 2015.

Table 1 – Summary

Summary	
Total Current Outstanding Balance (EUR)	1,091,672,418.43
of which Principal Amount in arrears (until 30 days) (EUR)	520,247.94
No. of Loans	13,800
Largest Current Loan Amount (EUR)	19,536,883.89
Average Current Loan Amount (EUR)	79,106.70
Total Original Loan Amount (EUR)	1,538,266,850.29
Largest Original Loan Amount (EUR)	18,500,000.00
Smallest Original Loan Amount (EUR)	1,735.00
Average Original Loan Amount (EUR)	111,468.61
Weighted Average Interest Rate	4.67
Weighted Average Seasoning (years)	3.05
Weighted Average Term to Maturity (years)	5.07
No. of Borrower Groups	9,924
Largest Current Exposure to a Borrower Group (EUR)	19,536,883.89
Average Current Exposure to a Borrower Group (EUR)	110,003.27

Table 2 – SME Loans by Original Balance

Original Balance (EUR)	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
0 to 10,000	5,860,229.99	0.54%	1,078	7.81%
10,001 to 20,000	22,447,268.16	2.06%	1,973	14.30%
20,001 to 30,000	88,161,719.93	8.08%	4,777	34.62%
30,001 to 50,000	71,654,168.07	6.56%	2,186	15.84%
50,001 to 100,000	88,073,193.06	8.07%	1,548	11.22%
100,001 to 150,000	62,231,967.47	5.70%	643	4.66%
150,001 to 200,000	51,596,232.12	4.73%	377	2.73%
200,001 to 250,000	51,582,498.66	4.73%	290	2.10%
250,001 to 300,000	32,379,095.44	2.97%	158	1.14%
300,001 to 350,000	17,410,578.92	1.59%	77	0.56%
350,001 to 400,000	21,145,705.42	1.94%	79	0.57%
400,001 to 450,000	11,682,721.18	1.07%	35	0.25%
450,001 to 500,000	59,160,705.74	5.42%	179	1.30%
500,001 to 2,500,000	237,068,549.48	21.72%	338	2.45%

2,500,001 to 4,500,000	72,838,592.59	6.67%	32	0.23%
4,500,001 to 6,500,000	76,801,498.63	7.04%	17	0.12%
6,500,001 to 8,500,000	18,181,093.63	1.67%	4	0.03%
8,500,001 to 10,500,000	38,208,169.61	3.50%	4	0.03%
10,500,001 to 12,500,000	7,658,000.00	0.70%	1	0.01%
>= 12,500,001	57,530,430.33	5.27%	4	0.03%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**
Maximum Original Balance (EUR)	18,500,000.00			
Minimum Original Balance (EUR)	1,735.00			
Average Original Balance (EUR)	111,468.61			

Table 3 – SME Loans by Current Outstanding Balance

Current Outstanding Balance (EUR)	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
0 to 10,000	17,022,272.06	1.56%	2,866	20.77%
10,001 to 20,000	46,162,844.04	4.23%	3,051	22.11%
20,001 to 30,000	76,008,528.91	6.96%	3,155	22.86%
30,001 to 50,000	73,727,724.90	6.75%	1,766	12.80%
50,001 to 100,000	94,635,005.67	8.67%	1,255	9.09%
100,001 to 150,000	67,013,902.55	6.14%	522	3.78%
150,001 to 200,000	57,345,162.60	5.25%	316	2.29%
200,001 to 250,000	50,524,591.22	4.63%	217	1.57%
250,001 to 300,000	33,890,398.35	3.10%	121	0.88%
300,001 to 350,000	22,620,653.85	2.07%	68	0.49%
350,001 to 400,000	27,992,666.41	2.56%	74	0.54%
400,001 to 450,000	24,130,569.03	2.21%	56	0.41%
450,001 to 500,000	30,156,371.35	2.76%	62	0.45%
500,001 to 2,500,000	226,729,864.07	20.77%	228	1.65%
2,500,001 to 4,500,000	70,626,349.23	6.47%	21	0.15%
4,500,001 to 6,500,000	69,688,914.25	6.38%	13	009%
6,500,001 to 8,500,000	15,293,000.00	1.40%	2	0.01%
8,500,001 to 10,500,000	38,208,169.61	3.50%	4	0.03%
10,500,001 to 12,500,000	12,358,546.44	1.13%	1	0.01%
>= 12,500,001	37,536,883.89	3.44%	2	0.01%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**
Maximum Outstanding Balance (EUR)	19,536,883.89			
Minimum Outstanding Balance (EUR)	361.00			
Average Outstanding Balance (EUR)	79,106.70			

Table 4 – SME Loans by Interest Rate

Interest Rate (%)	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
>0.00% and <= 1.00%	10,397,628.44	0.95%	24	0.17%
>1.00% and <= 2.00%	49,806,946.73	4.56%	146	1.06%
>2.00% and <= 3.00%	81,445,984.80	7.46%	548	3.97%
>3.00% and <= 3.50%	94,900,138.46	8.69%	450	3.26%
>3.50% and <= 4.00%	115,817,804.01	10.61%	426	3.09%
>4.00% and <= 4.50%	214,856,143.44	19.68%	3,373	24.44%
>4.50% and <= 5.00%	88,845,065.46	8.14%	639	4.63%
>5.00% and <= 5.50%	134,099,850.32	12.28%	2,032	14.72%

>5.50% and <= 6.00%	93,034,747.69	8.52%	687	4.98%
>6.00% and <= 6.50%	69,438,815.20	6.36%	879	6.37%
>6.50% and <= 7.00%	45,204,060.93	4.14%	742	5.38%
>7.00% and <= 8.00%	38,307,658.46	3.51%	1,116	8.09%
>8.00% and <= 9.00%	25,019,534.30	2.29%	934	6.77%
>9.00% and <= 10.00%	15,263,967.07	1.40%	682	4.94%
>10.00% and <= 12.00%	12,769,245.77	1.17%	883	6.40%
>12.00% and <= 14.00%	2,319,775.79	0.21%	224	162%
> 14.00%	145,051.56	0.01%	15	0.11%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Maximum Interest Rate (%)	16.31
Minimum Interest Rate (%)	0.33
Weighted Average Interest Rate (%)	4.67

Table 5 – SME Loans by Interest Rate Type

Interest RateType	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Floating rate loan linked to Euribor	1,091,672,418.43	100.00%	13,800	100.00%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 6 – SME Loans by Principal Payment Frequency

Principal Payment Frequency	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Monthly	465,173,942.26	42.61%	6.550	47.46%
Quarterly	272,966,594.11	25.00%	5.196	37.65%
Semi annually	39,516,252.65	3.62%	46	0.33%
Annual	630,000.00	0.06%	2	0.01%
Other	313,385,629.41	28.71%	2.006	14.54%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 7 – SME Loans by Interest Payment Frequency

Interest Payment Frequency	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Monthly	600,704,221.21	55.03%	7,932	57.48%
Quarterly	400,869,121.51	36.72%	5,756	41.71%
Semi annually	57,129,433.70	5.23%	95	0.69%
Annual	32,969,642.01	3.02%	17	0.12%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 8 – SME Loans by Current Interest Rate Index

Current Interest Rate Index	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
1 month EURIBOR	39,335,189.68	3.60%	244	1.77%
12 month EURIBOR	23,259,687.84	2.13%	4	0.03%
3 month EURIBOR	681,326,142.56	62.41%	10,505	76.12%
6 month EURIBOR	347,751,398.35	31.85%	3,047	22.08%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 9 – SME Loans by Interest Rate Period

Interest Reset Period	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Annual	23,259,687.84	2.13%	4	0.03%
Monthly	39,335,189.68	3.60%	244	1.77%

Quarterly	681,326,142.56	62.41%	10,505	76.12%
Semi-annual	347,751,398.35	31.85%	3,047	22.08%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 10 – SME Loans by Margin

Margin (%)	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
>0.00% and <= 1.00%	24,917,600.33	2.28%	94	0.68%
>1.00% and <= 2.00%	56,348,481.06	5.16%	306	2.22%
>2.00% and <= 3.00%	134,769,713.20	12.35%	598	4.33%
>3.00% and <= 3.50%	79,036,106.71	7.24%	374	2.71%
>3.50% and <= 4.00%	157,562,405.73	14.43%	701	5.08%
>4.00% and <= 4.50%	156,707,424.51	14.35%	3,176	23.01%
>4.50% and <= 5.00%	172,681,646.75	15.82%	2,021	14.64%
>5.00% and <= 5.50%	84,982,037.28	7.78%	789	5.72%
>5.50% and <= 6.00%	74,563,016.26	6.83%	946	6.86%
>6.00% and <= 6.50%	47,565,464.75	4.36%	673	4.88%
>6.50% and <= 7.00%	29,176,226.67	2.67%	846	6.13%
>7.00% and <= 8.00%	32,225,428.43	2.95%	1,114	8.07%
>8.00% and <= 9.00%	18,345,047.47	1.68%	705	5.11%
>9.00% and <= 10.00%	12,596,523.07	1.15%	640	4.64%
>10.00% and <= 12.00%	8,541,029.27	0.78%	662	4.80%
>12.00% and <= 14.00%	1,620,877.39	0.15%	149	1.08%
>14.00%	33,389.55	0.00%	6	0.04%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**
Weighted Average Margin (%)	4.52			

Table 11 – SME Loans by Internal Rating

Internal Rating[2]	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
1	15,089,317.21	1.38%	300	2.17%
2	106,806,370.57	9.78%	1,205	8.73%
3	210,925,593.71	19.32%	3,092	22.41%
4	327,416,600.01	29.99%	4,201	30.44%
5	259,326,161.45	23.75%	3,560	25.80%
6	172,108,375.48	15.77%	1,442	10.45%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**
Weighted Average Internal Rating (%)	4.12			

Table 12 – SME Loans by Payment Type

Payment Type	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Direct Debit	1,091,672,418.43	100.00%	13,800	100.00%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 13 – SME Loans by Seasoning

Seasoning (Years)	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
>0 and <=2	593,926,042.67	54.41%	8,622	62.48%

[2] During the origination and underwriting process the borrowers are classified into an internal rating scale that ranges from 1 to 8, being the "1" the best rating, ie the less riskier and "8" the worse rating, ie the borrower with more risk.

>2 and <=4	168,708,282,92	15.45%	2,936	21.28%
>4 and <=6	137,958,265.22	12.64%	1,149	8.33%
>6 and <=8	108,850,667.08	9.97%	511	3.70%
>8 and <=10	53,067,955.45	4.86%	326	2.36%
>10 and <=12	15,292,452.70	1.40%	110	0.80%
>12 and <=14	8,303,890.93	0.76%	85	0.62%
>14 and <=16	3,091,076.31	0.28%	35	0.25%
>16 and <=18	1,065,905.36	0.10%	16	0.12%
>18 and <=20	907,879.79	0.08%	8	0.06%
>20	500,000.00	0.05%	2	0.01%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**
Maximum Seasoning (Years)	21.16			
Minimum Seasoning (Years)	0.21			
Weighted Average Seasoning (Years)	3.05			

Table 14 – SME Loans by Term to Maturity

Term to Maturity (Years)	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
>0 and <=2	323,257,849.80	29.61%	5,116	37.07%
>2 and <=4	194,387,974.30	17.81%	4,148	30.06%
>4 and <=6	216,819,993.39	19.86%	3,364	24.38%
>6 and <=8	113,611,527.67	10.41%	564	4.09%
>8 and <=10	101,940,707.87	9.34%	377	2.73%
>10 and <=12	53,635,909.07	4.91%	103	0.75%
>12 and <=14	28,131,757.72	2.58%	56	0.41%
>14 and <=16	45,548,432.38	4.17%	56	0.41%
>16 and <=18	1,039,999.34	0.10%	4	0.03%
>18 and <=20	2,937,347.22	0.27%	6	0.04%
>20	10,360,919.67	0.95%	6	0.04%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**
Maximum Term to Maturity (Years)	25.07			
Minimum Term to Maturity (Years)	0.08			
Weighted Average Term to Maturity (Years)	5.07			

Table 15 – SME Loans by Borrower Deposit Amount

Borrower Deposit Amount(EUR)	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
<1.00	168,898,868.32	15.47%	2,729	19.78%
1.00-1,001.00	212,276,282.33	19.45%	4,145	30.04%
1,001.00-2,001.00	89,653,171.20	8.21%	1,403	10.17%
2,001.00-3,001.00	53,875,231.11	4.94%	794	5.75%
3,001.00-4,001.00	34,688,127.86	3.18%	542	3.93%
4,001.00-8,001.00	143,653,023.37	13.16%	1,317	9.54%
8,001.00-12,001.00	62,942,218.65	5.77%	680	4.93%
12,001.00-16,001.00	51,382,672.10	4.71%	443	3.21%
16,001.00-20,001.00	25,044,363.68	2.29%	290	2.10%
20,001.00-24,001.00	20,661,899.01	1.89%	232	1.68%
24,001.00-28,001.00	18,301,518.47	1.68%	199	1.44%
28,001.00-32,001.00	11,335,439.22	1.04%	143	1.04%
32,001.00-36,001.00	8,712,714.88	0.80%	108	0.78%

36,001.00-40,001.00	7,878,701.39	0.72%	75	0.54%
40,001.00-60,001.00	37,117,756.11	3.40%	286	2.07%
60,001.00-80,001.00	42,747,776.65	3.92%	148	1.07%
80,001.00-100,001.00	8,780,156.37	0.80%	93	0.67%
>100,001.00	93,722,497.71	8.59%	173	1.25%
Total:	**1,091,672,418,43**	**100.00%**	**13,800**	**100.00%**
Maximum Borrower Deposit Amount	826,932,07			
Minimum Borrower Deposit Amount	0,00			
Weighted Average Borrower Deposit Amount	34,002,52			

Table 16 – SME Loans by Loan Origination Date

Loan Origination Date	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
1993	420,000.00	0.04%	1	0.01%
1994	80,000.00	0.01%	1	0.01%
1995	852,379.79	0.08%	6	0.04%
1996	55,500.00	0.01%	2	0.01%
1997	573,699.47	0.05%	7	0.05%
1998	337,205.89	0.03%	8	0.06%
1999	1,796,473.53	0.16%	10	0.07%
2000	1,449,602.78	0.13%	26	0.19%
2001	2,945,538.32	0.27%	44	0.32%
2002	5,303,760.14	0.49%	40	0.29%
2003	6,480,153.10	0.59%	44	0.32%
2004	8,645,493.08	0.79%	62	0.45%
2005	17,444,050.72	1.60%	139	1.01%
2006	34,921,513.24	3.20%	182	1.32%
2007	62,977,465.61	5.77%	240	1.74%
2008	45,547,146.95	4.17%	264	1.91%
2009	55,877,460.21	5.12%	324	2.35%
2010	76,079,796.81	6.97%	790	5.72%
2011	69,737,202.55	6.39%	929	6.73%
2012	95,239,875.91	8.72%	1880	13.62%
2013	236,318,927.42	21.65%	3830	27.75%
2014	368,589,172.91	33.76%	4971	36.02%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 17 – SME Loans by Final Maturity Date

Final Maturity Date	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
2015	234,362,137.36	21.47%	2,894	20.97%
2016	83,895,674.45	7.69%	2,056	14.90%
2017	67,927,518.63	6.22%	2,013	14.59%
2018	116,485,176.86	10.67%	2,133	15.46%
2019	134,455,190.52	12.32%	2,109	15.28%
2020	93,121,818.54	8.53%	1,390	10.07%
2021	70,445,573.91	6.45%	321	2.33%
2022	46,568,551.75	4.27%	265	1.92%
2023	53,786,495.59	4.93%	179	1.30%
2024	44,363,531.79	4.06%	200	1.45%
2025	22,364,929.70	2.05%	66	0.48%

2026	35,786,648.20	3.28%	45	0.33%
2027	19,241,301.71	1.76%	22	0.16%
2028	8,269,881.40	0.76%	30	0.22%
2029	45,320,801.12	4.15%	56	0.41%
2030	938,920.67	0.09%	5	0.04%
2032	1,039,999.34	0.10%	4	0.03%
2033	342,214.29	0.03%	3	0.02%
2034	2,595,132.93	0.24%	3	0.02%
2035	276,694.54	0.03%	2	0.01%
2036	62,028.66	0.01%	1	0.01%
2037	71,031.16	0.01%	1	0.01%
2039	272,995.70	0.03%	1	0.01%
2040	9,678,169.61	0.89%	1	0.01%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 18 – SME Loans by Asset Type

Asset Type	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Term Loan	903,047,829.49	82.72%	12,181	88.27%
Working Capital Facility (WCF)	188,624,588.94	17.28%	1,619	11.73%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 19 – SME Loans by Amortisation Type

Amortisation Type	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Amortisation Plan	92,920,213.25	8.51%	178	1.29%
French Amortisation	545,012,513.70	49.92%	6,463	46.83%
Constant Amortisation	233,274,275.32	21.37%	5,331	38.63%
Current Account Facility	220,465,416.16	20.20%	1,828	13.25%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 20 – SME Loans by NACE Classification[3]

NACE Classification	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
A - Agriculture, Forestry and Fishing	26,800,673.31	2.46%	361	2.62%
B - Mining and Quarrying	2,234,228.00	0.20%	30	0.22%
C - Manufacturing	172,740,668.34	15.82%	2,249	16.30%
D - Electricity, Gas, Steam and Air Conditioning Supply	6,082,012.43	0.56%	15	0.11%
E - Water Supply; Sewerage, Waste Management and Remediation Activities	11,616,438.45	1.06%	52	0.38%
F - Construction	133,233,062.66	12.20%	932	6.75%
G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	230,075,849.13	21.08%	5,191	37.62%
H - Transportation and Storage	36,811,407.73	3.37%	501	3.63%
I - Accommodation and Food Service Activities	96,175,627.27	8.81%	1,076	7.80%
J - Information and Communication	11,787,252.15	1.08%	173	1.25%
K- Financial and Insurance Activities	17,412,423.90	1.60%	144	1.04%
L - Real Estate Activities	148,553,380.35	13.61%	317	2.30%
M - Professional, Scientific and Technical Activities	41,357,914.22	3.79%	960	6.96%

[3] The NACE classification system is the European standard for industry classifications as defined in Revision 2 which is used by Eurostat.

