

# Celtic Residential Irish Mortgage Securitisation No. 11 p.l.c.

(incorporated in Ireland with limited liability under registered number 429348)

€435,600,000	Class A1a Mortgage Backed Floating Rate Notes due 2048
£185,000,000	Class A1c Mortgage Backed Floating Rate Notes due 2048
€385,000,000	Class A2a Mortgage Backed Floating Rate Notes due 2048
\$328,000,000	Class A2b Mortgage Backed Floating Rate Notes due 2048
€1,388,800,000	Class A3a Mortgage Backed Floating Rate Notes due 2048
£586,000,000	Class A3c Mortgage Backed Floating Rate Notes due 2048
€77,000,000	Class Ba Mortgage Backed Floating Rate Notes due 2048
€147,400,000	Class Ca Mortgage Backed Floating Rate Notes due 2048
£17,500,000	Class Cc Mortgage Backed Floating Rate Notes due 2048

Issue Prices: 100%

This Prospectus constitutes a prospectus for the purposes of Directive 2003/71/EC (the **Prospectus Directive**). Application has been made to the Irish Financial Services Regulatory Authority (the **Financial Regulator**), as competent authority under the Prospectus Directive, for the Prospectus to be approved. Application has been made to The Irish Stock Exchange Limited (the **Irish Stock Exchange**) for €435,600,000 Class A1a Mortgage Backed Floating Rate Notes due 2048 (the **Class A1a Notes**), £185,000,000 Class A1c Mortgage Backed Floating Rate Notes due 2048 (the **Class A1c Notes**), €385,000,000 Class A2a Mortgage Backed Floating Rate Notes due 2048 (the **Class A2a Notes**), \$328,000,000 Class A2b Mortgage Backed Floating Rate Notes due 2048 (the **Class A2b Notes**), €1,388,800,000 Class A3a Mortgage Backed Floating Rate Notes due 2048 (the **Class A3a Notes**), £586,000,000 Class A3c Mortgage Backed Floating Rate Notes due 2048 (the **Class A3c Notes**) and, together with the Class A1a Notes, Class A1c Notes, Class A2a Notes, Class A2b Notes, Class A3a Notes and Class A3c Notes, the **Class A Notes**, €77,000,000 Class Ba Mortgage Backed Floating Rate Notes due 2048 (the **Class Ba Notes** or the **Class B Notes**, as the context requires), €147,400,000 Class Ca Mortgage Backed Floating Rate Notes due 2048 (the **Class Ca Notes**), and £17,500,000 Class Cc Mortgage Backed Floating Rate Notes due 2048 (the **Class Cc Notes**, and together with the Class Ca Notes, the **Class C Notes**, together with the Class A Notes and Class B Notes, the **Notes**) to be issued by Celtic Residential Irish Mortgage Securitisation No. 11 p.l.c. (the **Issuer**) to be admitted to the Official List of the Irish Stock Exchange and to trade on its regulated market.

The Notes of each class will initially be represented by a temporary global note in bearer form (each a **Temporary Global Note**), which will be deposited with Deutsche Bank AG, London branch, as common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on 12 December 2006 (or such later date as may be agreed between the Issuer and The Royal Bank of Scotland plc (as Manager), the **Closing Date**). Each Temporary Global Note will be exchangeable not earlier than 40 days after the Closing Date (and upon certification of non-US beneficial ownership) for interests in a permanent global note representing the Notes of the relevant class (each a **Permanent Global Note** and, together with each Temporary Global Note, the **Global Notes**), each in bearer form which will also be deposited with the Common Depositary. Save in certain limited circumstances, Notes in definitive form will not be issued in exchange for the Global Notes.

Interest on the Notes will accrue from the Closing Date and will be payable quarterly in arrear on the fourteenth day of March, June, September and December in each year, subject to adjustment for non-Business Days (each, an **Interest Payment Date**), commencing in March 2007. The Notes will bear interest at an annual rate equal to (a) in the case of the Class A1a Notes, the Class A2a Notes, the Class A3a Notes, the Class Ba Notes and the Class Ca Notes (together, the **Euro Notes**), the European Interbank Offered Rate (**EURIBOR**) for three month deposits in euro (as determined in accordance with Condition 4, **Note EURIBOR**), (b) in the case of the Class A1c Notes and Class A3c Notes (together, the **Class A Sterling Notes**) and the Class Cc Notes (and together with the Class A Sterling Notes, the **Sterling Notes**), the London Interbank Offered Rate (**LIBOR**) for three month deposits in Sterling (determined in accordance with Condition 4, **Sterling LIBOR**), and (c) in the case of Class A2b Notes (the **Dollar Notes**), LIBOR for the three month deposits in Dollars (determined in accordance with Condition 4, **Dollar LIBOR**). In respect of the first Interest Period, the applicable period for determination of Note EURIBOR, Sterling LIBOR and Dollar LIBOR will be the linear interpolation of the applicable rate for three and four month deposits in the relevant currency plus, in each case, a margin which will differ for each class of Notes. The margins applicable to each class of Notes, and the periods for which such margins apply, will be as set out below:

Class A1a Notes:	0.06% per annum up to (but excluding) the Interest Payment Date falling in March 2012 (the <b>Step-Up Date</b> ) and thereafter a margin of 0.12% per annum.
Class A1c Notes:	0.05% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 0.10% per annum.
Class A2a Notes	0.10% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 0.20% per annum.
Class A2b Notes	0.10% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 0.20% per annum.
Class A3a Notes	0.13% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 0.26% per annum.
Class A3c Notes	0.13% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 0.26% per annum.
Class Ba Notes	0.19% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 0.38% per annum.
Class Ca Notes	0.50% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 1.00% per annum.
Class Cc Notes	0.50% per annum up to (but excluding) the Step-Up Date and thereafter a margin of 1.00% per annum.

The Notes will mature on the Interest Payment Date falling in December 2048 unless previously redeemed. The Notes will be subject to mandatory partial redemption and optional redemption in whole before such date in the specific circumstances, and subject to the conditions, described in the terms and conditions of the Notes (the **Conditions**) set out below. The Notes will all be constituted by the same trust deed and share in the same security but the Class A Notes will rank in priority to the Class B Notes and the Class C Notes in point of payment of interest and principal on enforcement of the security, and the Class B Notes will rank in priority to the Class C Notes in point of payment of interest and principal on enforcement of the security. Each class of Notes will rank *pari passu* and rateably without preference or priority among themselves on enforcement of the security.

If any withholding tax is applicable to the Notes, payments of interest on and principal of the Notes will be made subject to such withholding tax. The Issuer will not be obliged to pay additional amounts as a consequence.

**The Notes will be obligations of the Issuer only and will not be guaranteed by, or be the responsibility of any other person. The Notes will not be obligations of, and will not be guaranteed by, the Note Trustee, the Security Trustee, the Managers, the GIC Provider, the Swap Counterparty, the Servicer, the Agent Bank, the Paying Agents, Ulster Bank Ireland Limited (Ulster Bank) or any company in the same group of companies as, or affiliated to, Ulster Bank. The issue proceeds of the Notes will be used by the Issuer to purchase the loans and their related security from Ulster Bank (the Loans).**

It is expected that the Class A Notes will, when issued, be assigned an 'AAA' rating by Standard & Poor's Rating Group, a division of The McGraw-Hill Companies, Inc. (**S&P**), an 'AAA' rating by Fitch Ratings Ltd. (**Fitch**) and an 'Aaa' rating by Moody's Investors Service Limited (**Moody's**) and, together with S&P and Fitch, the **Rating Agencies**). It is expected that the Class B Notes will, when issued, be assigned an 'AA' rating by S&P and Fitch, and an 'Aa2' rating by Moody's. It is expected that the Class C Notes will, when issued, be assigned an 'BBB' rating by S&P and Fitch, and an 'Baa2' rating by Moody's. A security 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.

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

Sole Arranger and Lead Manager

**The Royal Bank of Scotland**

Co-Managers

**Banc of America Securities Ltd**  
**Fortis Bank**  
**SEB Merchant Banking**

**Banesto**  
**HSH Nordbank AG**  
**UBS Investment Bank**

**DZ BANK AG**  
**Mediobanca**  
**Wachovia Securities**

The Issuer accepts responsibility for the information contained in this document (other than the information referred to in the following two paragraphs). To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly.

Ulster Bank has provided the descriptions under the headings *Ulster Bank Ireland Limited* and *The Loans* and accepts responsibility for the information contained in these sections accordingly. To the best of the knowledge and belief of Ulster Bank, the information contained in these sections is in accordance with the facts and does not omit anything likely to affect the import of such information. Ulster Bank has, however, not been involved in the preparation of, and does not accept responsibility for, this document as a whole.

The Royal Bank of Scotland plc (**RBS**) has provided the description under the heading *The Swap Counterparty* and accepts responsibility for the information contained in that section accordingly. To the best of the knowledge and belief of RBS, the information contained in this section is in accordance with the facts and does not omit anything likely to affect the import of such information. RBS has, however, not been involved in the preparation of, and does not accept responsibility for this document as a whole.

No person is authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this document and any such information or representation not contained herein must not be relied upon as having been authorised by the Issuer, Ulster Bank or the Managers. Neither the delivery of this document nor any offer, sale or solicitation made in connection with the offering of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, Ulster Bank or RBS or the information contained herein since the date hereof or that the information contained herein is correct at any time subsequent to the date hereof.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and may not be offered, sold or delivered within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are also subject to United States tax law requirements.

Other than the approval by the Financial Regulator of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, application having been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the regulated market of the Irish Stock Exchange and the filing of this Prospectus as a prospectus with the Companies Registration Office in Ireland, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. Neither this Prospectus nor any part hereof constitutes an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe for or purchase any of, the Notes and neither this Prospectus, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus (or any part hereof) see *Subscription and Sale* below.

Neither this document nor any part hereof constitutes an offer of or an invitation by, or on behalf of the Issuer or the Managers to subscribe for or purchase any of the Notes and neither this document nor any part hereof may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

References in this document to **€** and **euro** are to the lawful currency of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union. References in this document to **£** and **Sterling** are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the **United Kingdom** or **UK**). References in this document to **\$** and **Dollars** and **US Dollars** are to the lawful currency of the United States of America (**USA** or **US**).

Any website incorporated herein by reference does not form part of this Prospectus.

In connection with the issue of the Notes, The Royal Bank of Scotland plc (the **Stabilisation Manager**) (or persons acting on its behalf) may over-allot Notes (provided that the aggregate principal amount of the Notes allocated does not exceed 105% of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or persons acting on behalf of a Stabilisation Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the closing date and 60 days after the date of the allotment of the notes. any stabilisation action commenced will be carried out in accordance with applicable laws and regulations.

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## TRANSACTION SUMMARY

*The following information and the transaction diagram on the following page merely provide a brief overview of certain key features of the Notes and are qualified in their entirety by the more detailed information appearing elsewhere in this Prospectus.*

<i>Class of Notes:</i>	<i>Initial Principal Amount Outstanding</i>	<i>Percentage of Total</i>
Class A1a	€435,600,000	11.3%
Class A1c	£185,000,000	7.1%
Class A2a	€385,000,000	10.0%
Class A2b	\$328,000,000	6.4%
Class A3a	€1,388,800,000	36.1%
Class A3c	£586,000,000	22.6%
Class Ba	€77,000,000	2.0%
Class Ca	€147,400,000	3.8%
Class Cc	£17,500,000	0.7%

Issuer:	Celtic Residential Irish Mortgage Securitisation No. 11 p.l.c.
Originator/Seller/Service:	Ulster Bank Ireland Limited
Note Trustee/Security Trustee:	Deutsche Trustee Company Limited
Principal Paying Agent:	Deutsche Bank AG, London branch
GIC/Bank Account Provider:	Ulster Bank Ireland Limited
Swap Counterparty	The Royal Bank of Scotland plc
Corporate Services Provider	Deutsche International Corporate Services (Ireland) Limited

The primary assets of the Issuer securing payments under the Notes are owner-occupied Irish residential loans owned and originated by Ulster Bank.

**Class of Notes**

	<b>A1a</b>	<b>A1c</b>	<b>A2a</b>	<b>A2b</b>	<b>A3a</b>	<b>A3c</b>	<b>Ba</b>	<b>Ca</b>	<b>Cc</b>
Listing:	The Official List of the Irish Stock Exchange								
Governing Law:	English								
Bloomberg Ticker:	<CRSM MT> <GO>								
Anticipated Ratings:	AAA/AAA /Aaa	AAA/AAA /Aaa	AAA/AAA /Aaa	AAA/AAA /Aaa	AAA/AAA /Aaa	AAA/AAA /Aaa	AA/AA/Aa2	BBB/BBB/ Baa2	BBB/BBB/ Baa2
Rating Agencies:	S&P/Fitch/Moody's								
Credit Enhancement	Subordination of the Class B and C Notes, Reserve Fund, Excess Spread	Subordination of the Class B and C Notes, Reserve Fund, Excess Spread	Subordination of the Class B and C Notes, Reserve Fund, Excess Spread	Subordination of the Class B and C Notes, Reserve Fund, Excess Spread	Subordination of the Class B and C Notes, Reserve Fund, Excess Spread	Subordination of the Class B and C Notes, Reserve Fund, Excess Spread	Subordination of the Class C Notes, Reserve Fund, Excess Spread	Reserve Fund, Excess Spread	Reserve Fund, Excess Spread
Interest Rate:	NE <sup>1</sup> + 0.06% per annum or + 0.12% p.a. after the Step-Up Date	STGL <sup>2</sup> + 0.05% per annum or + 0.10% p.a. after the Step-Up Date	NE <sup>1</sup> + 0.10% per annum or + 0.20% p.a. after the Step-Up Date	USDL <sup>3</sup> + 0.10% per annum or + 0.20% p.a. after the Step-Up Date	NE <sup>1</sup> + 0.13% per annum or + 0.26% p.a. after the Step-Up Date	STGL <sup>2</sup> + 0.13% per annum or + 0.26% p.a. after the Step-Up Date	NE <sup>1</sup> + 0.19% per annum or + 0.38% p.a. after the Step-Up Date	NE <sup>1</sup> + 0.5% per annum or + 1.00% p.a. after the Step-Up Date	STGL <sup>2</sup> + 0.5% per annum or + 1.00% p.a. after the Step-Up Date
Interest Accrued Method:	Actual/360	Actual/Actual	Actual/360	Actual/360	Actual/360	Actual/Actual	Actual/360	Actual/360	Actual/Actual
Interest Payment Dates:	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year	The 14th day of March, June, September and December in each year
First Interest Payment Date:	14 March 2007	14 March 2007	14 March 2007	14 March 2007	14 March 2007	14 March 2007	14 March 2007	14 March 2007	14 March 2007
Step-Up Date:	14 March 2012	14 March 2012	14 March 2012	14 March 2012	14 March 2012	14 March 2012	14 March 2012	14 March 2012	14 March 2012
Final Maturity Date:	14 December 2048	14 December 2048	14 December 2048	14 December 2048	14 December 2048	14 December 2048	14 December 2048	14 December 2048	14 December 2048
Clearance/Settlement:	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
Minimum Denomination:	€50,000	£50,000	€50,000	\$100,000	€50,000	£50,000	€50,000	€50,000	£50,000

1 "NE" refers to Note EURIBOR as defined above.

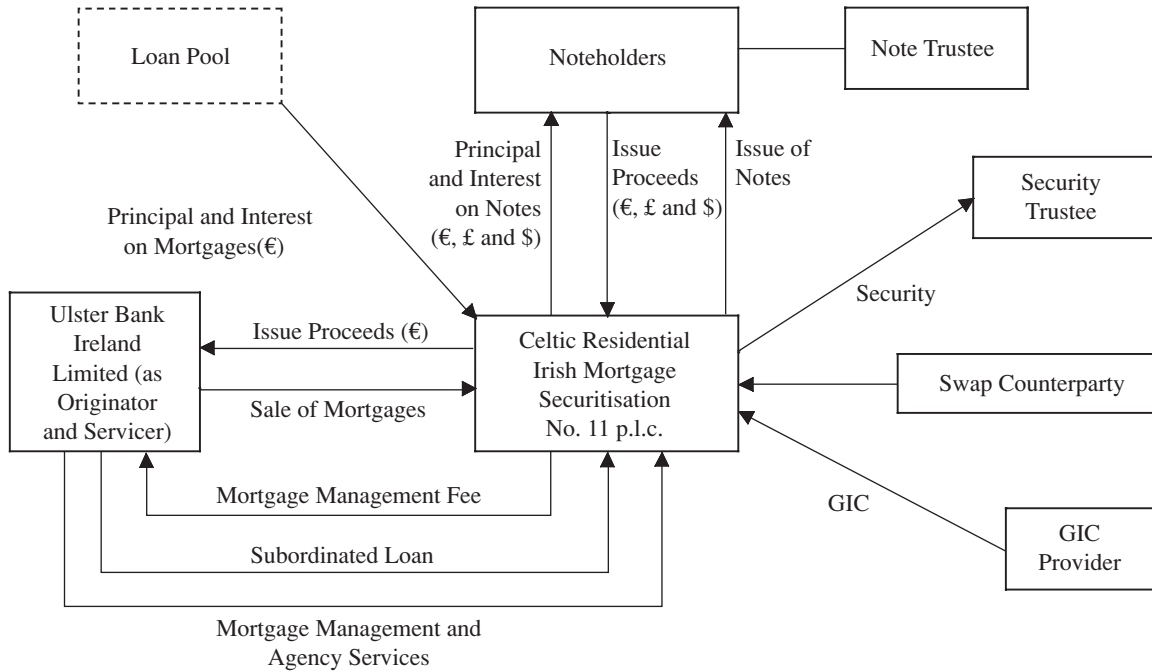
2 "STGL" refers to Sterling LIBOR as defined above.

3 "USDL" refers to Dollar LIBOR as defined above.

## STRUCTURE DIAGRAM

### Structure Diagram

The structure diagram below is an indicative summary of the principal features of the transaction. The structure diagram must be read in conjunction with, and is qualified in its entirety by, the detailed information presented elsewhere in this Prospectus.



## SUMMARY INFORMATION

*The information set out below is a summary of the principal parties in respect of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information presented elsewhere in this document.*

<b>The Issuer</b>	Celtic Residential Irish Mortgage Securitisation No. 11 p.l.c. is a public limited company incorporated in the Republic of Ireland ( <b>Ireland</b> ) with registered number 429348. The authorised and issued share capital of the Issuer comprises 40,000 ordinary shares of €1, all of which are fully paid up and held by Celtic Issuer Holdings Limited and its nominees, which in turn is owned by Deutsche International Finance (Ireland) Limited (in this capacity, the <b>Share Trustee</b> ) and its nominee on discretionary trust for certain charitable institutions.
<b>The Originator/Seller</b>	Ulster Bank, whose principal place of business is at Ulster Bank Group Centre, George's Quay, Dublin 2.
<b>The Servicer</b>	Ulster Bank (in this capacity, the <b>Servicer</b> ) will manage and service the Loans and their related security. If the Servicer's appointment is terminated pursuant to the Mortgage Management and Agency Agreement, a substitute servicer approved by the Rating Agencies and the Security Trustee will perform such services.
<b>The Note Trustee and the Security Trustee</b>	<p>The Note Trustee will be Deutsche Trustee Company Limited, whose registered office is Winchester House, 1 Great Winchester Street, London EC2N 2DB. The Note Trustee will be appointed pursuant to a trust deed (the <b>Trust Deed</b>) to be entered into on the Closing Date between the Issuer and the Note Trustee to represent the interests of the holders of the Notes.</p> <p>The Security Trustee will be Deutsche Trustee Company Limited, whose registered office is Winchester House, 1 Great Winchester Street, London EC2N 2DB. The Security Trustee will hold the benefit of the security granted under the Deed of Charge on behalf of the Secured Parties and will be entitled to enforce the security granted in its favour under the Deed of Charge in the circumstances described therein.</p>
<b>The GIC Provider</b>	On the Closing Date, Ulster Bank, acting through its branch at 33 College Green, Dublin 2 (in this capacity, the <b>GIC Provider</b> ) will provide the Issuer with a bank account (the <b>GIC Account</b> ) pursuant to the terms of a guaranteed investment contract (the <b>GIC</b> ) to be entered into on the Closing Date between the Issuer, the Security Trustee and the GIC Provider for the deposit of all collections and other moneys from time to time received by the Issuer in respect of the Loans and their related security. See further <i>Credit Structure – Cash Collection Arrangements</i> below.
<b>The Swap Counterparty</b>	<p>The swap counterparty on the Closing Date will be The Royal Bank of Scotland plc (in this capacity, the <b>Swap Counterparty</b>), acting through its office at 135 Bishopsgate, London EC2M 3UR.</p> <p>In order to hedge the currency and interest rate risk associated with the Sterling Notes and the Dollar Notes, the Swap Counterparty will enter into Currency Swap Transactions (as defined in Condition 19 (Definitions)) pursuant to the Currency Swap Agreements (as defined in Condition 19 (Definitions)).</p> <p>In order to hedge the interest rate and basis risk associated with the Loans, the Swap Counterparty will enter into Interest Rate Swap Transactions (as defined in Condition 19 (Definitions)) pursuant to the Interest Rate Swap Agreement (as defined in Condition 19 (Definitions)).</p>



**The Agent Bank and the Principal Paying Agent**

The Agent Bank and the Principal Paying Agent will be Deutsche Bank AG, London branch, of Winchester House, 1 Great Winchester Street, London EC2N 2DB. The Agent Bank, the Principal Paying Agent, the Note Trustee and the Issuer will on the Closing Date enter into an agency agreement (the **Agency Agreement**).

**Irish Paying Agent**

Ulster Bank, whose principal place of business is Ulster Bank Group Centre, George's Quay, Dublin 2.

**The Corporate Services Provider**

The corporate services provider will be Deutsche International Corporate Services (Ireland) Limited (**Corporate Services Provider**). On the Closing Date, the Corporate Services Provider and the Issuer will enter into a corporate services agreement (**Corporate Services Agreement**).

## SUMMARY OF TERMS AND CONDITIONS OF THE NOTES

*The information set out below is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information presented elsewhere in this document.*

### **Status, form and denomination**

Each class of Notes will be constituted by the Trust Deed and each class of Notes will be secured by the same security. In respect of interest due and payable on the Class A Notes, the Class A Notes will rank *pari passu* and rateably without preference or priority among themselves. In respect of principal amounts due on the Class A Notes, the Class A1 Notes rank senior to the Class A2 Notes and the Class A3 Notes prior to service of an Enforcement Notice as provided in the Conditions and the Transaction Documents, and the Class A2 Notes rank senior to the Class A3 Notes prior to the service of an Enforcement Notice as provided in the Conditions and the Transaction Documents. With respect to the payment of principal and interest, the Class B Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes as provided in the Conditions and the Transaction Documents. With respect to the payment of principal and interest, the Class C Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes and the Class B Notes as provided in the Conditions and the Transaction Documents.

The Trust Deed and the Deed of Charge contains provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the holders for the time being of the Class A Notes (the **Class A Noteholders**), the holders for the time being of the Class B Notes (the **Class B Noteholders**) and the interests of the holders for the time being of the Class C Notes (the **Class C Noteholders**, and, together with the Class A Noteholders and Class B Noteholders, the **Noteholders**) as if they formed a single class, but, where there is, in the Note Trustee's opinion, or as the case may be the Security Trustee's opinion, a conflict between such interests, the Trust Deed and the Deed of Charge requires the Note Trustee and the Security Trustee, respectively, to have regard, (i) as between the holders for the time being of the Class A Notes, the Class B Notes and the Class C Notes, to the interests of the Class A Noteholders only and (ii) subject to (i), as between the holders for the time being of the Class B Notes and the Class C Notes, to the interests of the Class B Noteholders only. The Note Trustee and/or the Security Trustee will not have regard to the interests of any specific class of Noteholders within the Class A Notes.

The Trust Deed contains provisions limiting the powers of the Class B Noteholders, *inter alia*, to pass any Extraordinary Resolution or to request or direct the Note Trustee or the Security Trustee to take any action which may affect the interests of the Class A Noteholders. The Trust Deed contains provisions limiting the powers of the Class C Noteholders, *inter alia*, to pass any Extraordinary Resolution or to request or direct the Note Trustee or the Security Trustee to take any action which may affect the interests of the Class A Noteholders and/or the Class B Noteholders.

The Trust Deed contains provisions to the effect that the Class A Noteholders or, if none of the Class A Notes remain outstanding, the Class B Noteholders or, if none of the Class B Notes remain outstanding, the Class C Noteholders shall have the power to remove any Note Trustee or Security Trustee and shall have the power to approve any appointment of a new Note Trustee or Security Trustee as proposed by the Issuer.

The Notes will be obligations of the Issuer only and will not be guaranteed by, or be the responsibility of, any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or guaranteed by, the Note Trustee, the Security Trustee, the Managers, the GIC Provider, the Swap Counterparty, the Servicer, the Agent Bank, the Paying Agents, Ulster Bank or any company in the same group of companies as, or affiliated to, Ulster Bank.

Each of the Euro Notes (which will be in denominations of €50,000), each of the Sterling Notes (which will be in denominations of £50,000), and each of the Dollar Notes (which will be in denominations of \$100,000) will initially be represented by a single Temporary Global Note for that class. Interests in each Temporary Global Note will, upon certification as to non-US beneficial ownership, be exchangeable, subject as provided under *Global Notes* below, for interests in a Permanent Global Note for that class on and after the date which is 40 days after the Closing Date. The Permanent Global Notes of each class will not be exchangeable for definitive Notes of that class save in certain limited circumstances (see further *Terms and Conditions of the Notes* below).

## Interest

Interest on the Notes is payable by reference to successive interest periods (each, an **Interest Period**) and will be payable in arrear in euro (in respect of the Euro Notes), in Sterling (in respect of the Sterling Notes) or in US Dollars (in respect of the Dollar Notes), and in respect of the Principal Amount Outstanding (as defined in Condition 6.5 of each class of Notes) on the fourteenth day of March, June, September and December in each year (unless such day is not a day on which commercial banks and foreign exchange markets settle payments in London, Dublin and New York or is not a TARGET Business Day (a **Business Day**), in which case interest will be payable on the next such day) (each such day being an **Interest Payment Date**). The first Interest Period will commence on (and include) the Closing Date and end on (but exclude) the Interest Payment Date falling in March 2007. Each successive Interest Period will commence on (and include) an Interest Payment Date and end on (but exclude) the next Interest Payment Date.

Interest on the Notes will be payable at an annual rate equal to the sum of (a) Note EURIBOR (for the Euro Notes), Sterling LIBOR (for the Sterling Notes), or Dollar LIBOR (for the Dollar Notes) plus (b) a margin according to the following:

<i>Class of Notes</i>	<i>Initial Margin (per annum up to and including the Step Up Date)</i>	<i>Step Up Margin (per annum thereafter)</i>
A1a	0.06%	0.12%.
A1c	0.05%	0.10%.
A2a	0.10%	0.20%.
A2b	0.10%	0.20%.
A3a	0.13%	0.26%.
A3c	0.13%	0.26%.
Ba	0.19%	0.38%.
Ca	0.50%	1.00%.
Cc	0.50%	1.00%.

## Withholding tax

Payments of interest and principal will be made subject to any applicable withholding or deduction for or on account of any tax and neither the Issuer nor the Paying Agents will be obliged to pay any additional amounts as a consequence.

## Final redemption

Unless previously redeemed in full, each class of Notes will mature at its Principal Amount Outstanding on the Interest Payment Date falling in December 2048 together with accrued but unpaid interest thereon.

## Mandatory redemption

Each Note shall, subject to Condition 6.3 (Optional redemption) and 6.4 (Optional redemption for taxation or other reasons), be repaid on each Interest Payment Date from the Available Redemption Funds, after payment, or provision for, amounts ranking in priority to the relevant Note in accordance with the terms of the Deed of Charge. It is not intended to maintain surplus Available Redemption Funds, other than amounts credited to the Liquidity Reserve Fund (if established) in the Issuer.

Subject to the terms of the Deed of Charge, prior to the occurrence of a Pro-Rata Trigger Event and prior to the enforcement of the Security under the Deed of Charge, Available Redemption Funds will be applied to repay the Notes sequentially in the following order of priority:

- (i) first, in or towards repayment pro rata and pari passu of the Class A1 Notes;
- (ii) second, in or towards repayment pro rata and pari passu of the Class A2 Notes;
- (iii) third, in or toward repayment pro rata and pari passu of the Class A3 Notes;
- (iv) fourth, in or towards repayment pro rata and pari passu of the Class B Notes; and

- (v) fifth, in or towards repayment pro rata and pari passu of the Class C Notes.

Additionally, certain amounts due to the Swap Counterparty in respect of the Currency Swap Transactions will rank *pari passu* with each sub-class of Notes to which the relevant Currency Swap Transaction relates.

Subject to the terms of the Deed of Charge, on or following the occurrence of a Pro-Rata Trigger Event but prior to the service of an Enforcement Notice and provided that the circumstances giving rise to a Pro-Rata Trigger Event continue to exist, Available Redemption Funds will be allocated and applied to repay the Class A Notes, the Class B Notes and the Class C Notes on a *pro-rata* and *pari passu* basis on the basis of their then Principal Amount Outstanding. Any pro rata amount allocated to repay the Class A Notes shall be applied firstly towards repayment (on a *pro rata* and *pari passu* basis) of the Class A1 Notes until they are repaid in full, then towards repayment (on a *pro rata* and *pari passu* basis) of the Class A2 Notes until they are repaid in full and then towards repayment (on a *pro rata* and *pari passu* basis) of the Class A3 Notes. If the circumstances giving rise to the occurrence of a Pro-Rata Trigger Event cease to exist, then Available Redemption Funds will be applied on the following Interest Payment Date in accordance with the Pre-Enforcement Sequential Redemption Priority of Payments.

#### **Optional redemption**

- (a) On giving not more than 60 nor less than 15 days' notice to the Noteholders, in accordance with Condition 14 (Notice to Noteholders), and the Note Trustee, and provided that:
- (i) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served; and
  - (ii) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid in priority to or *pari passu* with the Notes on such Interest Payment Date; and
  - (iii) the date of redemption will be on any Interest Payment Date from and including the Step-Up Date or any Interest Payment Date on which the aggregate Euro Equivalent Principal Amount Outstanding of the Notes then outstanding will be less than 10% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes on the Closing Date,

the Issuer may redeem on such Interest Payment Date all (but not some only) of the Notes.

- (b) Subject as provided below, the Issuer shall, on exercise of its option to redeem pursuant to Condition 6.3(a), redeem Notes in the following order:
- (i) first, the Class A1 Notes pro rata;
  - (ii) secondly, the Class A2 Notes pro rata;
  - (iii) thirdly, the Class A3 Notes pro rata;
  - (iv) fourthly, the Class B Notes pro rata; and
  - (v) fifthly, the Class C Notes pro rata.

The Notes to be redeemed will be selected in accordance with the rules and procedures of the relevant Clearing Systems (to be reflected in the records of the Clearing Systems as a reduction in the nominal amount).

- (c) Any Note redeemed pursuant to Condition 6.3(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note together with, in each case, accrued and unpaid interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption.

#### **Redemption for tax reasons**

In the event of certain changes in tax law (or the application or official interpretation thereof) affecting the Notes and/or the Interest Rate Swap Agreement and/or the Currency Swap Agreements, including in the event that (i) the Issuer is or will be obliged to make any withholding or deduction from payments in respect of the Notes and/or (ii) either the Issuer or the Swap Counterparty is or will be obliged to make any withholding or deduction

from payments it makes under the Interest Rate Swap Agreement or the Currency Swap Agreements (as applicable), although the Issuer will not have any obligation to pay additional amounts in respect of any such withholding or deduction, the Issuer is entitled to (but is not obliged to) redeem all (but not some only) of the Notes at their Principal Amount Outstanding together with accrued but unpaid interest thereon up to and including the date of repayment, subject to and in accordance with the provisions set out in Condition 6.4. No class of Notes may be redeemed under such circumstances unless the other classes of Notes (or such of them as are then outstanding) are also redeemed in full at the same time.

### **Ratings**

It is expected that the Class A1a Notes, the Class A1c Notes, the Class A2a Notes, the Class A2b Notes, the Class A3a Notes and the Class A3c Notes, when issued, will be assigned an 'AAA' rating by S&P and Fitch, and an 'Aaa' rating by Moody's. It is expected that the Class Ba Notes, when issued, will be assigned an 'AA' rating by S&P and Fitch, and an 'Aa2' rating by Moody's. It is expected that the Class Ca Notes and the Class Cc Notes, when issued, will be assigned an 'BBB' rating by S&P and Fitch, and an 'Baa2' rating by Moody's. A security 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. Any reference to matters approved by the Rating Agencies refers to confirmation that the proposed action would not cause the downgrading or the withdrawal of the then current rating of the Notes or the Notes to be put on negative watch.

### **Listing**

Application has been made to the Irish Stock Exchange for the Notes to be admitted to its Official List and to trading on its regulated market.

### **Governing law**

The Notes (including the Global Notes) will be governed by English law.

