

PROSPECTUS

KILDARE SECURITIES LIMITED

(Incorporated in Ireland under registered number 433535)

U.S.\$ 724,800,000 CLASS A1 MORTGAGE BACKED FLOATING RATE NOTES DUE JUNE 2014
U.S.\$ 1,451,600,000 CLASS A2 MORTGAGE BACKED FLOATING RATE NOTES DUE DECEMBER 2043
€1,062,000,000 CLASS A3 MORTGAGE BACKED FLOATING RATE NOTES DUE DECEMBER 2043
€96,800,000 CLASS B MORTGAGE BACKED FLOATING RATE NOTES DUE DECEMBER 2043
€90,600,000 CLASS C MORTGAGE BACKED FLOATING RATE NOTES DUE DECEMBER 2043
€26,550,000 CLASS D MORTGAGE BACKED FLOATING RATE NOTES DUE DECEMBER 2043

Notes	Initial Principal Amount	Initial Interest Rate	Maturity Date	Issue Price to Investors	Ratings S&P/Moody's/Fitch
Class A1	U.S.\$724,800,000	3 Month Dollar LIBOR + 0.02%	June 2014	100%	AAA/Aaa/AAA
Class A2	U.S.\$1,451,600,000	3 Month Dollar LIBOR + 0.06%	December 2043	100%	AAA/Aaa/AAA
Class A3	€1,062,000,000	3 Month EURIBOR + 0.10%	December 2043	100%	AAA/Aaa/AAA
Class B	€96,800,000	3 Month EURIBOR + 0.13%	December 2043	100%	AA+/Aa3/AA+
Class C	€90,600,000	3 Month EURIBOR + 0.22%	December 2043	100%	A/A3/A
Class D	€26,550,000	3 Month EURIBOR + 0.41%	December 2043	100%	BBB+/Baa3/BBB+

THE NOTES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE SEC) OR ANY STATE SECURITIES COMMISSION IN THE UNITED STATES NOR HAS THE SEC OR ANY STATE SECURITIES COMMISSION PASSED ANY JUDGMENT OR COMMENT OR OPINION UPON THE ACCURACY OR THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The U.S.\$2,176,400,000 and €1,275,950,000 Mortgage Backed Floating Rate Notes of Kildare Securities Limited (the **Issuer**) comprise U.S.\$724,800,000 Class A1 Mortgage Backed Floating Rate Notes due June 2014 (the **A1 Notes**), U.S.\$1,451,600,000 Class A2 Mortgage Backed Floating Rate Notes due December 2043 (the **A2 Notes**), €1,062,000,000 Class A3 Mortgage Backed Floating Rate Notes due December 2043 (the **A3 Notes** and together with the A1 Notes and the A2 Notes, the **A Notes**), €96,800,000 Class B Mortgage Backed Floating Rate Notes due December 2043 (the **B Notes**), €90,600,000 Class C Mortgage Backed Floating Rate Notes due December 2043 (the **C Notes**) and €26,550,000 Class D Mortgage Backed Floating Rate Notes due December 2043 (the **D Notes** and together with the A Notes, the B Notes and the C Notes, the **Notes**). The A1 Notes and the A2 Notes are collectively referred to as the **Dollar Notes**. The A3 Notes, the B Notes, the C Notes and the D Notes are collectively referred to as the **Euro Notes**.

This prospectus (the **Prospectus**) comprises a prospectus with regard to the Issuer and the Notes 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 (**ISE**) for the Notes to be admitted to its Official List and to trading on its regulated market. Any such approval relates only to the Notes which are to be admitted to trading on the regulated market of the ISE or other regulated markets for the purposes of the Prospectus Directive. This Prospectus is not a prospectus for the purposes of Section 12(a)(2) or any other provision or order under the Securities Act (as defined herein).

FOR A DISCUSSION OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE NOTES, SEE FURTHER THE SECTION ENTITLED "RISK FACTORS" COMMENCING ON PAGE 15. PARTICULAR ATTENTION IS DRAWN TO THE ISSUES THAT ARE SUMMARISED IN THAT SECTION.

Arranger
Deutsche Bank

Joint Lead Managers
Barclays Capital Citigroup Deutsche Bank

Co-Managers
Bank of Ireland Global Markets J & E Davy

The date of this Prospectus is 19 February 2007

As a condition to the issue of the Notes, the A Notes are to be rated AAA by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. (**S&P**), Aaa by Moody's Investors Service, Inc. (**Moody's**) and AAA by Fitch Ratings Ltd (**Fitch** and, together with S&P and Moody's, the **Rating Agencies**); the B Notes will be rated AA+ by S&P, Aa3 by Moody's and AA+ by Fitch; the C Notes will be rated A by S&P, A3 by Moody's and A by Fitch; and the D Notes will be rated BBB+ by S&P, Baa3 by Moody's and BBB+ by Fitch. 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 Agency. Assignment of the expected ratings to the Notes of each class will be a condition to the issue of the Notes. Rating agencies other than those requested could assign a rating to the Notes, and their rating could be lower than any rating assigned by the Rating Agencies chosen by the Issuer.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or under applicable United States state securities laws. Accordingly, (a) the Notes are being offered outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act (**Regulation S**) and (b) the A1 and A2 Notes are being offered within the United States in transactions in accordance with Rule 144A under the Securities Act (**Rule 144A**) to persons that are qualified institutional buyers (**QIBs**) as defined in Rule 144A. Prospective purchasers are hereby notified that the sellers of the A1 and A2 Notes may be relying on an exemption from the registration provisions of Section 5 of the Securities Act provided by Rule 144A. See "*Notice to Investors*" for certain restrictions on resales.

The Dollar Notes will initially be represented by either a fully registered Regulation S Global Note and/or a Rule 144A Global Note. The Euro Notes will initially be represented by a fully registered Regulation S Global Note. See "*Terms and Conditions of the Notes*" and "*Description of the Notes in Global Form*".

The Notes will be obligations solely of the Issuer and the Notes will not be guaranteed by, or be the responsibility of, any other entity. In particular, the Notes will not be obligations of, and will not be guaranteed by ICS Building Society (**ICS**), The Governor and Company of the Bank of Ireland (**BOI**), or any of the BOI group of companies (each a **BOI Group Company**), the Arranger, the Managers, the Trustee, the Agents (each as defined herein) or any of their respective agents or affiliates (together, the **Excluded Parties**). ICS in its capacity as Mortgage Manager (as defined below) will not stand behind or guarantee the issue of the Notes or the Issuer nor will it make good any losses on the Mortgage Pool (as defined below). ICS was not party to nor responsible for the formation of the Issuer.

The Issuer accepts responsibility for all the information contained in this Prospectus and to the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

The information contained in the sections entitled "*Cross Currency Swap Counterparty*" and "*The ICS Mortgage Business – House Price Index*" has been accurately reproduced from published information. So far as the Issuer is aware and/or able to ascertain from such published information, no facts have been omitted which could render the reproduced information inaccurate or misleading. The Issuer has not been responsible for, nor has it undertaken, any investigation or verification of statements contained therein.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or any of the Excluded Parties. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or in the other information contained herein since the date hereof. Each of the Arranger, the Managers and the Trustee expressly do not undertake to review the financial condition, business or affairs of the Issuer, ICS or BOI for so long as any Notes remains outstanding or to advise any investor in Notes of any information coming to their attention. The information contained in this Prospectus was obtained from the Issuer and other sources, but no assurance can be given by the Arranger or any of the Managers as to the accuracy or completeness of such information. None of the Excluded Parties makes any representation, express or implied, or accepts any responsibility or liability, with respect to the accuracy or completeness of any of the information (including, but not limited to, any legal or financial information) in this Prospectus.

In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. None of the Excluded Parties makes any representation to any investor in Notes regarding the legality of their investment under any applicable laws. Any investor in Notes should be able to bear the risk of an investment in those Notes for an indefinite period of time. The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest

in the Notes.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer, or any of the Excluded Parties to subscribe for or purchase any of the Notes.

Upon approval of this Prospectus by the Financial Regulator, this Prospectus will be filed by the Issuer with the Irish registrar of companies in accordance with Regulation 38(1)(b) of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the **Irish Prospectus Regulations**).

Selling Restrictions

The Notes may not be offered or sold directly or indirectly, and neither this Prospectus nor any other prospectus or any offering circular, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction, except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about and observe any applicable restrictions on the distribution of this Prospectus and the offering and sale of Notes. For a further description of certain restrictions on offers and sales of the Notes and the distribution of this Prospectus, see further the sections entitled "*Notice to Investors*" and "*Subscription and Sale*".

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE NOTES ARE BEING OFFERED AND SOLD AND CAN BE RESOLD (A) IN THE UNITED STATES ONLY TO QIBS PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, AND (B) OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT. PROSPECTIVE PURCHASERS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE NOTES FOR AN INDEFINITE PERIOD OF TIME. SEE FURTHER THE SECTION ENTITLED "NOTICE TO INVESTORS".

This Prospectus has been prepared by the Issuer for use in connection with the offer and sale of the Notes in reliance upon Regulation S outside the United States to non-U.S. persons and within the United States in transactions made in accordance with Rule 144A to persons who are QIBs. All prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See further the section entitled "*Notice to Investors*". All transactions must be for a principal amount of Notes of not less than U.S.\$100,000 or €50,000 as the case may be.

No beneficial interest in a Rule 144A Global Note may be transferred to a person that takes delivery in the form of a beneficial interest in a Regulation S Global Note unless the transfer is in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar (as defined below) with a written certification substantially in the form set out in the Trust Deed and, if the transfer occurs prior to the expiration of the Distribution Compliance Period, the person that takes delivery in the form of a beneficial interest in a Regulation S Global Note must be a non-U.S. person. No beneficial interest in a Regulation S Global Note may be transferred to a person that takes delivery in the form of a beneficial interest in a Rule 144A Global Note unless the transfer is to a person that is a QIB in a transaction in accordance with Rule 144A and the transferor provides the Registrar with a written certification substantially in the form set out in the Trust Deed. See further the section entitled "*Notice to Investors*".

To permit compliance with Rule 144A in connection with sales of Notes, upon the request of a holder of Notes or of a beneficial owner of an interest therein, the Issuer will furnish to such holder or beneficial owner or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act, if at the time of such request, the Issuer is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the **Exchange Act**) or is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

Other than the approval of this Prospectus as a prospectus in accordance with the Irish Prospectus Regulations and an application for admission of the Notes to the Official List of the ISE and to trading on the regulated market of the ISE, no action has been taken by the Issuer or by the Arranger or any Joint Lead Manager that would permit a public offering of the Notes or the distribution of this document in any country or 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. For a description of certain further restrictions on offers and sales of Notes and distributions of this Prospectus, see further the section entitled "*Subscription and Sale*" below.

This Prospectus has been published solely for use in connection with the offering of the Notes and the admission of the Notes to the Official List of the ISE and to trading on the regulated market of the ISE. This Prospectus may only be used for the purposes for which it has been published. This Prospectus is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire any of the Notes. Distribution of this Prospectus in the United States to any person other than the offeree and those persons, if any, retained to advise the offeree with respect to this offering is unauthorised and any disclosure of any of its contents without the prior written consent of the Issuer is prohibited.

There is no undertaking to register the Notes under U.S. state or federal securities laws. Until 40 days after the commencement of the offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in compliance with Rule 144A or pursuant to another exemption from the registration requirements of the Securities Act.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

Forward-looking statements

Certain statements contained in this Prospectus, including any targets, forecasts, projections, descriptions or statements regarding possible future results of operations, any statement preceded by, followed by or that includes the words "targets", "believes", "expects", "aims", "intends", "will", "may", "anticipates" or similar expressions, and other statements that are not historical facts, are or may constitute "forward-looking statements" (as such term is defined in the U.S. Private Securities Litigation Reform Act of 1995). Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. See further in particular the section entitled "*Risk Factors*". All written and oral forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by the cautionary statements set forth in this paragraph.

Prospective purchasers of the Notes are cautioned not to put undue reliance on such forward-looking statements. The Issuer will not undertake any obligation to publish any revisions to these forward-looking statements to reflect events or circumstances occurring after the date hereof.

Stabilisation

In connection with the issue of each class of Notes, Deutsche Bank AG, London Branch (the **Stabilising Manager**) (or persons acting on behalf of the Stabilising Manager) may over-allot such Notes (provided that the aggregate principal amount of such Notes so allotted does not exceed 105 per cent. of the aggregate principal amount of such class of 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 Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake 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 date on which proceeds of the relevant class of Notes are received by the Issuer and 60 days after the date of the allotment of the Notes.

Definitions

In this Prospectus all references to **Dollars** and **U.S.\$** are references to the lawful currency of the United States of America. References to **euro, EUR** and **€** are references to the currency introduced at the commencement of the third stage of the European Economic and Monetary Union on 1 January 1999 pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union. References to **Ireland** are references to the country of Ireland (excluding the six counties comprising Northern Ireland).

The Index of Defined Terms at the back of this Prospectus specifies where a capitalised word or phrase used in this Prospectus is defined.

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TRANSACTION SUMMARY

The following information is a brief overview of certain key features of the Notes and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus.

Class of Notes	Initial Principal Amount Outstanding	% of Total
Class A1	U.S.\$724,800,000	18.90%*
Class A2.....	U.S.\$1,451,600,000	37.85%*
Class A3.....	€1,062,000,000	36.00%
Class A Notes as a percentage of total Notes.....		92.75%
Class B	€96,800,000	3.28%
Class C	€90,600,000	3.07%
Class D	€26,550,000	0.90%
Total	€2,950,103,846	100%*
Reserve Fund.....	€41,301,454	1.4%**

* Based on the €/U.S.\$ exchange rate of €1:U.S.\$1.30 as at 13 February 2007

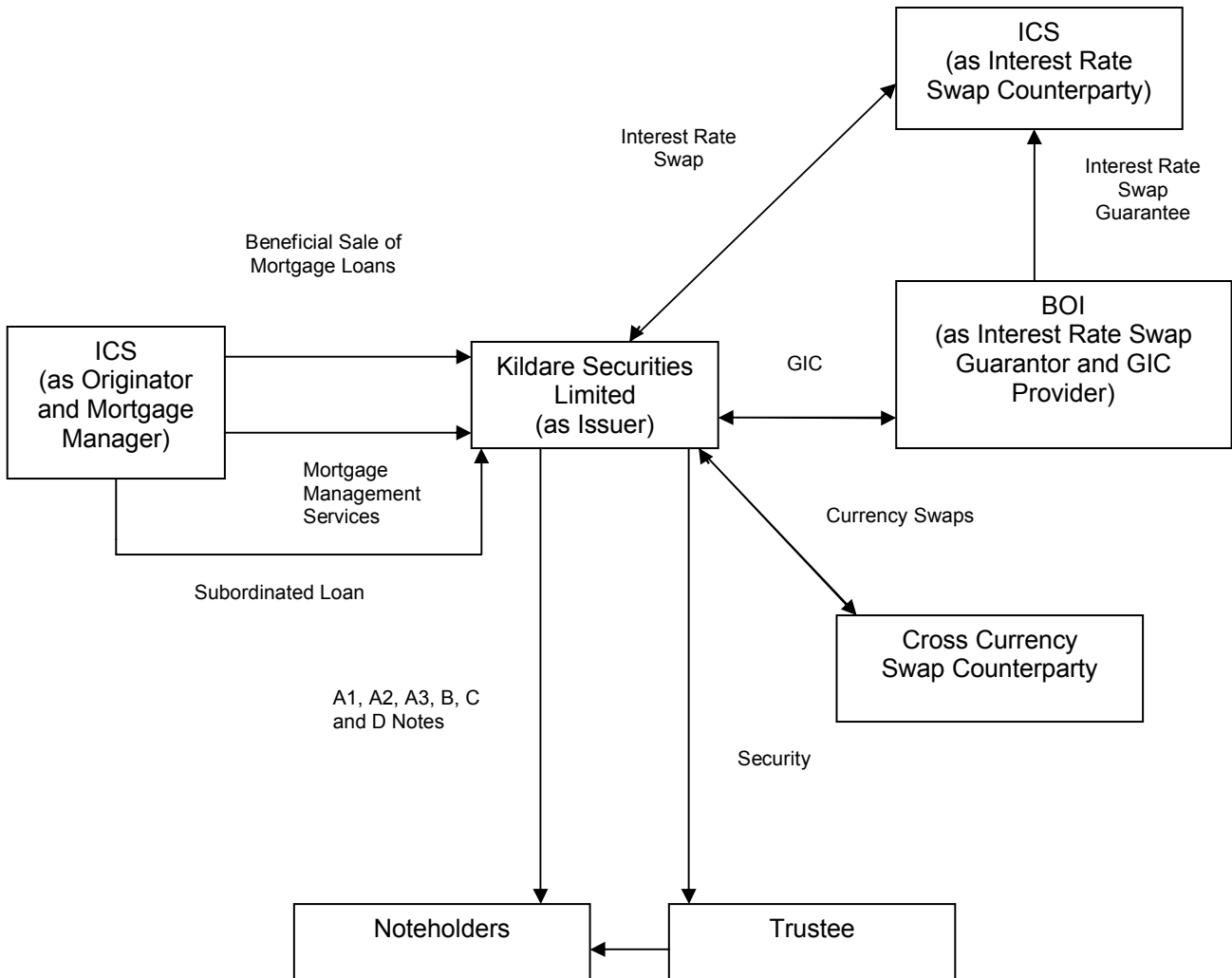
** % of initial Euro Principal Amount Outstanding (as defined in Condition 1 (*Definitions*)) on all of the Notes.

	A1 Notes	A2 Notes	A3 Notes
Anticipated Long Term Ratings	AAA/Aaa/AAA or equivalent	AAA/Aaa/AAA or equivalent	AAA/Aaa/AAA or equivalent
Rating Agencies	S&P Moody's Fitch	S&P Moody's Fitch	S&P Moody's Fitch
Credit Enhancement	Subordination of the B Notes, C Notes and D Notes, Reserve Fund and surplus revenue receipts	Subordination of the B Notes, C Notes and D Notes, Reserve Fund and surplus revenue receipts	Subordination of the B Notes, C Notes and D Notes, Reserve Fund and surplus revenue receipts
Interest Rate	0.02% per annum (or 0.04% per annum after the Interest Payment Date falling in March 2012) above 3 Month Dollar LIBOR rate of relevant Interest Period	0.06% per annum (or 0.12% per annum after the Interest Payment Date falling in March 2012) above 3 Month Dollar LIBOR rate of relevant Interest Period	0.10% per annum (or 0.20% per annum after the Interest Payment Date falling in March 2012) above 3 Month EURIBOR rate of relevant Interest Period
Interest Accrual Method	Actual/360	Actual/360	Actual/360
Interest Payment Dates	The 10 th day of March, June, September and December of each year, except for the first Interest Payment Date	The 10 th day of March, June, September and December of each year, except for the first Interest Payment Date	The 10 th day of March, June, September and December of each year, except for the first Interest Payment Date
First Interest Payment Date	11 June 2007	11 June 2007	11 June 2007
Step-up Date	The Interest Payment Date falling in March 2012	The Interest Payment Date falling in March 2012	The Interest Payment Date falling in March 2012
Maturity Date	Interest Payment Date falling in June 2014	Interest Payment Date falling in December 2043	Interest Payment Date falling in December 2043
Clearance/Settlement	DTC/Euroclear/ Clearstream, Luxembourg	DTC/Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
Denomination	U.S.\$100,000	U.S.\$100,000	€50,000
ERISA Eligibility	Yes, subject to the conditions set forth in " <i>Certain ERISA Considerations</i> "	Yes, subject to the conditions set forth in " <i>Certain ERISA Considerations</i> "	Yes, subject to the conditions set forth in " <i>Certain ERISA Considerations</i> "

	B Notes	C Notes	D Notes
Anticipated Long Term Ratings.	AA+/Aa3/AA+ or equivalent	A/A3/A or equivalent	BBB+/Baa3/BBB+ or equivalent
Rating Agencies	S&P Moody's Fitch	S&P Moody's Fitch	S&P Moody's Fitch
Credit Enhancement.....	Subordination of the C Notes and D Notes, Reserve Fund and surplus revenue receipts	Subordination of the D Notes, Reserve Fund and surplus revenue receipts	Reserve Fund and surplus revenue receipts
Interest Rate.....	0.13% per annum (or 0.26% per annum after the Interest Payment Date falling in March 2012) above 3 Month EURIBOR rate of relevant Interest Period	0.22% per annum (or 0.44% per annum after the Interest Payment Date falling in March 2012) above 3 Month EURIBOR rate of relevant Interest Period	0.41% per annum (or 0.82 % per annum after the Interest Payment Date falling in March 2012) above 3 Month EURIBOR rate of relevant Interest Period
Interest Accrual Method.....	Actual/360	Actual/360	Actual/360
Interest Payment Dates.....	The 10th day March, June, September and December of each year, except the first Interest Payment Date	The 10 th day of March, June, September and December of each year, except the first Interest Payment Date	The 10 th day of March, June, September and December of each year, except the first Interest Payment Date
First Interest Payment Date.....	11 June 2007	11 June 2007	11 June 2007
Step-up Date.....	The Interest Payment Date falling in March 2012	The Interest Payment Date falling in March 2012	The Interest Payment Date falling in March 2012
Maturity Date.....	Interest Payment Date falling in December 2043	Interest Payment Date falling in December 2043	Interest Payment Date falling in December 2043
Clearance/Settlement.....	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg	Euroclear/ Clearstream, Luxembourg
Denomination.....	€50,000	€50,000	€50,000
ERISA Eligibility	Not Eligible	Not Eligible	Not Eligible

STRUCTURE DIAGRAM

This structure diagram 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 features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by references to, the detailed information presented elsewhere in this Prospectus.

1. The Parties

The Issuer

Kildare Securities Limited has been established to acquire from ICS a portfolio of its residential mortgage loans made to borrowers in Ireland together with their related security (the **Mortgage Pool**). Acquisition of the Mortgage Pool by the Issuer will be financed by the issue of the Notes.

The Originator

ICS Building Society is an Irish building society and a subsidiary of BOI.

Mortgage Manager

ICS will be appointed as mortgage manager (the **Mortgage Manager**) under the terms of a mortgage management agreement between the Issuer, ICS and the Trustee dated on or about 1 March 2007 (the **Closing Date**) (the **Mortgage Management Agreement**) as agent for the Issuer and the Trustee to, inter alia, manage the Mortgage Pool on behalf of the Issuer. See "*Mortgage Management*" below.

The Trustee

Citicorp Trustee Company Limited will be appointed as trustee for the Noteholders pursuant to the trust deed (the **Trust Deed**) and as trustee for the Secured Parties (as defined in the Conditions) pursuant to a deed of charge (the **Deed of Charge**) (in such capacities the **Trustee**) each of which are to be entered into on or about the Closing Date (as defined in the Conditions) between, *inter alios*, the Issuer and the Trustee. The Trustee will hold the security granted by the Issuer under the Deed of Charge for the benefit of, amongst others, the Noteholders. See "*Description of Note Transaction Documents*"

Principal Paying Agent, Transfer Agent and Agent Bank

Citibank, N.A., London branch will be appointed as principal paying agent (in such capacity the **Principal Paying Agent** which expression includes any other principal paying agent appointed in respect of the Notes), the transfer agent (in such capacity the **Transfer Agent** which expression includes any other transfer agent appointed in respect of the Notes) and agent bank (in such capacity the **Agent Bank**, which expression includes any other agent bank appointed in respect of the Notes) in respect of the Notes under the terms of the agency agreement to be entered into between the Issuer, the Trustee and the agents on or about the Closing Date (the **Agency Agreement**).

Irish Paying Agent and Irish Transfer Agent

Citibank International plc, Dublin branch will be appointed as Irish paying agent (in such capacity, the **Irish Paying Agent** which expression includes any other Irish paying agent appointed in respect of the Notes) and Irish transfer agent (in such capacity, the **Irish Transfer Agent** which expression includes any other Irish transfer agent appointed in respect of the Notes) in respect of the Notes pursuant to the Agency Agreement.

Registrar, U.S. Paying Agent and U.S. Transfer Agent

Citibank, N.A., New York will be appointed as registrar (in such capacity the **Registrar** which expression includes any other registrar appointed in respect of the Notes), U.S. paying agent (in such capacity, the **U.S. Paying Agent**, which expression includes any other U.S. paying agent appointed in respect of the Notes) and U.S. transfer agent (in such capacity, the **U.S. Transfer Agent**, which expression includes any other U.S. transfer agent appointed in respect of the Notes) in respect of the Notes pursuant to the Agency Agreement.

Interest Rate Swap Counterparty and Interest Rate Swap Guarantor

ICS Building Society is expected to be appointed as interest rate swap counterparty (the **Interest Rate Swap Counterparty**) under the terms of the interest rate swap transaction (the **Interest Rate Swap Transaction**) to

be entered into between ICS and the Issuer on or before the Closing Date. BOI (the **Interest Rate Swap Guarantor**) will unconditionally and irrevocably guarantee the payment obligations of the Interest Rate Swap Counterparty under the Interest Rate Swap Transaction under the terms of the interest rate swap guarantee (the **Interest Rate Swap Guarantee**) to be entered into on or before the Closing Date.

Cross Currency Swap Counterparty

Barclays Bank PLC will be appointed as currency rate swap counterparty (the **Cross Currency Swap Counterparty**) and will enter into cross currency and interest rate swap transactions with the Issuer on or about the Closing Date.

Collection Account Bank

All payments received from Borrowers in respect of the Mortgage Loans will be credited to one or more collection accounts of ICS held at Bank of Ireland, College Green, Dublin 2.

GIC Provider

BOI will be appointed as GIC provider (the **GIC Provider**) under the terms of the guaranteed investment contract (the **GIC Agreement**) to be entered into between the Issuer, the GIC Provider and the Trustee on or about the Closing Date.

Corporate Services Provider

Deutsche International Corporate Services (Ireland) Limited will be appointed as corporate services provider to the Issuer under the terms of the corporate services agreement to be entered into between the Issuer and the Corporate Services Provider on or about the Closing Date (the **Corporate Services Agreement**).

2. The Mortgage Loans

Provisional Pool

The Provisional Pool consists of:

- (a) 25.3 per cent. of mortgage loans which are subject to a variable rate of interest (**Variable Rate**) set by ICS from time to time calculated by reference to 1 month EURIBOR (**Variable Rate Mortgages**);
- (b) 45.9 per cent. of mortgage loans which are linked to the applicable rate of interest calculated by reference to the European Central Bank benchmark main refinancing operations minimum bid rate (the **ECB Rate**) plus a fixed margin (**Tracker Mortgages**); and
- (c) 28.8 per cent. of mortgage loans which are subject to a fixed rate of interest for a specified period that reverts to the Variable Rate, with the latest date of reversion being 2 January 2019 (**Fixed Rate Mortgages**).

The initial mortgage loans (the **Initial Mortgage Loans**) to be comprised in the Mortgage Pool will consist of residential mortgage loans with an aggregate Principal Balance (as defined below) of approximately €2.95 billion selected by ICS from the Provisional Pool to maintain approximately the same proportion of Variable Rate Mortgages, Tracker Mortgages and Fixed Rate Mortgages.

Mortgage Sale Agreement

Pursuant to the terms of a mortgage sale agreement to be dated the Closing Date (the **Mortgage Sale Agreement**) between the Issuer, ICS and the Trustee (as recipient of the Warranties (as defined below) and of certain undertakings for the benefit of, *inter alios*, the Noteholders), ICS will agree to sell to the Issuer its interest in the Initial Mortgage Loans and their related security for their repayment but excluding the right to receive any early redemption or other breakage fees and break costs (if any), insurance premiums, any amounts arising from the rejection of any payments in respect of the Mortgage Loans and any other amounts which have not been received by BOI in cleared funds. The purchase price (the **Purchase Price**) payable by the Issuer will be an amount equal to the aggregate of the outstanding principal balances and accrued interest (the **Principal Balance**) of such Initial Mortgage Loans as at a date on or prior to the Closing Date (the **Cut-Off Date**). The Purchase Price will be paid by the Issuer on the Closing Date out of the proceeds of the issue of the Notes.

Pursuant to, and under the terms of, the Mortgage Sale Agreement, ICS will transfer the beneficial title to the Initial Mortgage Loans and related security, with a right of the Issuer to call for the legal title thereto in certain circumstances (as described herein), to the Issuer.

The Mortgage Sale Agreement contains certain warranties given by ICS in relation to the Mortgage Loans and their related security sold to the Issuer (the **Warranties**). No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer or the Trustee. Each of the Issuer and the Trustee will rely entirely on the benefit of the Warranties given to it under the Mortgage Sale Agreement.

If there is an unremedied material breach of any of the Warranties then the Issuer will require ICS to repurchase any Mortgage Loan and its related security which is the subject of the relevant unremedied material breach for consideration in cash equal to all sums due or owing thereunder (including accrued interest) as at the date of purchase (after deducting the amount of any interest not then accrued but paid in advance by the relevant Borrower, which amount will be retained by the Issuer). In certain circumstances where the breach of Warranty relates to a Further Advance only, ICS will be required to repurchase the Mortgage 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 are no other circumstances in which ICS would be obliged to repurchase the Mortgage Loans. See *“The Mortgage Pool (Continued)”*.

Mortgage Management

ICS will be appointed, under the terms of the Mortgage Management Agreement, as agent for the Issuer and the Trustee to, *inter alia*, manage the Mortgage Loans and provide cash management services on behalf of the Issuer and the Trustee. In payment for the provision of services pursuant to the Mortgage Management Agreement, ICS as Mortgage Manager will receive a fee payable quarterly in arrear and calculated by reference to the aggregate Principal Balance of the Mortgage Loans managed by it. The appointment of ICS as Mortgage Manager may be terminated by the Issuer or the Trustee on the happening of certain events of default or insolvency relating to ICS or by ICS upon six months prior written notice to the Issuer and the Trustee (or such shorter period as the Trustee may agree subject to the appointment of a substitute mortgage manager). The Mortgage Management Agreement will provide that if the appointment of ICS thereunder is terminated, a substitute mortgage manager with experience of managing mortgage loans secured by mortgages on residential property in Ireland or the United Kingdom may be appointed by the Issuer or the Trustee (subject in each case to the notification in writing of such appointment to the Rating Agencies) on substantially the same terms as those for the Mortgage Manager and the fee payable to any substitute mortgage manager shall not exceed the rate then commonly charged by providers of such mortgage management services. See *“Mortgage Management and the Mortgage Management Agreement”*.

3. Features of the Transaction

Reserve Fund

On the Closing Date, an amount equal to 1.4 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes on the Closing Date (the **Reserve Fund Required Amount**) will be drawn down by the Issuer under the Subordinated Loan Agreement (as defined below) for the purposes of establishing a cash reserve (the **Reserve Fund**).

The Reserve Fund will be available on any Interest Payment Date to meet items (i) to (xiii) of the Pre-Enforcement Interest Priority of Payments (as defined below) before any drawing under the Liquidity Reserve Fund (as defined below) (if any) or application of any Available Redemption Funds (as defined below), as further described in *“Cashflows and Credit Structures – Reserve Fund”*.

Liquidity Reserve

If the long term, unsecured, unsubordinated debt obligations of BOI are rated below A3 by Moody's or A- by Fitch (the **Liquidity Reserve Fund Rating Event**), the Issuer will be obliged to establish and maintain a liquidity reserve from funds forming part of Available Redemption Funds (as defined in *“Cashflows and Credit Structure – Calculation of Available Redemption Funds”*) in an amount equal to (a) 3 per cent. of the Euro Principal Amount Outstanding of the Notes less (b) the balance of the Reserve Fund on each Interest Payment Date that the Liquidity Reserve Fund Rating Event is subsisting, as further described in *“Cashflows and Credit Structure – Liquidity Reserve”*.

Application of Principal to fund Liquidity Shortfalls

If on a Calculation Date (as defined in the Conditions), the amount of Available Revenue Funds (as defined in “Cashflows and Credit Structure – Calculation of Available Revenue Funds”) (together with available amounts from the Reserve Fund and the Liquidity Reserve Fund) is insufficient to pay or provide for items (i) to (xiii) of the Pre-Enforcement Interest Priority of Payments (as defined in “Cashflows and Credit Structure – Pre-Enforcement Interest Priority of Payments”), an amount of the Available Redemption Funds, to the extent there are such funds available, may be applied in meeting any such shortfall and any such amount shall be treated as Available Revenue Funds. However, the amount of Available Redemption Funds utilised in this manner will not be available to pay interest on the B Notes, the C Notes and/or the D Notes if the PDL Ratio (as defined in “Cashflows and Credit Structure – Pre-Enforcement Principal Priority of Payments”) in respect of the relevant Class of Notes is breached. See “Cashflows and Credit Structure – Application of Principal to fund Liquidity Shortfalls”.

Interest Rate Hedging

In order to hedge the interest rate risks (i) associated with the difference between the fixed rate of interest payable on the Fixed Rate Mortgages and the floating rate of interest payable on the Notes based on 3 Month EURIBOR and (ii) associated with differences between the Variable Rate or the ECB Rate and 3 Month EURIBOR (as defined in the Conditions), the Issuer will on the Closing Date enter into an interest rate swap transaction (the **Interest Rate Swap Transaction**), with a counterparty which is expected to be ICS (the **Interest Rate Swap Counterparty**) and if ICS, its obligations under the Interest Rate Swap Transaction will be guaranteed under an interest rate swap guarantee (the **Interest Rate Swap Guarantee**) by a suitably rated guarantor (the **Interest Rate Swap Guarantor**) which is expected to be BOI.