N - Administrative and Support Service Activities	16,148,265.82	1.48%	391	2.83%
O - Public Administration and Defence; Compulsory Social Security	2,837,682.66	0.26%	7	0.05%
P - Education	19,587,140.69	1.79%	219	1.59%
Q - Human Health and Social Work Activities	66,108,093.04	6.06%	572	4.14%
R - Arts, Entertainment and Recreation	22,994,379.13	2.11%	159	1.15%
S - Other Service Activities	29,115,919.15	2.67%	451	3.27%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 21 – SME Loans by Collateral Type[4]

Collateral Type	Current Outstanding Balance (EUR)	Avg. % Outstanding Covered by Collateral	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
No Collateral	170,548,558.62	0.00%	15.62%	865	6.27%
Mutual Guarantee Society	15,411,739.36	85.52%	1.41%	165	1.20%
Personal	338,106,299.96	99.34%	30.97%	6012	43.57%
Personal/Mutual Guarantee Society	196,162,550.99	100.00%	17.97%	4946	35.84%
Other Assets	27,559,774.15	94.41%	2.52%	238	1.72%
Other Assets/Mutual Guarantee Society	1,004,614.02	100.00%	0.09%	14	0.10%
Other Assets/Personal	52,172,716.41	99.54%	4.78%	490	3.55%
Other Assets / Personal/ Mutual Guarantee Society	1,210,759.97	100.00%	0.11%	21	0.15%
Mortgage	168,776,507.48	99.61%	15.46%	780	5.65%
Mortgage/Mutual Guarantee Society	1,514,520.56	100.00%	0.14%	10	0.07%
Mortgage/Personal	102,768,272.25	99.99%	9.41%	218	1.58%
Mortgage/Personal/Mutual Guarantee Society	1,472,375.25	100.00%	0.13%	5	0.04%
Mortgage/Other Assets/	11,114,919.57	100.00%	1.02%	22	0.16%
Mortgage/Other Assets/Personal	3,848,809.84	100.00%	0.35%	14	0.10%
Total:	**1,091,672,418.43**	**83.74%**	**100.00%**	**13,800**	**100.00%**

Table 22 – SME Loans by Region

Region	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Aveiro	76,476,103.40	7.01%	1,184	8.58%
Beja	3,554,735.87	0.33%	87	0.63%
Braga	102,045,034.35	9.35%	1,649	11.95%
Bragança	4,495,725.37	0.41%	123	0.89%
Castelo Branco	11,021,799.30	1.01%	262	1.90%
Coimbra	28,068,010.77	2.57%	441	3.20%
Évora	10,907,190.72	1.00%	167	1.21%
Faro	97,094,374.60	8.89%	548	3.97%
Guarda	11,013,287.07	1.01%	276	2.00%
Ilha da Madeira	12,368,095.20	1.13%	208	1.51%
Ilha de São Jorge	3,657,054.43	0.33%	58	0.42%
Ilha de São Miguel	8,424,516.25	0.77%	146	1.06%
Ilha do Faial	6,167,008.84	0.56%	34	0.25%
Ilha do Pico	2,837,233.76	0.26%	80	0.58%
Ilha Terceira	4,013,857.78	0.37%	100	0.72%
Leiria	48,995,011.02	4.49%	645	4.67%

[4] No revaluation of the real estate properties securing the SME Loans included in the SME Loans Portfolio has taken place for the purposes of the issuance of the Notes.

Lisboa	309,316,818.00	28.33%	2,379	17.24%
Portalegre	5,809,739.99	0.53%	76	0.55%
Porto	187,654,027.41	17.19%	2,980	21.59%
Santarém	42,759,512.03	3.92%	556	4.03%
Setúbal	35,756,983.79	3.28%	697	5.05%
Viana do Castelo	13,644,510.88	1.25%	357	2.59%
Vila Real	14,123,499.54	1.29%	233	1.69%
Viseu	51,468,288.06	4.71%	514	3.72%
Total:	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 23 – SME Loans by Customer Segment

Customer Segment	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Medium	214,436,386.08	19.64%	604	4.38%
Micro	538,167,949.49	49.30%	10,225	74.09%
Small	339,068,082.86	31.06%	2,971	21.53%
Grand Total	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Table 24 – SME Loans by DBRS Code[5]

DBRS Code	Current Outstanding Balance (EUR)	% of Current Outstanding Balance	No. of Loans	No. of Loans (%)
Aerospace & Defence	185,344.52	0.02%	1	0.01%
Air transport	1,091,107.80	0.10%	5	0.04%
Automotive	33,143,138.95	3.04%	800	5.80%
Beverage & Tobacco	10,117,710.47	0.93%	119	0.86%
Brokers, Dealers & Investment houses	2,037,431.89	0.19%	3	0.02%
Building & Development	332,500,921.12	30.46%	2016	14.61%
Business equipment & services	81,281,885.88	7.45%	1519	11.01%
Chemicals & plastics	9,669,445.24	0.89%	148	1.07%
Clothing/textiles	35,023,533.90	3.21%	729	5.28%
Conglomerates	9,591,825.23	0.88%	23	0.17%
Containers & glass products	5,975,526.90	0.55%	63	0.46%
Cosmetics/toiletries	3,088,077.20	0.28%	41	0.30%
Drugs	2,986,122.25	0.27%	42	0.30%
Ecological services & equipment	14,258,325.34	1.31%	89	0.64%
Electronics/electrical	6,135,957.63	0.56%	77	0.56%
Equipment leasing	4,623,005.10	0.42%	51	0.37%
Farming/agriculture	33,829,339.61	3.10%	419	3.04%
Financial intermediaries	3,272,086.32	0.30%	5	0.04%
Food Products	53,818,129.50	4.93%	703	5.09%
Food service	29,051,489.88	2.66%	947	6.86%
Food/drug retailers	7,236,879.71	0.66%	289	2.09%
Forest products	8,544,697.74	0.78%	113	0.82%
Health care	66,352,879.87	6.08%	585	4.24%
Home furnishings	16,162,564.19	1.48%	334	2.42%
Industrial equipment	8,577,958.04	0.79%	108	0.78%
Insurance	2,511,080.46	0.23%	113	0.82%
Leisure goods/activities/movies	45,235,335.64	4.14%	356	2.58%
Lodging & casinos	67,144,833.75	6.15%	133	0.96%
Miscs	3,068,008.76	0.28%	108	0.78%
Nonferrous metals/minerals	15,731,078.00	1.44%	159	1.15%

[5] Table drafted according to DBRS' industry classification code.

Publishing	9,206,865.49	0.84%	136	0.99%
Radio & Television	931,814.76	0.09%	17	0.12%
Rail Industries	62,353.20	0.01%	2	0.01%
Retailers (except food & drug)	92,035,699.41	8.43%	2360	17.10%
Sovereign	2,837,682.66	0.26%	7	0.05%
Steel	7,159,809.82	0.66%	52	0,38%
Surface transport	35,689,791.78	3.27%	495	3.59%
TBD	23,789,044.08	2.18%	576	4.17%
Telecommunications	1,631,623.91	0.15%	42	0.30%
Utilities	6,082,012.43	0.56%	15	0.11%
Grand Total	**1,091,672,418.43**	**100.00%**	**13,800**	**100.00%**

Information on the SME Loans

The information on the SME Loans set out in this Prospectus is derived from information provided by the Originator. The information contained in the section entitled "**Characteristics of the SME Loans**" has not been audited by the Issuer, the Common Representative, the Arranger or any other independent entity.

ORIGINATOR'S STANDARD BUSINESS PRACTICES, SERVICING AND CREDIT ASSESSMENT

Being a retail-based bank, Montepio has, since its origins, been extending credit facilities, not only to private individuals, but to companies as well and, in particular, small and medium-sized enterprises (SMEs).

The main purposes of the SME Loans are either to support investment expenditures in new projects and/or equipment or to cater for the working capital needs of its corporate clients.

Montepio focuses on the quality of service provided to its customer base, along with the adoption of rigorous, ethical and transparent business practices.

The aforementioned facilities are extended to customers through Montepio's branch network, which comprises a total of 436 outlets in the Portuguese Republic.

Origination

Montepio's SME Loans are originated at the branch level, through the relevant account manager. The Origination and Underwriting process begins with a direct contact with borrowers and there are not any SME Loans originated through brokers.

Underwriting

Underwriting rules are reviewed on a regular basis, covering the analysis of applications, pricing policy (on a risk-adjusted basis), decision-making, follow-up and credit recovery.

The credit applications are submitted by the corporate customers at their local branches. At the branch, the standard information required in accordance with internal credit rules (i.e. the complete identification of the client, the form application with a full description of the purpose, term, amount and characteristics of the loan, the informative questionnaires to collect the relevant data with respect to the client's financial and credit track-record, the financial statements for the last three years, the certificates issued by the tax and social security authorities attesting that the client has fulfilled their obligations, the last annual income tax declaration and the copy of the client's ID and tax number) is collected, checked and submitted to the credit analysis process which, at a first stage automatically checks whether there is any relevant information on the customer stored in internal and/or external databases (credit events) and also checks the application against the main credit policies/rules (i.e. impact analysis of the financing on the company's cash-flows).

The credit analysis process for SME's is comprised of an internally developed rating model, which grades borrowers in a 8 (eight) grade scale, according to the estimated PD (probability of default).

For higher risk and exposure amounts the risk profile analysis is complemented by a detailed analysis by a dedicated credit analyst.

Finally, after the conclusion of the credit analysis process, the loan application is filtered through the credit decision process.

After this first stage, the decision-making process for credit operations is complemented by several policies using scoring models for the portfolios of small business and individual entrepreneurs ("*empresários em nome individual*") and rating models for the medium and large companies. The models, developed using internal historical data (financial analysis based on the financial statements), enable Montepio to obtain a quantitative assessment subsequently reflected in the attribution of a risk category to the customer/operation, which, in the SME segment is supplemented by a qualitative assessment performed by the account manager and based on information collected at the branch level.

The behavioural information and industry classification also play an important role in the internal rating/scoring assignment. The behavioural scoring system evaluates the risk of each customer for

different types of loans, calculating a score based on the customer's historical relationship data with Montepio, including factors such as loans granted, usage of current account facilities, deposit accounts and financial investments. The industry classification and the borrower's past performance in each sector constitute the last variable factored in the Internal Rating.

The scorecards were developed in line with Montepio's portfolio and in accordance with statistical methods, which pinpoint the most predictive variables of counterparty defaults, given certain economic indicators and industry sectors.

The internal risk classification, combined with the assessment of risk mitigations, in the form of personal or asset-backed guarantees, constitute key aspects for the decision and pricing of the operations. The mitigation of risk via collateralisation of operations is taken into account, both through the severity of the loss (for example, in the case of asset-backed collateral), and through reduction of the exposure value, in situations involving financial collateral (where the market risk of the assets involved becomes relevant).

The levels at which pricing decisions are taken are defined according to risk adjusted return on equity (ROE), in accordance with the principle that the highest hierarchical levels are competent to approve operations with a lower risk adjusted ROE.

Credit rejection is determined by the occurrence of credit events in the financial system, breach of credit rules and whenever the incorporation of risk in pricing significantly increases the risk of adverse selection. Furthermore, risk categories are defined, with acceptance reserved to higher decision-making levels.

The final approval of SME Loans is the responsibility of four levels of management, involving the branch and/or the account manager (the first decision-making stage), the Regional Department (the second stage), the Commercial Division (the third stage) and the Credit Committee (which includes the Board Members and the Commercial Managers) (the fourth stage), depending on the client's risk profile and loan characteristics. Once a decision has been made by the competent decision level, the customer is formally notified by mail.

Further Advances

Any further advances to be made are subject to the same conditions, rights and obligations mentioned above, without exception.

Insurance Cover

Property insurance coverage is required in respect of any property securing a loan facility. In these cases, a fire or multi-risk insurance is compulsory for an amount equal to or greater than the property reconstruction value and with an insurance company approved by Montepio.

Corporate credit products

Typically, SME Loans to corporate customers do not extend beyond 10 (ten) years, namely for investment purposes, and are shorter than 3 (three) years, in those cases where working capital is concerned.

The amortization can either be in regular instalments (principal and interest) or according to a predefined redemption plan.

The majority of SME Loans to companies pay interest on a floating rate basis indexed to 3 (three) or 6 (six) month EURIBOR, plus a credit spread.

Servicing and Arrears Procedures

All customers are required to have a debit account with Montepio and, on a daily basis, the IT System tries to debit these accounts, for any overdue amount.

The SME Loans are monitored through computer checks on whether payments are made on time, regular reviews by management and regular reporting by corporate borrowers. Montepio also uses certain early warning systems (for example, by monitoring whether corporate borrowers make social security payments on time).

The Credit Recovery Department, together with the Commercial Departments, produces monthly reports in order to enhance the co-operation between the Commercial Departments and the Legal Department, with the view of developing suitable new methods for the recovery of overdue loans.

SME Loans in default are dealt with at different internal management levels. The branches, with the help of the Contact Centre, are responsible for coordinating the initial stage (up to two months in arrears) of the credit recovery process. In addition, there are hierarchical stages, defined in terms of time in arrears and amount overdue, during which the aim is to re-negotiate settlement before sending the matter to the Legal Department.

After two months in default (except for SME Loans in relation to which a recovery plan has been approved or that are in negotiation for settlement) the process is automatically assigned to Montepio Recuperação de Crédito, ACE ("**MRC**"), a company of Montepio's Group founded exclusively to recover the loans in arrears of the companies of the Group and manage the properties repossessed in the recovery process. The aim of MRC is to recover the overdue loans without recourse to litigation.

During the recovery process and in order to recover the arrears out of court, MRC uses the services of five Credit Recovery Agencies to monitor pools of Non-Performing Loans ("**NPLs**") previously assigned to them. These Credit Recovery Agencies work on a best efforts basis by contacting the borrowers and guarantors and negotiating the restructuring of loans, if necessary, in order to recover the loans in arrears. Daily reports are sent to MRC on the tasks performed, including the amounts and loans recovered.

If a settlement is not reached within five months from the date of the first failure to pay, legal proceedings will be instigated. At the litigation phase, MRC employs the services of three law firms, as well as Montepio's Litigation Division.

DESCRIPTION OF THE ISSUER

1. Introduction

The Issuer is a limited liability company registered and incorporated in Portugal as a special purpose vehicle for the purpose of issuing asset-backed securities, on 10 July 2003 under the Securitisation Law and has been duly authorised by the Portuguese securities supervising authority (*Comissão do Mercado de Valores Mobiliários*, the "CMVM") through a resolution of the Board of Directors of the CMVM obtained on 18 June 2003 for an unlimited period of time and was given registration number 9090.

The registered office of the Issuer is at Rua Barata Salgueiro, no. 30, 4th floor, Lisbon, Portugal, telephone number +351 213 116 300. The Issuer has no subsidiaries. The Issuer is registered with the Commercial Registry Office of Lisbon under the sole commercial registration and taxpayer number 506.561.461.

2. 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.

3. Corporate Bodies

The directors of the Issuer, their principal occupations outside of the Issuer and their respective business addresses are:

NAME	BUSINESS ADDRESS	MAIN OCCUPATION	MANDATE TERM
Raquel Teixeira Ribeiro Pacheco	Rua Barata Salgueiro, no. 30, 4th floor, Lisbon, Portugal	Officer of Citibank International Limited – Sucursal em Portugal	2013 – 2015
Luis Maria Navarro de Melo Ferreira de Aguiar	Rua Barata Salgueiro, no. 30, 4th floor, Lisbon, Portugal	Officer of Citibank International Limited – Sucursal em Portugal	2013 – 2015
Ana Paula Fernandes Esteves da Silva	Rua Barata Salgueiro, no. 30, 4th floor, Lisbon, Portugal	Officer of Citibank International Limited – Sucursal em Portugal	2013 – 2015

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

The members of the supervisory board of the Issuer are:

Chairman: André Lopes Teixeira de Figueiredo

Effective Members: João Luís Correia Duque and João Vasco Pereira Martins Nunes

Substitute Member: Ricardo Luís Capela Nunes

The supervisory board was appointed for a 3-year term of office period.

The Issuer has no employees. The directors are officers of Citibank International Limited – Sucursal em Portugal.

The secretary of the Issuer is Isabel Maria de Sousa Carita Charraz with offices at Rua Barata Salgueiro, no. 30, 4th floor, Lisbon, Portugal.

The secretary of the Issuer shareholder general meeting is Isabel Maria de Sousa Carita Charraz. The position of Chairman of the Issuer shareholder general meeting is currently vacant following the resignation presented by Paula Gomes Freire on 3 March 2015.

4. Independent statutory auditor

On 28 March 2013, the Issuer's General Assembly passed a resolution whereby, among other matters, it approved the independent statutory auditor for the 2013 – 2015 term, KPMG, described below.

KPMG is registered with the Chartered Accountants Bar under number 189 and is represented by Ana Cristina Soares Valente Dourado, ROC no. 1011. The registered office of KPMG is Edifício Monumental, Avenida Praia da Vitória, 71–A, 11th floor, 1069-006 Lisbon, Portugal. KPMG has taxpayer number 502 161 078.

5. Legislation Governing the Issuer's Activities

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

6. 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 Transaction Assets.

7. 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 value 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, or (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 be 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. The 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 is €250,000 and comprises 50.000 issued and fully paid shares (the "**Shares**") of €5.00 each.

The amount of ancillary contributions (*prestações acessórias*) made by Citigroup Financial Products Inc., a private limited liability company incorporated under the laws of United States of America (the "**Shareholder**"), is €9,500,000.

8. The Shareholder

All of 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 and the Bank of Portugal.

9. Capitalisation of Issuer

The following table and financial information sets out the capitalisation and indebtedness of the Issuer, adjusted to give effect to the issue of the Notes on the Closing Date.

	Amounts in Euros
Total Indebtedness	**12,999,243,052**
Pelican SME No.2 Transaction	**1,124,300,000**
Class A Notes	545,900,000
Class B Notes	76,400,000
Class C Notes	87,300,000
Class D Notes	398,500,000
Class S Notes	16,200,000
Other Securitisation Transactions [(1)]	**11,874,943,052**
Total Capitalisation [(2)]	**17,024,801**
Share capital (Authorised €250,000; Issued 50,000 shares with a par value of €5 each)	250,000
Supplementary Capital Contributions	9,500,000
Reserves and Retained Earnings	6,261,919
Net Profit	1,012,882

[(1)] As of 31 December 2014

[(2)] Non-audited amounts as of 31 December 2014

10. Other Securities of the Issuer

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

11. 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 2005.

DESCRIPTION OF THE ORIGINATOR

Introduction

Montepio is a savings bank which was created on 24 March 1844 and with an Institutional Capital and Participation Fund of €1,700 million as from December 2013 and until the date of this Base Prospectus. This presents a new configuration, with the issue of the Units of the Participation Fund of the amount of €200 million, in addition to the institutional capital of €1,500 million which is wholly owned by its founder Montepio Geral Associação Mutualista ("**MGAM**"). MGAM is a mutual association whose aim is to provide individual and collective social protection schemes and health benefits to its 616,187 mutual members (as at 30 September 2014). In accordance with the Credit Institutions General Regime (approved by Decree-Law no. 298/92 of 31 December 1992, as amended) Montepio is a credit institution, authorised to operate as a "universal bank", in accordance with Decree-Law no. 136/79, of 18 May 1979 (as last amended by Decree-Law no. 188/2007, of May 2007). In the Portuguese banking system, Montepio ranks at sixth (as at 30 June 2014), as far as total net assets are concerned (source: *Periodic Report and Accounts of Banks*).