### **Purchases**

The Issuer is not permitted to purchase Notes.

### **Security and application of funds**

Pursuant to a deed of charge and assignment (the **Deed of Charge**) to be entered into on the Closing Date by, *inter alios*, the Issuer, the Security Trustee, the Principal Paying Agent, the Irish Paying Agent and any other paying agent (together with the Principal Paying Agent and the Irish Paying Agent, the **Paying Agents**), the Notes, together with other obligations of the Issuer, will be secured by, *inter alia*, a first ranking fixed charge over the Loans and their related security and all other interests sold or agreed to be sold to the Issuer pursuant to a mortgage sale agreement to be entered into on the Closing Date by the Issuer, Ulster Bank and the Security Trustee (the **Mortgage Sale Agreement**), an assignment by way of security of the Issuer's rights and benefits under certain agreements relating to the transaction and a first ranking fixed charge over the Issuer's interest in the GIC Account, any authorised investments, any collateral account established pursuant to the Credit Support Annex relating to the Interest Rate Swap Agreement or the Currency Swap Agreements and the benefit of certain insurance policies, including the Title Insurance Policy and the Household Contingency Policy. In addition, subject as mentioned above, the Notes will be secured by a first ranking floating charge over all of the property, assets and undertakings of the Issuer not subject to any fixed charge (together with the other security interests described above, the **Security**).

### **Loans**

All of the Loans to be purchased by the Issuer from Ulster Bank will consist of variable or fixed rate loans that meet certain lending criteria. See further the section entitled *The Loans* for a description of the loan products to be purchased by the Issuer on the Closing Date. All of the Loans were originated by Ulster Bank and are secured by way of first fixed legal mortgages over residential properties situated in the Republic of Ireland. Each of the Loans and related mortgages is governed by Irish law.

Ulster Bank may agree to convert Loans into other loan products. If Ulster Bank agrees to a request by a Borrower to convert his or her Loan into any type of loan which does not meet the applicable conditions (as set out in *The Loans – Conversion of Loans* below), the Issuer will be obliged as soon as practicable to sell to a third party all of its right, title and interest in such Loan and its related security for a price no less than the outstanding principal balance of such Loan together with any arrears and accrued but unpaid interest thereon unless the

Rating Agencies have confirmed that as a consequence of the conversion the then current rating applicable to the Notes will not be downgraded or withdrawn and that the Notes will not be put on negative watch.

The Security Trustee and the Issuer will have the benefit of Warranties given by Ulster Bank in relation to the Loans and their related security, including warranties in relation to the lending criteria applied in advancing the Loans.

The **Loan Pool** from time to time will comprise (i) loans to be purchased by the Issuer from Ulster Bank on the Closing Date having aggregate current balances as at 30 November 2006 (the **Cut Off Date**) of €3,850,086,674 (the **Initial Loans**), (ii) any Converted Loan, and (iii) any Loans which are the subject of Further Advances, but will exclude Loans which have been repaid in full or which have been repurchased by Ulster Bank following a breach of a Warranty.

## RISK FACTORS

*The following is a summary of certain aspects of the issue of the Notes about which prospective Noteholders should be aware. The summary is not intended to be exhaustive and prospective Noteholders should read the detailed information set out in the section entitled Credit Structure and elsewhere in this document.*

### **The Issuer's ability to meet its obligations under the Notes**

The ability of the Issuer to meet its obligations in full in respect of payments of interest and principal on the Notes, including following the occurrence of any event of default by the Issuer (an Event of Default as set out in Condition 9), will depend upon and is limited to (i) the receipt by it of funds, through the Servicer, from Borrowers in respect of their Loans and their related security, (ii) the receipt by it of interest on the GIC Account or otherwise from certain authorised investments and (iii) the receipt by it of funds from the Swap Counterparty under the Interest Rate Swap Agreement and the Currency Swap Agreements. In addition, the Issuer will have available to it the Liquidity Reserve Fund (if established) and the Reserve Fund for the purposes specified in *Credit Structure* below.

On enforcement of the security under the Deed of Charge, the obligation of the Issuer to repay moneys due and owing to the Noteholders will depend upon whether the Loans and their related security can be realised to obtain an amount sufficient to effect repayment thereof. It should be noted that there is no recognised secondary market in Ireland for the sale of loan portfolios.

### **Collectability of Loans**

The collectability of amounts due under the Loans and their related security is subject to credit, liquidity and interest rate risks and will generally fluctuate in response to, among other things, market interest rates, general economic conditions, the financial standing of Borrowers and other similar factors. Other factors (which may not affect real estate values) may have an impact on the ability of Borrowers to repay Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy filings by Borrowers and could ultimately have an adverse impact on the ability of Borrowers to repay Loans.

In addition, the ability of the Issuer to dispose of a property at a price sufficient to repay the amounts outstanding under a Loan will depend upon the availability of buyers for the property.

### **Risks of losses associated with declining property values**

The Security for the Notes consists of, *inter alia*, the Issuer's interest in the Loans and their related security. This security may be affected by, among other things, a decline in property values. No assurance can be given that values of the properties have remained or will remain at the level at which they were on the dates of origination of the related Loans. If the residential property market in Ireland should experience an overall decline in property values, such a decline could, in certain circumstances, result in the value of the security created by the Loans being significantly reduced and, ultimately, may result in losses to the Noteholders if the security is required to be enforced.

### **Geographic concentration of mortgaged properties**

Certain geographic regions in Ireland will from time to time experience weaker regional economic conditions and housing markets than will other regions and, consequently, will experience higher rates of loss and delinquency on loans generally. There are concentrations of properties within certain regional areas which may present risk considerations in addition to those generally present for similar mortgage-backed securities without such concentrations. As to the geographic distribution of the Loan Pool see *Distribution Mortgages by Region – Table 8* below.

### **Risks associated with rising loan rates**

The Loan Pool will include Loans (a) whose interest rate is calculated by reference to a rate of interest comprising the standard variable rate of Ulster Bank (as the same may be varied from time to time), as set by Ulster Bank or, in certain circumstances, the Issuer or the Security Trustee and (b) whose interest rate is calculated by reference to a rate of interest comprising the ECB rate (as the same may be varied from time to time) as set by the ECB, plus a margin. As a consequence of the variable nature of the Ulster Bank standard variable rate and the ECB rate, the interest rate under such Loans is subject to fluctuation and consequently the Issuer could be subject to a higher risk of default in payment by a Borrower under such Loans as a result of an increase in the Ulster Bank standard variable rate and/or the ECB rate.

To the extent that the Borrowers are not able to make payments under such Loans as a result of such higher rates, the Issuer may have insufficient funds to make payments due on the Notes.

#### **Limited secondary market for the Notes**

There is not, at present, an active and liquid secondary market for the Notes, and there can be no assurance that such a market will develop. Even if such a market does develop, it may not continue for the life of the Notes or it may leave Noteholders with illiquidity of investment. Illiquidity means that a Noteholder may not be able to find a buyer to buy its Notes readily or at prices that will enable the Noteholder to realise a desired yield. Illiquidity can have an adverse effect on the market value of the Notes.

#### **Yield and pre-payment considerations**

The yield to maturity of the Notes of each class will depend on, *inter alia*, the amount and timing of payment of principal (including prepayments, sale proceeds arising on enforcement of security relating to a Loan and repurchases by Ulster Bank due to, *inter alia*, breaches of the Warranties under the Mortgage Sale Agreement) on the Loans and the price paid by the Noteholders. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans.

Prepayments may occur in connection with refinancings, sales of properties by Borrowers voluntarily or as a result of enforcement proceedings under the relevant Loans, as well as the receipt of proceeds from buildings insurance and life insurance policies. In addition, repurchases of Loans required to be made under the Mortgage Sale Agreement will have the same effect as a prepayment of such Loans.

The rate of prepayment of Loans cannot be predicted and is influenced by a wide variety of economic, social and other factors, including prevailing mortgage market interest rates, the availability of alternative financing, local and regional economic conditions and homeowner mobility. Therefore, no assurance can be given as to the level of prepayments that the Loans will experience. See further *Expected Average Life of the Notes and Assumptions* below.

#### **Enforcement Action**

Upon enforcement of the Security for the Notes, the Security Trustee will have recourse only to the Loans and their related security and any other assets of the Issuer then in existence. The Issuer and the Security Trustee will have no recourse to Ulster Bank, other than as provided in the Mortgage Sale Agreement in respect of a breach of a Warranty (see *Searches, Investigations and Warranties* below). There can be no assurance that the Loans and their related security will realise an amount sufficient to redeem all of the Notes in full. The Issuer and/or the Security Trustee may not be able to sell the Loans and their related security on appropriate terms should either of them be required to do so.

The terms on which the Security for the Notes will be held will provide that, upon enforcement, payments will rank in the order of priority set out in Condition 2.1 of the Notes. In the event that the Security for the Notes is enforced, no amounts will be paid to the Class B Noteholders and Class C Noteholders until all amounts owing to the Class A Noteholders have been paid in full, no amounts will be paid to the Class C Noteholders until all amounts owing to the Class B Noteholders have been paid in full.

#### **Limited recourse and non-petition**

On enforcement of the security for the Notes, the Note Trustee and the Noteholders will only have recourse to the Security. In the event that the proceeds of such enforcement are insufficient (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under the Notes) to pay all amounts due under the Notes, none of the Noteholders or the Note Trustee may take any further steps against the Issuer in respect of such unpaid amounts and all claims against the Issuer in respect of such amounts will be discharged and extinguished. Enforcement of the security created pursuant to the Deed of Charge is, therefore, the only remedy available for the purpose of recovering amounts owed in respect of the Notes. In particular, each party to the relevant documents will agree that it shall not, until one year and a day after the date upon which the last outstanding Note has been redeemed, initiate or join any person in initiating any insolvency proceedings of the Issuer.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Note Trustee, the Security Trustee, the Managers, the GIC Provider, the Swap Counterparty, the Servicer, the Agent Bank, the Paying Agents, Ulster Bank in any capacity or the shareholders of the Issuer or any company in the same group of companies as the Note Trustee, the Security Trustee, the Managers, the GIC Provider, the Swap Counterparty, the



Servicer, the Agent Bank, the Paying Agents or Ulster Bank and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due in respect of the Notes.

### **Loans in Arrears**

The Loans to be purchased by the Issuer with the proceeds of the issue of the Notes and comprising part of the security for the Notes will include certain Loans in respect of which payments due from Borrowers as at the Cut-Off Date were in arrears (as to which see *Distribution of Loans Currently in Arrears – Table 13*).

### **Converted Loans**

In certain circumstances Ulster Bank may agree to requests by Borrowers to convert their Loans into other types of loan product that do not form part of the Loans. If Ulster Bank agrees to a request by a Borrower to convert his or her Loan into any type of loan which does not meet the applicable conditions (as set out in *The Loans – Conversion of Loans* below), the Issuer will be obliged as soon as practicable to sell to a third party all of its right, title and interest in such Loan and its related security for a price no less than the outstanding principal balance of such Loan together with any arrears and accrued but unpaid interest thereon unless the Rating Agencies have confirmed that as a consequence of the conversion the then current rating applicable to the Notes will not be downgraded or withdrawn and that the Notes will not be put on negative watch.

### **Searches, Investigations and Warranties**

Ulster Bank has warranted to the Issuer and the Security Trustee in the Mortgage Sale Agreement, *inter alia*, that, prior to granting a Loan (including any Further Advance), Ulster Bank instructed its solicitors to carry out on its behalf the investigations, searches and other actions that a Prudent Mortgage Lender (as defined below) in Ireland normally undertakes when advancing money in amount equal to the relevant Loan to be secured on a private dwelling house or a life insurance policy (as set out in its “General Instructions to Solicitors”, subject only to such variations as would be acceptable to a Prudent Mortgage Lender) and that the results thereof would have been acceptable to such responsible and Prudent Mortgage Lender in Ireland for the purposes of the Loan (see further *The Loans – Warranties and Repurchase*).

Neither the Issuer nor the Security Trustee has undertaken nor will undertake any investigations, searches or other actions and each will rely solely on the Warranties given in the Mortgage Sale Agreement by Ulster Bank in respect of the Loans sold by it. The Issuer’s and the Security Trustee’s remedy against Ulster Bank if any of the Warranties made by Ulster Bank proves to be materially untrue as at the Closing Date in respect of the Loans and their related security and as at the date of the relevant Further Advance in relation to Further Advances (if any) (which breach or untruth has not subsequently been remedied by Ulster Bank or any other person) is that the Issuer may serve upon Ulster Bank a notice requiring Ulster Bank to repurchase any relevant Loan (together with any Further Advances thereon since the Closing Date) and its related security by paying to the Issuer, within such period as the Issuer and the Security Trustee may specify (but which may be not more than three months from the date of the relevant notice), an amount equal to the principal amount outstanding in respect of the relevant Loan together with accrued interest thereon, provided that:

- (a) the Issuer (with the consent of the Security Trustee) has given Ulster Bank not less than 28 days’ notice in writing; and
- (b) such breach or untruth, where capable of remedy, is not remedied within the 28 day grace period referred to in paragraph (a) above (or such longer period as the Security Trustee may agree).

Where the breach of a Warranty relates to a Further Advance only, Ulster Bank will be required to repurchase the Loan secured on the same Property as such Further Advance and its related security at the same time as it repurchases such Further Advance. There can be no assurance that Ulster Bank will have the financial resources to meet its obligation to make any such payment in the future in respect of a breach of a Warranty.

### **Equitable Assignment**

Legal title to the Loans has, since origination, remained with Ulster Bank and will remain with Ulster Bank until the completion of the transfers to the Issuer and notification of the transfers being given to Borrowers. Such transfers will only be completed and notifications given in the circumstances set out below and, until these steps are taken, the sale by Ulster Bank to the Issuer of the Loans will take effect in equity only.

As a consequence of neither the Issuer nor the Security Trustee obtaining legal title to the Loans, a bona fide purchaser from Ulster Bank for value of any of such Loans without notice of any of the interests in the Loans and

their related security of the Issuer or the Security Trustee might obtain a good title to any of such Loans free of any such interest. However, the risk of third party claims obtaining priority to the interests of the Issuer or the Security Trustee in this way would be likely to be limited to circumstances arising from a breach by Ulster Bank of its contractual obligations, representations or warranties or fraud, negligence or mistake on the part of Ulster Bank or the Issuer or their respective personnel or agents. Further, the rights of the Issuer and the Security Trustee may be or become subject to the direct rights of the Borrowers against Ulster Bank. Such rights may include the rights of set-off existing prior to notification to the Borrowers of the sale of the Loans and their related security which arise in relation to transactions made between certain Borrowers and Ulster Bank, deposits made by certain Borrowers with Ulster Bank and the rights of Borrowers to redeem their mortgages by repaying the relevant Loan directly to Ulster Bank. These rights may result in the Issuer receiving a lesser amount than anticipated from the Loans and their related security. Ulster Bank will, however, undertake in the Mortgage Sale Agreement to indemnify the Issuer in respect of any amounts that are set-off against any sums to which the Issuer is entitled under the Mortgage Sale Agreement and to hold any moneys repaid to Ulster Bank in respect of the relevant Loans to the order of the Issuer.

For so long as neither the Issuer nor the Security Trustee have obtained legal title to the Loans each must join Ulster Bank as a party to any legal proceeding which they may wish to take against a borrower or in relation to enforcement of any Mortgage. In this regard, Ulster Bank will undertake in the Mortgage Sale Agreement for the benefit of the Issuer and the Security Trustee that it will lend its name to, and take such other steps as may reasonably be required by the Issuer or the Security Trustee in relation to, any legal proceedings in respect of the Loans and their related security, subject to the requirements of Ulster Bank's policy from time to time. In the event that Ulster Bank is in examinership, discretionary leave of the High Court would be required to join the Borrower as a party to such proceedings. Similarly, in the event that Ulster Bank was subject to winding-up proceedings before the High Court, the leave of the High Court may be required before a liquidator of Ulster Bank could join as a party to proceedings against a Borrower.

The transfers to the Issuer of the legal title to the Loans will be completed and notices of assignment to the Borrowers will be given, at the discretion of the Security Trustee, in the circumstances set out in *The Loans – The Acquisition of the Loans – Title*. Pending completion of such transfer, the right of the Issuer and the Security Trustee to exercise powers of the legal owner of the Loans will be secured by irrevocable powers of attorney granted by Ulster Bank in favour of the Issuer and the Security Trustee.

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

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

In order to realise its security in respect of a Property, the relevant mortgagee (be it the legal owner (Ulster Bank), the beneficial owner (the Issuer) or the Trustee or its appointee (if the Trustee has taken enforcement action against the Issuer)) will need to obtain possession. There are two means of obtaining possession; first, by taking physical possession (seldom done in practice) and second, by applying for, obtaining and enforcing a court order. However, if it were to be enacted in its present form, the Land and Conveyancing Law Reform Bill 2005 (the **2005 Bill**) (currently before the Irish Parliament) would prohibit the taking of possession of a property by a mortgagee (the lender) without a court order for possession or a written consent by the mortgagor (the Borrower) to the taking of possession.

The court has a very wide discretion (which would be broadened further if the 2005 Bill were to be enacted in its present form) and may adopt a sympathetic attitude towards a Borrower at risk of eviction. If a possession order in favour of the relevant mortgagee is granted, it may be suspended to allow the Borrower more time to pay. Once possession of the Property has been obtained, the relevant mortgagee has a duty to the Borrower to take reasonable care to obtain a proper price for the Property. Any failure to do so will put the relevant mortgagee at risk of an action for breach of such duty by the Borrower, although it is for the Borrower to prove breach of such duty. There is also a risk that a borrower may take court action to force the relevant mortgagee to sell the Property within a reasonable time. If the 2005 Bill were to be enacted in its present form, a mortgagee in possession would be obliged by law to sell the property, at the best price reasonably obtainable, within a reasonable time, or if it would be inappropriate to sell the property, to lease it within a reasonable time.

If a mortgagee takes possession it will, as mortgagee in possession, have an obligation to account to the Borrower for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements or may incur certain

financial liabilities in respect of the Property. Actions for possession are regulated by statute and the courts have certain powers to adjourn possession proceedings, to stay any possession order or postpone the date for delivery of possession; those powers would be expanded if the 2005 Bill were to be enacted in its present form.

The court will exercise such powers in favour of a Borrower, broadly, where it appears to the court that such Borrower is likely to be able, within a reasonable period, to pay any sums due under the Mortgage or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the Mortgage.

Proceedings for the repossession of the relevant property are generally initiated when the Borrower is three months in arrears on the mortgage payments.

## **Regulatory Considerations**

### *Consumer Credit Act*

The making of housing loans in Ireland is regulated by the Consumer Credit Act 1995 (as amended) (the **CCA**) of Ireland, which imposes a range of obligations and restrictions on mortgage lenders and mortgage intermediaries.

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

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

Relevant obligations imposed by the CCA include rules regulating advertising for housing loans; a requirement to furnish the borrower with a valuation report concerning the Property; a requirement that specified warnings regarding the potential loss of the person's home be included in all key documentation relating to a housing loan, and that key, prescribed information be displayed on the front page of a housing loan; and obligations to provide prescribed documents and information to a borrower. Restrictions include prohibitions on the imposition of a redemption fee in the case of many types of housing loan; compelling a borrower to pay the lender's legal costs of investigating title; and the linking of certain products. A breach of any of these obligations or restrictions is a criminal offence by the mortgage lender or intermediary. The financial penalties may range from a maximum fine of €3,000 for most offences, to a maximum fine of €100,000 for the unlawful linking of certain services. A person (including a company) that is convicted of an offence under the CCA will normally be ordered to pay the costs of the prosecution. In respect of a regulated financial service provider (but not an entity that is a mortgage lender only), the Financial Regulator may, instead of a prosecution, impose a monetary penalty for breach of any of these obligations and restrictions; that penalty may be appealed to the Financial Services Appeals Tribunal. The maximum financial penalty is €5,000,000 in the case of a body corporate.

### *Moneylending*

Subject to the above considerations in the case of mortgage lenders and mortgage intermediaries, the activity of lending money in Ireland is not regulated in a number of circumstances; these include a loan for the purchase, sale or hire of goods at an annual percentage rate (**APR**) less than 23 per cent. Where a loan carries interest calculated at an APR of 23 per cent. or greater, the lender may be required by the CCA to be licensed by the Financial Regulator as a moneylender and must, in its dealings with consumers and in its documents and records, comply with a range of obligations and restrictions. It is not anticipated that the Issuer will be a moneylender for the purposes of the CCA.

### *Proposed European Directive on Consumer Credit*

In September 2002, the European Commission published a proposal for a directive of the European Parliament and of the Council on the harmonisation of the laws, regulations and administrative provisions of the member states concerning credit for consumers and surety agreements entered into by consumers. If the proposed directive is finalised, member states will have two years in which to bring national implementing legislation into

force. The proposal includes (among other things) specific documentation and procedural requirements in respect of loan origination and administration, a general duty of responsible lending and restrictions on the variations of interest rates and other charges. Penalties for non compliance with these requirements will be determined by the member states, and may include provision that credit agreements that do not comply with the requirements will be unenforceable against the borrower. The provisions of the current proposed directive are all based on a maximum harmonisation framework and therefore member states will not be permitted to retain measures which go beyond the directive in its co-ordinated sphere.

In its original form, the proposed directive did not apply to residential mortgage loans for home purchase or home improvement, other than loans where all or part of the mortgage credit is for equity release, such as a further advance. However, there has been significant opposition from the European Parliament to the original form of the proposed directive, and in April 2004, the European Parliament published a re-drafted form of the proposed directive, removing all credit secured on real estate (including equity release schemes) from the scope of the proposed directive. In October 2004, the European Commission published an amended form of the proposed directive and a further revised proposal for the directive in October 2005. In this amended form, the proposed directive will apply to certain types of consumer credit of up to €50,000 but excludes from its scope all mortgage credit agreements. As equity release agreements are classed as mortgage credit agreements for the purposes of this proposal, they fall outside the scope of the proposal.

The Commission's current intention is to address mortgage lending separately, following consultations triggered by the publication in July 2005 of the Commission's Green Paper on Mortgage Credit in the EU. However, the scope of the proposed directive may be substantially further amended before it is ultimately brought into effect.

If a finalised text is agreed, it may require significant changes to Irish consumer credit law. It may also have some retrospective effect and apply, at least in part, to existing agreements (for example, it may place requirements on the underwriting or format of further advances made under existing agreements).

Until the final text of the directive is decided and the details of Irish implementing legislation are published, it is not clear what effect the adoption and implementation of the directive would have on the Loans and/or Ulster Bank, and/or the Issuer and/or the Servicer or any successor servicer and their respective businesses and operations. No assurance can be given that the finalised directive will not adversely affect the ability of the Issuer to make payments to Noteholders.

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

The European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 and 2000 (together, the **UTCC Regulations**) apply in relation to the Loans. A Borrower may challenge a term in an agreement on the basis that it is "unfair within the meaning of the UTCC Regulations and therefore not binding on the Borrower. In addition, the Director of Consumer Affairs or a consumer organisation (as defined in the UTCC Regulations) may seek an injunction preventing the use of specific terms that are unfair.

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

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

No assurance can be given that changes in the UTCC Regulations, if enacted, will not have an adverse effect on the Loans, Ulster Bank, the Servicer or the Issuer and their respective businesses and operations. This may adversely affect the ability of the Issuer to dispose of the Loans, or any part thereof, in a timely manner and/or the realisable value of the Loans, or any part thereof, and accordingly affect the ability of the Issuer to meet its obligations under the Notes when due.

### *European Directive on Unfair Commercial Practices*

Directive 2005/29/EC on Unfair Commercial Practices affects all consumer contracts and thus will have some impact in relation to the residential mortgage market.

Under this directive, a commercial practice is to be regarded as unfair if it is (a) contrary to the requirements of professional diligence; and (b) materially distorts or is likely to materially distort the economic behaviour of the average consumer whom the practice reaches or to whom it is addressed or the average member of a group where a practice is directed at a particular group of consumers.

The intention is that this general definition will not affect obligations imposed by other European directives, but will provide a minimum standard for all dealings with persons who are acting outside their business, trade or profession.

In addition to this general obligation, there are provisions aimed at aggressive and misleading practices and a list of practices which will in all cases be considered unfair. The directive is stated to be without prejudice to contract law and the rules of the validity, formation or effect of a contract.

The directive is a maximum harmonisation measure which means that Member States will be prevented from retaining consumer protection measures which are within the scope of the directive but go beyond its terms. However, in relation to financial services, Member States are permitted to retain protections which go beyond these requirements. Therefore, in the context of financial services, this directive will potentially place additional obligations on mortgage lenders in those areas in which there currently are no specific rules applying.

Member States are obliged to adopt national implementing measures by 12 June 2007 and apply these provisions by December 2007. The Irish Department of Enterprise Trade and Employment has announced that it will, in late 2006, or early 2007, propose a Bill to implement the directive. However, until the details of Irish implementing legislation are published, it is not certain what effect the adoption and implementation of the directive would have on the Loans, the Servicer or the Issuer and their respective businesses and operations. No assurance can be given that the finalised Irish legislation will not adversely affect the ability of the Issuer to make payments to Noteholders.

### **Conflict between classes of Noteholders**

The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders as regards all powers, trusts, authorities, duties and discretions of the Note Trustee or Security Trustee (as the case may be) (except where expressly provided otherwise), but requiring the Security Trustee or the Note Trustee (as the case may be) in any such case to have regard only to the interests of the Class A Noteholders if, in the Note Trustee's opinion or the Security Trustee's opinion (as the case may be), there is or may be a conflict between the interests of the Class A Noteholders and the interests of the Class B Noteholders and the Class C Noteholders and/or, in the case of the Security Trustee, other persons entitled to the benefit of the Security.

### **Preferred creditors under Irish law**

Upon an insolvency of an Irish company such as the Issuer, the claims of certain preferential creditors (including the Irish Revenue Commissioners for certain unpaid taxes) will rank in priority to claims of unsecured creditors and claims secured by floating charge. In addition, when applying the proceeds of assets subject to fixed security that have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company that have been approved by the Irish courts. Examinership is a court protection procedure available under Irish law to facilitate the survival of Irish companies in financial difficulties. An examiner may be appointed to a company by a petition to the Irish High Court where a company is, or is likely to be, unable to pay its debts and the Irish High Court is satisfied that there is a reasonable prospect of the survival of the company and all or any part of its undertaking as a going concern. One of the effects of such an appointment is that, during the period of appointment, there is a prohibition on the taking of enforcement action by any creditors of the relevant company.

The holder of a fixed security over the book debts of an Irish tax resident company may be required by the Irish Revenue Commissioners, by notice in writing, to pay to them sums equivalent to those which the holder thereafter receives in payment of debts due to it by the company. Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including

liabilities in respect of value added tax) arising after the issuance of the notice in question from the Irish Revenue Commissioners. The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question. In relation to the disposal of assets of an Irish tax resident company that are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

In certain circumstances a charge which purports to take effect as a fixed charge may take effect as a floating charge. Under Irish law, for a charge to be characterised as a fixed charge, the charge holder is required to exercise the requisite level of control over the assets purported to be charged and the proceeds of such assets, including any bank account into which such proceeds are paid.

### **TRS Scheme**

Tax relief at source (**TRS**) for mortgage interest was introduced in Ireland in the tax year 2002 (the **TRS Scheme**). The Revenue Commissioners of Ireland published guidelines indicating how the TRS Scheme will operate (the **Guidelines**) and Ulster Bank has been operating the TRS Scheme based on the Guidelines since then.

Under the TRS Scheme mortgage borrowers are permitted to pay interest net of the relevant tax relief to the relevant mortgage lender and the relevant mortgage lender, once it constitutes a qualifying lender, claims a refund of the tax relief directly from an account of the Revenue Commissioners of Ireland. On the Closing Date, Ulster Bank will be the lender with respect to the Loan Pool and Ulster Bank will be a qualifying lender for the purpose of the TRS Scheme.

The operation of the TRS Scheme does not have any negative impact on Ulster Bank's cash flows as it makes claims for repayment of the tax relief granted from the Revenue Commissioners of Ireland's funding account on a direct debiting monthly (estimated) basis.

If the Deed of Charge were enforced, resulting in a transfer of legal title to the Loan Pool to the Issuer or the Security Trustee, Ulster Bank would no longer be the lender with respect to the Loan Pool. However, the Guidelines indicate that, provided Ulster Bank acts as Servicer in relation to the Loan Pool, it will be regarded as the qualifying lender for the purpose of the TRS Scheme or it can nominate the securitisation vehicle (the Issuer) or its agent (the Security Trustee or another nominee) as a qualifying lender for the purpose of the TRS Scheme. Ulster Bank will covenant in the Mortgage Management and Agency Agreement that, if it is replaced as Servicer or if the Security under the Deed of Charge is enforced, it will irrevocably appoint such person as may be selected or approved by the Issuer and the Security Trustee as a qualifying lender for the purposes of the TRS Scheme. The Mortgage Management and Agency Agreement will include a power of attorney enabling the Security Trustee to make this nomination on behalf of Ulster Bank as its attorney.

In addition, under the terms of the Mortgage Management and Agency Agreement, the parties to the relevant documents, including the Security Trustee and the Note Trustee, have agreed that, if requested by the Issuer, they will do all things and make any changes to any relevant documents to deal with, or alleviate the burden of, any TRS Scheme in Ireland, provided that such changes are not materially prejudicial to the interests of Noteholders or Ulster Bank. The Note Trustee will act in accordance with any such request if it is advised by an investment bank of recognised standing that the matters contemplated by such request are not materially prejudicial to the interests of Noteholders. If such advice cannot be obtained, the Note Trustee will act in accordance with any such request if approved by an Extraordinary Resolution (as defined in the Trust Deed) of all classes of Noteholders.

### **The introduction of International Financial Reporting Standards**

The Irish tax position of the Issuer depends to a significant extent on the accounting treatments applicable to it. The accounts of the Issuer are required to comply with the International Financial Reporting Standards (**IFRS**) or with generally accepted accounting principles in Ireland (**Irish GAAP**) which has been substantially aligned with IFRS. Companies such as the Issuer might, under either IFRS or Irish GAAP, be forced to recognise in their accounts movements in the fair value of assets that could result in profits or losses for accounting purposes which bear little relationship to the company's actual cash position. These movements in value would generally have been brought into the charge to tax (if not specifically relieved) as a company's tax liability on such assets broadly follows the accounting treatment. However, the taxable profits of a qualifying company with the meaning of Section 110 of the Taxes Consolidation Act 1997 of Ireland, as amended (and it is expected that the Issuer will be such a qualifying company), may be based on the profits that would have arisen under Irish GAAP as it existed

at 31st December 2004 provided that such profit amount, if not otherwise included in its audited financial statements, is identified in a note to the audited financial statements of the company. It is possible to elect out of this treatment but such an election, if made, is irrevocable. If such an election is made then taxable profits or losses could arise to the Issuer as a result of the application of IFRS or current Irish GAAP that are not contemplated in the cashflows for the transaction and as such may have a negative effect on the Issuer and its ability to make payments to Noteholders. The Issuer has covenanted that, if its cash flows would thereby be adversely affected, no such election will be made and that, if not otherwise included in its audited financial statements, it shall procure that a note of profits as calculated under the Irish GAAP as it existed at 31st December 2004 will be included in its audited financial statements.

#### **Currency, interest rate and basis risk**

The Loans are denominated in euro and the Notes will be denominated in euro (except for the Class A1c Notes, the Class A3c Notes and the Class Cc Notes which will be denominated in Sterling, and the Class A2b Notes which will be denominated in Dollars). In addition, the Loans are subject to variable and fixed interest rates while the Issuer's liabilities under the Notes are based on Note EURIBOR, Sterling LIBOR and Dollar LIBOR.

To hedge its currency, interest rate and basis exposure, the Issuer will, on or about the Closing Date, enter into (a) the Class A Currency Swap Agreement relating to the Class A1c Notes, the Class A2b Notes and the Class A3c Notes and (b) the Class C Currency Swap Agreement relating to the Class Cc Notes and (c) the Interest Rate Swap Agreement, each with the Swap Counterparty (see *Credit Structure – The Swap Agreements* below).

A failure by the Swap Counterparty to make timely payments of amounts due under a Swap Agreement will constitute a default thereunder. The Swap Counterparty is obliged to make payments under a Swap Agreement only to the extent that the Issuer makes payments under it. To the extent that the Swap Counterparty defaults in its obligations under a Swap Agreement to make payments to the Issuer, the Issuer will be exposed to (a) changes in Dollar/euro or Sterling/euro currency exchange rates, as applicable, and to changes in the associated interest rates of those currencies and (b) to the possible variance between various fixed and variable rates payable on the Loans and Note EURIBOR, Sterling LIBOR and Dollar LIBOR. Unless one or more comparable replacement interest rate swaps and/or currency swaps (as applicable) are entered into, the Issuer may have insufficient funds, after spot exchanging euro into Sterling and Dollars, as applicable, to make payments due on the Notes.