The terms of the Interest Rate Swap Transaction will provide that on each Interest Payment Date the Issuer will pay to the Interest Rate Swap Counterparty an amount equal to the excess (if any) of X over Y and the Interest Rate Swap Counterparty will pay to the Issuer an amount equal to the excess (if any) of Y over X, which amount will be calculated by the Mortgage Manager on the Calculation Date immediately preceding such Interest Payment Date and where:

“X” equals an amount equal to the product of applying the Blended Mortgage Rate to the Notional Amount, multiplied by D/365, where D is the actual number of days in the Interest Period (as defined in the Conditions) ending on that Interest Payment Date; and

“Y” equals an amount equal to the product of applying 3 Month EURIBOR to the Notional Amount multiplied by D/360, where D is the actual number of days in the Interest Period ending on that Interest Payment Date.

For these purposes:

Notional Amount means, in respect of the Interest Period commencing on the Closing Date, €2,950,103,846 and, thereafter, the aggregate Euro Principal Amount Outstanding of the Notes on the first day of each Interest Period, as calculated on the relevant Calculation Date; and

Blended Mortgage Rate, as determined on such Calculation Date, means the blended mortgage rate, calculated as the weighted average interest rate applicable to the Mortgage Loans, weighted according to the principal balance outstanding under the Mortgage Loans on the first day of the Calculation Period occurring immediately before such Calculation Date, less 0.82 per cent.

As the Interest Rate Swap Counterparty is not currently rated by the Rating Agencies, the Interest Rate Swap Guarantor will enter into the Interest Rate Swap Guarantee dated on or about the Closing Date with the Issuer and the Trustee, pursuant to which the Interest Rate Swap Guarantor will unconditionally and irrevocably guarantee the Interest Rate Swap Counterparty’s payment obligations under the Interest Rate Swap Transaction. The Interest Rate Swap Guarantor’s obligations under the Interest Rate Swap Guarantee are general, unsecured and senior obligations and will rank equally in right of payment with all existing and future obligations of the Interest Rate Swap Guarantor that are not secured or subordinated. See “Hedging Arrangements – Interest Rate Hedging”.

Currency Hedging

The purchase price payable under the Mortgage Sale Agreement will be payable in euro. The Issuer will receive Dollars for the Dollar Notes which will have to be exchanged into euro by the Cross Currency Swap

Counterparty at a fixed rate of exchange in order to pay, *inter alia*, the purchase price due under the Mortgage Sale Agreement and to purchase Further Advances or Substitute Mortgage Loans (each as defined in the Conditions). The Cross Currency Swap Counterparty will exchange amounts received from the Noteholders denominated in Dollars into euro at the rate of exchange of 1 euro to 1.30 Dollars (the **Dollar Swap Rate**).

Amounts payable under the Mortgage Loans are denominated in euro while amounts payable under the Dollar Notes are payable in Dollars. Further, the interest rate payable under the Dollar Notes is calculated by reference to Dollar LIBOR.

In order to hedge (i) the currency risk and interest rate risk arising by virtue of the foreign exchange risk between euro and Dollars, and (ii) the interest rate risk between 3 Month EURIBOR and 3 Month Dollar LIBOR, in respect of the Dollar Notes, the Issuer will, on or before the Closing Date, enter into cross currency and interest rate swap transactions (the **Cross Currency Swap Transactions**) with a suitably rated swap counterparty, which is expected to be Barclays Bank PLC (in such capacity, the **Cross Currency Swap Counterparty**).

Under the Cross Currency Swap Transactions the Issuer will make payments to the Cross Currency Swap Counterparty in euro based on 3 Month EURIBOR and the Cross Currency Swap Counterparty will make payments to the Issuer in Dollars based on 3 Month Dollar LIBOR. Principal payments in euro equal to the amounts available to be applied in repayment of the Dollar Notes will be made by the Issuer to the Cross Currency Swap Counterparty and be converted into Dollars at the Dollar Swap Rate on the relevant Interest Payment Date. See "*Hedging Arrangements – Currency Hedging*".

The Issuer will not be required to gross-up for any withholding tax on payments made under the Interest Rate Swap Transaction or the Cross Currency Swap Transactions.

The Interest Rate Swap Transaction and the Cross Currency Swap Transactions are together referred to in this Prospectus as the **Swap Transactions** and individually referred to as a **Swap Transaction**. The Interest Rate Swap Counterparty and the Cross Currency Swap Counterparty are together referred to in this Prospectus as the **Swap Counterparties** and each a **Swap Counterparty**.

Guaranteed Investment Contract

In accordance with the Mortgage Management Agreement, the Mortgage Manager, on behalf of the Issuer, will deposit any cash amounts up to certain limits (described below and in "*Cashflows and Credit Structure – Guaranteed Investment Contract*") which it receives from the Collection Accounts (as defined below), the Reserve Fund and any payments received under the Swap Transactions into an account of the Issuer (the **GIC Account**) maintained at BOI (the **GIC Provider**) which is the subject of an agreement between, the Issuer, the Trustee and ICS dated on or about the Closing Date (the **GIC Agreement**).

The maximum cash amount which may from time to time be deposited by the Issuer in the GIC Account will depend on the short term debt ratings of the GIC Provider. For so long as BOI maintains its current short term debt rating and its obligations are not guaranteed by a suitably rated guarantor, the maximum cash amount which may from time to time be deposited in the GIC Account will be equal to 20 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes. See "*Cashflows and Credit Structure – Guaranteed Investment Contract*".

Subordinated Loan

On or prior to the Closing Date, the Issuer will enter into a subordinated loan facility (the **Subordinated Loan Agreement**) with ICS and the Trustee pursuant to which ICS will provide the Issuer with a subordinated loan (the **Subordinated Loan**) in two tranches. Tranche A of the Subordinated Loan will be drawn by the Issuer on the Closing Date and will be used in order to fund the fees, costs and expenses of the Issuer in connection with the issue of the Notes, in an amount of €4,000,000. Tranche B of the Subordinated Loan will be used to fund the Reserve Fund in an amount of €41,301,454.

4. The Notes

Each of the A Notes, B Notes, C Notes and D Notes will be issued subject to the provisions of, and have the benefit of, the Trust Deed and will share in the same security. The Notes will rank in point of security and as to payment of principal and interest as described further in "*Cashflows and Credit Structure – Subordination*" and "*Terms and Conditions of the Notes - Status, Ranking and Security*" below.

Form, Registration and Transfer of Notes

The Notes are issued in registered form and in the denomination of U.S.\$100,000 for the Dollar Notes and €50,000 for the Euro Notes. The A Notes, to be sold within the United States to QIBs in reliance on Rule 144A (the **Rule 144A Notes**) will each be represented by a global note certificate (each a **Rule 144A Global Note**). It is expected that the Rule 144A Global Notes will be deposited with a custodian and registered in the name of DTC or its nominee on or about the Closing Date. For the avoidance of doubt, the B Notes, the C Notes and the D Notes will not be sold within the United States.

The Notes to be sold in reliance on Regulation S (the **Regulation S Notes**) will each be represented by a global note certificate (each a **Regulation S Global Note**). The Regulation S Global Notes together with the Rule 144A Global Notes are referred to as **Global Notes**.

It is expected that the Regulation S Global Notes will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg on or about the Closing Date.

Transfers of interests in the Global Notes will be subject to certain restrictions. In particular, to enforce the restrictions on transfers of interests in any Notes issued in the form of a Global Note, the Trust Deed permits the Issuer to demand that the holder of any interest in a Rule 144A Global Note held by a U.S. person, as defined in Regulation S, who is determined not to have been a QIB at the time of acquisition of such note, sell such interest to a holder that is permitted under the Trust Deed and, if the holder does not comply with such demand within 30 days thereof, the Issuer may sell such holder's interest in such Notes (and interests therein). In addition, transferees of Global Notes will be deemed to have made certain representations relating to compliance with all applicable securities, ERISA and tax laws.

A beneficial interest in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the corresponding Rule 144A Global Note only upon receipt by the Registrar of a written certificate from the transferor (in the form provided in the Trust Deed) to the effect that, among other things, such transfer is being made to a person whom the transferor reasonably believes is a QIB.

Except in limited circumstances, the Notes will not be available in definitive form. For so long as a class of Regulation S Notes are represented by a Regulation S Global Note held by the Common Depositary, such Regulation S Global Note will be transferable in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg. For so long as a class of Rule 144A Notes are represented by a Rule 144A Global Note held by the custodian and registered in the name of DTC or its nominee, such Rule 144A Global Note will be transferable in accordance with the rules and procedures for the time being of DTC.

The Notes represented by interests in a Regulation S Global Note may be exchanged only for interests in the corresponding Rule 144A Global Note in connection with transfers to U.S. persons who are eligible to hold such Notes pursuant to Rule 144A and otherwise in compliance with the Securities Act and upon appropriate certification in the manner provided in the Trust Deed. During the 40-day distribution compliance period (as defined in Regulation S) the Notes represented by interests in a Rule 144A Global Note may be exchanged only for interests in a corresponding Regulation S Global Note in connection with transfers to non-U.S. persons in a transaction meeting the requirements of Rule 903 or 904 of Regulation S under the Securities Act and otherwise in compliance with the Securities Act and upon appropriate certification in the manner provided in the Trust Deed.

Subordination

The A Notes, the B Notes, the C Notes and the D Notes are subject to the Trust Deed and are secured by the same security. The A1 Notes rank *pari passu* without preference or priority amongst themselves. Prior to enforcement of the security, the A1 Notes rank ahead of the A2 Notes and the A3 Notes in point of payment of principal. The A2 Notes rank *pari passu* without preference or priority amongst themselves. Prior to enforcement of the security, the A2 Notes rank ahead of the A3 Notes in point of payment of principal. The A3 Notes rank *pari passu* without preference or priority amongst themselves. The A Notes rank *pari passu* without preference or priority amongst themselves (other than in respect of payment of principal, as described above) but in priority to the B Notes, the C Notes and the D Notes in point of payment and security. The B Notes rank *pari passu* without preference or priority amongst themselves, but in priority to the C Notes and the D Notes in point of payment and security but subordinate to the A Notes in point of payment and security. The C Notes rank *pari passu* without preference or priority amongst themselves, but in priority to the D Notes in point of payment and security but subordinate to the A Notes and the B Notes in point of payment and security. The D Notes rank *pari passu* without preference or priority amongst themselves, but subordinate to the A Notes, the B

Notes and the C Notes in point of payment and security.

Interest on the Notes

Interest is payable in arrear on 11 June 2007, and thereafter quarterly in arrear on the 10th day in March, June, September and December in each year, or if such day is not a Business Day (as defined in the Conditions), the next succeeding Business Day (each such date, an **Interest Payment Date**) on the Dollar Notes at an annual rate of the London Interbank Offered Rate for three month dollar deposits (**USD-LIBOR**) (or in the case of the first Interest Period only, the rate obtained by the linear interpolation of the rate for 3 month and 4 month Dollar deposits in the market;) plus a margin of 0.02 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.04 per cent. per annum, in the case of the A1 Notes, and 0.06 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.12 per cent. per annum, in the case of the A2 Notes; and on the Euro Notes at an annual rate of the euro Interbank Offered Rate (**EURIBOR**) for three month euro deposits (or in the case of the first Interest Period only, the rate obtained by the linear interpolation of the rate for 3 month and 4 month euro deposits in the market) plus a margin of 0.10 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.20 per cent. per annum, in the case of the A3 Notes, 0.13 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.26 per cent. per annum, in the case of the B Notes, 0.22 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.44 per cent. per annum, in the case of the C Notes and 0.41 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.82 per cent. per annum, in the case of the D Notes. Each period from (and including) an Interest Payment Date (or the Closing Date) to (but excluding) the next (or first) Interest Payment Date is an **Interest Period**.

Interest in respect of Euro Notes will be payable in euro. Interest in respect of Dollar Notes will be payable in Dollars.

Redemption and Purchase

(a) *Optional Early Redemption of Notes*

The Issuer may, at its option, redeem all (but not some only) of the Notes in full on any Interest Payment Date (i) falling on or after the Interest Payment Date falling in March 2012 or (ii) on which the aggregate Euro Principal Amount Outstanding of the Notes is equal to or less than 10 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes on the Closing Date. See further Condition 6(d) ("*Redemption, Purchase and Cancellation - Optional Early Redemption of the Notes*"). For the avoidance of doubt, the Issuer is not obliged to redeem the Notes under Condition 6(d) and there can be no guarantee that it will do so.

(b) *Optional Redemption for Tax Reasons*

The Issuer is entitled (but not obliged) to redeem on any Interest Payment Date the Principal Amount Outstanding (together with accrued interest) of all (but not some only) of the Notes then outstanding if: (i) there is any withholding tax imposed by Ireland in relation to payments to be made by the Issuer on any of the Notes or by the Issuer and/or the Swap Counterparty under any of the Swap Transactions; (ii) the Issuer is no longer entitled to relief for Irish tax purposes on payments of interest made under the Notes or payments made or received by it under any of the Swap Transactions and would as a result be subject to an increased liability to taxation for any accounting period; or (iii) following a change in tax law or the application or official interpretation thereof, the amounts payable to the Issuer in respect of the interest from Borrowers under the Mortgages cease to be receivable in full, subject to the provisions set out in Condition 6(e) ("*Redemption, Purchase and Cancellation - Optional Redemption of the Notes for Tax Reasons*").

(c) *Mandatory Redemption in Part prior to a Pro-Rata Trigger Event*

Prior to enforcement of the security for the Notes, the Notes will be subject to mandatory redemption in part on each Interest Payment Date in accordance with Condition 6(b) ("*Redemption, Purchase and Cancellation - Mandatory Redemption in Part*"). Prior to the occurrence of a Pro-Rata Trigger Event (as defined below), the Classes of Notes will be redeemed sequentially in descending order of seniority commencing with the A1 Notes in accordance with Condition 6(b), in each case *pro rata* within each Class of Notes as further described in "*Cashflows and Credit Structure - Pre-Enforcement Principal Priority of Payments*".

(d) *Mandatory Redemption in Part following a Pro-Rata Trigger Event*

Following the occurrence of a Pro-Rata Trigger Event, each Class of Notes will be redeemed *pro rata* (in accordance with the Euro Principal Amount Outstanding of each) provided that amounts available to redeem

the A Notes will be applied in first redeeming the A1 Notes, then the A2 Notes and finally the A3 Notes.

A **Pro-Rata Trigger Event** will occur if, on any Calculation Date, X is greater than or equal to two times Y where:

X = the Euro Principal Amount Outstanding of the A Notes as at the Closing Date divided by the aggregate Euro Principal Amount Outstanding of the B Notes, the C Notes and the D Notes as at the Closing Date; and

Y = the Euro Principal Amount Outstanding of the A Notes as at that Calculation Date divided by the aggregate Euro Principal Amount Outstanding of the B Notes, the C Notes and the D Notes as at that Calculation Date,

provided that a Pro-Rata Trigger Event will be deemed not to have occurred if any of the following events has occurred and is subsisting as at that Calculation Date:

- (a) the aggregate Principal Balance of those Mortgage Loans which are 90 days or more in arrears exceeds 3 per cent. of the aggregate Principal Balance of all the Mortgage Loans;
- (b) the balance of the Reserve Fund is less than the Required Reserve Fund Amount;
- (c) the balance of the Liquidity Reserve Fund (if established) is less than the Liquidity Reserve Required Amount;
- (d) on the date immediately following the next Interest Payment Date, there will be a debit balance on any Principal Deficiency Ledger;
- (e) the aggregate Euro Principal Amount Outstanding of the Notes as at the Calculation Date is less than 10 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes as at the Closing Date; or
- (f) the Issuer has exercised its option to redeem the Notes pursuant to Condition 6(d) ("*Optional Early Redemption of the Notes*") or 6(e) ("*Optional Redemption of the Notes for Tax Reasons*") of the Notes.

See "*Cashflows and Credit Structure – Pre-Enforcement Principal Priority of Payments*".

- (e) *Final Redemption*

Unless previously redeemed and cancelled in full, the A1 Notes will mature on the Interest Payment Date falling in June 2014 (the **A1 Maturity Date**) and the A2 Notes, the A3 Notes, the B Notes, the C Notes and the D Notes will mature on the Interest Payment Date falling in December 2043 (the **Final Maturity Date** and together with the A1 Maturity Date, the **Maturity Dates**).

- (f) *Purchases of Notes*

The Issuer shall not be permitted to purchase any Notes.

Security for the Notes

Pursuant to a deed of charge to be entered into between, *inter alios*, the Issuer and the Trustee on or about the Closing Date (the **Deed of Charge**), the Notes will be secured by, *inter alia*:

- (a) a first fixed charge over the Issuer's right, title, interest and benefit in the Mortgage Loans and certain related security;
- (b) an assignment by way of security of the Issuer's interest in certain insurance contracts so far as they relate to the Mortgage Loans (in so far as such interests are capable of assignment);
- (c) an assignment by way of security of the benefit of the Issuer's right, title, benefit and interest, present and future in the Transaction Documents other than the Notes and the Trust Documents (each as defined in the Conditions);
- (d) a first fixed charge over the Issuer's interest in (x) the GIC Account and any other bank account of the Issuer from time to time and the debts represented thereby other than any account included in Excluded Assets (as defined in the Conditions), and (y) any Authorised Investments (as defined below)

made from time to time out of the proceeds of the GIC Account (including all monies payable thereunder or accrued thereon) (which, in either case, may take effect as a floating charge and so rank behind the claims of any preferential creditors of the Issuer); and

- (e) a floating charge over all the present and future assets and undertaking of the Issuer not subject to the fixed charges or assignments by way of security as described above, other than the Excluded Assets,

(the **Security**, being further described in "*Terms and Conditions of the Notes - Status, Ranking and Security*" below).

Ratings

It is expected that, when issued, the A Notes will be rated AAA by S&P, Aaa by Moody's and AAA by Fitch; the B Notes will be rated AA+ by S&P, Aa3 by Moody's and AA+ by Fitch; the C Notes will be rated A by S&P, A3 by Moody's and A by Fitch; and the D Notes will be rated BBB+ by S&P, Baa3 by Moody's and BBB+ by Fitch. 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 Agency.

Withholding Tax

Payments of interest and principal with respect to the Notes will be subject to any applicable withholding taxes and the Issuer will not be obliged to pay additional amounts or to gross-up in relation thereto. The applicability of any Irish withholding taxes is discussed under "*Taxation*" below.

United States tax status

A discussion of the material U.S. federal income tax consequences of the purchase, ownership and disposition of the Notes is set out in "*Taxation - United States Federal Income Taxation*". As set forth in that discussion, it is anticipated that, upon issuance of the Notes, Clifford Chance US LLP, as U.S. tax adviser to the Issuer, will deliver their opinion that, although there is no authority on the treatment of Notes substantially similar to the A Notes, the A Notes, when issued, will be treated as debt for U.S. federal income tax purposes.

Use of Proceeds

The gross proceeds of the issue of the Notes are expected to amount to U.S.\$2,176,400,000 and €1,275,950,000 and will be used (after exchanging on the Closing Date the gross proceeds of the Dollar Notes for euro proceeds by reference to the Dollar Swap Rate) in financing the purchase of the Initial Mortgage Loans and the related security from ICS under the Mortgage Sale Agreement on the Closing Date.

RISK FACTORS

This section describes the principal risks associated with an investment in the Notes. This section is not intended to be exhaustive. Investors considering purchasing the Notes, should carefully read and think about all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision. In addition, this Prospectus contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below and elsewhere in this Prospectus.

1. Risks Related to the Notes

Noteholders cannot rely on any person other than the Issuer to make payments on the Notes

The Issuer is the only party responsible for making payments on the Notes. The Notes do not represent an interest in or obligation of, and are not insured or guaranteed by, any of ICS, BOI, any member of the BOI Group, the Arranger, the Managers, the Trustee, the Agents, any Swap Counterparty or any of their respective affiliates or any other party to the transaction other than the Issuer.

Noteholders may not be able to sell the Notes

There currently is no secondary market for the Notes. The Joint Lead Managers expect, but are not obliged, to make a market in the Notes. If no secondary market develops, Noteholders may not be able to sell the Notes prior to maturity. The Issuer cannot offer any assurance that a secondary market will develop or, if one does develop, that it will continue to exist. In addition, there may be varying degrees of liquidity in any such secondary market for the Notes depending on certain factors, including the then Principal Amount Outstanding of the relevant Class of Notes.

The Issuer has a limited amount of resources available to it to make payments on the Notes

The Issuer's ability to make payments of interest on, and principal of, the Notes and to pay its operating and administrative expenses will depend primarily on funds being received under the Mortgage Loans. In addition, the Issuer will rely on the swaps to provide payments on all Classes of Notes. The Issuer will not have any other significant sources of funds available to meet its obligations under the Notes and/or any other payments ranking in priority to the Notes other than the amount of funds credited to the Reserve Fund (as described under "*Cashflows and Credit Structure - Reserve Fund*"). If the resources described above cannot provide the Issuer with sufficient funds to enable it to make required payments on the Notes, Noteholders may incur a loss of interest and/or principal which would otherwise be due and payable on the Notes.

The Issuer is not required to make payments on certain Classes of Notes if it does not have enough money to do so, which could adversely affect payment on the Notes

The Issuer's ability to pay amounts due on the Notes will depend upon:

- the Issuer receiving enough funds from the proceeds of revenue and principal receipts on the Mortgage Loans on or before each Interest Payment Date;
- the Issuer receiving funds from the Interest Rate Swap Counterparty and Cross Currency Swap Counterparty;
the amount of funds credited to the Reserve Fund; and
- the amount of funds credited to the Liquidity Reserve Fund (if any).

On each Interest Payment Date, however, the Issuer will only be obliged to pay amounts due by it in respect of each Class of Notes to the extent that it has funds available to do so after making payments ranking in priority to such Class of Notes (such as payments of certain fees and expenses and Notes of a more senior ranking) and taking into account payments ranking equally with such Notes. If the Issuer does not pay amounts in respect of the Notes (other than the A Notes) because it does not have sufficient funds available, those amounts will not fall due but will be deferred until funds are available to pay such amounts on the Notes (other than the A Notes) in accordance with the Payment Priorities. The Issuer's failure to pay those amounts in such circumstances will not constitute an Event of Default until the relevant Maturity Date of the relevant Notes. As a result Noteholders may not receive the full amount of interest and/or principal which would otherwise be due and payable on those Notes.

Excess revenue funds available to the Issuer may not be sufficient to replenish principal that has been used to pay interest due on the Notes, which may result in the Notes not being repaid in full

If, on any Interest Payment Date, Available Revenue Funds together with other funds available to the Issuer from the Reserve Fund and the Liquidity Reserve Fund (if any) are insufficient to enable the Issuer to pay interest on the Classes of Notes and the Issuer's other expenses ranking in priority to interest due on Classes of Notes, then the Issuer may use principal receipts received on the Mortgage Pool to make up that revenue shortfall.

During the term of the transaction, however, it is expected that in the ordinary course these principal deficiencies will be recouped from subsequent excess Available Revenue Funds. However, if subsequent excess Available Revenue Funds are insufficient to recoup those principal deficiencies, this will affect the funds that the Issuer has available to make payments on the Notes of any Class and as a consequence, Noteholders may receive principal later than anticipated, or Noteholders may not receive in full, repayment of the Principal Amount Outstanding on the Notes. See "*Cashflows and Credit Structure – Application of Principal to fund Liquidity Shortfalls*" and "*Cashflows and Credit Structure - Application of Revenue to fund Principal Shortfalls*".

Subordination of other Note Classes may not protect Noteholders from all risk of loss

Other than upon enforcement of security, the A2 Notes and the A3 Notes are subordinated in right of payment of principal to the A1 Notes and the A3 Notes are subordinated in right of payment of principal to the A2 Notes.

The B Notes, the C Notes and the D Notes are subordinated in right of payment and security to the A Notes. The C Notes and the D Notes are subordinated in right of payment and security to the A Notes and the B Notes. The D Notes are subordinated in right of payment and security to the A Notes, the B Notes and the C Notes.

In certain circumstances, each Class of Notes may be redeemed *pro rata*. See "*Cashflows and Credit Structure – Pre-Enforcement Principal Priority of Payments – Application of Available Redemption Funds after the occurrence of a Pro-Rata Trigger Event*".

There is no assurance that these subordination rules will protect any Class of Noteholders ranking senior to another Class of Noteholders from all risk of loss. If the losses borne by the D Notes, the C Notes and the B Notes are in an aggregate amount equal to the aggregate Principal Amount Outstanding of the D Notes, the C Notes and the B Notes, then losses on the Mortgage Loans will thereafter be borne by the A Notes at which point there may be an Event of Default under the Notes. If the losses borne by the D Notes and the C Notes are in an aggregate amount equal to the aggregate Principal Amount Outstanding of the D Notes and the C Notes, then losses on the Mortgage Loans will thereafter be borne by the B Notes at which point there may be an Event of Default under the Notes. Finally, if the losses allocated to the D Notes are in an aggregate amount equal to the aggregate Principal Amount Outstanding of the D Notes, then losses on the Mortgage Loans will thereafter be borne by the C Notes at which point there may be an Event of Default under the Notes. See "*Cashflows and Credit Structure – Subordination*".

The Issuer relies on third parties and Noteholders may be adversely affected if they fail to perform their obligations

The Issuer is a party to contracts with a number of other third parties that have agreed to perform services in relation to the Notes. For example, the Swap Counterparties will agree to provide hedging facilities under the respective Swap Transactions, the GIC Provider has agreed to provide deposit facilities, the Mortgage Manager has agreed to provide mortgage management services and the Paying Agents and the Agent Bank have agreed to provide payment and calculation services in connection with the Notes. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

The recourse of the Noteholders against the Issuer is limited

The only remedy for recovering amounts due on the Notes is through the enforcement of the Security by the Trustee in accordance with the Deed of Charge. Noteholders may not directly enforce the Issuer's obligation to repay Notes or the Issuer's right to payment of amounts due under the Mortgage Loans.

The Issuer's obligations in respect of the Notes and to the Trustee and the Noteholders are limited to the proceeds of enforcement of the Security granted in respect of the Notes. In the circumstances where amounts to be paid by the Issuer in accordance with the Payment Priorities following enforcement of the Notes is greater than the amount realised from the Security, the Issuer will not be obliged to pay any amounts representing such

shortfall and any claims in respect of such shortfall shall be extinguished.

Neither the Trustee nor the Noteholders shall be entitled to institute against the Issuer any bankruptcy, reorganisation, arrangement, examination, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with its obligations under the Notes or the other Transaction Documents save for lodging a claim in the Issuer's liquidation which is initiated by a third party. See "*Terms and Conditions of the Notes – Condition 16 (Limited Recourse and Non Petition)*".

The occurrence of enforcement of the Security may accelerate the repayment of certain Notes and/or delay the repayment of other Notes

If the Security has been enforced, the Trustee will distribute principal receipts on the Mortgage Loans after making certain prior ranking payments, to repay:

- first, *pro rata* and *pari passu*, the A Notes until each of the A Notes is fully repaid;
- then, *pro rata* and *pari passu*, the B Notes until each of the B Notes is fully repaid;
- then, *pro rata* and *pari passu*, the C Notes until each of the C Notes is fully repaid; and
- then, *pro rata* and *pari passu*, the D Notes until each the D Notes is fully repaid.

The above priority of payments may on enforcement of the Security cause certain Classes of Notes to be repaid more rapidly than expected and other Classes of Notes to be repaid more slowly than expected and there is a risk that Notes repaid more slowly may not be repaid by their final Maturity Date.

The Trustee may agree to modifications to the Transaction Documents without Noteholder's prior consent, which may adversely affect Noteholder's interests

Pursuant to the Trust Deed, the Trustee may agree, without the consent of the Noteholders, to any modification to the Transaction Documents (except a Basic Terms Modification) which in the opinion of the Trustee (i) is not materially prejudicial to the interests of the Noteholders, or (ii) that is made to correct a manifest error or is of a formal, minor or technical nature. The Trustee in determining whether the exercise of its discretion will not be materially prejudicial to Noteholders' interests may take account of a confirmation from the Rating Agencies that the then current rating by it of the Notes would not be adversely affected by such exercise.

There may be a conflict between the interests of the holders of the various Classes of Notes, and the interests of other Classes of Noteholders may prevail over individual Noteholder's interests

The Trust Deed, the Deed of Charge and the terms of the Notes will provide that the Trustee is to have regard to the interests of the holders of all the Classes of Notes. There may be circumstances, however, where the interests of one Class of the Noteholders conflict with the interests of another Class or Classes of the Noteholders. In general, the Trustee will give priority to the interests of the holders of the Most Senior Class of Notes such that:

- the Trustee is to have regard only to the interests of the Class A Noteholders in the event of a conflict between the interests of the Class A Noteholders on the one hand and the Class B Noteholders and/or the Class C Noteholders and/or Class D Noteholders on the other hand;
- (if there are no A Notes outstanding) the Trustee is to have regard only to the interests of the Class B Noteholders in the event of a conflict between the interests of the Class B Noteholders on the one hand and the Class C Noteholders and/or Class D Noteholders on the other hand; and
- (if there are no A Notes or B Notes outstanding) the Trustee is to have regard only to the interests of the Class C Noteholders in the event of a conflict between the interests of the Class C Noteholders on the one hand and the Class D Noteholders on the other hand.

Noteholders may be subject to exchange rate and interest rate risks

Repayments of principal and payments of interest on the A1 and A2 Notes will be made in a currency other than euro but repayments of principal and payments of interest on the Mortgage Loans will be in euro. In addition, some of the Mortgage Loans carry variable rates of interest, some of the Mortgage Loans pay interest

at a fixed rate or rates of interest and some of the flexible Mortgage Loans pay interest at variable rates of interest no higher than a certain margin over the ECB Rate. However, these interest rates on the Mortgage Loans will not necessarily match the rates of interest payable by the Issuer under the Notes (which will be calculated pursuant to a margin over LIBOR for three month U.S. Dollar deposits or EURIBOR for three month euro deposits, as the case may be, and will be payable in quarterly instalments).

To hedge the Issuer's currency exchange rate exposure and/or interest rate exposure in such cases, on the Closing Date the Issuer will, where applicable, enter into appropriate currency and/or interest rate swap transactions for such Notes with the relevant Swap Counterparties. See "*Hedging Arrangements*".

Each Swap Counterparty is obliged only to make payments under a Swap Transaction as long as the Issuer makes timely payments under the relevant Swap Transaction. If such Swap Counterparty is not obliged to make payments of, or if it defaults in its obligations to make payments of, amounts equal to the full amount scheduled to be paid to the Issuer on the dates for payment specified under the relevant Swap Transaction or such Swap Transaction is otherwise terminated, the Issuer will be exposed to changes in the exchange rates between euro and Dollars and changes in or differences between the relevant interest rates. In any of these events, unless a replacement Swap Transaction is entered into, the Issuer may have insufficient funds to make payments due on the applicable Class of Notes.

Swap termination payments may adversely affect the funds available to make payments on the Notes

If any of the Swap Transactions terminate, the Issuer may be obliged to pay a swap termination payment to the relevant Swap Counterparty. The amount of the applicable swap termination payment will be based on the cost of entering into a replacement swap transaction.

Except where termination of a Swap Transaction occurs as a result of a swap provider default, the Issuer's obligation to make any swap termination payment due by the Issuer will rank equally with payments due on the A Notes. Any additional amounts required to be paid by the Issuer following termination of the relevant swap transaction (including any extra costs incurred (for example, from entering into other hedging transactions) if the Issuer cannot immediately enter into a replacement swap) will also rank at least equally with payments due on the A Notes. See "*Hedging Arrangements*" and "*Cashflows and Credit Structure – Pre-Enforcement Interest Priority of Payments*".

The Issuer cannot give Noteholders any assurance that it will have the funds available to make any swap termination payment under any of the Swap Transactions or to make subsequent payments to Noteholders in respect of the relevant Class of Notes. Nor can the Issuer give any assurance that it will be able to enter into a replacement swap, or if one is entered into, that the credit rating of the replacement swap provider (notwithstanding the terms of the Transaction Documents) will be sufficiently high to prevent a reduction, qualification or withdrawal of the then current ratings of the Notes by the Rating Agencies.

Ratings assigned to the Notes may be lowered or withdrawn after purchasing the Notes, which may lower the market value of the Notes

The ratings assigned to each Class of Notes address the likelihood of full and timely payment to Noteholders of all payments of interest on each Interest Payment Date under those Classes of Notes. The ratings also address the likelihood of ultimate repayment of principal on the final Maturity Date of each Class of Notes. The expected ratings of each Class of Notes are set out in "*Summary Information - Ratings*". A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, supervision or withdrawal at any time by the relevant Rating Agencies. In particular, any Rating Agency may lower, withdraw or qualify its rating if, in the sole judgment of the Rating Agency, the credit quality of the Notes has declined or is in question. If any rating assigned to the Notes is lowered, withdrawn or qualified, the market value of the Notes may be reduced.

2. Risks Related to the Mortgage Loans

The Issuer will only have recourse to ICS if there is a breach of Warranty by ICS, and otherwise ICS' assets will not be available to the Issuer as a source of funds to make payments on the Notes

The Issuer will not, and the Trustee, Arranger or Managers will not, undertake any detailed investigations, searches or other actions on any Mortgage Loan or its related security and the Issuer and the Trustee will rely instead on the Warranties given in the Mortgage Sale Agreement by ICS. The Arranger and the Managers will rely only on the Warranties given by ICS and the Issuer in the Subscription Agreement.

If any of the Warranties made by ICS is materially untrue on the date on which a Mortgage Loan is assigned to the Issuer, then, in the first instance, ICS will be required to remedy the breach (if capable of remedy) within 28 days of ICS becoming aware of the same or of receipt by it of a notice from the Issuer.

If ICS fails to so remedy the breach of Warranty or if such breach is not capable of remedy, then the Issuer will require ICS to repurchase from the Issuer (i) the relevant Mortgage Loan and its related security and (ii) any other Mortgage Loans of the relevant Borrower and their related security that are included in the Mortgage Pool, in each case at their current balance as of the date of completion of such repurchase together with all interest (whether due or accrued but not due) and arrears of interest payable thereon to the date of repurchase. There can be no assurance that ICS will have the financial resources to repurchase the Mortgage Loan or Mortgage Loans and their related security.