Integrated into a financial group owned by MGAM, Montepio undertakes general banking operations and other financial operations such as investment, mutual, real estate and pension funds, as well as insurance business. Additionally, it offers the protection schemes of MGAM to its customer base. Montepio takes a major role in the implementation of the Group's business strategy, as it uses its nationwide branch network, comprising 436 branches in Portugal (as at 30 September 2014), including the former Finibanco Group network (since 4 April 2011). Montepio's commercial network is further complemented by a network of electronic channels, together with its presence in various overseas Portuguese communities (including six representative offices outside of Portugal). Montepio is also present in Angola, through Finibanco Angola (Montepio holds an 81.6 per cent. share interest in Finibanco Angola), which has a retail network of 18 branches (as of 30 September 2014).

Montepio is registered in the Commercial Registration Conservatory (1st Section) with the number 500 792 615 and is domiciled in Portugal, having its registered office at Rua Áurea, 219-241, Apartado 2882, postal code 1122-806, Lisbon, Portugal, with telephone number +351 213 248 000.

History

In 1840, Francisco Manuel Alvares Botelho established Montepio dos Empregados Públicos, a mutual benefit association intended to assist its members through periods of unforeseen financial hardship, caused by illness, disability or death. Its name was changed twice, firstly to Montepio Geral, Associação de Socorros Mútuos and in 1844, it was changed to Montepio Geral - Associação Mutualista, the name it still bears today.

In 1844, MGAM created Caixa Económica de Lisboa, (which was renamed Caixa Económica Montepio Geral on 23 April 1991) with the aim of attracting small-scale savings and providing credit facilities. MGAM and its subsidiaries and affiliates (together, the "**Montepio Group**") offer a wide variety of banking, insurance and fund management products from Montepio's branches throughout Portugal. Originally, Montepio was run as a division of MGAM but, by the late 1930s, the two organisations had become separate legal entities. In accordance with Decree-Law 460/77, of 7 November 1977 (as last amended by Decree-Law 391/2007, of 13 December 2007), Montepio is a "collective person of public interest" which was exempt from some taxes, including corporate revenue tax until the state budget for 2012 removed this exemption with effect from January 2012.

In order to broaden the offer of financial services to its customer base, in 1986, MGAM decided to found Lusitania Companhia de Seguros, S.A. ("**Lusitania**"), which is a general insurance company whose products are sold through Montepio's branches and through its own network. Lusitania Vida, Companhia de Seguros, S.A. ("**Lusitania Vida**"), which offers life insurance products, was formed in 1987.

Pursuing its strategy of broadening its commercial offer and the diversification of its income sources, in 1988, MGAM established Futuro – Sociedade Gestora de Fundos de Pensões, S.A. ("**Futuro**"), enabling the Montepio Group to expand into the pension fund management business.

As part of its investment management business, the Montepio Group holds Montepio Gestão de Activos, a company which specialises in the management of mutual and real estate funds, and wealth management.

In 1995, Montepio acquired certain limited assets and liabilities from a small savings bank in the Azores, Caixa Económica Açoreana. S.A. This acquisition, allowed Montepio to establish its presence in the Azores Autonomous Region.

Additionally, in January 1997, Montepio acquired certain assets and liabilities of another small savings bank, Caixa Económica Comercial e Industrial ("**CECI**"), for €1.5 million.

In 2009, Lusitania Companhia de Seguros, S.A. acquired the insurance companies Real and Mutuamar, which allowed it to double its market share in the real insurance business, thereby achieving a market share in line with the Montepio Group's objectives.

In 2010, MGAM acquired the whole of Finibanco-Holding, SGPS, S.A. through a friendly public takeover bid (the "**Takeover Bid**"). The main goals of the transaction were the expansion of the Group's mutualism activities and the diversification of its business activities.

Finibanco Holding. SGPS, S.A. the holding company of a Portuguese financial group "Finibanco" (the "**Finibanco Group**") comprised a number of subsidiaries which included, among others a bank (Finibanco, S.A. ("**Finibanco**")), an Angolan bank (Finibanco Angola, S.A. ("**Finibanco Angola**")), a credit financial institution (Finicrédito, Instituição Financeira de Crédito, S.A.) and an asset management company (Finivalor – Sociedade Gestora de Fundos Mobiliários, S.A.)

In order to take the necessary steps to achieve the consolidation, on 31 March 2011, Montepio acquired from MGAM, through a share purchase agreement, 100 per cent. of the share capital and of the voting rights of Finibanco-Holding, SGPS, S.A. (currently Montepio Holding, SGPS, S.A.) and, indirectly, all of the share capital and the voting rights of Finibanco, S.A. (currently Montepio Investimento, S.A.) as well as those of Finicrédito – Instituição Financeira de Crédito, S.A. (currently Montepio Crédito, Instituição Financeira de Crédito, S.A.) and those of Finivalor – Sociedade Gestora de Fundos Mobiliários, S.A.(currently Montepio Valor– Sociedade Gestora de Fundos, S.A.).

Under the share purchase agreement, Montepio indirectly acquired 81.57 per cent. of the share capital and the voting rights of the Angolan bank, Finibanco Angola, S.A. Because of these acquisitions, Montepio's consolidated supervision perimeter now encompasses all the aforementioned companies.

At the end of 2013, under the restructuring of Group Montepio Geral was undertaken a reorganization of the financial investments associated with the insurance and pension sectors. In this context, on 27 December 2013 Montepio Seguros, S.G.P.S., S.A. ("**Montepio Seguros**") was created, in order to manage the equity of the mentioned sectors. This reorganisation merged Lusitania, Lusitania Vida and Futuro into the newly created Montepio Seguros. After this operation, Montepio now holds 33.65% of the capital of Montepio Seguros.

2013 became also historical for Montepio, given that the Capital of Montepio was opened to public investment. On November 25, Montepio launched the first Public Subscription Offer (IPO) of €200 million participation units (Unidades de Participação), representative of the Participation Fund (Fundo de Participação) of Caixa Económica Montepio Geral (Montepio). On December 17th, 2013, the participation units were admitted to Listing on the Euronext Lisbon after the Regulated Market Special Session.

Current Activities

Montepio operates as a universal bank, offering a wide range of banking and financial products and services, such as mutual, real estate and pension funds, insurance (life and non-life), investment management services and credit cards, aimed at catering for all its customers' financial needs. Montepio has also been developing international operations, especially by the provision of foreign currency to its Portuguese customers, documentary credits and payment orders focusing mainly on attracting deposits from non-resident Portuguese nationals. Montepio currently has six representative offices, in Paris, Toronto, Geneva, Frankfurt, Newark and London. With the acquisition of Finibanco-Holding, SGPS, S.A., Montepio now has a presence in Angola, through Finibanco Angola, and more recently, in Mozambique with the participation on the capital increase of Banco Terra, based in Maputo. This bank has as shareholders Rabobank, based in the Netherlands, GAPI-SI, a financial institution that has the aim of contributing to economic and social development of Mozambique and Norfund, also known as Norwegian Investment Fund for Developing Countries.

In addition to the above mentioned entities, Montepio continues to develop its international activity through Banco Montepio Geral Cabo Verde, Sociedade Unipessoal, S.A. (I.F.I.) ("**MGCV**"). MGCV

Customers' Deposits reached EUR 579.7 million, at the end of the third quarter of 2014 (EUR 561.0 million in the third quarter of 2013), with a year-on-year growth of 3.3%. The Net Income of MGCV came to EUR 384.2 thousand (EUR 593.6 thousand in the third quarter of 2013), mainly due to the increase in Operating Expenses of EUR 409.8 thousand, arising from the strengthening of human and technical resources supporting the bank's activity.

Despite the fact that the Group has its activity in Portugal, geographically it has some international role, developed by: (i) Finibanco Angola and (ii) MGCV, which by geographical criteria, results can be distinguished in Portugal (Domestic Area) from Angola and Cabo Verde (International Area).

Montepio's principal business is banking intermediation through deposit taking, mainly from individuals, and the provision of loans and credit facilities. As at 30 September 2014, loans to individuals accounted for 54.3 per cent. of total loans Most of Montepio's loans to individuals are secured by mortgages on property and, in particular, housing credit, which represents 44.6 per cent. of total credit. The remaining 45.7 per cent are mainly loans to companies and to the public sector, which have been registering a higher weight in total loans, when compared with 42.4 per cent recorded on 30 September 2013.

Montepio is the sixth largest Portuguese banking group in terms of total assets and is one of the largest providers of housing and construction mortgage finance, with total mortgage assets in excess of €8,274.7 million as at 30 September 2014 (source: *Periodic Report and Accounts of Banks*).

As of 30 September 2014, Montepio had 4,078 employees (including 175 from Finibanco Angola).

Keeping pace with technological advances and sophistication, Montepio continues to develop its network of remote distribution channels, such as internet banking (Net 24), mobile telephone banking (Netmovel 24) and its own Automatic Teller Machine network – Chave 24+, along with a contact centre service (see "*Technology*" below.)

As at 30 September 2014, Montepio's consolidated total assets (net of provisions and depreciation) amounted to €22,214.8million and its total equity was €1,741.9million. Its capital adequacy ratio and Core Tier 1 ratio, calculated according to the Bank of Portugal rules, were both 10.71per cent.. For the same period, and regarding the prudential indicators based on the new legislation of Basel III, Montepio's capital ratios have registered values above their minimum required levels. The Common Equity Tier 1 ratio (phasing-in) reached 10.57 per cent, thus exceeding the 7 per cent minimum hurdle stipulated by Bank of Portugal for 2014, and the Total Capital ratio (phasing-in) reached 10.59 per cent..

Montepio has been improving earnings, considering the recent performance, with a significant increase in consolidated net income on 30 September 2014, which reached €22.7 million when compared with the €-205.2 million achieved on 30 September 2013. This outcome highlights the contribution of gross income due to higher net interest income (an increase of 74.9 per cent year-on-year) and the performance of net income from services and commissions, coupled with the results of financial operations mostly obtained with fixed rate assets. This achievement has been made possible by the diversification process of the balance sheet that has been taking place, with reallocation of assets and business segment reorganization and the benefit from the positive development of the economies in other geographies in which the group is present.

Capital

Since December 2013, Montepio's capital structure consists of institutional capital, an asset allocation made by MGAM that holds the institutional capital of Montepio, and the Participation Fund, that represents public investment. Prior to this date, Montepio had a special status, with no share capital and with the capital of Montepio under the form of institutional capital held exclusively by MGAM. However, in order to accomplish its strategy of strengthening the institution's Basic Own Funds, the capital of Montepio was opened to public investment. On 25 November 2013, Montepio launched an initial public offer of 200 million participation units (*unidades de participação*), at a face value of €1, in the Participation Fund (*Fundo de Participação*) of Montepio. The participation units offering was successful, with demand exceeding offer by 10.2 per cent., and subscription orders reaching in excess of €220 million in the 15 business day subscription period. On 17 December 2013, the participation units were listed on the Euronext Lisbon following the Regulated Market Special Session. Following this listing, Montepio is considered a company whose capital is open to investment by the public (*Entidade com Capital Aberto ao Investimento do Público*).

Notwithstanding the above, MGAM, the parent company and underwriter of the institutional capital, shall continue to be the sole controlling owner of Montepio, since ownership of the participation units does not confer voting rights.

On 30 September 2014, the capital of Montepio (comprised of the Institutional Capital and Participation Fund) reached a total of €1,700 million, as a result of the new capital structure which came into effect on 17 December 2013, which includes €200 million Participation Units of the Participation Fund, in addition to the Institutional Capital of €1,500 million.

As at 30 September 2014, the Core Tier 1 ratio reached 10.71 per cent. registering a year-on-year positive variation of 54 basis points, relative to 30 September 2013. This variation was due to the increase in Institutional Capital and the issue of Montepio's Participation Fund Units of €200 million.

Since the beginning of 2014, the new rules and capital requirements under Basel III are being phased in. Pursuant to this process, the Bank of Portugal requires that banks comply with the capital ratio requirements set out in Basel III. "Full implementation" will occur in 2017, when all Basel III rules have been fully implemented.

As of 30 September 2014, Montepio's capital ratios were above the minimum required levels. In particular, the Common Equity Tier 1 ratio reached 10.57 per cent. thus exceeding the 7 per cent. minimum requirement stipulated by the Bank of Portugal for 2014.

Participation Fund (*Fundo de Participação*)

In articles 6, (b) and 8 of its by-laws, Montepio provides for the establishment of a participation fund ("**Participation Fund**"), which, in addition to the institutional capital, the legal reserve, the special reserve, the other reserves and the undistributed results, will form the equity and own funds of Montepio.

The main characteristics of the Participation Fund are as follows:

a) The Participation Fund is permanent;

b) It is represented by participation units ("**Participation Units**"), with a nominal value and in the form to be determined when their respective issuance is to be approved;

c) It can only be redeemed upon the winding-up of Montepio and only upon the redemption of all the other creditors of the issuer, including those that hold other types of subordinated debt. The holders of the Participation Units will rank *pari passu* and *pro rata* with the holder of Montepio's institutional capital in sharing the liquidation amount of Montepio's assets;

d) Any redemption of the Participation Fund can only be made pursuant to the provisions of Montepio's by-laws and following the prior written consent of the Bank of Portugal;

e) The holders of the Participation Units are not entitled to intervene in the corporate bodies of Montepio, but are only entitled to receive annual revenue if and when there are sufficient results to that effect and upon the approval of the General Assembly, based on a proposal by the Executive Board of Directors.

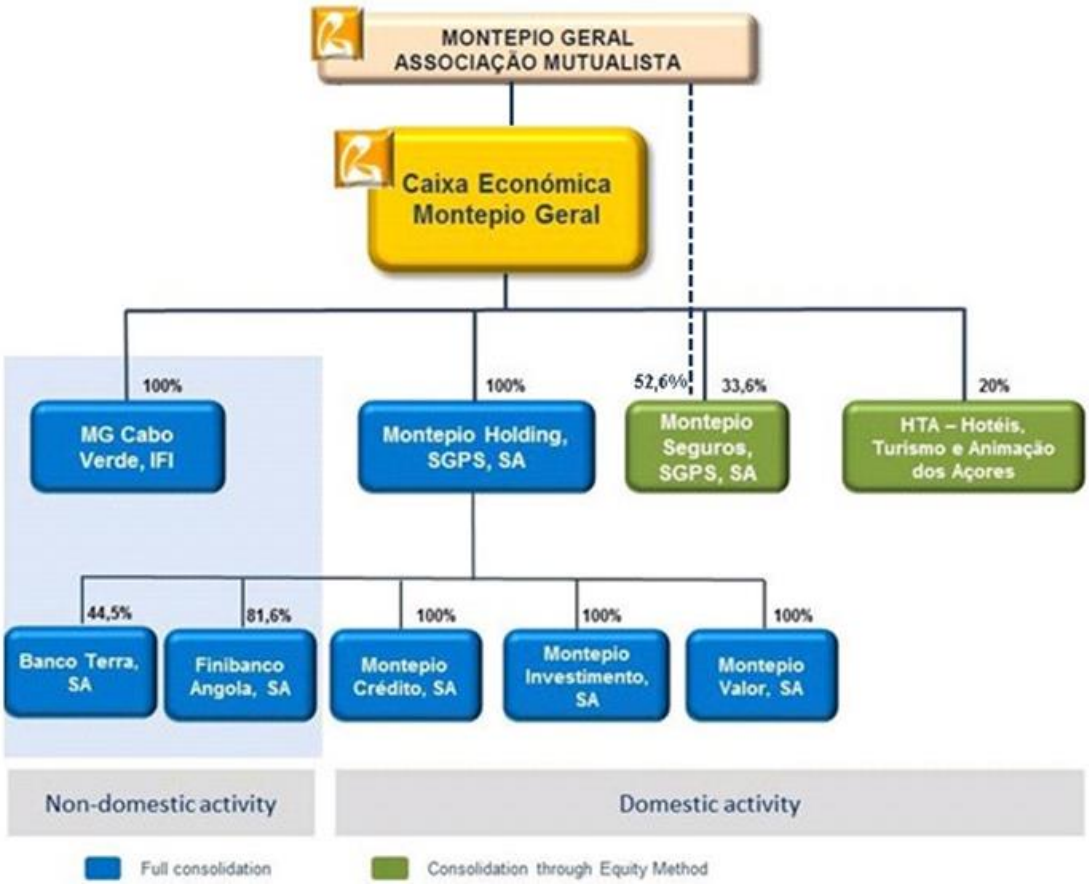
The overall amount of the Participation Fund is not capped, but the Executive Board of Directors of Montepio is authorised to issue Participation Units up to an amount equivalent to the institutional capital current amount.

The Bank of Portugal has acknowledged Montepio's Participation Fund as a positive element of its core own funds, according to article 3, (a) of Bank of Portugal's Notice (*Aviso*) no. 6/2010 (as amended), and its eligibility for the computation of core tier 1, according to Bank of Portugal's Notice (*Aviso*) no. 3/2011 (as amended) and common equity as per CRD IV (i.e. the regulation resulting from: (i) Directive 2013/36/EU of the European Parliament and of the Council, of 26 June 2013, on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and (ii) 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..

The Montepio Group

The Montepio Group is integrated in the MGAM Group, one of the most differentiated financial groups at a national and European level due to its mutual origin, nature and purposes, conferring unique characteristics and an unmatched position in its sector and in Portuguese society.

Montepio has stakes in a series of institutions whose management it controls. These entities complement Montepio's financial products and services and contribute via their earnings to the creation of value for MGAM (Montepio's parent company and underwriter of its institutional capital) and for mutual purposes, as well as promoting high ethical standards and principles of social sustainability.



The consolidation perimeter of Caixa Económica Montepio Geral also includes:

- Montepio Recuperação de Crédito – ACE (Full Consolidation);
- Credit Securitisation Vehicles Pelican Mortgages no.1 and no.2 (Full Consolidation);
- Real estate investment funds (Full Consolidation):
- Montepio Arrendamento – Residential Rental Real Estate Investment Fund;
- Polaris – Closed Real Estate Investment Fund;
- Finipredial – Open Real Estate Investment Fund.

Recent Developments

As part of Montepio's international expansion, diversification, and performance enhancing strategy, in December 2014 it completed the acquisition of 44.537 per cent. of Banco Terra S.A. of Mozambique. It is expected that this will result in an increased ability to capitalise on new business opportunities. Montepio's participation in the capital increase of the Maputo-based bank means it will join other shareholders such as Rabo Development B.V., Norwegian Investment Fund for Developing Countries and GAPI-SI, S.A..