The Class A Currency Swap Agreement and the Interest Rate Swap Agreement will provide that, upon the occurrence of certain events, the relevant swap may terminate and a termination payment by either the Issuer or the Swap Counterparty will be payable based on the cost of replacement swaps. Except upon termination of the Currency Swap Transactions and/or Interest Rate Swap Transactions where the Swap Counterparty is the Defaulting Party (as defined in each Swap Agreement) or the sole Affected Party (as defined in each Swap Agreement) with respect to a termination resulting from a ratings downgrade of the Swap Counterparty, any termination payment due by the Issuer will rank equally with the payments in respect of the Class A Notes. Payment of such termination amounts may affect amounts available to pay interest and principal on all the Notes.

Any additional amounts required to be paid by the Issuer following termination of the Swap Transactions (including any extra costs incurred if the Issuer cannot immediately enter into replacement swap transactions) will also rank (a) in relation to the Currency Swap Transactions, equally not only with payments due to the holders of the class of Notes to which the relevant Currency Swap Transaction relates but also with payments due to the holders of any other sub-class of Notes which rank equally with the sub-class of Notes to which the relevant Currency Swap Transaction relates and (b) in relation to the Interest rate Swap Transactions, equally with payments in respect of the most senior class of Notes. This may affect amounts available to pay interest and principal on all the Notes.

No assurance can be given as to the ability of the Issuer to enter into one or more replacement swaps, or if one or more replacement swaps are entered into, as to the credit rating of the swap provider(s) for the replacement swaps.

## CREDIT STRUCTURE

The structure of the credit arrangements may be summarised as follows.

### Loan Rate Setting

The interest rates payable by Borrowers in respect of the Loans will vary according to the relevant type of loan product. The Provisional Loan Pool consists of:

- (a) 83.19% of the Loans which are ECB-linked loans where the applicable rate of interest is calculated by reference to the ECB rate (the **ECB Rate** and referred to as the **ECB Linked Loans**);
- (b) 16.81% of the Loans which have an interest rate that is variable by Ulster Bank from time to time (the **Standard Variable Rate** and referred to as the **Standard Variable Rate Loans**), including:
  - (i) 2.87% of the Loans which are discounted below the Standard Variable Rate for a specific period and revert to the Standard Variable Rate by August 2007 (the **Standard Variable Rate Discount Loans**);
  - (ii) 8.17% of the Loans which have a fixed rate of interest for a specific period and revert to the Standard Variable Rate by August 2011 (the **Fixed Reverting to Standard Variable Rate Loans**); and
  - (iii) 5.76% of the Loans which have the Standard Variable Rate for the life of the loan (the **Standard Variable Rate for Term Loans**).

In the event that the appointment of the Servicer is terminated, the substitute Servicer will determine the applicable rates of interest for the Loans provided that such determination by the substitute Servicer is at all times in compliance with any applicable requirements of the Financial Regulator in Ireland.

The actual amount of revenue received by the Issuer in respect of the Loans will vary during the life of the Notes as a result of the level of delinquencies and arrears in respect of the Loans, repayments and prepayments of the Loans and fluctuations in EURIBOR payable under the Interest Rate Swap Agreement. Under the terms of the Mortgage Management and Agency Agreement, the Servicer will covenant to the Security Trustee and the Issuer that, during any period of six consecutive months, the weighted average interest rate on all the Standard Variable Rate Loans will not be more than 1% less than the average of the variable rates of interest charged by the Bank of Ireland, Allied Irish Banks p.l.c., Irish Life and Permanent p.l.c. and Irish Nationwide Building Society (or such other institutions as may be selected by the Servicer subject to confirmation from S&P, Fitch and Moody's that the respective rating of the Notes would not be downgraded or withdrawn or that the Notes will not be put on negative watch) for an equivalent period at the same time and in respect of the same principal amount. Similarly, the actual amounts (net of swap payments) payable under items (i) to (x) of the Pre-Enforcement Revenue Priority of Payments will vary during the life of the transaction as a result of fluctuations in EURIBOR and Note EURIBOR and the level of delinquencies and arrears in relation to the Loans, the eventual effect of which could lead to the withdrawal from or replenishment of drawings under the Reserve Fund and the Liquidity Reserve Fund (if established), and possible variations in certain other costs and expenses of the Issuer.

### Cash Collection Arrangements

Payments by a Borrower in respect of a Loan will be paid into bank accounts (the **Collection Accounts**) being existing accounts of Ulster Bank maintained at 33 College Green, Dublin 2, Ireland. A variety of payment methods are used, including direct debit, standing order, cheques and cash paid in at any branch of Ulster Bank. The Collection Accounts are also used for the collection of moneys paid to Ulster Bank in respect of loans not sold to the Issuer and in respect of other moneys belonging to Ulster Bank.

On each Business Day, Ulster Bank will be obliged, after determining the amounts that relate to the Loans and their related security standing to the credit of the Collection Accounts, to transfer an amount equal to all amounts of principal and interest received in respect of the Loans into the GIC Account for value on the next succeeding Business Day. If at any time the rating of the short-term unsecured, unsubordinated and unguaranteed debt obligations of Ulster Bank falls below 'A-1' from S&P, 'F1' from Fitch or 'P-1' from Moody's (the **Required Minimum Rating**), the Servicer, the Issuer and the Security Trustee shall, within seven days of the Servicer receiving notice of such alteration or event, or such longer period as the Security Trustee may agree (provided that the Security Trustee shall not agree to such longer period if, in its sole opinion, to do so would be materially prejudicial to the interests of the Noteholders), either: (i) ensure that payments to be made in respect of amounts



received in the Collection Accounts relating to the Loans will be guaranteed by a party having at least the Required Minimum Rating; or (ii) implement any other action(s) required to ensure that the Rating Agencies do not downgrade the then current rating applicable to the Notes (including, without limitation, the establishment of collection accounts with another bank or financial institution which has the Required Minimum Rating and the execution of a declaration of trust over such collection accounts in favour of the Issuer).

### **Available Revenue Funds**

Until enforcement of the Security pursuant to the Deed of Charge, the Servicer will calculate on behalf of the Issuer on each Calculation Date the Available Revenue Funds. The constituent elements of Available Revenue Funds are described in *Cashflows – Pre-Enforcement Revenue Priority of Payments* below. Available Revenue Funds will not include amounts to be applied from time to time in making payment of certain moneys which properly belong to third parties such as amounts under a direct debit which are repaid to the bank making the payment if such bank is unable to recoup such amount itself from the relevant Borrower's account.

Available Revenue Funds will be applied on each Interest Payment Date in accordance with the Pre-Enforcement Revenue Priority of Payments. Available Revenue Funds may be applied (after making payments or provisions in respect of items ranking higher in the Pre-Enforcement Revenue Priority of Payments) on each Interest Payment Date towards reducing any amounts debited to any Principal Deficiency Sub Ledger.

To the extent that the amount of Available Revenue Funds standing to the credit of the revenue ledger (the **Revenue Ledger**) on each Calculation Date exceeds the amount required to pay or provide for items ranking higher in the Pre-Enforcement Revenue Priority of Payments, it will be available to replenish the Reserve Fund.

If, on any Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient Available Revenue Funds (and insufficient Available Redemption Funds and Liquidity Reserve Fund amounts to make good an Income Deficit), to pay the interest otherwise due on the Class B Notes and/or the Class C Notes, then the Issuer will be entitled under Condition 16 (Subordination by deferral) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. This will not constitute an Event of Default. If there are no Class A Notes then outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class C Notes only.

Failure to pay interest on the Class A Notes (or the most senior class of Notes outstanding where one or more classes of Notes has been redeemed in full) shall constitute an Event of Default under the Notes which may result in the Security Trustee enforcing the Security.

### **Income Deficiency**

On each Calculation Date, the Servicer, pursuant to the terms of the Mortgage Management and Agency Agreement, will determine whether Available Revenue Funds are sufficient to pay or provide for payment of the items described in (i) to (iv), (vii) and (ix) of the Pre-Enforcement Revenue Priority of Payments. To the extent that Available Revenue Funds are insufficient for this purpose (the amount of any deficit being an **Income Deficit**), the Servicer on behalf of the Issuer shall, on the relevant Interest Payment Date, pay or provide for such Income Deficit subject to the conditions set out in *Cashflows – Application of Available Redemption Funds and Liquidity Reserve Fund amounts to cover shortfalls* by applying firstly, Available Redemption Funds and secondly, amounts standing to the credit of the Liquidity Reserve Fund (if established), and the Servicer shall make a corresponding entry in the relevant Principal Deficiency Sub Ledger as described below under *Principal Deficiency Ledger*.

### **Reserve Fund**

On the Closing Date, Ulster Bank will make available to the Issuer under a subordinated loan agreement dated the Closing Date and entered into between Ulster Bank as subordinated loan provider (in this capacity, the **Subordinated Loan Provider**), the Issuer and the Security Trustee (the **Subordinated Loan Agreement**) an advance for an aggregate principal amount of not less than €26,950,600 for the purpose of establishing a reserve fund (the **Reserve Fund**). Such moneys will be credited to the GIC Account (with a corresponding credit to a ledger to record such amounts (the **Reserve Fund Ledger**)). Amounts credited to the Reserve Fund will be available on any Interest Payment Date to meet items (i) to (x) (inclusive) in the Pre-Enforcement Revenue Priority of Payments before application of Available Redemption Funds and any Liquidity Reserve. On each Interest Payment Date, the Issuer will be required to apply Available Revenue Funds in accordance with the Priority of Payments so that the Reserve Fund is maintained at the Reserve Fund Required Amount.

The **Reserve Fund Required Amount** as at any Interest Payment Date means an amount equal to the sum of:

- (a) €38,500,900; and
- (b) an amount equal to the sum (if any) of the aggregate principal balance outstanding, at any Calculation Date, of all Loans which, since the Closing Date, have become 12 months and up to but excluding 24 months in arrears multiplied by 15% and the aggregate principal balance outstanding of all Loans which have become 24 months or more in arrears multiplied by 30%.

On the Calculation Date immediately preceding the Interest Payment Date on which the redemption in full of the Notes takes place, all amounts standing to the credit of the Reserve Fund at the opening of business on such Calculation Date will be transferred to the Principal Ledger.

### **Principal Deficiency Ledger**

A principal deficiency ledger, comprising three sub ledgers, known as the **Class A Principal Deficiency Sub Ledger** (relating to the Class A Notes), the **Class B Principal Deficiency Sub Ledger** (relating to the Class B Notes) and the **Class C Principal Deficiency Sub Ledger** (relating to the Class C Notes) (each a **Principal Deficiency Sub Ledger** and, together, the **Principal Deficiency Ledger**), will be established on the Closing Date in order to record any Losses on the Portfolio and the application of any Available Redemption Funds and/or amounts standing to the credit of the Liquidity Reserve Fund (if established) to meet any Income Deficit as described in *Credit Structure – Income Deficiency* above.

The application of any Available Redemption Funds and/or the application of amounts standing to the credit of the Liquidity Reserve Fund (if established) to meet any Income Deficit will be recorded first on the Class C Principal Deficiency Sub Ledger until the balance of the Class C Principal Deficiency Sub Ledger is equal to the then aggregate Euro Equivalent Principal Amount Outstanding of the Class C Notes, then on the Class B Principal Deficiency Sub Ledger until the balance of the Class B Principal Deficiency Sub Ledger is equal to the then aggregate Principal Amount Outstanding of the Class B Notes and finally on the Class A Principal Deficiency Sub Ledger until the balance of the Class A Principal Deficiency Sub Ledger is equal to the then aggregate Euro Equivalent Principal Amount Outstanding of the Class A Notes.

On each Interest Payment Date, Available Revenue Funds shall, after making the payments or provisions required to be met in priority to item (v) of the Pre-Enforcement Revenue Priority of Payments, be applied in an amount necessary to reduce to nil the balance on the Class A Principal Deficiency Sub Ledger. Then once the balance on the Class A Principal Deficiency Sub Ledger is reduced to nil and interest due on the Class B Notes has been paid (in accordance with the Pre-Enforcement Revenue Priority of Payments), Available Revenue Funds shall be applied to reduce to nil the balance on the Class B Principal Deficiency Sub Ledger. Then once the balance on the Class B Principal Deficiency Sub Ledger is reduced to nil and interest due on the Class C Notes has been paid (in accordance with the Pre-Enforcement Revenue Priority of Payments), Available Revenue Funds shall be applied to reduce to nil the balance on the Class C Principal Deficiency Sub Ledger.

### **The GIC**

The Issuer, the Security Trustee and the GIC Provider will, on the Closing Date, enter into the GIC, pursuant to which all moneys standing to the credit of the GIC Account will earn a minimum rate of interest equal to EURIBOR for the period during which such amounts are credited less an agreed margin. The Issuer will undertake pursuant to the GIC not to withdraw moneys from the GIC Account other than in accordance with the provisions of the Deed of Charge.

Moneys from time to time standing to the credit of the GIC Account will be invested in certain authorised investments, being deposit accounts and eligible securities approved by the Rating Agencies, pending distribution in accordance with the Deed of Charge.

The Issuer will be required to record, or to procure that there is recorded, moneys held in the GIC Account on a number of different ledgers. These will be the Principal Ledger, the Revenue Ledger, the Reserve Fund Ledger and the Liquidity Reserve Ledger (if established) (together, the **Ledgers**).

If at any time the short term unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are downgraded below a rating of P-1 by Moody's, A-1+ by S&P or F1 by Fitch, the Issuer will be required (within 30 days) to transfer (at its own cost) the GIC Account to an appropriately rated bank or financial institution on substantially similar terms as those set out in the GIC, in order to maintain the ratings of the Notes at their current ratings.

## **The Swap Agreements**

### ***Interest rate and basis swaps***

On the Closing Date the Issuer will enter into the Interest Rate Swap Agreement with the Swap Counterparty in order to hedge the interest rate and basis risk associated with the Loans.

In order to hedge the basis risk arising by virtue of the difference in EURIBOR and the ECB Rate, the Issuer will on the Closing Date enter into a basis swap transaction (the **ECB Rate Swap**) with the Swap Counterparty. Under the ECB Rate Swap, the Issuer and the Swap Counterparty will make payments to each other, in respect of each Interest Period, based on (a) the amount calculated by applying certain rates to the aggregate principal amount outstanding on all performing ECB Linked Loans, as calculated at the start of the relevant Collection Period or, in the case of the first Interest Period, the aggregate principal amount outstanding on all performing ECB Linked Loans at the close of business on the Cut Off Date, and (b) the amount calculated by applying Note EURIBOR for the relevant Interest Period to the principal amount referred to in (a) above, as calculated on the relevant Calculation Date and as set out in the confirmation. If (a) is greater than (b), the Issuer will pay the difference to the Swap Counterparty and if (b) is greater than (a), the Swap Counterparty will pay the difference to the Issuer, each on the Interest Payment Date on which the relevant Interest Period ends.

In order to hedge the interest rate and basis risks associated with the Fixed Reverting to Standard Variable Rate Loans, the Issuer will on the Closing Date enter into an interest rate basis swap transaction (the **Fixed Rate Swap**) with the Swap Counterparty. Under the Fixed Rate Swap, the Issuer and the Swap Counterparty will make payments to each other, in respect of each Interest Period, based on (a) the amount calculated by applying the fixed rate as set out in the confirmation to the aggregate principal amount outstanding on all performing Fixed Reverting to Standard Variable Rate Loans as calculated at the start of the relevant Collection Period or, in the case of the first Interest Period, the aggregate principal amount outstanding on all performing Fixed Reverting to Standard Variable Rate Loans at the close of business on the Cut Off Date and (b) the amount calculated by applying Note EURIBOR plus a margin for the relevant Interest Period to the principal amount referred to in (a) above, as calculated on the relevant Calculation Date and as set out in the confirmation. If (a) is greater than (b), the Issuer will pay the difference to the Swap Counterparty and if (b) is greater than (a), the Swap Counterparty will pay the difference to the Issuer, in each case on each Interest Payment Date of each year until the relevant termination date.

In order to hedge the interest rate and basis risks associated with the Standard Variable Rate Loans, other than the Fixed Reverting to Standard Variable Rate Loans during their fixed rate period, the Issuer will on the Closing Date enter into an interest rate basis swap transaction (the **Standard Variable Rate Swap**) with the Swap Counterparty. Under the Standard Variable Rate Swap, the Issuer and the Swap Counterparty will make payments to each other, in respect of each Interest Period, based on (a) the amount calculated by applying certain rates relating to the Standard Variable Rate Loans, other than the Fixed Reverting to Standard Variable Rate Loans during their fixed rate period, to the aggregate principal amount outstanding on all performing Standard Variable Rate Loans, other than the Fixed Reverting to Standard Variable Rate Loans during their fixed rate period as calculated at the start of the relevant Collection Period or, in the case of the first Interest Period, the aggregate principal amount outstanding on all performing Standard Variable Rate Loans, other than the Fixed Reverting to Standard Variable Rate Loans during their fixed rate period at the close of business on the Cut Off Date, and (b) the amount calculated by applying Note EURIBOR for the relevant Interest Period to the principal amount referred to in (a) above, as calculated on the relevant Calculation Date and as set out in the confirmation. If (a) is greater than (b), the Issuer will pay the difference to the Swap Counterparty and if (b) is greater than (a), the Swap Counterparty will pay the difference to the Issuer, in each case on each Interest Payment Date of each year until the relevant termination date.

### ***Currency swaps***

In order to hedge against the currency and interest rate risk associated with the Sterling Notes being denominated in Sterling, and the Dollar Notes being denominated in Dollars, the Issuer will on the Closing Date enter into the Currency Swap Agreements with the Swap Counterparty. Under each Currency Swap Agreement, the Issuer will pay to the Swap Counterparty on the Closing Date an amount equal to the net proceeds of the issue of the Sterling Notes in Sterling and the Dollar Notes in Dollars. In return the Issuer will be paid the euro equivalent of those Sterling and Dollar amounts by the Swap Counterparty (calculated by reference to the Sterling Currency Swap Rate and Dollar Currency Swap Rate as applicable).

**Sterling Currency Swap Rate** means the rate at which Sterling is converted to euro, or euro to Sterling, as applicable, as set out in the relevant Currency Swap Transactions, or if there is no relevant Currency Swap

Transaction in effect at such time, the “spot” rate at which Sterling is converted to euro or, as the case may be, euro is converted to Sterling on the foreign exchange markets.

**Dollar Currency Swap Rate** means the rate which Dollars are converted to euro, or euro to Dollars, as applicable, as set out in the relevant Currency Swap Transactions, or if there is no relevant Currency Swap Transaction in effect at such time, the “spot” rate at which Dollars are converted to euro or, as the case may be, euro is converted to Dollars on the foreign exchange markets (and together with the Sterling Currency Rate, the **Relevant Exchange Rate**).

On each Interest Payment Date, the Swap Counterparty will pay to the Issuer an amount denominated in Sterling calculated by reference to Sterling LIBOR plus a margin, which is equivalent to the interest due in Sterling on the Principal Amount Outstanding of the Sterling Notes, and an amount denominated in Dollars calculated by reference to Dollar LIBOR plus a margin, which is equivalent to the interest due in Dollars on the Principal Amount Outstanding of the Dollar Notes. In return the Issuer will pay to the Swap Counterparty on each Interest Payment Date an amount denominated in euro calculated by reference to Note EURIBOR plus the relevant margin.

On each Interest Payment Date, the Swap Counterparty will pay to the Issuer an amount in Sterling equal to the amount of principal payments to be made on the Sterling Notes, and an amount in Dollars equal to the amount of principal payments to be made on the Dollar Notes. In return, the Issuer will pay to the Swap Counterparty on each Interest Payment Date an amount in euro equal to the aggregate Sterling amount of principal payments to be made on the Sterling Notes, and an amount in euro equal to the aggregate Dollar amount of principal payments to be made on the Dollar Notes. Such Dollar or Sterling amount will be converted into euro at the Relevant Exchange Rate.

On the Final Maturity Date of the Sterling Notes and the Dollar Notes, or, if earlier, the date on which such Notes are redeemed in full, the Swap Counterparty will pay to the Issuer an amount in Sterling, equal to the Principal Amount Outstanding under the Sterling Notes, and an amount in Dollars equal to the Principal Amount Outstanding under the Dollar Notes, and the Issuer will pay to the Swap Counterparty an equivalent aggregate amount in euro, converted at the Relevant Exchange Rate. If the Issuer does not have sufficient principal available to pay such amount in full on such date and accordingly pays only part of such amount to the Swap Counterparty, the Swap Counterparty will be obliged on such date to pay only the equivalent of such partial amount in Sterling or Dollars, as applicable, such Sterling or Dollar amount to be calculated by converting the partial amount of euro at the Relevant Exchange Rate.

If a Currency Swap is terminated and the Issuer is unable to enter into a replacement swap then the Issuer shall repay the Notes on each Interest Payment Date after exchanging at the “spot” rate the Available Revenue Funds and/or Available Redemption Funds from euro into Dollars or Sterling as applicable.

## **General**

In the event of any change in tax law (or the application or official interpretation thereof) in respect of either the Issuer or the Swap Counterparty under a Swap Agreement that has the effect of obliging either the Issuer or the Swap Counterparty to make any withholding or deduction from payments it makes under a Swap Agreement (or the occurrence of any other event having the same effect), neither the Issuer nor the Swap Counterparty will have any obligation to pay any additional amounts in respect of any such withholding or deduction.

If, at any time, the rating of the Swap Counterparty’s long term, unsecured, unsubordinated and unguaranteed debt obligations falls below A2 by Moody’s or A+ by Fitch or the rating of the Swap Counterparty’s short term unsecured, unsubordinated and unguaranteed debt obligations falls below P-1 by Moody’s, F1 by Fitch or A-1+ for Currency Swap Transactions and A-1 for Interest Rate Swap Transactions by S&P (collectively, the **Minimum Ratings**), then the Swap Counterparty will be required to take certain remedial measures as set out in each Swap Agreement but which may include:

- (a) obtaining a guarantee or other support of its obligations under the Swap Agreements from a third party domiciled in the same legal jurisdiction as either the Swap Counterparty or the Issuer or domiciled in England, with the Minimum Ratings;
- (b) transferring all of its obligations under the Swap Agreements to a replacement third party domiciled in the same legal jurisdiction as either the Swap Counterparty or the Issuer or domiciled in England, with the Minimum Ratings (or, with prior written confirmation of the Rating Agencies that such action will not result in a reduction or withdrawal of the rating of the Notes, to a party with a lesser rating);

- (c) implement such other actions so that the Rating Agencies confirm that the then current ratings of the Notes will not be downgraded as a result of the downgrade of the long or short term debt ratings of the Swap Counterparty; or
- (d) providing collateral in support of its obligations under the Swap Agreements.

If, at any time, the rating of the Swap Counterparty falls below a further rating level specified in each Swap Agreement, the remedial measures available to the Swap Counterparty may be more limited.

In the event that the Swap Counterparty posts collateral in respect of its obligations under a Swap Agreement, that collateral will be credited to a separate swap collateral account. Amounts standing to the credit of such account will be applied solely in returning collateral directly to, or in satisfaction of amounts owing by the Swap Counterparty in accordance with the relevant Swap Agreement and the credit support annex entered into in connection with that Swap Agreement.

If despite using its reasonable endeavours, the Swap Counterparty is unable to comply with its obligations set out above, the Issuer will, with the approval of the Security Trustee, have the right to terminate the relevant Swap Agreement. A failure to implement any of the actions referred to above may result in a downgrading of the then applicable ratings assigned to the Notes.

### **Liquidity Reserve**

The Issuer will be required to establish a liquidity reserve fund (the **Liquidity Reserve Fund**) if (a) the long-term, unsecured, unsubordinated and unguaranteed debt obligations of Ulster Bank cease to be rated at least A3 by Moody's, A- by Fitch or A- by S&P or if (b) the short-term, unsecured, unsubordinated and unguaranteed debt obligations of Ulster Bank cease to be rated at least P-1 by Moody's (unless Moody's, Fitch or S&P, as applicable, confirms that the then current ratings of the Notes would not be downgraded or withdrawn or that the Notes will not be put on negative watch, as a result of the ratings downgrade of Ulster Bank).

Prior to service of an Enforcement Notice, the Liquidity Reserve Fund may be applied as part of Available Redemption Funds or used to meet any Income Deficit as described above under *Income Deficiency*. Use of amounts for the Liquidity Reserve Fund to cover Income Deficits is subject to the conditions set out in *Cashflows – Application of Available Redemption Funds and Liquidity Reserve Fund amounts to cover shortfalls* below.

The Liquidity Reserve Fund, if any, will be initially funded from the Available Redemption Funds. The Liquidity Reserve Fund will be funded up to the **Liquidity Reserve Limit** being an amount as at any Interest Payment Date equal to 3% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes on the relevant Interest Payment Date (taking into account any principal payments to be made by the Issuer at that Date).

The Liquidity Reserve Fund will be deposited in the GIC Account, and a separate Liquidity Reserve Ledger will be established to record the balance from time to time of the Liquidity Reserve Fund.

Once it has been initially funded, the Liquidity Reserve Fund will be replenished from Available Redemption Funds.

### **Available Redemption Funds**

Until enforcement of the Security pursuant to the Deed of Charge, the Servicer will calculate on behalf of the Issuer on each Calculation Date the Available Redemption Funds. The constituent elements of Available Redemption Funds are described in *Cashflows – Definitions of Available Redemption Funds* below. The Issuer will be entitled at any time to apply available principal receipts standing to the credit of the Principal Ledger in the GIC Account from Ulster Bank to purchase Further Advances in accordance with the provisions of the Mortgage Sale Agreement and the Mortgage Management and Agency Agreement.

### **Credit Enhancement**

The Class A Notes have the benefit of credit enhancement provided through the subordination both as to payment of interest and principal and on enforcement of the Security of the Class B Notes and the Class C Notes and the Subordinated Loan except that in certain circumstances redemption of the Class B Notes and/or the Class C Notes may commence before the Class A Notes have been redeemed in full as more particularly described in *Terms and Conditions of the Notes* and *Cashflows* below. The Class B Notes have the benefit of credit enhancement through the subordination both as to payment of interest and principal and on enforcement of the Security of the Class C Notes and the Subordinated Loan except that in certain circumstances redemption of the Class C Notes may

commence before the Class B Notes have been redeemed in full. The Class C Notes have the benefit of credit enhancement through the subordination both as to payment of interest and principal and on enforcement of the Security of the Subordinated Loan. The Class A Notes, the Class B Notes and the Class C Notes also have the benefit of credit enhancement provided from excess spread.

#### **The Subordinated Loan Agreement**

The Subordinated Loan Provider will make available to the Issuer on the Closing Date a subordinated loan facility (the **Subordinated Loan**), consisting of two tranches. The first tranche will be for an aggregate principal amount of €4,500,000 and will be used for meeting the fees and expenses arising in respect of the issue of the Notes on the Closing Date (the **Start-up Costs Advance**). The second tranche will be utilised for the purpose of establishing the Reserve Fund.

Interest under the Subordinated Loan will be payable by the Issuer quarterly in arrear on each Interest Payment Date, subject to and in accordance with the Pre-Enforcement Revenue Priority of Payments. The Subordinated Loan will be repaid by the Issuer out of Available Redemption Funds when all of the Class C Notes have been redeemed in full.

#### **Issuer Share Capital Proceeds Account**

The share capital proceeds of the Issuer will be deposited in a segregated account of the Issuer established with the GIC Provider for the sole purpose of holding those proceeds, payments representing the Issuer Margin and interest thereon (if any) (the **Issuer Share Capital Proceeds Account**).

## CASHFLOWS

### Definition of Available Revenue Funds

Prior to the enforcement of the Security under the Deed of Charge, amounts standing to the credit of the GIC Account and amounts due to be paid to the Issuer and credited to the GIC Account, and which in each case will be recorded in the Revenue Ledger in accordance with the provisions of the Deed of Charge and the Mortgage Management and Agency Agreement, will comprise, as at the fourth Business Day prior to an Interest Payment Date (each, a **Calculation Date**) the sum of:

- (a) all payments (other than amounts representing principal) received by the Issuer into the GIC Account from Ulster Bank and which Ulster Bank has received into its Collection Accounts from Borrowers in respect of the Loans and their related security during the immediately preceding Collection Period and standing to the credit of the Revenue Ledger at the close of business on the last day of the immediately preceding Collection Period;
- (b) all other payments (other than amounts representing principal) received by the Issuer into the GIC Account pursuant to the terms of the Mortgage Sale Agreement and the Mortgage Management and Agency Agreement during the immediately preceding Collection Period and standing to the credit of the Revenue Ledger at the close of business on the last day of the immediately preceding Collection Period;
- (c) the amount standing to the credit of the Reserve Fund as at the end of the immediately preceding Collection Period;
- (d) interest received on the GIC Account and income received from certain authorised investments made by, or on behalf of, the Issuer during the immediately preceding Collection Period;
- (e) any payments to be received by the Issuer pursuant to the Interest Rate Swap Transactions on the next succeeding Interest Payment Date; and
- (f) recoveries of interest and/or principal from defaulting Borrowers under Loans in respect of which enforcement procedures have been completed,

(such amount being hereafter referred to as **Available Revenue Funds**).

### Application of Available Redemption Funds and Liquidity Reserve Fund amounts to cover shortfalls

On each Calculation Date, the Servicer shall calculate whether the Available Revenue Funds (as calculated above) will be sufficient to pay on the relevant Interest Payment Date items (i) to (iv), (vi), (vii) and (ix) of the Pre-Enforcement Revenue Priority of Payments.

If the Servicer determines that there would be a shortfall on an Interest Payment Date to pay those items, then the Issuer shall pay or provide for that shortfall by applying Available Redemption Funds (if any) and, thereafter, amounts standing to the credit of the Liquidity Reserve Fund (if established), and the Servicer shall make a corresponding entry on the relevant Principal Deficiency Sub Ledger as described in *Credit Structure – Principal Deficiency Ledger*, above. Any amounts so applied may not be used to pay interest on any class of Notes if and to the extent that would result in a deficiency being recorded or an existing deficiency being increased on a Principal Deficiency Sub Ledger relating to a higher ranking class of Notes.

If an Income Deficit exists, no Available Redemption Funds may be applied, and no drawings may be made from the Liquidity Reserve Fund, to cover interest shortfalls on the Class B Notes or the Class C Notes, as the case may be, to the extent that, after application of Available Redemption Funds on an Interest Payment Date, the Class B Principal Deficiency Sub Ledger would have a debit balance equal to or greater than 20% of the then aggregate Principal Amount Outstanding of the Class B Notes, or as the case may be, the Class C Principal Deficiency Sub Ledger would have a debit balance equal to or greater than 20% of the then aggregate Euro Equivalent Principal Amount Outstanding of the Class C Notes, respectively.

### Application of Available Revenue Funds prior to the enforcement of the Security

Prior to the enforcement of the Security under the Deed of Charge, the interest amounts denominated in Sterling and Dollars received from the Swap Counterparty in respect of the Currency Swap Transactions will be applied by the Issuer on the next succeeding Interest Payment Date to pay interest due on the Sterling Notes and Dollar Notes respectively.