Other than as described here, none of the Trustee, the Noteholders or the Issuer will have any recourse to the assets of ICS in relation to a breach of Warranty under the Mortgage Sale Agreement. See "*Mortgage Pool (Continued) – Warranties and Breach of Warranties*".

The criteria for the assignment of Substitute Mortgage Loans to the Issuer may change over time without Noteholder's consent

The criteria for Substitute Mortgage Loans to be assigned to the Issuer may be amended in the future without Noteholders consent. As a result, the Mortgage Pool may include types of Mortgage Loans in the future with different characteristics than those currently in the Mortgage Pool. This may occur, for example, due to the development of new mortgage loan products in response to changing market conditions. Any such amendments would require the consent of the parties to the Mortgage Sale Agreement, including the Trustee, and may also require the consent of one or more of the Rating Agencies.

As Substitute Mortgage Loans and Further Advances are assigned to the Issuer and as Mortgage Loans are in certain circumstances removed from the Mortgage Pool, the characteristics of the Mortgage Pool may change from those existing at the Closing Date , and those changes may delay or reduce payments on the Notes

The Issuer does not guarantee that the characteristics of any Substitute Mortgage Loans and Further Advances assigned to it will have the same characteristics as the Mortgage Loans in the Mortgage Pool as at the Closing Date. In particular, Substitute Mortgage Loans may have different payment characteristics from the Mortgage Loans in the Mortgage Pool as at the Closing Date. The ultimate effect of this could be to delay or reduce the payments Noteholders receive on the Notes or to increase the rate of repayment of the Notes. However, the Substitute Mortgage Loans and Further Advances will be required to meet the conditions described under "*The Mortgage Pool (Continued) – Further Advances*" and "*- Substitute Mortgage Loans*".

ICS may change the ICS Lending Criteria relating to Mortgage Loans which are subsequently assigned to the Issuer which could affect the characteristics of the Mortgage Pool, and which could lead to a delay or a reduction in the payments received on the Notes or could increase the rate of repayment of the Notes

Each of the Mortgage Loans which will be initially purchased by the Issuer will have been originated in accordance with the ICS Lending Criteria applicable at the time of origination, which lending criteria in the case of each Mortgage Loan included in the Mortgage Pool as at the Closing Date were the same as or substantially similar to the criteria described later in this Prospectus under "*The ICS Mortgage Business – ICS Lending Criteria*", subject to such deviation in individual cases made in accordance with the standards of a Prudent Mortgage Lender. These lending criteria consider a variety of factors such as a potential Borrower's credit history, employment history and status and repayment ability, as well as the value of the Property to be mortgaged. In the event of the assignment of any Substitute Mortgage Loans and their related security and/or Further Advances to the Issuer, ICS will warrant to the Issuer and the Trustee, that those Substitute Mortgage Loans and related security and/or Further Advances were originated in accordance with ICS' lending criteria applicable at the time of their origination. However, ICS retains the right to revise the ICS Lending Criteria and operational practice as determined from time to time, and in individual cases to use its discretion to deviate from the ICS Lending Criteria in accordance with the standards of a Prudent Mortgage Lender, and so the lending criteria applicable to any Substitute Mortgage Loan and/or Further Advances at the time of origination may not be the same as those set out in the section "*The ICS Mortgage Business - ICS Lending Criteria*".

If Substitute Mortgage Loans and/or Further Advances that have been originated under revised lending criteria are assigned to the Issuer, the characteristics of the Mortgage Pool could change. This could lead to a delay or a reduction in the payments received on the Notes or it could increase the rate of repayment of the Notes.

Repurchases of Mortgage Loans by ICS may have the same effect as prepayments on the Mortgage Loans

In the event of ICS purchasing or procuring the purchase, from the Issuer, of Mortgage Loans subject to conversion or the repurchase by ICS of Mortgage Loans for breaches of Warranties, the payment received by the Issuer will have the same effect as a prepayment of such Mortgage Loan or Mortgage Loans. Because these factors are not within the Issuer's control or the control of the Trustee, the Issuer cannot give any assurances as to the level of resulting prepayments that the Mortgage Pool may experience. See "*Weighted Average Lives of the Notes*".

If property values decline, payments on the Notes could be adversely affected

The Security granted by the Issuer in respect of the Notes consists, among other things, of its interest in the Mortgage Loans and the related security. The related security consists primarily of security over Irish residential properties. The value of that security may decrease and will decrease if there is a general decline in property values. The Issuer cannot guarantee that the value of a Property will remain at the same level as on the date of origination of the related Mortgage Loan. If the residential property market in Ireland experiences an overall decline in property values, the value of the security backing the Mortgage Loans could be significantly reduced and, ultimately, may result in losses to Noteholders if the security is required to be enforced and the resulting proceeds are insufficient to make payments on all Classes of Notes.

The timing and amount of payments on the Mortgage Loans could be affected by various factors which may adversely affect payments on the Notes

Various factors influence mortgage default rates, prepayment rates, repossession frequency and therefore the timing and ultimate payment of interest and repayment of principal. These factors include changes in the local, national or international economic climate, prevailing mortgage interest rates, regional economic or housing conditions, homeowner mobility, work place mobility, changes in tax or insolvency laws, inflation, the availability of financing, yields on alternative investments, political developments and government policies.

The rate of prepayments on the Mortgage Loans may be increased due to Borrowers refinancing their Mortgage Loans and sales of Properties (either voluntarily by Borrowers or as a result of enforcement action taken), as well as the receipt of proceeds from buildings insurance and life assurance policies. The rate of prepayment of Mortgage Loans may also be influenced by the presence or absence of early repayment charges and changes in interest rates.

Factors in Borrowers' personal or financial circumstances may reduce the ability of Borrowers to repay Mortgage Loans. Loss of employment, earnings, illness, relationship breakdown and other similar factors may lead to an increase in delinquencies by and bankruptcies of Borrowers, and could ultimately have an adverse impact on the ability of Borrowers to repay Mortgage Loans. In addition, the ability of a Borrower to sell a Property given as Security for a Mortgage Loan at a price sufficient to repay the amounts outstanding under the Mortgage Loan will depend upon a number of factors, including the availability of buyers for that Property, the value of that Property, relevant tax rules, and property values and the property market in general at the time.

If the timing and payment of the Mortgage Loans are adversely affected by any of the risks described above, the payments on the Notes could be reduced or delayed. See "*Weighted Average Lives of the Notes*".

The timing and amount of payments on the Mortgage Loans could be affected by geographic concentration of the Mortgage Loans

Approximately 48.46 per cent. of Mortgage Loans by value in the Provisional Pool are secured by properties located in Dublin City or County. See "*Mortgage Pool Data Tables*". Such a concentration may present risk considerations in addition to those generally present for similar mortgage loan asset backed securities without such a concentration.

The yield to maturity of the Notes may be adversely affected by prepayments or redemptions on the Mortgage Loans or repurchases of Mortgage Loans by ICS

The yield to maturity of the Notes of each Class will depend mostly on (a) the amount and timing of the repayment of principal on the Mortgage Loans, and (b) the price paid by the Noteholders of the relevant Class of Notes. The yield to maturity of the Notes of each Class may be adversely affected by a higher or lower than anticipated rate of prepayments on the Mortgage Loans. The constant annual prepayment rate (**CPR**) of mortgage loans are influenced by a wide variety of factors, as summarised in the two immediately preceding

risk factors. In addition, information regarding the payment rates of Irish residential mortgage loans is not publicly available and the historical CPR data provided herein is limited to that experienced by ICS in the previous seven quarterly periods. See “*The ICS Mortgage Business – CPR Rates*”. Accordingly, no assurance can be given that this CPR data will adequately predict the actual payment rates of the Mortgage Loans or accurately represent the overall history of payments from Irish mortgage borrowers.

Variation in the rate and timing of prepayments of principal on the Mortgage Loans may affect each Class of Notes differently depending upon amounts already repaid by the Issuer under the Notes and whether the Security granted by the Issuer under the Deed of Charge has been enforced. As a general matter, if prepayments on the Mortgage Loans occur less frequently than anticipated, then the amortisation of the Notes may take much longer than is presently anticipated and the actual yields on the Notes may be lower than the Issuer anticipated. If the aggregate rates of prepayments fell to levels much lower than the historical CPR levels in respect of mortgage loans originated by ICS (or the Irish residential mortgage market in general), Note maturities would likely be extended. Alternatively, it is unlikely that the average lives of the Notes would be reduced unless CPRs rose to levels much higher than the historical CPR levels in respect of mortgage loans originated by ICS (or the Irish residential mortgage market in general).

No assurance can be given that the Issuer will receive sufficient funds prior to the relevant Maturity Date to enable it to redeem in time any Class of Notes on its Maturity Date. The extent to which sufficient funds are received by the Issuer prior to a Maturity Date will depend on whether the actual principal prepayment rate of the Mortgage Loans is the same as the assumed principal prepayment rate.

If the Issuer does not have sufficient funds to pay the full amount scheduled to be repaid on a Maturity Date and therefore it cannot redeem the relevant Class(es) of Notes on their Maturity Date, then the Issuer will only be obliged to pay such amount of funds to holders of the relevant Notes. Any shortfall on such Notes (other than the A Notes) will be deferred to and paid on subsequent Interest Payment Dates when the Issuer has funds to pay the amount to be repaid on the relevant Classes of Notes. If this happens, holders of affected Notes will not receive repayment of principal when expected which may have an adverse effect on the yield to maturity of those Notes.

The Issuer may not receive the benefit of claims made on the buildings insurance which could adversely affect payments on the Notes

The practice of ICS in relation to buildings insurance is described under “*The Mortgage Pool (Continued) – Insurance Contracts*”. The Issuer cannot provide assurance that the Trustee will always receive the benefit of any claims made under any applicable insurance contracts or that the amount received in the case of a successful claim will be sufficient to reinstate the affected Property. This could reduce the share of the principal receipts received by the Issuer and could adversely affect the ability of the Issuer to make payments on the Notes.

Enforcement delays may adversely affect timely payment on the Notes

The Issuer may encounter costs and delays in connection with the enforcement of the Mortgages and recovery of the Mortgage Loans. As a result, the Issuer may experience corresponding delays in the receipt of related proceeds which could adversely affect the ability to make timely payments when due on the Notes. See “*The ICS Mortgage Business – Arrears and Enforcement Procedures*”.

The Trustee’s entitlement to be indemnified for liabilities undertaken during the enforcement process may adversely affect the funds available to pay the Notes

In order to enforce a power of sale in respect of a Property, the relevant mortgagee (which may be ICS, the Issuer or the Trustee) must first obtain possession of the Property unless the Property is vacant. Possession is usually obtained by way of a court order although this can be a lengthy process and the mortgagee must assume certain risks if it goes into possession of a Property. The Trustee is entitled to be indemnified to its satisfaction against personal liabilities which it could incur if it were to become a mortgagee in possession before it is obliged to seek possession, provided that the Trustee is never obliged to enter into possession of the Property.

Competition in the Irish residential mortgage loan industry could increase the risk of an early redemption of the Notes

The residential mortgage loan industry in Ireland is highly competitive. Both established and new lenders use heavy advertising, targeted marketing, more liberal lending policies and aggressive pricing competition in an

effort to maintain market share or expand their presence in or to facilitate their entry into the market and compete for customers.

This competitive environment may affect the rate at which ICS originates new mortgage loans and its interest margins on such new mortgage loans and may also affect the level of attrition of ICS' existing borrowers. If the rate at which mortgage loans are originated declines significantly or if existing Borrowers refinance their Mortgage Loans with lenders other than ICS then the risk of an early redemption of the Notes will increase.

There may be risks associated with the fact that the Issuer does not have legal title to the Mortgage Loans and their related security which may adversely affect payments on the Notes

The assignment on the Closing Date by ICS to the Issuer of the benefit of the Mortgage Loans and their related security will take effect in equity only (and any assignment of the benefit of the Mortgage Loans and their related security in the future will take effect in equity only). In each case this means that legal title to the Mortgage Loans and their related security assigned to the Issuer remains with ICS, but the Issuer has the other rights and benefits not relating to legal title but otherwise relating to ownership of each Mortgage Loan and its related security (which rights and benefits are subject to the trust in favour of the certain beneficiaries including the Noteholders). The Issuer and the Trustee have the right to demand ICS to give either of the Issuer or the Trustee legal title to the Mortgage Loans and the related security in the circumstances described under "*The Mortgage Pool (Continued) – Title to the Mortgage Pool*" and until then the Trustee will not apply to either the Land Registry or the Registry of Deeds (the **Registers of Ireland**) to seek to perfect its equitable interest in the Mortgages. In addition, except in the limited circumstances set out in "*The Mortgage Pool (Continued) – Title to the Mortgage Pool*", the Issuer or ICS will not give notice of the assignment of the Mortgage Loans and related security to any Borrower or other relevant obligor.

At any time during which either the Issuer or the Trustee do not hold the legal title to the Mortgage Loans and the related security or have not notified the Borrowers of their interest in the Mortgage Loans and the related security, there are risks, including the following:

- if ICS wrongly sold for value to another person a Mortgage Loan and that Mortgage Loan has already been assigned to the Issuer, and that person acted in good faith and did not have notice of the Issuer's interest or the interest of the beneficiaries in the Mortgage Loan and that person notified the Borrower of that sale to it of the Mortgage Loan and its related security or registered its interest in that Mortgage Loan, then that person might obtain good title to the Mortgage Loan or, as applicable, the related security, free from the Issuer's interest or the interests of the beneficiaries. If this occurred then the Issuer's title to the affected Mortgage Loan and its related security would be subordinated to the title of that person and the Issuer would not be entitled to payments by a Borrower in respect of such a Mortgage Loan. This may affect the Issuer's ability to repay the Notes;
- the Issuer's rights and the rights of the beneficiaries may be subject to the rights of the Borrowers against ICS, such as rights of set-off. If these rights were to be exercised, the Issuer may receive less money than anticipated from the Mortgage Loans, which may affect the Issuer's ability to repay the Notes; and
- the Issuer would not be able to enforce any Borrower's obligations under a Mortgage Loan or Mortgage itself but would have to join ICS as a party to any legal proceedings.

However, once notice has been given to a Borrower of the transfer of the related Mortgage Loan and its related security to the Issuer or the Trustee, any set-off rights which that Borrower has against ICS will crystallize; further rights of set-off against ICS would cease to accrue from that date and no new rights of set-off against ICS could be asserted following that notice.

If ICS is removed as Mortgage Manager, there is no guarantee that a substitute mortgage manager would be found, which could delay collection of payments on the Mortgage Loans and ultimately could adversely affect payments on the Notes

ICS will be appointed by the Issuer and the Trustee as Mortgage Manager to service the Mortgage Loans and related security. ICS' obligations under the Mortgage Management Agreement are not guaranteed by BOI or any other BOI Group Company. If the Mortgage Manager breaches the terms of the Mortgage Management Agreement, then the Issuer or the Trustee will be entitled to terminate the appointment of the Mortgage Manager and the Issuer or the Trustee will be entitled to appoint a substitute mortgage manager. See "*Mortgage Management and the Mortgage Management Agreement*".

There can be no assurance that a substitute mortgage manager would be found who would be willing and able to service the Mortgage Loans and related security on the terms of the Mortgage Management Agreement. In particular, there can be no assurance that a substitute mortgage manager would be willing to accept an appointment in consideration of the current arrangement, which is calculated as a fixed percentage of the outstanding aggregate Principal Balance of the Mortgage Loans. If a substitute arrangement were required at a time when the outstanding aggregate Principal Balance of the Mortgage Loans was relatively low, the amount of the mortgage management fee so calculated might be insufficient to obtain a substitute mortgage manager. The Mortgage Management Agreement provides that the Trustee and a potential substitute mortgage manager (other than ICS) may agree a different mortgage management fee, which could be higher than the fee paid to ICS. Fees payable to any substitute mortgage manager will solely be a liability of the Issuer. The ability of a substitute mortgage manager fully to perform the required services would depend, among other things, on the information, software and records available at the time of the appointment. Any delay or inability to appoint a substitute mortgage manager may affect payments and interest rate settings on the Mortgage Loans and hence the Issuer's ability to make payments when due on the Notes.

Noteholders should note that the Mortgage Manager has no obligation itself to advance payments that Borrowers fail to make in a timely fashion under the Mortgage Loans.

3. Risks Relating to Legal, Regulatory and Tax Regimes

Regulations in Ireland could lead to some terms of the agreements relating to the Mortgage Loans being unenforceable or in breach of EU legislation, which may adversely affect payments on the Notes

In Ireland, the European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 and 2000 (**UTCCR**) apply to all the Mortgage Loans. The UTCCR generally provide that:

- a borrower may challenge a term in an agreement on the basis that it is an "unfair" term within the regulations and therefore unenforceable against the Borrower; and
- the Director of Consumer Affairs or a consumer organisation (as defined in the UTCCR) may seek to prevent a business from relying on unfair terms.

This will not generally affect "**core terms**" which set out the main subject matter of the contract, such as the Borrower's obligation to repay principal. However, it may affect terms that are not considered to be core terms, such as the right of the lender to vary the interest rate or disclaimer by Borrowers of their set off rights. For example, if a term permitting a lender to vary the interest rate is found to be unfair, the Borrower will not be liable to pay interest at the increased rate or, to the extent that he or she has paid it, will be able, as against the lender or the Issuer, to claim repayment of the extra interest amounts paid or to set-off the amount of such claim against the amount owing by the Borrower under the Mortgage Loan. Any such non-recovery, claim or set-off ultimately may adversely affect the Issuer's ability to make payments on the Notes such that the payments on the Notes could be reduced or delayed. See "*Characteristics and Regulation of the Irish Residential Mortgage Market*".

With effect from 15 February 2005, the Distance Marketing of Financial Services Directive has been implemented in Ireland by way of the European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004 as amended (the **DM Regulations**). The DM Regulations apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

The DM Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions and whether or not there is a right of cancellation.

In certain circumstances, if a supplier fails to comply with its obligations under the DM Regulations the distance contract may not be enforceable against the customer. The discretion as to the enforceability of a distance contract lies with the courts. If the court is satisfied that the supplier's non-compliance was not deliberate, the consumer has not been prejudiced by such non compliance and it is just and equitable, the court may decide that the distance contract is enforceable, notwithstanding the non-compliance. Certain of the Mortgage Loans in the Mortgage Pool may have been originated in such a manner as to qualify as distance contracts. ICS will warrant in the Mortgage Sale Agreement that to the extent any Mortgage Loans qualify as distance contracts, ICS has complied with the DM Regulations. However, if it is determined that ICS has not satisfied its

obligations under the DM Regulations, the affected Mortgage Loans may be held to be unenforceable and this may in certain circumstances adversely affect the Issuer's ability to make payments on the Notes.

On 11 May 2005 the European Council and European Parliament adopted a directive on unfair commercial practices. This directive affects all consumer contracts and thus may have an impact on 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. In addition, 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. Member states are required to adopt national implementing measures by 12 June 2007 and to bring these provisions into force by December 2007. For further details on this directive see "*Characteristics and Regulation of the Irish Residential Mortgage Market*". A draft bill implementing the Unfair Practices Directive into Irish law was published by the Irish government on 1 February 2007. The draft bill will now proceed through the various stages of parliamentary review. During each of these stages, the draft bill may be subject to substantial modification and amendment. Until the final version of the Irish implementing legislation is published, it is not certain what effect the adoption and implementation of the directive would have on ICS, the Mortgage Manager or the Issuer. No assurances can be given that the finalised directive and the Irish implementing measures will not have an adverse effect on ICS, the Mortgage Manager or the Issuer including an adverse effect on the ability of the Issuer to make payments to Noteholders.

While holders of the Notes will be secured creditors, under Irish law certain classes of creditors may rank ahead of the Noteholders in the event of the Issuer's insolvency, which may adversely affect the funds available to pay the Notes

Under Irish law, upon an insolvency of an Irish company such as the Issuer, when applying the proceeds of assets subject to fixed security which may have been realised in the course of a liquidation or receivership, the claims of a limited category of 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 (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts. For further details on this, see the immediately succeeding risk factor.

The holder of a fixed security over the book debts of an Irish tax resident company (which would include the Issuer) may be required by the Revenue Commissioners, by notice in writing from the Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts due to it by the company. Where the holder of the security has given notice to the 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 Revenue Commissioners' notice to the holder of fixed security.

The Revenue Commissioners may also attach any debt due to an Irish tax resident company (including the Issuer) 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 Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of Security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of an Irish tax resident individual which are subject to security, such as the disposal of a Property on which the Borrower has secured a Mortgage Loan, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the individual on a disposal of those assets on exercise of the security. Capital gains tax will arise on the gain at a rate of 20 per cent. Tax is calculated by reference to the excess of the net disposal proceeds over the allowable acquisition costs (including enhancement expenditure) and is calculated without reference to the amounts outstanding on a mortgage. There is an exemption from Irish capital gains tax on gains arising on the disposal by an individual of his principal private residence, which broadly covers gains arising on the disposal of the dwelling house which has been occupied by the individual as his only or main residence since he acquired the property.

If an examiner is appointed to the Issuer, this will limit the ability of the Trustee to enforce the Security for the Notes and may adversely affect the funds available to pay the Notes or could lead to a writedown or reduction of the debt due by the Issuer to Noteholders

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended to facilitate the survival of Irish companies in financial difficulties.

The Issuer, its directors, a creditor (contingent, prospective or actual) of the Issuer, or shareholders of the Issuer holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of the Issuer are each entitled to petition the court for the appointment of an examiner. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the Issuer after this appointment and, in certain circumstances, can avoid a negative pledge given by the Issuer prior to this appointment. Furthermore, the examiner may sell assets, the subject of a fixed or floating charge. However, if such power is exercised, in the case of a fixed charge, the examiner must account to the holders of the fixed charge for the amount realised and discharge the amount due to the holders of the fixed charge out of the proceeds of the sale.

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

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

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

It should be noted that the Trustee will not be obliged to take part in any court proceedings and will not do so unless indemnified to its satisfaction.

Withholding tax payable by the Issuer or the Swap Counterparties may adversely affect the Issuer's ability to make payments on the Notes

In the event any withholding or deduction for or on account of taxes is imposed on or is otherwise applicable to payments of interest on or repayments of principal of the Notes, the Issuer is not obliged to gross-up or otherwise compensate Noteholders for the lesser amounts Noteholders will receive, in each case, as a result of such withholding or deduction. See "*Taxation*".

In the event that any withholding or deduction for or on account of taxes is imposed on or is otherwise applicable to payments under the Swap Transactions, the Swap Counterparties are not obliged to gross-up or otherwise compensate the Issuer for the lesser amounts the Issuer will receive, in each case as a result of such withholding or deduction, which could reduce the amount of revenue receipts received by the Issuer and could adversely affect the ability of the Issuer to make payments on the Notes. In addition, in the event any such withholding or deduction is so imposed on or applicable to payments under a Swap Transaction the relevant Swap Counterparty will have a right to terminate the relevant Swap Transaction. Upon any such termination, the Issuer may be obliged to pay a swap termination payment to the relevant Swap Counterparty and the Issuer cannot give any assurance that it will have funds available to make any such swap termination payment or to make subsequent payments to Noteholders in respect of the Notes. See "*Swap termination payments may adversely affect the funds available to make payments on the Notes*" above and "*Hedging Arrangements*".

Noteholders may be adversely affected by a change of law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on Irish law and U.S. federal tax law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to Irish law or U.S. federal tax law after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the Issuer's ability to make payments in respect of the Notes.

The implementation of changes to the Basel Capital Accord and the EU regulatory capital framework may result in changes to the risk-weighting of the Notes

On 14 November 2005, the Basel Committee on Banking Supervision (the **Basel Committee**) published an updated version of the text of a new capital adequacy standards for international banks under the title Basel II: International Convergence of Capital Measurement and Capital Standards: a Revised Framework. This new framework (the **Basel II Framework**), substantially revises and expands the existing Basel Capital Accord first issued in 1988, includes more sophisticated approaches to applying capital requirements based on risk, addresses more types of risk including operational risk and places enhanced emphasis on market discipline and banks' internal systems and controls. The Basel II Framework is not self-implementing, but rather forms the basis for national rule-making and approval processes in participating countries.

Within the European Union and the EEA, the Basel II Framework will be implemented through the Capital Requirements Directive and the Consolidated Banking Directive, which makes some modifications to the framework. It is currently intended that the various approaches under the Basel II Framework and the Capital Requirements Directive will be implemented in stages; some have already been implemented from year-end 2006, the most advanced will be implemented at year-end 2007.

As and when implemented, the Basel II Framework could affect the risk-based capital treatment of the Notes for investors who are subject to bank capital adequacy requirements that follow the framework. Consequently, investors should consult their own advisers as to the consequences of and effect on them of the proposed implementation of the Basel II Framework. Proposals and guidelines for implementing Basel II in participating jurisdictions are still in development, and no predictions can be made as to the precise effects of potential changes on the Notes, ICS or any investor.

Risks related to alternative characterisation of the Notes as an equity interest in the Issuer for U.S. federal income tax purposes

The Issuer is incorporated as a private company under the laws of Ireland. It is a special purpose company and will be mostly passive. See "*The Issuer*". Under current U.S. federal income tax law, the Issuer is treated as an association that is taxable as a corporation for U.S. federal income tax purposes. The characterisation of the Notes as debt or equity for U.S. federal income tax purposes depends on many factors, including the form of such Notes, the terms of such Notes and the debt-to-equity ratio of the Issuer. Because the Issuer does not have substantial equity, there is a risk that the United States Internal Revenue Service could assert that the lowest subordinated Class of Notes or any other Class of Notes should be treated as an equity interest in the Issuer rather as debt for U.S. federal income tax purposes. As more fully discussed in "*Treatment of U.S. Offered Notes*", the Issuer intends to treat the Dollar Notes as debt of the Issuer for all purposes, including for U.S. federal income tax purposes.

If Noteholders have a claim against the Issuer it may be necessary for Noteholders to bring suit against the Issuer in Ireland to enforce Noteholders' rights

The Issuer is subject to the non-exclusive jurisdiction of the courts of Ireland, and it may be necessary for Noteholders to bring a suit in Ireland to enforce Noteholders' rights against the Issuer.

CASHFLOWS AND CREDIT STRUCTURE

The structure of the cashflows and credit arrangements in respect of the Notes may be summarised as follows:

Application of Cash Receipts

ICS (in its capacity as Mortgage Manager) will be obliged to identify (a) all amounts received by the Issuer in respect of the Mortgage Loans and from other sources available to the Issuer (such as the Swap Transactions and the GIC Agreement) and (b) all amounts to be paid by the Issuer, in accordance with the Mortgage Management Agreement and the Conditions. Such amounts received by the Issuer will be categorised, broadly, as revenue receipts or principal receipts, as soon as practicable and will be recorded by means of a ledger system. (See further the sections entitled “*Calculation of Available Revenue Funds*”, “*Calculation of Available Redemption Funds*” and “*Ledgers*” below.)

Amounts identified by the Mortgage Manager as principal receipts will be available in certain circumstances to fund revenue shortfalls. Similarly, revenue receipts will be applied in certain circumstances to make good any losses of principal suffered upon enforcement of a Mortgage. (See further the sections entitled “*Application of Principal to Fund Liquidity Shortfalls*” and “*Application of Revenue to Fund Principal Shortfalls*” below.)

Subject to the above and the ability of the Issuer to provide for funds to purchase anticipated Further Advances or Substitute Mortgage Loans, the amount of principal available on each Calculation Date will be applied in mandatory redemption of the Notes (as described under “*Pre-Enforcement Principal Priority of Payments*” below) and the amount of income available will be applied in meeting the Issuer’s expenses and interest payment obligations (as described under “*Pre-Enforcement Interest Priority of Payments*” below).

Pursuant to the Mortgage Management Agreement, the Mortgage Manager will provide the Issuer with certain cash administration, calculation, notification and payment services in relation to amounts payable under, *inter alia*, the Notes. (See further “*Mortgage Management and Mortgage Management Agreement*”).

Calculation of Available Revenue Funds

The Mortgage Manager will determine the amount of Available Revenue Funds (as defined below) at the end of the last day of the calendar month which falls immediately prior to an Interest Payment Date (each such day, a **Calculation Date**).

At the end of any Calculation Date, **Available Revenue Funds** will comprise the aggregate of the following (which will be recorded in a ledger designated the revenue ledger (the **Revenue Ledger**)), in accordance with the provisions of the Mortgage Management Agreement and the Deed of Charge:

- (i) amounts (other than amounts representing principal in respect of the Mortgage Loans) from time to time received by the Issuer in the GIC Account during the Collection Period which ends on that Calculation Date in respect of the Mortgage Loans;
- (ii) interest which has been credited to the GIC Account on or prior to that Calculation Date;
- (iii) amounts calculated to be receivable by the Issuer under the Swap Transactions on or prior to the immediately succeeding Interest Payment Date (other than (a) any early termination amount received by the Issuer under a Swap Transaction which is to be applied in acquiring or putting in place a replacement swap, (b) the amount of any collateral receivable by the Issuer under a Swap Transaction which is to be returned or retransferred to the relevant Swap Counterparty or any income thereon, as set out under the relevant Swap Transaction, (c) any amount received by the Issuer from a replacement swap counterparty upon entry by the Issuer into an agreement with such replacement swap counterparty to replace the Interest Rate Swap Counterparty or the Cross Currency Swap Counterparty (**Replacement Swap Premium**), and (d) any amount referable to principal under the Cross Currency Swap Transactions); and
- (iv) amounts (other than amounts representing principal) received from Authorised Investments on or prior to the Calculation Date;

in each case less any Excluded Items (as defined below) paid or payable on or prior to the immediately succeeding Interest Payment Date. On the Interest Payment Date on which the Notes are to be redeemed in full, the Available Revenue Funds will also include any remaining amounts standing to the credit of the Reserve Fund and the Liquidity Reserve Fund (if any).

Calculation of Available Redemption Funds

The Mortgage Manager will determine the amount of Available Redemption Funds (as defined below) at the end of each Calculation Date.

At the end of any Calculation Date, **Available Redemption Funds** will comprise the aggregate of the following (which will be recorded in a ledger designated the principal ledger (the **Principal Ledger**), in accordance with the provisions of the Mortgage Management Agreement and the Deed of Charge:

- (i) all payments representing principal from time to time received by the Issuer into the GIC Account during the Collection Period ending on that Calculation Date in respect of the Mortgage Loans;
- (ii) amounts (other than amounts described in (i) above) in respect of principal received on Authorised Investments made by or on behalf of the Issuer and referable to principal amounts invested as Authorised Investments, on or prior to that Calculation Date;
- (iii) amounts (if any) to be applied in reducing the Principal Deficiency Ledgers on the immediately succeeding Interest Payment Date pursuant to items (vii), (ix), (xi) and (xiii) (as applicable) of the Pre-Enforcement Interest Priority of Payments; and
- (iv) amounts (if any) available to be released from the Retained Principal Ledger from the immediately succeeding Interest Payment Date which were not applied during the preceding Interest Period in acquiring Further Advances or Substitute Mortgage Loans,

in each case less, if the relevant conditions in the Mortgage Sale Agreement are complied with, amounts (if any) used or to be used to fund and/or acquire Further Advances or Substitute Mortgage Loans on the immediately succeeding Interest Payment Date or which are to be allocated on such Interest Payment Date to the Retained Principal Ledger. See *“The Mortgage Pool (Continued) – Further Advances”* and *“The Mortgage Pool (Continued) – Substitute Mortgage Loans”*.

Reserve Fund

On the Closing Date, an amount equal to 1.4 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes (the **Required Reserve Fund Amount**) will be drawn down by the Issuer under the Subordinated Loan Agreement, for the purposes of establishing the Reserve Fund. Such moneys shall be credited to the GIC Account (with a corresponding credit to a segregated ledger designated the reserve fund ledger (the **Reserve Fund Ledger**).

To the extent that Available Revenue Funds on a Calculation Date are insufficient to meet items (i) to (xiii) of the Pre-Enforcement Interest Priority of Payments, amounts credited to the Reserve Fund may be applied on the relevant Interest Payment Date towards the payment or reduction of any such items in the order which they appear in the Pre-Enforcement Interest Priority of Payments before any drawing under the Liquidity Reserve Fund (if any) or application of any Available Redemption Funds.

The Issuer is required to maintain the Reserve Fund at the Required Reserve Fund Amount. If the balance of the Reserve Fund falls below the Required Reserve Fund Amount, an amount (if any) of Available Revenue Funds, after payment being made in full of items (i) to (xiii) (inclusive) of the Pre-Enforcement Interest Priority of Payments, will be available to be credited to the Reserve Fund until the balance of the Reserve Fund reaches the Required Reserve Fund Amount.

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 shall be transferred to the Principal Ledger up to the principal amount of the Subordinated Loan then outstanding with the balance being credited to the Revenue Ledger.

Liquidity Reserve

A segregated ledger designated the liquidity reserve ledger (the **Liquidity Reserve Ledger**) will be established within the GIC Account by the Mortgage Manager. On any Interest Payment Date following a Liquidity Reserve Fund Rating Event (as defined below), amounts paid pursuant to item (ii) of the Pre-Enforcement Sequential Principal Priority of Payments shall be credited to the Liquidity Reserve Ledger (the **Liquidity Reserve Fund**). The Issuer will be obliged to maintain the Liquidity Reserve Fund at an amount equal to (a) 3 per cent. of the

Euro Principal Amount Outstanding of the Notes less (b) the balance of the Reserve Fund, on each Interest Payment Date that the Liquidity Reserve Fund Rating Event is subsisting (the **Liquidity Reserve Required Amount**).