DESCRIPTION OF THE ACCOUNTS BANK

Citibank, N.A. is a company incorporated with limited liability in the United States of America under the laws of the City and State of New York on 14 June 1812 and reorganised as a national banking association formed under the laws of the United States of America on 17 July 1865 with Charter number 1461 and having its principal office at 399 Park Avenue, New York, NY 10043, USA and having in Great Britain a principal branch office situated at Canada Square, Canary Wharf, London E14 5LB with company number BR001018.

SELECTED ASPECTS OF LAWS OF THE PORTUGUESE REPUBLIC RELEVANT TO THE SME LOANS AND THE TRANSFER OF THE SME LOANS

Securitisation Legal Framework

General

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. It regulates (a) the establishment and activity of Portuguese securitisation vehicles (b) the type of credits that may be securitised (c) the conditions under which credits may be assigned for securitisation purposes and (d) the entities which may assign credits for securitisation purposes.

The most important aspects of this legal framework are:

- the establishment of special rules facilitating the assignment of credits (including SME Loans) in the context of securitisation;
- the establishment of the types of originator which may assign their credits pursuant to the Securitisation Law;
- the establishment of the types of credits that may be securitised;
- the establishment of the conditions under which the credits may be securitised; and
- the creation of two different types of securitisation vehicles: (i) credit securitisation funds (*Fundos de Titularização de Créditos* – "**FTC**") and (ii) credit securitisation companies (*Sociedades de Titularização de Créditos* – "**STC**").

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 in order to establish an STC. Such approval is granted when the prospective shareholder shows that it is capable of providing the company with a sound and prudent management.

If the shares in an STC, corresponding to a qualified stake (*participação qualificada*), are to be transferred to another shareholder or shareholders, prior authorisation of the CMVM of the prospective shareholder has to be obtained. The interest of the new shareholder in the STC has to be registered within 15 (fifteen) days of the purchase. The same sound and prudent management criteria is applicable for the acquisition of qualified stakes.

Regulatory Compliance

In order 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 the purpose of 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.

Nature of credits

The Securitisation Law sets out the types of credits that may be securitised and the eligibility criteria for such credits.

Who may assign assets for securitisation purposes?

Under the Securitisation Law, originators include the Portuguese Republic and public corporate entities, credit institutions, financial companies, insurance companies, pension funds and pension fund managing companies and any other corporate entities whose accounts have been audited by an auditor registered with the CMVM for the last three consecutive years.

Assignment of credits

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

Notice to Debtors

In general, an assignment of credits is effective against the relevant debtor after notification of assignment is made to such debtor.

Notification to the debtor is required to be made by means of a registered letter (to be sent to the debtor's address included in the relevant receivables contract) and such notification will be deemed to have occurred on the third business day following the date of posting of the registered letter.

An exception to this requirement applies when the assignment of credits is made under the Securitisation Law by, *inter alia*, credit institutions or financial companies, and such entities are the servicers of the credits. In that case, there is no requirement to notify the relevant debtor since such assignment is deemed to be effective in relation to such debtor when it is effective between assignor and assignee.

Accordingly, in the situation set out above, 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 bankruptcy of the assignor, claim such payments from the assignor.

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 the assignment of loans with underlying mortgages or other guarantees subject to registration under Portuguese law). Transfer by means of a notarial deed is not required. In the case of an assignment of loans which have underlying mortgages or other guarantees subject to registration under Portuguese law, 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 and other laws applicable in the Portuguese Republic, namely Decree-Law no. 76A/2006 of 29 March 2006.

In order to perfect an assignment of loans where ancillary rights are capable of registration at a public registry (such as a mortgage over real estate) against third parties, the assignment must be followed by the corresponding registration (as described in the paragraph below) of the transfer of such ancillary rights. The Portuguese real estate registration provisions allow for the registration of the assignment of any mortgage at any Portuguese Real Estate Registry Office, even if the said Portuguese Real Estate Registry Office is not the office where the mortgage is registered. The registration of the transfer of the mortgage requires the payment of a fee for each small and medium sized enterprise mortgage 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 bankruptcy of the assignor prior to registration of the assignment of credits, the credits will not form part of the bankruptcy 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 provide for such registration.

Assignment and Bankruptcy

Unless an assignment of credits is effected in bad faith, such assignment under the Securitisation Law cannot be challenged for the benefit of the assignor's bankruptcy estate and any payments made to the assignor in respect of credits assigned prior to a declaration of bankruptcy will not form part of the assignor's bankruptcy estate even when the term of the credits falls after the date of declaration of bankruptcy 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 bankruptcy estate.

Risk of Set-Off by Borrowers

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.

Set-Off on Bankruptcy

Under article 99 of the *Código de Insolvência e Recuperação de Empresas* (the Code for the Insolvency and Recovery of Companies), implemented by Decree-Law no. 53/2004 of 18 March 2004, as amended from time to time, applicable to bankruptcy 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 bankruptcy of such creditor provided that, prior to the declaration of bankruptcy, (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 1998 as rectified by the Rectification Statement no. 22/98, of 28 November 1998, (the "**Data Protection Law**"), which implemented Directive 95/46/EC, of 24 October 1995, provides for the protection of individuals regarding the processing and transfer of personal data.

Pursuant to the Data Protection Law, any processing of personal data requires express consent from the data subject, unless the processing is necessary in certain specific circumstances as provided under the relevant laws.

The entity collecting and processing personal data must obtain prior authorisation from the *Comissão Nacional de Protecção de Dados* (the "**CNPD**"), the Portuguese Data Protection Authority, before processing such data.

Transfer of personal data to an entity within a Member State does not require authorisation by the CNPD but must be notified to the relevant data subjects.

Portuguese Securitisation Tax Law

Under the Portuguese Securitisation Tax Law, there is no withholding tax on the payments made by the Issuer to the Originator in respect of the purchase by the Issuer of the SME Loans and the Receivables arising thereunder and the related Ancillary SME Loans Rights. Furthermore, the payment of Collections made in respect of the SME Loans by the Servicer to the Issuer is not subject to withholding tax.

Other Portuguese tax issues relating to withholding tax, corporate tax, income tax, stamp duty, value added tax as regards the Notes are described in the section "Taxation".

Mortgages charging real estate and other security under Portuguese law

a) Concept

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

A pledge entitles the pledgee, in the event of default of the relevant obligations, to be paid in preference to unsecured creditors from the proceeds of the sale of the relevant asset subject of the pledge.

b) Legal Form, Registry and Priority Rights

Until 31 December 2008, mortgages could only be created by means of a notarial deed, which is a document prepared and testified by, and executed before, a public notary and in compliance with certain formalities as to its creation.

However, the Portuguese real estate regime was amended by Decree-Law no. 116/2008 of 4 July 2008, effective from 1 January 2009, which establishes that, besides the previously existing procedure for creation of a mortgage by means of a notarial deed, mortgages can also be validly created by a private document, provided that the authenticity of such document is ensured, which means that it shall be either executed before, or certified by, a notary public, a lawyer, a bailiff (*solicitador*) or a commerce association. The mortgage can also be created by a public document executed before a Real Estate Registry Office.

The notarial deed or written contract for the creation of a mortgage is not sufficient for the full validity and enforceability of this type of security as registration with the Real Estate Registry Office is required in order for a mortgage to be considered validly created.

Registration also rules the ranking of creditors 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).

Pledges (including, for the avoidance of doubt, financial pledges) may also be created by private contracts, the following specifications being applicable.

The validity of the pledge over movable assets generally requires either the physical delivery of the pledged assets to the creditor (i.e. transfer of possession though not of ownership) or otherwise the delivery of documentation conferring the creditor full possession powers over the relevant assets to the absolute exclusion of any other party. The sole exception to this general principle is the case of pledges of assets in favour of banks pursuant to Decree-Law no. 32032 of 22 May 1942, which do not require transfer of possession. However, this type of pledge does require compliance with specific formalities, such as the inclusion of mandatory legal provisions in the contract and certification of capacity of the parties (and of the insertion of said provisions) by a notary.

Pledges over rights will be validly transferred in accordance with the legal formality required for the creation or transmission of such right and notification to the relevant debtor. Pledges subject to registration are only valid and effective as from the registration date.

The creation of pledges over shares must comply with the formalities applicable to the transfer of shares, which may be different according to the type of shares to be pledged but which entail, in the case of registered shares, the execution of special forms and registration of the pledge in the share ledger book of the company as a condition for its validity and enforceability. It must be noted that ranking among creditors secured by pledge over the same shares also depends on priority of registration. Pledges over participations in share capital (quota), as from 30 June 2006, may be created by means of private contracts and will be subject to registration in the relevant Commercial Registry Office.

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

Enforcement and court procedures

Enforcement of a mortgage over real property may only be made through a court procedure, whereby the mortgagee is entitled 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 cannot 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) 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 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.

Enforcement of a pledge over assets or rights may be made through a court procedure, whereby the pledgee is entitled to demand the sale by a court of the relevant pledged asset or right and be paid from the proceeds of such sale (after payment to the preferential creditors, if any). The Parties may also agree to an out of court ("*extra judicial*") enforcement of the pledge. If the pledge at stake is a financial pledge created over bank accounts or financial instruments, the enforcement of the pledge may be carried out by means of appropriation of the pledged assets by the pledgee in accordance with the rules set out in the relevant pledge agreement.

The pledgee may not take possession or become owner of the pledged asset or right by virtue of enforcement of the pledge, and is only entitled to be paid out of the proceeds of sale of the relevant asset or right, except in what concerns financial pledges in the terms described in the paragraph above.

Should the pledgee be willing to acquire the relevant asset or right, he may bid in the court sale along with (but with no preference) any other parties interested in the purchase of such asset or right. In case there are various creditors with mortgages over the same property or pledges over assets or rights, the proceeds of the sale of the property/ asset/ right are distributed among the secured creditors in accordance with the 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 or pledges over assets or rights usually take two to four years on average for a final decision to be reached on the execution of the underlying loan. Court fees payable in relation to the enforcement process of mortgages and pledges are determined in accordance with the amounts claimed.

Assignment under the Securitisation Law

Assignments conducted under the Securitisation Law consist of assignment of credits and not of contractual positions. All the Issuer is acquiring pursuant to the SME Receivables Sale Agreement (and each Assignment Agreement) is the entitlement to receive certain cash flows and not the contractual position of the Originator. Therefore, the assignment of SME Receivable does not impose on the Issuer an obligation to perform further disbursements to the clients of the Originator as this will remain an obligation of the Originator.

Other relevant legislation applicable to the SME Receivables

The SME Receivables were originated by the Originator and arise from the SME Receivables Agreements entered into between the Originator and the relevant Borrowers. The SME Receivables Agreements are qualified as loan agreements (*contratos de mútuo*) under Portuguese law and are generally governed by Articles 1142 to 1151 of the Portuguese Civil Code.

Also, specific rules apply to the Originator as a credit institution when granting credit loans under the SME Receivables.

Bank of Portugal Notice (*Aviso*) no. 8/2009 ("**BdP Notice 8/2009**") establishes the minimum information requirements to be provided to borrowers within the context of the loan market. BdP Notice 8/2009 establishes that credit institutions shall provide all updated information regarding pricing, commissions, fees and interest applicable to the loan granting activity, namely the maximum commission amounts applicable to borrowers, an indication of the applicable expenses, the annual

percentage rate of charge (*taxa anual de encargos efetiva global*) resulting from credit transactions and information on the deposit guarantee fund.

The Bank of Portugal also has established a set of "good market practices" under Circular (*Carta-Circular*) no. 32/2011/DSC, of 17 May 2011 ("**Circular 32/2011**"), under which credit institutions ensure the protection of borrowers in case interest rates can be unilaterally amended by credit institutions.

Circular 32/2011 establishes, *inter alia*, that credit institutions shall define a reasonable period for the relevant borrower to exercise the right of withdrawal (which shall not be less than 90 (ninety) days), that such unilateral interest rate variation shall comply with the principle of proportionality and shall not unjustifiably affect the initial contractual balance. Additionally, Circular 32/2011 provides that no penalties for early repayment can be included in the relevant loan agreement.

Furthermore, Decree-Law no. 58/2013, of 8 May ("**DL 58/2013**"), provides a revision and an update of the term classification, interest rate, interest on overdue payments and interest capitalisation applicable to credit transactions. Under DL 58/2013, inter alia: (i) interest capitalisation is not allowed for periods shorter than one month, (ii) default interest capitalisation is only admissible once and under written consent of the credit institution and the debtor, (iii) in case of default of the borrower, credit institutions may demand default interest of a maximum rate of 3%, and no further amounts may be charged to the borrowers in case of default.

SUMMARY OF PROVISIONS RELATING TO THE NOTES CLEARED THROUGH INTERBOLSA

General

Interbolsa manages a centralised system (*sistema centralizado*) composed of interconnected securities accounts, through which such securities (and inherent 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 in 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, settlement of trades executed through the Stock Exchange takes place on the second Business Day after the trade date and is provisional until the financial settlement that takes place through TARGET2 on the settlement date.

Form of the Notes

The Notes will be in book-entry (*forma 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 individual securities accounts opened by 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 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, by the Paying Agent (acting on behalf of the Issuer) through TARGET2 to 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 the Notes and all necessary information for that purpose. In particular, such notice must contain:

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

(ii) 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 relevant amount must be apportioned *pro-rata* between the accounts of the Interbolsa Participants by Interbolsa.

Transfer of 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 Issuer has also agreed to issue additional Class D Notes on the relevant Additional Purchase Date if Additional SME Loans Portfolios are purchased by the Issuer in accordance with the Receivables Sale Agreement. The purchase of Additional SME Loans Portfolios by the Issuer through the issuance of additional Class D Notes is conditional on the ability of the Class D Noteholder to purchase additional Class D Notes and, to the extent that the Set-off Risk Required Balance increases with the purchase of any Additional SME Loans, such purchase is also conditional on the ability of the Class S Noteholder to purchase additional Class S Notes. Any additional issuances of Class D Notes shall be notified to the Rating Agencies.

1.3 The Issuer has also agreed to issue additional Class S Notes if the Set-off Risk Required Balance increases and the amounts standing to the credit of the Class S Principal Ledger do not cover the Set-off Risk Required Balance, such issuance being conditional on the ability of the Class S Noteholder to purchase additional Class S Notes. Any additional issuances of Class S Notes shall be notified to the Rating Agencies.

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

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

1.6 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.

1.7 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 Offices of which are set out below.

1.8 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**

The Notes are in book-entry (*forma escritural*) and registered (*nominativas*) form in the denomination of €100,000. Title to the Notes will pass by registration in the corresponding securities account.

2.2 **Title**

The registered holder of any Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (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.

3. Status and Ranking

3.1 **Status**

The Notes of each Class constitute direct limited recourse obligations of the Issuer.

3.2 **Ranking**

The Notes in each Class will at all times rank *pari passu* amongst themselves without preference or priority.

3.3 **Sole Obligations**

The Notes are obligations solely of the Issuer limited to the Transaction Assets (including the segregated portfolio of SME Loans 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 **Priorities of Payments**

Prior to the delivery of an Enforcement Notice, the Issuer shall apply the Available Interest Distribution Amount in accordance with the Pre-Enforcement Interest Payment Priorities and the Available Principal Distribution Amount in accordance with the Pre-Enforcement Principal Payment Priorities. Following the delivery of an Enforcement Notice, the Issuer will apply all available amounts in accordance with the Post-Enforcement Priority of Payments.

4. Statutory Segregation of Transaction Assets

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 **Restrictions on Disposal of Transaction Assets**

The Common Representative shall only be entitled to dispose of the Transaction Assets upon the delivery by the Common Representative of an Enforcement Notice in accordance with Condition 11. (*Events of Default*) and subject to the provisions of Condition 12.1. (*Proceedings*). If an Enforcement Notice has been delivered by the Common Representative, the Common Representative will only be entitled to dispose of the Transaction 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. Issuer Covenants

5.1 **Issuer Covenants**

So long as any Note 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 5 (*Issuer Covenants*) of the Incorporated Terms Memorandum.

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 Common Representative, the Rating Agencies, the Arranger and the Paying Agent are provided 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 https://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 clarify that they are Noteholders or other persons entitled to do so.

6. Interest, Class S Return Amount and Class D Distribution Amount

6.1 **Accrual**

Each Class A Note, Class B Note and Class C Note issued on the Closing Date bears interest on its Principal Amount Outstanding from the Closing Date. The Class D Notes and Class S Notes bear no entitlement to interest and will instead bear an entitlement to receive the Class D Distribution Amount and the Class S Return Amount respectively.

6.2 **Cessation of Interest**

Each Note of each class shall cease to bear interest (or, in the case of the Class D Notes and Class S Notes, shall cease to bear an entitlement to the Class D Distribution Amount and Class

S Return Amount respectively) 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 D Distribution Amount or Class S Return 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 Arrears 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 Arrears which shall, in turn, be paid before any default interest.

Interest on each Class C Note, Deferred Interest Amount Arrears and any default interest thereon due and payable on any Interest Payment Date in respect of 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 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 Arrears which shall, in turn, be paid before any default interest.

6.5 **Class S Return Amount Payments**

Payment of any Class S Return Amount in relation to the Class S 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 S Return Amount calculated as at the Calculation Date immediately preceding such Interest Payment Date and notified to the Class S Noteholders in accordance with the Notices Condition.

6.6 **Class D Distribution Amount Payments**

Payment of any Class D Distribution Amount in relation to the Class D 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 D Distribution Amount calculated as at the Calculation Date immediately preceding such Interest Payment Date and notified to the Class D Noteholders in accordance with the Notices Condition.

6.7 **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.

6.8 **Calculation of Class S Return Amount and Class D Distribution Amount**

Upon or as soon as practicable after each Calculation Date, the Agent Bank on behalf of the Issuer shall calculate (or shall cause the Transaction Manager to calculate) the Class S Return Amount and the Class D Distribution Amount payable on each Class S Note or Class D Note respectively for the following Interest Payment Date.

6.9 **Notification of Interest Amount and Interest Payment Date**

As soon as practicable after each Interest Determination Date, the Agent Bank will cause:

(A) the Interest Amount for each Class of Notes for the related Interest Period; and

(B) the next Interest Payment Date following the related Interest Period,

to be notified to the Issuer, the Transaction Manager, the Common Representative, the Paying Agent, and, for so long as the Notes are listed on any stock exchange, such stock exchange no later than the first day of the relevant Interest Period.

6.10 **Notification of Class S Return Amount and Class D Distribution Amount**

As soon as practicable after each Calculation Date, the Agent Bank will cause the Class S Return Amount and the Class D Distribution Amount to be notified to the Issuer, the Transaction Manager, the Common Representative, the Paying Agent and, for so long as the Notes are listed on any stock exchange, such stock exchange.