Prior to the enforcement of the Security under the Deed of Charge, Available Revenue Funds together with Available Redemption Funds (if any) and the Liquidity Reserve Fund (if established, and to the extent such funds are to be applied to cover Income Deficits) will be applied by the Issuer on the next succeeding Interest Payment Date as follows (in each case only if and to the extent that payments or provisions of a higher order of priority have been made in full):

- (i) *first*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof of (a) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Deed of Charge and any other relevant document to which it is a party, together with interest thereon as provided for therein, and (b) the fees or other remuneration and indemnity payments (if any) payable to the Note Trustee and any costs, charges, liabilities and expenses incurred by it under the terms of the Conditions, the Trust Deed and the Deed of Charge, together with interest thereon as provided for therein;
- (ii) *secondly*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of (a) the fees and expenses (other than any incurred on issue of the Notes (if any)) of the Rating Agencies, the directors of the Issuer, any legal advisers, accountants and registered auditors (in each case to the extent not covered by the fees and expenses payable to the Corporate Services Provider) and the Corporate Services Provider, in each case together with value added tax (if applicable) thereon, (b) the fees, expenses and any indemnity payments due to the Paying Agents, the Agent Bank and the GIC Provider incurred under the provisions of the Agency Agreement, the GIC and the Deed of Charge, in each case together with value added tax (if applicable) thereon, and (c) all amounts due and payable to the Irish Revenue Commissioners in respect of the Issuer's liability to corporation tax (insofar as payment cannot be satisfied out of profits);
- (iii) *thirdly*, to pay to the Servicer (or any substitute therefor) the quarterly management fee (inclusive of value added tax) payable pursuant to the Mortgage Management and Agency Agreement and the Deed of Charge, such fee being up to a maximum of 0.15% of the aggregate principal balance of the Loans on the Calculation Date immediately preceding the relevant Interest Payment Date divided by four (other than in respect to the first Interest Period), together with all and any costs and expenses incurred by the Servicer (or any substitute therefor) during the immediately preceding Collection Period (together with VAT thereon, if applicable), subject to and in accordance with the provisions of the Mortgage Management and Agency Agreement and the Deed of Charge;
- (iv) *fourthly*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of:
  - (A) all amounts of interest due and payable in respect of the Class A1a Notes, the Class A2a Notes and the Class A3a Notes; and
  - (B) all amounts due to the Swap Counterparty in respect of the Class A Currency Swap Transactions relating to the Class A Sterling Notes and the Dollar Notes other than (1) the principal element of an ongoing payment and (2) upon termination of a Class A Currency Swap Transaction where the Swap Counterparty is the Defaulting Party or the sole Affected Party with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (as defined in the Class A Currency Swap Agreement); and
  - (C) all amounts due and payable to the Swap Counterparty under the Interest Rate Swap Transactions other than upon termination of an Interest Rate Swap Transaction where the Swap Counterparty is the Defaulting Party or the sole Affected Party with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (as defined in the Interest Rate Swap Agreement);
- (v) *fifthly*, in or towards the reduction of any amounts debited to the Class A Principal Deficiency Sub Ledger until such amounts are eliminated;
- (vi) *sixthly*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of any further amounts by way of fees due and payable to the Servicer (or any substitute therefor) for any preceding Collection Period to the extent not paid under item (iii) above;
- (vii) *seventhly*, in or towards satisfaction of all amounts of interest due and payable in respect of the Class B Notes;



- (viii) *eighthly*, in or towards the reduction of any amounts debited to the Class B Principal Deficiency Sub Ledger until such amounts are eliminated;
  - (ix) *ninthly*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of:
    - (A) all amounts of interest due and payable in respect of the Class Ca Notes; and
    - (B) all amounts due to the Swap Counterparty in respect of the Class C Currency Swap Transactions relating to the Class Cc Notes other than (1) the principal element of an ongoing payment and (2) upon termination of a Class C Currency Swap Transaction where the Swap Counterparty is the Defaulting Party or the sole Affected Party with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (as defined in the Class C Currency Swap Agreement);
  - (x) *tenthly*, in or towards the reduction of any amounts debited to the Class C Principal Deficiency Sub Ledger until such amounts are eliminated;
  - (xi) *eleventhly*, to the Reserve Fund (if required), until the credit balance of the Reserve Fund Ledger has reached the Reserve Fund Required Amount;
  - (xii) *twelvethly*, in satisfaction of or towards amounts due to the Swap Counterparty upon termination of a Swap Agreement where the Swap Counterparty is the Defaulting Party or the sole Affected Party with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (as defined in the Swap Agreement);
  - (xiii) *thirteenthly*, to the Issuer, the sum of €400 (the **Issuer Margin**);
  - (xiv) *fourteenthly*, in or towards payment to Ulster Bank of all amounts of accrued but unpaid interest under the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement;
  - (xv) *fifteenthly*, to pay any deferred consideration due to the Originator pursuant to the terms of the Mortgage Sale Agreement (the **Deferred Consideration**); and
  - (xvi) *sixteenthly*, the surplus (if any) to the Issuer,
- (together, the **Pre-Enforcement Revenue Priority of Payments**).

For the purposes of the foregoing:

A **Collection Period** means a calendar quarter ending on the last day of the month which falls immediately prior to each Interest Payment Date or, in the case of the first such period, the period from the Closing Date to and including the last day of the month which falls immediately prior to the first Interest Payment Date.

See further the section entitled *Credit Structure* for a description of the Reserve Fund, the Reserve Fund Required Amount, the Liquidity Reserve and the Principal Deficiency Ledger.

Payments may be made out of the Revenue Ledger on the GIC Account other than on an Interest Payment Date only to pay amounts of the type described in item (ii)(c) of the Pre-Enforcement Revenue Priority of Payments which are due on such date or any sums due or overdue to third parties not otherwise included in items (i) to (xvi) of the Pre-Enforcement Revenue Priority of Payments and which are incurred in the ordinary course of the Issuer's business or to pay to Ulster Bank any such amounts to which Ulster Bank is entitled under the Mortgage Sale Agreement.

#### **Definition of Available Redemption Funds**

Prior to the enforcement of the Security under the Deed of Charge, amounts standing to the credit of the GIC Account including all amounts representing principal received by the Issuer from Ulster Bank pursuant to the Mortgage Sale Agreement and payments, pre-payments and recoveries relating to principal under the Title Insurance Policy and the Household Contingency Policy on the Loans and which will be recorded in a principal ledger (the **Principal Ledger**) in accordance with the provisions of the Deed of Charge and the Mortgage Management and Agency Agreement will comprise, as at each Calculation Date, the sum of:

- (i) the credit balance of the Principal Ledger as at the close of business on the last day of the immediately preceding Collection Period;

- (ii) the amount (if any) to be applied in reducing the Principal Deficiency Sub Ledgers on the next succeeding Interest Payment Date pursuant to items (v), (viii) or (x) (as applicable) of the Pre-Enforcement Revenue Priority of Payments; and
- (iii) the amount (if any) of the Liquidity Reserve as at such Calculation Date which is in excess of the Liquidity Reserve Limit,

(such amount being hereafter referred to as **Available Redemption Funds**)

Payments may be made on any Dublin Business Day out of the Principal Ledger within the GIC Account to purchase Further Advances made by Ulster Bank in respect of the Loans.

There is no intention to accumulate any long-term surpluses in the Issuer.

#### **Application of Available Redemption Funds prior to the occurrence of a Pro-Rata Trigger Event**

Prior to the occurrence of a Pro-Rata Trigger Event or the enforcement of the Security under the Deed of Charge, Available Redemption Funds will be applied by the Issuer on each Interest Payment Date in the following order of priority (the **Pre-Enforcement Sequential Redemption Priority of Payments**):

- (a) *firstly*, if the Liquidity Reserve Fund is required to be established, and the balance of the Liquidity Reserve Fund is less than the Liquidity Reserve Limit, towards a credit to the Liquidity Reserve Fund up to the Liquidity Reserve Limit;
- (b) *secondly*, towards repayment *pro rata* and *pari passu* according to the respective outstanding amounts thereof:
  - (i) any principal amounts outstanding on the Class A1a Notes;
  - (ii) any principal element of ongoing payments due to the Swap Counterparty in respect of the Class A Currency Swap Transactions relating to the Class A1c Notes, and from principal amounts received from the Swap Counterparty in respect of the Class A Currency Swap Transactions relating to the Class A1c Notes to pay principal outstanding on the Class A1c Notes;
- (c) *thirdly*, towards repayment *pro rata* and *pari passu* according to the respective outstanding amounts thereof:
  - (i) any principal amounts outstanding on the Class A2a Notes;
  - (ii) any principal element of ongoing payments due to the Swap Counterparty in respect of the Class A Currency Swap Transactions relating to the Class A2b Notes, and from principal amounts received from the Swap Counterparty in respect of the Class A Currency Swap Transactions relating to the Class A2b Notes to pay principal outstanding on the Class A2b Notes;
- (d) *fourthly*, towards repayment *pro rata* and *pari passu* according to the respective outstanding amounts thereof:
  - (i) any principal amounts outstanding on the Class A3a Notes;
  - (ii) any principal element of ongoing payments due to the Swap Counterparty in respect of the Class A Currency Swap Transactions relating to the Class A3c Notes, and from principal amounts received from the Swap Counterparty in respect of the Class A Currency Swap Transactions relating to the Class A3c Notes to pay principal outstanding on the Class A3c Notes;
- (e) *fifthly*, towards repayment of any principal amounts outstanding on the Class B Notes; and
- (f) *sixthly*, towards repayment *pro rata* and *pari passu* according to the respective outstanding amounts thereof:
  - (i) any principal amounts outstanding on the Class Ca Notes;
  - (ii) any principal element of ongoing payments due to the Swap Counterparty in respect of the Class C Currency Swap Transaction relating to the Class Cc Notes, and from principal amounts received

from the Swap Counterparty in respect of the Class C Currency Swap Transaction relating to the Class Cc Notes to pay principal outstanding on the Class Cc Notes.

- (g) *seventhly*, towards repayment to Ulster Bank any principal outstanding and unpaid under the Subordinated Loan in accordance with the terms of the Subordinated Loan Agreement.

**Application of Available Redemption Funds after the occurrence of a Pro-Rata Trigger Event but prior to enforcement of the Security**

On or following the occurrence of a Pro-Rata Trigger Event but prior to enforcement of the Security under the Deed of Charge, the Issuer is required to apply Available Redemption Funds (less the amount of the Available Redemption Funds to be applied to pay item (a) of the Pre-Enforcement Sequential Redemption Priority of Payments) on each Interest Payment Date to repay the Euro Notes of each class and sub-class and pay ongoing amounts due to the Swap Counterparty in respect of the Currency Swap Transactions relating to each sub-class of Dollar Notes and Sterling Notes (using amounts received from the Swap Counterparty to pay principal outstanding on the relevant sub-class of Dollar Notes and Sterling Notes) on a *pro rata* basis (the **Pre-Enforcement Pro-Rata Redemption Priority of Payments** and together with the Pre-Enforcement Sequential Redemption Priority of Payments, the **Pre-Enforcement Redemption Priority of Payments**).

A **Pro-Rata Trigger Event** occurs if on any Calculation Date occurring no earlier than December 2009, X is greater than or equal to two times Y where:

X = the aggregate Euro Equivalent Principal Amount Outstanding of the Class B Notes and the Class C Notes as at that Calculation Date divided by the aggregate Euro Equivalent Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes as at that Calculation Date; and

Y = the aggregate Euro Equivalent Principal Amount Outstanding of the Class B Notes and the Class C Notes at the Closing Date divided by the aggregate Euro Equivalent Principal Amount Outstanding of the Class A Notes, Class B Notes and the Class C Notes as at the Closing Date,

provided that none of the following events has occurred and is subsisting as at that Calculation Date:

- (a) the total principal balance of all Loans which are more than three months in arrears exceeds 2.7% of the total principal balance of all the Loans;
- (b) the balance of the Reserve Fund is less than the Reserve Fund Required Amount;
- (c) the aggregate losses in respect of the Loans exceed 1.0% of the Euro Equivalent Principal Amount Outstanding of the Notes;
- (d) there is a debit balance on any Principal Deficiency Sub Ledger; or
- (e) the aggregate Euro Equivalent Principal Amount Outstanding of the Notes is less than 10% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes as at the Closing Date.

The occurrence of a Pro-Rata Trigger Event will be tested by the Servicer on each Calculation Date in respect of the immediately preceding Collection Period.

If any of the events described in paragraphs (a), (b), (c), (d) or (e) occurs, then the Pre-Enforcement Pro-Rata Redemption Priority of Payments shall cease on the immediately following Interest Payment Date and Available Redemption Funds shall be applied thereafter in accordance with the Pre-Enforcement Sequential Redemption Priority of Payments.

In order to effect the *pro rata* application of the Available Redemption Funds, the Servicer shall calculate the *pro rata* share of each class of Notes of those Available Redemption Funds. This shall be determined by dividing the aggregate Euro Equivalent Principal Amount Outstanding of the relevant class of Notes (e.g. the Class A Notes) by the aggregate Euro Equivalent Principal Amount Outstanding of all of the Notes.

Any Available Redemption Funds allocated to repay the Class A Notes shall be applied first to repay the Class A1 Notes, then to repay the Class A2 Notes and then to repay the Class A3 Notes.

All Available Redemption Funds allocated to repay a class of Notes denominated in Dollars or Sterling shall be paid to the Swap Counterparty under the relevant Currency Swap Transaction, and those Notes shall thereafter be

repaid from amounts received from the Swap Counterparty under the relevant Currency Swap Transaction. Notes denominated in euro shall be repaid from their pro rata share of the Available Redemption Funds.

#### **Distribution of Available Revenue Funds and Available Redemption Funds following enforcement of Security**

On enforcement of the Security under the Deed of Charge, the Security Trustee is required to apply moneys available in the Ledgers in the GIC Account for distribution in or towards the satisfaction of the following amounts in the following order of priority (the **Post-Enforcement Priority of Payments** and, together with the Pre-Enforcement Revenue Priority of Payments, the Pre-Enforcement Sequential Redemption Priority of the Payments and the Pre-Enforcement Pro-Rata Redemption Priority of Payments, the **Priority of Payments**):

- (a) *first*, in or towards satisfaction, *pro rata* and *pari passu*, according to the respective amounts thereof, of (A) the fees or other remuneration and indemnity payments (if any) payable to the Security Trustee or any receiver appointed by the Security Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of the Deed of Charge and other relevant documents to which the Security Trustee is a party, together with interest thereon as provided for therein, (B) the fees or other remuneration and indemnity payments (if any) payable to the Note Trustee and any costs, charges, liabilities and expenses incurred by it under the provisions of these Conditions, the Trust Deed and the Deed of Charge, together with interest thereon as provided for therein, (C) the fees and expenses of any legal advisers, accountants or registered auditors appointed by the Issuer, the Corporate Services Provider and the directors of the Issuer (in each case to the extent not covered by the fees and expenses payable by the Corporate Services Provider), (D) the fees, expenses and indemnity payments (if any) due to the Paying Agents, the Agent Bank and the GIC Provider incurred under the provisions of the Agency Agreement, the GIC and the Deed of Charge, in each case together with value added tax (if applicable) thereon, and (E) the fees and expenses of the Servicer or, as applicable, of any substitute Servicer incurred under the provisions of the Mortgage Management and Agency Agreement and the Deed of Charge together with value added tax (if applicable) thereon;
- (b) *secondly*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of:
  - (i) all amounts of accrued but unpaid principal and interest due in respect of the Class A1a Notes;
  - (ii) all amounts of accrued but unpaid principal and interest due in respect of the Class A2a Notes;
  - (iii) all amounts of accrued but unpaid principal and interest due in respect of the Class A3a Notes; and
  - (iv) amounts (if any) payable to the Swap Counterparty under the Swap Agreement in respect of the Interest Rate Swap Transactions and the Class A Currency Swap Transactions (other than in respect of any amounts payable under subparagraph (e) below where the Swap Counterparty is the Defaulting Party or the sole Affected Party with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (as defined in the Class A Currency Swap Agreement));
- (c) *thirdly*, in or towards payment of all amounts of accrued but unpaid principal and interest due in respect of the Class B Notes;
- (d) *fourthly*, in or towards satisfaction, *pro rata*, according to the respective amounts thereof, of:
  - (i) all amounts of accrued but unpaid principal and interest due in respect of the Class Ca Notes; and
  - (ii) amounts (if any) payable to the Swap Counterparty under the Swap Agreement in respect of the Class C Currency Swap Transaction (other than in respect of any amounts payable under subparagraph (e) below where the Swap Counterparty is the Defaulting Party or the sole Affected Party with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty (as defined in the Class C Currency Swap Agreement));
- (e) *fifthly*, *pro rata*, in or towards payment of any amounts due to the Swap Counterparty under a Swap Agreement by the Issuer upon an early termination of a Swap Transaction where the Swap Counterparty is the Defaulting Party or the sole Affected Party with respect to an Additional Termination Event as a result of a ratings downgrade of the Swap Counterparty;
- (f) *sixthly*, in or towards payment to Ulster Bank of all amounts outstanding in respect of the Subordinated Loan;

(g) *seventhly*, to pay any Deferred Consideration; and

(h) *eighthly*, the surplus (if any) to the Issuer.

The Security will become enforceable upon the occurrence of an Event of Default, provided that, if the Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Security Trustee will not be entitled to dispose of the assets comprising the Security or any part thereof unless either a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders or the Security Trustee is of the opinion, which shall be binding on the Noteholders, reached after considering at any time and from time to time the advice of such professional advisers as are selected by the Security Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders.

## THE LOANS

### The Loans

The Loans from time to time will comprise:

- (a) the Initial Loans;
- (b) any Further Advances made on the security relating to the Loans in accordance with the provisions of the Mortgage Sale Agreement; and
- (c) any Converted Loans resulting from the conversion of an existing Loan in accordance with the provisions of the Mortgage Management and Agency Agreement,

other than, in any such case, Loans which have been repaid in full or in respect of which funds representing principal outstanding have otherwise been received in full or which have been repurchased by Ulster Bank pursuant to the Mortgage Sale Agreement following a breach of a Warranty (together, the **Loans** or the **Loan Pool**).

The Loans will be comprised of loans with an aggregate principal balance of €3,850,086,674 selected by Ulster Bank from a provisional loan pool comprised of loans with an aggregate principal balance as at the Provisional Loan Pool Date of €4,079,874,619 (the **Provisional Loan Pool**).

Prior to the Closing Date, Ulster Bank shall exclude from the Loan Pool all Loans in the Provisional Loan Pool which (a) are fully redeemed or (b) do not comply with the Lending Criteria or with the Warranties to be given pursuant to the Mortgage Sale Agreement, in order to determine the Loans to be sold on the Closing Date.

Repayment terms under the Loans specify monthly instalments covering both interest and principal. The Loans are payable such that each loan is fully repaid by its expected maturity. Supporting life assurance cover is usually required to be charged by way of collateral security but may not be taken by Ulster Bank, at its discretion, in certain limited cases.

The way interest rates payable by Borrowers in respect of the Loans will be set is described in *Credit Structure – Loan Rate Setting*.

### The Acquisition of the Loans

#### *Purchase*

Pursuant to the terms of the Mortgage Sale Agreement, Ulster Bank will agree to sell to the Issuer on the Closing Date its beneficial interest in the Initial Loans and any security for their repayment. The consideration payable by the Issuer will be an amount equal to the aggregate current balances of such Loans as at the Cut Off Date plus any Deferred Consideration. The consideration attributable to the current balances of the Initial Loans will be paid by the Issuer on the Closing Date.

On the Closing Date, the Issuer will declare a trust for the benefit of itself and Ulster Bank over the security for the Loans and the proceeds of enforcement of the same for itself (to the extent that the Issuer holds the benefit of the outstanding loans secured by such security) and for Ulster Bank (to the extent that the Issuer does not hold the benefit of such outstanding loans).

#### *Title*

The completion of the transfer or conveyance of the Loans (and, where appropriate, their registration) to the Issuer will, save in the limited circumstances referred to below, be deferred. Legal title to the Loans will therefore remain with Ulster Bank. The Issuer will grant to the Security Trustee a charge over its equitable interest in the Loans and their related security. Notice of the assignment to the Issuer or charge in favour of the Security Trustee will not (except as stated below) be given to any Borrower.

The transfers to the Issuer will be completed, at the discretion of the Security Trustee, after the earliest of the following: (i) the service of an Enforcement Notice; (ii) Ulster Bank being required, by an order of a court of competent jurisdiction, or by a regulatory authority of which Ulster Bank is a member or any organisation whose members comprise (but are not necessarily limited to) lenders with whose instructions it is customary for Ulster Bank to comply, to perfect legal title to the Loans; (iii) it being rendered necessary by law to take any of such actions; (iv) the Security under the Deed of Charge or any material part of such security being in jeopardy and the Security Trustee deciding to take such action to reduce materially such jeopardy; (v) Ulster Bank calling for

completion of such transfer by serving notice on the Issuer; (vi) Ulster Bank ceasing to act as Servicer; and (vii) Ulster Bank ceasing to maintain ratings on its long-term unsecured, unsubordinated, unguaranteed debt obligations equal or greater than 'A-' by Fitch and S&P, or 'A3' by Moody's (or the equivalent rating from the same or successor rating agencies). Pending completion of such transfer, the right of the Issuer and the Security Trustee to exercise the powers of the legal owner of the Loans will be secured by irrevocable powers of attorney granted by Ulster Bank in favour of the Issuer and the Security Trustee. See *Risk Factors* for a description of the possible consequences of the above restrictions.

The title deeds and customer files relating to the Loans and their related security are currently held to the order of Ulster Bank or by solicitors acting for Ulster Bank in connection with the creation of the Loans. Ulster Bank will undertake that from the Closing Date all the title deeds and customer files relating to the Loans and their related security that are at any time in its possession or under its control or held to its order will be held to the order of the Security Trustee.

Neither the Issuer nor the Security Trustee has made or has caused to be made on its behalf any enquiries, searches or investigations, but each is relying entirely on the Warranties given by Ulster Bank contained in the Mortgage Sale Agreement.

### **Further Advances**

Ulster Bank may on any Dublin Business Day advance additional funds to a Borrower for a further advance on the security relating to a Loan. The Issuer is entitled to purchase all such further advances (each a **Further Advance**) from Ulster Bank pursuant to the Mortgage Sale Agreement on any Dublin Business Day (the **Advance Date**) out of moneys then standing to the credit of the GIC Account subject to the satisfaction of certain conditions including the following:

- (a) no Event of Default has occurred and is continuing;
- (b) no event which obliges the Originator to perfect the assignments contemplated by the Mortgage Sale Agreement has occurred;
- (c) the Servicer has not been notified by Moody's, S&P or Fitch that the purchase of the Further Advance on the Advance Date would result in the then current ratings of the Notes being downgraded or withdrawn or the Notes being put on negative watch;
- (d) there is no debit balance on any Principal Deficiency Sub-Ledger on the Advance Date;
- (e) as at the Advance Date, the aggregate outstanding principal balance of those Loans which are three months or more in arrears will not exceed 5% of the aggregate outstanding principal balance of all of the Loans;
- (f) as at the Advance Date, the yield of the Loans together with the yield of the relevant Further Advance will be at least 0.50% greater than Note EURIBOR as at the immediately preceding Interest Payment Date, taking into account the average yield on the Loans and the margin on the Interest Rate Swap Transactions, in each case, as at the Advance Date;
- (g) (other than during the period from the Closing Date to (and including) the Interest Payment Date falling in December 2007 to the extent that the amount paid into the Reserve Fund is not less than any amount previously paid into the Reserve Fund) the balance of the Reserve Fund is not less than the Reserve Fund Required Amount as at the Advance Date;
- (h) the balance of the Liquidity Reserve Fund (if established) will not be less than the Liquidity Reserve Limit as at the Advance Date;
- (i) the inclusion of the Further Advance in the Loan Pool will not result in the product of the weighted average foreclosure frequency (**WAFF**) and the weighted average loss severity (**WALS**) for the Loans (including, for the avoidance of doubt, the Further Advance), calculated on the Advance Date (in the same manner as for the Loans as at the Closing Date (or as otherwise agreed by the Servicer and the Rating Agencies from time to time)) exceeding the product of the WALS and WAFF for the Loans calculated on the Closing Date plus 0.25%;

- (j) if required, the Interest Rate Swap Agreement will be appropriately varied or, if appropriate, the Issuer and the Security Trustee will enter into a new interest rate swap in order to hedge against the interest rate payable on the Loan subject to the Further Advance and the floating rate of interest payable on the Notes;
- (k) the cumulative losses on Loans does not exceed 0.5% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes as at the Closing Date;
- (l) the purchase of the Further Advance will not result in the aggregate principal balance of all Further Advances purchased by the Issuer in the relevant Collection Period exceeding 1.5% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes as the immediately preceding Interest Payment Date;
- (m) no Further Advances may be purchased to the extent that the cumulative aggregate principal amount of such Further Advances would exceed an amount equal to €500,000,000 without receipt of confirmation from the Rating Agencies that the then current ratings of the Notes then in issue will not be downgraded or withdrawn thereby or that the Notes will not be put on negative watch;
- (n) the weighted average loan-to-value ratio (the **LTV**) of the Loans (including the Further Advances and calculated by reference to the most recent property valuation) on the Advance Date shall not exceed the weighted average LTV of the Loans as at the Closing Date by more than 1% (or a higher percentage upon receipt of confirmation from the Rating Agencies that the then current ratings of the Notes then in issue will not be downgraded or withdrawn thereby or that the Notes will not be put on negative watch); and
- (o) the Issuer will have sufficient funds standing to the credit of the Principal Ledger to purchase the Further Advance.

For the avoidance of doubt, the failure to satisfy any of the above conditions will not prevent Ulster Bank from making a Further Advance to a Borrower and in such event such Further Advance will be retained by Ulster Bank. Where Ulster Bank makes a Further Advance to a Borrower that is not purchased by the Issuer, such further advance may be made on the security relating to the relevant Loan. The Issuer will hold the benefit of the relevant security on trust for Ulster Bank to the extent that any moneys received are in respect of, and any related security is security for, the Further Advance, provided, however, that Ulster Bank's position will be at all times subordinated to the Issuer's right to receive sums in respect of the relevant Loan. Should a Borrower default under such a Further Advance, Ulster Bank will have the right to require the Issuer to enforce the security subject always to their respective priorities.

The Issuer will purchase a Further Advance by applying moneys standing to the credit of the Principal Ledger on any Business Day.

### **Conversion of Loans**

A Loan in respect of which Ulster Bank has agreed to a request by a Borrower to convert his or her Loan into any other type of loan product offered by Ulster Bank (a **Converted Loan**) may remain in the Loan Pool provided that:

- (a) no Event of Default has occurred and is continuing;
- (b) no event which obliges the Issuer to perfect the assignments contemplated by the Mortgage Sale Agreement has occurred;
- (c) there is no debit balance on any Principal Deficiency Sub-Ledger on the date of the conversion (**Conversion Date**);
- (d) the Servicer has not been notified by Moody's, S&P or Fitch that the retention of the Loan subject to the conversion Loan Pool, as at the Conversion Date, would result in the then current ratings of the Notes being downgraded or withdrawn or the Notes being put on negative watch;
- (e) as at the Conversion Date, the aggregate outstanding principal balance of those Loans which are three months or more in arrears will not exceed 5% of the aggregate outstanding principal balance of all of the Loans;
- (f) as at the Conversion Date, the yield of the Loans together with the yield of the Loan subject to the conversion will be at least 0.50% greater than Note EURIBOR as at the immediately preceding Interest



Payment Date, taking into account the average yield on the Loans and the margin on the Interest Rate Swap, in each case, as at the Conversion Date;

- (g) (other than during the period from the Closing Date to (and including) the Interest Payment Date falling in December 2007 to the extent that the amount paid into the Reserve Fund is not less than any amount previously paid into the Reserve Fund) the balance of the Reserve Fund will not be less than the Reserve Fund Required Amount as at the Conversion Date;
- (h) making the conversion on the Conversion Date will not result in the product of the WAFF and WALs for the Loans after such conversion is made (calculated on the Conversion Date and in the same way as for the Loans as at the Closing Date (or as otherwise agreed by the Servicer and the Rating Agencies from time to time)) exceeding the product of the WAFF and WALs for the Loans calculated on the Closing Date plus 0.25%;
- (i) if the conversion does not correspond to a type of loan product offered by the Originator on the Closing Date (a **New Loan Product**) and such New Loan Product does not form part of the Loan Pool on the Conversion Date, the Issuer will be obliged as soon as practicable to sell to a third party all of its right, title and interest in such New Loan Product and its related security for a price no less than the outstanding principal balance and such New Loan Product together with any arrears and accrued but unpaid interest thereon unless the Rating Agencies have confirmed that the inclusion of that New Loan Product would not result in the then current ratings of the Notes being downgraded or withdrawn or the Notes being put on negative watch;
- (j) if required the Interest Rate Swap Agreement will be appropriately varied or, if appropriate, the Issuer and the Security Trustee will enter into a new interest rate swap, in order to hedge against the interest rate payable on the Loan subject to the conversion and the floating rate of interest payable on the Notes;
- (k) the conversion will be effected by such means as would be adopted by the Originator, for the purpose of ensuring the validity and priority of the Loan, were such conversion in respect of a loan advanced by the Originator which is not part of the Loan Pool; and
- (l) the conversion will be similar to conversions offered to the Originator's mortgage borrowers whose loans do not form part of the Loan Pool.

If Ulster Bank agrees to a request by a Borrower to convert his or her Loan into any type of loan which does not meet the conditions outlined above, the Issuer will be obliged as soon as practicable to sell to a third party all of its right, title and interest in such Loan and its related security for a price no less than the outstanding principal balance of such Loan together with any arrears and accrued but unpaid interest thereon unless the Rating Agencies have confirmed that as a consequence of the conversion the then current rating applicable to the Notes will not be downgraded or withdrawn and that the Notes will not be put on negative watch. Ulster Bank will retain no option nor be under any obligation to repurchase such Converted Loans other than in the circumstances set out under *Warranties and Repurchase*. In such circumstances, Ulster Bank will be required to execute such documents, obtain such consents or take such other steps as are necessary to procure that the legal and beneficial title to such Loan is transferred to the relevant purchaser.

For the avoidance of doubt, any failure by the Issuer to sell any such Loan will not constitute an Event of Default but may result in a downgrade of the then current rating of the Notes.

### **Lending Criteria**

Ulster Bank applies certain lending criteria (the **Lending Criteria**) in deciding whether or not to advance a mortgage loan. The principal Lending Criteria used by Ulster Bank in respect of mortgage loans made by them (including, as applicable, the Loans (including any Converted Loans and any Further Advances) are as follows):

### **Security**

- (a) Each of the Loans (including any Further Advances) must be secured by a first legal mortgage at the time of granting the original Loan over a property in the Republic of Ireland (the **Property** or **Properties**) which is an owner occupied residential home.
- (b) The following types of property are deemed unacceptable as security:

- Flats (on any level) in Multi-storey type property exceeding 5 storeys, unless the property is predominantly in private ownership;
  - Multiple type dwellings with shared front door access, unless all owners pledge the property;
  - Shared equity/ownership properties;
  - Steel Clad houses;
  - Pre-fabricated/(pre)reinforced/poured or shuttered concrete construction;
  - Easi-form construction;
  - Mundic block property;
  - Properties listed under the Housing Defects Act;
  - Properties built on contaminated land; and
  - 100% timber construction properties.
- (c) An adequate assessment of the valuation of such Property must be conducted or made.
- (d) Repayment types in respect of the loans must be loans where the repayment terms specify monthly instalments covering both interest and principal, or some of which may have an initial interest only payment period of up to five years.
- (e) At the time of completion, Ulster Bank must be jointly insured with the Borrower under, or have its interest noted on, a buildings policy in relation to the relevant Property (a **Building Policy**).

#### ***Loan-to-value***

- (a) The LTV is calculated by dividing the initial principal amount advanced at completion of the Loan by the valuation of the Property. The LTV for each Further Advance is calculated by dividing the sum of the initial principal amount advanced at completion of the Loan and which is still outstanding as at the date of the Further Advance and the principal amount of the relevant Further Advance by the most recent valuation, by an appropriately qualified valuer, of the Property.
- (b) The LTV of each Loan at the date of the initial advance by Ulster Bank to the Borrower must be no more than 95%. The LTV of each Loan, as at the date of each Further Advance by Ulster Bank to the Borrower, must be no more than 95%.

#### ***Term***

Each Loan must have an initial term of not more than 40 years and its stated final maturity must be no later than the Interest Payment Date falling in December 2046.

#### ***Borrowers***

- (a) Each borrower named as such in the relevant Loan conditions (a **Borrower**) must have been 18 years of age prior to completion of the Loan.
- (b) The Borrower's credit and employment history will have been assessed with the aid of either (i) an accountant's report or reports or (ii) the following:
- search supplied by credit reference agency;
  - status enquiry from current employers and/or the most recent P60; and
  - copy of two recent pay slips.
- (c) A statement from each Borrower in respect of any bankruptcy and court orders will be provided.

#### ***Income***

Income is determined by reference to the application form and supporting confirmation, where appropriate, and may consist of satisfactory evidence of income from employers or, in the case of self-employed persons, an

accountant's report confirming earnings. In determining income, limited allowance is made for irregular sources of income such as commission and bonus payments. Each applicant is also required to disclose all liabilities, which are assessed by Ulster Bank. The principal amount advanced is assessed based on an affordability test called the Debt Service Ratio (**DSR**).

The DSR is defined as total financial commitments expressed as a percentage of net monthly income. The figure for gross household income is used to assist the ready identification of the applicable DSR, which should not exceed the thresholds detailed in the following table:

**Table of Maximum Debt Service Ratio**

<b>Gross Household Income:*</b>	<b>Level of Total Financial Commitments as % of Net Monthly Income</b>
Up to and including €80,000	40%
More than €80,000	45%

\* **Gross Household Income** is the total gross annual income of all applicants.

**Net Monthly Income** is defined as gross annual income less personal taxes. This will be adjusted for overtime, commission, bonuses, rental and other income.

**Total Financial Commitments** is defined as all personal financial commitments, which includes: the new monthly mortgage repayment (which is stressed at 2% over the Standard Variable Rate) in addition to all/any other monthly financial repayments with more than six repayments left namely personal loans, term loans, leasing, hire purchase, maintenance payments and any other loans (that will not be replaced by the proposed new loan).

The income criteria applied by Ulster Bank has been modified from time to time. Since October 2004 the income criteria has been based entirely on the DSR test as outlined above.

#### ***Further Advances***

Further Advances are governed by the same criteria as initial advances provided that repayments on the Loan must be up-to-date and there must have been no material default which has not been cured within any relevant cure period under the existing Loan.