Liquidity Reserve Fund Rating Event shall mean the long term, unsecured, unsubordinated and unguaranteed debt obligations of BOI are rated below A3 by Moody's or A- by Fitch. If a Liquidity Reserve Fund Rating Event has occurred but is no longer continuing due to an improvement in BOI's rating since the preceding Interest Payment Date, all amounts standing to the credit of the Liquidity Reserve Ledger may be transferred to the GIC Account to be used in accordance with the Pre-Enforcement Interest Priority of Payments. Any amount standing to the credit of the Liquidity Reserve Fund in excess of the Liquidity Reserve Required Amount will be transferred to the GIC Account and may be distributed in accordance with the Pre-Enforcement Interest Priority of Payments.

To the extent that the Available Revenue Funds on a Calculation Date together with any available amounts credited to the Reserve Fund are insufficient to meet items (i) to (xiii) of the Pre-Enforcement Interest Priority of Payments, amounts credited to the Liquidity Reserve Fund may be applied on the relevant Interest Payment Date towards the payment or reduction of any such items in the order in which they appear in the Pre-Enforcement Interest Priority of Payments before the application of any Available Redemption Funds provided, however, that the Liquidity Reserve Fund will not be applied in payment or reduction of items (viii) and (ix) of the Pre-Enforcement Interest Priority of Payments (in relation to the B Notes), items (x) and (xi) of the Pre-Enforcement Interest Priority of Payments (in relation to the C Notes) or items (xii) and (xiii) of the Pre-Enforcement Interest Priority of Payments (in relation to the D Notes) if the applicable PDL Ratio (as defined in "*-Pre-Enforcement Principal Priority of Payments*" below) in respect of the relevant Class of Notes is breached.

Pre-Enforcement Interest Priority of Payments

Prior to the delivery of an Enforcement Notice (as defined in the Conditions) by the Trustee, Available Revenue Funds will be applied on each Interest Payment Date in making the following payments or provisions in the following order of priority (in each case only to the extent that payments or provisions of a higher priority have first been made in full and the Revenue Ledger will be debited to the extent of each such payment or provision) (the **Pre-Enforcement Interest Priority of Payments**):

- (i) *first*, in or towards satisfaction of the fees, costs and expenses of the Trustee and any costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by it under the provisions of the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
- (ii) *second*, in or towards satisfaction of, payment of, or provision for, *pro rata* and *pari passu* according to the respective amounts thereof (a) on the Interest Payment Date falling in June each year an annual amount of €1,000 to be retained by the Issuer (the **Annual Retention**); (b) the fees and expenses of the Rating Agencies, any legal advisers, accountants and auditors and the Corporate Services Provider appointed by the Issuer, in each case together with VAT (if applicable) thereon and the remuneration and expenses of the Issuer's directors, (c) (in connection with the final Interest Payment Date on the Notes) an amount estimated by the Issuer sufficient to meet the fees, expenses and costs of the Issuer in connection with any winding up of the Issuer, (d) the fees, expenses and any indemnity payments due to the Agents under the provisions of the Agency Agreement and the Deed of Charge, in each case together with VAT (if applicable thereon) and (e) all amounts due and payable to the Revenue Commissioners in respect of the Issuer's liability to corporation tax (insofar as payment cannot be satisfied out of previously retained profits);
- (iii) *third*, (except to the extent already paid to the Mortgage Manager or any substitute mortgage manager (as the case may be) since the preceding Interest Payment Date) in or towards satisfaction of the quarterly management fees (inclusive of any VAT thereon) of the Mortgage Manager (or of a substitute mortgage manager) accrued under the Mortgage Management Agreement and the Deed of Charge, such fee (inclusive of VAT (if applicable)) being up to a maximum of the product of 0.12 per cent. (or in the case of a substitute mortgage manager, such greater percentage as may be agreed between such substitute mortgage manager and the Trustee upon confirmation from S&P and Fitch that the then current rating of the A Notes would not be adversely affected or withdrawn and notification to Moody's) of the aggregate Principal Balance of the Mortgage Loans on the first day of the Collection Period immediately preceding the relevant Interest Payment Date divided by four, together with all and any costs and expenses paid or to be paid by the Mortgage Manager or any substitute mortgage manager during such Collection Period or to be incurred in the next succeeding Collection Period, subject to and

in accordance with the Mortgage Management Agreement and the Deed of Charge;

- (iv) *fourth*, amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Transaction excluding termination payments;
- (v) *fifth*, in or towards payment, *pro rata* according to the respective amounts due:
 - (a) *pro rata* and *pari passu*, of:
 - (1) all amounts due (including any fees) to the Cross Currency Swap Counterparty in respect of the Cross Currency Swap Transaction relating to the A1 Notes (the **Class A 1 Dollar Swap Transaction**) including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts referable to payments of principal, amounts attributable to the return of collateral (and income thereon) and except for such amounts as are payable under item (xvi) below);
 - (2) interest due on the A1 Notes;
 - (3) all amounts due (including any fees) to the Cross Currency Swap Counterparty in respect of the Cross Currency Swap Transaction relating to the A2 Notes (the **Class A 2 Dollar Swap Transaction**) including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts referable to payments of principal and amounts attributable to the return of collateral (and income thereon) and except for such amounts as are payable under item (xvi) below);
 - (4) interest due on the A2 Notes (if any);
 - (5) interest due on the A3 Notes (if any); and
 - (b) termination payments due to the Interest Rate Swap Counterparty under the Interest Rate Swap Transaction only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (except for such amounts as are payable under item (xvi) below);
- (vi) *sixth*, in or towards payment of or provision for sums due to unsecured third parties without such payment or provision causing breach by the Issuer of the Trust Deed, the Deed of Charge or the other Transaction Documents and for which payment has not been provided for elsewhere and to provide for any such amounts expected to become due and payable during the next following Collection Period;
- (vii) *seventh*, in or towards satisfaction of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (viii) *eighth*, in or towards payment, *pro rata* and *pari passu*, of interest due on the B Notes (if any);
- (ix) *ninth*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, (if any) on the Class B Principal Deficiency Ledger is reduced to zero;
- (x) *tenth*, in or towards payment, *pro rata* and *pari passu*, of interest due on the C Notes (if any);
- (xi) *eleventh*, in or towards satisfaction of sums to be credited to the Class C Principal Deficiency Ledger until the debit balance (if any) on the Class C Principal Deficiency Ledger is reduced to zero;
- (xii) *twelfth*, in or towards payment, *pro rata* and *pari passu*, of interest due on the D Notes (if any);
- (xiii) *thirteenth*, in or towards satisfaction of sums to be credited to the Class D Principal Deficiency Ledger until the debit balance (if any) on the Class D Principal Deficiency Ledger is reduced to zero;
- (xiv) *fourteenth*, amounts to be credited to the GIC Account until the Reserve Fund balance reaches the Required Reserve Fund Amount;
- (xv) *fifteenth*, to pay to ICS any legal expenses and costs due to it in connection with the use by the Issuer or the Trustee of the powers of attorney granted by ICS pursuant to the Mortgage Sale Agreement;

- (xvi) *sixteenth, pro rata and pari passu*, amounts due to a Swap Counterparty in connection with an early termination of any Swap Transaction only to the extent not satisfied by payment by the Issuer to it of any Replacement Swap Premium where such early termination results from a default by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Transaction) with respect to an “Additional Termination Event” (as defined in the applicable Swap Transaction) as a result of a ratings downgrade of the Swap Counterparty (other than amounts attributable to collateral (and income thereon));
- (xvii) *seventeenth, pro rata and pari passu*, in or towards satisfaction of the balance of the fees, costs and expenses of the Mortgage Manager (or any substitute mortgage manager) not paid under item (iii) above;
- (xviii) *eighteenth*, in or towards satisfaction of amounts payable in respect of the Subordinated Loan; and
- (xix) *nineteenth*, the balance (if any) to the Issuer, which may be applied by the Issuer in paying dividends to the shareholders of the Issuer.

Available Revenue Funds allocated and provided for in accordance with the Pre-Enforcement Interest Priority of Payments may be applied during each Interest Period by the Issuer to make payment of certain third party costs and expenses. Payments may be made out of the GIC Account other than on an Interest Payment Date only (i) to satisfy a liability of the type described in items (ii)(e) or (vi) above which is due on such other date, (ii) to pay to ICS any insurance premiums, early redemption or other breakage fees and break costs (if any) paid by Borrowers pursuant to the Mortgage Conditions, to which it is entitled under the Mortgage Sale Agreement or (iii) to refund any amounts due to ICS arising from the rejection of any payments made by Borrowers in respect of the Mortgage Loans and any other amounts which have not been received by the Issuer as cleared funds.

Pre-Enforcement Principal Priority of Payments

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 delivery of an Enforcement Notice by the Trustee, the Available Redemption Funds will be applied on each Interest Payment Date in making the following payments or provision in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have first been made in full and the Principal Ledger will be debited to the extent of each payment or provision) (the **Pre-Enforcement Sequential Principal Priority of Payments**):

- (i) *first*, to the extent that the Issuer has insufficient Available Revenue Funds on a Calculation Date to pay in full items (i) to (xiii) (inclusive) of the Pre-Enforcement Interest Priority of Payments, in or towards the payment of such items in the order in which they appear in the Pre-Enforcement Interest Priority of Payments provided that Available Redemption Funds may not be applied in payment or reduction of items (viii) and (ix) of the Pre-Enforcement Interest Priority of Payments (in relation to the B Notes), items (x) and (xi) of the Pre-Enforcement Interest Priority of Payments (in relation to the C Notes) or items (xii) and (xiii) of the Pre-Enforcement Interest Priority of Payments (in relation to the D Notes) if the applicable PDL Ratio (as defined below) in respect of such Class of Notes is breached;
- (ii) *second*, following a Liquidity Reserve Fund Rating Event, in or towards satisfaction of sums to be credited to the Liquidity Reserve Ledger until the balance of the Liquidity Reserve Ledger is equal to the Liquidity Reserve Required Amount;
- (iii) *third, pro rata and pari passu*:
 - (a) in paying any principal amounts due to the Cross Currency Swap Counterparty under the Class A1 Dollar Swap Transaction; and
 - (b) in redeeming the A1 Notes,
until no A1 Notes remain outstanding;
- (iv) *fourth, pro rata and pari passu*:
 - (a) in paying any principal amounts due to the Cross Currency Swap Counterparty under the Class

A2 Dollar Swap Transaction; and

- (b) in redeeming the A2 Notes,
until no A2 Notes remain outstanding;
- (v) *fifth, pro rata and pari passu* in redeeming the A3 Notes until no A3 Notes remain outstanding;
- (vi) *sixth, pro rata and pari passu*, in redeeming the B Notes until no B Notes remain outstanding;
- (vii) *seventh, pro rata and pari passu*, in redeeming the C Notes until no C Notes remain outstanding;
- (viii) *eighth, pro rata and pari passu*, in redeeming the D Notes until no D Notes remain outstanding; and
- (ix) *ninth*, on such date when all of the Notes have been redeemed in full, in or towards repayment of all outstanding advances in respect of the Subordinated Loan in respect of principal to the extent not previously repaid pursuant to the Pre-Enforcement Interest Priority of Payments.

PDL Ratio means in respect of each applicable Class of Notes when the ratio, expressed as a percentage, of the amount debited to the Class B Principal Deficiency Ledger, Class C Principal Deficiency Ledger and/or the Class D Principal Deficiency Ledger to the Principal Amount Outstanding of the corresponding Class of Notes to which such Principal Deficiency Ledger relates, is greater than 50 per cent. on the relevant Calculation Date.

Application of Available Redemption Funds after the occurrence of a Pro-Rata Trigger Event

Following the occurrence of a Pro-Rata Trigger Event but prior to the delivery of an Enforcement Notice by the Trustee, the Available Redemption Funds (less the amount of the Available Redemption Funds to be applied to pay items (i) and (ii) of the Pre-Enforcement Sequential Principal Priority of Payments) will be applied on each Interest Payment Date to repay the A Notes, the B Notes, the C Notes and the D Notes and to pay amounts to the Cross Currency Swap Counterparty in respect of the Cross Currency Swap Transaction relating to each of the A1 Notes and the A2 Notes (using amounts received by the Cross Currency Swap Counterparty to pay principal outstanding on the A1 Notes and the A2 Notes) on a *pro rata* basis provided that amounts available to redeem the A Notes will be applied in first redeeming the A1 Notes, then the A2 Notes and finally the A3 Notes (the **Pre-Enforcement Pro-Rata Principal Priority of Payments** and together with the Pre-Enforcement Sequential Principal Priority of Payments, the **Pre-Enforcement Principal Priority of Payments**).

A **Pro-Rata Trigger Event** will occur if, on any Calculation Date, X is greater than or equal to two times Y where:

X = the Euro Principal Amount Outstanding of the A Notes as at the Closing Date divided by the aggregate Euro Principal Amount Outstanding of the B Notes, the C Notes and the D Notes as at the Closing Date; and

Y = the Euro Principal Amount Outstanding of the A Notes as at that Calculation Date divided by the aggregate Euro Principal Amount Outstanding of the B Notes, the C Notes and the D Notes as at that Calculation Date,

provided that a Pro-Rata Trigger Event will not be deemed to have occurred if any of the following events has occurred and is subsisting as at that Calculation Date:

- (a) the aggregate Principal Balance of those Mortgage Loans which are 90 days or more in arrears exceeds 3 per cent. of the aggregate Principal Balance of all the Mortgage Loans;
- (b) the balance of the Reserve Fund is less than the Required Reserve Fund Amount;
- (c) the balance of the Liquidity Reserve Fund (if established) is less than the Liquidity Reserve Required Amount;
- (d) on the date immediately following the next Interest Payment Date, there will be a debit balance on any Principal Deficiency Ledger;
- (e) the aggregate Euro Principal Amount Outstanding of the Notes as at the Calculation Date is less than 10 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes as at the Closing Date; or

- (f) the Issuer has exercised its option to redeem the Notes pursuant to Condition 6(d) (“*Optional Early Redemption of the Notes*”) or 6(e) (“*Optional Redemption of the Notes for Tax Reasons*”) of the Notes.

The occurrence of a Pro-Rata Trigger Event will be tested by the Mortgage Manager on each Calculation Date.

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

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

In the case of Euro Notes, each Note will be redeemed in an amount equal to the applicable proportion of the Available Redemption Funds divided by the number of Notes and rounded down to the nearest euro.

In the case of Dollar Notes, the Issuer shall pay to the Cross Currency Swap Counterparty out of Available Redemption Funds the amount that is required to be paid to the Cross Currency Swap Counterparty under the Cross Currency Swap Transactions that will result in the Cross Currency Swap Counterparty paying to the Issuer the maximum amount which, when divided by the number of Dollar Notes, results in a whole number, and will redeem each Dollar Note by an amount equal to such number.

To the extent that the euro amounts available are greater than the amounts actually used by the Issuer such excess euro amounts (the **Rounding Balance**) shall be retained and form part of Available Redemption Funds on the next Calculation Date.

Application of Principal to fund Liquidity Shortfalls

If on a Calculation Date, the amount of Available Revenue Funds (together with available amounts from the Reserve Fund and the Liquidity Reserve Fund) is insufficient to pay or provide for payment in full of items (i) to (xiii) (inclusive) of the Pre-Enforcement Interest Priority of Payments an amount of the Available Redemption Funds, to the extent there are funds available, may be applied in meeting any such shortfall and any such amount shall be treated as Available Revenue Funds. However, the amount of Available Redemption Funds utilised in this manner will not be available to pay interest on the B Notes, the C Notes and/or the D Notes if the PDL Ratio in respect of such Class of Notes is breached (See further Condition 8(f) (“*Interest – Interest Deferral and Further Accrual*”)).

Application of Revenue to fund Principal Shortfalls

As described under Principal Deficiency Ledgers below, certain Principal Deficiencies will be debited to the relevant Principal Deficiency Ledgers. Pursuant to the Pre-Enforcement Interest Priority of Payments, on the succeeding Calculation Dates, to the extent there are funds available, an amount of the Available Revenue Funds may be treated as part of the Available Redemption Funds and applied in accordance with the Pre-Enforcement Principal Priority of Payments by means of crediting such amounts at items (vii), (ix), (xi) and (xiii) of the Pre-Enforcement Interest Priority of Payments to the relevant Principal Deficiency Ledgers with a view to eliminating any debit balances on such Principal Deficiency Ledgers.

Priority of Payments Following Enforcement

At any time following the delivery of an Enforcement Notice, the Trustee shall, to the extent that such funds are available and subject to being indemnified to its satisfaction, use funds standing to the credit of the GIC Account and in respect of the Charged Property (as defined in the Conditions) (other than amounts attributable to collateral (and income thereon) which are payable under a Swap Transaction and any Replacement Swap Premium) to make payments in the following order of priority, in accordance with and as more fully specified in the Deed of Charge (in each case only to the extent that payments or provisions of a higher priority have first been made in full or extinguished in full) (the **Post-Enforcement Priority of Payments**):

- (i) *first*, in or towards satisfaction *pro rata* and *pari passu*, of:
- (a) the remuneration then payable to any Receiver and any costs, charges, liabilities (including in respect of any indemnity payments payable to such Receiver) and expenses then incurred by

- such Receiver together with interest and any VAT thereon as provided in the Deed of Charge;
- (b) the fees, costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by the Trustee under the provisions of the Trust Deed, the Deed of Charge or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
- (ii) *second, pro rata and pari passu*, in or towards payment of or provision for the fees and costs (including any VAT thereon) of each of:
- (a) the Issuer's directors, its Corporate Services Provider and any legal advisers, accountants and auditors appointed by the Issuer and any liquidator or other parties to be appointed by the Issuer in connection with its winding up;
 - (b) the Mortgage Manager (and any substitute mortgage manager) and the fees, costs, charges and liabilities and expenses of the Agents;
- (iii) *third*, amounts due to the Interest Rate Swap Counterparty other than termination payments;
- (iv) *fourth, pro rata*, in or towards payment according to the respective amounts due:
- (a) *pro rata and pari passu*, in respect of:
 - (1) amounts due to the Cross Currency Swap Counterparty referable to interest and principal payable on the A1 Notes under the Class A1 Dollar Swap Transaction including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts attributable to the return of collateral (and income thereon) and except for such amounts as are payable under item (ix) below);
 - (2) interest and principal due on the A1 Notes (if any);
 - (3) amounts due to the Cross Currency Swap Counterparty referable to interest and principal payable on the A2 Notes under the Class A2 Dollar Swap Transaction including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts attributable to the return of collateral (and income thereon) and except for such amounts as are payable under item (ix) below);
 - (4) interest and principal due on the A2 Notes (if any);
 - (5) interest and principal due on the A3 Notes; and
 - (b) termination payments due to the Interest Rate Swap Counterparty only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (except for such amounts as are payable under item (ix) below);
- (v) *fifth*, in or towards payment, *pro rata and pari passu*, interest and principal due on the B Notes;
- (vi) *sixth*, in or towards payment, *pro rata and pari passu*, interest and principal due on the C Notes;
- (vii) *seventh*, in or towards payment, *pro rata and pari passu*, interest and principal due on the D Notes;
- (viii) *eighth*, any sums due or overdue to any third party not otherwise included above and incurred in the ordinary course of business of the Issuer;
- (ix) *ninth*, in or towards payment of amounts due to a Swap Counterparty in connection with an early termination of any Swap Transaction only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium where such termination results from a default by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Transaction) with respect to an Additional Termination Event (as defined in the applicable Swap Transaction) as a result of a ratings downgrade of the Swap Counterparty to the

extent not paid in item (iv) above (other than amounts attributable to collateral (and income thereon)) ;

- (x) *tenth*, in or towards satisfaction of all amounts due and payable in respect of the Subordinated Loan; and
- (xi) *eleventh*, the surplus (if any) to the Issuer.

Excluded Items

The following items are included in those items (**Excluded Items**) which may be paid or provided for prior to the allocation of sums under the Pre-Enforcement Interest Priority of Payments:

- (i) certain moneys which properly belong to third parties (including, but not limited to moneys owing to any party in respect of reimbursement for direct debit recall and overpayments by Borrowers or to the Revenue Commissioners or Borrowers under the scheme established by the Irish Revenue Commissioners for the deduction of tax relief in respect of residential mortgages at source (the **TRS Scheme**));
- (ii) on the first Interest Payment Date, amounts payable to ICS under the Mortgage Sale Agreement in respect of reconciliations of any amount underpaid in respect of the purchase on the Closing Date to the purchase price for the relevant Mortgage Loans acquired;
- (iii) fees payable in respect of an early redemption of Mortgage Loans; and
- (iv) certain amounts payable by Borrowers to third parties, such as insurance providers.

Collection Accounts

Payments made by Borrowers under the Mortgage Loans are due at least monthly with interest being payable in arrear. A variety of payment methods can be used by Borrowers, including direct debit, standing order, cheques and cash paid in at any branch of ICS and BOI. As at 30 November 2006 over 95 per cent. of the payments are made by direct debit.

All payments made by, and received from, Borrowers and other parties under the Mortgage Loans will be credited to two collection accounts of ICS held at Bank of Ireland, College Green, Dublin 2 (the **Collection Accounts**)).

If the short term, unsecured, unsubordinated and unguaranteed debt obligations of BOI are rated below (i) A1, in the case of S&P, (ii) P-1, in the case of Moody's and (iii) F1, in the case of Fitch, the Mortgage Manager will be required within 30 days of such rating downgrade to (x) transfer the relevant Collection Accounts to a bank whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated as a minimum at the levels referred to at (i) to (iii) above or (y) procure a guarantee of the obligations of the bank at which the Collection Accounts are held by an entity whose short term, unsecured, unsubordinated and unguaranteed debt obligations are so rated.

On or about the Closing Date, ICS will declare a trust over the Collection Accounts in favour of the Issuer and the Trustee, to the extent that moneys in the Collection Accounts are applicable to the Mortgage Loans (the **Declaration of Trust**).

All cleared amounts standing to the credit of the Collection Accounts at the end of each Dublin Business Day (applicable to the Mortgage Loans), will be transferred on the next Dublin Business Day to the GIC Account for value on that Dublin Business Day.

Guaranteed Investment Contract

The Issuer will deposit any cash amounts which it receives from the Collection Accounts, the Reserve Fund, the Liquidity Reserve Fund and any payments received under the Swap Transactions in the GIC Account (up to the GIC Limit (as defined below)).

The Issuer, the Trustee and the GIC Provider will, on the Closing Date, enter into the GIC Agreement pursuant to which all moneys standing to the credit of the GIC Account (up to the GIC Limit) will earn a minimum rate of interest equal to EURIBOR for the period during which such amounts are credited less a margin agreed for the purpose. The Issuer will undertake pursuant to the GIC Agreement not to withdraw moneys from the GIC

Account other than in accordance with the provisions of the Deed of Charge and Mortgage Management Agreement.

Moneys standing to the credit of the GIC Account on each Calculation Date will be applied by the Mortgage Manager on the Interest Payment Date immediately following such Calculation Date in or towards satisfaction and discharge of the Issuer's obligation to make payment of interest, principal and other amounts due under the Notes after deduction therefrom by the Mortgage Manager of all amounts utilised during the preceding Interest Period and after payment of all amounts standing in priority thereto in the Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments.

Moneys from time to time standing to the credit of the GIC Account may be invested by the Issuer (or by the Mortgage Manager on the Issuer's behalf) in certain authorised investments (the **Authorised Investments**), being certificates of deposit, commercial paper and other investments with a short term rating of at least (i) A-1, in the case of S&P, (ii) P-1, in the case of Moody's and (iii) F1+, in the case of Fitch and which are repayable or mature on or before (x) in the case of Authorised Investments rated A-1, by S&P, the earlier of 30 days or the Interest Payment Date next following and (y) in all other cases, the Interest Payment Date next following the date on which such Authorised Investment is acquired or made and on which the rate of return receivable on its repayment or maturity is at least equal to or is greater than the minimum rate of interest payable under the GIC Agreement, pending distribution in accordance with the Deed of Charge.

The maximum cash amount which may from time to time be deposited by the Issuer in the GIC Account (the **GIC Limit**) will be:

- (i) for so long as the short term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider is rated at least (i) in the case of S&P, A-1+, (ii) in the case of Moody's, P-1 and (iii) in the case of Fitch, F1+ or such other ratings as would maintain the current ratings of the Notes (the **GIC Minimum Rating**), an unlimited amount;
- (ii) for so long as the short term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are rated lower than the GIC Minimum Rating but are rated at least (i) in the case of S&P, A-1; (ii) in the case of Moody's, P-1; and (iii) in the case of Fitch, F1, an amount equal to the aggregate of (A) 20 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes; and (B) the maximum amount of any guarantee (in a form acceptable to the Trustee) of the obligations of the GIC Provider in respect of the GIC Account provided by an entity whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated the GIC Minimum Rating; and
- (iii) for so long as the short term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are not rated at least (i) in the case of S&P, A-1; (ii) in the case of Moody's, P-1; and (iii) in the case of Fitch, F1, the maximum amount of any guarantee (in a form acceptable to the Trustee) of the obligations of the GIC Provider in respect of the GIC Account provided by an entity whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated the GIC Minimum Rating or if no such guarantee is in force, zero.

So long as BOI maintains its current short term ratings, the GIC Limit will be amount determined pursuant to (ii) above.

The Issuer may, only with the prior written consent of the Trustee, and shall, if instructed to do so by the Trustee, terminate the GIC Agreement if the GIC Provider (i) breaches its warranties or obligations under the GIC Agreement; (ii) upon the happening of certain insolvency events in relation to the GIC Provider; (iii) if any changes of laws or regulations of Ireland will or would, in the reasonable opinion of the Issuer adversely affect its rate of return under the GIC Agreement; or (iv) the short term, unsecured, unsubordinated and unguaranteed debt obligations of the GIC Provider are not rated at least (a) in the case of S&P, A-1; (b) in the case of Moody's, P-1; and (c) in the case of Fitch, F1, and the GIC Provider fails to obtain a guarantee (in a form acceptable to the Trustee) of the obligations of the GIC Provider in respect of the GIC Account provided by an entity whose short term, unsecured, unsubordinated and unguaranteed debt obligations are rated the GIC Minimum Rating.

Any termination pursuant to (i) or (ii) above will take effect upon at least three Business Days' notice to the GIC Provider, while any termination pursuant to (iii) and (iv) above will take effect on the next following Interest Payment Date.

The GIC Agreement will be governed under Irish law.

Ledgers

The Issuer or the Mortgage Manager will establish a series of ledgers to assist them in identifying and classifying the receipts of, and payments by, the Issuer. The ledgers include (i) the Revenue Ledger which will record revenue receipts and payments; (ii) the Principal Ledger which will record principal receipts and payments; (iii) the Retained Principal Ledger which will record principal receipts retained by the Issuer to fund its purchase of Further Advances and Substitute Mortgage Loans; (iv) the Reserve Fund Ledger to record monies retained to establish and maintain the Reserve Fund and the application of such monies; (v) the Liquidity Reserve Ledger to record monies retained to establish and maintain the Liquidity Reserve Fund and the application of such monies and (vi) the Principal Deficiency Ledgers (as defined below) to record Principal Deficiencies as described below.

Principal Deficiency Ledgers

Four principal deficiency ledgers (being the **Class A Principal Deficiency Ledger**, the **Class B Principal Deficiency Ledger**, the **Class C Principal Deficiency Ledger** and the **Class D Principal Deficiency Ledger**, together the **Principal Deficiency Ledgers**) will be opened and maintained by or on behalf of the Issuer in order to (i) record any Actual Principal Losses (as defined in the Conditions) on the Mortgage Loans, (ii) record amounts (if any) of Available Redemption Funds applied in payment of items (i) to (xiii) (inclusive) of the Pre-Enforcement Interest Priority of Payments and (iii) record amounts (if any) of Available Redemption Funds allocated to the Liquidity Reserve Ledger up to the Liquidity Reserve Required Amount (each a **Principal Deficiency**). Any Principal Deficiency shall be debited (i) first to the Class D Principal Deficiency Ledger so long as the debit balance of the Class D Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding of the D Notes, (ii) then to the Class C Principal Deficiency Ledger so long as the debit balance of the Class C Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding of the C Notes; (iii) then to the Class B Principal Deficiency Ledger so long as that debit balance of the Class B Principal Deficiency Ledger is less than or equal to the Principal Amount Outstanding of the B Notes and (iv) finally, to the Class A Principal Deficiency Ledger so long as the debit balance of the Class A Principal Deficiency Ledger is less than or equal to the Euro Principal Amount Outstanding of the Class A Notes. Debit items shall be re-credited in the case of the Class A Principal Deficiency Ledger at item (vii), in the case of the Class B Principal Deficiency Ledger at item (ix), in the case of the Class C Principal Deficiency Ledger at item (xi) and in the case of the Class D Principal Deficiency Ledger at item (xiii), of the Pre-Enforcement Interest Priority of Payments.

Subordinated Loan Agreement

On or prior to the Closing Date the Issuer will enter into the Subordinated Loan Agreement with ICS (the **Subordinated Loan Provider**) and the Trustee pursuant to which the Subordinated Loan Provider will provide the Issuer with the Subordinated Loan in two tranches. Tranche A of the Subordinated Loan will be drawn by the Issuer on the Closing Date and will be used in order to fund the fees, costs and expenses of the Issuer in connection with the issue of the Notes, in an amount which is not expected to exceed €4,000,000. Tranche B of the Subordinated Loan will be used to fund the Reserve Fund on the Closing Date in an amount equal to the Reserve Fund.

The rate of interest applicable under the Subordinated Loan shall be based on the excess revenue funds available to the Issuer after payment or provision for payment in full of items (i) to (xvii) and any amount agreed by ICS in respect of the item (xix) of the Pre-Enforcement Interest Priority of Payments and the amount of interest payable under the Subordinated Loan shall be treated as accruing on a day-to-day basis. Payments of interest under the Subordinated Loan will be made by the Issuer only in accordance with (and to the extent only that funds are available under) the Pre-Enforcement Interest Priority of Payments. The principal amount advanced under the Subordinated Loan is repayable on the redemption in full of the Notes. The Issuer and the Subordinated Loan Provider may agree to repayment of the Subordinated Loan in whole or in part at any earlier time, provided, however, that (i) such repayment shall be made through the Pre-Enforcement Interest Priority of Payments in the manner and at the priority at which interest on the Subordinated Loan is paid and (ii) such repayment is permitted under any applicable regulatory guidelines. The Subordinated Loan will become immediately due and payable following delivery of an Enforcement Notice, but in that event, payment to ICS under the Subordinated Loan will only be paid in accordance with the Post-Enforcement Priority of Payments.

The Subordinated Loan will be governed by Irish law.

Subordination

The Notes will share the same security although, upon enforcement, the A Notes will rank in priority to the B

Notes, the C Notes and the D Notes in point of security (with the A1 Notes, the A2 Notes and the A3 Notes ranking *pari passu inter se*, the B Notes ranking thereafter, *pari passu inter se*, the C Notes ranking thereafter, *pari passu inter se*, and the D Notes ranking, thereafter, *pari passu inter se*).

No interest will be paid to the B Noteholders unless and until all amounts of interest then due to the A Noteholders has been paid in full in accordance with the Pre-Enforcement Interest Priority of Payments and the Post-Enforcement Priority of Payments. No interest will be paid to the C Noteholders unless and until all amounts of interest then due to the B Noteholders has been paid in full in accordance with the Pre-Enforcement Interest Priority of Payments and the Post-Enforcement Priority of Payments. No interest will be paid to the D Noteholders unless and until all interest then due to the C Noteholders has been paid in full in accordance with the Pre-Enforcement Interest Priority of Payments and the Post-Enforcement Priority of Payments.

In the event that, on any Calculation Date, there are insufficient available funds to make payment in full of interest amounts due and payable on the B Notes and/or the C Notes and/or the D Notes, then to that extent, such interest shall be deferred until the next Interest Payment Date on which there are sufficient funds available, as more fully set out in Condition 8(f) ("*Interest - Interest Deferral and Further Accrual*").

Prior to enforcement of the Security, the A2 Noteholders and the A3 Noteholders will not be entitled to receive any payment of amounts of principal unless and until all principal then due to the A1 Noteholders has been paid in full in accordance with the Pre-Enforcement Principal Priority of Payments. Prior to enforcement of the Security, the A3 Noteholders will not be entitled to receive any payment of amounts of principal unless and until all principal then due to the A1 Noteholders and the A2 Noteholders has been paid in full in accordance with the Pre-Enforcement Principal Priority of Payments. However, upon enforcement of the Security, the A2 Noteholders and the A3 Noteholders will rank *pari passu* with the A1 Noteholders in point of payment of principal in accordance with the Pre-Enforcement Principal Priority of Payments and the Post-Enforcement Priority of Payments. Other than upon the occurrence of a Pro-Rata Trigger Event (which is continuing), the B Noteholders will not be entitled to receive any payment of amounts of principal unless and until all principal then due to the A Noteholders has been paid in full in accordance with the Post-Enforcement Priority of Payments. Other than upon the occurrence of a Pro-Rata Trigger Event (which is continuing), the C Noteholders will not be entitled to receive any payment of principal unless and until all amounts of principal then due to the B Noteholders has been paid in full in accordance with the Pre-Enforcement Principal Priority of Payments and the Post-Enforcement Priority of Payments. Other than upon the occurrence of a Pro-Rata Trigger Event (which is continuing), the D Noteholders will not be entitled to receive any payment of principal unless and until all amounts of principal then due to the C Noteholders has been paid in full in accordance with the Pre-Enforcement Principal Priority of Payments and the Post-Enforcement Priority of Payments.

Further Advances

The Issuer may, subject to certain conditions as further described in "*The Mortgage Pool (Continued) – Further Advances*", purchase discretionary Further Advances made by ICS to Borrowers secured on Properties contained in the Mortgage Pool. Any purchase of such Further Advances will be funded from amounts held in the GIC Account and credited to the Principal Ledger or the Retained Principal Ledger.