6.11 **Publication of 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 6.9 (*Notification of Interest Amount and Interest Payment Date*) and of the Class S Return Amount and the Class D Distribution Amount in accordance with Condition 6.10 (*Notification of Class S Return Amount and Class D Distribution Amount*), the Transaction Manager on behalf of the Issuer will cause such Interest Amount, Interest Payment Date, Class S Return Amount and Class D Distribution Amount to be published in accordance with the Notices Condition.

6.12 **Amendments to Publications**

The Interest Amount for each Class of the Notes, the Class S Return Amount and the Class D 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.

6.13 **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 Notes in accordance with this Condition, or if the Transaction Manager does not at any time for any reason determine the Class S Return Amount or the Class D 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 S Return Amount or the Class D 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 Notes (and the Class S Return Amount or the Class D 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.

6.14 **Deferral of Interest Amounts in Arrears**

If there are any Deferred Interest Amount Arrears in respect of any class of Interest 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 6.16 (*Default Interest*).

6.15 **Notification of Deferred Interest Amount Arrears**

If, on any Calculation Date, the Transaction Manager on behalf of the Issuer shall determine that any Deferred Interest Amount Arrears will arise on the immediately succeeding Interest

Payment Date, notice to this effect shall be given by the Issuer in accordance with the Notices Condition, specifying the amount of the Deferred Interest Amount Arrears in respect of the relevant class of Interest Deferrable Notes to be deferred on such following Interest Payment Date.

6.16 **Default Interest**

Any Deferred Interest Amount Arrears shall bear interest during the period from (and including) the Interest Payment Date upon which such Deferred Interest Amount Arrears is deferred to (and excluding) the date upon which the obligations of the Issuer to pay any Deferred Interest Amount Arrears is discharged. Interest on such Deferred Interest Amount Arrears shall accrue from day to day at the Note Rate from time to time applicable to the relevant class of Interest Deferrable Notes and shall be due and payable in accordance with Condition 6.4 (*Interest Payments*).

6.17 **Notification of Availability for Payment**

The Issuer shall cause notice of the availability for payment of any Deferred Interest Amount Arrears in respect of a class of Interest Deferrable Notes and interest thereon (and any payment date thereof) to be published in accordance with the Notices Condition.

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 Arrears payable on such Interest Payment Date which shall, in turn, be paid prior to any default interest on any such Deferred Interest Amount Arrears arising under Condition 6.16 (*Default Interest*) which is payable on such Interest Payment Date.

7. Final Redemption, Mandatory Redemption in part and Optional Redemption

7.1 **Final Redemption**

Unless previously redeemed as provided in this Condition, the Issuer shall redeem the Notes of each class at their Principal Amount Outstanding together with all accrued interest on the Final Legal Maturity Date.

7.2 **Mandatory Redemption in part**

On each Interest Payment Date after the end of the Revolving Period, the Issuer will cause any Available Principal 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 and in the following sequential order of priority, in each case the relevant amount being applied to each class divided by the number of Notes outstanding in such class:

(A) In the case of each Class A Note in an amount equal to the lesser of the Available Principal Distribution Amount and the aggregate of the Principal Amount Outstanding of the Class A Notes;

(B) In the case of each Class B Note in 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 or any other higher ranking amount in the relevant Payment Priority) and the aggregate of the Principal Amount Outstanding of the Class B Notes; and

(C) In the case of each Class C Note in an amount equal to the lesser of the Available Principal Distribution Amount (minus the amount to be applied in redemption of the Class B Notes (if any) on such Interest Payment Date or any other higher ranking amount in the relevant Payment Priority) and the aggregate of the Principal Amount Outstanding of the Class C Notes;

in each case in an amount rounded down to the nearest 0.01 euro.

7.3 **Mandatory Redemption in whole of the Class S Notes and Class D Notes**

On the last Interest Payment Date (after redemption in full of the Asset-Backed Notes) if any Class S Return Amount or Class D Distribution Amount is to be paid by the Issuer in

accordance with Conditions 6.5 (*Class S Return Amount Payments*) and 6.6 (*Class D Distribution Amount Payments*), the Issuer will cause the Class S Notes and the Class D Notes to be redeemed in full in an amount which is equal to the Principal Amount Outstanding of the Class S Notes Class D Notes, respectively.

7.4 **Calculation of Note Principal Payments and Principal Amount Outstanding**

On (or as soon as practicable after) each Calculation Date, the Issuer shall calculate (or cause the Transaction Manager to calculate):

7.4.1 the aggregate of any Note Principal Payments due in relation to each class on the Interest Payment Date immediately succeeding such Calculation Date;

7.4.2 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);

7.4.3 the Class S Return Amount; and

7.4.4 the Class D Distribution Amount.

7.5 **Calculations final and binding**

Each calculation by or on behalf of the Issuer of any Note Principal Payment, Class S Return Amount or the Class D 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.

7.6 **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, such amounts may be calculated by the Common Representative (without any liability accruing to the Common Representative as a result) in accordance with this Condition (based on information supplied to it by the Issuer or the Transaction Manager) or by a third party duly appointed by the Common Representative for this purpose and each such calculation shall be deemed to have been made by the Issuer.

7.7 **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) on any Interest Payment Date, when, on the related Calculation Date, the Aggregate Principal Outstanding Balance of the SME Loans is equal to or less than 10 (ten) per cent. of the Aggregate Principal Outstanding Balance of all of the SME Loans at the Initial Collateral Determination Date, subject to the following:

(i) that the Issuer has given not more than 60 (sixty) nor less than 30 (thirty) 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) 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.

7.8 **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:

7.8.1 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

7.8.2 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

7.8.3 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 any Collections to cease to be receivable by the Issuer 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 SME Loan,

subject to the following:

(i) that the Issuer has given not more than 60 (sixty) nor less than 30 (thirty) 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 7.8.1 and 7.8.2 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.

7.9 **Optional Redemption in Whole by the Sole Noteholder**

The sole Noteholder (being the Originator) holding all Notes outstanding from time to time may, following an Extraordinary Resolution and by giving not less than 15 (fifteen) days' notice to the Issuer that it is exercising its option (the "**Put Option**") decide to have all (but not some only) of the Notes redeemed at their Principal Amount Outstanding together with all accrued interest on the date specified in such notice (the "**Put Option Date**") provided that:

(i) 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;

(ii) the sole Noteholder (being the Originator) expressly agrees to the exercise of the optional redemption in whole pursuant to this Condition 7.9;

(iii) 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 the case may be) 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;

(iv) the Originator accepts to acquire the relevant SME Loans on the Put Option Date at the then current market price;

(v) the sole Noteholder exercising the Put Option has established to the satisfaction of the Issuer that it holds all of the Notes on the date on which the Put Option is exercised and that it will be the holder of all of the Notes on the Put Option Date;

(vi) 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; and

(vii) the exercise of the Put Option satisfies all the applicable legal requirements, including the Securitisation Law,

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 7.9 have or will be duly met up to 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 no such sufficient funds, and the Issuer shall not be obliged to use any efforts to procure that such sufficient funds are made available to it. 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.

Upon delivery of the SME Loans Portfolio on the Put Option Date to the Originator and payment of the Residual Cash Amount (if any) to the Noteholder, the rights and obligations of the sole Noteholder towards the Issuer shall be extinguished.

"**Residual Cash Amount**" means such amount of cash available to the Issuer, including the price (if any) received by the Issuer from the Originator, on the Put Option Date which is not (or will not, as certified to the Issuer's satisfaction by the Transaction Manager to the Issuer, be) required to pay any amounts owing in priority to the sole Noteholder.

7.10 **Conclusiveness of certificates and legal opinions**

Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 7.7 (*Optional Redemption in whole*) and Condition 7.8 (*Optional Redemption in whole for taxation reasons*) may be relied upon by the Common Representative without further investigation and shall be conclusive and binding on the sole Noteholder 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 of Calculation**

The Agent Bank on behalf of the Issuer will cause the Transaction Manager to notify the Common Representative and the Agents of a Note Principal Payment and the Principal Amount Outstanding in relation to each class of Notes to be notified immediately after calculation.

7.12 **Notice of no Note Principal Payment**

If no Note Principal Payment is due to be made on the Notes in relation to any class on any Interest Payment Date, a notice to this effect will be given to the sole Noteholder in accordance with the Notices Condition by not later than 3 (three) Business Days prior to such Interest Payment Date.

7.13 **Notice irrevocable**

Any such notice as is referred to in Condition 7.7 (*Optional Redemption in whole*) or Condition 7.8 (*Optional Redemption in whole for taxation reasons*) or Condition 7.9 (*Optional Redemption in whole by the sole Noteholder*) or Condition 7.11 (*Notice of Calculation*) 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 if effected pursuant to Condition 7.7 (*Optional Redemption in whole*) or Condition 7.8 (*Optional Redemption in whole for taxation reasons*) or Condition 7.9 (*Optional Redemption in whole by the sole Noteholder*) and in an amount equal to the Note Principal Payment calculated as at the related Calculation Date if effected pursuant to Condition 7.2 (*Mandatory Redemption in part*).

7.14 **No Purchase**

The Issuer may not at any time purchase any of the Notes.

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:

(i) 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;

(ii) sums payable to each Noteholder in respect of the Issuer's obligations to such Noteholder shall be limited to the lesser of (a) the aggregate amount of all sums due and payable to such Noteholder and (b) the aggregate amounts received, realised or otherwise recovered by or for the account of the 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

(iii) 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 by the Paying Agent (acting on behalf of the Issuer) through TARGET2 payment current accounts held by 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 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 Reference Banks (or any of them), the Paying Agent, the Agent Bank 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, fraud or manifest error) no liability to the Common Representative or the Noteholders shall attach to the Reference Banks, 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 in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any Taxes unless the Issuer, the Common Representative or the Paying Agent is required by law to make any such payment subject to any such withholding or deduction. 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 Issuer, the Common Representative, nor the Paying Agent will be obliged to pay any additional amounts to Noteholders in respect of any Tax Deduction made in accordance with Condition 10.1 (*Payments free of Tax*).

10.3 Taxing 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 shall be construed as references to the Portuguese Republic and/or such other jurisdiction.

10.4 Tax Deduction not Event of Default

Notwithstanding that the Common Representative, the Issuer or the Paying Agent is required to make a Tax Deduction in accordance with in Condition 10.1 (*Payments free of Tax*) this shall not constitute an Event of Default.

11. Events of Default

11.1 Events of Default

Subject to the other provisions of this Condition 11 (*Events of Default*), each of the following events shall be treated as an "**Event of Default**":

(i) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Class A Notes, the Class B Notes and/or the Class C Notes within 5 (five) days of the due date for payment of such principal or, fails to pay any amount of interest of the Class A Notes, the Class B Notes and/or the Class C Notes within 10 (ten) days of the due date for payment of such interest; or

(ii) *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, the Common Representative Appointment Agreement or in respect of the Issuer Covenants and such default is (a) in the opinion of the Common Representative incapable of remedy or (b) 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 of such default to the Issuer; or

(iii) *Issuer Insolvency*: an Insolvency Event occurs with respect to the Issuer; or

(iv) *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, 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 if so directed by a Resolution passed by the Noteholders, deliver an Enforcement Notice to the Issuer.

11.3 Conditions to delivery of Enforcement Notice

Notwithstanding Condition 11.2 (*Delivery of Enforcement Notice*) the Common Representative shall not be obliged to deliver an Enforcement Notice unless:

(i) in the case of the occurrence of any of the events mentioned in Condition 11.1 (B) (*Breach of other obligations*), 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 12.2 (*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

(ii) in any case 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.

12. Enforcement

12.1 **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:

(i) 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 a 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.

12.2 **Directions to the Common Representative**

Without prejudice to Condition 12.1 (*Proceedings*), the Common Representative shall not be bound to take any action described in Condition 12.1 (*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 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: (i) 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 (ii) (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.

12.3 **Restrictions on disposal of Transaction Assets**

If an Enforcement Notice has been delivered by the Common Representative, the Common Representative will only be entitled to dispose of the SME Loans Portfolio to a Portuguese securitisation fund (FTC) or to another Portuguese securitisation company (STC) or to the Originator in accordance with the Securitisation Law.

13. No action by Noteholders or any other Transaction Party

13.1 The Noteholders may be restricted from proceeding individually against the Issuer and the Transaction 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.

13.2 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 Transaction Assets and, other than as permitted in this Condition 13.2, no Transaction Creditor (other than the Common Representative) shall be entitled to proceed directly against the Issuer and the Transaction 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:

(i) 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 or 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 12.1 (*Proceedings*) to take any other action to enforce its rights under the Notes and the Common Representative Appointment Agreement or other Transaction Document (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 13.2 (*No action by Noteholders or any other Transaction Party*) (C) and (D)) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

(ii) 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 (subject to Conditions 13.2 (*No action by Noteholders or any other Transaction Party*) (C) and (D)) be entitled to take any such steps and proceedings as it shall deem necessary in respect of the Issuer);

(iii) 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

(iv) 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.

14. Meetings of Noteholders

14.1 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.

14.2 Separate and combined meetings

The Common Representative Appointment Agreement provides that (subject to Condition 14.6 (*Relationship between Classes*)):

(i) 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;

(ii) 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

(iii) 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.

14.3 **Request from Noteholders**

A meeting of Noteholders of a particular Class or Classes may be convened by the Common Representative or the Issuer at any time and must be convened by the Common Representative (subject to its being indemnified and/or secured and/or pre-funded 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.

14.4 **Quorum**

The quorum at any Meeting convened to vote on:

(i) 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 Notes then outstanding held or represented at the Meeting; and

(ii) a Resolution 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 at least 50 (fifty) per cent. of the Principal Amount Outstanding of the Notes then outstanding so held or represented 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.

14.5 **Majorities**

The majorities required to pass a Resolution at any meeting convened in accordance with these rules shall be:

(i) if in respect to a Resolution not regarding a Reserved Matter, the majority of the votes cast at the relevant meeting , save if the Class A Noteholders have voted against; or

(ii) if in respect to a Resolution regarding a Reserved Matter (which must be proposed separately to each Class of Noteholders), 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 meeting 2/3 of the votes cast at the relevant meeting, save if the Class A Noteholders have voted against.

14.6 **Relationship between Classes**

In relation to each Class of Notes:

14.6.1 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);

14.6.2 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 outstanding Notes 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;

14.6.3 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

14.6.4 a resolution involving the appointment or removal of the Common Representative must be approved by the holders of each Class of Notes then outstanding.

14.7 **Resolutions in writing**

A Written Resolution shall take effect as if it were a Resolution.

15. Modification and Waiver

15.1 **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 Creditor (other than in respect of a Reserved Matter or any provision of the Common Representative Agreement or any 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:

(i) any modification to these Conditions, to the Notes or any of the other Transaction Documents in relation to which the consent of the Common Representative is required, which, in the opinion of the Common Representative will not be materially prejudicial to the interests of (a) the holders of the Most Senior Class of Notes then outstanding and (b) any of the Transaction Creditors, unless in the case of (b) such Transaction Creditors have given their prior written consent to any such modification; or

(ii) any modification, to these Conditions or any of the Transaction Documents in relation to which the consent of the Common Representative 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 an error which, in the reasonable opinion of the Common Representative, is proven, or is necessary or desirable for purposes of clarity,

provided that no such modification will take effect until and unless (a) regarding item (i) above (A) DBRS and Fitch have been previously notified about the making of any such modification; and (B) (to the extent the Common Representative requires it) notice thereof has been delivered to the Noteholders in accordance with the Notices Condition; and (b) regarding item (ii) above (A) the Rating Agencies have been previously notified about the making of any such modification and (B) notice thereof has been delivered to the Noteholders in accordance with the Notices Condition.

Modifications in respect of a Reserved Matter require the written consent of the Transaction Creditors.

15.2 **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 the 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, a proposed breach or breach by the Issuer of any of the covenants or provisions contained in the Common Representative Appointment Agreement, the Notes or the 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).

15.3 **Restriction on power to waive**

The Common Representative shall not exercise any powers conferred upon it by Condition 15.2 (*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 50 (fifty) per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, but no such direction or request (a) shall affect any authorisation or waiver 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.

15.4 **Notification**

Unless the Common Representative otherwise agrees, the Issuer shall cause any such consent, authorisation, waiver, modification or determination to be notified to the Rating Agencies and the other relevant Transaction Creditors in accordance with the Notices Condition and the Transaction Documents, as soon as practicable after it has been made.

15.5 **Binding Nature**

Any consent, authorisation, waiver, determination or modification referred to in Condition 15.1 (*Modification*) or Condition 15.2 (*Waiver*) shall be binding on the Noteholders and the other Transaction Creditors.

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 D Distribution Amount shall become void five years after the appropriate Relevant Date.

17. Common Representative and Agents

17.1 **Common Representative's right to Indemnity**

Under the Transaction Documents, the Common Representative is entitled to be indemnified by the Issuer and relieved from responsibility in certain circumstances and to be paid or reimbursed for any Liabilities incurred by it in priority to the claims of the Noteholders 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.

17.2 **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 Transaction 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 (including the Issuer, the Transaction Manager and the Servicer) 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.

17.3 **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.

17.4 **Agents solely agents of Issuer**

In acting under the Paying Agency Agreement and in connection with the Notes, the Agents act solely as agents 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.

17.5 **Initial Agents**

The Issuer reserves the right (with the prior written approval of the Common Representative) to vary or terminate the appointment of the Agents 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 and the Common Representative.

17.6 **Maintenance of Agents**

The Issuer will at all times maintain a paying agent with its Specified Office in any city where a stock exchange on which the Notes are listed requires there to be a paying agent and an agent bank and will ensure that it maintains a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with the Notices Condition.

17.7 **Redemption**

When the Notes are no longer outstanding, and as regards all the powers, authorities, duties and discretions vested in the Common Representative, where, in the opinion of the Common Representative, there is conflict, actual or potential, between the interests of the Transaction Creditors, the Common Representative shall only have regard to the interests of that Transaction Creditor which is, or those Transaction Creditors which are, most senior in the Payments 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 two or more Transaction Creditors who rank pari passu in the Payments Priorities then the Common Representative shall look at the interests of such Transaction Creditors equally.