#### ***Changes to Lending Criteria***

Ulster Bank has the right to vary the Lending Criteria from time to time in the manner of a reasonable, prudent lender lending to borrowers in Ireland where the loan is secured over residential property (a **Prudent Mortgage Lender**). With effect from September 2006 the following Debt Service Ratios were applied to new loan applications and will apply to applications for further advances which may be purchased by the Issuer:

<b>Gross Household Income:</b>	<b>Level of Total Financial Commitments as % of Net Monthly Income</b>
Up to €74,999	45%
From €75,000 and up to €124,999	50%
From €125,000 and up to €199,999	55%
From €200,000 and above	60%

### ***Ulster Bank's Discretion to Lend Outside Lending Criteria***

On a case-by-case basis, and within the underwriter levels of authority, Ulster Bank may have determined that, based upon compensating factors, an applicant that did not strictly qualify under its Lending Criteria at that time warranted an underwriting exception. Compensating factors may be considered including, but not limited to, a low LTV ratio, stable employment and time in residence at the applicant's current residence and overall affordability position when looking at all the customer's outgoings including any proposed mortgage payment.

### **Warranties and Repurchase**

The Mortgage Sale Agreement contains warranties given by Ulster Bank in relation to the Loans and their related security and in respect of Further Advances and Converted Loans (the **Warranties** and each a **Warranty**). No searches, enquiries or independent investigation of title of the type which a Prudent Mortgage Lender would normally be expected to carry out have been or will be made by the Issuer or the Security Trustee, each of whom is relying upon the Warranties.

If there is an unremedied breach of any of the Warranties then Ulster Bank is required to repurchase the relevant Loan (including any Further Advances made since the Closing Date) by paying into the GIC Account an amount equal to the Principal Balance of the relevant Loan plus accrued but unpaid interest thereon at the rate applicable to such Loan and all other amounts due under such Loan (all of which is subject to any applicable cure periods set forth in the Mortgage Sale Agreement). Where the breach of a Warranty relates to a Further Advance only, Ulster Bank will be required to repurchase the Loan secured on the same Property as such Further Advance and its related security at the same time as it repurchases such Further Advance. For further details of remedies on breaches of Warranties, see *Risk Factors — Searches, Investigations and Warranties* above.

For the purposes of this Prospectus, **Principal Balance** means, in respect of a Loan, at any time, the principal amount outstanding thereunder including any interest, fees or expenses which are overdue and have been capitalised plus any Further Advances made to the Borrower thereof after the date of completion of such Loan less any repayment of such amounts.

The Warranties include statements to the following effect:

- each Loan comprised within the Loans is secured by a first ranking charge by way of legal mortgage over residential Property situated in Ireland;
- subject only to completion of stamping and any registration which may be pending at the applicable land registry office, each Loan constitutes a legal, valid and subsisting first legal mortgage or charge over the relevant Property;
- the Loan is the absolute property of Ulster Bank free and clear of any mortgage, sub-mortgage, charge, sub-charge, assignment by way of security or other such encumbrance;
- in relation to each Loan, the Borrower has good title to the Property;
- each Loan is repayable in full not later than 40 years from the date it was originated;
- where a Property is subject to a second or subsequent mortgage or charge, the applicable security relating to the relevant Loan has priority as a first mortgage for the full amount of the loan amount made or to be made together with interest and costs owed under it;
- prior to making the original advance or any Further Advance (as the case may be), the Lending Criteria were satisfied;
- no instalment due on any of the Initial Loans is more than three months in arrears;
- prior to granting each Loan (including any Further Advance), Ulster Bank carried out or caused to be carried out on its behalf the investigations, searches and other actions that a Prudent Mortgage Lender would normally undertake or, alternatively, the related Property shall be covered by a valid policy of insurance in respect of title under the Title Insurance Policy;
- the principal amount of the Loan did not at the relevant date of completion of the Loan exceed 95% (excluding insurance premiums) of the amount of such valuation (carried out in accordance with the Lending Criteria);

- each Property is insured under a Building Policy against fire and other commercial risks for an amount not less than the full reinstatement value as determined by a valuer approved by Ulster Bank;
- each Loan at the time of origination was granted to a Borrower in respect of an owner occupied Property; and
- the Title Insurance Policy referred to above is in full force and effect and all premia thereon due on or before the date of the sale of the relevant Loan have been paid in full.

### **Enforcement Procedures**

Ulster Bank has established procedures for managing loans that are in arrears, including early contact with borrowers in order to find a solution to any financial difficulties they may be experiencing. These same procedures, as from time to time varied in accordance with the practice of a Prudent Mortgage Lender, will continue to be applied in respect of arrears arising on the Loans.

### **Insurance Contracts**

#### ***Household Contingency Policy***

For loan amounts of under £500,000, the Originator is insured under a block policy which covers the value of the loan rather than the property (the **Household Contingency Policy**). The Household Contingency Policy provides cover up to £500,000 in any one claim and is subject to a maximum total claim of £2,500,000 in any one year. No claims have been made for some time but it is envisaged that the amounts recovered under the policy would be generally used by the Originator to fund the reinstatement of the property or otherwise paid to the Originator to reduce the amount of the loan. The Originator will assign its rights under this policy to the Issuer for any Loan which is in the Portfolio.

#### ***Title Insurance***

The Security Trustee (on behalf of the Secured Parties) will have the benefit of a charge over the Issuer's interest in a homeloan protection policy of title insurance (the **Title Insurance Policy**) provided as collateral security in respect of certain of the Loans.

The insurer under the Title Insurance Policy is First Title Insurance plc. (the **Title Insurer**). Where a mortgage loan applicant is refinancing and repaying advances made by mortgage lenders other than Ulster Bank (or Ulster Bank Limited, a company registered in Northern Ireland) with Ulster Bank, the relevant applicant may opt not to engage solicitors and instead may opt to purchase title insurance from the Title Insurer, indemnifying Ulster Bank.

## CHARACTERISTICS OF THE PROVISIONAL LOAN POOL AS AT 22 SEPTEMBER 2006

On 22 September 2006 (the **Provisional Loan Pool Date**), the Provisional Loan Pool had the following characteristics.

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Aggregate Loan Balance (€)	4,079,874,619
Number of Mortgage Loans	22,568
Largest Loan (€)	2,999,234
Smallest Loan (€)	113
Average Loan Balance (€)	180,781
Weighted Average Seasoning (months)	20.82
Weighted Average Term to maturity (years)	25.81
Longest Dated Mortgage Legal Maturity	13 September 2046
Weighted Average Original Loan To Value (%)	69.98%
Weighted Average Current Loan To Value (%)	68.70%
Weighted Average Current Indexed Loan To Value (%)	58.45%
Maximum Original Loan To Value (%)	95.00%
Maximum Current Loan To Value (%)	94.98%
Weighted Average Interest Rate	4.04%

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\* Loan Valuations are indexed to the Permanent TSB/ESRI House Price Index

In addition, the Provisional Loan Pool has the characteristics indicated in Tables 1 to 15 below.

**Table 1 Distribution of Loans by Current Balance**

Size of Loan (€)	Principal Balance (€)	% of Total	Number of Loans	% of Total
Up to 20,000	1,531,222	0.04%	109	0.48%
20,001 – 40,000	15,050,909	0.37%	483	2.14%
40,001 – 60,000	48,105,439	1.18%	947	4.20%
60,001 – 80,000	89,009,904	2.18%	1,258	5.57%
80,001 – 100,000	140,721,044	3.45%	1,546	6.85%
100,001 – 120,000	177,937,968	4.36%	1,608	7.13%
120,001 – 140,000	259,826,189	6.37%	1,988	8.81%
140,001 – 160,000	360,422,940	8.83%	2,403	10.65%
160,001 – 180,000	405,960,834	9.95%	2,386	10.57%
180,001 – 200,000	410,618,994	10.06%	2,156	9.55%
200,001 – 250,000	859,724,940	21.07%	3,849	17.06%
250,001 – 300,000	536,690,977	13.15%	1,965	8.71%
300,001 – 350,000	280,204,227	6.87%	867	3.84%
350,001 – 400,000	151,018,265	3.70%	405	1.79%
400,001 – 450,000	90,050,512	2.21%	212	0.94%
450,001 – 500,000	58,507,206	1.43%	123	0.55%
500,001 – 550,000	39,830,149	0.98%	76	0.34%
550,001 – 600,000	23,597,883	0.58%	41	0.18%
600,001 – 650,000	18,040,174	0.44%	29	0.13%
650,001 – 700,000	22,881,077	0.56%	34	0.15%
700,001 – 750,000	13,249,392	0.32%	18	0.08%
750,001 – 800,000	7,828,429	0.19%	10	0.04%
800,001 – 850,000	6,625,193	0.16%	8	0.04%
850,001 – 900,000	4,390,131	0.11%	5	0.02%
900,001 – 950,000	1,825,101	0.04%	2	0.01%
950,001 – 1,000,000	8,935,830	0.22%	9	0.04%
1,000,001 – 2,000,000	31,950,634	0.78%	25	0.11%
2,000,001 – 3,000,000	15,339,054	0.38%	6	0.03%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>
Maximum Current Balance (€)	2,999,234			
Minimum Current Balance (€)	113			
Average Current Balance (€)	180,781			

**Table 2 Interest Rate Distribution**

Interest Rate (%)	Principal Balance (€)	% of Total	Number of Loans	% of Total
3.00 – 3.49	30,652,377	0.75%	146	0.65%
3.50 – 3.99	1,760,669,630	43.15%	10,763	47.69%
4.00 – 4.49	2,238,086,204	54.86%	11,353	50.31%
4.50 – 4.99	47,667,916	1.17%	280	1.24%
5.00 – 5.49	2,109,151	0.05%	18	0.08%
5.50 – 6.99	689,340	0.02%	8	0.04%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>
Weighted Average Interest Rate	4.04%			

**Table 3 Distribution of Original Loan to Value Ratios**

<b>Original Loan To Value (%)</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
Less than or equal to 25%	130,359,066	3.20%	1,628	7.21%
More than 25% up to and including 30%	93,718,135	2.30%	864	3.83%
More than 30% up to and including 35%	109,767,199	2.69%	928	4.11%
More than 35% up to and including 40%	157,339,612	3.86%	1,211	5.37%
More than 40% up to and including 45%	162,279,225	3.98%	1,047	4.64%
More than 45% up to and including 50%	198,335,061	4.86%	1,256	5.57%
More than 50% up to and including 55%	209,561,437	5.14%	1,237	5.48%
More than 55% up to and including 60%	298,798,181	7.32%	1,646	7.29%
More than 60% up to and including 65%	185,886,181	4.56%	996	4.41%
More than 65% up to and including 70%	220,481,183	5.40%	1,118	4.95%
More than 70% up to and including 75%	242,558,061	5.95%	1,179	5.22%
More than 75% up to and including 80%	287,239,356	7.04%	1,348	5.97%
More than 80% up to and including 85%	295,407,852	7.24%	1,379	6.11%
More than 85% up to and including 90%	480,548,041	11.78%	2,234	9.90%
More than 90% up to and including 92.5%	918,439,729	22.51%	4,140	18.34%
More than 92.5% up to and including 95%	89,156,301	2.19%	357	1.58%
More than 95.0% up to and including 97.5%	0	0.00%	0	0.00%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.0%</b>	<b>22,568</b>	<b>100.0%</b>
Maximum Original Loan to Value	95.00%			
Minimum Original Loan to Value	2.16%			
Weighted Average Original Loan to Value	69.98%			

**Table 4 Distribution of Current Loan to Value Ratios**

<b>Current Loan To Value (%)</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
Less than or equal to 25%	136,048,536	3.33%	1,928	8.54%
More than 25% up to and including 30%	92,307,165	2.26%	899	3.98%
More than 30% up to and including 35%	118,074,995	2.89%	1,003	4.44%
More than 35% up to and including 40%	142,595,136	3.50%	1,072	4.75%
More than 40% up to and including 45%	159,774,866	3.92%	1,097	4.86%
More than 45% up to and including 50%	202,316,772	4.96%	1,239	5.49%
More than 50% up to and including 55%	238,515,582	5.85%	1,382	6.12%
More than 55% up to and including 60%	256,729,526	6.29%	1,388	6.15%
More than 60% up to and including 65%	208,018,985	5.10%	1,073	4.75%
More than 65% up to and including 70%	237,665,709	5.83%	1,205	5.34%
More than 70% up to and including 75%	260,675,550	6.39%	1,244	5.51%
More than 75% up to and including 80%	342,662,291	8.40%	1,586	7.03%
More than 80% up to and including 85%	399,697,307	9.80%	1,853	8.21%
More than 85% up to and including 90%	783,507,078	19.20%	3,546	15.71%
More than 90% up to and including 92.5%	463,310,784	11.36%	1,897	8.41%
More than 92.5% up to and including 95%	37,974,338	0.93%	156	0.69%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>
Maximum Current Loan to Value	94.98%			
Minimum Current Loan to Value	0.02%			
Weighted Average Current Loan to Value	68.70%			



**Table 5 Distribution of Loans by Current Indexed Loan to Value Ratios\***

<b>Current Indexed Loan To Value (%)</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
Less than or equal to 25%	249,118,259	6.11%	3,069	13.60%
More than 25.01% up to and including 30.00%	152,688,988	3.74%	1,284	5.69%
More than 30.01% up to and including 35.00%	190,618,667	4.67%	1,412	6.26%
More than 35.01% up to and including 40.00%	220,706,285	5.41%	1,385	6.14%
More than 40.01% up to and including 45.00%	267,649,984	6.56%	1,562	6.92%
More than 45.01% up to and including 50.00%	278,783,473	6.83%	1,509	6.69%
More than 50.01% up to and including 55.00%	288,415,993	7.07%	1,487	6.59%
More than 55.01% up to and including 60.00%	282,779,339	6.93%	1,400	6.20%
More than 60.01% up to and including 65.00%	307,827,672	7.55%	1,453	6.44%
More than 65.01% up to and including 70.00%	385,927,193	9.46%	1,747	7.74%
More than 70.01% up to and including 75.00%	542,438,338	13.30%	2,479	10.98%
More than 75.01% up to and including 80.00%	439,503,945	10.77%	1,896	8.40%
More than 80.01% up to and including 85.00%	264,435,491	6.48%	1,069	4.74%
More than 85.01% up to and including 90.00%	149,812,547	3.67%	590	2.61%
More than 90.01% up to and including 92.50%	55,874,945	1.37%	213	0.94%
More than 92.51% up to and including 95.00%	3,293,501	0.08%	13	0.06%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

\* Loan Valuations are indexed to the Permanent TSB/ESRI House Price Index

Maximum Current Indexed Loan to Value	94.05%
Minimum Current Indexed Loan to Value	0.02%
Weighted Current Indexed Original Loan to Value	58.45%

**Table 6 Repayment Type**

<b>Repayment Type</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
Annuity	3,925,432,351	96.21%	22,134	98.08%
Short Term Interest Only (reverting to annuity)	154,442,268	3.79%	434	1.92%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

**Table 7 Interest Rate Type**

<b>Interest Rate Type</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
Fixed	333,494,952	8.17%	1,746	7.74%
Tracker	3,394,172,888	83.19%	18,507	82.01%
Discount	117,139,434	2.87%	515	2.28%
SVR	235,067,345	5.76%	1,800	7.98%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

**Table 8 Distribution of Loans by Region**

Location	Principal Balance (€)	% of Total	Number of Loans	% of Total
Dublin	1,448,983,305	35.52%	6,164	27.31%
Cork	312,374,117	7.66%	1,733	7.68%
Limerick	99,324,419	2.43%	643	2.85%
Galway	202,480,039	4.96%	1,243	5.51%
Waterford	47,670,933	1.17%	309	1.37%
Other	1,969,041,806	48.26%	12,476	55.28%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

**Table 9 Seasoning of Loans**

Seasoning	Principal Balance (€)	% of Total	Number of Loans	% of Total
Up to 3 months	200,748,063	4.92%	946	4.19%
3 but less than 6	310,469,983	7.61%	1,515	6.71%
6 but less than 9	278,627,883	6.83%	1,396	6.19%
9 but less than 12	426,261,159	10.45%	2,128	9.43%
12 but less than 24	1,455,457,760	35.67%	7,698	34.11%
24 but less than 48	1,190,429,791	29.18%	6,978	30.92%
48 but less than 72	180,825,495	4.43%	1,524	6.75%
Greater than 72	37,054,484	0.91%	383	1.70%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

**Table 10 Distribution by Remaining Life of Loan**

Term to Maturity	Principal Balance (€)	% of Total	Number of Loans	% of Total
Less than or equal to 5 years	2,888,292	0.07%	94	0.42%
Greater than 5 years and less than or equal to 10 years	68,244,471	1.67%	982	4.35%
Greater than 10 years and less than or equal to 15 years	250,518,471	6.14%	2,333	10.34%
Greater than 15 years and less than or equal to 20 years	649,424,845	15.92%	4,298	19.04%
Greater than 20 years and less than or equal to 25 years	926,700,248	22.71%	5,006	22.18%
Greater than 25 years and less than or equal to 30 years	1,205,706,278	29.55%	5,657	25.07%
Greater than 30 years and less than or equal to 35 years	667,210,337	16.35%	2,865	12.69%
Greater than 35 years and less than or equal to 40 years	309,181,677	7.58%	1,333	5.91%
Greater than 40 years	0	0.00%	0	0.00%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>
Maximum Remaining Life (years)	39.98			
Minimum Remaining Life (years)	0.65			
Weighted Average Remaining Life (years)	25.81			

**Table 11 Loan Purpose**

<b>Mortgage Purpose</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
House Purchase	3,034,935,834	74.39%	15,602	69.13%
Remortgage	986,062,766	24.17%	6,355	28.16%
Renovation	26,270,502	0.64%	364	1.61%
Other	32,605,515	0.80%	247	1.09%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

**Table 12 Property Type**

<b>Property Type</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
Bungalow	475,188,757	11.65%	3,338	14.79%
Detached	1,275,626,835	31.27%	6,908	30.61%
Other	488,241,659	11.97%	2,388	10.58%
Semi-detached	1,442,538,632	35.36%	7,850	34.78%
Terrace	398,278,735	9.76%	2,084	9.23%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

**Table 13 Distribution of Loans Currently in Arrears**

<b>Equivalent Months in Arrears</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
Performing	3,994,633,722	97.91%	22,089	97.88%
Up to 1 month	51,392,397	1.26%	305	1.35%
1 month up to 2 months	20,958,899	0.51%	112	0.50%
2 months up to and including 3 months	12,889,600	0.32%	62	0.27%
<b>Total</b>	<b>4,079,874,619</b>	<b>100.00%</b>	<b>22,568</b>	<b>100.00%</b>

**Table 14 Distribution of Reversion Dates for Loans with a Discount Interest Rate**

<b>End of Discount Period</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
2006	76,517,650	65.32%	337	65.44%
2007	40,621,784	34.68%	178	34.56%
<b>Total</b>	<b>117,139,434</b>	<b>100.00%</b>	<b>515</b>	<b>100.00%</b>

**Table 15 Distribution of Reversion Dates for Loans with a Fixed Interest Rate**

<b>End of Fixed Period</b>	<b>Principal Balance (€)</b>	<b>% of Total</b>	<b>Number of Loans</b>	<b>% of Total</b>
2006	16,717,258	5.01%	90	5.15%
2007	77,561,547	23.26%	404	23.14%
2008	154,948,283	46.46%	785	44.96%
2009	37,289,059	11.18%	197	11.28%
2010	22,519,820	6.75%	132	7.56%
2011	24,458,985	7.33%	138	7.90%
<b>Total Fixed</b>	<b>333,494,952</b>	<b>100.00%</b>	<b>1,746</b>	<b>100.00%</b>

## MORTGAGE MANAGEMENT

### Introduction

Ulster Bank, whose registered address is Ulster Bank Group Centre, George's Quay, Dublin 2 will be appointed the Servicer by the Issuer and the Security Trustee, respectively, under the Mortgage Management and Agency Agreement to be dated the Closing Date between the Issuer, Ulster Bank and the Security Trustee (the **Mortgage Management and Agency Agreement**) to be their agent to service the Loans and their related security and other aspects of the Issuer's business. Ulster Bank will undertake that in its role as Servicer it will comply with any proper directions, orders and instructions which the Issuer or the Security Trustee may from time to time give to Ulster Bank in accordance with the provisions of the Mortgage Management and Agency Agreement. Ulster Bank has also agreed to service the Loans and their related security with the same level of skill, care and diligence as it would in administering those loans advanced by it which do not form part of the Loan Pool. As at the Closing Date, the accounting and cash management activities of the Issuer will be subcontracted by Ulster Bank to The Royal Bank of Scotland plc.

### Loan rates

The Servicer will set the applicable rate of interest for the Loans on behalf of the Issuer, except in certain limited circumstances as set out in the Mortgage Management and Agency Agreement, when the Security Trustee will be entitled to do so. Interest is calculated on the amount owing by a Borrower (including, but not limited to, capitalised and accrued interest) and is adjusted to take account of capital repayments.

The Servicer will undertake to the Security Trustee and the Issuer that, during any period of six consecutive months, the weighted interest rate on all the Standard Variable Rate Loans will not be more than 1% less than the average of the variable rates of interest charged by the Bank of Ireland, Allied Irish Bank p.l.c., Irish Life and Permanent p.l.c. and Irish Nationwide Building Society (or such other institutions as may be selected by the Servicer subject to confirmation from the Rating Agencies that the rating of the Notes would not be downgraded or withdrawn or that the Notes would not be put on negative watch, thereby).

### Payments from Borrowers

Monthly payments of interest and principal in respect of the Loans are payable in arrear on the 1st business day of each month and are predominantly collectable by direct debit from a Borrower's bank account directly into the Collection Accounts. See further "*Credit Structure – Cash Collection Arrangements*" above for a description of the cash collection arrangements following payment by the Borrowers.

### Arrears and Default procedures

The Servicer will regularly give details to the Issuer and the Note Trustee in writing of Loans in respect of which there are arrears.

The Servicer will endeavour to collect all payments due under or in connection with the Loans, but having regard to the circumstances of the Borrower in each case. The procedures may include making arrangements whereby a Borrower's payments may be varied and/or taking legal action for possession of the relevant Property and the subsequent sale of that Property. The Court has discretion as to whether, on application by the lender, it orders the Borrower to vacate the Property after a default. A lender will usually apply for such an order so that it can sell the Property with vacant possession.

The net proceeds of sale of the Property (after payment of costs and expenses of the sale) will be applied against the sums owing from the Borrower to the extent necessary to discharge the Loan. Where such funds are insufficient to redeem the Loan in full, a claim would be made under any applicable mortgage indemnity guarantee insurance. Where the funds arising from application of the above procedures are insufficient to pay all amounts owing in respect of a Loan, such funds will be applied first in paying interest and costs and secondly principal owing in respect of such Loan. If there is no applicable mortgage indemnity guarantee insurance or if, after a claim has been paid, an amount is still outstanding (the **Outstanding Amount**) in respect of the Loan, a provision will be made for the Outstanding Amount (to the extent that it represents principal owing in respect of a Loan) in the Principal Deficiency Ledger, forming part of the Issuer's accounts, although circumstances may arise in which this provision may subsequently be reduced by the application of Available Revenue Funds as described in *Credit Structure* above.

### Redemption

Under the Mortgage Management and Agency Agreement, the Servicer will be responsible for handling the procedures connected with the redemption of the security relating to the Loans.

### **Calculations and determinations**

The Servicer will be responsible, on each Calculation Date, for calculating the Available Revenue Funds and the Available Redemption Funds, the allocation and payment of moneys in accordance with the Priority of Payments, the delivery of payment instructions to the GIC Provider in respect of the GIC Account, the maintenance of the Ledgers and the Principal Deficiency Ledger, the notification of certain calculations to the Swap Counterparty and the notification to the Principal Paying Agent and the Agent Bank of the matters required to be notified to them by the Issuer under the Conditions.

### **Servicer reporting requirements**

The Servicer will prepare a quarterly report for the benefit of the Issuer, the Security Trustee, the Note Trustee and the Rating Agencies which will contain information as to levels of arrears and repossessions in respect of the Loans and all calculations and determinations made on the immediately preceding Calculation Date and cash movements from the GIC Account during the preceding Interest Period.

### **Remuneration of the Servicer**

The Issuer will on each Interest Payment Date pay to the Servicer for its services under the Mortgage Management and Agency Agreement a quarterly mortgage management and agency fee (inclusive of value added tax, if any) in an amount up to a maximum of 0.15% of the aggregate outstanding principal balance of the Loans on the Calculation Date immediately preceding the relevant Interest Payment Date, divided by four (except in respect of the first Interest Period).

### **Termination of appointment**

Pursuant to the Mortgage Management and Agency Agreement, the appointment of Ulster Bank as Servicer may be terminated by either the Security Trustee or the Issuer if either:

- (a) the Servicer defaults in the performance or observance of any material covenant thereunder to an extent which:
  - (i) taken in aggregate with all such other failures, is materially prejudicial in the context of the transactions contemplated by the relevant documents, and
  - (ii) except where such default is incapable of remedy, such default is not remedied, or the means of remedying it is not agreed, within 30 days after the earlier of:
    - (A) the Servicer becoming aware of such breach; or
    - (B) it receiving written notice from the Security Trustee requiring the same to be remedied;

or

- (b)
  - (i) proceedings are initiated against the Servicer under any application liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order or for the appointment of an examiner), and such proceedings are not, in the opinion of the Security Trustee, being disputed in good faith with a reasonable prospect of success;
  - (ii) an examination order is granted or an administrative receiver, examiner or other receiver, liquidator or similar official is appointed in relation to the Servicer or in relation to the whole or any substantial part of the undertaking or assets of the Servicer;
  - (iii) an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Servicer;
  - (iv) a distress, execution or diligence or other process is levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Servicer, and such possession or process (as the case may be) is not discharged or otherwise ceases to apply within 30 days;
  - (v) the Servicer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws; or
  - (vi) the Servicer makes a conveyance or assignment for the benefit of its creditors generally.

A substitute Servicer may be appointed by the Issuer or the Servicer (subject in each case to approval by the Security Trustee and the Rating Agencies) on substantially the same terms as those for the Servicer.

## THE ISSUER

### Introduction

The Issuer was incorporated and registered in Ireland (registered number 429348) as a public company limited by shares under the Irish Companies Acts 1963 to 2005 on 6 November 2006. The registered office of the Issuer is at 5 Harbourmaster Place, International Financial Services Centre, Dublin 1. The telephone number is 00 353 1 680 6000. The Issuer is a wholly owned subsidiary of Celtic Issuer Holdings Limited (registered number 423652) (**Holdings**). The entire issued share capital of the Issuer (40,000 ordinary shares of €1 each, each fully paid up) is held by Holdings (and its nominees). In turn, the entire issued share capital of Holdings is held by the Share Trustee (and its nominee) under the terms of a trust established under Irish law by a declaration of trust dated 3 August 2006 and made by the Share Trustee on discretionary trust for a number of charitable objects under Irish law. The Issuer has no subsidiaries.

The principal objects of the Issuer, a special purpose vehicle, are set out in clause 3(a) of its Memorandum of Association and, amongst other things, are to purchase, take transfers of, invest in and acquire by any means loans or other obligations involving the extension of credit and any security therefore and to raise or borrow money and to grant security over its assets for such purposes and to enter into arrangements for such purpose.

Neither Ulster Bank nor any associated body of Ulster Bank owns directly or indirectly any of the share capital of the Share Trustee, Holdings or the Issuer.

The Issuer has not engaged, since its incorporation, in any material activities other than those incidental to its incorporation under the Irish Companies Acts 1963 to 2005, the authorisation of the issue of the Notes, the matters referred to or contemplated in this document and the authorisation of the execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing.

The Issuer's centre of main interests is in Ireland.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred, no dividends have been paid and no accounts have been made up.

### Directors

The directors of the Issuer, all of whom are non-executive, and their respective business addresses and principal activities are:

<b>Name</b>	<b>Address</b>	<b>Principal Activities</b>
Donal Corbett	Ulster Bank Ireland Limited, Ulster Bank Group Centre, George's Quay, Dublin 2, Ireland	Head of Debt Capital Markets Funding
Adrian Masterson	57 Herbert Lane, Dublin 2, Ireland	Non-executive director
John Walley	Olympia Capital (Ireland) Limited 6th Floor, Block 3, Harcourt Centre, Harcourt Road, Dublin 2, Ireland	Non-executive director

The Secretary of the Issuer is Deutsche International Corporate Services (Ireland) Limited.

The Issuer has no employees.

Pursuant to the Mortgage Management and Agency Agreement, Ulster Bank will undertake to continue to service the Loans and their related security (in accordance with the standards of a Prudent Mortgage Lender).

The Issuer will covenant to observe certain restrictions on its activities which are detailed in Condition 3.

Pursuant to the Corporate Services Agreement, the Corporate Services Provider will, for the Issuer, provide a registered and administrative office, a company secretary, arrange directors' and shareholders' meetings, annual meetings and any other meetings of the shareholders, maintain statutory and other books required by law or the Issuer, prepare and submit annual returns and any other documents required by law to be prepared or filed and

keep safe documents of title evidencing the Issuer's ownership of certain assets. The Corporate Services Provider may resign or be terminated upon 90 days' prior written notice to the Issuer, in the case of resignation, or to the Corporate Services Provider in the case of termination. Such termination or resignation will not take effect until a replacement corporate services provider has been appointed.



## USE OF PROCEEDS

The proceeds of the issue of the Notes are expected to amount to €3,850,086,692 (converted pursuant to a euro / US dollar exchange rate of €1.00 / \$1.33144 and a euro / sterling exchange rate of €1.48375 / £1.00). The Issuer will on the Closing Date enter into Currency Swap Transactions with the Swap Counterparty with respect to the proceeds from the Sterling Notes and the Dollar Notes. Under the Currency Swap Transactions, the Issuer will pay to the Swap Counterparty on the Closing Date an amount equal to the net proceeds of the issue of the Sterling Notes in Sterling and the Dollar Notes in Dollars. In return the Issuer will be paid the euro equivalent of that Sterling and Dollar amount in accordance with the Relevant Exchange Rate. Of this amount €3,850,086,674 will be applied on the Closing Date to purchase the Loans and their related security under the Mortgage Sale Agreement. The fees and expenses of the issue of the Notes, estimated not to exceed €4,500,000, and the initial funding for the Reserve Fund will be met, on the Closing Date, by the Issuer from a drawing under the Subordinated Loan. It is expected that the total expenses relating to the application for admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market will be approximately €20,000.

## ULSTER BANK IRELAND LIMITED

### Status and Description

Ulster Bank is a wholly-owned subsidiary of Ulster Bank Limited. Ulster Bank's registered office is situated at Ulster Bank Group Centre, George's Quay, Dublin 2, Ireland. Ulster Bank is registered under company number 25766. Ulster Bank is regulated by the Irish Financial Services Regulatory Authority and holds a banking licence pursuant to the Irish Central Bank Acts, 1942 to 1998.

Ulster Bank's short term and long term unsecured, unsubordinated and unguaranteed debt obligations are rated 'A-1+' and 'AA' by S&P, 'F1+' and 'AA' by Fitch, and 'P-1' and 'Aa2' by Moody's, respectively.

### The Ulster Bank Group

Ulster Bank is part of the Ulster Bank Group (the **Group**), which comprises Ulster Bank Limited and its subsidiary companies. The Group has operations in both the Republic of Ireland and Northern Ireland.

The Group has become increasingly integrated (both from a strategic and operational standpoint) within The Royal Bank of Scotland Group plc (**RBSG**) and this is reflected by the fact that the Group has completed a three-year programme to align itself more closely with RBSG infrastructure and to enable its customers to access the full range of RBSG products and services.

Ulster Bank Limited was founded in 1836 and became a wholly owned subsidiary of National Westminster Bank Plc (**NatWest**) in 1917. In March 2000, NatWest was the subject of a successful take-over bid by The Royal Bank of Scotland plc and the Group is now a wholly owned member of the enlarged RBSG. RBSG is one of the world's largest banking and financial services groups by market capitalisation. First Active p.l.c. a leading mortgage and investments provider in the Republic of Ireland, was acquired by Ulster Bank Limited in January 2004.

### Business

In the Republic of Ireland, Ulster Bank has approximately 675,000 personal and business customers and a network of 124 branches.

Ulster Bank has two principal businesses. Serving personal and small business customers, Ulster Bank Retail Markets provides branch-banking, bancassurance and direct banking throughout the Republic of Ireland, whilst Ulster Bank Corporate Markets provides banking, finance, foreign exchange and interest rate risk management solutions for the short and long term needs of business, corporate and institutional customers. This includes structured finance, treasury and money market activities, invoice finance, asset finance, international banking services and offshore financial services.

Ulster Bank Retail Markets comprises three distinct customer-facing divisions:

1. **Personal:** The shop window of Ulster Bank to the public. This division is responsible for the branch-based marketing, sales and customer service activities delivering a full range of products to retail customers.
2. **Financial Services & Private Clients (FSPC):** Provides insurance and investment products together with trusts and wills services. FSPC has built a relationship management capability to serve high net worth individuals.
3. **Direct Banking:** Responsible for all card based business, the any time telephone/internet business, direct product offerings and eCommerce activities.