Substitute Mortgage Loans

The Issuer may, subject to certain conditions as further described in "*The Mortgage Pool – Substitute Mortgage Loans*," purchase additional Mortgage Loans originated by ICS in accordance with the ICS Lending Criteria. Any purchase of Substitute Mortgage Loans will be funded from amounts held in the GIC Account and credited to the Principal Ledger or the Retained Principal Ledger.

Converted Mortgage Loans

The Mortgage Manager on behalf of the Issuer may agree to a request from a Borrower to convert a Mortgage Loan into any other type of mortgage product offered by ICS and which is not expressly permitted or contemplated by the terms of the relevant Mortgage Loan (a **Converted Mortgage Loan**) subject to certain conditions described in "*The Mortgage Pool – Conversion of Mortgage Loans*".

HEDGING ARRANGEMENTS

Interest Rate Hedging

The Interest Rate Swap Transaction will be entered into in order to hedge the interest rate risks (i) associated with the difference between interest payable on the Fixed Rate Mortgages and interest payable on the Notes which is based on 3 Month EURIBOR and (ii) associated with differences between the Variable Rate or the ECB Rate and 3 Month EURIBOR.

General Terms

The terms of the Interest Rate Swap Transaction will provide that on each Interest Payment Date the Issuer will pay to the Interest Rate Swap Counterparty an amount equal to the excess (if any) of X over Y and the Interest Rate Swap Counterparty will pay to the Issuer an amount equal to the excess (if any) of Y over X, which amount will be calculated by the Mortgage Manager on the Calculation Date immediately preceding such Interest Payment Date and where:

“X” equals an amount equal to the product of applying the Blended Mortgage Rate to the Notional Amount, multiplied by $D/365$, where D is the actual number of days in the Interest Period ending on that Interest Payment Date; and

“Y” equals an amount equal to the product of applying 3 Month EURIBOR to the Notional Amount multiplied by $D/360$, where D is the actual number of days in the Interest Period ending on that Interest Payment Date.

For these purposes:

Notional Amount means, in respect of the Interest Period commencing on the Closing Date, €2,950,103,846 and, thereafter, the aggregate Euro Principal Amount Outstanding of the Notes on the first day of each Interest Period, as calculated on the relevant Calculation Date; and

Blended Mortgage Rate, as determined on such Calculation Date, means the blended mortgage rate, calculated as the weighted average interest rate applicable to the Mortgage Loans, weighted according to the principal balance outstanding under the Mortgage Loans on the first day of the Calculation Period occurring immediately before such Calculation Date, less 0.82 per cent.

Interest Rate Swap Guarantee

As the Interest Rate Swap Counterparty is not currently rated by the Rating Agencies, BOI (the **Interest Rate Swap Guarantor**) will enter into a guarantee (the **Interest Rate Swap Guarantee**) dated on or before the Closing Date with the Issuer and the Trustee, pursuant to which the Interest Rate Swap Guarantor will unconditionally and irrevocably guarantee the Interest Rate Swap Counterparty's payment obligations under the Interest Rate Swap Transaction. The Interest Rate Swap Guarantor's obligations under the Interest Rate Swap Guarantee are general, unsecured and senior obligations and will rank equally in right of payment with all existing and future obligations of the Interest Rate Swap Guarantor that are not secured or subordinated. The Interest Rate Swap Guarantee will be governed by Irish law.

Ratings Downgrade

If, at any time, the rating of the Interest Rate Swap Guarantor's (i) long term, unsecured, unsubordinated and unguaranteed debt obligations falls below A1, in the case of Moody's, or A, in the case of Fitch, or (ii) short term, unsecured, unsubordinated and unguaranteed debt obligations falls below A-1, in the case of S&P, P-1, in the case of Moody's, or F1, in the case of Fitch, and collectively, the **Interest Rate Swap Minimum Ratings**, then the Interest Rate Swap Counterparty will be required to take certain remedial measures at its own cost within 30 days as set out in the Interest Rate Swap Transaction but which may include:

- (a) obtaining a guarantee or other support of its obligations under the Interest Rate Swap Transaction from a third party with the Interest Rate Swap Minimum Ratings;
- (b) transferring all of its obligations under the Interest Rate Swap Transaction to a replacement third party with the Interest Rate Swap Minimum Ratings (or, with prior written confirmation of S&P and Fitch that such action would not result in a reduction or withdrawal of the then current rating of the Notes and notification to Moody's, to a party with a lesser rating);

- (c) taking such other action as may be agreed between the Interest Rate Swap Counterparty and the Rating Agencies, including, but without limitation, obtaining confirmation from S&P and Fitch and notifying Moody's 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 Interest Rate Swap Guarantor; and/or
- (d) providing collateral in support of its obligations under the Interest Rate Swap Transaction.

Termination

The Interest Rate Swap Transaction may be terminated by the Interest Rate Swap Counterparty in circumstances including, broadly, (i) where the Issuer is in default by reason of failure by the Issuer to make payments, (ii) where certain insolvency-related events affect the Issuer, (iii) in the event that proceedings are taken against the Issuer by the Trustee to enforce payment of the Notes or (iv) if the Notes are redeemed in full.

The Interest Rate Swap Transaction may be terminated by the Issuer in circumstances including, broadly, (i) where the Interest Rate Swap Counterparty or the Interest Rate Swap Guarantor is in default by reason of failure by the Interest Rate Swap Counterparty and the Interest Rate Swap Guarantor to make payments, (ii) where the Interest Rate Swap Counterparty or the Interest Rate Swap Guarantor is otherwise in breach of the Interest Rate Swap Transaction or has made certain misrepresentations, (iii) where certain insolvency related or corporate reorganisation events affect the Interest Rate Swap Counterparty or the Interest Rate Swap Guarantor, (iv) the Interest Rate Swap Counterparty fails to take permitted remedial measures within the relevant timeframe following a ratings downgrade of the Interest Rate Swap Guarantor as outlined in "*- Ratings Downgrade*" above or (v) where certain tax representations given by the Interest Rate Swap Counterparty prove to be incorrect.

The Interest Rate Swap Transaction may be terminated early by the Issuer or the Interest Rate Swap Counterparty in the event that:

- (i) there is a change of law or change in application of the relevant law which results in such party being obliged to make a withholding or deduction on account of a tax on a payment to be made by such party or the Interest Rate Swap Guarantor or
- (ii) there is a change in law which results in the illegality of the obligations to be performed by either party under the Interest Rate Swap Transaction.

Promptly upon the termination of the Interest Rate Swap Transaction, the Issuer will notify the Trustee of such termination.

Upon termination of the Interest Rate Swap Transaction, in accordance with accepted market practice, the cost (if any) to the Issuer of entering into a replacement transaction, which would have the effect of preserving the economic equivalent of all future payments which would otherwise have been due, will be calculated and a termination payment made. Except as described above, the Interest Rate Swap Counterparty or the Interest Rate Swap Guarantor will not be obliged to make any other payments. In particular, neither the Interest Rate Swap Counterparty nor the Interest Rate Swap Guarantor will make or guarantee any payments in respect of the Notes.

Currency Hedging

In order to hedge (i) the currency risk between euro and Dollars and (ii) the interest rate risk between 3 Month EURIBOR and 3 Month Dollar LIBOR in respect of the Dollar Notes, the Issuer will, on or before the Closing Date, enter into the Cross Currency Swap Transactions with the Cross Currency Swap Counterparty. Under the Cross Currency Swap Transactions the Issuer will make payments to the Cross Currency Swap Counterparty in euro based on 3 Month EURIBOR and the Cross Currency Swap Counterparty will make payments to the Issuer in Dollars based on 3 Month Dollar LIBOR.

General Terms

Under the terms of each Cross Currency Swap Transaction, the Issuer will pay to the Cross Currency Swap Counterparty:

- (a) on the Closing Date, the proceeds received on the issue of the relevant Class of Dollar Notes;

- (b) on each Interest Payment Date, an amount in euro equal to the amount available to be applied in repayment of principal on the relevant Class of Dollar Notes on that Interest Payment Date; and
- (c) on each Interest Payment Date, an amount in euro based on 3 Month EURIBOR, except on the first Interest Payment Date, an amount in euro based on a linear interpolation of 3 Month and 4 Month EURIBOR.

Under the terms of each Cross Currency Swap Transaction, the Cross Currency Swap Counterparty will pay to the Issuer:

- (x) on the Closing Date, an amount in euro calculated by reference to the Dollar proceeds of the issue of the relevant Class of Dollar Notes, such proceeds to be converted into euro at the Dollar Swap Rate (being €1:U.S.\$1.30);
- (y) on each Interest Payment Date, an amount in Dollars based on the Dollar Swap Rate of the amount in euro paid to the Cross Currency Counterparty by the Issuer on such Interest Payment Date under (b) above; and
- (z) on each Interest Payment Date, an amount in Dollars based on 3 Month Dollar LIBOR, except as at the first Interest Payment Date, an amount in Dollars based on a linear interpolation of 3 Month and 4 Month LIBOR.

Ratings Downgrade

If, at any time, the rating of the Cross Currency Swap Counterparty falls below the relevant ratings specified (in accordance with the requirements of S&P, Moody's and Fitch on the Closing Date) in the relevant Cross Currency Swap Transaction then the Cross Currency Swap Counterparty will be required to take certain remedial measures at its own cost within 30 days similar to the measures outlined under "*Interest Rate Hedging – Ratings Downgrade*".

Termination

The Cross Currency Swap Transactions may be terminated by the Issuer, the Cross Currency Swap Counterparty or by both the Issuer and the Cross Currency Swap Counterparty in circumstances substantially similar to the termination events outlined in "*Interest Rate Hedging – Termination*" above. In addition, the method of calculating the amount of any termination payment under the Cross Currency Swap Transactions will be substantially similar to the method outlined in "*Interest Rate Hedging – Termination*" above.

Promptly upon the termination of any Cross Currency Swap Transaction, the Issuer will notify the Trustee of such termination.

Miscellaneous

Transfers

Each of the Interest Rate Swap Counterparty and the Cross Currency Swap Counterparty may, subject to certain conditions specified in the Interest Rate Swap Transaction and the Cross Currency Swap Transaction, respectively, including (without limitation) the satisfaction of certain requirements of the Rating Agencies, transfer its obligations under the Interest Rate Swap Transaction or the Cross Currency Swap Transaction, respectively and the Cross Currency Swap Transaction, respectively, to another entity with the required ratings.

Swap Collateral and Replacement Swap Premium

In the event that a Swap Counterparty is required to post collateral following any ratings downgrade as described above, such collateral will be credited to a separate swap collateral account. Such collateral and any income arising thereon will be applied solely in returning collateral or paying income to the relevant Swap Counterparty. Any such collateral, the income arising thereon and any Replacement Swap Premium will be paid by the Issuer directly to the relevant Swap Counterparty and will not be subject to the Payment Priorities.

Withholding Tax

Under current Irish law, the Issuer will not be obliged to withhold tax from any scheduled payment by it under the Swap Transactions. If the Issuer becomes obliged to withhold tax from any payment due by it under any

Swap Transaction, such tax shall be withheld and paid over to the relevant authorities and the Issuer will not be obliged to gross up its payment to the Swap Counterparty. In the event of an imposition of any tax on any payment due by a Swap Counterparty or the Interest Rate Swap Guarantor to the Issuer under a Swap Transaction or the Interest Rate Swap Guarantee, as the case may be, the Swap Counterparty or the Interest Rate Swap Guarantor will not be obliged to gross up for the tax so withheld. However, if any such withholding or deduction is required, which cannot be avoided by both parties using reasonable endeavours to avoid such withholding or deduction, the relevant Swap Counterparty may terminate the relevant Swap Transaction.

Governing Law

The Interest Rate Swap Transaction and the Interest Rate Swap Guarantee will be governed by Irish law. The Cross Currency Swap Transactions will be governed by English law.

ICS BUILDING SOCIETY

Introduction

ICS is one of the oldest building societies in Ireland. Founded in Ireland in 1864, ICS was incorporated under the Building Societies Act 1874 on 10 December 1874 as The Irish Civil Service and General (Permanent Benefit) Building Society, in 1969 ICS changed its name to The Irish Civil Service Building Society and in 1986 to ICS Building Society. In 1985, BOI acquired control of ICS and ICS continues to be a subsidiary of BOI.

Although ICS was originally founded by civil servants, shortly after its establishment it began to provide services to the general public and continues to do so today.

ICS offers residential mortgages and savings products. ICS' primary distribution channel for new mortgages is through the intermediary market. In addition, in 1989 it introduced to the Irish mortgage market the concept of a specialist mortgage store (the **Mortgage Store**) which deals exclusively with mortgage products. ICS currently has 8 Mortgage Stores located in Cork, Waterford and Dublin City and County.

The chief office of ICS is New Century House, IFSC, Mayor Street Lower, Dublin 1.

ICS is an authorised credit institution and is regulated by the Financial Regulator in accordance with the terms of the European Union banking directives.

As at 31 December, 2005, ICS had total assets of €7.18 billion and approximately 5.2 per cent. share of the residential mortgage market in Ireland.

Legal Structure and Ownership

ICS operates in accordance with the Building Societies Act 1989 (as amended) (the **Act**) and its memorandum and rules. Under the Act, regulation and supervision of building societies is exercised by the Financial Regulator.

The membership of ICS consists of holders of investment shares, holders of savings shares and borrowing members.

All of the investment shares in ICS are held by BOI. Each holder of investment shares with a nominal value of not less than €125 is entitled to receive notice of and attend any general meeting of ICS and generally has one vote for each investment share held by any such holder. In addition, the holders of the investment shares are entitled to be paid any surplus arising on the winding up of ICS.

Each holder of savings shares to a value of not less than €125 is entitled to receive notice of and attend any general meeting of ICS. In addition, they are entitled to vote on any resolution passed at a general meeting of ICS. Investment shareholders with shares to the nominal value of €310 or savings shareholders with shares to the value of €310, are entitled to nominate directors of ICS and propose resolutions for consideration at a general meeting of ICS. However, if holders of savings shares propose a special resolution and 75 per cent. of the holders of investment shares (effectively BOI) consider such special resolution to be unreasonable having regard to their interests generally, the holders of investment shares can refer the matter to arbitration. If the arbitrator finds that the resolution, if passed, would be unreasonable having regard to the interests of the holders of investment shares then the resolution does not have to be put before the general meeting. In addition, a holder of saving shares is not entitled to be paid any surplus arising on the winding up of ICS.

Borrowing members have no right to attend or vote at general meeting of ICS or share any surplus on a winding up of the ICS. Borrowing members do have a statutory right to attend and vote on any conversion resolution relating to any proposed conversion of ICS to a company.

Relationship with BOI

ICS is a subsidiary of, and is under the control, of BOI. BOI holds all of the investment shares in ICS.

In addition, an important aspect of ICS' operations is its business relationship with the BOI Group. ICS has been contracted to provide services to members of the BOI Group relating to the underwriting, issuing and administering substantially all of the BOI Group's Irish residential loans (including residential investment loans). In addition, ICS has contracted BOI to service ICS with all of ICS' savings and investment requirements. These arrangements enable ICS to focus its operations on a single product, being Irish residential loans.

BOI will not guarantee or insure the performance of ICS' obligations under the Mortgage Sale Agreement, the Mortgage Management Agreement or any of the other Transaction Documents.

Corporate Governance

The business of ICS is under the control and management of its board of directors who are elected and serve in accordance with its rules and memorandum. The names of the directors, their position within ICS and their business occupations are given below.

Name	Position	Business Occupation
John G. Collins	Non-Executive Chairman	Company director (non-executive) of a number of companies and Chairman of ICS. Former Group Chief Development Officer, Bank of Ireland (retired June 2005)
Joseph Larkin	Managing Director	Director of Personal Lending, BOI
Lynda Carragher	Executive Director	Head of Credit and Risk Management, ICS and Personal Lending, BOI
Gerry Prizeman	Executive Director	Head of Sales, ICS and Personal Lending, BOI
Richie Boucher	Non-Executive Director	Chief Executive, Retail Financial Services Ireland Limited and Group Executive Director, BOI
Charles E. Lysaght	Non-Executive Director	Barrister at Law
Kevin Murphy	Non-Executive Director	Head of Credit Card Business, Personal Lending BOI
Mary Davis	Non-Executive Director	Chief Executive, Special Olympics, Ireland and Company Director
Mary Finan	Non-Executive Director	Chairman, Wilson Hartnett PR, Chairman, RTE Authority and Chairman, ERSI

Giles Kerr is secretary of ICS.

The business address of each of the directors and secretary is New Century House, IFSC, Mayor Street, Dublin 1, telephone number +353 1 6113000.

Debt Rating

ICS does not currently have long term or short term debt ratings from any of the Rating Agencies.

GIC PROVIDER AND INTEREST RATE SWAP GUARANTOR

Status and Business Activities

The Governor and Company of the Bank of Ireland was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The BOI Group is one of the largest financial services groups in Ireland with total assets of €162.4 billion at 31 March 2006 and profit before taxation of €1,599 million for the year ended 31 March 2006. The BOI Group provides an extensive range of banking and other financial services. ICS is a subsidiary of BOI.

The address of the principal executive offices of the BOI Group is Lower Baggot Street, Dublin 2, Ireland.

At March 31, 2006, the Bank operated 306 full-time retail bank branches of which 253 were in Ireland, 44 in Northern Ireland and 9 full service branches in Britain.

BOI Group is a diversified financial services group comprising three principal business divisions; being Retail Financial Services Ireland (**RFSI**), UK Financial Services (**UKFS**) and Capital Markets.

RFSI provides, a full range of financial services in the personal, commercial, industrial and agricultural sectors in Ireland. These include residential loans, current and deposit accounts, term deposits and certificates of deposits, overdrafts, term loans, mortgages, leasing, instalment credit, debt factoring, foreign exchange facilities, executor and trustee services, investment fund management and advice on a range of financial matters. The BOI Group provides services in euro and other currencies.

UKFS consists of Bristol & West plc (**B&W**), Bank of Ireland Home Mortgages Limited and the branch networks in Northern Ireland and Britain. UKFS provides business banking services and lending, savings and investment products to customers. UKFS is also building on its joint venture agreement with the UK Post Office, distributing a number of products through the UK Post Office network. In September 2005, BOI completed the sale of its B&W branch network and associated deposit base to Britannia Building Society, but retained the B&W brand and all other parts of the B&W business.

Capital Markets consists of corporate banking, treasury services, asset management and corporate finance, including mergers and acquisitions and underwriting services. The Capital Markets' businesses are centred in Dublin. In addition, Capital Markets has branches in Paris, Frankfurt and Connecticut and a representative office in California.

On 1 November 2006, the BOI Group announced the completion of the sale of its entire equity stake in J&E Davy Holdings Limited, the holding company for J&E Davy a leading Irish stockbroking firm for a cash consideration of €316.55 million.

The BOI Group Mortgage Business in Ireland

The development of the interbank markets and the removal of fiscal advantages enjoyed by building societies in the late 1980s allowed clearing banks to compete in the Irish residential loan market on a level playing field. BOI entered the market in its own right in a meaningful way in the late 1980s. Prior to this, participation in the mortgage market by BOI Group was only through ICS, acquired by the BOI Group in 1985. In early 1997, the BOI Group chose residential lending as one of six key areas of focus in Ireland. In 1997, ICS took over from BOI the servicing of BOI's mortgages (BOI's Irish residential loan book). This led in 1999 to the setting up of The Mortgage Business (**TMB**), incorporating ICS Irish residential loans and Bank of Ireland Irish residential loans, whereby all BOI Group Irish residential loans would be managed on a monoline basis. TMB was developed as an internal name to describe the BOI Group's multi-channel, multi-brand residential loan business operating in Ireland.

TMB has overall responsibility on behalf of the BOI Group for the administration and servicing of all BOI Group Irish residential loans. These responsibilities relate to sales, pricing, marketing, strategic planning, book management, credit and risk management, collections, information technology, human resources, business excellence and profitability.

Debt Rating

The current long term and short term debt ratings of BOI are:

	<i>Long Term (unsecured)</i>	<i>Short Term (unsecured)</i>
Fitch	AA-	F1+
Moody's	Aa3	P-1
S&P	A+	A-1

CROSS CURRENCY SWAP COUNTERPARTY

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London, E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the **Group**) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch and the long-term obligations of Barclays Bank PLC are rated AA by S&P, Aa1 by Moody's and AA+ by Fitch.

Based on the Group's unaudited financial information for the period ended 30 June 2006, the Group had total assets of £986,375 million (2005: £850,388 million), total net loans and advances* of £317,427 million (2005: £272,348 million), total deposits** of £339,421 million (2005: £302,253 million), and total shareholders' equity of £25,790 million (2005: £22,050 million) (including minority interests of £1,608 million (2005: £200 million)). The profit before tax of the Group for the period ended 30 June 2006 was £3,700 million (2005: £2,690 million) after impairment charges on loans and advances and other credit provisions of £1,057 million (2005: £706 million). The financial information in this paragraph is extracted from the unaudited consolidated accounts of the Group for the half-year ended 30 June 2006.

* *Total net loans and advances include balances relating to both bank and customer accounts.*

** *Total deposits include deposits from bank and customer accounts.*

CHARACTERISTICS AND REGULATION OF THE IRISH RESIDENTIAL MORTGAGE MARKET

Irish Residential Housing Market

Over the past decade the Irish residential housing market has been extremely buoyant and levels of activity and property price inflation have continued to exceed general expectations. This period of unparalleled growth can be attributed to a number of factors, with the principal drivers including: an extremely strong economic performance – the Irish economy has expanded at an annual average of 7.4 per cent. since 1996, compared with 2.3 per cent. growth in the euro area as a whole; a unique demographic profile – Ireland has a young, growing population which has fuelled a demand for property; and a benign interest rate environment – since 2001 interest rates have been very low by historic standards and are currently 3.5 per cent.

According to available market indicators 2006 was a record year in terms of the number of house completions, residential property prices and the value of mortgage lending. In excess of 93,000 units were completed in 2006 equating to growth of 15.4 per cent. on 2005. Although this represents the thirteenth successive year of record levels of house completions, house price inflation in the 12 months to December 2006 was 12 per cent., which was higher than expectations and 3 per cent. ahead of 2005 price increases. The rates of month-on-month price inflation moderated over the latter half of 2006, however, as rising ECB interest rates impacted on customers' affordability. The likelihood is that house price inflation will moderate further in 2007 as a consequence of higher interest rates.

It is expected that gross new residential lending in 2006 will value approximately €40 billion, implying year on year growth of 25 per cent. This is consistent with 25 per cent. growth in the level of outstanding mortgage debt, which is estimated to value in excess of €123 billion at the end of 2006.

See *"The ICS Mortgage Business – House Price Index"* for a description of Irish house prices since 1996.

The Irish Competitive Landscape

The Irish residential loan market has proven to be profitable in a competitive marketplace, with industry consolidation and the development of new and innovative product offerings.

Twelve financial institutions operate in the Irish residential mortgage market. The BOI Group's main competitors in this market include Allied Irish Banks, p.l.c., permanent tsb (the retail arm of Irish Life and Permanent p.l.c.), The Royal Bank of Scotland Group plc (through its subsidiaries Ulster Bank Ireland Limited and First Active plc) and EBS Building Society. These lenders, including the BOI Group, sell in the region of four out of every five residential mortgages that are sold in Ireland.

Over the last number of years, ICS has encountered significant change to the competitive landscape of the Irish residential mortgage market. Customer choice has increased with the market entry of a number of foreign lenders. The launch of a number of new innovative loan products has increased customer product choice. The Irish residential mortgage market has experienced an environment of unprecedented low residential mortgage interest rates. Over the short to medium term, the Issuer expects a rising interest rate environment and further competitive intensity within the Irish residential mortgage market.

Regulation of the Irish Residential Mortgage Market

It is not necessary to hold a banking licence or be an authorised credit institution in order to provide mortgage loans to borrowers in Ireland.

The primary regulatory requirements in Ireland applicable to mortgage loans are imported by the Consumer Credit Act 1995 (as amended) (**CCA**). In addition, mortgage loans are subject to the terms of the European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 and 2000 (the **UTCCR**). Any entity regulated by the Financial Regulator (which includes ICS) is also obliged to comply with Consumer Protection Code which became effective on 1 August 2006 and this Code applies to mortgage loans. In addition, ICS is also obliged to comply with certain European Union consumer legislation including the Distance Marketing of Financial Services Directive as implemented into Irish law.

Consumer Credit Act 1995 (as amended)

The making of housing loans in Ireland is in the main regulated by the CCA, which imposes a range of obligations and restrictions on mortgage lenders and mortgage intermediaries. The relevant part of the CCA

applicable to housing loans (being Part IX) applies to loans made by mortgage lenders only. The Mortgage Pool will consist entirely of CCA regulated housing loans.

A mortgage lender is defined under the CCA as an entity which carried on the business which consists of or includes the making of housing loans. A housing loan is an agreement for the provision of credit to a person on the security of a mortgage of a freehold or leasehold estate or interest in land for any of a number of purposes, including the purchase or construction of a house to be used as the person's principal residence or that of the person's dependents, or refinancing a loan that was made for any of those purposes, and any loan to a consumer where that loan is secured by a mortgage of land on which a house is or is to be constructed. ICS is a mortgage lender for the purposes of the CCA. 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 is required to be so authorised by 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 as outlined 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 in respect of the making of housing loans include rules regulating advertising for housing loans; a requirement to furnish the borrower with a valuation report concerning the property; criteria for calculation of APR on housing loans; 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; obligations to provide prescribed documents and information to a borrower; and disclosure of certain fees and charges. 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; any such 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.

Under Section 149 of the CCA, credit institutions must apply to the Financial Regulator in order to either increase existing fees or introduce any new fee or charge. The Financial Regulator has the right to decline any such application. Section 149(11) entitles the Consumer Director to require a credit institution to refrain from using any terms and conditions that the Consumer Director considers to be unfair or likely to be regarded as unfair.

A housing loan remains enforceable against the borrower even if there is a breach of any provision of Part IX of the CCA.

Under the Mortgage Sale Agreement, ICS will warrant that ICS has complied in all material respects with the CCA in respect of the origination and servicing of each Mortgage Loan and ICS will undertake to repurchase any Mortgage Loan and its related security upon breach of a Warranty given by it under the Mortgage Sale Agreement.

Unfair Terms in Consumer Contracts Regulations

The UTCCR apply in relation to the Mortgage Loans and their related security. A Borrower may challenge a term in an agreement on the basis that it is "unfair" within the meaning of the UTCCR and therefore not enforceable against the Borrower. In addition, the Director of Consumer Affairs or a consumer organisation (as defined in the UTCCR) 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 the Borrower's obligation to repay principal, but may affect terms deemed to be ancillary terms, which may include terms the application of which are in the ICS' discretion (such as a term permitting ICS to vary the interest rate or waiver by a Borrower of set off rights).

If a term of a Mortgage 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 ICS, or any assignee such as the Issuer, to claim repayment of the extra interest amounts paid or to set-off the amount of the claim against the amount owing by the Borrower under the Mortgage Loan. Any such non-recovery, claim or set-off may adversely affect the realisable value of the Mortgage Loans in the Mortgage Pool and accordingly the ability of the Issuer to meet its obligations in respect of the Notes.

Under the Mortgage Sale Agreement, ICS will warrant that all Mortgage Loans in the Mortgage Pool comply with the requirements of the UTCCR and ICS will undertake to repurchase any Mortgage Loan and its related security upon material breach of a warranty given by it under the Mortgage Sale Agreement.

Consumer Protection Code

The Financial Regulator is responsible for the development of codes of conduct and other requirements applicable to regulated entities (including ICS) authorised by or registered with the Financial Regulator. In March 2004 the Financial Regulator commenced a review of existing codes with a view to developing one statutory Consumer Protection Code (the **Code**). The Code was published on 25 July 2006 and contains provisions that cover all aspects of a regulated entity's relationship with a consumer, from advertising and marketing, to knowing the consumer and offering suitable products, to ensuring that consumers are treated fairly. Certain provisions of the Code became effective on 1 August 2006.

Relevant obligations of the Code include; a requirement to supply a written suitability statement before providing certain services or products; a strict time period for complaint handling; for consolidation mortgages, an obligation to supply a written comparison detailing cost of new mortgage versus the cost of maintaining existing loans; and a requirement to advise customers how to mitigate/avoid fees and penalties in respect of the chosen product.

All regulated entities must maintain adequate systems and controls to ensure its compliance with the Code. If requested by the Financial Regulator, a regulated entity must produce records detailing compliance with the Code.

Breach of the provisions of the Code entitle the Financial Regulator to impose administrative sanctions pursuant to Part IIC of the Central Bank Act, 1942. Such sanctions include disqualification orders and monetary penalties to a maximum of €5,000,000.

Minimum Competency Requirements

These requirements, issued by the Financial Regulator in July 2006, apply to individuals who on behalf of a regulated firm (including ICS), arrange or offer to arrange retail financial products for consumers (as defined in the Code above) and/or advise on same. They also apply to anyone involved in the direct management or supervision of such individuals and to individuals acting on behalf of a regulated firm in the adjudication of complaints from consumers relating to advice given or products sold or arranged by that regulated firm.

From 1 January 2007, all such individuals must hold a recognised qualification from an external professional educational body in respect of the product they sell/arrange or be in the process of obtaining one with a four year time limit for qualification. Currently, this qualification is the Qualified Financial Adviser Diploma. The requirements also introduce continuing professional development for such individuals.

ICS is a regulated firm and has been obliged to comply with these requirements in respect of all mortgage sales and insurance intermediation since 1 January 2007.

Tax Relief at Source Scheme

Tax relief at source for mortgage interest was introduced in Ireland in the tax year 2002 (the **TRS Scheme**). The Irish Revenue Commissioners published regulations indicating how the TRS Scheme should operate (the **TRS Regulations**) and ICS has been operating the TRS Scheme based on the TRS Regulations since then.

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

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

If the security for the Notes was enforced, resulting in a transfer of legal title to the Mortgage Pool to the Issuer or the Trustee, ICS would no longer be the lender with respect to the Mortgage Pool. However, the TRS Regulations provide that provided ICS acts as servicer in relation to the Mortgage Pool, it will be regarded as the qualifying lender for the purpose of the TRS Scheme or it can nominate the securitisation vehicle, or its agent (the Trustee or another nominee) as a qualifying lender for the purpose of the TRS Scheme. ICS will covenant in the Mortgage Management Agreement, that if it is replaced as Mortgage Manager or if the security is enforced, it will irrevocably appoint such person as may be selected or approved by the Issuer and the Trustee as a qualified lender for the purposes of the TRS Scheme provided that such person has at the time of its appointment made the necessary arrangements with the Revenue Commissioners for the immediate operation of the TRS Scheme by it in respect of the Mortgage Pool upon its appointment becoming effective. The Mortgage Management Agreement will include a power of attorney enabling the Trustee to make this nomination on behalf of ICS as its attorney.

EU Legislation

Distance Marketing Regulations

With effect from 15 February 2005, the Distance Marketing of Financial Services Directive has been implemented in Ireland by way of the European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004 as amended (the **DM Regulations**). The DM Regulations apply to, *inter alia*, credit agreements entered into on or after 31 October 2004 by means of distance communication (i.e. without any substantive simultaneous physical presence of the originator and the borrower).

The DM Regulations require suppliers of financial services by way of distance communication to provide certain information to consumers. This information generally has to be provided before the consumer is bound by a distance contract for supply of the financial services in question and includes, but is not limited to, general information in respect of the supplier and the financial service, contractual terms and conditions and whether or not there is a right of cancellation.

Unlike certain other distance contracts for the supply of financial services, a consumer does not have the right under the DM Regulations to cancel a housing loan (within the meaning of CCA) within the 14 day cooling off period introduced by the DM Regulations, if originated by an Irish lender from an establishment in Ireland. However failure by the supplier to comply with certain obligations under the DM Regulations may result in the distance contract being unenforceable against the consumer. The obligations include (i) the provision of the prescribed pre-contractual information to the consumer (ii) keeping a copy of all information provided to a consumer in relation to a distance contract in durable and tamper-proof form, (iii) providing a hard paper copy of the distance contract's terms and conditions on consumer request, or (iv) changing the means of distance communication pursuant to a consumer request (unless inconsistent with the contract or nature of the service) may result in the distance contract being unenforceable against the consumer. The discretion as to enforceability, lies with the courts, who if satisfied that the supplier's non compliance was not deliberate, the consumer has not been prejudiced by such non compliance, and it is just and equitable to dispose with the relevant obligation, may decide that the contract is enforceable, subject to any conditions they see fit to impose.

Under the Mortgage Sale Agreement, ICS will warrant that to the extent that any of the Mortgage Loans qualify as "distance contracts" (as defined in the DM Regulations) ICS has complied with the DM Regulations.

Second Revised Proposal for a New 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. In its original form, the proposal prescribes requirements for, *inter alia*, further drawings and further advances made in relation to existing agreements and new agreements, and provides that mortgage loans which do not comply with these requirements may be unenforceable.

There was significant opposition from the European Parliament to the original form of the proposed directive, and there were differences of opinion as to the extent to which it should apply to mortgage loans. In October 2004, the European Commission published an amended form of the proposed directive. In this amended form,

the proposed directive would have applied to any loan secured by a mortgage on land that included an equity release element and was not over euro 100,000, but it was unclear whether it would have applied to further drawings and further advances made in relation to agreements existing before national implementing legislation came into force.

In October 2005, the European Commission published a second revised proposal for the directive. Under this second revised proposal, mortgage credit was excluded from its scope.

The European Commission, on 19 July 2005, published a Green Paper on mortgage credit launching a consultation lasting until 30 November 2005. Following the consultation, the European Commission published a summary of the responses received. The Commission then decided to continue with industry dialogue and a schedule of meetings for 2006 and the first quarter of 2007 has been put in place with the aim of publishing a white paper in June 2007.