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*). Provided that 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 in such jurisdiction. 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 or category 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 relating thereto 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 Citibank, N.A., London Branch, in its capacity as the bank at which the Transaction Accounts are held in accordance with the terms of the Accounts Agreement;

"**Additional Collateral Determination Date**" means any day that falls within 10 Business Days prior to an Interest Payment Date;

"**Additional SME Loan**" means a SME Loan either consisting on (i) during the Revolving Period, new term loans, new current accounts or additional drawings on the current accounts credit lines granted to SME's or Other Entities or (ii) during the Offering Period, additional drawings on the current accounts credit lines already assigned to the Issuer on the Closing Date or during the Revolving Period (the "**Further Advance SME Loans**"), being both included in an Additional SME Loans Portfolio;

"**Additional SME Loans Portfolio**" means a portfolio of Additional SME Loans sold and assigned by the Originator to the Issuer on an Additional Purchase Date in consideration for which the Additional Purchase Price will be paid by the Issuer to the Originator;

"**Additional Purchase Date**" means each Interest Payment Date falling within the Revolving Period and the Offering Period on which the Issuer purchases Additional SME Loans;

"**Additional Purchase Price**" means, in respect of an Additional SME Loans Portfolio specified in an Offer made by the Originator in accordance with the provisions of the Receivables Sale Agreement, the amount of the consideration paid or to be paid by the Issuer to the Originator for the purchase of the Additional SME Loans comprised within such Additional SME Loans Portfolio, such amount being equal to the Principal Outstanding Balance of the Additional SME Loans included in the Additional SME Loans Portfolio to be sold and assigned to the Issuer on the applicable Additional Purchase Date, as calculated at the related Additional Collateral Determination Date;

"**Agent Bank**" means Citibank, N.A., London Branch, 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 either of them;

"**Aggregate Principal Outstanding Balance**" means the aggregate amount of the Principal Outstanding Balance of each SME Loan from time to time;

"**Ancillary Rights**" means, in respect of each SME Loan:

(a) to the extent such rights are transferable, any documents legally required to transfer or enforce such SME Loan;

(b) all monies and proceeds payable or to become payable under, in respect of or pursuant to such SME Loan;

(c) all Security created in relation to such SME Loan and all Insurance Policies contracted in connection with such SME Loan;

(d) all ownership interests, liens, security interests, charges, mortgages or encumbrances, or other rights or claims of the Originator on, over or in relation to any property from time to time, if any, purporting to secure payment of the Receivables due under such SME Loan, whether pursuant to the relevant SME Loan Agreement or otherwise, together with all rights in relation to any document or agreement creating or evidencing any collateral Security created in relation to payment of the Receivables due under such SME Loan;

(e) all SME Loan Records in relation to such SME Loan;

(f) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of the Originator contained in or relating to such SME Loan including, without limitation, those contained in the relevant SME Loan Agreement; and

(g) all causes and rights of action (present and future) against any person relating to such SME Loan and the Receivables due under such SME Loan including, without limitation, such causes and rights of action arising under the relevant SME Loan Agreement and including the benefit of all powers and remedies for enforcing or protecting the Originator's right, title, interest and benefit in respect of such SME Loan and the Receivables due under such SME Loan;

but so that Ancillary Rights shall not include any Excluded Rights;

"**Arranger**" means The Royal Bank of Scotland plc, in its capacity as arranger of the Transaction;

"**Asset-Backed Notes**" means the Class A Notes, the Class B Notes and the Class C Notes;

"**Assigned Rights**" means all SME Loans included in the SME Loans Portfolio, the SME Loan Agreements, the Ancillary Rights and the Receivables sold and assigned to the Issuer by the Originator on the Closing Date or on the Additional Purchase Dates in accordance with the terms of the Receivables Sale Agreement;

"**Authorised Investments**" means**:**

(i) any euro denominated investment or other deposit in respect of which a security interest can be created, in each case in accordance with article 44(3) of the Securitisation Law and article 3 of CMVM Regulation 12/2002 and complying with the ECB eligibility criteria, as currently disclosed and as amended from time to time; and

(ii) for investments in securities with a maturity of 30 days or less, an investment which has a rating at least equal to "BBB+/F2" by Fitch and scheduled to mature before the earlier of 30 days or the next Interest Payment Date; and

(iii) for investments in securities with a maturity between 30 to 365 days, an investment which has a rating at least equal to "AA-/F1+" by Fitch and scheduled to mature before the earlier of 365 days or the next Interest Payment Date; and

(iv) which has a rating of, or (in the case of a bank account or term deposit) is held at or made with an institution having a minimum rating equal to "AA (low)" and "R-1 (middle)" by DBRS; and

(v) which payment at maturity is at least equal to the amount invested; and

(vi) which mature or otherwise may be disposed of, or (in the case of a bank account) 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; and

(vii) in the case of any other obligation, (a) complies with ECB eligibility criteria and (b) will not adversely affect the Ratings of the Class A Notes or any other Asset-Backed Notes if they become Eurosystem eligible and (c), in respect to DBRS, complies with DBRS criteria from time to time;

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

(a) the amount of any Interest Collections Proceeds received by the Issuer as interest payments under the SME Loans during the Collections Period immediately preceding such Interest Payment Date; plus

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

(c) all amounts standing to the credit of the Cash Reserve Account; plus

(d) interest accrued on the Transaction Accounts and credited to such Transaction Accounts during the relevant Collection Period; plus

(e) the amount of any Principal Draw Amount to be made on such Interest Payment Date to cover any Payment Shortfall in respect of such Interest Payment Date; plus

(f) where the proceeds standing to the credit of the Class S Principal Ledger exceed the Set-off Risk Required Balance, any excess proceeds thereof; plus

(g) any portion of the Available Principal Distribution Amount remaining after the redemption in full of the Notes; less

(h) any Withheld Amount;

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

(a) the amount of any portion of Principal Collections Proceeds received by the Issuer as principal payments under the SME Loans during the Collections Period immediately preceding such Interest Payment Date; plus

(b) during the Revolving Period and Offering Period, the proceeds of any further Class D Notes issued by the Issuer; plus

(c) during the Revolving Period, any amounts of Available Principal Distribution Amounts not used on any previous Interest Payment Dates to purchase Additional SME Loans; plus

(d) during the Offering Period, any amounts of Available Principal Distribution Amounts not used on any previous Interest Payment Dates to purchase Further Advance SME Loans; plus

(e) upon the exercise of set-off rights by any Borrower, the corresponding amount of such set-off rights from the proceeds standing to the credit of the Class S Principal Ledger; plus

(f) such amount of the Available Interest Distribution Amount as is credited to the Payment Account and which is to be 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 or the Class C Principal Deficiency Ledger; less

(g) the amount of any Principal Draw Amount to be made on such Interest Payment Date;

"**Back-up Servicer**" means Whitestar Asset Solutions, S.A.;

"**Benefit**" in respect of any Interest held, assigned, conveyed, transferred, charged, sold or disposed of by any person shall be construed so as to include:

(a) all right, title, interest and benefit, present and future, actual and contingent (and interests arising in respect thereof) of such person in, to, under and in respect of such Interest and all Ancillary Rights in respect of such Interest;

(b) all monies and proceeds payable or to become payable under, in respect of, or pursuant to such Interest or its Ancillary Rights and the right to receive payment of such monies and proceeds and all payments made including, in respect of any bank account, all sums of money which may at any time be credited to such bank account together with all interest accruing from time to time on such money and the debts represented by such bank account;

(c) the benefit of all covenants, undertakings, representations, warranties and indemnities in favour of such person contained in or relating to such Interest or its Ancillary Rights;

(d) the benefit of all powers of and remedies for enforcing or protecting such person's right, title, interest and benefit in, to, under and in respect of such Interest or its Ancillary Rights, including the right to demand, sue for, recover, receive and give receipts for proceeds of and amounts due under or in respect of or relating to such Interest or its Ancillary Rights; and

(e) all items expressed to be held on trust for such person under or comprised in any such Interest or its Ancillary Rights, all rights to deliver notices and/or take such steps as are required to cause payment to become due and payable in respect of such Interest and its Ancillary Rights, all rights of action in respect of any breach of or in connection with any such Interest and its Ancillary Rights and all rights to receive damages or obtain other relief in respect of such breach;

"**Borrower**" means, in respect of any SME Loan, the related SME domiciled in a Portuguese District who is under any obligation to repay that SME 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 or material breach of any agreement or trust by such person;

"**Business Day**" means a TARGET Settlement Day or, if such TARGET Settlement Day is not a day on which banks are open for business in London and Lisbon, the next succeeding TARGET Settlement Day on which banks are open for business in London and Lisbon;

"**Calculation Date**" means the first calendar day of each month in each year, the first Calculation Date being the first calendar day of April 2015;

"**Cash Reserve Account**" means the account opened in the name of the Issuer with the Accounts Bank (or such other bank to which the Cash Reserve Account may be transferred) into which an amount equal to the Cash Reserve Amount will be credited on the Closing Date;

"**Cash Reserve Account Required Balance**" means:

(a) in respect of any Interest Payment Date €16,375,085.57, until the repayment in full of the Asset-Backed Notes; and

(b) in respect of any of the Interest Payment Dates falling after the repayment in full of the Asset-Backed Notes, zero;

"**Cash Reserve Amount**" means an amount equal to €16,375,085.57 to be paid on the Closing Date into the Cash Reserve Account;

"**Class**" or "**class**" means the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class S Notes, as the context may require, and "**Classes**" or "**classes**" shall be construed accordingly;

"**Class A Noteholders**" means the persons who for the time being are the holders of the Class A Notes;

"**Class A Notes**" means the €545,900,000 Class A Asset-Backed Floating Rate Securitisation Notes due 2043 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 persons who for the time being are the holders of the Class B Notes;

"**Class B Notes**" means the €76,400,000 Class B Asset-Backed Floating Rate Securitisation Notes due 2043 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 persons who for the time being are the holders of the Class C Notes;

"**Class C Notes**" means the €87,300,000 Class C Asset-Backed Floating Rate Securitisation Notes due 2043 issued by the Issuer on the Closing Date;

"**Class C 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 C Notes;

"**Class D Distribution Amount**" means in relation to an Interest Payment Date:

(a) other than the last Interest Payment Date on which a Class D Distribution Amount is to be paid in respect of the Class D Notes, the Available Interest Distribution Amount, calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (k) of the Pre-Enforcement Interest Payment Priorities on such Interest Payment Date;

(b) which is the last Interest Payment Date or, following the delivery of an Enforcement Notice, such other date on which amounts are to be paid in respect of the Class D Notes:

  (i) the Available Interest Distribution Amount calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (k) of the Pre-Enforcement Interest Payment Priorities on such Interest Payment Date or the Available Interest Distribution Amount and Available Principal Distribution Amount calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (j) of the Post-Enforcement Payment Priorities, as applicable; and

  (ii) the Principal Amount Outstanding of the Class D Notes as at such Interest Payment Date (or such other date, as applicable);

"**Class D Noteholders**" means the persons who for the time being are the holders of the Class D Notes;

"**Class D Notes**" means the €398,500,000 Class D Notes due 2043 issued by the Issuer on the Closing Date and any further Class D Notes subsequently issued in order to support any (i) purchase of additional drawings on the current accounts credit lines during both Revolving Period and Offering Period and (ii) additional term loans during Revolving Period only;

"**Class S Noteholders**" means the persons who for the time being are the holders of the Class S Notes;

"**Class S Notes**" means the €16,200,000 Class S Notes due 2043 issued by the Issuer on the Closing Date and any further Class S Notes subsequently which may be required in order to comply with the Set-off Risk Required Balance, after the purchase of any Additional SME Loans by the Issuer;

"**Class S Principal Ledger**" means on the Closing Date, the amount of €16,200,000, corresponding to the initial nominal aggregate amount of the Class S Notes, maintained by the Transaction Manager in accordance with the Transaction Management Agreement

"Class S Return Amount" means in relation to an Interest Payment Date:

(a) other than the last Interest Payment Date on which a Class S Return Amount is to be paid in respect of the Class S Notes, the Available Interest Distribution Amount, calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (j) of the Pre-Enforcement Interest Payment Priorities on such Interest Payment Date;

(b) which is the last Interest Payment Date or, following the delivery of an Enforcement Notice, such other date on which amounts are to be paid in respect of the Class S Notes, the lesser of:

(i) the Available Interest Distribution Amount calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (j) of the Pre-Enforcement Interest Payment Priorities on such Interest Payment Date or the Available Interest Distribution Amount and Available Principal Distribution Amount calculated as at the related Calculation Date less the aggregate of the amounts to be paid by the Issuer in respect of Paragraphs (a) to (i) of the Post-Enforcement Payment Priorities, as applicable; or

(ii) the Principal Amount Outstanding of the Class S Notes as at such Interest Payment Date (or such other date, as applicable);

"**Clearstream, Luxembourg**" means Clearstream Banking Société Anonyme, Luxembourg;

"**Closing Date**" means 6 March 2015;

"**CMVM**" means "*Comissão do Mercado de Valores Mobiliários*", the Portuguese Securities Market Commission;

"**CLTV**" means current outstanding loan balance divided by collateral value at the latest available valuation date;

"**Collateral Determination Dates**" means the Initial Collateral Determination Date and each Additional Collateral Determination Date and "**Collateral Determination Date**" shall mean any of them, as applicable;

"**Collections**" means, in relation to any SME Loans, all Principal Collections Proceeds and all Interest Collections Proceeds;

"**Collections Account**" means the account opened in the name of the Originator with the Collections Account Bank, utilised for the time being by the Originator and/or the Servicer in relation to Collections on the SME Loans 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 therefor and designated as a Collections Account;

"**Collections Account Bank**" means Montepio, in its respective capacity as the credit institution at which the Collections Account is opened or, with the prior written consent of the Issuer, such other credit institution or credit institutions as may for the time being be nominated by the Originator and/or the Servicer in addition thereto;

"**Collections Period**" means the period commencing on (and excluding) a Calculation Date and ending on (and including) the next succeeding Calculation Date, and, in the case of the first Collections Period, commencing on (and excluding) the Collateral Determination Date and ending on (and including) the next Calculation Date;

"**Collections Proceeds**" means the Interest Collections Proceeds and the Principal Collections Proceeds;

"**Common Representative**" means The Law Debenture Trust Corporation plc in its capacity as initial representative of the Noteholders pursuant to Article 65 of the Securitisation Law and in accordance with the terms and 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 Appointment Agreement**" means the agreement so named to be entered into on or about the Closing Date between the Issuer and the Common Representative;

"**Conditions**" means the terms and conditions to be endorsed on the Notes, in or substantially in the form set out in Schedule 1 of 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 between all the Transaction Parties;

"**CPR**" means the constant pre-payment rate (per cent. *per annum*);

"**CRR**" means 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 supplemented by the Commission Delegated Regulation (EU) No. 625/2014;

"**Day Count Fraction**" means in respect of an Interest Period, the actual number of days in such period divided by 360 (three hundred and sixty);

"**DBRS**" means DBRS Ratings Ltd. or any legitimate successor thereto;

"**Decree-Law 193/2005**" means Portuguese decree-law no. 193/2005, of 7 November, approving the Portuguese debt taxation regime, as amended from time to time;

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

(a) in respect of which no Liquidation Proceeds have yet been realised and which is not a Written-off SME Loan on the date on which more than twenty-four monthly instalments, more than eight quarterly instalments, more than four semi-annual instalments or more than two annual instalments have not been paid when due and which remain outstanding, an amount equal to 100 per cent. of the Principal Outstanding Balance of such SME Loan determined as at such Calculation Date; and

(b) in respect of which Liquidation Proceeds have been realised or which is a Written-off SME Loan by reason of having been so classified by the Servicer, the Principal Outstanding Balance (which shall not be deemed to be zero) of such SME Loan less the sum of all Collections, Repurchase Proceeds and other recoveries, if any, on such SME Loan, which will be applied first to outstanding expenses incurred with respect to such SME Loan, then to accrued and unpaid interest and, finally, to principal;

"**Defaulted Receivable**" means on any day of determination, (i) any SME Loan which is not a Written-off SME Loan under items (b) or (c) of such definition and in respect of which more than 6 (six) monthly instalments, or more than 2 (two) quarterly instalments, or more than 1 (one) semi-annual instalment; (ii) or in relation to a Written-off SME Loan under items (a), (b) or (c) of such definition, more than 1 (one) annual instalment (as the case may be) have not been paid by the respective Instalment Due Dates relating thereto and which remain outstanding on such day of determination; or (iii) in relation to SME Loans with bullet payments, the SME Loan is not redeemed on its maturity date;

"**Deferred Interest Amount Arrears**" means, in respect of each of the Interest Deferrable Notes on any Interest Payment Date, any Interest Amount which is due but not paid as at such date;

"**Delinquent Receivable**" means any SME Loan which is more than 90 (ninety) days in arrear;

"**Encumbrance**" means:

(a) a mortgage, charge, pledge, lien or other encumbrance securing any obligation of any person or granting any security to a third party; or

(b) any other type of preferential arrangement (including any title transfer and retention arrangement) having a similar effect;

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

"**EURIBOR**" means, as applicable, the Euro Screen Rate or the Euro Reference Rate;

"**Euro**", "**€**" or "**euro**" means the lawful currency of member states of the European Union that adopt the single currency introduced in accordance with the Treaty;

"**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.;

"**Event of Default**" means any one of the events specified in Condition 11 (*Events of Default*);

"**Excluded Rights**" means, in relation to any Receivable and related SME Loan, any rights which relate to fees payable by a Borrower to the Originator in relation to such Receivable and the related SME Loan in connection with any fees due in connection with an amendment or variation of the relevant SME Loan and which would, but for this exception, constitute Ancillary Rights;

"**Exposure Amount**" means for each SME Loan in the SME Loans Portfolio, the lower of (i) the Principal Outstanding Balance of such SME Loan and of (ii) the aggregate amount of the Borrower's funds placed on deposit with the Originator or applied towards debt instruments or derivatives contracts with the Originator as at the Closing Date or the Additional Purchase Dates, as applicable. On the Closing Date the Exposure Amount is equal to the Class S Principal Ledger. The Exposure Amount in respect of a SME Loan shall be reduced by each withdrawal made by the relevant Borrower from the funds placed on available deposit by it with the Originator or reimbursement of debt instruments or derivative contracts after the Closing Date or the Additional Purchase Dates, as applicable;

"**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 on 25 February 2043 or, in case this is not a Business Day, the first Business Day thereafter;

"**First Interest Payment Date**" means the 25 April 2015;

"**Fitch**" means Fitch, Inc. and Fitch Ratings Ltd and any subsidiary of either of them together with any successor in interest to any such person;

"**Further Advance SME Loans"** means additional drawings on the current accounts credit lines already assigned to the Issuer on the Closing Date or on any Additional Purchase Date, which are offered to be sold and assigned to the Issuer by the Originator during the Offering Period;

"**Gross Cumulative Default"** means, in respect of an Interest Payment Date, the Aggregate Principal Outstanding Balance (as at the related Calculation Date) of all SME Loans which have become a Defaulted Receivable since the Initial Collateral Determination Date;

"**Holder**" means the bearer of a Note and the words "**holders**" and related expressions shall (where appropriate) be construed accordingly;