Ulster Bank Corporate Markets caters for the banking needs of all business and corporate customers, and provides invoice finance facilities as well as offering treasury, money market and structured product services. A dedicated relationship manager leads and co-ordinates a team to deliver the customer's entire business or corporate banking needs including financing, electronic cash management, treasury, international and retail banking requirements. The division offers a fully integrated corporate, institutional and financial markets capability for long-term relationship banking. The division includes a number of different units:

1. **Commercial and Business Banking:** A Commercial Manager team services new start-up businesses, SME's and franchise businesses, through the nationwide branch network. A network of business centres with dedicated bankers throughout the Republic of Ireland provide specialist advice and support to

business regionally such as lending, treasury risk management, property finance, eBanking and invoice finance services.

2. **Corporate, Property and Invoice Finance:** The Corporate Banking teams service the larger corporate and multinational customers through teams of relationship managers with sectoral expertise. The teams bring sector specialism and the breadth of capability and product delivery that is available to RBSG customers world-wide, including private placements, mezzanine finance, asset management and international cash management. They also operate regionally. Ulster Bank has one of the leading property finance teams in the Ireland and has specialists in commercial and residential property based regionally throughout Ireland. The unit also includes Ulster Bank Invoice Finance, the invoice finance arm of the Bank in the Republic of Ireland. They are specialist providers of working capital finance made available to fund the needs of fast growing companies.
3. **Capital Markets:** Provider of international banking, financing, risk management and structured product solutions to business, corporate and institutions throughout the whole of Ireland. The focus is on working with customers to understand their treasury and international banking requirements and on the delivery of bespoke risk management solutions that can add value to the customer's business.

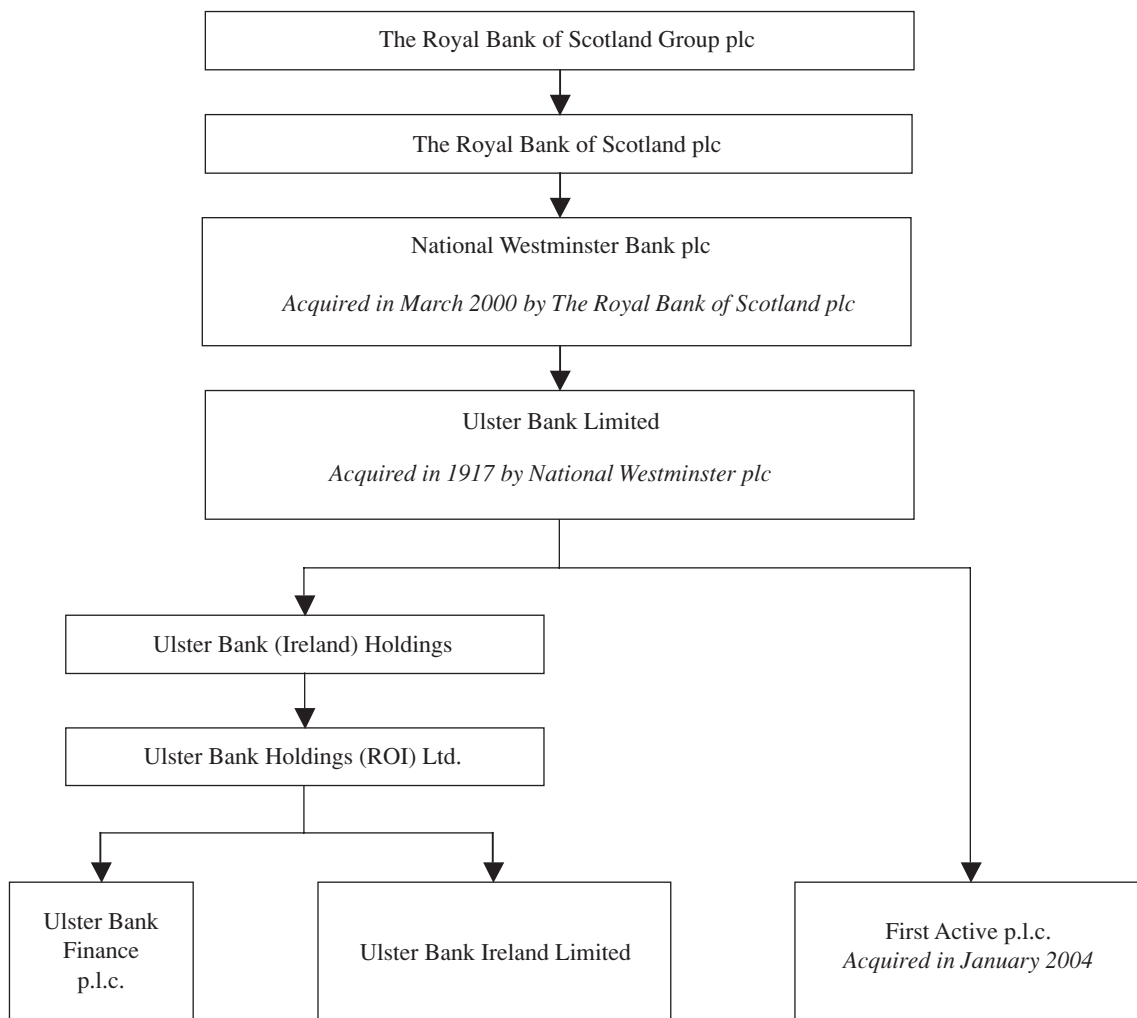
**SUMMARY AUDITED, CONSOLIDATED FINANCIAL INFORMATION  
IN RESPECT OF THE ULSTER BANK GROUP**

										As at and for the year ended 31 December	
										2005	2004
										(in millions of Stg £)	
<b>Results</b>											
Profit before Taxation	..	..	..	..	..	..	..	..	..	353	310
Profit after Taxation	..	..	..	..	..	..	..	..	..	267	234
<b>Balance Sheet</b>											
Total Assets	..	..	..	..	..	..	..	..	..	39,792	29,861
<b>Total equity</b>	..	..	..	..	..	..	..	..	..	2,331	1,591
Loans to Customers	..	..	..	..	..	..	..	..	..	29,864	21,539

The financial statements have, for the first time, been prepared in accordance with International Financial Reporting Standards (IFRS) in 2005. The date of transition to IFRS for the Ulster Bank Group and the date of its opening IFRS balance sheet was 1 January 2004.

The above information has been extracted for the purposes of this document only from the published annual report and accounts of Ulster Bank Group in respect of each of the financial years ended 31 December 2005 and 31 December 2004.

## ULSTER BANK GROUP CORPORATE STRUCTURE



## THE SWAP COUNTERPARTY

The Royal Bank of Scotland Group plc (RBSG) is the holding company of one of the world's largest banking and financial services groups with a market capitalisation of £56.8 billion at 30 June 2006. Headquartered in Edinburgh, RBSG operates in the UK, the US and internationally through its two principal subsidiaries, The Royal Bank of Scotland plc (**RBS**) and NatWest. Both RBS and NatWest are major UK clearing banks whose origins go back over 275 years. RBSG has a large and diversified customer base and provides a wide range of products and services to personal, commercial and large corporate and institutional customers.

RBSG's operations are conducted principally through RBS and its subsidiaries (including NatWest) other than the general insurance business (primarily Direct Line Group and Churchill Insurance).

RBSG had total assets of £839.3 billion and shareholders' equity of £37.4 billion at 30 June 2006. RBSG is capitalised with a total capital ratio of 11.9 per cent. and tier 1 capital ratio of 7.6 per cent. as at 30 June 2006.

The short-term unsecured and unguaranteed debt obligations of RBS are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch. The long-term senior unsecured and unguaranteed debt obligations of RBS are currently rated AA by S&P, Aa1 by Moody's and AA+ by Fitch.

In its capacity as Swap Counterparty, RBS will be acting through its branch at 135 Bishopsgate, London, EC2M 3UR.

The information contained herein with respect to RBS and RBSG relates to and has been obtained from it. Delivery of this Prospectus shall not create any implication that there has been no change in the affairs of RBS or RBSG since the date hereof, or that the information contained or referred to herein is correct as of any time subsequent to its date.

## EXPECTED AVERAGE LIFE OF THE NOTES AND ASSUMPTIONS

The average life of the Class A Notes, the Class B Notes and of the Class C Notes cannot be predicted as the actual rate at which the Loans will be repaid and a number of other relevant factors are unknown. Calculations of the possible average life of the Class A Notes, the Class B Notes and of the Class C Notes can be made based on certain assumptions. For the purposes of the following assumptions:

**Prepayment** means a prepayment of principal by refinancing, a prepayment of principal before a scheduled amortisation date or a scheduled repayment of principal in respect of a Loan.

Based on the assumptions that:

- (a) the Loans are subject to a constant annual rate of Prepayment as shown in the table below;
- (b) no Loans are sold by the Issuer except as may be necessary to enable the Issuer to realise sufficient funds to exercise its option to redeem the Notes;
- (c) no Borrowers are offered and accept different loan products or further advances by Ulster Bank or any of its subsidiaries;
- (d) the Loans continue to be fully performing;
- (e) the Security under the Deed of Charge is not enforced; and
- (f) no Loans (including any Further Advances thereon since the Closing Date) are repurchased by Ulster Bank in accordance with the terms of the Mortgage Management and Agency Agreement,

the approximate life of the Notes, at various assumed rates of Prepayment for the Loans, would be as follows:

	Constant Prepayment Rate (% per annum)		
	7.5%	10%	12.5%
Class A1a Notes (years)	1.40	1.07	0.88
Class A1c Notes (years)	1.40	1.07	0.88
Class A2a Notes (years)	4.11	3.10	2.47
Class A2b Notes (years)	4.11	3.10	2.47
Class A3a Notes (years)	5.26	5.19	5.01
Class A3c Notes (years)	5.26	5.19	5.01
Class Ba Notes (years)	5.26	5.26	5.26
Class Ca Notes (years)	5.26	5.26	5.26
Class Cc Notes (years)	5.26	5.26	5.26

Assumption (b) reflects the current intentions of the Issuer but no assurance can be given that redemption of the Class A Notes, the Class B Notes and the Class C Notes will occur as described.

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

Therefore, the assumptions relate to circumstances which are not predictable.

The average lives of the Class A Notes, the Class B Notes and the Class C Notes are subject to factors largely outside the control of the Issuer and consequently no assurance can be given that the assumptions and estimates above will prove in any way to be realistic and they must therefore be viewed with considerable caution.

## TERMS AND CONDITIONS OF THE NOTES

If Notes are issued in definitive form, the terms and conditions set out on each Note (the **Conditions**) will be as set out below. While the Notes remain in global form, the same terms and conditions govern the Notes, except to the extent that they are not appropriate for Notes in global form.

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed. The terms and conditions set out below will apply to the Notes in global form.

The €435,600,000 class A1a mortgage backed floating rate Notes due December 2048 (the **Class A1a Notes**), the £185,000,000 class A1c mortgage backed floating rate Notes due December 2048 (the **Class A1c Notes**, and, together with the Class A1a Notes, the **Class A1 Notes**), the €385,000,000 class A2a mortgage backed floating rate Notes due December 2048 (the **Class A2a Notes**), the \$328,000,000 class A2b mortgage backed floating rate Notes due December 2048 (the **Class A2b Notes** and, together with the Class A2a Notes, the **Class A2 Notes**), the €1,388,800,000 class A3a mortgage backed floating rate Notes due December 2048 (the **Class A3a Notes**), the £586,000,000 class A3c mortgage backed floating rate Notes due December 2048 (the **Class A3c Notes** and, together with the Class A3a Notes, the **Class A3 Notes** and the Class A3 Notes together with the Class A1 Notes and the Class A2 Notes, the **Class A Notes**), the €77,000,000 class Ba mortgage backed floating rate Notes due December 2048 (the **Class Ba Notes** or the **Class B Notes**, as the context requires), the €147,400,000 Class Ca mortgage backed floating rate Notes due December 2048 (the **Class Ca Notes**) and £17,500,000 Class Cc mortgage backed floating rate Notes due December 2048 (the **Class Cc Notes** and, together with the Class Ca Notes, the **Class C Notes**) (and the Class C Notes, together with the Class A Notes and the Class B Notes, the **Notes** and the Class A1c Notes and the Class A3c Notes are together referred to as the **Class A Sterling Notes** and, together with the Class Cc Notes, the **Sterling Notes**, the Class A2b Notes are referred to as **Dollar Notes** and the Class A1a Notes, the Class A2a Notes, the Class A3a Notes, the Class Ba Notes and the Class Ca Notes are together referred to as the **Euro Notes**), in each case of Celtic Residential Irish Mortgage Securitisation No.11 p.l.c. (the **Issuer**) are constituted by a trust deed (the **Trust Deed**) dated on or about 12 December 2006 (the **Closing Date**) and made between the Issuer and Deutsche Trustee Company Limited as trustee for the Noteholders (in such capacity, the **Note Trustee**). Any reference in these terms and conditions (the **Conditions**) to a **class** of Notes or of Noteholders shall be a reference to the Class A1 Notes, the Class A2 Notes, the Class A3 Notes, the Class B Notes or the Class C Notes, as the case may be, or to the respective holders thereof and to a **sub-class** of Notes or of Noteholders shall be a reference to any sub-class of the Class A1 Notes, the Class A2 Notes, the Class A3 Notes and the Class C Notes or to the respective holders thereof.

The security for the Notes is constituted by a deed of charge and assignment (the **Deed of Charge**) dated the Closing Date and made between, among others, the Issuer and Deutsche Trustee Company Limited as security trustee for the Secured Parties (in such capacity, the **Security Trustee**). Pursuant to an agency agreement (the **Agency Agreement**) dated the Closing Date and made between the Issuer, Ulster Bank Ireland Limited as Irish paying agent (the **Irish Paying Agent**), Deutsche Bank AG, London Branch as principal paying agent (the **Principal Paying Agent** and, together with the Irish Paying Agent, such additional or other paying agents, if any, appointed from time to time pursuant to the Agency Agreement, the **Paying Agents**), Deutsche Bank AG, London Branch as agent bank (the **Agent Bank**) and the Note Trustee, provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes of each class.

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge and the master definitions and interpretation agreement (the **Master Definitions Agreement**).

Copies of the Trust Deed, the Deed of Charge, the Agency Agreement, the Master Definitions Agreement and the other Transaction Documents are available for inspection during normal business hours at the specified office for the time being of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Transaction Documents applicable to them.

Capitalised terms not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions Agreement available as described above. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Agreement.

### 1. Form, Denomination and Title

- 1.1 Each class and, in the case of the Class A Notes and the Class C Notes, sub-class of the Notes is initially represented by a temporary global note (each, a **Temporary Global Note**) in bearer form in the aggregate principal amount on issue of €435,600,000 for the Class A1a Notes, £185,000,000 for the Class A1c



Notes, €385,000,000 for the Class A2a Notes, \$328,000,000 for the Class A2b Notes, €1,388,800,000 for the Class A3a Notes, £586,000,000 for the Class A3c Notes, €77,000,000 for the Class Ba Notes, €147,400,000 for the Class Ca Notes and £17,500,000 for the Class Cc Notes. Each Temporary Global Note has been deposited on behalf of the subscribers of the relevant class of Notes with Deutsche Bank AG, London branch, as common depository (the **Common Depository**) for Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) and Euroclear Bank S.A/N.V. (**Euroclear** and together with Clearstream, Luxembourg, the **Clearing Systems**) on the Closing Date. Upon deposit of the Temporary Global Notes, the Clearing Systems credited each subscriber of Notes with the principal amount of Notes of the relevant class equal to the aggregate principal amount thereof for which it had subscribed and paid. Interests in each Temporary Global Note are exchangeable on and after the date which is 40 days after the Closing Date, upon certification of non-U.S. beneficial ownership by the relevant Noteholder, for interests in a permanent global note (each, a **Permanent Global Note**) representing the same class and, in the case of the Class A Notes and the Class C Notes, sub-class of Notes (the expressions **Global Notes** and **Global Note** meaning, respectively, (i) all the Temporary Global Notes and the Permanent Global Notes or the Temporary Global Note and the Permanent Global Note of a particular class or sub-class, or (ii) any of the Temporary Global Notes or Permanent Global Notes, as the context may require). The Permanent Global Notes have also been deposited with the Common Depository for the Clearing Systems. Title to the Global Notes will pass by delivery.

Interests in a Global Note will be transferable in accordance with the rules and procedures for the time being of the relevant Clearing System.

For so long as the Notes are represented by a Global Note and the Clearing Systems so permit, the Notes shall be tradeable only in minimal nominal amount of €50,000 and integral multiples of €1,000 thereafter (in the case of the Euro Notes), the minimal nominal amount of £50,000 and integral multiples of £1,000 thereafter (in the case of the Sterling Notes) and the minimal nominal amount of \$100,000 and integral multiples of \$1,000 thereafter (in the case of the Dollar Notes).

- 1.2 If, while any of the Notes are represented by a Permanent Global Note, either of the Clearing Systems is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system acceptable to the Note Trustee is then in existence, then the Issuer will issue Notes of the relevant class or sub-class in definitive form (**Definitive Notes**) in exchange for such Permanent Global Note (free of charge to the persons entitled to them) within 30 days of the occurrence of the relevant event. These Conditions and the Transaction Documents will be amended in such manner as the Note Trustee and Security Trustee require to take account of the issue of Definitive Notes.
- 1.3 Definitive Notes, if issued, will only be printed and issued in denominations of €50,000 for the Euro Notes, £50,000 for the Sterling Notes and \$100,000 for the Dollar Notes. Such Notes will be serially numbered and will be issued in bearer form with (at the date of issue) interest coupons, principal coupons and, if necessary, talons attached.
- 1.4 **Noteholders** means each person (other than the Clearing Systems themselves) who is for the time being shown in the records of the Clearing Systems as the holder of a particular Principal Amount Outstanding (as defined in Condition 6.5 (Principal Amount Outstanding)) of the Notes of any class (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the Principal Amount Outstanding of the Notes standing to the account of any person shall be conclusive and binding for all purposes) and such person shall be treated by the Issuer, the Note Trustee, the Security Trustee and all other persons as the holder of such Principal Amount Outstanding of such Notes for all purposes, other than for the purpose of payments in respect thereof, the right to which shall be vested, as against the Issuer, the Note Trustee, the Security Trustee and all other persons, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and for which purpose **Noteholders** means the bearer of the relevant Global Note; and related expressions shall be construed accordingly.
- 1.5
  - (a) **Class A1a Noteholders** means Noteholders in respect of the Class A1a Notes;
  - (b) **Class A1c Noteholders** means Noteholders in respect of the Class A1c Notes (and together with the Class A1a Noteholders, the **Class A1 Noteholders**);
  - (c) **Class A2a Noteholders** means Noteholders in respect of the Class A2a Notes;

- (d) **Class A2b Noteholders** means Noteholders in respect of the Class A2b Notes (and together with the Class A2a Noteholders, the **Class A2 Noteholders**);
- (e) **Class A3a Noteholders** means Noteholders in respect of the Class A3a Notes;
- (f) **Class A3c Noteholders** means Noteholders in respect of the Class A3c Notes (and, together with the Class A3a Noteholders, the **Class A3 Noteholders**, which together with the Class A1 Noteholders and the Class A2 Noteholders, the **Class A Noteholders**);
- (g) **Class Ba Noteholders** means Noteholders in respect of the Class Ba Notes;
- (h) **Class Ca Noteholders** means Noteholders in respect of the Class Ca Notes; and
- (i) **Class Cc Noteholders** means Noteholders in respect of the Class Cc Notes (and, together with the Class Ca Noteholders, the **Class C Noteholders**).

## 2. Status and Relationship Between The Notes and Security

### 2.1 Status and relationship between the Notes

- (a) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer. In respect of interest due and payable on the Class A Notes, the Class A Notes rank *pari passu* without preference or priority amongst themselves and, in respect of principal due on the Class A Notes, the Class A1 Notes rank senior to the Class A2 Notes and the Class A3 Notes prior to service of an Enforcement Notice as provided in Condition 9, and the Class A2 Notes rank senior to the Class A3 Notes prior to the service of an Enforcement Notice as so provided.
- (b) The Class B Notes constitute direct, secured and, subject as provided in Condition 16 (Subordination by deferral), unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes as provided in these Conditions and the Transaction Documents.
- (c) The Class C Notes constitute direct, secured and, subject as provided in Condition 16 (Subordination by deferral), unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes and the Class B Notes as provided in these Conditions and the Transaction Documents.
- (d) The Trust Deed and the Deed of Charge contain provisions requiring the Note Trustee and the Security Trustee, respectively, to have regard to the interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee and Security Trustee (except where expressly provided otherwise), but requiring the Note Trustee and Security Trustee in any such case to have regard only to:
  - (i) the interests of the Class A Noteholders if, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, there is a conflict between the interests of:
    - (A) the Class A Noteholders; and
    - (B) the Class B Noteholders and/or the Class C Noteholders; or
  - (ii) subject to paragraph (i) above, the interests of the Class B Noteholders if, in the Note Trustee's or, as the case may be, the Security Trustee's opinion, there is a conflict between the interests of:
    - (A) the Class B Noteholders; and
    - (B) the Class C Noteholders.

The Security Trustee shall also have regard to the interests of the other Secured Parties as a class (provided that in the event of any conflict between the interests of any class of the Noteholders and any other Secured Party, the interests of such class of Noteholders will prevail).

- (e) The Trust Deed contains provisions:

- (i) limiting the powers of each of the Class B Noteholders and the Class C Noteholders to request or direct the Note Trustee or the Security Trustee to take any action or to pass an effective Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the Class A Noteholders;
- (ii) limiting the powers of the Class C Noteholders to request or direct the Note Trustee or the Security Trustee to take any action or to pass an effective Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the respective interests of the Class A Noteholders and the Class B Noteholders.

Except in certain circumstances set out in the Trust Deed, there is no such limitation on the powers of (a) the Class A Noteholders, the exercise of which will be binding on the Class B Noteholders and the Class C Noteholders irrespective of the effect thereof on their interests; (b) the Class B Noteholders, the exercise of which will be binding on the Class C Noteholders irrespective of the effect thereof on their interests.

## 2.2 *Security*

- (a) The security constituted by the Deed of Charge is granted to the Security Trustee, on trust for the Noteholders and certain other creditors of the Issuer, upon and subject to the terms and conditions of the Deed of Charge.
- (b) The Noteholders will share in the benefit of the security constituted by the Deed of Charge, upon and subject to the terms and conditions of the Deed of Charge.

## 3. **Covenants**

Save with the prior written consent of the Note Trustee or as provided in or envisaged by any of the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding (as defined in the Trust Deed):

- (a) **Negative pledge:** create or permit to subsist any encumbrance (unless arising by operation of law) or other security interest whatsoever over any of its assets or sell or otherwise dispose of any part of its assets (including any uncalled capital) or its undertaking, present or future, or the Security;
- (b) **Restrictions on activities:**
  - (i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage;
  - (ii) have any subsidiaries (as defined in the Irish Companies Acts 1963 to 2005), any subsidiary undertakings (as defined in the Irish European Communities (Companies: Group Accounts) Regulations, 1992) or any employees; or
  - (iii) move its centre of main interests from Ireland or have an establishment other than in Ireland (in each case for the purposes of the EU Insolvency Regulation);
- (c) **Disposal of assets:** transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (d) **Equitable Interest:** permit any person, other than itself and the Security Trustee, to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein;
- (e) **Dividends or distributions:** pay any dividend or make any other distribution to its shareholders or issue any further shares;
- (f) **Indebtedness:** incur any financial indebtedness or give any guarantee in respect of any financial indebtedness or of any other obligation of any person;
- (g) **Merger:** consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;
- (h) **No modification or waiver:** permit any of the Transaction Documents to which it is a party to become invalid or ineffective or permit the priority of the security interests created or evidenced thereby or

pursuant thereto to be varied or agree to any modification of, or grant any consent, approval, authorisation or waiver pursuant to, or in connection with, any of the Transaction Documents to which it is a party or permit any party to any of the Transaction Documents to which it is a party to be released from its obligations or exercise any right to terminate any of the Transaction Documents to which it is a party;

- (i) **Bank accounts:** have an interest in any bank account other than the GIC Account and the Collection Accounts, unless such account or interest therein is charged to the Security Trustee on terms acceptable to it;
- (j) **VAT:** apply to become part of any group with any other company or group of companies for the purposes of section 8 of the Value Added Tax Act 1972 of Ireland, as amended, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1972 of Ireland, as amended;
- (k) **Irish Residency:** cease to be solely resident in Ireland for tax purposes nor have any branch, business establishment or other fixed establishment outside Ireland;

**Taxation:** prejudice its status as a qualifying company within the meaning of section 110 of the Taxes Consolidation Act 1997 of Ireland, as amended or, if its cash flows would thereby be affected adversely, make an election pursuant to subsection (6)(b) of that section;

- (l) **Audited Financial Statements:** if not otherwise included in its audited financial statements and provided that no election pursuant to section 110(6)(b) of the Taxes Consolidation Act 1997 of Ireland, as amended has been made, cease to ensure that a note of profits as calculated under Irish GAAP as it existed on 31 December 2004, will be included in its audited financial statements;
- (m) **No employees:** have any employees; or
- (n) **Independent directors:** have any directors which are affiliated with the Issuer in any other capacity.

In giving any consent to the foregoing, the Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Note Trustee may reasonably deem expedient in the interests of the Noteholders (but, in the event of a conflict of interest between the interests of (i) the Class A Noteholders and (ii) the Class B Noteholders and/or the Class C Noteholders, having regard only to the interests of the Class A Noteholders, or subject to the preceding statement, in the event of a conflict of interest between the interests of (iii) the Class B Noteholders and (iv) the Class C Noteholders, having regard only to the interests of the Class B Noteholders), provided that such modifications or additions do not cause any downgrade in the then current rating of any class or sub-class of Notes;

## 4. Interest

### 4.1 *Interest Accrual*

Each Note bears interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from and including the due date for redemption unless, upon due presentation in accordance with Condition 5 (Payments), payment of the principal in respect of the Note is improperly withheld or refused or default is otherwise made in respect of the payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### 4.2 *Interest Payment Dates*

The Notes bear interest on their respective Principal Amounts Outstanding from and including the Closing Date payable quarterly in arrear on March, June, September and December in each year (each an **Interest Payment Date** in respect of the Interest Period (as defined below) ended immediately prior thereto. If any Interest Payment Date would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day. The first payment shall be due on the Interest Payment Date falling in March 2007. The period from and including the Closing Date to but excluding the first Interest Payment Date and each successive period from and including an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is called an **Interest Period**.

#### 4.3 *Rate of Interest*

The rate of interest payable from time to time in respect of each class and sub-class of the Notes (each a **Rate of Interest** and together the **Rates of Interest**) will be determined on the basis of the following provisions:

- (a) In respect of the Dollar Notes:
- (i) the rate of interest payable shall be a floating rate of interest calculated in accordance with paragraphs (ii), (iii) and (iv) below;
  - (ii) on the initial Dollar Interest Determination Date (as defined below), the Agent Bank will calculate the Initial Relevant Screen Rate (as defined below) in respect of the Dollar Notes as at or about 11.00 a.m. (London time) on that date. If the Initial Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks (as defined below) to provide the Agent Bank with its offered quotation to leading banks for three-month and four-month Dollar deposits of \$10,000,000 in the London interbank market as at or about 11.00 a.m. (London time) on such Dollar Interest Determination Date. The Rate of Interest for the first Interest Period shall be the aggregate of (A) the Relevant Margin (as defined below) and (B) the Initial Relevant Screen Rate in respect of the Dollar Notes or, if the Initial Relevant Screen Rate is unavailable, the linear interpolation of the arithmetic mean of such offered quotations for three-month and four-month Dollar deposits (rounded upwards, if necessary, to five decimal places);
  - (iii) on each subsequent Dollar Interest Determination Date, the Agent Bank will determine the Relevant Screen Rate (as defined below) in respect of the Dollar Notes as at or about 11.00 a.m. (London time) on the Dollar Interest Determination Date in question. If the Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for, as applicable, three-month Dollar deposits of \$10,000,000 in the London interbank market as at or about 11.00 a.m. (London time) on the relevant Dollar Interest Determination Date. The Rate of Interest for the relevant Interest Period shall be the aggregate of (A) the Relevant Margin and (B) the Relevant Screen Rate or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three-month Dollar deposits (rounded upwards, if necessary, to five decimal places); and
  - (iv) if, on any Dollar Interest Determination Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with the provisions of subparagraph (ii) or, as the case may be, subparagraph (iii) above on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Dollar Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Note Trustee suitable for such purpose) and the Rate of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Rate of Interest for the relevant Interest Period shall be the Rate of Interest in effect for the immediately preceding Interest Period to which subparagraph (ii) or (iii), as the case may be, shall have applied but taking account of any change in the Relevant Margin;
- (b) In respect of the Euro Notes:
- (i) the rate of interest payable shall be a floating rate of interest calculated in accordance with paragraphs (ii), (iii) and (iv) below;
  - (ii) on the initial Euro Interest Determination Date (as defined below), the Agent Bank will calculate the Initial Relevant Screen Rate (as defined below) in respect of each sub-class of Euro Notes as at or about 11.00 a.m. (Brussels time) on that date. If the Initial Relevant Screen Rate is unavailable, the Agent Bank will request the principal Euro-zone office of each of the Reference Banks (as defined below) to provide the Agent Bank with its offered quotation to prime banks

for three-month and four-month euro deposits of €10,000,000 in the Euro-zone interbank market as at or about 11.00 a.m. (Brussels time) on such Euro Interest Determination Date. The Rates of Interest for the first Interest Period shall be the aggregate of (A) the Relevant Margin (as defined below) and (B) the Initial Relevant Screen Rate in respect of the Euro Notes or, if the Initial Relevant Screen Rate is unavailable, the linear interpolation of the arithmetic mean of such offered quotations for three-month and four-month euro deposits (rounded upwards, if necessary, to three decimal places);

- (iii) on each subsequent Euro Interest Determination Date the Agent Bank will determine the Relevant Screen Rate in respect of each sub-class of Euro Notes as at or about 11.00 a.m. (Brussels time) on the Euro Interest Determination Date in question. If the Relevant Screen Rate is unavailable, the Agent Bank will request the principal Euro-zone office of each of the Reference Banks to provide the Agent Bank with its offered quotation to prime banks for, as applicable, three-month Euro deposits of €10,000,000 in the Euro-zone interbank market as at or about 11.00 a.m. (Brussels time) on the relevant Euro Interest Determination Date. The Rates of Interest for the relevant Interest Period shall be the aggregate of (A) the Relevant Margin and (B) the Relevant Screen Rate or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three-month Euro deposits (rounded upwards, if necessary, to three decimal places); and
  - (iv) if, on any Euro Interest Determination Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of subparagraph (ii) or, as the case may be, subparagraph (iii) above on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Euro Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Note Trustee suitable for such purpose) and the Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Rates of Interest for the relevant Interest Period shall be the Rates of Interest in effect for the last preceding Interest Period to which subparagraph (ii) or (iii), as the case may be, shall have applied but, as applicable, taking account of any change in the Relevant Margin;
- (c) In respect of the Sterling Notes:
- (i) the rate of interest payable shall be a floating rate of interest calculated in accordance with paragraphs (ii), (iii) and (iv) below;
  - (ii) on the initial Sterling Interest Determination Date (as defined below), the Agent Bank will determine the Initial Relevant Screen Rate in respect of each sub-class of the Sterling Notes as at or about 11.00 a.m. (London time) on that date. If the Initial Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for three-month and four-month Sterling deposits of £10,000,000 in the London interbank market as at or about 11.00 a.m. (London time) on such initial Sterling Interest Determination Date and the Rates of Interest for the first Interest Period shall be the aggregate of (A) the Relevant Margin and (B) the Initial Relevant Screen Rate in respect of the Sterling Notes, or, if the Initial Relevant Screen Rate is unavailable, the linear interpolation of the arithmetic mean of such offered quotations for three-month and four-month Sterling deposits (rounded upwards, if necessary, to five decimal places);
  - (iii) on each subsequent Sterling Interest Determination Date in the case of the Sterling Notes, the Agent Bank will determine the Relevant Screen Rate in respect of the Sterling Notes, as at or about 11.00 a.m. (London time) on the Sterling Interest Determination Date in question. If the Relevant Screen Rate is unavailable, the Agent Bank will request the principal London office of each of the Reference Banks to provide the Agent Bank with its offered quotation to leading banks for, as applicable, three-month Sterling deposits of £10,000,000 in the London interbank market as at or about 11.00 a.m. (London time) on the relevant Sterling Interest Determination Date and the

Rates of Interest for the relevant Interest Period shall be the aggregate of (A) the Relevant Margin and (B) the Relevant Screen Rate or, if the Relevant Screen Rate is unavailable, the arithmetic mean of such offered quotations for three-month Sterling deposits (rounded upwards, if necessary, to five decimal places); and

- (iv) if, on any Sterling Interest Determination Date, the Relevant Screen Rate is unavailable and only two or three of the Reference Banks provide offered quotations, the Rates of Interest for the relevant Interest Period shall be determined in accordance with the provisions of subparagraphs (ii) and (iii) above on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Sterling Interest Determination Date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Note Trustee suitable for such purpose) and the Rates of Interest for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the Rates of Interest for the relevant Interest Period shall be the Rates of Interest in effect for the last preceding Interest Period to which subparagraph (ii) or (iii), as the case may be, shall have applied but, taking account of any change in the Relevant Margin.