Until the white paper is published, it is not certain what effect the proposals therein would have on the Mortgage Pool, ICS or the Issuer and their respective businesses and operations. No assurance can be given that any directive which flows from the white paper will not adversely affect the ability of the Issuer to make payments to Noteholders.

Directive on Unfair Commercial Practices

On 11 May 2005, the European Parliament and Council adopted a directive on unfair business-to-consumer commercial practices (the **Unfair Practices Directive**). The Unfair Practices Directive will affect all contracts entered into with persons who are natural persons and acting for purposes outside their trade, business, craft or profession. Although, the Unfair Practices Directive is not concerned solely with financial services, it may have some impact in relation to the residential mortgage market.

Under the Unfair Practices Directive a commercial practice is to be regarded as unfair and prohibited if it is: (a) contrary to the standard of special skill and care which a trader may reasonably be expected to exercise towards consumers, commensurate with honest market practice and/or general principles of good faith in the trader's field of activity; and (b) materially distorts or is likely to distort the economic behaviour of the average consumer.

In addition to the general prohibition on unfair commercial practices, the Unfair Practices Directive contains provisions aimed at aggressive and misleading practices (including, but not limited to: (i) pressure selling; (ii) misleading marketing (whether by action or omission); and (iii) falsely claiming to be a signatory to a code of conduct).

The directive also contains provisions aimed at preventing the exploitation of consumers whose characteristics make them particularly vulnerable to unfair commercial practices (which may include non-status, credit impaired or sub-prime borrowers).

The directive is stated to be without prejudice to contract law and the rules on the validity, formation or effect of a contract. The directive requires Member States to have adequate and effective means to enable unfair commercial practices to be challenged, to ensure compliance with the directive and to impose penalties for infringements of national provisions adopted in implementation of the directive.

The directive is a maximum harmonisation measure which means that Member States will be prevented from retaining consumer protection measures which go beyond the scope of the directive. There is, however, some scope in the directive for Member States to retain more restrictive or prescriptive national provisions for eight years following the entry into force of this directive. In relation to financial services and immovable property, Member States are, however, permitted to retain protections which go beyond these requirements without restriction. Therefore, in the context of financial services and immovable property, this directive will potentially place additional obligations on mortgage lenders where there currently are no specific rules applying.

The Unfair Practices Directive is due to be implemented by Member States by 12 June 2007 and the implementing provisions are to come into force by 12 December 2007, subject to a transitional period until 12 June 2013.

A draft bill implementing the Unfair Practices Directive into Irish law was published by the Irish government on 1 February 2007. The draft bill will now proceed through the various stages of parliamentary review. During each of these stages, the draft bill may be subject to substantial modification and amendment.

Until the final version of the Irish implementing legislation is published, it is not certain what effect the adoption and implementation of the directive would have on the Mortgage Pool, ICS or the Issuer and their respective businesses and operations. No assurance can be given that Ireland's implementation of the Unfair Practices Directive will not adversely affect the ability of the Issuer to make payments to Noteholders.

MATERIAL LEGAL ASPECTS OF THE MORTGAGE LOANS AND THE RELATED SECURITY

The following discussion describes, in summary, the material legal aspects in respect of the assignment of the Mortgage Loans and their related security and of Irish residential property and mortgages. It is a brief summary and not an exhaustive analysis of the relevant law.

General

There are at least two parties to a mortgage, namely, the mortgagor, who is the homeowner and who grants the security over his property, and the mortgagee, who is the lender and, occasionally, a guarantor. A mortgage loan is secured by a mortgage on a property thereby granting the mortgagee a security interest in the property. Each Mortgage Loan to be assigned to the Issuer will be secured by a legal mortgage or a charge which has a first ranking priority over all other mortgages secured on the relevant property and over all other unsecured creditors of the Borrower, except in respect of certain statutory rights, which are granted statutory priority.

Title to land in Ireland takes one of two forms: registered and unregistered. Both of these systems of title include freehold and leasehold property. A freehold title is the closest title to absolute ownership which a property owner may hold. A leasehold title means that the property is held for a term of years and the lease generally reserves a nominal annual rent and is subject to covenants and conditions which are usually not onerous. In order to qualify for a mortgage there must be at least 70 years left to run on the lease or, if less than 70 years remain, the owner of the property must have a statutory right to acquire the freehold.

Registered Title

The registration of title system was established in Ireland by the Local Registration of Title (Ireland) Act 1891. This system of title registration in Ireland is now governed by the Property Registration Authority established under the provisions of the Registration of Deeds and Title Act 2006. The Land Registry in Ireland provides for the registration of the ownership of land. The register of titles is divided into individual administrative counties and allocates the land in that county a unique title number known as a folio. The basic principle is that the title register is conclusive evidence of the title of the owner to the land as it appears on the register.

Each individual register consists of three parts: the property register, which provides the details of the property including location and description as either freehold or leasehold; the ownership register which details the owners and quality of title and, finally; the burdens register, which contains details of all burdens attaching to the property including charges and other security interests. The property is also identified by a map retained at the Land Registry indicating the location of the related land (the **Plan**). However, the Plan is not conclusive as to matters such as the location of the boundaries.

Title to freehold land may be described as either absolute, qualified or possessory title. Leasehold land can be either absolute, qualified, possessory or good leasehold title. Compulsory registration applies to six counties in Ireland which means that any event affecting land in one of those counties makes registration of the title to the land compulsory in the Land Registry.

Unregistered Title

Land, the title to which is not registered in the Land Registry, is governed by the registration of deeds system which was introduced in Ireland by the Registration of Deeds Act (Ireland) 1707. This system is now also under the aegis of the Property Registration Authority. Whereas issuing by the Land Registry of a folio is indisputable evidence of title to property, the primary function of the Registry of Deeds is to provide a system of recording the existence of deeds and conveyances affecting unregistered property. Title to unregistered land is proved by establishing a chain of documentary evidence to title going back at least 20 years. Where details of the grantor are known, a search in the Registry of Deeds will establish the existence of any documents relating to the property, while the effect of the documents can only be discovered by examining them in detail. There is no requirement to register documents relating to unregistered land, however, priority of mortgages and charges affecting the property can be adversely affected if relevant documents are not registered and thus it is standard conveyancing practice to register all documents dealing with unregistered land.

Taking Security Over Land

Under the Land Registry system a legal charge such as a mortgage only takes effect once it has been registered. Once registered, the charge secures priority over any subsequent legal charges which may be filed but will rank lower in priority to those already registered against the property. The date of registration of a charge is the date which secures priority rather than the date of creation of the charge. An equitable charge is

the term used to describe a charge that has been created but has not yet been registered.

Under the Registry of Deeds system in Ireland, the mortgagee generally protects his interest by taking possession of the title deeds of the property during the term of the mortgage. This prevents the mortgagor from dealing with his land without the prior consent of the mortgagee. As noted above, documents relating to dealings with unregistered land are not required by law to be registered. However, as regards the creation of mortgages, registration with the Registry of Deeds ensures priority over any subsequent mortgages which may be created. As a result, it is standard conveyancing practice in Ireland to register with the Registry of Deeds all property security documents dealing with unregistered land.

The Sale of the Mortgage Loans

The sale to the Issuer of the Mortgage Loans together with their related security will take effect in equity only and the Issuer will not apply to either the Land Registry or the Registry of Deeds to register or record its equitable interest in the Mortgages. The consequences of this are explained in the section **“Risk Factors – There may be risks associated with the fact that the Issuer does not have legal title to the Mortgage Loans and their related security which may adversely affect payments on the Notes”**.

Enforcement of Mortgages

In the case of default by a borrower, the mortgage will generally provide that all monies under the mortgage loan will be immediately due and payable. Under ICS' standard mortgage deed, all moneys remaining unpaid by a Borrower and secured by such mortgage deed will become immediately due and payable on demand by ICS in the case of a default by the Borrower under such mortgage deed. The mortgagee would then be entitled to recover all outstanding principal, interest and fees under the obligation of the borrower as set out in the mortgage deed. In addition, the mortgagee would then be entitled to enforce its mortgage in relation to the defaulted mortgage loan. Enforcement may occur in the following ways:

- The mortgagee can make an application to the court for a declaration that the amount secured by the mortgage was well charged on the mortgagor's interest and for a sale, if the mortgagor did not pay the sum due within three months after service of the court order on him.
- The mortgagee has power to sell the mortgaged property without the involvement of the court. However, as it may be difficult to obtain vacant possession of the property due to the unwillingness of the mortgagor to co-operate, this method of enforcement is often not effective in practice.
- The mortgagee, if it cannot or does not wish to bring proceedings for possession and if it cannot sell the property without the assistance of the court, may initiate proceedings to have the property sold by the court and the proceeds applied in discharge of the principal and interest secured by the mortgage.
- The mortgagee may enter into possession of the property. This is not a popular method of enforcement and is only used in practice where the property is vacant or abandoned. The mortgagee then sells as mortgagee in possession under statutory powers or the relevant mortgage deed.
- A receiver may be appointed who could be given extensive powers to manage the mortgaged property. This procedure applies, particularly, to a rented property where the value of the business depends largely on the efficient running of the business.

Notwithstanding the above, in order to enforce the power of sale in respect of mortgaged property, the mortgagee must generally obtain possession of the mortgaged property (to sell the mortgaged property with vacant possession) either voluntarily or by a court order. Once possession is obtained the mortgagee has a duty to the borrower to take reasonable care to obtain a proper price for the mortgaged property. Failure to do so would put the mortgagee at risk of an action by the borrower for breach of such duty although it is for the borrower to prove breach of such duty.

In addition, under Irish law, where an interest in land mortgaged to a building society is sold by such building society in exercise of a power of sale, the building society is required to ensure as far as is reasonably practicable that the property is sold at the best price reasonably obtainable.

THE ICS MORTGAGE BUSINESS

The following is a description of some of the characteristics of the loans originated by ICS and selected to be in the Mortgage Pool. Included are details of some of the key features of the ICS mortgage loan products (each, a **Product Type**) and the process by which they are originated. Mortgage Loans that satisfy the conditions described in “*ICS Lending Criteria*” below will be capable of being added to the Mortgage Pool.

Product Types Offered by ICS

ICS offers a variety of Product Types, each with its own combination of features, including interest rate, repayment terms, eligibility criteria and LTV limits. Each Mortgage Loan will comprise one or more loan parts, each of which may be a separate Product Type. ICS reserves the right to create new Product Types and to amend the terms and conditions applicable to the Mortgage Loans or Product Types which it offers (as the same may be amended from time to time, the **Mortgage Conditions**). Subject to the conditions described in “*The Mortgage Pool - Further Advances*” and “*The Mortgage Pool - Substitute Mortgage Loans*”, ICS may (but has no obligation to) from time to time add Further Advances or Substitute Mortgage Loans to the Mortgage Pool which have different lending criteria than those Mortgage Loans in the Initial Mortgage Pool.

Interest Rate Features

In response to the competitive Irish mortgage market, ICS has developed a range of products with special features that are used to attract new buyers and retain existing customers. Depending on whether the customer is a first time borrower, trading-up or an existing customer interested in equity release options, ICS offers the following interest rate features, which can be combined in order to suit the needs of each individual Borrower:

- (i) **Variable Rate Mortgages** are Mortgage Loans subject to a variable rate of interest (**Variable Rate**) set by ICS and calculated by reference to one month EURIBOR;
- (ii) **Tracker Mortgages** are Mortgage Loans subject to a variable interest rate which is set at a fixed margin above the ECB Rate; and
- (iii) **Fixed Rate Mortgages** are Mortgage Loans subject to a fixed interest rate for a specified period of time. At the end of this period, the Mortgage Loan reverts to a Tracker Mortgage.

Interest on each Mortgage Loan accrues on the current principal balance of that loan from time to time and is payable, in arrears, on the relevant payment date (being at least monthly) (the **Monthly Payment Date**) for that mortgage. Interest on substantially all of the Mortgage Loans is computed on a daily basis.

Repayment Features

Borrowers will make payments of interest on, and repay principal of, their Mortgage Loans using one of the following methods:

- (i) **Repayment:** the Borrower is required to make at least monthly payments of both interest and principal such that the relevant loan will have been repaid in full by the completion of the term of the mortgage.
- (ii) **Endowment:** The Borrower is required to make at least monthly payments of interest only. At the same time, the Borrower will also make separate payments into an endowment policy; the proceeds from the endowment policy are intended to be at least sufficient to repay the remaining principal balance of the Mortgage Loan at maturity.

ICS reserves the right to vary the repayment terms of any Loan (or part thereof), either at its absolute discretion or at the request of the relevant Borrower, at any time during the term of the Mortgage Loan, subject to any applicable requirements set out in “*The Mortgage Pool – Conversion of Mortgage Loans*”.

Payment

Under the Mortgage Conditions, Borrowers must make at least monthly payments required under the Mortgage Conditions on each Monthly Payment Date. Certain Mortgage Loans have weekly or fortnightly payment obligations. However, such Mortgage Loans comprise less than 1.2 per cent. of the Provisional Pool. Interest on Mortgage Loans accrues in accordance with the Mortgage Conditions and is collected from Borrowers

monthly, as set out above.

The general monthly payment required to be paid by the relevant Borrower on each Payment Date in respect of a Mortgage Loan (the **Monthly Payment**) may vary from month to month for various reasons, such as changes in interest rates (excluding Fixed Rate Mortgages, for so long as they are in their fixed rate period).

Origination Channels

ICS's primary origination channel for new residential mortgages is through independent mortgage brokers. Select brokers are supported by a remote ICS underwriting service and a centralised telephone support staff. ICS also derives a portion of its mortgage lending business through its eight specialist retail mortgage outlets (trading under The Mortgage Store brand). For the year ended 31 December 2006 a substantial amount of ICS' mortgage lending was originated through independent mortgage brokers and the remainder was originated at local Mortgage Stores. A substantial majority of customers sourcing a mortgage loan from ICS (including the Mortgage Store channel) are customers without a previous BOI Group relationship.

No third parties are currently accredited to sell or provide advice regarding mortgages on behalf of ICS. ICS and its affiliates reserve the right to originate Mortgage Loans through third party introducers or brokers and Mortgage Loans added to the Mortgage Pool after the date of this Prospectus may be originated through third party introducers and brokers.

Underwriting Process and ICS Lending Criteria

Underwriting

The decision to offer a Mortgage Loan to a potential Borrower is made by an ICS underwriter. ICS requires each underwriter either to complete a training programme with ICS or have a minimum level of prior underwriting experience before being given the authority to approve mortgage loans. ICS has established various levels of authority for its underwriters which reflect, amongst other things, the degree of risk that the underwriter is permitted to approve. Underwriting decisions are monitored regularly for compliance with underwriting authority and conformity with the ICS Lending Criteria.

To obtain a Mortgage Loan, the prospective Borrowers complete an application which includes information about the applicants' income, current employment details, bank account information, current mortgage information, if any, and certain other personal information. A team of underwriters, exclusive to ICS, review the application, phone employer references (in certain cases) and perform a credit bureau search against each applicant at their current address in Ireland and, if necessary, former addresses in Ireland. This search provides details regarding the applicant's mortgage and loan repayment history and may reveal information regarding possible undisclosed loans and revoked credit cards.

An automated system assesses the credit risk of each prospective Borrower. The automated system was developed using ICS's own data and incorporates all relevant credit policy rules. In evaluating each new Mortgage application, the automated system applies statistical analysis to both economic and customer-provided data to predict the likelihood of a Mortgage Loan going into arrears. In addition, the automated system also uses data from existing customer accounts to make further lending decisions.

The automated system generates an internal credit score for each prospective Borrower and sorts applications into "approve", "refer" and "decline" categories. Certain applications are "auto approved" subject to specified credit criteria being met and conditions (such as, where required, receipt of a satisfactory property valuation). These applications are not evaluated by an ICS underwriter in a traditional sense. Applications which are graded as "refer" or "decline" are referred to an ICS underwriter for credit assessment. A system-generated "refer" or "decline" decision may be overridden by the relevant underwriter, within certain defined controls.

ICS periodically reviews the way in which it conducts its origination business and may change its origination processes from time to time. ICS will retain exclusive control over the underwriting policies and ICS Lending Criteria to be applied to the origination of Mortgage Loans.

ICS Lending Criteria

Each Mortgage Loan originated by ICS was originated according to ICS's lending criteria (as the same may be amended from time to time, the **ICS Lending Criteria**) applicable at the time the Mortgage Loan was offered. The ICS Lending Criteria applied to most Mortgage Loans included in the Mortgage Pool as of the Closing Date were the same or substantially the same as the criteria described below. ICS may have granted exceptions to

or varied the ICS Lending Criteria acting in the manner of a prudent prime mortgage lender acting reasonably lending to borrowers in Ireland where the mortgage loan is secured over Irish residential property (a **Prudent Mortgage Lender**) in respect of Mortgage Loans comprised in the Mortgage Pool. ICS reserves the right to amend the ICS Lending Criteria from time to time and to add to the Mortgage Pool Mortgage Loans which were originated under such revised ICS Lending Criteria.

The following is a summary of the ICS Lending Criteria.

Security

- (a) Each of the Mortgage Loans is secured by a first legal mortgage or charge over a property in Ireland (the **Property**), or by a subsequent ranking mortgage or charge only to the extent that every prior ranking mortgage or charge on principal security is also held by the Issuer. Prior ranking charges or mortgages on secondary security may be held by ICS.
- (b) The legal title in the Property being taken as security is “good marketable title” (within the meaning of the Law Society definition).
- (c) In all cases a valuation is required, to be performed by a valuer, being a valuer at the time of such valuation listed in ICS’ panel of valuers or is otherwise acceptable to ICS, except in the case of certain further advances where an existing acceptable valuation report is held.
- (d) Borrowers are required to effect and maintain a life assurance policy in the amount of the Mortgage Loan for the duration of the term which will repay the Mortgage Loan in the event of death. Such assurance policies are required to be assigned to ICS as security for the loan.
- (e) Borrowers are generally required to effect and maintain a building insurance policy in an amount sufficient to recover the reinstatement value of the Property and ICS is a joint insured or its interest is noted on said policies. The obligations of the Borrower may be met if such insurance is effected and maintained by another person with an interest in the relevant Property and ICS is a joint insured or its interest is noted on such policy.

LTV

- (a) The LTV is calculated by dividing the Mortgage Loan amount approved at completion (including any completion fees) by the valuation (or in some cases, the purchase price) of the Property.
- (b) Other than in the circumstances outlined in (c) below, the LTV of each Mortgage Loan at the date of the initial advance by ICS to the Borrower is normally not more than 92 per cent. (excluding any mortgage indemnity premium or administration or other fee added).
- (c) Notwithstanding the general limit of 92 per cent. LTV referred to in (b) above, the Issuer also makes available Mortgage Loans up to 100 per cent. LTV for first time buyers, subject to defined criteria.

Term

Each Mortgage Loan has an initial term of no longer than 35 years.

Borrowers

- (a) The borrowers must have a minimum age of 18.
- (b) Independently of the number of borrowers who are parties to any one loan, the assessment of any Mortgage Loan based on the greater income and status of a maximum of two of the borrowers.
- (c) Borrowers’ credit and employment history will have been assessed with the aid of one or more of the following:
 - (i) search supplied by the Irish Credit Bureau;
 - (ii) search supplied by another credit reference agency;
 - (iii) copy of the most recent pay slips and/or the most recent P60 (annual Irish income tax

- statement given by employers to employees);
- (iv) certified audited accounts;
- (v) accountant's certificate in the form supplied by ICS;
- (vi) existing lender's statements;
- (vii) salary reference from current employers; and
- (viii) satisfactory track record with ICS, where applicable.

Income

- (a) Income is determined by reference to the application and supporting documentation, where appropriate, and may consist of the following:
 - (i) Salary plus 25 per cent. of previous year's overtime if overtime is recurring and reasonably certain and confirmed by the employer or 100 per cent. of overtime if guaranteed and can be relied upon for long periods plus 25 per cent. of bonus payments where confirmed in writing to be permanent and part of the contract; or
 - (ii) Income is confirmed by an accountant for self-employed borrowers.
- (b) Each borrower must disclose all material liabilities, which are assessed by ICS.
- (c) Borrowing limits for Mortgage Loans are assessed by referenced to a multiple of a borrower's income. Current income multiple guidelines range from up to 4.5 to 5.0 times income for single borrowers and from up to 4.5 to 5.0 times for married or joint borrowers.
- (d) A borrower's capacity to repay a Mortgage Loan should exceed at the date of the advance a threshold, as determined from time to time by the Issuer, which depends on the borrower's family status. The capacity to repay is calculated as the gross income minus tax, national insurance, mortgage interest and repayment and other loan repayments. The borrower's capacity to repay is calculated using a stressed mortgage interest rate of the European Central Bank base rate plus 3 per cent.

Solicitors

The firm of solicitors acting on behalf of the Borrowers, on the granting of a security over Irish residential property, must have at least one practicing solicitor who must hold a current practising certificate issued by the Law Society of Ireland.

Further Advances and Converted Mortgage Loans

Further Advances and Converted Mortgage Loans are governed by the same criteria as initial advances provided that repayments on the Mortgage 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 Mortgage Loan.

Further Advances

ICS may make Further Advances to Borrowers from time to time in its discretion, and subject to the underwriting process and ICS Lending Criteria described above. See "*The Mortgage Pool – Further Advances.*"

Substitute Mortgage Loans

Under the terms of the Mortgage Sale Agreement, ICS may (but is not obliged to) sell Substitute Mortgage Loans and their related security to the Issuer on any Interest Payment Date subject, *inter alia*, to funds being available for such purchase in the Principal Ledger and/or the Retained Principal Ledger. See "*The Mortgage Pool – Substitute Mortgage Loans.*"

Conversion of Mortgages

ICS, in its discretion, may agree with a Borrower from time to time to convert his or her Mortgage Loan into any

other type of mortgage product offered by ICS. See *“The Mortgage Pool – Conversion of Mortgages”*.

Arrears and Enforcement Procedures

ICS considers a Mortgage Loan to be “in arrears”, if the relevant Borrower fails to pay the full Monthly Payment in respect of a Mortgage Loan by the next Monthly Payment Date, save in the circumstances described later in this section.

Each Borrower account in arrears is automatically allocated a risk category, based on specified risk factors such as level of arrears and LTV.

Management of low risk accounts commences with standard correspondence. For accounts deemed high/medium risk, collectors commence appropriate action, including letters, phone communication, visits and, where appropriate, legal proceedings including proceedings for possession of the relevant Property.

There are two means of obtaining possession for this purpose; first by taking physical possession (seldom done in practice and typically where a property is abandoned) and second, by obtaining a court order.

If a mortgagee (be it the legal owner (ICS), the beneficial owner (the Issuer), the Trustee or its appointee (such as a receiver, if the Trustee has taken enforcement action against the Issuer) takes physical 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.

The courts will have discretion as to whether to grant an order requiring a Borrower to vacate the relevant Property, and to set the terms and/or conditions of any order which it grants. If a Borrower does not voluntarily vacate the relevant Property after a possession order has been granted or make arrangements to rectify the breach, a warrant for execution by a court officer of the possession order is sought before ICS will be able to obtain possession of that 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. 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 Loan or to remedy any default consisting of a breach of any other obligation arising under or by virtue of the Mortgage Loan.

The court has a very wide discretion and often adopts a very sympathetic attitude towards a Borrower faced with 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. In addition, under Irish law, where an interest in land mortgaged to a building society is sold by such building society in exercise of a power of sale, the building society is required to ensure as far as is reasonably practicable that the property is sold at the best price reasonably obtainable. There is also a risk that a Borrower may also take court action to force the relevant mortgagee to sell the Property within a reasonable time.

The net proceeds of sale of the Property (after payment of costs and expenses of the sale) together with any sums paid by a guarantor of the relevant Borrower will be applied against the sums owing from the Borrower to the extent necessary to discharge the relevant Mortgage Loan. Where such funds are insufficient to redeem such Mortgage Loan in full, where appropriate, further recovery action may be taken against the relevant Borrower(s). 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 principal owing and secondly in paying interest and costs in respect of such loan.

ICS will retain the discretion to vary the timing of any of the procedures described above and may, in its discretion, elect to postpone any or all of such actions for an indefinite period. ICS may, at any stage of the collections process (both before and at any point following the initiation of formal legal proceedings to obtain a possession order in respect of a Mortgaged Property), enter into arrangements with a Borrower in respect of his or her Mortgage Loan, including:

- (i) arrangements to make each Monthly Payment as it falls due, plus an additional amount to reduce the arrears balance to zero over a period of time;

- (ii) arrangements to make each Monthly Payment or part thereof as it falls due – such arrangements being limited in time according to the circumstances of the case; and
- (iii) a deferment for a period of time of all payments, including interest and principal or parts of any of them.

ICS may vary any of these arrangements from time to time at its discretion, the primary aim being to restore the paying status of the Borrower and recover the arrears.

From time to time, based upon specific individual circumstances, ICS may capitalise any arrears amounts outstanding in respect of a Mortgage Loan. Such capitalisation are normally only agreed where capacity to meet the new level of payments has been evidenced. In those circumstances, ICS will set the arrears balance to zero and the related Mortgage Loan will no longer be considered to be in arrears. The outstanding balance on the Mortgage Loan (including the capitalised amount) will be required to be repaid over the remaining term of such Mortgage Loan.

Arrears Experience

The following table sets out the arrears experienced by ICS in respect of its residential mortgage loan portfolio as at 31 December for each of the last five years ended 31 December 2006.

Arrears	Current	% of	Current	% of	Current	% of
	Balance of Mortgage Loans (€ millions)	Total	Balance of Mortgage Loans (€ millions)	Total	Balance of Mortgage Loans (€ millions)	Total
	31 December 2002		31 December 2003		31 December 2004	
Current or 1 month	2,193.64	97.48%	2,732.08	97.73%	3,318.43	98.23%
2 - < 3 months	15.48	0.69%	13.88	0.50%	14.98	0.44%
3 - < 4 months	7.42	0.33%	8.60	0.31%	7.28	0.22%
4+ months	33.79	1.50%	40.90	1.46%	37.50	1.11%
Total	2,250.33	100.00%	2,795.46	100.00%	3,378.19	100.00%

Arrears	Current	% of	Current	% of
	Balance of Mortgage Loans (€ millions)	Total	Balance of Mortgage Loans (€ millions)	Total
	31 December 2005		31 December 2006	
Current or 1 month	4,041.88	98.63%	4,646.22	98.82%
2 - < 3 months	14.96	0.37%	10.66	0.23%
3 - < 4 months	6.48	0.16%	10.51	0.22%
4+ months	34.58	0.84%	34.26	0.73%
Total	4,097.90	100.00%	4,701.65	100.00%

For the last five years ended 31 December 2006, ICS has not incurred any actual losses on its residential mortgage loan portfolio.

Please note that the table above combines the portion of mortgage loans in the ICS portfolio that were current as at the respective dates shown with those mortgage loans that were up to 30 days delinquent as at such date. For the dates shown, ICS is not able to show the amount or percentage of mortgage loans that were 30 days delinquent separately from those loans that were current as of such date. Accordingly, the above table does not show historic trends in initial stage delinquencies. However, initial stage delinquencies for mortgage loans in the Provisional Pool as at the Provisional Cut Off Date are described in "Mortgage Pool Data Tables – Table 12 – Arrears Multiple".

There can be no assurance that the arrears and loss experience with respect to the Mortgage Pool will correspond to the experience of ICS' residential mortgage loan portfolio as set out in the table above. The statistics in the above table represent only the arrears experience for the years presented, whereas the arrears experience on the Mortgage Pool after the Closing Date will depend on results obtained over the remaining life of the Mortgage Loans. The foregoing statistics include mortgage loans with a variety of payment and other characteristics that may not correspond to those of the Mortgage Loans in the Mortgage Pool. For a description of the arrears experience on the Provisional Pool as at the Provisional Cut Off Date, see "Mortgage Pool Data Tables – Table 12 - Arrears Multiple".

CPR Rates

The following table sets out the constant annualised prepayment rate (the **CPR**) experienced by ICS quarter by quarter in respect of residential mortgage loans originated by it from the second quarter of 2005 to the end of the fourth quarter of 2006.

Quarter	CPR (%)*
June 2005	15.4
September 2005	16.3
December 2005	16.7
March 2006	16.2
June 2006	14.7
September 2006	16.1
December 2006	16.3

* The CPR data provided above was calculated by dividing the amount of unscheduled prepayments of mortgage loans in a year by the year end balance of mortgage loans outstanding

See "Risk Factors – The yield to maturity of the Notes may be adversely affected by prepayments or redemptions on the Mortgage Loans or repurchases of Mortgage Loans by ICS".

House Price Index

Irish residential property price changes are generally measured by the permanent tsb/ESRI House Price Index. permanent tsb is an Irish authorised credit institution and ESRI (or the Economic and Social Research Institute) is a leading Irish economic and social research institution.

The following table sets out the quarterly house price indices experience in respect of Irish house prices since the first publication of the permanent tsb/ESRI House Price Index (being 1996).

Time in Quarters	Index	% Annual Change Index*	Time in Quarters	Index	% Annual Change Index*
1996 Q1	33.7	N/A	2002 Q1	82.8	3.2
1996 Q2	34.6	N/A	2002 Q2	86.0	5.1
1996 Q3	35.5	N/A	2002 Q3	88.7	6.6
1996 Q4	35.7	N/A	2002 Q4	92.3	13.3
1997 Q1	38.0	12.8	2003 Q1	94.8	14.5
1997 Q2	39.5	14.2	2003 Q2	98.7	14.8
1997 Q3	40.5	14.1	2003 Q3	101.1	14.0
1997 Q4	42.0	17.6	2003 Q4	105.0	13.8
1998 Q1	44.0	15.8	2004 Q1	107.1	13.0
1998 Q2	47.8	21.0	2004 Q2	109.9	11.3
1998 Q3	51.8	27.9	2004 Q3	113.2	12.0
1998 Q4	54.6	30.0	2004 Q4	114.0	8.6
1999 Q1	56.3	28.0	2005 Q1	115.1	7.5
1999 Q2	58.6	22.6	2005 Q2	116.8	6.3
1999 Q3	61.5	18.7	2005 Q3	120.2	6.2
1999 Q4	64.3	17.8	2005 Q4	124.6	9.3
2000 Q1	67.4	19.7	2006 Q1	129.0	12.1
2000 Q2	71.1	21.3	2006 Q2	134.5	15.2
2000 Q3	74.2	20.7	2006 Q3	138.2	15.0
2000 Q4	78.0	21.3			
2001 Q1	80.2	19.0			
2001 Q2	81.8	15.0			
2001 Q3	83.2	12.1			
2001 Q4	81.5	4.5			

* The percentage annual change is calculated in accordance with the following formula: $(x-y)/y$ where "x" is equal to the current quarter's index value and "y" is equal to the index value of the previous year's corresponding quarter.

Source: permanent tsb/ESRI

THE MORTGAGE POOL

The Issuer confirms that the characteristics of the Mortgage Pool are as described in this section. On the Closing Date, the assets backing the issue of the Notes, when taken together with the Swap Transactions, the Subordinated Loan Agreement and the terms and conditions of the Notes, are expected by the Issuer to have characteristics that demonstrate capacity to produce funds to service payments due and payable on the Notes. However, regard should be had both to the characteristics of the Mortgage Pool and the other assets available to the Issuer and the risks to which they (and the Issuer and the Notes) may be exposed. Prospective Noteholders should consider the detailed information set out elsewhere in this Prospectus, including without limitation under “Risk Factors” and “Cashflows and Credit Structure” above.

The Mortgage Pool

The Mortgage Pool from time to time after the Closing Date will comprise:

- (1) loans advanced to the Borrowers upon the security of residential property situated in Ireland and on the Closing Date will consist of the Mortgage Loans acquired pursuant to the Mortgage Sale Agreement (the **Initial Mortgage Pool**);
- (2) any Further Advances purchased by the Issuer in accordance with the Mortgage Sale Agreement;
- (3) Substitute Mortgage Loans purchased by Issuer in accordance with the Mortgage Sale Agreement; and
- (4) Converted Mortgage Loans resulting from the conversion of an existing Mortgage Loan in accordance with the provisions of the Mortgage Management Agreement;

together with, in each case, their related security and other than, in each such case, Mortgage Loans which have been repaid or which have been repurchased by ICS pursuant to the Mortgage Sale Agreement following a material breach of Warranty.

The Initial Mortgage Pool will be comprised of mortgage loans with an aggregate Principal Balance of approximately €2.95 billion and selected by ICS from a provisional mortgage pool (the **Provisional Pool**). On 30 November 2006 the Provisional Pool had the characteristics shown below in “*Mortgage Pool Data Tables*”.

Prior to the Closing Date, ICS will exclude from the Provisional Pool all mortgage loans (a) which are fully redeemed or (b) which do not comply with the ICS Lending Criteria (except to the extent that ICS may have varied or waived the ICS Lending Criteria acting as a Prudent Mortgage Lender in respect of such mortgage loans) or with the Warranties to be given pursuant to the Mortgage Sale Agreement, in order to determine the Initial Mortgage Pool.

MORTGAGE POOL DATA TABLES

Characteristics of the Provisional Pool

The following tables set out information representative of the characteristics of the Provisional Pool as at 30 November 2006 (the **Provisional Cut-Off Date**).

The balance of the mortgage loans in the following tables is shown as at the Provisional Cut-Off Date. The Mortgage Pool as at the Closing Date will be selected from the Provisional Pool. The properties over which the Mortgage Loans are secured have not been revalued for the purpose of the issue of the Notes. The valuations of such properties as set out in the following tables relate to the date of the original initial mortgage loan valuation except to the extent that there have been Further Advances in which cases the most recent valuation is utilised. The characteristics of the Mortgage Pool as at the Closing Date may vary from those set out in the tables as a result of, *inter alia*, repayment or purchase of Mortgage Loans prior to the Closing Date.