"**Incorporated Terms Memorandum**" means the memorandum so named dated on or about the Closing Date;

"**Incorrect Payment**" means a payment incorrectly paid or transferred to the Payment Account, identified as such by the Servicer and confirmed by the Transaction Manager;

"**Initial Collateral Determination Date**" means 1 February 2015;

"**Initial Purchase Price**" means, in respect of the Initial SME Loans Portfolio, the amount of the consideration paid or to be paid by the Issuer to the Originator for the purchase of the Initial SME Loans comprised within such Initial SME Loans Portfolio, such amount being equal to the Principal Outstanding Balance of the SME Loans included in the Initial SME Loans Portfolio to be sold and assigned to the Issuer on the Closing Date, as calculated at the Initial Collateral Determination Date;

"**Initial SME Loan**" means each of the SME Loans and the relevant Ancillary Rights and Receivables comprised within the Initial SME Loans Portfolio, as specified in the information records identified in Schedule 6 of the Receivables Sale Agreement;

"**Initial SME Loans Portfolio**" means the portfolio of Initial SME Loans which are to be sold and assigned by the Originator to the Issuer on the Closing Date in consideration for which the Initial Purchase Price will be paid by the Issuer to the Originator;

"**Insolvency Event**" in respect of a natural person or entity means:

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

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

(c) 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, a bankruptcy, an insolvency or an administration order against such person or entity;

(d) 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 a person or entity;

(e) 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 a person or entity;

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

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

(h) in relation to the Originator and 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 1992, Decree-Law no. 199/2006 of 26 October 2006 and/or the Code for the Insolvency and Recovery of Companies, introduced by Decree-Law no. 54/2004 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 (whether such petition is presented by such person 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**" in relation to any SME Loan means the original date on which each monthly instalment, quarterly instalment, semi-annual instalment or annual instalment (as the case may be) is due and payable under the SME Loan Agreement;

"**Insurance Policies**" means the insurance policies taken out by Borrowers in respect of SME Loans regarding which the Originator is also a beneficiary and any other insurance contracts of similar effect in replacement, addition or substitution thereof from time to time and "**Insurance Policy**" means any one of those insurance policies;

"**Interest Amount**" means, in respect of a 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 Collections Account that relates to the Interest Component of the SME Loans;

"**Interest Component**" means:

(a) all interest collected and to be collected thereunder from and including the Closing Date or the relevant Additional Purchase Date which shall be determined, in respect of the SME Loans, on the basis of the rate of interest specified in the relevant SME Loan Agreement;

(b) all Liquidation Proceeds in respect of the SME Loans allocated to interest;

(c) all Collections with respect to a SME Loan that relate to principal where, and to the extent of, a debit entry recorded on the Principal Deficiency Ledgers with respect to such SME Loan;

(d) all Collections in respect of Written-off SME Loans;

(e) all Repurchase Proceeds allocated to interest; and

(f) all interest accrued and credited to the Payment Account in the Collections Period ending immediately prior to the related Calculation Date;

"**Interest Deferrable Notes**" means the Class B Notes and the Class C Notes;

"**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;

"**Interest Payment Date**" means the 25th day of each month 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 a report (which shall include the information disclosed in the Monthly Report) to be in a form acceptable to the Issuer, the Transaction Manager, the Arranger and the Common Representative to be delivered by the Transaction Manager to, *inter alia*, the Common Representative, the Arranger, the Rating Agencies and the Paying Agent not less than 6 (six) Business Days prior to each Interest Payment Date;

"**Issue Price**" means, in respect of the Notes, an amount equal to 100 per cent. of the aggregate Principal Amount Outstanding of such Notes on the Closing Date;

"**Issuer**" means Sagres – Sociedade de Titularização de Créditos, S.A.;

"**Issuer Covenants**" means the covenants of the Issuer set out in Schedule 5 (*Issuer Covenants*) to the Incorporated Terms Memorandum;

"**Issuer Expenses**" means any fees, liabilities and expenses, in relation to this transaction, payable by the Issuer to the Servicer, the Back-up Servicer, the Transaction Manager (or any successor), 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 the aggregate of all moneys and Liabilities 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**'**s Jurisdiction**" means the Portuguese Republic;

"Issuer Transaction Revenues" means an upfront fee and an annual administration fee in the amount of 1 bps on the nominal amount of Notes outstanding, payable to the Issuer on each Interest Payment Date;

"**Liabilities**" means in respect of any person, any losses, liabilities, damages, costs, awards, expenses (including properly incurred legal fees) and penalties incurred by that person together with any VAT thereon;

"**Liquidation Proceeds**" in relation to a SME Loan means the net proceeds of realisation of the Security created in relation to such SME Loan, including those arising from the sale or other disposition of other collateral or Property of the related Borrower or any other party directly or indirectly liable for payment of the Receivables related to such SME Loan and available to be applied thereon;

"**Lisbon Business Day**" means any business day on which banks are open for business in Lisbon;

"**Material Adverse Effect**" means, a material adverse effect on the validity or enforceability of any of the Transaction Documents or, in respect of a Transaction Party, a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) of such Transaction Party to the extent that such effect would, with the passage of time or the giving of notice, be likely to impair such Transaction Party's performance of its obligations under any of the Transaction Documents;

(b) the Transaction Documents;

(c) the rights or remedies of such Transaction Party under any of the Transaction Documents including the accuracy of the representations and warranties given by such party thereunder; or

(d) in the context of the Assigned Rights, a material adverse effect on the interests of the Issuer or the Common Representative in the Transaction Assets;

"**Meeting**" means a meeting of Noteholders of any class or classes (whether originally convened or resumed following an adjournment);

"**Microenterprises**" means an enterprise domiciled in a Portuguese District, which employs fewer than 10 persons and whose annual turnover and/or annual balance sheet total does not exceed EUR 2 million, to whom any funds were disbursed by the Originator by way of a term loan or a current account;

"**Minimum Rating**" means, in respect of any entity, other than the Originator or the Collections Account Bank, (i) such entity's short term unsecured, unsubordinated, unguaranteed debt obligations having ratings of "F2" by Fitch, and (ii) such entity's long term unsecured, unguaranteed and unsubordinated debt obligations being rated "BBB+" by Fitch and (iii) such entity's long term unsecured, unguaranteed and unsubordinated debt obligations being rated "BBB (high)" by DBRS or such other ratings that may be agreed by DBRS and Fitch from time to time as is consistent with the then current rating of the Class A Notes. For the avoidance of doubt, ratings assigned by DBRS will consist of public ratings assigned by DBRS, or in the absence of such public ratings, private ratings assigned by DBRS;

"**Montepio**" means Caixa Económica Montepio Geral;

"**Mortgage**" means a first ranking mortgage over any Property held by the relevant Borrower;

"**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 Class C Notes whilst they remain outstanding and, thereafter, the Class S Notes whilst they remain outstanding and, thereafter, the Class D Notes whilst they remain outstanding;

"**Note Purchase Agreement**" means the agreement so named entered into between the Issuer and Montepio, as initial subscriber of the Notes, on or about the Signing Date;

"**Note Principal Payment**" means, any payment to be made or made by the Issuer in accordance with Condition 7.2 (*Mandatory Redemption in part*);

"**Note Rate**" means, in respect of each class of Notes for each Interest Period, the relevant rate of interest in respect of such class, which corresponds to an annual rate equal to the sum of EURIBOR for one month euro deposits, plus the Relevant Margin for each class of Notes;

"**Noteholders**" 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, the Class D Notes and the Class S Notes;

"**Notices Condition**" means Condition 18. (*Notices*);

"**Notification Event**" means:

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

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

(c) the termination of the appointment of Montepio as servicer in accordance with the terms of the Receivables Servicing Agreement; and/ or

(d) if the Originator is required to deliver a Notification Event Notice by the laws of the Portuguese Republic;

"**Notification Event Notice**" means a notice substantially in the form set out in Part B (*Form of Notification Event Notice*) of Schedule 4 (*Notification Events*) of the Receivables Sale Agreement;

"**Offer**" means an offer made by the Originator to assign Additional SME Loans to the Issuer substantially in the form set out in Schedule 7 (*Form of Offer*) to the Receivables Sale Agreement;

"**Offering Period**" means the period commencing on the Business Day immediately following the end of the Revolving Period and ending on the earlier of:

(a) the Business Day immediately following the Interest Payment Date that falls 12 (twelve) months after the Business Day immediately following the end of the Revolving Period; or

(b) the date on which a Notification Event occurs; or

(c) the date on which the Originator informs the Issuer, the Common Representative and the Transaction Manager that it wishes to end the Revolving Period; or

(d) the date on which a breach of the Originator Representations and Warranties has occurred, if such breach is not capable of being remedied or, if such breach is capable of being remedied and has not been so remedied or the Issuer has been indemnified in respect thereof by the Originator on or prior to the next succeeding Interest Payment Date, from the Business Day immediately following such Interest Payment Date where the breach was not remedied; or

(e) the date on which a Servicer Event occurs; or

(f) the date on which the Portfolio Tests are breached;

"**Original Principal Outstanding Balance**" means in relation to any SME Loans the Principal Outstanding Balance of such SME Loans on the Initial Collateral Determination Date;

"**Originator**" means Montepio;

"**Originator Representation and Warranty**" means each statement of the Originator contained in Schedule 2 (*Originator Representations and Warranties*) to the Receivables Sale Agreement and "**Originator Representations Warranties**" means all of those statements;

"**Other Entity**" means an entity that is not a small and medium enterprise but is internally classified by the Originator as an eligible borrower for the concession of credit facilities of the same type as those granted to small and medium enterprises, and includes, namely, independent entrepreneurs not acting as consumers, political, union, public, religious or sports entities, in any case to whom the Originator has granted an SME Loan;

"**Outstanding**" means, in relation to the Notes, all the Notes other than:

(a) those which have been redeemed and cancelled in full in accordance with their respective Conditions;

(b) those in respect of which the date for redemption, in accordance with the provisions of the Conditions, has occurred and for which the redemption monies (including all interest accrued thereon to such date for redemption) have been duly paid to the Common Representative or the Paying Agent in the manner provided for in the Paying Agency Agreement (and, where appropriate, notice to that effect has been given to the Noteholders in accordance with the Notices Condition) and remain available for payment in accordance with the Conditions;

(c) those which have become void under the Conditions;

provided that for each of the following purposes, namely:

(i) the right to attend and vote at any meeting of Noteholders;

(ii) the determination of how many and which Notes are for the time being outstanding for the purposes of Clause 17 (*Waiver*), Clause 18 (*Modification*), Clause 20 (*Proceedings and Actions by the Common Representative*), Clause 29 (*Appointment of Common Representative*) and Clause 30 (*Notice of New Common Representative*) of the Common Representative Appointment Agreement and Condition 11 (*Events of Default*), Condition 12 (*Enforcement*) and Condition 14 (*Meetings of Noteholders*) and the Provisions for Meetings of Noteholders; and

(iii) any discretion, power or authority, whether contained in the Common Representative Appointment Agreement or provided by law, which the Common Representative is required to exercise in or by reference to the interests of the Noteholders or any of them,

those Notes (if any) which are for the time being held by or for the benefit of the Issuer, the Originator or the Servicer shall (unless and ceasing to be so held) be deemed not to remain

outstanding, provided that, for so long as all Class A Notes are held by or on behalf of Montepio, such Class A Notes shall be deemed to be outstanding;

"**Participating Member State**" means at any time any member state of the European Union that has adopted the euro as its lawful currency in accordance with the Treaty;

"**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 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;

"**Payment Shortfall**" means, as at any Interest Payment Date, an amount equal to the greater of:

(a) zero; and

(b) the aggregate of the amounts required to pay or provide in full on such Interest Payment Date for the items falling in (a) to (e), (g), (h), (j) and (k) of the Pre-Enforcement Interest Payment Priorities less the amount of the Available Interest Distribution Amount calculated in respect of such Interest Period but before taking into account any Principal Draw Amount;

"Performing Receivable" means any SME Loan which is less than 30 (thirty) days in arrears;

"**Permitted Variation**" means any variation or amendment to the Material Terms of a SME Loan Agreement under which (a) the spread over the index used to determine the rate of interest thereunder is not reduced by more than 1 (one) per cent.; (b) the maturity term of such SME Loan Agreement is not amended so as to fall within the last 3 (three) years prior to the Final Legal Maturity Date; (c) the maturity term of such SME Loan Agreement is not amended by more than 25 (twenty five) per cent. of its original maturity term, provided that no more than 2 (two) of the above (a), (b) or (c) can be carried out in relation to each SME Loan Agreement;

"**Portfolio Tests**" means the requirements for purchase of Additional SME Loans set out in Schedule 1 Part D of the Receivables Sale Agreement;

"**Portuguese District**" means each district (*Distrito*) of Portugal;

"**Post-Enforcement Payment Priorities**" means the provisions relating to the order of Payment Priorities set out in Clause 17 (*Post-Enforcement Payment Priorities*) of the Common Representative Appointment Agreement;

"**Pre-Enforcement Funding Notes Priorities**" means the provisions relating to the order of Payment Priorities set out in item (f) of Paragraph 20 (*Pre-Enforcement Interest Payment Priorities*) of Schedule 2 (*Services to be provided by the Transaction Manager*) to the Transaction Management Agreement;

"**Pre-Enforcement Interest Payment Priorities**" means the provisions relating to the order of Payment Priorities set out in Paragraph 20 (*Pre-Enforcement Interest Payment Priorities*) of Schedule 2 (*Services to be provided by the Transaction Manager*) to the Transaction Management Agreement;

"**Pre-Enforcement Payment Priorities**" means the Pre-Enforcement Interest Payment Priorities and the Pre-Enforcement Principal Payment Priorities, as the case may be;

"**Pre-Enforcement Principal Payment Priorities**" means the provisions relating to the order of Payment Priorities set out in Paragraph 21 (*Pre-Enforcement Principal Payment Priorities*) of Schedule 2 (*Services to be provided by the Transaction Manager*) to the Transaction Management Agreement;

"**Principal Amount Outstanding**" means, on any day:

(a) in relation to a Note, the principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and actually paid) on or prior to that day;

(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 Collections Account that relates to the Principal Component of the SME Loans;

"**Principal Component**" means:

(a) all cash collections and other cash proceeds of any SME Loan in respect of principal collected or to be collected thereunder from the Collateral Determination Date including repayments and prepayments of principal thereunder and similar charges allocated to principal (other than such amounts as are referred to in item (c) of the definition of Interest Component);

(b) all Liquidation Proceeds in respect of such SME Loan (other than Liquidation Proceeds arising after such SME Loan becomes a Written-off SME Loan) allocated to principal (other than such amounts as are referred to in item (d) of the definition of Interest Component); and

(c) all Repurchase Proceeds allocated to principal;

"**Principal Deficiency Ledgers**" means the Class A Principal Deficiency Ledger, the Class B Principal Deficiency Ledger and the Class C Principal Deficiency Ledger;

"**Principal Draw Amount**" means, in relation to any Interest Payment Date, the aggregate amount determined on the related Calculation Date as being the amount (if any) of the Available Principal Distribution Amount which is to be utilised by the Issuer to reduce or eliminate any Payment Shortfall on such Interest Payment Date;

"**Principal Outstanding Balance**" means in relation to any SME Loan and on any date, the aggregate of:

(a) the original principal amount advanced to the Borrower; plus

(b) any other disbursement, legal expense, fee or charge capitalised; plus

(c) any further advance of principal to the Borrower; less

(d) any repayments of the amounts in (a), (b) and (c) above,

provided that, in respect of any Written-off SME Loan, the Principal Outstanding Balance will be deemed to be zero;

"**Property**" means any real estate asset located in a Portuguese District that is owned by a Borrower;

"**Prospectus**" means this prospectus dated on or about the Signing Date prepared in connection with the issue by the Issuer of the Notes;

"**Prospectus Directive**" means Directive 2003/71/EC as amended from time to time including as amended by Directive 2010/73/EU;

"**Prospectus Regulation**" means Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC, as amended;

"**Provisions for Meetings of Noteholders**" means the provisions contained in Schedule 2 of the Common Representative Appointment Agreement;

"**Rating**" means, in relation to a given class of Notes, the then current rating of such class of Notes given by the Rating Agencies and "**Ratings**" shall be construed accordingly;

"**Rating Agencies**" means Fitch and DBRS;

"**Receivables**" means the Principal Component and the Interest Component;

"**Receivables Sale Agreement**" means the agreement so named to be entered into on or about the Closing Date between the Originator and the Issuer;

"**Receivables Servicing Agreement**" means the agreement so named to be entered into on or about the Closing Date between the Servicer, the Collections Account Bank and the Issuer;

"**Receiver**" means any liquidator, provisional liquidator, administrator, administrative receiver, receiver or manager, trustee or other similar insolvency official;

"**Reference Bank**" means the principal Euro-zone office of four major banks selected by the Agent Bank from time to time;

"**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 Margins**" means:

(a) in relation to the Class A Notes, 1.15 per cent. per annum;

(b) in relation to the Class B Notes, 1.60 per cent. per annum; and

(c) in relation to the Class C Notes, 3.00 per cent. per annum.