There will be no minimum or maximum Rate of Interest.

- (d) In these Conditions (except where otherwise defined), the expression:

- (i) **Business Day** means a day which is a Dublin Business Day, New York Business Day, a London Business Day and a TARGET Business Day. A **Dublin Business Day** means a day (other than a Saturday or a Sunday) on which banks are generally open for business in Dublin; a **New York Business Day** means a day (other than a Saturday or a Sunday) on which banks are generally open for business in New York City; **London Business Day** means a day (other than a Saturday or a Sunday) on which banks are generally open for business in London; and **TARGET Business Day** means a day on which the Trans-European Automated Realtime Gross settlement Express Transfer (TARGET) system is open;
- (ii) **Dollar Interest Determination Date** means two London Business Days before the first day of the Interest Period for which the rate will apply;
- (iii) **Euro Interest Determination Date** means two TARGET Business Days before the first day of the Interest Period for which the rate will apply;
- (iv) **Euro-zone** means the region comprised of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957) as amended;
- (v) **Initial Relevant Screen Rate** means:
- (A) in respect of the Dollar Notes, the linear interpolation of the arithmetic mean of the offered quotations to leading banks for three-month Dollar deposits and the arithmetic mean of the offered quotations to leading banks for four-month Dollar deposits (in each case) (rounded upwards, if necessary, to five decimal places), displayed on the Moneyline Telerate Monitor at Telerate page number 3750 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying applicable rates or prices, including Reuters Page LIBOR01) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer with the approval of the Note Trustee;
- (B) in respect of the Euro Notes, the linear interpolation of the arithmetic mean of the offered quotations to prime banks for three-month euro deposits and the arithmetic mean of the offered quotations to prime banks for four-month euro deposits (in each case) (rounded upwards, if necessary, to three decimal places), displayed on the Moneyline Telerate

monitor at Telerate page number 248 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying applicable rates or prices, including Reuters Page EURIBOR01) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer with the approval of the Note Trustee; and

- (C) in respect of the Sterling Notes, the linear interpolation of the arithmetic mean of the offered quotations to leading banks for three-month Sterling deposits and the arithmetic mean of the offered quotations to leading banks for four-month Sterling deposits (in each case) (rounded upwards, if necessary, to five decimal places), displayed on the Moneyline Telerate monitor at Telerate page number 3750 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying applicable rates or prices, including Reuters Page LIBOR01) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer with the approval of the Note Trustee;

- (vi) **Relevant Margin** means in respect of each sub-class of the Notes the following per cent per annum:

<b>Class of Notes</b>	<b>Initial Margin (per annum up to and including the Step Up Date)</b>	<b>Step Up Margin (per annum thereafter)</b>
Class A1a Notes .. .. .	0.06%	0.12%
Class A1c Notes .. .. .	0.05%	0.10%
Class A2a Notes .. .. .	0.10%	0.20%
Class A2b Notes .. .. .	0.10%	0.20%
Class A3a Notes .. .. .	0.13%	0.26%
Class A3c Notes .. .. .	0.13%	0.26%
Class Ba Notes .. .. .	0.19%	0.38%
Class Ca Notes .. .. .	0.50%	1.00%
Class Cc Notes .. .. .	0.50%	1.00%

- (vii) **Relevant Screen Rate** means:

- (A) in respect of the first Interest Period, the Initial Relevant Screen Rate, if any; and
- (B) in respect of subsequent Interest Periods of the Dollar Notes, the arithmetic mean of the offered quotations to leading banks for three-month Dollar deposits in the London interbank market displayed on the Moneyline Telerate Monitor at Telerate page number 3750 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying applicable rates or prices, including Reuters Page LIBOR01) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer with the approval of the Note Trustee;
- (C) in respect of subsequent Interest Periods of the Euro Notes, the arithmetic mean of offered quotations to prime banks for three-month euro deposits in the Euro-zone interbank market displayed on the Moneyline Telerate Monitor at Telerate page number 248 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying applicable rates or prices, including Reuters Page EURIBOR01) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer with the approval of the Note Trustee; and
- (D) in respect of subsequent Interest Periods of the Sterling Notes, the arithmetic mean of offered quotations for three-month Sterling deposits in the London interbank market displayed on the Moneyline Telerate Monitor at Telerate page number 3750 (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying applicable rates or prices, including Reuters Page LIBOR01) or, if that service ceases to display the information, such other screen service as may be determined by the Issuer with the approval of the Note Trustee.



- (viii) **Reference Banks** means (a) in respect of the Sterling Notes and the Dollar Notes, the principal London office of each of five major banks engaged in the London interbank market and (b) in respect of the Euro Notes, the principal Euro-zone office of each of five major banks engaged in the Euro-zone interbank market, in each case selected by the Agent Bank with the approval of the Issuer, provided that, once a Reference Bank has been selected by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such; and
- (ix) **Sterling Interest Determination Date** means the first day of the Interest Period for which the rate will apply.

#### 4.4 *Determination of Rate of Interest and Interest Amounts*

The Agent Bank shall, as soon as practicable after 11.00 a.m. (London time) on each Dollar Interest Determination Date, Euro Interest Determination Date and Sterling Interest Determination Date but in no event later than the third Business Day thereafter, determine the respective Dollar amount (in respect of a Dollar Note), the euro amount (in respect of a Euro Note) and the Sterling amount (in respect of a Sterling Note) (in each case, the **Interest Amounts**) payable in respect of interest on the Principal Amount Outstanding of each class and subclass of the Notes for the relevant Interest Period. The Interest Amounts shall be determined by applying the relevant Rate of Interest to such Principal Amount Outstanding, multiplying the sum by the actual number of days in the Interest Period concerned divided by 360 (in respect of a Dollar Note or a Euro Note) or 365 (in respect of a Sterling Note or in the case of an Interest Period ending in a leap year, 366) and rounding the resulting figure downwards to the nearest penny (in respect of a Sterling Note) or cent (in respect of a Dollar Note and a Euro Note), as the case may be.

#### 4.5 *Publication of Rate of Interest and Interest Amounts*

The Agent Bank shall cause the Rates of Interest and the Interest Amounts for each Interest Period and the relative Interest Payment Date to be notified to the Issuer, the Trustee each of the Clearing Systems and to any stock exchange or other relevant authority on which the Notes are at the relevant time admitted to trading and/or listed and to be published in accordance with Condition 14 (Notice to Noteholders) as soon as possible after their determination and in no event later than the second Business Day thereafter. The Interest Amounts and Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period.

#### 4.6 *Determination by the Note Trustee*

The Note Trustee shall, if the Agent Bank defaults at any time in its obligation to determine the Rates of Interest and Interest Amounts in accordance with the above provisions, determine the Rates of Interest and Interest Amounts, the former at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described above it shall deem fair and reasonable in all the circumstances and the latter in the manner provided in Condition 4.4 (Determination of Rate of Interest and Interest Amounts) and the determinations shall be deemed to be determinations by the Agent Bank.

#### 4.7 *Notifications, etc. to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4, whether by the Reference Banks (or any of them) the Agent Bank or the Note Trustee, will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Note Trustee, the Agent Bank, the Paying Agents and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Reference Banks (or any of them), the Agent Bank or, if applicable, the Note Trustee in connection with the exercise or non-exercise by any of them of their powers, duties and discretions under this Condition 4.

#### 4.8 *Agent Bank*

The Issuer shall procure that, so long as any of the Notes remains outstanding, there is at all times an Agent Bank for the purposes of the Notes and the Issuer may, subject to the prior written approval of the Note Trustee, terminate the appointment of the Agent Bank. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Agent Bank or failing duly to determine the Rates of Interest and the Interest Amounts for any Interest Period, the Issuer shall, subject to the prior written approval of the Note Trustee, appoint the London office of another major bank engaged in the London interbank market to act in its place. The Agent Bank may not resign its duties or be removed without a successor having been appointed.

## 5. Payments

### 5.1 *Payments in respect of Notes*

Payments in respect of principal and interest in respect of any Global Note will be made only against presentation of such Global Note to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders in accordance with Condition 14 (Notice to Noteholders) for such purpose, subject, in the case of any Temporary Global Note, to certification of non-US beneficial ownership as provided in such Temporary Global Note. Each payment of principal or interest made in respect of a Global Note will be recorded by the Clearing Systems in their records (which records are the records each relevant Clearing System holds for its customers which reflect such customers' interest in the Notes) and such records shall be *prima facie* evidence that the payment in question has been made. No person appearing from time to time in the records of either of the Clearing Systems as the holder of a Note shall have any claim directly against the Issuer in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note. The Issuer shall procure that each payment shall be entered *pro rata* in the records of the relevant Clearing Systems but any failure to make such entries shall not affect the discharge referred to above.

### 5.2 *Method of Payment*

Payments of principal and interest shall be made by US Dollar cheque, in respect of the Dollar Notes; or euro cheque, in respect of the Euro Notes; or Sterling cheque in respect of the Sterling Notes; or upon application by the relevant Noteholder to the specified office of any Principal Paying Agent not later than the fifteenth day before the due date for any such payment, by transfer to a US Dollar account maintained by the payee with a bank in New York City or to a euro account or to a Sterling account maintained by the payee with a bank in London, as the case may be, and (in the case of final redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Global Notes or Definitive Notes (as the case may be) at the specified office of any Paying Agent.

### 5.3 *Payments subject to Applicable Laws*

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment.

### 5.4 *Payment only on a Presentation Date*

A holder shall be entitled to present a Global Note for payment only on a Presentation Date and shall not, except as provided in Condition 4 (Interest), be entitled to any further interest or other payment if a Presentation Date is after the due date.

**Presentation Date** means a day which (subject to Condition 8 (Prescription)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Global Note is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET Business Day; in the case of payment by credit or transfer to a Sterling account in London as referred to above, is a London Business Day; and in the case of payment by credit or transfer to a US Dollar account in New York City as referred to above, is a New York Business Day.

### 5.5 *Change of Paying Agents*

The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a person appointed to perform the obligations of the Principal Paying Agent with a specified office in London;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in such place as may be required by the guidelines of the Irish Stock Exchange; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive

2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (Notice to Noteholders).

#### 5.6 *Partial Payment*

If a Paying Agent makes a partial payment in respect of any Note, that Paying Agent will annotate the relevant Notes indicating the amount and date of such payment.

#### 5.7 *Payment of Interest*

If interest is not paid in respect of a Note of any class or sub-class on the date when due and payable (other than because the due date is not a Business Day (as defined in Condition 5.4 (Payment only on a Presentation Date)) or by reason of non-compliance with Condition 5.1 (Payments in respect of Notes), then such unpaid interest shall itself bear interest at the Rate of Interest applicable from time to time to such Note until such interest and interest thereon are available for payment and notice thereof has been duly given in accordance with Condition 14 (Notice to Noteholders).

### 6. **Redemption**

#### 6.1 *Redemption at maturity*

Unless previously redeemed in full or purchased and cancelled as provided below, the Issuer will redeem the Notes at their respective Principal Amounts Outstanding on the Interest Payment Date falling in December 2048.

#### 6.2 *Mandatory redemption*

- (a) Each Note shall, subject to Condition 6.3 (Optional redemption) and 6.4 (Optional redemption for taxation or other reasons), be repaid on each Interest Payment Date from the Available Redemption Funds, after payment, or provision for, amounts ranking in priority to the relevant Note in accordance with the terms of the Deed of Charge and Condition 6.2(b). It is not intended to maintain surplus Available Redemption Funds, other than amounts credited to the Liquidity Reserve Fund (if established) in the Issuer.
- (b) Subject to the terms of the Deed of Charge, prior to the occurrence of a Pro-Rata Trigger Event, Available Redemption Funds will be applied to repay the Notes sequentially in the following order of priority:
  - (i) *first*, in or towards repayment *pro rata* and *pari passu* of the Class A1 Notes;
  - (ii) *second*, in or towards repayment *pro rata* and *pari passu* of the Class A2 Notes;
  - (iii) *third*, in or toward repayment *pro rata* and *pari passu* of the Class A3 Notes;
  - (iv) *fourth*, in or towards repayment *pro rata* and *pari passu* of the Class B Notes; and
  - (v) *fifth*, in or towards repayment *pro rata* and *pari passu* of the Class C Notes.

Additionally, certain amounts due to the Swap Counterparty in respect to the Currency Swap Transactions will rank *pari passu* with each sub-class of Notes to which they relate.

- (c) Subject to the terms of the Deed of Charge, on or following the occurrence of a Pro-Rata Trigger Event but prior to the service of an Enforcement Notice and provided that the circumstances giving rise to a Pro-Rata Trigger Event continue to exist, Available Redemption Funds will be allocated and applied to repay the Class A Notes, the Class B Notes and the Class C Notes on a pro-rata and *pari passu* basis on the basis of their then Principal Amount Outstanding. Any *pro rata* amount allocated to repay the Class A Notes shall be applied firstly towards repayment (on a *pro rata* and *pari passu* basis) of the Class A1 Notes until they are repaid in full, then towards repayment (on a *pro rata* and *pari passu* basis) of the Class A2 Notes until they are repaid in full and then towards repayment (on a *pro rata* and *pari passu* basis) of the Class A3 Notes.
- (d) If the circumstances giving rise to the occurrence of a Pro-Rata Trigger Event cease to exist, then Available Redemption Funds will be applied on the following Interest Payment Date to repay the Notes as described in paragraph (b) above.

### 6.3 *Optional redemption*

(a) On giving not more than 60 nor less than 15 days' notice to the Noteholders in accordance with Condition 14 (Notice to Noteholders), and the Note Trustee, and provided that:

- (i) on or prior to the Interest Payment Date on which such notice expires, no Enforcement Notice has been served; and
- (ii) the Issuer has, immediately prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it in priority to or *pari passu* with the Notes on such Interest Payment Date; and
- (iii) the date of redemption will be on any Interest Payment Date from and including the Step-Up Date or any Interest Payment Date on which the aggregate Euro Equivalent Principal Amount Outstanding of the Notes then outstanding will be less than 10% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes on the Closing Date,

the Issuer may redeem on such Interest Payment Date all (but not some only) of the Notes.

(b) Subject as provided below, the Issuer shall, on exercise of its option to redeem pursuant to Condition 6.3(a), redeem Notes in the following order:

- (i) first, the Class A1 Notes *pro rata*;
- (ii) *secondly*, the Class A2 Notes *pro rata*;
- (iii) *thirdly*, the Class A3 Notes *pro rata*;
- (iv) *fourthly*, the Class B Notes *pro rata*; and
- (v) *fifthly*, the Class C Notes *pro rata*.

The Notes to be redeemed will be selected in accordance with the rules and procedures of the relevant Clearing Systems (to be reflected in the records of the Clearing Systems as a reduction in the nominal amount).

(c) Any Note redeemed pursuant to Condition 6.3(a) will be redeemed at an amount equal to the Principal Amount Outstanding of the relevant Note together with, in each case, accrued and unpaid interest on the Principal Amount Outstanding of the relevant Note up to (but excluding) the date of redemption.

### 6.4 *Optional redemption for taxation or other reasons*

If:

- (i) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer or the Paying Agents would be required to deduct or withhold from any payment of principal or interest on any class of the Notes (other than because the relevant holder has some connection with the Republic of Ireland other than the holding of Notes of such class) any amount for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Ireland or any political sub-division thereof or any authority thereof or therein; or
- (ii) by reason of a change in tax law (or the application or official interpretation thereof), which change becomes effective on or after the Closing Date, on the next Interest Payment Date, the Issuer or the Swap Counterparty would be required to deduct or withhold from any payment of principal, interest or other sum due and payable pursuant to a Swap Agreement any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Republic of Ireland, the United Kingdom or any political sub-division thereof or any authority thereof or therein,

then the Issuer shall, if the same would avoid the effect of the relevant event described in sub-paragraph (i) or (ii) above, appoint a Paying Agent in another jurisdiction or use its reasonable endeavours to arrange

the substitution of a company incorporated and/or tax resident in another jurisdiction approved in writing by the Note Trustee as principal debtor under the Notes provided that the Note Trustee is satisfied that such substitution will not be materially prejudicial to the interests of the Noteholders (and in making such determination, the Note Trustee may rely, without further investigation or inquiry, on any confirmation from the Rating Agencies that the then current ratings of the Notes would not be downgraded or withdrawn or that the Notes would not be put on negative watch as a result of such substitution).

If the Issuer satisfies the Note Trustee immediately before giving the notice referred to below that one or more of the events described in sub-paragraph (i) or (ii) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution, then the Issuer may, on any Interest Payment Date and having given not more than 60 nor less than 15 days' notice to the Noteholders in accordance with Condition 14 (Notice to Noteholders) and to the Note Trustee, redeem all (but not some only) of the Notes on the next following Interest Payment Date at their respective Principal Amounts Outstanding together with accrued but unpaid interest up to (but excluding) the date of redemption. Prior to the publication of any notice of redemption pursuant to this Condition 6.4, the Issuer shall deliver to the Note Trustee (a) a certificate signed by two directors of the Issuer stating that (i) one or more of the events described in sub-paragraph (i) or (ii) above is continuing and that the appointment of a Paying Agent or a substitution as referred to above would not avoid the effect of the relevant event or that, having used its reasonable endeavours, the Issuer is unable to arrange such a substitution; and (ii) the Issuer will have the necessary funds to pay all principal and interest due in respect of the Notes on the relevant Interest Payment Date and to discharge all other amounts required to be paid by it on the relevant Interest Payment Date, and (b) an opinion in form and substance satisfactory to the Note Trustee of independent legal advisers of recognised standing to the effect that the Issuer, the Paying Agents or the Swap Counterparty (as the case may be) has or will become obliged to deduct or withhold amounts as a result of such change. The Note Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

#### 6.5 *Principal Amount Outstanding*

The **Principal Amount Outstanding** of the Notes on any date shall be their original principal amount less the aggregate amount of all principal payments paid on each Interest Payment Date and principal payments in respect of the Notes which have become due and payable since the Closing Date except if and to the extent that any such payment has been improperly withheld or refused.

In these Conditions **Euro Equivalent Principal Amount Outstanding** means: (a) in relation to a Note which is denominated in a currency other than euro, the euro equivalent of the Principal Amount Outstanding of such Note ascertained using the Relevant Exchange Rate relating to such Note and (b) in relation to any other Note, the Principal Amount Outstanding of such Note.

#### 6.6 *Notice of redemption*

Any such notice as is referred to in Condition 6.3(a) (Optional redemption), Condition 6.4 (Optional redemption for taxation or other reasons) above shall be irrevocable and, upon the expiry of such notice, the Issuer shall be bound to redeem the relevant Notes at the applicable amounts specified above.

#### 6.7 *No purchase by the Issuer*

The Issuer will not be permitted to purchase any of the Notes.

#### 6.8 *Cancellation*

All Notes redeemed in full will be cancelled upon redemption and may not be resold or re-issued.

### 7. **Taxation**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**), unless the withholding or deduction of the Taxes is required by applicable law. In that event, the Issuer or, as the case may be, the relevant Paying Agent shall make such payment after the withholding or deduction has been made and shall account to the relevant authorities for the amount required to be withheld or deducted.

Neither the Issuer nor any Paying Agent shall be obliged to make any additional payments to Noteholders in respect of such withholding or deduction.

## 8. Prescription

Claims in respect of principal and interest on the Notes will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the relevant payment.

In this Condition 8, the **Relevant Date**, in respect of a payment, is the date on which such payment first becomes due or (if the full amount of the moneys payable on that date has not been duly received by the Principal Paying Agent or the Note Trustee on or prior to such date) the date on which, the full amount of such moneys having been received, notice to that effect is duly given to the relevant Noteholders in accordance with Condition 14 (Notice to Noteholders).

## 9. Events of Default

### 9.1 Class A Notes

The Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent in aggregate of the Euro Equivalent Principal Amount Outstanding of the Class A1 Notes, the Class A2 Notes or the Class A3 Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Class A1 Notes, the Class A2 Notes or the Class A3 Notes shall, (subject, in each case, to being indemnified and/or secured to its satisfaction), (but, in the case of the happening of any of the events described in sub-paragraphs (b) to (f) below, only if the Note Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the respective interests of the holders of the Class A1 Notes, the Class A2 Notes and the Class A3 Notes) give notice (an **Enforcement Notice**) to the Issuer that all classes of the Notes are immediately due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed, in any of the following events (each, an **Event of Default**) subject to Condition 9.5 (Restriction):

- (a) if default is made in the payment of any principal or interest due in respect of the Class A Notes or any of them and the default continues for a period of seven days in the case of principal or 15 days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or any Transaction Document (other than a default under Condition 9.1(a)) to which it is a party and (except in any case where the Note Trustee or, in the case of the Deed of Charge, the Security Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for a period of 21 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee or, as the case may be, the Security Trustee on the Issuer of written notice requiring the same to be remedied; or
- (c) if any order is made by any competent court or any resolution is passed for the winding up or dissolution of the Issuer, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by an Extraordinary Resolution of each class of the Noteholders; or
- (d) if the Issuer ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Note Trustee or by an Extraordinary Resolution of each class of the Noteholders, or the Issuer stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or the value of its assets falls to less than the amount of its liabilities (taking into account its contingent and prospective liabilities) or is deemed unable to pay its debts as and when they fall due within the meaning of section 214 of the Companies Act, 1963 of Ireland (as amended) and section 2(3) of the Companies (Amendment) Act, 1990 of Ireland (as that section may be amended); or
- (e) if (i) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the court for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice of intention to appoint an administrator) or an administration order is granted or the appointment of an administrator takes effect or an administrative or other receiver, manager or other similar official is appointed, in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any part of the undertaking or assets of the Issuer, or a distress, execution, attachment, sequestration or other process is

levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of the Issuer and (ii), in the case of any such possession or any such last-mentioned process, unless initiated by the Issuer, is not discharged or otherwise ceases to apply within 30 days; or

- (f) if the Issuer (or its directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or takes steps with a view to obtaining a moratorium in respect of any of its indebtedness or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

#### 9.2 *Class B Notes*

This Condition 9.2 shall not apply as long as any Class A Note is outstanding. Subject thereto, for so long as any Class B Note is outstanding, the Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Class B Notes then outstanding or if so directed by an Extraordinary Resolution of the Class B Noteholders shall, (subject, in each case, to being indemnified and/or secured to its satisfaction), (but, in the case of the happening of any of the events referred to in sub-paragraph (b) below, only if the Note Trustee shall have certified in writing to the Issuer that such event is materially prejudicial to the interests of the Class B Noteholders) give an Enforcement Notice to the Issuer in any of the following events (each, an **Event of Default**) subject to Condition 9.5 (Restriction):

- (a) if default is made in the payment of any principal or interest due in respect of the Class B Notes and the default continues for a period of seven days in the case of principal or 15 days in the case of interest; or
- (b) if any of the Events of Default referred to in Condition 9.1(b) to (f) occurs but as if references to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Noteholders, the Class A2 Noteholders and the Class A3 Noteholders were to the Class B Notes and the Class B Noteholders respectively.

#### 9.3 *Class C Notes*

This Condition 9.3 shall not apply as long as any Class A Note or Class B Note is outstanding. Subject thereto, for so long as any Class C Note is outstanding, the Note Trustee at its absolute discretion may, and if so directed in writing by the holders of at least 25 per cent. in aggregate Euro Equivalent Principal Amount Outstanding of the Class C Notes then outstanding or if so directed by an Extraordinary Resolution of the Class C Noteholders shall, (subject, in each case, to being indemnified and/or secured to its satisfaction), (but, in the case of the happening of any of the events described in sub-paragraph (b) below, only if the Note Trustee shall have certified in writing to the Issuer that such event is materially prejudicial to the interests of the Class C Noteholders) give an Enforcement Notice to the Issuer in any of the following events (each, an Event of Default) subject to Condition 9.5 (Restriction):

- (a) if default is made in the payment of any principal or interest due in respect of the Class C Notes and the default continues for a period of seven days in the case of principal or 15 days in the case of interest; or
- (b) if any of the Events of Default referred to in Condition 9.1(b) to (f) occurs but as if references to the Class A1 Notes, the Class A2 Notes and the Class A3 Notes and the Class A1 Noteholders, the Class A2 Noteholders and the Class A3 Noteholders were to the Class C Notes and the Class C Noteholders respectively.

#### 9.4 *General*

Upon the service of an Enforcement Notice by the Note Trustee in accordance with Condition 9.1, 9.2 or 9.3 above, all classes of the Notes then outstanding shall thereby immediately become due and repayable at their respective Principal Amounts Outstanding, together with accrued interest as provided in the Trust Deed. The security constituted by the Deed of Charge will become enforceable upon the occurrence of an Event of Default.

#### 9.5 *Restriction*

Except in the case of an Event of Default referred to in Conditions 9.1(a), 9.2(a) or 9.3(a), the Note Trustee will not be entitled to give an Enforcement Notice to the Issuer in accordance with Condition 9.1, 9.2 or 9.3 unless a financial adviser approved by the Note Trustee has confirmed that, in its opinion, either (i) a sufficient amount would be realised, upon enforcement of the security constituted by the Deed of Charge, to allow discharge in full

of all amounts owing to the Noteholders or (ii) a sufficient amount would not be so realised, but the resulting shortfall would be less than the shortfall that would result from not giving an Enforcement Notice to the Issuer and enforcing the security constituted by the Deed of Charge.

## 10. **Enforcement**

Each of the Note Trustee and the Security Trustee may, at any time, at its discretion and without notice, take such action under or in connection with, or proceedings against the Issuer or any other party to, any of the Transaction Documents as it may think fit to enforce the provisions of (in the case of the Note Trustee) the Notes or the Trust Deed (including these Conditions) or (in the case of the Security Trustee) the Deed of Charge or (in either case) any of the other Transaction Documents to which it is a party and at any time after the occurrence of an Event of Default, the Security Trustee may, at its discretion and without notice, take such steps as it may think fit to enforce the Security, but neither of them shall be bound to take any such action, proceedings or steps unless:

- (a) in the case of the Note Trustee, (subject in all cases to restrictions contained in the Trust Deed to protect the interests of any higher ranking class or classes of Noteholders) it shall have been so directed by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders or so directed in writing by the holders of at least 25 per cent. in aggregate Euro Equivalent Principal Amount Outstanding of the Class A Notes, the Class B Notes or the Class C Notes or, in the case of the Security Trustee, (i) (subject to the restrictions contained in the Trust Deed to protect the interests of any higher ranking class or classes of Noteholders) it shall have been so directed by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders or so directed in writing by the holders of at least 25 per cent. in aggregate Euro Equivalent Principal Amount Outstanding of the Class A Notes, the Class B Notes or the Class C Notes or (ii) if so requested in writing by all other Secured Parties but only if there are no Notes outstanding; and
- (b) it shall have been indemnified and/or secured to its satisfaction.

Neither the Note Trustee nor the Security Trustee shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to any of the Transaction Documents unless the Note Trustee or, as the case may be, the Security Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing, provided that no Noteholder shall be entitled to take any steps or proceedings to procure the winding-up, administration or liquidation of the Issuer.

## 11. **Meetings of Noteholders, Modification and Waiver**

- 11.1 The Trust Deed contains provisions for convening meetings of the Noteholders of each class and, in certain cases, more than one class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents.
- 11.2 An Extraordinary Resolution passed at any meeting of the Class A Noteholders or any sub-class thereof shall be binding on the Class B Noteholders and the Class C Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class B Noteholders and the Class C Noteholders, or it shall have been sanctioned by an Extraordinary Resolutions of each of the Class B Noteholders and the Class C Noteholders.
- 11.3 An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 11.2 above) passed at any meeting of the Class B Noteholders shall not be effective for any purpose unless either the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders or it is sanctioned by an Extraordinary Resolution of the Class A Noteholders, but subject also to Condition 11.4 below.
- 11.4 An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on the Class C Noteholders irrespective of the effect upon them, except that an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the



Trust Deed will not take effect unless the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class C Noteholders or it shall have been sanctioned by an Extraordinary Resolution of the Class C Noteholders.

- 11.5 An Extraordinary Resolution (other than an Extraordinary Resolution referred to in Condition 11.2 and 11.4 above) passed at any meeting of the Class C Noteholders shall not be effective for any purpose unless
- (a) either the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders or it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; and
  - (b) either the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class B Noteholders or it is sanctioned by an Extraordinary Resolution of the Class B Noteholders.
- 11.6 Subject as provided below, the quorum at any meeting of Noteholders of any class or sub-class for passing an Extraordinary Resolution will be one or more persons holding or representing not less than 50 per cent. of the aggregate Principal Amount Outstanding of such class or sub-class of Notes, or, at any adjourned meeting, one or more persons being or representing a Noteholder of the relevant class or sub-class, whatever the aggregate Principal Amount Outstanding of the Notes of such class or sub-class held or represented by it or them.
- 11.7 The quorum at any meeting of Noteholders of any class or sub-class for passing an Extraordinary Resolution to sanction a modification of the date of maturity of any Notes or which would have the effect of changing any day for payment of interest thereon or principal interest, increasing, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes, altering the currency of payment of such Notes, altering the Security, altering the quorum or majority required in relation to this exception or altering the definition of “Basic Terms Modification” (each, a **Basic Terms Modification**) shall be one or more persons holding or representing not less than three-quarters or, at any adjourned meeting, not less than one-quarter of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes of such class or sub-class.

The Trust Deed provides that:

- (a) a resolution which, in the opinion of the Note Trustee affects the interests only of the holders of one class or one sub-class of the Class A Notes or one sub-class of the Class C Notes shall be deemed to have been duly passed if passed at a separate meeting of the holders of the relevant class or the relevant sub-class of the Class A Notes or the Class C Notes, as applicable;
  - (b) a resolution which, in the opinion of the Note Trustee affects the interests of the holders of more than one class or more than one sub-class of the Class A Notes or the Class C Notes, but does not give rise to a conflict of interest between the holders of any classes or sub-classes of the Class A Notes or Class C Notes so affected shall be deemed to have been duly passed if passed at a single meeting of the holders of the classes or sub-classes so affected; and
  - (c) a resolution which, in the opinion of the Note Trustee affects the interests of the holders of more than one class or one sub-class of the Class A Notes or the Class C Notes, and gives or may give rise to a conflict of interest between the holders of one class or sub-class of the Class A Notes or the Class C Notes, as the case may be, so affected and the holders of another class or sub-class of the Class A Notes or the Class C Notes, as the case may be, so affected shall be deemed to have been duly passed only if in lieu of being passed at a single meeting of the holders of such classes or sub-classes it shall be duly passed at a separate meeting of the holders of each class or sub-class of the Class A Notes or the Class C Notes, as the case may be, so affected.
- 11.8 The Note Trustee or, as the case may be, the Security Trustee, may agree, without the consent of the Noteholders (but, in the case of the Security Trustee only, with the written consent of the Swap Counterparty):
- (a) to any modification, or to any waiver or authorisation of any breach or proposed breach, of these Conditions or any of the Transaction Documents which, in the opinion of the Note Trustee is not materially prejudicial to the interests of the Noteholders of any class and, in the opinion of the Security Trustee, is not materially prejudicial to the interests of each Secured Party. If the Security

Trustee is unable to determine that any such modification, waiver or authorisation is not materially prejudicial to the interests of any Secured Party (other than the Noteholders), the Security Trustee will not provide its consent to any such modification, waiver or authorisation without having received the prior written consent of any such Secured Party to such modification, waiver or authorisation, provided that in the event of a conflict between the interests of the Noteholders of any class and the interests of any Secured Party, the interests of the Noteholders will prevail; or

- (b) to any modification which, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, proven.

- 11.9 The Note Trustee may also, without the consent of the Noteholders, if it is of the opinion that such determination will not be materially prejudicial to the interests of the Noteholders of any class, determine that an Event of Default shall not, or shall not subject to specified conditions, be treated as such.
- 11.10 Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Secured Parties and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (Notice to Noteholders).
- 11.11 In connection with any such substitution of principal debtor referred to in Condition 6.4 (Optional redemption for taxation or other reasons), the Note Trustee and the Security Trustee may also agree, without the consent of the Noteholders, to a change of the laws governing the Notes, these Conditions and/or any of the Transaction Documents, provided that such change would not, in the opinion of the Note Trustee or, as the case may be, the Security Trustee, be materially prejudicial to the interests of the Noteholders of any class.
- 11.12 In determining whether a proposed action or exercise or performance of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any other Transaction Document will be materially prejudicial to the interests of the Noteholders or any class of Noteholders or any Secured Party, the Note Trustee and the Security Trustee may, among other things, have regard to whether the Rating Agencies have confirmed to the Issuer or any other party to the Transaction Documents that any proposed action will not result in the withdrawal or reduction of, or entail any other adverse action with respect to, the then current ratings of the Notes.
- 11.13 Where, in connection with the exercise or performance by each of them of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Note Trustee or the Security Trustee is required to have regard to the interests of the Noteholders or the Noteholders of any class, it shall have regard to the general interests of the Noteholders of such class as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Note Trustee or, as the case may be, the Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, the Note Trustee or the Security Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

## 12. **Indemnification and Exoneration of the Note Trustee and the Security Trustee**

The Trust Deed and the Deed of Charge contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Security Trustee respectively and providing for their indemnification in certain circumstances, including provisions relieving them from taking action or, in the case of the Security Trustee, enforcing the security constituted by the Deed of Charge unless indemnified to their satisfaction.