Percentage columns in the tables may not total 100 per cent. due to rounding.

Table 1 Key data on the Provisional Pool

Total number of accounts	18,162
Total number of Properties	15,195
Aggregate Principal Balances	€3,111,207,775
Average Principal Balance	€171,303
Largest Mortgage Loan	€983,320
Weighted Average Current Loan to Value (LTV)	73.95%
Weighted Average Indexed LTV*	62.75%
Weighted Average Seasoning	24.71 months
Weighted Average Remaining Term	25.88 years
Longest Mortgage Loan Maturity Date	20 December 2041
Weighted Average Interest Rate	4.42%

* Based on permanent tsb/ESRI Index

Table 2 Current LTV (%)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
0%	30%	116,539,741	3.75%	1,723	9.49%
30%	40%	130,594,806	4.20%	1,260	6.94%
40%	50%	189,339,549	6.09%	1,495	8.23%
50%	60%	261,871,363	8.42%	1,842	10.14%
60%	70%	345,539,996	11.11%	2,177	11.99%
70%	80%	504,444,387	16.21%	2,898	15.96%
80%	90%	1,007,059,312	32.37%	4,837	26.63%
90%	95%	287,746,951	9.25%	1,050	5.78%
95%	100%	268,071,669	8.62%	880	4.85%
100%		0	0.00%	0	0.00%
Total		3,111,207,775	100.00%	18,162	100.00%
Minimum LTV		10.00%			
Maximum LTV		100.00%			
Weighted Average LTV		73.95%			

Table 3 Indexed LTV* (%)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
0%	30%	226,555,011	7.28%	2,830	15.58%
30%	40%	208,542,280	6.70%	1,686	9.28%
40%	50%	337,867,992	10.86%	2,318	12.76%
50%	60%	454,283,290	14.60%	2,803	15.43%
60%	70%	593,449,898	19.07%	3,178	17.50%
70%	80%	719,757,578	23.13%	3,242	17.85%
80%	90%	388,071,075	12.47%	1,498	8.25%
90%	95%	120,371,890	3.87%	405	2.23%
95%	100%	62,308,761	2.00%	202	1.11%
100%		0	0.00%	0	0.00%
Total		3,111,207,775	100.00%	18,162	100.00%
Minimum LTV		5.50%			
Maximum LTV		100.00%			
Weighted Average LTV		62.75%			

* Based on permanent tsb/ESRI Index

**In case of €17,771,927 of Mortgage Loans, no Indexed LTV value is available due to their very recent dates of origination and the current LTV has been used instead.

Table 4 Mortgage Size (€)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
0	20,000	13,029,562	0.42%	896	4.93%
20,000	40,000	44,155,598	1.42%	1,474	8.12%
40,000	60,000	64,583,390	2.08%	1,293	7.12%
60,000	80,000	72,590,294	2.33%	1,033	5.69%
80,000	100,000	98,600,841	3.17%	1,088	5.99%
100,000	120,000	115,201,323	3.70%	1,042	5.74%
120,000	140,000	150,592,444	4.84%	1,155	6.36%
140,000	160,000	183,427,883	5.90%	1,225	6.74%
160,000	180,000	209,250,761	6.73%	1,232	6.78%
180,000	200,000	230,042,492	7.39%	1,210	6.66%
200,000	250,000	569,417,145	18.30%	2,546	14.02%
250,000	300,000	474,332,156	15.25%	1,731	9.53%
300,000	350,000	319,630,376	10.27%	989	5.45%
350,000	400,000	188,125,580	6.05%	504	2.78%
400,000	450,000	120,631,269	3.88%	285	1.57%
450,000	500,000	78,115,077	2.51%	165	0.91%
500,000	750,000	149,051,737	4.79%	257	1.42%
750,000		30,429,848	0.98%	37	0.20%
Total		3,111,207,775	100.00%	18,162	100.00%
Minimum		€407			
Maximum		€983,320			
Average		€171,303			

Table 5 Seasoning (months)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
0	3	201,787,939	6.49%	899	4.95%
3	6	262,422,369	8.43%	1,200	6.61%
6	9	239,313,347	7.69%	1,158	6.38%
9	12	223,592,923	7.19%	1,029	5.67%
12	24	871,910,586	28.02%	4,409	24.28%
24	36	561,175,062	18.04%	3,309	18.22%
36	48	366,849,595	11.79%	2,619	14.42%
48	60	217,039,289	6.98%	1,812	9.98%
60	72	130,389,756	4.19%	1,317	7.25%
72		36,726,910	1.18%	410	2.26%
Total		3,111,207,775	100.00%	18,162	100.00%
Minimum		1.00 months			
Maximum		79.00 months			
Weighted Average		24.71 months			

Table 6 Remaining Term (years)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
0	5	4,023,590	0.13%	125	0.69%
5	10	37,077,098	1.19%	652	3.59%
10	15	142,075,359	4.57%	1,633	8.99%
15	20	395,307,853	12.71%	3,176	17.49%
20	25	714,205,846	22.96%	4,340	23.90%
25	30	1,158,199,849	37.23%	5,718	31.48%
30		660,318,181	21.22%	2,518	13.86%
Total		3,111,207,775	100.00%	18,162	100.00%
Minimum		0.42 years			
Maximum		35.00 years			
Weighted Average		25.88 years			

Table 7 Repayment Type

Type	Current Balance (€)	% of Total	No. of Loans	% of Total
Principal and Interest	3,100,874,185	99.67%	18,069	99.49%
Endowment	10,333,590	0.33%	93	0.51%
Total	3,111,207,775	100.00%	18,162	100.00%

Table 8 Products by Interest Rate Type

Type	Current Balance (€)	% of Total	No. of Loans	% of Total
Fixed	895,453,021	28.78%	5,245	28.88%
Variable	786,409,981	25.28%	6,129	33.75%
Tracker	1,429,344,773	45.94%	6,788	37.37%
Total	3,111,207,775	100.00%	18,162	100.00%

Table 9 Fixed Rate Loan Maturity (months)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
0	3	45,715,733	5.11%	241	4.59%
3	6	124,978,858	13.96%	721	13.75%
6	9	76,409,917	8.53%	483	9.21%
9	12	63,779,756	7.12%	390	7.44%
12	24	327,061,367	36.52%	1,779	33.92%
24	36	156,283,030	17.45%	902	17.20%
36	48	36,512,680	4.08%	245	4.67%
48		64,711,681	7.23%	484	9.23%
Total		895,453,021	100.00%	5,245	100.00%
Minimum		0.00 months			
Maximum		146.00 months			
Weighted Average		21.98 months			

Table 10 Interest Rate Distribution (%)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
3.00	3.50	188,550,343	6.06%	1,058	5.83%
3.50	3.75	114,495,501	3.68%	580	3.19%
3.75	4.00	184,826,117	5.94%	1,033	5.69%
4.00	4.25	207,712,732	6.68%	1,100	6.06%
4.25	4.50	827,547,553	26.60%	3,572	19.67%
4.50		1,588,075,529	51.04%	10,819	59.57%
Total		3,111,207,775	100.00%	18,162	100.00%
Minimum		3.08%			
Maximum		6.99%			
Weighted Average		4.42%			

Table 11 Original Term (years)

>	<=	Current Balance (€)	% of Total	No. of Loans	% of Total
0	10	20,450,397	0.66%	450	2.48%
10	15	92,211,074	2.96%	1,133	6.24%
15	20	374,207,114	12.03%	3,187	17.55%
20	25	732,113,847	23.53%	4,629	25.49%
25	30	1,224,870,541	39.37%	6,206	34.17%
30	35	667,354,802	21.45%	2,557	14.08%
35		0	0.00%	0	0.00%
Total		3,111,207,775	100.00%	18,162	100.00%
Minimum		2.67 years			
Maximum		35.00 years			
Weighted Average		27.93 years			

Table 12 Arrears Multiple (months)

	Current Balance (€)	% of Total	No. of Loans	% of Total
None	3,045,557,893	97.89%	17,725	97.59%
0-1	44,959,495	1.45%	297	1.64%
1-2	14,467,178	0.47%	96	0.53%
2-3	6,223,210	0.20%	44	0.24%
3+	0	0.00%	0	0.00%
Total	3,111,207,775	100.00%	18,162	100.00%

Table 13 Market Segment

First Time Buyer	Current Balance (€)	% of Total	No. of Loans	% of Total
Yes	1,254,829,673	40.33%	5,933	32.67%
No	1,856,378,102	59.67%	12,229	67.33%
Total	3,111,207,775	100.00%	18,162	100.00%

Table 14 Geographical Concentration

County	Current Balance (€)	% of Total	No. of Loans	% of Total
Dublin	1,300,348,052	41.80%	6,722	37.01%
Co. Cork	448,098,731	14.40%	3,006	16.55%
Co. Kildare	195,668,583	6.29%	1,048	5.77%
Co. Meath	196,404,178	6.31%	1,177	6.48%
Co. Dublin	207,185,096	6.66%	807	4.44%
Co. Wicklow	138,600,214	4.45%	680	3.74%
Co. Louth	94,828,326	3.05%	669	3.68%
Co. Waterford	91,798,186	2.95%	765	4.21%
Co. Wexford	55,925,415	1.80%	426	2.35%
Co. Galway	54,118,794	1.74%	303	1.67%
Co. Limerick	39,446,007	1.27%	311	1.71%
Co. Kilkenny	32,707,963	1.05%	250	1.38%
Co. Offaly	31,675,590	1.02%	255	1.40%
Co. Westmeath	30,381,892	0.98%	220	1.21%
Co. Laois	30,102,484	0.97%	203	1.12%
Co. Clare	21,260,204	0.68%	166	0.91%
Co. Tipperary	21,329,286	0.69%	180	0.99%
Co. Carlow	20,666,301	0.66%	144	0.79%
Co. Cavan	21,680,846	0.70%	183	1.01%
Co. Monaghan	16,863,824	0.54%	138	0.76%
Co. Kerry	16,361,402	0.53%	143	0.79%
Co. Mayo	10,418,937	0.33%	81	0.45%
Co. Donegal	10,171,334	0.33%	84	0.46%
Co. Roscommon	7,738,435	0.25%	60	0.33%
Co. Longford	7,692,045	0.25%	62	0.34%
Co. Sligo	6,151,334	0.20%	49	0.27%
Co. Leitrim	3,584,316	0.12%	30	0.17%
Total	3,111,207,775	100.00%	18,162	100.00%

THE MORTGAGE POOL (CONTINUED)

The Sale of the Mortgage Loans and Related Security

Purchase

Pursuant to the terms of a mortgage sale agreement to be dated the Closing Date (the **Mortgage Sale Agreement**) between the Issuer, ICS and the Trustee (as recipient of the Warranties and of certain undertakings for the benefit of, *inter alios*, the Noteholders), ICS will agree to sell to the Issuer its interest in the Initial Mortgage Loans and their related security for their repayment but excluding the right to receive any early redemption or other breakage fees and break costs (if any), insurance premiums, any amounts arising from the rejection of any payments in respect of the Mortgage Loans and any other amounts which have not been received by ICS in cleared funds. The purchase price (the **Purchase Price**) payable by the Issuer will be an amount equal to the aggregate of the outstanding principal balances and accrued interest (the **Principal Balance**) of such Initial Mortgage Loans as at a date on or prior to the Closing Date (the **Cut-Off Date**). Under the Mortgage Sale Agreement, the Issuer will declare a trust for the benefit of itself and ICS over the related security for the Mortgage Loans and or loans provided by ICS and the proceeds of enforcement of the same according to the following priority (i) first, for itself to the extent that the Issuer holds the benefit of such outstanding loans secured by such related security and (ii) secondly, for ICS to the extent that ICS holds the benefit of such outstanding loans.

The Purchase Price will be paid by the Issuer on the Closing Date.

If on the Closing Date the Principal Balance of the Initial Mortgage Loans is less than the Purchase Price, ICS will pay to the Issuer on the Closing Date a sum equal to the amount by which the Purchase Price exceeds the Principal Balance of the Initial Mortgage Loans as at the Closing Date. Any amount so due from ICS may be set-off against the Purchase Price payable by the Issuer.

If on the Closing Date, the Principal Balance of the Initial Mortgage Loans is greater than the Purchase Price, the Issuer shall pay to ICS on the first Interest Payment Date a sum equal to the amount by which the Principal Balance of the Initial Mortgage Loans as at the Closing Date exceeds the Purchase Price.

Title to the Mortgage Pool

Pursuant to, and under the terms of, the Mortgage Sale Agreement, dated on or about the Closing Date, ICS will transfer the beneficial title to the Initial Mortgage Loans, with a right of the Issuer to call for the legal title thereto in certain circumstances (as described below), to the Issuer.

In the case of the Mortgage Loans which will be transferred to the Issuer on the Closing Date, ICS has agreed to remain on the Irish Land Registry or Registry of Deeds (the **Registers of Ireland**), as the case may be, as registered owner of the charge or the mortgage, respectively.

None of the above-mentioned transfers to the Issuer is to be perfected as a legal transfer by registration at the Registers of Ireland (if applicable) or notice given to the relevant Borrowers until the occurrence of one of the events mentioned below. The Mortgage Loans and their related security are accordingly owned in equity only by the Issuer pending such legal transfer. Legal title in the Mortgage Loans and their related security continues to be vested in ICS pending such legal transfer. ICS has agreed to transfer legal title to the Mortgage Loans and their related security to the Issuer, and the Issuer has undertaken to seek the transfer of legal title, only in the circumstances set out below.

The Issuer will grant a first fixed charge in favour of the Trustee over its right, title, interest and benefit in the Mortgage Loans and their related security.

Save as mentioned below, the Trustee has undertaken not to effect any registration at the Registers of Ireland to perfect the sale of the Mortgages to the Issuer or the granting of security over them by the Issuer in favour of the Trustee nor, save as mentioned below, to obtain possession of title deeds to the properties the subject of the Mortgages.

Notices of the equitable assignments in favour of the Issuer and the security in favour of the Trustee will not, save as mentioned below, be given to the Borrowers under the Mortgage Loans.

Under the Mortgage Sale Agreement and the Deed of Charge, perfection of the legal transfers to the Issuer will

be effected at the direction of the Issuer (with the consent of the Trustee) or at the direction of the Trustee, upon the earliest of any of the following and which is continuing unremedied and unwaived:

- (i) the service of an Enforcement Notice;
- (ii) ICS or the Issuer being required, by an order of a court of competent jurisdiction, or by a regulatory authority of which ICS is a member or any organisation whose members comprise (but are not necessarily limited to) mortgage lenders with whose instructions it is customary for ICS to comply, to perfect legal title to the Mortgage Loans and related security;
- (iii) it being required by any statute, regulation, directive or law to take any of such actions;
- (iv) the Trustee certifying to ICS that, in its opinion, the Security created under the Deed of Charge or any material part of such Security being in jeopardy and the Trustee has resolved to take such action to reduce materially such jeopardy and that the perfection of the transfers is necessary in order to materially reduce such jeopardy;
- (v) ICS calling for perfection of such transfer by serving notices on the Issuer; and
- (vi) BOI ceases to maintain ratings on its long-term unsecured, unsubordinated, unguaranteed debt obligations equal or greater than (i) BBB-, in the case of S&P, (ii) Baa3, in the case of Moody's and (iii) BBB in the case of Fitch and the Rating Agencies consider that such downgrade of rating or ratings will be materially prejudicial to the then current rating of the Notes.

Pending perfection of such legal transfer, the right of the Issuer and the Trustee to exercise the powers of the legal owner of the Mortgage Loans and their related security will be secured by an irrevocable power of attorney granted by ICS in favour of each of the Issuer and the Trustee. See "*Risk Factors*" for a description of the possible consequences of the above restrictions.

Warranties and Breach of Warranties

The Mortgage Sale Agreement contains certain representations and warranties given by ICS in relation to the Mortgage Loans sold to the Issuer pursuant to the Mortgage Sale Agreement (the **Warranties**).

No searches, enquiries or independent investigation of title of the type which a prudent purchaser or mortgagee would normally be expected to carry out have been or will be made by the Issuer or the Trustee. Each of the Issuer and the Trustee will rely entirely on the benefit of the Warranties given to it under the Mortgage Sale Agreement.

If there is a material breach of any of the Warranties which is not remedied within 28 days (or such longer period as the Trustee may agree) after the Issuer has given written notice thereof to ICS then the Issuer will require ICS to repurchase any Mortgage Loan and its related security which is the subject of the relevant unremedied material breach for a consideration in cash equal to all sums due or owing thereunder (including accrued interest) as at the date of purchase (after deducting the amount of any interest not then accrued but paid in advance by the relevant Borrower, which amount will be retained by the Issuer). In certain circumstances where the breach of Warranty relates to a Further Advance only, ICS will be required to repurchase the Mortgage 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 are no other circumstances in which ICS would be obliged to purchase the Mortgage Loans.

The Warranties that will be given to the Issuer and the Trustee by ICS pursuant to the Mortgage Sale Agreement include, *inter alia*, similar statements to the following effect (defined terms having the meaning given to them in the Mortgage Sale Agreement).

- each Mortgage Loan was made by ICS on its own account;
- as of the Provisional Cut-off Date, the particulars of the Initial Mortgage Loans set out in the Mortgage Sale Agreement were complete, true and accurate in all material respects;
- each Mortgage Loan arose from the ordinary course of ICS' residential lending activities in Ireland and, in each case, at the time of origination complied with the ICS Lending Criteria in all material respects save for such non-compliance as would be granted by a Prudent Mortgage Lender;

- each Mortgage Loan was made on the terms of the Standard Documentation (as appropriate) without any material variation thereto and nothing has been done to add to, lessen, modify, waive or otherwise vary the express provisions of any of the same in any material respect (save to the extent as may be required to comply with any applicable law or regulation);
- all of the Borrowers are natural persons;
- no Borrower at the time of origination of the Mortgage Loan was an employee or officer of ICS or any other BOI Group Company;
- the amount outstanding under each Mortgage Loan is a valid debt to ICS from the Borrower and the terms of each Mortgage Loan and its related security constitute valid, binding and enforceable obligations of the relevant Borrower except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors' rights generally and the courts' discretion in relation to equitable remedies;
- subject to completion of any registration in the Registers of Ireland or of stamping at the Revenue Commissioners, each Mortgage Loan is secured by (i) a first legal mortgage or charge over a Property or (ii) is secured by a subsequent ranking mortgage or charge but provided always that each and every prior ranking charge or other security interest on such Property has been purchased by the Issuer pursuant to the Mortgage Sale Agreement;
- ICS is the legal and beneficial owner of each Mortgage Loan and its related security, subject in each case only to the Mortgage Sale Agreement, the Borrower's equity of redemption and subject to registration or recording at the Registers of Ireland of ICS' interest in the relevant Mortgage free and clear from any encumbrance (other than those created by operation of law or which forms part of the relevant security) and the relevant Borrower has waived its rights of set-off in respect of the relevant Mortgage Loan;
- there are no outstanding obligations on ICS to make any further advances to any Borrower;
- at least one Monthly Payment has been made in respect of each Mortgage Loan;
- each Mortgage Loan is currently repayable in euro;
- each Mortgage Loan is repayable in full not later than the Interest Payment Date falling in 2 years prior to December 2043.
- at any time during the 3 years immediately prior to the date of purchase by the Issuer of a Mortgage Loan (or, if less, the term of the Mortgage Loan to such date), such Mortgage Loan has not been three or more payments of principal or interest due from any Borrower or Borrowers under a Mortgage Loan in arrear;
- as at the Closing Date or the date of purchase of a Mortgage Loan (as the case may be) such Mortgage Loan does not have three or more payments of principal or interest in arrear;
- in the case of each Mortgage Loan (other than a Further Advance), ICS caused to be made on its behalf a valuation of the relevant Property by an independent valuer from the panel of valuers appointed from time to time by ICS;
- as at the date of purchase by the Issuer pursuant to the Mortgage Sale Agreement the Principal Balance of a Mortgage Loan (and in the case of a Further Advance, the Principal Balance of such Further Advance aggregated with the Principal Balance of any other Mortgage Loan secured over the same Property) does not exceed 100 per cent. (excluding any mortgage indemnity premiums or administration or other fee added) of the most recent valuation of the relevant property carried out for or on behalf of ICS;
- each Mortgage relates to a residential property situated in Ireland;
- prior to granting the Mortgage Loan to a Borrower, ICS carried out all investigations, searches and other actions (not relating to the matters which were the subject of a Borrower's solicitor's undertaking to provide a certificate of title to the effect that the relevant Borrower has good marketable title) that

would be undertaken by a Prudent Mortgage Lender lending on the security of residential properties situated in Ireland;

- prior to making a Mortgage Loan (other than a Further Advance) to a Borrower, ICS:
 - (a) caused the relevant solicitors to carry out in relation to the relevant Property all investigations, searches and other actions and enquiries which a Prudent Mortgage Lender or its solicitors normally make when lending to an individual on the security of residential property, as the case may be, in Ireland; and
 - (b) received a certificate of title from the Borrower's solicitor in or substantially in the form approved at the relevant time by the Law Society of Ireland (or an unconditional irrevocable undertaking by such solicitor to provide such certificate) to the effect that the Borrower has good marketable title (as the same is defined in the Law Society of Ireland's then approved form of certificate of title relating to residential mortgage lending or such other definition as the Law Society may prescribe (the **Law Society Definition**)) to the Property subject to such exceptions or qualifications as a Prudent Mortgage Lender would agree, save in the case of certain Further Advances where it is reasonably established that no second or subsequent mortgages or charges are in place which would carry priority over the Further Advance;
- ICS' right, title and interest in each Mortgage Loan and its related security may be validly assigned or transferred to the Issuer;
- all steps necessary to perfect ICS' title to each Mortgage were duly taken or are in the process of being taken with all due diligence and ICS is not aware of any caution, notice, inhibitions or restrictions which would prevent the registration or recording of the Mortgage in due course;
- all documents that may be needed (a) to enforce each Mortgage Loan and its related security or (b) to be produced in evidence in connection with proceedings relating to each Mortgage Loan or its related security in the courts of Ireland, have been duly stamped or have been or will be by ICS or pursuant to an undertaking given by the relevant Borrower's solicitor will be promptly submitted to the Revenue Commissioners for stamping and (where appropriate) adjudicated;
- prior to the advance of any money under the Mortgage Loan and the execution of the Mortgage by the Borrower, all necessary consents required under the Family Home Protection Act, 1976 of Ireland were duly and validly obtained;
- interest is charged on each Initial Mortgage Loan at such a rate as may be determined in accordance with the provisions of the relevant Mortgage Conditions;
- the Mortgage Conditions applicable to each Mortgage Loan (which, in the case of a Fixed Rate Mortgage or Tracker Mortgages may be fixed by reference to a pre-determined rate or series of rates) provide for the interest rate applicable thereto from time to time to vary and to be set by ICS and interest is chargeable at least monthly;
- ICS has exercised in originating each Mortgage Loan the level of skill and care that it would have exercised in relation to origination of mortgage loans whether or not such mortgage loans are or are intended to become Mortgage Loans;
- ICS is not aware of any claim that is still outstanding having been made in respect of any Insurance Contract;
- prior to the completion of each Mortgage Loan and provided ICS has notice, every person who, at the date upon which the relevant Mortgage Loan was made, had attained the age of eighteen and who had been notified to ICS as residing or being about to reside in a Property subject to a Mortgage, is either the relevant Borrower or has signed a deed of consent declaring that he or she will assert no right overriding any other interests by occupation adverse to the mortgagee's rights under the Mortgage;
- each initial Mortgage Loan is a Variable Rate Mortgage, a Tracker Mortgage or a Fixed Rate Mortgage or a combination thereof;
- in respect of each Mortgage Loan, the relevant Borrower is not currently required to withhold or deduct

for or on account of tax (whether in Ireland or elsewhere) in respect of any payment to ICS pursuant to the terms of that Initial Mortgage Loan;

- ICS has performed in all material respects all its obligations under or in connection with each Mortgage Loan and related security and so far as ICS is aware, no Borrower has taken any action against ICS for any failure on the part of ICS to perform any such obligations;
- there are no outstanding claims by ICS in respect of any material breaches of the terms of any Mortgage Loan or its related security and no lien, counterclaim or right of set-off has arisen or purported to be exercised by any Borrower in respect of its Mortgage Loan or its related security;
- ICS has not waived any of its rights under or in relation to a Mortgage Loan or its related security which would materially reduce the value of the Mortgage Loan;
- in relation to each Mortgage Loan, every person who, at the date upon which the relevant Mortgage Loan was made, had attained the age of eighteen and who had been notified to ICS as residing or being about to reside in a Property subject to a Mortgage, is either the relevant Borrower or has signed a deed of consent declaring that he or she will assert no right overriding any other interests by occupation adverse to the mortgagee's rights under the Mortgage;
- each Property is insured under a buildings insurance policy taken out by a Borrower or another person with an interest in the relevant Property under which ICS is either an insured party or its interest has been noted by the insurer, against fire and other commercial risks for an amount not less than the full reinstatement value determined by an independent qualified surveyor or valuer acceptable to ICS;
- save for title deeds held at the Registers of Ireland or the Revenue Commissioners (pending stamping), all the title deeds and the mortgage files and computer tapes relating to each of the Mortgage Loans and their related security are held by or to the order of ICS or its agents;
- ICS has not received written notice of any litigation or claim which may have a material adverse affect on ICS' title to any Mortgage Loan or its related security;
- all formal approvals, consents and other steps necessary to permit a legal transfer of the Mortgage Loans and their related security to be sold under the Mortgage Sale Agreement have been obtained or taken;
- ICS has, since the making of each Mortgage Loan, kept such accounts, books and records as are necessary to show all material transactions, payments, receipts and proceedings relating to that Mortgage Loan and its related security and all such accounts, books and records are in the possession of ICS or held to its order (subject to the provisions of the Transaction Documents);
- the Mortgage Conditions relating to each Mortgage Loan to the extent they are subject to the European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 (the **1995 Regulations**) are not "unfair terms" within the meaning of the 1995 Regulations;
- the Mortgage Conditions comply in all material respects with the Consumer Credit Act, 1995 (as amended) and ICS complied in all material respects with the CCA in respect of the origination and servicing of such Mortgage Loan;
- to the extent that any of the Mortgage Loans qualify as "distance contracts" (as defined by Article 2 of the Distance Marketing of Consumer Financial Services Directive), ICS complied with the European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004;
- the Mortgage Loan is not a buy to let mortgage loan, a life loan mortgage or an offset mortgage loan; and
- the Mortgage Conditions for each Mortgage Loan contain a consent of the Borrower for the purposes of the Data Protection Acts 1988 and 2003 to the disclosure and transfer of all personal data held by ICS in respect of the Borrower to any person (including, the Issuer and the Trustee) in connection with the sale of the Mortgage Loans and ICS has complied in all material respects with all registration requirements under such Acts.

Set-Off

Under the Mortgage Sale Agreement, ICS will undertake to the Issuer that, in the event that a Borrower exercises any right of set off in respect of any Mortgage Loan, ICS will, unless it is obliged to repurchase such Mortgage Loan as a result of a breach of warranty, indemnify the Issuer in respect of the full amount of any set-off and any related losses, costs or expenses incurred by the Issuer up to a maximum amount equal to the Principal Balance of such Mortgage Loan as at the date such right of set-off was exercised.

Title Deeds

To the extent not held at the Registers of Ireland or the Revenue Commissioners, all the title deeds and mortgage files and computer tapes relating to each of the Mortgage Loans and their related security are held by or to the order of ICS or its agents. Under the Mortgage Management Agreement, the Mortgage Manager will agree to deliver the title deeds relating to the Mortgage Pool in its possession, custody or control to or to the order of the Trustee upon written request made by or on behalf of the Trustee and will provide access to such title deeds to the Trustee and its agents at all reasonable times and upon reasonable notice. In addition, the Mortgage Manager will take all reasonable steps to ensure the title deeds are not unnecessarily released from its custody and are not so released for any longer than is reasonably necessary.

Governing Law

The Mortgage Sale Agreement will be governed by Irish law.

Further Advances

ICS may make Further Advances which may be purchased by the Issuer under the Mortgage Sale Agreement. In making such Further Advances, ICS will apply the ICS Lending Criteria applied at the date of origination of the Mortgage Loans secured by the Mortgages in the Mortgage Pool (as amended from time to time in accordance with the standard of a Prudent Mortgage Lender). Furthermore, the purchase of a Further Advance by the Issuer will be subject, *inter alia*, to the following conditions:

- (a) the amount credited to the Reserve Ledger must be equal at the relevant time to the Required Reserve Fund Amount or such other amount notified to Moody's and agreed with the other Rating Agencies from time to time;
- (b) the Issuer will have sufficient funds standing to the credit of the Principal Ledger or Retained Principal Ledger to purchase the relevant Further Advance;
- (c) on the date immediately following the proposed purchase date of the Further Advance, there will be no deficiency recorded on the Principal Deficiency Ledger;
- (d) upon the making of any Further Advance, the relevant Borrower is not, so far as the Mortgage Manager or any of its agents or delegates is aware, in material breach (including, without limitation, non-payment of any amounts due) of any of the conditions of the relevant Borrower's existing Mortgage Loan or the Mortgage Conditions and such conditions will be satisfied;
- (e) each Further Advance (together with all related fees, costs and expenses) will have the benefit of the same security (whether under the same Mortgage or under a second charge/mortgage ranking immediately behind the Issuer's existing Mortgage) as the Principal Balance under the relevant Mortgage Loan immediately prior to the making of such Further Advance;
- (f) prior to making the Further Advance, the Mortgage Manager or any of its agents or delegates reasonably believes that no second mortgage or charge has been created over the relevant Property unless such second mortgage or charge has been expressly postponed by deed or ranking agreement to the Mortgage securing such Further Advance or unless the loan secured by such second charge is to be, and is, redeemed out of the proceeds of the Further Advance simultaneously with the making of the Further Advance;
- (g) the aggregate amount of all Further Advances purchased by the Issuer may not exceed 10 per cent. of the aggregate Principal Balance of the Mortgage Loans as at the Closing Date;
- (h) the aggregate amount of all Further Advances and Substitute Mortgage Loans purchased by the Issuer in a Calculation Period may not exceed 1.5 per cent. of the aggregate Principal Balance of the

Mortgage Loans on the immediately preceding Calculation Date;

- (i) by reference to a calculation made on the immediately preceding Calculation Date the aggregate Principal Balance of those Mortgage Loans which are 90 days or more in arrears does not exceed 3 per cent. of the aggregate Principal Balance of all the Mortgage Loans held by Issuer;
- (j) such other tests as are required by the Rating Agencies from time to time including the product of the Weighted Average Foreclosure Frequency (**WAFF**) and the Weighted Average Loss Severity (**WALS**) as calculated by S&P and Fitch using each of their respective models on the Calculation Date immediately preceding the date of such Further Advance does not exceed the product of the WAFF and WALS as determined by S&P and Fitch using their respective models with respect to the Provisional Mortgage Pool by more than 0.25 per cent. provided that the figure of 0.25 per cent. may be increased from time to time upon confirmation from S&P and Fitch that such increase will not adversely affect the current rating of the Notes;
- (k) no Enforcement Notice has been served in respect of the Notes;
- (l) the LTV of the Mortgage Pool (calculated by reference to the most recent property valuation in respect of each Property comprised in the Mortgage Pool and assuming that the Further Advance which is proposed to be purchased is included in the Mortgage Pool) on the Calculation Date immediately preceding the date on which the relevant Further Advance is to be purchased does not exceed the weighted average LTV of the Mortgage Pool as at the Closing Date by more than 1.00 per cent. or such higher percentage as notified to Moody's and as the other Rating Agencies may notify in writing to the Trustee so that the purchase of the relevant Further Advance will not cause the rating of the Notes to be downgraded;
- (m) as at the proposed date of purchase of the Further Advance, the yield of the Mortgage Loans after taking into account the yield on the Further Advance and the margin on the Swap Transactions is at least equal to 0.50 per cent. above 3 Month EURIBOR as at the previous Interest Payment Date;
- (n) the sale of any Further Advance and/or Substitute Mortgage Loan does not result in the LTV of all Mortgage Loans in the Mortgage Pool on the relevant sale date exceeding the loan to value ratio of all the loans in the Completion Mortgage Pool plus 0.50 per cent;
- (o) the stated maturity date of each Further Advance is not later than the Interest Payment Date falling in December 2041;
- (p) neither the Mortgage Manager nor the Issuer has received written notification that the purchase of the relevant Further Advances will adversely affect the then current ratings of the Notes assigned by the Rating Agencies (but for the avoidance of doubt neither the Mortgage Manager nor the Issuer shall be obliged to make any enquiry of the Rating Agencies); and
- (q) the Interest Payment Date falling in March 2012 has not occurred;

For the avoidance of doubt, the failure to satisfy any of the above conditions shall not prevent ICS from making a further advance to a Borrower and in such event such further advance shall be retained by ICS.

The Issuer shall be required to maintain in the GIC Account a ledger to be known as the **Retained Principal Ledger**. Sums standing to the credit of the Retained Principal Ledger shall be used for the purpose of funding the purchase of Further Advances and Substitute Mortgage Loans (see further below). The Retained Principal Ledger will be established and may be replenished up to the Retained Principal Maximum Amount on each Interest Payment Date out of Available Redemption Funds. For these purposes the **Retained Principal Maximum Amount** will be the amount calculated on the Calculation Date immediately preceding each Interest Payment Date as being equal to the product of 1.5 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes on the Closing Date.

Where a Mortgage Loan is secured under an All Sums Deed and ICS has made a further advance (which has not been purchased by the Issuer), such further advance shall be made on the security of the relevant All Sums Deed. The Issuer shall hold the benefit of the relevant All Sums Deed on trust for ICS to the extent that any monies received are in respect of, and the related security is security for, such further advance provided however that ICS' position will be subordinated to that of the Issuer. Should a Borrower default under the further advance ICS will have the right to require the Issuer to enforce the security subject to their respective priorities.