"**Relevant Period**" means, in relation to an Interest Determination Date, the length in months of the related Interest Period;

"**Relevant Screen**" means a page of the Reuters Service or of the Bloomberg service, or of any other medium for the electronic display of data as may be previously approved in writing by the Common Representative and which has been notified to the Noteholders in accordance with the Notices Condition;

"**Repurchase Proceeds**" means such amounts as are received by the Issuer pursuant to the sale of certain SME Loans by the Issuer to the Originator or a third party purchaser pursuant to the Receivables Sale Agreement;

"**Reserved Matter**" means any proposal:

(a) to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce the amount of principal or interest 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 principal in respect of the Notes; or

(e) to amend this definition;

Modifications in respect of a Reserved Matter require the written consent of the Transaction Creditors;

"**Resolution**" means a resolution passed at a Meeting duly convened and held in accordance with the quorums of the Provisions for Meetings of Noteholders;

"**Revolving Period**" means the period commencing on the Closing Date and ending on the earlier of:

(a) the Business Day immediately following the Interest Payment Date that falls 18 (eighteen) months after the Closing Date; or

(b) the date on which a Notification Event occurs; or

(c) the date on which the Originator informs the Issuer, the Common Representative and the Transaction Manager that it wishes to end the Revolving Period; or

(d) the date on which a breach of the Originator Representations and Warranties has occurred, if such breach is not capable of being remedied or, if such breach is capable of being remedied and has not been so remedied or the Issuer has been indemnified in respect thereof by the Originator on or prior to the next succeeding Interest Payment Date, from the Business Day immediately following such Interest Payment Date where the breach was not remedied; or

(e) the date on which a Servicer Event occurs; or

(f) the date on which the Portfolio Tests are breached;

"**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;

"**Securitisation Law**" means Decree-Law no. 453/99, of 5 November 1999, as amended from time to time by Decree-Law no. 82/2002, of 5 April 2002, Decree-Law no. 303/2003, of 5 December 2003, Decree-Law no. 52/2006, of 15 March 2006 and Decree-Law no. 211-A/2008, of 3 November 2008;

"**Security**" means a first ranking mortgage or a first ranking pledge over any deposit held by the Originator;

"**Servicer Event**" means any of the following events, as listed in clause 16 (*Servicer Events*) of the Receivables Servicing Agreement:

(a) default is made by the Servicer in ensuring the payment on the due date of any payment required to be made under the Receivables 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) without prejudice to clause (a) above:

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

(ii) the Servicer Representations and Warranties (as defined in the Receivables Servicing Agreement) made by the Servicer 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 Receivables Servicing Agreement proves to be untrue,

and in each case (1) such default or such warranty, certification or statement proving untrue, incomplete or incorrect could reasonably be expected to have a Material Adverse Effect and (2) (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) it is or will become unlawful for the Servicer to perform or comply with any of its material obligations under the Receivables Servicing Agreement; or

(d) if the Servicer is prevented or severely hindered for a period of 60 (sixty) calendar days or more from complying with its obligations under the Receivables Servicing Agreement as a result of a force majeure event; or

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

(f) 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 opinion of the Issuer, impairs due performance of the obligations of the Servicer under the Receivables Servicing Agreement; and/or

(g) 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 the Servicer's authorisation to carry on its business;

"**Servicer**" means Montepio in its capacity as servicer under the Receivables Servicing Agreement or, in case it ceases to be the Servicer, any Successor Servicer;

"**Set-off Risk Required Balance**" means the Exposure Amount as calculated by the Servicer to cover the potential set-off amount which may be exercised by the Borrowers of any set-off or deduction against the Originator under a SME Loan Agreement in relation to the SME Loans included in the SME Loans Portfolio;

"**Signing Date**" means 5 March 2015;

"**SME Loan**" means any funds disbursed by the Originator to the relevant Borrower by way of a term loan or a current account that is outstanding under a SME Loan Agreement, (i) identified in the cd-rom forming part of Schedule 5 (*Initial SME Loans Portfolio*) of the Receivables Sale Agreement, on the Closing Date, or (ii) assigned by the Originator to the Issuer on any Additional Purchase Date and identified in the corresponding Offer;

"**SME Loan Agreement**" means, in respect of a SME Loan, the contract or agreement under which such SME Loan was made available to a SME by the Originator, which includes the loan agreement and all other agreements or documentation relating to that SME Loan and any Ancillary Rights in respect of such SME Loan;

"**SME Loan Records**" means, in respect of any SME Loan and Ancillary Rights, the original and/or copies of all contracts, other documents, books, records and other information maintained by the Originator and/or the Servicer with respect to such SME Loan and the related Borrower including, without limitation, the relevant SME Loan Agreement and all correspondence with the relevant Borrower;

"**SME Loans Portfolio**" means the Initial SME Loans Portfolio and any Additional SME Loans Portfolio, as the context may require, as updated from time to time;

"**SMEs**" means small and medium enterprises or an Other Entity domiciled in Portugal;

"**Specified Offices**" means in relation to any Agent:

(a) the office specified against its name in Schedule 7 to the Incorporated Terms Memorandum; or

(b) such other office as such Agent may specify in accordance with Clause 13.9 (*Changes in Specified Offices*) of the Paying Agency Agreement;

"**Stock Exchange**" means Euronext Lisbon;

"**TARGET Settlement Days**" means any day on which TARGET2 is open for the settlement of payments in euro;

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**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 any Tax Authority and "**Taxes**", "**taxation**", "**taxable**" and comparable expressions shall be construed accordingly;

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

"**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, including any liabilities payable in connection with:

(i) the purchase or disposal by the Issuer of the Notes;

(ii) the purchase or disposal of any Authorised Investments;

(iii) any filing or registration of any Transaction Documents;

(iv) 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);

(v) any law or any Regulatory Direction with whose directions the Issuer is accustomed to comply;

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

(vii) any directors' fees or emoluments;

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

(ix) the admission of the Asset-Backed Notes to Euronext Lisbon or to trading on the Stock Exchange's regulated market; and

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

"**Transaction Accounts**" means the Payment Account and the Cash Reserve Account opened in the name of the Issuer with the Accounts Bank, or such other accounts as may, from time to time, 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 SME Loans, 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, the Agents, the Transaction Manager, the Accounts Bank, the Collections Account Bank, the Back-up Servicer, the Originator and the Servicer;

"**Transaction Documents**" means the Incorporated Terms Memorandum, the Prospectus, the Receivables Sale Agreement, the Receivables Servicing Agreement, the Common Representative Appointment Agreement, the Co-ordination Agreement, the Notes, the Transaction Management Agreement, the Paying Agency Agreement, the Accounts Agreement, the Master Execution Deed 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 between the Issuer, the Transaction Manager, the Accounts Bank and the Common Representative;

"**Transaction Manager**" means Citibank, N.A., London Branch, in its capacity as transaction manager in accordance with the terms of the Transaction Management Agreement;

"**Transaction Party**" means any party who is a party to a Transaction Document and "**Transaction Parties**" means some or all of them;

"**Treaty**" means the treaty establishing the European Communities, as amended by the Treaty on European Union;

"**VAT**" means value added tax provided for in the VAT Legislation and any other tax of a similar fiscal nature whether imposed in the Portuguese Republic (instead of or in addition to value added tax) or elsewhere from time to time;

"**VAT Legislation**" means the Portuguese Value Added Tax Code approved by Decree-Law no. 394-B/84, of 26 December, as amended from time to time;

"**Withheld Amount**" means an amount paid or to be paid (in respect of Tax imposed by the Portuguese Republic) by the Issuer on an Interest Payment Date which will not form part of the Available Interest Distribution Amount or the Available Principal Distribution Amount on such Interest Payment Date;

"**Written-off SME Loan**" means on any day, a SME Loan:

(a) in relation to which more than 24 (twenty four) monthly instalments, or more than 8 (eight) quarterly instalments, or more than 4 (four) semi-annual instalments, or more than 2 (two) annual instalments have not been paid by the respective due date relating thereto and are outstanding on such day of determination; or

(b) in respect of which the Liquidation Proceeds have been realised; or

(c) in respect of which proceedings have been commenced by or against the relevant Borrower for such Borrower's insolvency, in particular any proceedings against the relevant Borrower under the Insolvency and Company Recovery Code, enacted by Decree-Law no. 53/2004 of 18 March 2004 (as amended) and the Servicer is aware or has been notified of such proceedings; or

(d) in respect of SME Loans with bullet payments, which is not paid within 1 (one) year of its maturity date;

"**Written Resolution**" means, in relation to any Class, a resolution in writing signed by or on behalf of all holders of Notes 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 the 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, the tax regime applicable on debt securities in general, foreseen in Decree-Law 193/2005 (as amended), 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, of 7 November, as amended from time to time (hereinafter "**Decree-Law 193/2005**"). Pursuant to Decree-Law 193/2005, investment income (*rendimentos de capitais*) 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 (*Lista dos países, territórios e regiões com regimes de tributação privilegiada, claramente mais favoráveis*), as amended by Ministerial Order (*Portaria*) no. 292/2011, 8

November 2011 (hereinafter "**Ministerial Order (*Portaria*) no. 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 (*rendimentos de capitais*) and to the transfer of Notes, as follows:

(i) if the beneficiary 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;

(ii) 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;

(iii) 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;

(iv) other investors will be required to prove 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 to which the income would be imputable and which are non-exempt and subject to withholding;

(b) entities which have residence in 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) and which are non-exempt and subject to withholding;

(c) entities with residence, headquarters, effective management or permanent establishment 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 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. Following the amendments to Decree-Law 193/2005, introduced by Law no. 83/2013, of 9 December, a new special tax form for these purposes 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*).

If the above exemption does not apply, interest payments on the Notes are subject to a final withholding tax at the current rate of 25 per cent. whenever made to non-resident legal persons or to a final withholding tax at the current rate of 28 per cent. whenever made to non-resident individuals persons.

A final withholding tax rate of 35 per cent. applies in case of investment income (*rendimentos de capitais*) payments to individuals or legal persons domiciled in countries and territories included in the Portuguese "Tax Haven" list approved by Ministerial Order (*Portaria*) no. 150/2004. Investment income (*rendimentos de capitais*) 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.

Under the double taxation conventions entered into 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. 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. The reduction may apply at source or through the refund of the excess tax withheld (currently tax form 21 RFI or 22 RFI, respectively).

Interest derived from the Notes and capital gains obtained with the transfer of the Notes 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 are attributable are included in their taxable income and are subject to a corporate tax at a rate of (i) 21 per cent. (16.8 per cent. in the Autonomous Region of Azores) 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. (13.6 per cent. in the Autonomous Region of Azores) for taxable profits up to €15,000 and 21 per cent. (16.8 per cent. in the Autonomous Region of Azores) 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 before the deduction of tax losses. Corporate taxpayers with a taxable income of more than €1,500,000 are also subject to State or Regional surcharge (*derrama estadual ou regional*) 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.

Withholding tax at a rate of 25 per cent. applies to legal persons 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 for tax purposes or branches of foreign financial institutions located herein, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds incorporated under the laws of Portugal and certain exempt entities are not subject to Portuguese withholding tax. Nevertheless, investment income (*rendimentos de capitais*) 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 and as a consequence the tax rate applicable to such beneficial owner(s) will apply.

Interest payments on the Notes to Portuguese tax resident individuals are subject to final withholding tax for personal income tax purposes at the current rate of 28 per cent., unless the individual elects for aggregation (*englobamento*) to 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 € 80,000.00 up to € 250,000.00 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding € 250,000.00. Also, if the option of income aggregation (*englobamento*) is made an additional surcharge at the rate of 3.5 per cent.. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. In this case, the tax withheld will be creditable against the recipient's final tax liability.

Interest and other investment income (*rendimentos de capitais*) paid or made available to accounts opened in the name of one or more resident accountholders or non-resident accountholders with a permanent establishment in Portugal 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 and as a consequence the tax rate applicable to such beneficial owner(s) will apply.

Capital gains arising from the transfer of the Notes obtained by Portuguese tax resident individuals will be taxed at a special rate of 28 per cent. levied on the positive difference between such gains and gains on other securities and losses on securities, unless the individual elects for aggregation (*englobamento*) to his taxable income, subject to tax at the current 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 € 80,000.00 as follows: (i) 2.5 per cent. on the part of the taxable income exceeding € 80,000.00 up to € 250,000.00 and (ii) 5 per cent. on the remaining part (if any) of the taxable income exceeding € 250,000.00. Also, if the option of income aggregation (*englobamento*) is made an additional surcharge at the rate of 3.5 per cent. will also be due over the amount that exceeds the annual amount of the monthly minimum guaranteed wage. Accrued interest does not qualify as capital gains for tax purposes.

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 Originator to the Issuer or 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.

EU Savings Directive

Portugal has implemented the EC Council Directive 2003/48/EC, of 3 June 2003, on taxation savings income into the Portuguese law through Decree-Law no. 62/2005, of 11 March 2005, as amended by Law no 39-A/2005, of 29 July 2005 and Law no. 37/2010, of 2 September 2010.

The forms currently applicable to comply with the reporting obligations arising from the implementation of the EU Savings Directive were approved by Governmental Order (*Portaria*) no. 563-A/2005, of 28 June 2005, and may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

FATCA

Portugal has very recently implemented, through Law no. 82-B/2014 of 31 December 2014, the legal framework based on reciprocal exchange of information on financial accounts subject to disclosure in order to comply with FATCA, however partially during 2015 and 2016. It is foreseen that additional legislation will be created in Portugal namely regarding certain procedures, rules and dates in connection with FATCA.

The proposed financial transaction tax

The European Commission has published a proposal for a Directive for a common financial transaction tax ("**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current 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 and is the subject of legal challenge. It 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 AND TRANSFER RESTRICTIONS

General

Montepio has, upon the terms and subject to the conditions contained in the Note Purchase Agreement, agreed to subscribe and pay for the Asset-Backed Notes at their issue price of 100 per cent. and the Class D Notes and Class S Notes at their issue price of 100 per cent. Montepio is entitled in certain circumstances to be released and discharged from their obligations under the Note Purchase Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold in offshore transactions in reliance on Regulation S of the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

In relation to the Notes, Montepio has represented to and agreed with the Issuer that:

(a) it has complied and will comply with all applicable provisions of the FSMA in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Notes or the sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

Portugal

Montepio has represented to 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 CMVM is made.

In addition, Montepio 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 them 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.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), Montepio has represented to and agreed with the Issuer 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 except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(i) at any time to legal entities which are qualified investor as defined in the Prospectus Directive;

(ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Notes referred to in (b) and (c) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchased or subscribe for the Notes, as the same may be varied in the Relevant Member State by an measure implementing the Prospectus Directive in such Relevant Member State, and the expression "**Prospectus Directive**", whenever used in this chapter, means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Save for applying for admission of the Class A Notes to trading on Euronext Lisbon, no action has been or will be taken in any jurisdiction by the Issuer or any Transaction Manager 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.

Originator's and Issuer's Compliance with Applicable Laws

(a) Montepio and the Issuer have undertaken not to offer or sell, directly or indirectly, any Notes, or to distribute or publish the Prospectus or any other material relating to the Notes, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable securities laws and regulations.

(b) Montepio and the Issuer have acknowledged that, save for the approval of the Prospectus as a prospectus in accordance with the Portuguese Securities Code, the application for the admission of the Class A Notes to the Stock Exchange and admission to trading on the regulated market of the Stock Exchange, no further action has been or will be taken by any party in any jurisdiction that would, or is intended to, permit a public offering of the Notes, or possession or distribution of the Prospectus or any other offering material in relation to the Notes, in any country or jurisdiction where such further action for that purpose is required.

Use of Information

Montepio and the Issuer are not authorised to give any information in relation to, or make any representation in connection with, the offering or sale of the Notes other than is contained in the Prospectus or as authorised in writing by Montepio or the Issuer (for use in connection with the giving of information or the making of any representation to third parties) or information otherwise in the public domain.

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 12 February 2015.

2. It is expected that the Class A Notes, Class B Notes and Class C Notes will be listed on the regulated market of the Stock Exchange on or about the Closing Date.

3. Save as disclosed in this Prospectus, there are no governmental, legal 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 (twelve) months prior to the date of this Prospectus, a significant effect on the financial position of the Issuer.

4. Save as disclosed in this Prospectus, since 31 December 2013 (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.

5. Save as disclosed in this Prospectus, the Issuer has no 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.

6. The Transaction Manager shall produce an Investor Report no later than 6 (six) 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 (https://sf.citidirect.com/).

7. The Notes have been accepted for settlement through Interbolsa. The CVM code and ISIN for the Notes are:

	CVM Code	ISIN
Class A Notes	SSCWOM	PTSSCWOM0008
Class B Notes	SSCXOM	PTSSCXOM0007
Class C Notes	SSCYOM	PTSSCYOM0006
Class D Notes	SSCZOM	PTSSCZOM0005
Class S Notes	SSC1OM	PTSSC1OM0008

8. Effective Interest Rate

The effective interest rate is the one that equals the discounted value of the Notes future cashflows to the subscription price paid at Closing Date.

The estimated effective interest rates of the Notes are presented below:

	Effective Interest Rate (gross)	Effective Interest Rate (net of 25% withholding tax)
Class A Notes	1.145%	0.859%
Class B Notes	1.595%	1.196%
Class C Notes	2.995%	2.246%
Class D Notes	N/A	N/A
Class S Notes	N/A	N/A

These estimated effective interest rates are based on the following assumptions:

(a) Interest on the Notes calculated based on an actual/360 day count fraction;

(b) SME Loans continuing to be fully performing;

(c) The 25% withholding tax rate is the rate generally applicable to Portuguese or non-resident corporate entities;

(d) The one month EURIBOR index is as of 2 March 2015.

9. The *Comissão do Mercado de Valores Mobiliários*, pursuant to Article 62 of the Securitisation Law, has assigned asset identification code 201503SGRCMGS00N0080 to the Pelican SME No. 2 Notes.

10. Copies of the following documents will be available in physical and/or electronic form at the Specified Office 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 the life of the Notes:

(a) the *Estatutos* or *Contrato de Sociedade* (constitutional documents) of the Issuer;

(b) the following documents:

(1) Incorporated Terms Memorandum;

(2) Receivables Sale Agreement;

(3) Receivables Servicing Agreement;

(4) Common Representative Appointment Agreement;

(5) Paying Agency Agreement;

(6) Transaction Management Agreement;

(7) Accounts Agreement;

(8) Co-ordination Agreement; and

(9) Master Execution Deed.

11. The most recent publicly available financial statements for each of the last three accounting financial periods of the Issuer (which at the date hereof are expected to be the audited annual financial statements and the quarterly and half-yearly financial statements) will be available for inspection at the following website: www.cmvm.pt.

12. The Notes of each class shall be freely transferable.

13. Any website (or the contents thereof) referred to in this Prospectus does not form part of this Prospectus as approved by the CMVM.

14. The Securitisation Law combined with the holding structure of the Issuer and the role of the Common Representative are together intended to prevent any abuse of control of the Issuer.

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.

INDEX OF DEFINED TERMS

REGISTERED OFFICE OF THE ISSUER

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

Rua Barata Salgueiro, 30, 4th Floor

1250-044 Lisbon, Portugal

ARRANGER

The Royal Bank of Scotland plc

135 Bishopsgate, London EC2M 3UR

United Kingdom

COMMON REPRESENTATIVE

The Law Debenture Trust Corporation p.l.c.

Fifth Floor, 100 Wood Street

London EC2V 7EX, United Kingdom

PAYING AGENT

Citibank International Limited – Sucursal em Portugal

Rua Barata Salgueiro, 30, 4th floor

1250-044 Lisbon, Portugal

LEGAL ADVISERS

To the Arranger, the Issuer and the Common Representative as to Portuguese law

Vieira de Almeida & Associados

Sociedade de Advogados, R.L.

Avenida Duarte Pacheco, 26

1070-110 Lisbon, Portugal

To the Arranger and the Issuer as to English law

Clifford Chance

10 Upper Bank Street

London E14 5JJ

United Kingdom

To the Originator as to Portuguese law

António Frutuoso de Melo e Associados,

Sociedade de Advogados, R.L.

Avenida da Liberdade, 38 - 1.º

1250-145 Lisbon, Portugal

AUDITORS TO THE ISSUER

KPMG & Associados, Sociedade de Revisores Oficiais de Contas, S.A.

Avenida Praia da Vitória, 71-A, 11.º

Lisbon, Portugal