The Trust Deed and the Deed of Charge also contain provisions pursuant to which the Note Trustee and the Security Trustee are entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any other party to any of the Transaction Documents and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any other party to any of the Transaction Documents, (b) 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 trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

### 13. **Replacement of Global Notes**

If any Global Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent or the Irish Paying Agent. Replacement of any mutilated, defaced, lost, stolen or destroyed Global Note will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. A mutilated or defaced Global Note must be surrendered before a new one will be issued.

### 14. **Notice to Noteholders**

Any notice shall be deemed to have been duly given to the relevant Noteholders if sent to the Clearing Systems for communication by them to the holders of the Notes and shall be deemed to be given on the date on which it was so sent and so long as the relevant Notes are listed on the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange any notice shall also be published in accordance with the relevant listing rules and regulations (which includes appropriate notification being made to the Company Announcements Office of the Irish Stock Exchange).

The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the relevant Notes are then admitted to trading and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

### 15. **Limited recourse**

Notwithstanding any other of these Conditions or the Trust Deed, the obligations of the Issuer to make any payment under the Notes shall be equal to the nominal amount of such payment or, if less, the actual amount received or recovered from time to time by or on behalf of the Issuer which consists of funds which are entitled to be applied by the Issuer in making such payment in accordance with the Mortgage Management and Agency Agreement or upon enforcement of the Security constituted by the Deed of Charge. The obligations of the Issuer under these Conditions and the Trust Deed in respect of the Notes will be limited to such amounts from time to time and the Noteholders and the Note Trustee will have no further recourse to the Issuer in respect of such obligations.

On enforcement of the Security and distribution of its proceeds in accordance with the Deed of Charge, none of the Noteholders or the Note Trustee may take any further steps against the Issuer in respect of any amounts payable on the Notes and all claims against the Issuer in respect of those payments shall be extinguished and discharged.

Nothing in this Condition 15 shall affect a payment under the Notes from falling due for the purposes of Condition 9.

### 16. **Subordination by Deferral**

#### 16.1 *Interest*

In the event that, on any Interest Payment Date, the amount available to the Issuer, subject to and in accordance with the Deed of Charge, to apply on such Interest Payment Date, after deducting the amounts referred to in Clause 5.2(a) to (f) (inclusive) of the Deed of Charge (in the case of the Class B Notes) or Clause 5.2(a) to (h) (inclusive) of the Deed of Charge (in the case of the Class C Notes) (each, an **Interest Residual Amount**), is not sufficient to satisfy in full the aggregate amount of interest (including amounts previously deferred under this Condition 16.1 and accrued interest thereon) due, subject to this Condition 16.1, on the Class B Notes or, as the case may be, the Class C Notes on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest (including as aforesaid) on each Class B Note or, as the case may be, Class C Note, only a *pro rata* share of the Interest Residual Amount attributable to the relevant class of Notes on such Interest Payment Date.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest (including as aforesaid) paid on the Class B Notes or, as the case may be, Class C Notes on the relevant Interest Payment Date in accordance with this Condition 16.1 falls short of the aggregate amount of interest (including as aforesaid) payable (but for the provisions of this Condition 16.1) on the Class B

Notes or, as the case may be, Class C Notes on that date pursuant to Condition 4 (Interest). Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes or, as the case may be, Class C Notes and shall be payable together with such accrued interest on the following Interest Payment Dates, subject to the provisions of the preceding paragraph.

#### 16.2 *General*

Any amounts of interest in respect of the Class B Notes or, the Class C Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 16, together with accrued interest thereon, shall in any event become payable on the Interest Payment Date falling in December 2048 or on such earlier date as the Class B Notes or, as the case may be, the Class C Notes become due and repayable in full under Condition 6 (Redemption) or 9 (Issuer Events of Default).

#### 16.3 *Notification*

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes or, as the case may be, Class C Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Class B Noteholders or, as the case may be, the Class C Noteholders, in accordance with Condition 14 (Notice to Noteholders).

#### 16.4 *Application*

This Condition 16 shall cease to apply:

- (a) in respect of the Class B Notes, upon the redemption in full of all Class A Notes; and
- (b) in respect of the Class C Notes, upon the redemption in full of all Class A Notes and all Class B Notes.

### 17. **Governing Law**

The Trust Deed, the Global Notes, these Conditions and the Deed of Charge are governed by, and shall be construed in accordance with, English law.

### 18. **Rights of Third Parties**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes or these Conditions, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

### 19. **Definitions**

Unless otherwise defined in these Conditions or unless the context otherwise requires, in these Conditions the following words shall have the following meanings and any other capitalised terms used in these Conditions shall have the meanings ascribed to them in the Master Definitions Agreement:

**Agency Agreement** has the meaning given to it in the preamble to these Conditions;

**Available Redemption Funds** means for any Calculation Date:

- (a) the credit balance of the Principal Ledger as at the close of business on the last day of the immediately preceding Collection Period;
- (b) the amount (if any) to be applied in reducing the Principal Deficiency Sub Ledgers on the next succeeding Interest Payment Date pursuant to items (v), (viii) or (x) (as applicable) of the Pre-Enforcement Revenue Priority of Payments; and
- (c) the amount (if any) of the Liquidity Reserve as at such Calculation Date which is in excess of the Liquidity Reserve Limit.

**Class A Currency Swap Agreements** means, collectively, the ISDA master agreement, schedule, credit support annex and confirmations (as amended or supplemented from time to time) relating to the Class A Currency Swap Transactions to be entered into between the Issuer, the Swap Counterparty and the Security Trustee;

**Class A Currency Swap Transactions** means the euro-Dollar currency swaps and the euro-Sterling currency swaps relating to the Class A Notes entered into in order to hedge the currency risk and interest rate risk associated with the Dollar Notes and the Class A Sterling Notes, respectively;

**Class C Currency Swap Agreement** means, collectively, the ISDA master agreement, schedule, credit support annex and confirmations (as amended or supplemented from time to time) relating to the Class C Currency Swap Transaction to be entered into between the Issuer, the Swap Counterparty and the Security Trustee;

**Class C Currency Swap Transactions** means the euro-Sterling currency swaps relating to the Class Cc Notes entered into in order to hedge the currency risk and interest rate risk associated with the Class Cc Notes;

**Currency Swap Agreements** means the Class A Currency Swap Agreement and the Class C Currency Swap Agreement;

**Currency Swap Transactions** means the Class A Currency Swap Transactions and the Class C Currency Swap Transactions;

**Final Maturity Date** means in respect of each sub-class of Notes, the Interest Payment Date falling in the following months:

Class	Interest Payment Date Falling in
Class A1a Notes . . . . .	December 2048
Class A1c Notes . . . . .	December 2048
Class A2a Notes . . . . .	December 2048
Class A2b Notes . . . . .	December 2048
Class A3a Notes . . . . .	December 2048
Class A3c Notes . . . . .	December 2048
Class Ba Notes . . . . .	December 2048
Class Ca Notes . . . . .	December 2048
Class Cc Notes . . . . .	December 2048

**Interest Rate Swap Transactions** means the interest rate and basis swaps entered into in order to hedge the possible variance between the interest rates payable on the Loans and the interest rates payable on the Notes;

**Interest Rate Swap Agreement** means, collectively, the ISDA master agreement, schedules and confirmations (as amended or supplemented from time to time) relating to the Interest Rate Swap Transactions to be entered into between the Issuer, the Swap Counterparty and the Security Trustee;

**Noteholders** means the holders for the time being of the Notes, or if preceded by a particular class designation of Notes, the holders for the time being of such class of Notes;

**Paying Agents** means the Principal Paying Agent and the Irish Paying Agent and any further or other paying agents for the time being appointed under the Agency Agreement;

**Principal Paying Agent** has the meaning given to it in the preamble to these Conditions;

A **Pro-Rata Trigger Event** occurs if on any Calculation Date occurring no earlier than December 2009, X is greater than or equal to two times Y where:

X = the aggregate Euro Equivalent Principal Amount Outstanding of the Class B Notes and the Class C Notes as at that Calculation Date divided by the aggregate Euro Equivalent Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes as at that Calculation Date; and

Y = the aggregate Euro Equivalent Principal Amount Outstanding of the Class B Notes and the Class C Notes as at the Closing Date divided by the aggregate Euro Equivalent Principal Amount Outstanding of the Class A Notes, Class B Notes and the Class C Notes as at the Closing Date,

provided that none of the following events has occurred and is subsisting as at that Calculation Date:

- (a) the total principal balance of all Loans which are more than three months in arrears exceeds 2.7% of the total principal balance of all the Loans;
- (b) the balance of the Reserve Fund is less than the Reserve Fund Required Amount;
- (c) the aggregate losses in respect of the Loans exceed 1.0% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes;

- (d) there is a debit balance on any Principal Deficiency Sub Ledger; or
- (e) the aggregate Euro Equivalent Principal Amount Outstanding of the Notes is less than 10% of the aggregate Euro Equivalent Principal Amount Outstanding of the Notes as at the Closing Date;

**Rating Agencies** means Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies Inc., Moody's Investors Service Limited and Fitch Ratings Ltd, or, in each case, its successor;

**Secured Parties** (each a **Secured Party**) means each of the Security Trustee, the Note Trustee, any receiver or other appointee of the Note Trustee or the Security Trustee, the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Agent Bank, the Paying Agents, the Swap Counterparty, the Servicer, the Corporate Services Provider, the GIC Provider, the Subordinated Loan Provider, and Ulster Bank (as seller under the Mortgage Sale Agreement);

**Subordinated Loan** means the subordinated loan that the Subordinated Loan Provider has made available to the Issuer on the Closing Date pursuant to the Subordinated Loan Agreement;

**Subordinated Loan Agreement** means the agreement entered into on the Closing Date between the Issuer, the Subordinated Loan Provider and the Security Trustee relating to the provision of the Subordinated Loan to the Issuer (as the same may be amended and/or supplemented from time to time);

**Subordinated Loan Provider** means Ulster Bank in its capacity as provider of the Subordinated Loan;

**Subscription Agreement** means a subscription agreement in relation to the Notes between, *inter alios*, the Issuer and the Managers (as defined therein);

**Swap Agreement** means, collectively, the Interest Rate Swap Agreement and the Currency Swap Agreements;

**Swap Counterparty** means The Royal Bank of Scotland plc, in this capacity, acting through its office at 135 Bishopsgate, London EC2M 3UR; and

**Transaction Documents** means the Trust Deed, these Conditions, the Notes, the Mortgage Sale Agreement, the Master Definitions Agreement, the Deed of Charge, the Mortgage Management and Agency Agreement, the Agency Agreement, the Swap Agreement, the Subordinated Loan Agreement, the GIC, the Subscription Agreement and such other related documents which are referred to in the terms of the above documents or which relate to the issue of the Notes.

## TAXATION

*The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile. Prospective investors should be aware that the anticipated tax treatment in Ireland summarised below may change.*

### TAXATION OF THE ISSUER

#### 1. Corporation Tax

In general, Irish companies must pay corporation tax on their income at the rate of 12.5% in relation to trading income and at the rate of 25% in relation to income that is not income from a trade. However, section 110 of the Taxes Consolidation Act of 1997 of Ireland, as amended (**TCA 1997**) provides for special treatment in relation to “qualifying companies”. A “qualifying company” means a company:

- (a) which is resident in Ireland;
- (b) which either acquires qualifying assets from a person, holds, manages, or both holds and manages qualifying assets as a result of an arrangement with another person, or has entered into a legally enforceable arrangement with another person which itself constitutes a qualifying asset;
- (c) which carries on in Ireland a business of holding qualifying assets or managing qualifying assets or both;
- (d) which, apart from activities ancillary to that business, carries on no other activities in Ireland;
- (e) which has notified an authorised officer of the Revenue Commissioners in the prescribed format that it is, or intends to be, such a qualifying company; and
- (f) the market value of all qualifying assets held, managed, or both held and managed by the company or the market value of qualifying assets in respect of which the company has entered into legally enforceable arrangements is not less than €10,000,000 on the day on which the qualifying assets are first acquired, first held, or a legally enforceable arrangement in respect of the qualifying assets is entered into (which is itself a qualifying asset),

but a company shall not be a qualifying company if any transaction is carried out by it otherwise than by way of a bargain made at arm’s length apart from where that transaction is the payment of consideration for the use of principal (other than where that consideration is paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance).

A qualifying asset is a financial asset or an interest in a financial asset.

If a company is a qualifying company for the purpose of section 110 TCA 1997, then profits arising from its activities shall be chargeable to corporation tax under Case III of Schedule D (which is applicable to non-trading income) at a rate of 25%. However, for that purpose those profits shall be computed in accordance with the provisions applicable to Case I of the Schedule (which is applicable to trading income). On this basis and on the basis that the interest on the Notes:

- (i) does not represent more than a reasonable commercial return on the principal outstanding and it is not dependant on the results of the company’s business, or
- (ii) it is not paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance, then

the interest in respect of the Notes issued will be deductible in determining the taxable profits of the company.

#### 2. Stamp duty

If the Issuer is a qualifying company within the meaning of section 110 TCA 1997 (and it is expected that the Issuer will be such a qualifying company) no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer’s business.

### 3. **Taxation of Noteholders – Income Tax**

In general, persons who are resident in Ireland are liable to Irish taxation on their world-wide income whereas persons who are not resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners of Ireland to issue or raise an assessment.

Interest paid and discounts realised on the Notes have an Irish source and therefore interest earned and discounts realised on such Notes will be regarded as Irish source income. Accordingly, pursuant to general Irish tax rules, a non-Irish resident person in receipt of such income would be technically liable to Irish income tax (and levies if received by an individual) subject to the provisions of any applicable double tax treaty. Ireland has currently 44 double tax treaties in effect (see *Withholding Taxes* below) and the majority of them exempt interest (which sometimes includes discounts) from Irish tax when received by a resident of the other jurisdiction. Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate. Therefore any withholding tax suffered should be equal to and in satisfaction of the full income tax liability. (Non-Irish resident companies operating in Ireland through a branch or agency of the company in Ireland to which the income is attributable would be subject to Irish corporation tax).

There is an exemption from Irish income tax under section 198 TCA 1997 in certain circumstances.

These circumstances include:

- (a) where interest is paid by a qualifying company within the meaning of section 110 TCA 1997 to a person that is not resident in Ireland and that person is resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double tax treaty, that is in effect under the terms of that treaty;
- (b) where interest is payable by a company to a person that is not resident in Ireland and that is regarded as being resident in an EU Member State (other than Ireland) or is a resident of a territory with which Ireland has a double tax treaty that is in effect, under the terms of that treaty, and the interest is exempt from withholding tax because it is payable on a quoted Eurobond (see *Withholding Taxes* below);
- (c) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company that is resident in an EU Member State (other than Ireland) or that is a resident of a territory with which Ireland has a double tax treaty that is in effect, under the terms of that treaty.

Interest on the Notes which does not fall within the above exemptions and discounts realised are within the charge to Irish income tax to the extent that a double tax treaty that is in effect does not exempt the interest or discount as the case may be. However, it is understood that the Irish Revenue Commissioners have, in the past, operated a practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

- (i) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (ii) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (iii) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners of Ireland will apply this practice in the case of the holders of Notes and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners of Ireland to issue or raise an assessment.

### 4. **Withholding Taxes**

In general, withholding tax at the rate of 20% must be deducted from payments of yearly interest that are within the charge to Irish tax, which would include those made by a company resident in Ireland for the purpose of Irish tax. However, section 64 TCA 1997 provides for the payment of interest in respect of quoted Eurobonds without



deduction of tax in certain circumstances. A quoted Eurobond is defined in section 64 TCA 1997 as a security which:

- (a) issued by a company;
- (b) is quoted on a recognised stock exchange (the Irish Stock Exchange is a recognised stock exchange for this purpose); and
- (c) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (i) the person by or through whom the payment is made is not in Ireland; or
- (ii) the payment is made by or through a person in Ireland, and:
  - (A) the quoted Eurobond is held in a recognised clearing system (the Revenue Commissioners of Ireland have designated Euroclear, Belgium and Clearstream, Luxembourg, recognised clearing systems); or
  - (B) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate declaration to this effect.

As the Notes to be issued by the Issuer will qualify as quoted Eurobonds, and as they will be held in Euroclear, Belgium and Clearstream, Luxembourg, the payment of interest in respect of such Notes will be capable of being made without withholding tax, regardless of where the Noteholder is resident.

Separately, Section 246 TCA 1997 (**Section 246**) provides certain exemptions from this general obligation to withhold tax. Section 246 provides an exemption in respect of interest payments made by a qualifying company within the meaning of Section 110 TCA 1997 to a person resident in a relevant territory except where that person is a company and the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. Also Section 246 provides an exemption in respect of interest payments made by a company in the ordinary course of business carried on by it to a company resident in a relevant territory except where the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. A relevant territory for this purpose is a Member State of the European Communities, other than Ireland, or not being such a Member State, a territory with which Ireland has entered into a double tax treaty that is in effect. As of the Closing Date, Ireland has entered into a double tax treaty with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Chile (signed but not yet in effect), Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, India, Italy, Japan, Korea (Rep. of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, United States of America. and Zambia. New treaties with Argentina, Egypt, Kuwait, Malta, Morocco, Tunisia, Turkey, Ukraine and Vietnam are in the course of being negotiated. Negotiations have taken place with Singapore but some matters remain to be agreed.

Any discounts realised on the Notes will not be subject to Irish withholding tax.

#### **5. Encashment Tax**

Interest on any Note which qualifies for exemption from withholding tax on interest as a quoted Eurobond (see above) realised or collected by an agent in Ireland on behalf of any Noteholder will be subject to a withholding at the standard rate of Irish income tax (currently 20%). This is unless the beneficial owner of the Note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form. This is provided that such interest is not deemed, under the provisions of Irish tax legislation, to be the income of another person that is resident in Ireland for the purposes of Irish tax.

#### **6. Capital Gains Tax**

A holder of a Note will not be subject to Irish taxes on capital gains provided that such holder is neither resident nor ordinarily resident in Ireland and such holder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the Notes are attributable.

## 7. Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponent or if the disponent's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the disponent's successor (primarily), or the disponent, may be liable to Irish capital acquisitions tax. The Notes, being bearer Notes, would be regarded as property situate in Ireland if the Notes were ever to be physically kept or located in Ireland with a depository or otherwise. Accordingly, if, while they are physically kept or located in Ireland, such Notes are comprised in a gift or inheritance, the disponent's successor (primarily), or the disponent, may be liable to Irish capital acquisitions tax, even though the disponent or the successor may not be domiciled in Ireland. The Notes, if in registered definitive form, would be regarded as property situate in Ireland if the principal register of the Notes is maintained in Ireland.

For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation except where the person has been resident in Ireland for the purposes of Irish tax for the 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

## 8. Value Added Tax

The provision of financial services is an exempt transaction for Irish Value Added Tax (**Irish VAT**) purposes. Accordingly, in general the Issuer should not be entitled to recover Irish VAT suffered.

## 9. European Union Directive on the Taxation of Savings Income

On 3 June 2003, the European Council of Economics and Finance Ministers adopted the European Union Council Directive 2003/48/EC on the taxation of savings income (**Savings Tax Directive**). Under the Savings Tax Directive Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

The Directive has been enacted into Irish legislation. Where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "residual entity" then that interest payment is a "deemed interest payment" of the "residual entity" for the purpose of this legislation. A "residual entity", in relation to "deemed interest payments", must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the "deemed interest payments".

**Residual Entity** means a person or undertaking established in Ireland or in another Member State or in an "associated territory" to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an "associated territory", or it is a legal person (not being an individual) other than certain Finish or Swedish legal persons that are excluded from the exemption from this definition in the Savings Tax Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to beneficial owners that are individuals or to residual entities resident in another Member State or an "associated territory" and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an "**associated territory**", apply since 1 July 2005. For the purposes of these paragraphs associated territory means Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Anguilla, British Virgin Islands, Cayman Islands, Andorra, Liechtenstein, Monaco, San Marino, the Swiss Confederation, Montserrat and Turks and Caicos Islands.

## SUBSCRIPTION AND SALE

Pursuant to a subscription agreement dated 8 December, 2006 (the **Subscription Agreement**) between *inter alios* Banc of America Securities Ltd, Banco Español de Crédito, S.A., DZ BANK AG Zentral-Genossenschaftsbank, Frankfurt am Main, Fortis Bank nv-sa, HSH Nordbank AG, Mediobanca- Banca di Credito Finanziario SpA, The Royal Bank of Scotland plc, Skandinaviska Enskilda Banken AB (publ), UBS Limited and Wachovia Securities International Limited (the **Managers**), Ulster Bank and the Issuer, the Managers have agreed, subject to certain conditions, to purchase:

- (i) the Class A1a Notes at the issue price of 100% of the principal amount of the Class A1a Notes;
- (ii) the Class A1c Notes at the issue price of 100% of the principal amount of the Class A1c Notes;
- (iii) the Class A2a Notes at the issue price of 100% of the principal amount of the Class A2a Notes;
- (iv) the Class A2b Notes at the issue price of 100% of the principal amount of the Class A2b Notes;
- (v) the Class A3a Notes at the issue price of 100% of the principal amount of the Class A3a Notes;
- (vi) the Class A3c Notes at the issue price of 100% of the principal amount of the Class A3c Notes;
- (vii) the Class Ba Notes at the issue price of 100% of the principal amount of the Class Ba Notes;
- (viii) the Class Ca Notes at the issue price of 100% of the principal amount of the Class Ca Notes; and
- (ix) the Class Cc Notes at the issue price of 100% of the principal amount of the Class Cc Notes.

The Issuer has agreed to pay the Managers a combined selling, management and underwriting commission and has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate the Subscription Agreement in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and purchase of the Notes.

The Managers are together hereafter referred to as the **Managers** and each as a **Manager**.

### Selling Restrictions

#### 1. *United Kingdom*

Each of the Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**FSMA**) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

#### 2. *Ireland*

Each Manager has represented and agreed that:

- (a) it has not offered or sold and will not offer or sell any Notes, except in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 (**Prospectus Regulations**) and the provisions of the Irish Companies Acts 1963 to 2005;
- (b) it has not and will not offer or sell any Notes other than in compliance with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005;
- (c) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Manager acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/ EEC of 10 May 1993, it has complied with any codes of conduct made under the Investment Intermediaries Acts, 1995 to 2000 of

Ireland and, in the case of a Manager acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000, it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989 of Ireland; and

- (d) in connection with offers or sales of Notes, it has only issued or passed on, and will only issue or pass on any document received by it in connection with the issue of such Notes to persons who are persons to whom the documents may otherwise lawfully be issued or passed on.

### 3. *United States of America*

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the respective meanings given to them by Regulation S under the Securities Act.

The Notes are also subject to United States tax law requirements. Each Manager has agreed that it will not offer, sell or deliver any Note in bearer form within the United States or to a United States person except as permitted by the Subscription Agreement. Terms used in this paragraph have the respective meaning given to them by the United States Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

In addition, until 40 days after the commencement of the offering, an offer or sale of any 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.

### 4. *Switzerland*

Each Manager has represented and agreed: (a) it has not offered or sold, and will not offer or sell, the Notes to any investors in Switzerland other than on a non-public basis; (b) this Prospectus does not constitute a prospectus within the meaning of art. 652a or art. 1156 of the Swiss Code of Obligations (*Schweizerisches Obligationenrecht*); and (c) neither this offering nor the Notes have been or will be approved by any Swiss regulatory authority.

### 5. *Denmark*

The offer of Notes will be made pursuant to Section 11 subsection 1 number 1 and 3 of the Danish Executive Order no. 306 of 28 April 2005 (the **Executive Order**) and will not be registered with and have not been approved by or otherwise published by the Danish Financial Supervisory Authority, the Danish Securities Council or the Danish Commerce and Companies Agency under the relevant Danish acts and regulations. This Prospectus will only be directed to persons in Denmark who are regarded qualified investors as set forth in section 2 of the Executive Order and/or to investors who acquire securities for a total consideration of at least €50,000 per investor for each separate offer. This offer may not be made available to any other person in Denmark nor may the offer otherwise be marketed or offered for sale in Denmark.

### 6. *Norway*

Each Manager has acknowledged that the Notes may not be offered, sold or distributed in the Kingdom of Norway, except in accordance with the Norwegian Securities Trading Act of 19 June 1997, as amended, and all applicable regulations. The Notes may not be offered, sold or distributed in Norway except in circumstances which do not constitute a public offer of securities in Norway within the meaning of Norwegian securities laws and regulations. Neither the Notes nor this Prospectus has been approved and registered by the Norwegian Stock Exchange or registered with the Norwegian Register of Business Enterprises.

### 7. *Belgium*

The Belgian Banking, Finance and Insurance Commission (*Commissie voor het Bank Financieuzen Assurantiewezen/Commission Bancaire, Financière et des Assurances*) has not reviewed nor approved this prospectus or commented on its accuracy or recommended or endorsed the purchase of the Notes in accordance with the Belgian Act of 22 April 2003 relating to the public offer of securities. This prospectus may not be distributed to the Belgian public except in accordance with Belgian law. The Notes may not be publicly offered for sale, sold or marketed in Belgium by means of a public offer under Belgian law. The offering of the Notes to the public in Belgium within the meaning of the Belgian Act of 22 April 2003 and the Royal Decree of 7 July 1999 has not been authorised. Accordingly, the Notes may not be offered or sold

or marketed to persons in Belgium other than in circumstances which do not constitute an offer of the Notes to the public in Belgium.

#### 8. *France*

This Prospectus has not been submitted for approval by the French Autorité des Marchés Financiers. Accordingly the Managers have each represented and agreed that they have not offered or sold and will not offer or sell, directly or indirectly, the Notes to the public in the Republic of France and have not distributed or caused to be distributed and will not cause to be distributed directly or indirectly to the public in the Republic of France this Prospectus or any material relating to the Notes. Such offers, sales and distributions of the Notes may only be made in France to (a) providers of investment services relating to portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (b) qualified investors (investisseurs qualifiés), other than individuals, within the meaning of Article L. 411-2, Article D. 411-1 and Article D. 411-2 of the French Code Monétaire et Financier. Persons into whose possession this Prospectus (or any part hereof) comes are required to inform themselves about and to observe any such restrictions.

#### 9. *Hong Kong*

Each of the Managers have represented and agreed that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than:
  - (i) to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or
  - (ii) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong; and
- (b) it has not issued and will not issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made thereunder.

#### 10. *Italy*

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, each of the Managers has represented and agreed that no action has or will be taken by it which would allow an offering (or a “*sollecitazione all'investimento*”) of the Notes to the public in the Republic of Italy, and that sales of the Notes to any persons in the Republic of Italy shall be effected in accordance with Italian securities, tax and other applicable laws and regulations.

Each of the Managers has represented that it has not offered, sold or delivered and will not offer, sell or deliver any Notes or distribute or make available any Notes or copies of this Prospectus or any other offering material relating to the Notes in the Republic of Italy except:

- (a) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph, of Regulation No. 11522 of 1 July 1998 issued by the Commissione Nazionale per le Società e la Borsa (“CONSOB”), as amended;
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999, as amended; or
- (c) to an Italian resident who submits an unsolicited offer to purchase such Notes.

Any offer, sale or delivery of Notes or distribution of copies of this Prospectus or any other document relating to any Notes in Italy under (a) to (b) above must be:

- (i) (made by an investment firm bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1 September 1993 (the **Banking Act**), as amended;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in Italy and their characteristics; and

in compliance with any other applicable notification, requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

#### 11. *Singapore*

The Managers must not distribute or circulate, whether directly or indirectly, the Prospectus in Singapore other than to:

- (a) persons in Singapore under circumstances in which any offer or invitation to subscribe for or purchase, or any sale of, Notes does not constitute an offer, invitation or sale to the public in Singapore; or
- (b) the public (including any person selected by reference to him being a member of the public, or any section of the public whether by selection as customers or in any other manner) or any person in Singapore pursuant to, and in accordance with the conditions of, an exemption within the ambit of Subdivision (4) of Division 1 to Part XIII of the Securities and Futures Act (Chapter 289) of Singapore to whom any Notes may be offered or sold under such exemption.

#### 12. *Spain*

Each Manager has acknowledged that the Notes may not be offered, sold or distributed in the Kingdom of Spain save in accordance with the requirements of the Spanish Securities Market Law of July 28, 1988 (*Ley 24/1988, de 28 de julio, del Mercado de Valores*) as amended and restated, and Royal Decree 291/1992 on Issues and Public Offerings for the Sale of Securities (*Real Decreto 291/1992, de 27 de marzo, sobre Emisiones y Ofertas Públicas de Venta de Valores*) as amended and restated and the decrees and regulations made thereunder.

The Notes may not be offered, sold or distributed in Spain except in circumstances which do not constitute a public offer of securities in Spain within the meaning of Spanish securities laws and regulations.

Neither the Notes nor this Prospectus have been verified or registered in the administrative registries of the Spanish Securities Markets commission (*Comisión Nacional del Mercado de Valores*).

#### 13. *Sweden*

This document is for the intended recipients only and may not in any way be forwarded to the public in Sweden except in accordance with Swedish law. The Notes may not be offered or sold in Sweden in a manner that would require the registration of a prospectus by the Swedish Financial Supervisory Authority according to the Financial Instruments Trading Act.

### **General**

Except for approval by the Financial Regulator of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, application having been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and admitted to trading on the regulated market of the Irish Stock Exchange and the filing of this Prospectus as a prospectus with the Companies Registration Office in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any

country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

## GENERAL INFORMATION

1. The issue of the Notes has been authorised by resolution of the Board of Directors of the Issuer passed on 30 November, 2006.
2. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Common Code and the ISIN Numbers for each class of Notes are as follows:

<i>Class of Note</i>	<i>Common Code</i>	<i>ISIN Number</i>
A1a .. ..	027579035	XS0275790359
A1c .. ..	027579043	XS0275790433
A2a .. ..	027579051	XS0275790516
A2b .. ..	027579060	XS0275790607
A3a .. ..	027579078	XS0275790789
A3c .. ..	027579086	XS0275790862
Ba .. ..	027579094	XS0275790946
Ca .. ..	027579108	XS0275791084
Cc .. ..	027579116	XS0275791167

3. The financial year end of the Issuer is 31 December. The first audited accounts of the Issuer will be prepared for the period ending 31 December 2007. The auditors to the Issuer are a member of the Institute of Chartered Accountants of Ireland.
4. The financial information in relation to the Ulster Bank Group contained in this document does not constitute full accounts within the meaning of Regulation 6 of the European Communities (Credit Institutions: Accounts) Regulations, 1992 of Ireland. Full accounts of the Ulster Bank Group have been prepared for each financial year to which the financial information relates. The auditors have given unqualified reports on such accounts.
5. The Issuer is not, and has not been, involved in any governmental, legal or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position nor is the Issuer aware that any such proceedings are pending or threatened.
6. Since 6 November 2006 (being the date of incorporation of the Issuer) there has been (1) no material adverse change in the financial position or prospects of the Issuer and (2) no significant change in the trading or financial position of the Issuer.
7. The Issuer has appointed the Servicer under the Mortgage Management and Agency Agreement to prepare various reports relating to characteristics of the Loans and calculations and determinations made in relation to the Notes. Such reports will be prepared quarterly and made available at the offices of the Servicer.
8. Deloitte & Touche, Dublin, have given and not withdrawn their consent to the issue of this Prospectus and reference to their name in the form and context in which it appears for the purposes of Section 45 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland.
9. Copies of the following documents may be inspected, in electronic or physical form, during usual business hours at the offices of the Issuer at 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland and at the Irish Paying Agents for as long as the Notes are listed on the Official List of the Irish Stock Exchange:
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the Subscription Agreement; and
  - (c) prior to the Closing Date, drafts (subject to modification) and, from the Closing Date, copies of the following documents:
    - (i) the Trust Deed;
    - (ii) the Agency Agreement;



- (iii) the Deed of Charge;
- (iv) the Mortgage Sale Agreement;
- (v) the Mortgage Management and Agency Agreement;
- (vi) the Subordinated Loan Agreement;
- (vii) the GIC;
- (viii) the Interest Rate Swap Agreement;
- (ix) the Class A Currency Swap Agreement;
- (x) the Class C Currency Swap Agreement;
- (xi) the Master Definitions Agreement;
- (xii) the Corporate Services Agreement; and
- (xiii) a copy of the consent referred to in paragraph 8 above.

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