Where a Mortgage Loan is secured under a Fixed Sum Deed and ICS makes a further advance to a Borrower which is for any reason not purchased by the Issuer, ICS may take a second ranking charge or mortgage over the relevant Property to secure such further advance. ICS will have the right to enforce the security for such second ranking charge or mortgage subject to accounting to the Issuer for the proceeds of enforcement.

For the purposes of the above an **All Sums Deed** is a mortgage or charge which secures all present and future sums that may be advanced by ICS to the relevant Borrower. A **Fixed Sum Deed** is a mortgage or charge that only secures a single advance made to the relevant Borrower.

Substitute Mortgage Loans

Under the terms of the Mortgage Sale Agreement and the Mortgage Management Agreement, on any Interest Payment Date ICS may (but is not obliged to) sell to the Issuer, subject as described in “*Cashflows and Credit Structure – Available Redemption Funds*” and while there are funds available for such purchase in the Principal Ledger and/or the Retained Principal Ledger, further Mortgage Loans together with their related security, which have been originated by ICS to Borrowers for an amount equal to the Principal Balance of such Mortgage Loans (**Substitute Mortgage Loans**). In making any such sale of a Substitute Mortgage Loan, ICS will provide the Warranties to the Issuer and the Trustee in respect of each such Substitute Mortgage Loan and its related security. Furthermore, the purchase of any such Substitute Mortgage Loan by the Issuer will be subject, *inter alia*, to the same conditions as set out under Further Advances above (other than conditions (d), (e), (f) and (g) and as if reference therein to Further Advances was to Substitute Mortgage Loans). In addition, any such sale of a Substitute Mortgage Loan (i) will be subject to the condition that the aggregate amount of Substitute Mortgage Loans purchased by the Issuer may not exceed 10 per cent. of the aggregate Principal Balance of the Mortgage Loans as at the Closing Date and (ii) will not be permitted if ICS is in breach of any of its obligations to repurchase a Mortgage Loan pursuant to the Mortgage Sale Agreement.

Conversion of Mortgage Loans

ICS may agree to a request by a Borrower to convert his or her Mortgage Loan into any other type of mortgage product offered by ICS and which is not expressly permitted or contemplated by the terms of the relevant Mortgage Loan (excluding the changes set out below, a **Converted Mortgage Loan**). ICS may only agree to any such request provided that:

- (a) the ICS Lending Criteria continue to apply to the Converted Mortgage Loan and its related security and to the circumstances of the Borrower at the time the conversion is made;
- (b) the mortgage documentation relating to such Converted Mortgage Loan and its related security constitutes legal, valid and binding obligations of the relevant Borrower, provider of security or insurance company (as the case may be) except that enforceability may be limited by bankruptcy, insolvency or other similar laws of general applicability affecting the enforcement of creditors’ rights generally and the courts’ discretion in relation to equitable remedies;
- (c) in relation to a conversion to a type of mortgage product not included in the Initial Mortgage Loans, each of S&P and Fitch have confirmed that such conversion would not result in a downgrading or withdrawal of their respective current ratings of the Notes and such conversion is notified to Moody’s;
- (d) in all cases, such Converted Mortgage Loan does not have a maturity date beyond the Interest Payment Date falling in December 2041;
- (e) the Converted Mortgage Loan would not result in a further advance in circumstances where such further advance would fail to satisfy the conditions set out under Further Advances above;
- (f) no Enforcement Notice has been served in respect of the Notes.
- (g) at the time of the proposed conversion, the relevant Borrower is not, so far as the Mortgage Manager or any of its agents, or delegates is aware, in material breach (including without limitation, non-payment or any amounts due) of any of the conditions of the relevant Borrower’s existing Mortgage Loan or the Mortgage Conditions and such conditions will be satisfied;
- (h) on the date immediately following the proposed date of conversion, there will be no deficiency recorded on the Principal Deficiency Ledgers;

- (i) by reference to a calculation made on the immediately preceding Calculation Date the aggregate Principal Balance of those Mortgage Loans which are 90 days or more in arrears does not exceed 3 per cent. of the aggregate Principal Balance of all Mortgage Loans held by the Issuer; and
- (j) the product of the WAFF and WALs as calculated by the Mortgage Manager using S&P's and Fitch's models on the Calculation Date immediately preceding such conversion does not exceed the product of the WAFF and WALs as determined using each such Rating Agencies models with respect to the Provisional Mortgage Pool by more than 0.25 per cent.

If the Mortgage Manager agrees to a request by a Borrower to convert his or her Mortgage 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 ICS or to a third party all of its right, title and interest in such Mortgage Loan and its related security for a price no less than the outstanding principal balance of such Mortgage Loan together with any accrued but unpaid interest thereon unless S&P and Fitch have confirmed that as a consequence of the conversion the then current rating applicable to the Notes will not be downgraded or withdrawn and Moody's are notified of the matter. The Mortgage Manager will retain no option nor be under any obligation to repurchase such Converted Loans other than in the circumstances set out above and under "*Warranties and Breach of Warranties*" above. In such circumstances, the Mortgage Manager will be required to execute such documents, obtain such consents or take such other steps as are necessary to procure that title to such Mortgage Loan is transferred to the relevant purchaser.

Insurance Contracts

Buildings Insurance

Buildings insurance or building and contents insurance is arranged either by the relevant Borrower selecting an insurer and arranging cover accordingly (a **Third Party Buildings Policy**) or by ICS arranging for cover to be provided by block buildings insurance policies (**Block Buildings Policies** and together with any Third Party Buildings Policy, the **Buildings Policies**).

Under the Mortgage Sale Agreement, ICS will equitably assign its interests in all Building Policies relating to Mortgage Loans to the Issuer. The Trustee (on behalf of the Secured Parties) will have the benefit of an assignment by way of security over the Issuer's interests in the Building Policies.

Life Policies

In respect of certain of the Mortgage Loans, a life assurance policy (each a **Life Policy** and collectively the **Life Policies**) in respect of the Borrower was put in place prior to the initial advance under such Mortgage Loans as related security and under which ICS was either the insured party or its interest had been noted by the insurers.

Under the Mortgage Sale Agreement, ICS will equitably assign its interests in all Life Policies relating to Mortgage Loans to the Issuer. The Trustee (on behalf of the Secured Parties) will have the benefit of an assignment by way of security over the Issuer's interest in the Life Policies.

Role of Trustee, Managers and Arranger

None of the Trustee, the Managers or the Arranger will have any responsibility for the genuineness, validity, effectiveness or suitability of any of the Mortgage Loans, the Mortgages, the advances relating thereto, the related security, including but not limited to the insurance contracts or any of the Further Advances or any other documents entered into or connection therewith or relating thereto or any obligation or rights created thereby or pursuant thereto and none of the Trustee, the Managers or the Arranger will be responsible or liable for any investigation of the foregoing.

MORTGAGE MANAGEMENT AND THE MORTGAGE MANAGEMENT AGREEMENT

Introduction

ICS will be appointed as the Mortgage Manager by the Issuer and the Trustee under the Mortgage Management Agreement to be dated the Closing Date between the Issuer, ICS and the Trustee (the **Mortgage Management Agreement**) and to be their agent to manage the Mortgage Loans and their related security and certain other related matters.

ICS has agreed to service the Mortgage Loans with the same or greater level of skill, care and diligence as it would in managing those mortgage loans advanced by it (and their related security) and which do not form part of the Mortgage Pool.

Mortgage Rates

The Mortgage Manager will set the interest rates on the Mortgage Loans on behalf of the Issuer and in accordance with the relevant Mortgage Conditions and the requirements of the Financial Regulator relating to the setting of interest rates of securitised mortgage loans (which currently require that the Mortgage Manager's policy on the setting of interest rates on behalf of the Issuer will be the same as that of ICS). Interest is calculated on the amount owing by a Borrower (including, but not limited to, capitalised interest) and is adjusted daily to take account of principal repayments.

Payments from Borrowers

Payments of interest and principal (which are at least monthly) in respect of the Mortgage Loans and ancillary insurance premiums (if any) are payable in arrear and are credited directly into the Collection Accounts. See further "*Cashflows and Credit Structure – Collection Arrangements*" for a description of the cash collection arrangements following payment by the Borrowers.

Arrears and Enforcement Procedures

Under the Mortgage Management Agreement, the Mortgage Manager will on behalf of the Issuer, in relation to any default by a Borrower under a Mortgage Loan and its related security, take such action (including but not limited to the pursuit of arrears and enforcement of the related security) with no less diligence than it would exercise in respect of mortgages advanced by it which do not comprise part of the Mortgage Pool. In addition, any such action shall be taken in a manner consistent with the enforcement procedures which ICS generally applies in respect of its own mortgage loans and their related security and in compliance with the Financial Regulator's requirements in respect of securitised residential mortgages (which currently require that the Mortgage Manager's policy on the handling of arrears on behalf of the Issuer will be the same as that of ICS). 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 may exercise discretion as to whether, on application by the lender, it orders the Borrower to vacate the Property after a default and as to how long the Borrower is given to vacate the Property. A lender will usually apply for such an order so that it can sell the Property with vacant possession. For a description of ICS' current arrears and enforcement procedures, see "*The ICS Mortgage Business – Arrears and Enforcement Procedures*".

The net proceeds of sale of the Property (after payment of costs and expenses of the sale) together with any sums paid by a guarantor of the relevant Borrower will be applied against the sums owing from the Borrower to the extent necessary to discharge the Mortgage Loan. Where such funds are insufficient to redeem such Mortgage Loan in full, where appropriate, further recovery action may be taken against the relevant Borrower. Where the funds arising from application of the above procedures are insufficient to pay all amounts owing in respect of a Mortgage Loan, such funds will be applied first in paying principal owing and secondly in paying interest and costs in respect of such Mortgage Loan. If an amount is still outstanding (the "**outstanding amount**") in respect of the Mortgage Loan, a provision will be made for the outstanding amount (to the extent that it represents principal owing in respect of a Mortgage Loan) in the Principal Deficiency Ledgers, although circumstances may arise in which this provision may subsequently be reduced by the application of Available Revenue Funds as described in "*Cashflows and Credit Structure - Application of Revenue to fund Principal Shortfalls*" above.

Redemption

Under the Mortgage Management Agreement, the Mortgage Manager will be responsible for handling the

procedure connected with the redemption of Mortgage Loans, specifically the Mortgage Manager may on behalf of the Issuer execute receipts or releases in respect of the Mortgage Loans and its related security

Calculations and Determinations

In addition, the Mortgage Manager will give or procure the giving of or notice to (i) the Account Bank on each Dublin Business Day to transfer on the next Dublin Business Day all funds standing to the credit of the Collection Accounts to the GIC Account; and (ii) the GIC Provider as shall be necessary to enable the withdrawal for value on the relevant dates required pursuant to the Transaction Documents of some or all of the funds credited to the GIC Account. The Mortgage Manager will also be responsible for opening and maintaining the Ledgers in accordance with the terms of the Mortgage Management Agreement and the Deed of Charge. When, in relation to any of the Mortgage Loans, an Actual Principal Loss (as defined in the Conditions) has arisen, the Mortgage Manager will on the next following Calculation Date, debit the amount of such Actual Principal Loss to the relevant Principal Deficiency Ledger.

The Mortgage Manager will on behalf of the Issuer identify, determine and/or calculate on each Calculation Date in accordance with the Transaction Documents after having taken into account all entries required to be made on the Revenue Ledger and the Principal Ledger on the next succeeding Interest Payment Date, (i) the amount of the aggregate of the Actual Principal Losses in respect of all of the Mortgage Loans during the Calculation Period up to and including such Calculation Date; (ii) the amount of the aggregate of the Principal Balances of all of the Mortgage Loans as at the end of the Calculation Period up to and including such Calculation Date; (iii) the amount of Available Revenue Funds, Available Redemption Funds, the Reserve Fund Required Amount and the Liquidity Reserve Required Amount (if any); (iv) whether a Pro-Rata Trigger Event has occurred; (v) the applicable Note Principal Payment, Interest Amount in respect of each class of Note per (x) 100,000 denomination for the A1 Notes and the A2 Notes and (y) 50,000 denomination for the other Classes of Notes, Pool Factor and PDL Ratio; (v) the Retained Principal Maximum Amount; and (vi) the balance of each of the Principal Deficiency Ledgers.

Mortgage Manager Reporting Requirements

The Mortgage Manager will prepare a quarterly report for the benefit of the Issuer, the Trustee and the Rating Agencies which will contain information as to levels of arrears and repossessions in respect of the Mortgage 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.

Additional Undertakings

In addition to the obligations of the Mortgage Manager described above, in the Mortgage Manager Agreement the Mortgage Manager will undertake, among other things, to:

- (a) use all reasonable endeavours to obtain and keep in force all licences, approvals, authorisations and consents which may be necessary in connection with the performances of its obligations under the Mortgage Management Agreement;
- (b) so far as consistent with its obligation to exercise the same or greater level of skill, care and diligence in managing the Mortgage Loans and any related security as it would in administering or managing mortgage loans (and their related security) which do not form part of the Mortgage Pool, act in good faith and with due regard to the interests of the Issuer, the Trustee and the Secured Parties in its relations with the Borrowers and in its exercise of any discretion arising from its performance of its obligations under the Mortgage Management Agreement;
- (c) operate the (i) Collection Accounts, in so far as sums standing to the credit of the Collection Accounts are in respect of the Mortgage Loans, for and on behalf of the Issuer and (ii) the GIC Account for and on behalf of the Issuer and it shall ensure payments are made into and from such accounts in accordance with the Transaction Documents;
- (d) keep and maintain records for and in the name of the Issuer, in respect of the Mortgage Loans for the purposes of identifying amounts paid by each Borrower, any amount due by a Borrower and the balance from time to time outstanding on a Borrower's account;
- (e) notify each respective Borrower of any change in their Monthly Payment in accordance with ICS' practices from time to time in respect of mortgage loans which do not form part of the Mortgage Pool;

- (f) carry out all calculations in relation to the sale and purchase of any Further Advance or Substitute Mortgage Loan in order to assess whether there are sufficient funds available and the various conditions applicable to any such sale and purchase are complied with; and
- (g) prepare such accounts and maintain such financial records in relation to the Issuer's activities as are required of companies under Irish law and shall liaise with the Issuer, its auditors and the Corporate Services Provider in relation thereto.

Right of Delegation by the Mortgage Manager

The Mortgage Manager may at its own cost sub-contract and delegate any of its powers and obligations under the Mortgage Management Agreement to any person provided that no such subcontracting or delegation will abrogate or relieve the Mortgage Manager of any of its obligations under the Mortgage Management Agreement.

Liability of the Mortgage Manager

The Mortgage Manager will not be liable in respect of any loss, liability, claim, expense or damage suffered or incurred by the Issuer or Trustee as a result of the performance of its obligations under the Mortgage Management Agreement save where such loss, liability, claim, expense or damage is suffered or incurred as a result of any negligence or wilful default of the Mortgage Manager or the material breach of its obligations under the Transaction Documents to which it is a party.

The Mortgage Manager will indemnify each of the Issuer and the Trustee on demand for any loss (other than loss of profit) suffered by it in respect of the negligence or the wilful default of the Mortgage Manager or material breach of its obligations under the Transaction Documents to which it is a party.

Remuneration of the Mortgage Manager

The Issuer will on each Interest Payment Date pay to the Mortgage Manager for its services under the Mortgage Management Agreement a quarterly mortgage management fee (inclusive of value added tax, if any) in an amount equal to 0.12 per cent. of the aggregate Principal Balance of the Mortgage Loans on the Calculation Date immediately preceding the relevant Interest Payment Date, divided by four.

Termination of Appointment

Pursuant to the Mortgage Management Agreement, the appointment of ICS as Mortgage Manager may be terminated by either the Trustee or the Issuer (a) if the Mortgage Manager defaults in the performance or observance of any Mortgage Manager Covenant (as defined in the Mortgage Management Agreement) thereunder to an extent, which in the opinion of the Trustee, when taken in aggregate with all such other failures, is materially prejudicial to the interests of the Noteholders and (except where such default is incapable of remedy) such default is not remedied, or means of remedying it are not agreed, within 30 days after the Mortgage Manager receiving written notice from the Trustee or the Issuer requiring the same to be remedied or (b) if certain insolvency events occur in respect of the Mortgage Manager. The appointment of ICS as Mortgage Manager may also be terminated upon ICS giving to the Issuer and the Trustee not less than 6 months' prior written notice (or such shorter period as the Trustee may agree) subject to the appointment of a substitute mortgage manager by the Trustee or the Mortgage Manager.

A substitute mortgage manager may be appointed by the Issuer or the Trustee or the Mortgage Manager (subject in each case to the notification in writing of such appointment to the Rating Agencies) on substantially the same terms as those for the Mortgage Manager and subject to all applicable Financial Regulator requirements in relation to securitised mortgage loans.

Governing Law

The Mortgage Management Agreement is governed by Irish law.

THE ISSUER

Introduction

The Issuer was incorporated and registered in Ireland (under company registration number 433535) under the Irish Companies Acts, 1963 to 2006 with limited liability as a private company on 25 January 2007. The registered office of the Issuer is at 5 Harbourmaster Place, IFSC, Dublin 1, Ireland.

The issued share capital of the Issuer comprises of 1,000 ordinary shares of €1 each, of which 1,000 are held by Deutsche International Finance (Ireland) Limited (the **Share Trustee**). Under the terms of a trust established under Irish law by a declaration of trust dated 16 February 2007, the Share Trustee holds its direct and indirect interest in the share capital of the Issuer on discretionary trust for the benefit of charitable purposes. The Issuer has no subsidiaries.

The telephone number of the Issuer is +353 1 680 6000.

The principal objects of the Issuer are set out in Clause 3 of its Memorandum of Association and, amongst other things, are to purchase, take transfers of, invest in and acquire by any means mortgages, loans or other obligations involving the extension of credit and any security therefor and to raise or borrow money and to grant security over its assets for such purposes.

None of ICS, BOI nor any BOI Group company owns directly or indirectly any of the share capital of the Issuer or the Share Trustee.

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 2006, authorisation and issue of the Notes, the matters referred to or contemplated in this Prospectus and the authorisation, execution, delivery and performance of the Transaction Documents to which it is a party and matters which are incidental or ancillary to the foregoing.

Since the date of its incorporation, the Issuer has not traded or commenced operations, no profits or losses have been made or incurred, no dividends have been paid and no financial statements have been prepared.

Directors and Secretary

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

Name	Address	Principal Activities
Denis Mahony	New Century House IFSC Mayor Street Lower Dublin 1	Head of Finance, Savings & Investments, ICS
Adrian Masterson	21 Temple Gardens Dublin 6	Company Director
Michael Whelan	5 Harbourmaster Place IFSC Dublin 1	Company Director

The Secretary of the Issuer is Deutsche International Corporate Services (Ireland) Limited of 5 Harbourmaster Place, IFSC, Dublin 1.

Activities

The Issuer has been established as a special purpose company for the purpose of acquiring mortgage loans or other financial assets and issuing asset backed securities. On the Closing Date, the Issuer will acquire from ICS a portfolio of residential mortgage loans (together with related security) originated by ICS. All Mortgages acquired by the Issuer on such date will be financed by the proceeds of the issue of the Notes. The activities of the Issuer will be restricted by the Conditions and the Deed of Charge and will be limited to the issue of the Notes, the ownership of the Mortgage Loans and other assets referred to herein, the entry into the Subordinated Loan Agreement, the GIC Agreement, the Swap Transactions and the other Transaction

Documents, the exercise of related rights and powers, and other activities referred to herein or reasonably incidental thereto. These activities will include the collection of payments of principal and interest from Borrowers in respect of Mortgage Loans and the operation of arrears procedures.

Substantially all of the above activities will be carried on by the Mortgage Manager on an agency basis on behalf of the Issuer and Trustee under the Mortgage Management Agreement. Additionally, the Mortgage Manager will provide cash management and reporting services to the Issuer and the Trustee pursuant to the Mortgage Management Agreement.

Pursuant to a corporate services agreement dated on or before the Closing Date (the **Corporate Services Agreement**), the Issuer has appointed Deutsche International Corporate Services (Ireland) Limited (the **Corporate Services Provider**) *inter alia*, to provide a registered and administrative office, a company secretary, to arrange directors' and shareholders' meetings, annual meetings and any other meetings of the shareholders, to maintain statutory and other books required by law or the Issuer and to prepare and submit annual returns and any other documents required by law to be prepared or filed. 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 gross proceeds of the issue of the Notes are expected to amount to U.S.\$2,176,400,000 and €1,275,950,000 and will be used (after exchanging on the Closing Date the gross proceeds of the Dollar Notes for euro proceeds by reference to the Dollar Swap Rate) in financing the purchase of the Initial Mortgage Loans from ICS under the Mortgage Sale Agreement on the Closing Date.

Amounts drawn under the Subordinated Loan Agreement will be applied towards funding (i) fees, costs and expenses of the Issuer in connection with the issue of the Notes (estimated not to exceed approximately €4,000,000) and (ii) the Reserve Fund.

WEIGHTED AVERAGE LIVES OF THE NOTES

The average life of the Notes cannot be accurately predicted, as the actual rate at which the Mortgage Loans will be repaid and a number of other relevant factors are unknown.

Calculated estimates of the possible average life of the Notes can be made by the Issuer based on certain assumptions. These estimates have certain limitations. No representations are made that such estimates are accurate. The table below shows the expected average life of the Notes based on the characteristics of the Initial Mortgage Pool and, amongst others, the following assumptions (the **Modelling Assumptions**):

- (a) the Issuer exercises its option to redeem all (but not some only) of the Notes then outstanding on the Interest Payment Date falling on March 2012 or on the Interest Payment Date on which the aggregate Euro Principal Amount Outstanding of the Notes is equal to or less than 10 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes on the Closing Date;
- (b) the Mortgage Loans are subject to a constant annual prepayment rate as shown in the table below;
- (c) all Mortgage Loans are performing and that there are no arrears, losses, or fees and charges added to the Mortgages;
- (d) interest on the Notes is paid on time and that the Security has not been enforced;
- (e) the Interest Payment Date is always the 10th day of March, June, September and December in each year;
- (f) the Closing Date will be 1 March 2007;
- (g) no Mortgage Loan is repurchased by virtue of a buy back for breach of Warranty;
- (h) the portfolio mix of Mortgage Loan characteristics remains the same throughout the life of the Notes;
- (i) 3 Month EURIBOR is 3.755 per cent; and
- (j) no Further Advances or Substitute Mortgage Loans are made.

Average Life Sensitivities

Constant Annual Prepayment Rate (per cent.)	Expected Life of A1 Notes (Years)	Expected Life of A2 Notes (Years)	Expected Life of A3 Notes (Years)	Expected Life of B Notes (Years)	Expected Life of C Notes (Years)	Expected Life of D Notes (Years)
0	3.45	5.03	5.03	5.03	5.03	5.03
5	1.41	4.63	5.03	5.03	5.03	5.03
10	0.86	3.66	5.03	5.03	5.03	5.03
15	0.63	2.69	5.01	4.91	4.91	4.91
20	0.50	2.06	4.78	4.55	4.55	4.55
25	0.43	1.64	4.41	4.19	4.19	4.19
30	0.37	1.36	4.01	3.72	3.72	3.72
35	0.34	1.15	3.61	3.37	3.37	3.37

There is no assurance that redemption of the Notes will occur as described in assumption (a). The Issuer has no recourse to ICS or the BOI Group in financing its option to redeem all (but not only some) of the Notes.

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

The average lives of the Notes are subject to factors largely outside of the control of the Issuer and consequently no assurance can be given that the Modelling Assumptions used to calculate the average life of the Notes will prove in any way to be realistic and they must therefore be viewed with considerable caution. See *“Risk Factors - The yield to maturity of the Notes may be adversely affected by prepayments or*

redemptions on the Mortgage Loans or repurchases of Mortgage Loans by ICS”.

Any difference between the Modelling Assumptions and the actual performance and characteristics of the Mortgage Loans will cause the average life of the Notes to differ (which difference can be material) from the corresponding information in the table.

The actual characteristics and performance of the Mortgage Loans are likely to differ from the Modelling Assumptions used in constructing the table, which are hypothetical in nature and are provided only to give a general sense of how the principal cash flows might behave under varying prepayment assumptions (inclusive of scheduled and unscheduled principal receipts). For information on historical CPR rates experienced by ICS in respect of residential mortgage loans originated by it since June 2005, see *“The ICS Mortgage Business – CPR Rates”*.

DESCRIPTION OF THE NOTES IN GLOBAL FORM

General

Each Class of Euro Notes will initially be represented by one or more Regulation S Global Notes in registered form without coupons for principal or interest or talons for further coupons attached. Each Class of Dollar Notes will initially be represented by one Regulation S Global Note and/or one Rule 144A Global Note in registered form without coupons for principal or interest or talons for further coupons attached. The Regulation S Global Notes and the Rule 144A Global Notes are together referred to as the **Global Notes**.

The Regulation S Global Notes will be registered in the name of Citivic Nominees Limited as common nominee for Euroclear and Clearstream, Luxembourg and will be deposited with Citibank, N.A. of Citigroup Centre, Canada Square, London E14 5LB as common depository for Euroclear and Clearstream, Luxembourg on the Closing Date. Upon deposit of the Regulation S Global Notes, Euroclear or Clearstream, Luxembourg will credit each subscriber of the Regulation S Notes with the principal amount of Regulation S Notes for which it has subscribed and paid. Until and including the 40th day after the Closing Date, interests in Regulation S Global Notes may only be held through Euroclear or Clearstream, Luxembourg. See further the section entitled “*Terms and Conditions of the Notes*” below.

The Rule 144A Global Notes will be registered in the name of Cede & Co as nominee for DTC and will be deposited with Citibank, N.A. of Citigroup Centre, Canada Square, London E14 5LB as custodian on behalf of DTC. See further the section entitled “*Terms and Conditions of the Notes*” below.

Temporary documents of title will not be issued for either the Regulation S Global Notes or the Rule 144A Global Notes.

Euroclear and Clearstream, Luxembourg

Ownership of beneficial interests in the Regulation S Global Notes will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (**participants**) or persons that hold interests in the Regulation S Global Notes through participants (**indirect participants**), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect participants shall also include persons that hold beneficial interests through such indirect participants. Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective amount of Notes beneficially owned by such participants on each of their respective book-entry registration and transfer systems. The accounts to be credited shall be designated by the relevant Joint Lead Managers. Beneficial interests in the Regulation S Global Notes will be shown on, and transfers of book-entry interests or the interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants or indirect participants (with respect to the interests of their indirect participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability to own, transfer or pledge book-entry interests.

The address of Euroclear is 1 Boulevard du Roi Albert 11, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

DTC

DTC has advised the Issuer as follows: “DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers and dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly”.

The address of DTC is 55 Water St., 22nd Floor, New York, NY10041-099;

Investors may hold their interests in a Rule 144A Global Note directly through DTC if they are participants (**participants**) in the DTC system, or indirectly through organisations which are participants in such systems (**indirect participants**).

The registered holder of a Global Note will be considered the sole Noteholder for all purposes under the Trust Deed. Accordingly, each person holding a beneficial interest in the Global Notes must rely on the rules and procedures of Euroclear, DTC and/or Clearstream, Luxembourg (the **Clearing Systems**), as the case may be, and indirect participants must rely on the procedures of the participants or indirect participants through which such person owns its interest in the relevant Global Notes, to exercise any rights and obligations of a holder of Notes under the Trust Deed.

Although the Clearing Systems have agreed to certain procedures to facilitate transfers of beneficial interests in the Global Notes among account holders of the Clearing Systems, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Managers or any of their respective agents will have any responsibility for the performance by the Clearing Systems or their participants or account holders of their respective obligations under the rules and procedures governing their operations.

References herein to Euroclear, DTC and/or Clearstream, Luxembourg or the Clearing Systems shall be deemed to include references to any other clearing system approved by the Trustee.

Payments

Payment of principal of, and interest on, and any other amount due in respect of, the Regulation S Global Notes, will be made in the relevant currency by the Principal Paying Agent on behalf of the Issuer to the registered holder thereof. It is anticipated that the Principal Paying Agent will distribute all such payments in the relevant currency for the account of the registered holder to the relevant Clearing System. Payment of principal of, and interest on, and any other amount due in respect of, the Rule 144A Global Notes, will be made in Dollars by the U.S. Paying Agent on behalf of the Issuer, following receipt of such amounts from the Principal Paying Agent, to the registered holder thereof. It is anticipated that the U.S. Paying Agent will distribute all such payments in Dollars for the account of the registered holder to DTC. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of the relevant Clearing System, after receipt of any payment from the Principal Paying Agent the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of the Global Notes as shown in the records of Euroclear, DTC or Clearstream, Luxembourg. The Issuer expects that payments by participants to owners of beneficial interests in Global Notes held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, the Managers or the Arranger or any of their respective agents, will have any responsibility or liability for any aspect of the records relating to or payments made on account of a participant's ownership of beneficial interests in the Global Notes or for maintaining, supervising or reviewing any records relating to a participant's ownership of Global Notes.

Notices

For so long as any of the Notes are represented by a Global Note and such Global Note is held on behalf of a relevant Clearing System, notices to Noteholders may be given by delivery of the relevant notice to the relevant Clearing System for communication to the relative account holders rather than by publication as required by Condition 15. So long as the Notes are admitted to trading on the regulated market of the ISE, the Company Announcements Office of the ISE must also be notified of such notice. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to the relevant Clearing System as aforesaid.

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Principal Paying Agent, or the U.S. Paying Agent, as applicable, will deliver all amounts received by it in respect of the redemption of such Global Note to the relevant Clearing System for the account of the relevant nominee, and the Principal Paying Agent,

or the U.S. Paying Agent, as applicable, shall cancel such Global Note. The redemption price payable in connection with the redemption of Noteholder interests in a Global Note will be equal to the amount received by the Principal Paying Agent in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of a Global Note in part, the relevant Noteholder interests relating thereto to be redeemed will be allocated by the relevant Clearing System, as the case may be, on a *pro rata* basis.

Cancellation

Any Note represented by a Global Note which is required to be cancelled following its redemption will be cancelled and may not be reissued or resold.

Transfers

All transfers of beneficial interests in the Global Notes will be recorded in accordance with the book-entry systems maintained by the relevant Clearing System pursuant to customary procedures established by each respective system and its participants.

The Rule 144A Global Notes will bear a legend substantially identical to that appearing under “*Notice to Investors*”, and neither the Rule 144A Global Notes nor any book-entry interest therein may be transferred except in compliance with the transfer restrictions set forth in such legend and under “*Notice to Investors*” below.

Beneficial interests in the Regulation S Global Notes may be held only through Euroclear or Clearstream, Luxembourg. The Regulation S Global Notes will bear a legend substantially identical to that appearing under “*Notice to Investors*” below, and neither the Regulation S Global Notes nor any beneficial interest therein may be transferred except in compliance with the transfer restrictions set forth in the legend and under “*Notice to Investors*” below.

No beneficial interest in a Rule 144A Global Note may be transferred to a person that takes delivery in the form of a beneficial interest in a Regulation S Global Note unless the transfer is in an offshore transaction in reliance on Regulation S and the transferor provides the Registrar with a written certification substantially in the form set out in the Trust Deed and, if the transfer occurs within the Distribution Compliance Period, the person that takes delivery in the form of a beneficial interest in a Regulation S Global Note must be a non-U.S. person. No beneficial interest in a Regulation S Global Note may be transferred to a person that takes delivery in the form of a beneficial interest in a Rule 144A Global Note unless the transfer is to a person that is a “qualified institutional buyer” (**QIB**) as defined in Rule 144A under the Securities Act (**Rule 144A**). See “*Notice to Investors*” below.

Any beneficial interest in a Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note will, upon transfer, cease to be represented by a beneficial interest in such Regulation S Global Note and will become represented by such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Rule 144A Global Notes. Any Rule 144A Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note will, upon transfer, cease to be represented by such Rule 144A Global Note and will become represented by a beneficial interest in such Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in the Regulation S Global Note.

Issuance of Notes in definitive form

Holders of beneficial interests in the Global Notes will be entitled to receive Definitive Registered Notes in exchange for their respective holdings of beneficial interests if:

- (i) in the case of a Global Note held on behalf of DTC, at any time DTC notifies the Issuer that it is unable or unwilling to discharge properly its responsibilities as depository with respect to the Global Notes or DTC ceases to be a “clearing agency” registered under the United States Securities Exchange Act of 1934, as amended or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC;
- (ii) in the case of a Global Note held on behalf of Euroclear or Clearstream, Luxembourg each of Euroclear, and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and no alternative clearing system satisfactory to the Trustee is

available; or

- (iii) as a result of any amendment to, or change in the laws or regulations of Ireland (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form, in which case the Issuer will deliver in definitive and registered form, serially numbered, in the denomination of U.S.\$100,000 for the Dollar Notes and €50,000 for the Euro Notes.

Any Definitive Registered Notes issued in exchange for beneficial interests in the Global Notes will be registered in a register in such name or names as the Principal Paying Agent shall instruct the Registrar based on the instructions of the relevant Clearing System, it is expected that such instructions will be based upon directions received by the relevant Clearing System from their participants with respect to ownership of the relevant beneficial interests in the Global Notes.

Definitive Registered Regulation S Notes will bear the legend set out in “*Notice to Investors*”. Before any Definitive Registered Regulation S Note may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Definitive Registered Rule 144A Note, the transferor will be required to provide the Registrar with a written certification substantially in the form set out in the Trust Deed. Definitive Registered Rule 144A Notes will bear the legend set out in “*Notice to Investors*”. The Definitive Registered Rule 144A Notes may not at any time be held by or on behalf of U.S. persons that are not QIBs. Before any Definitive Registered Rule 144A Note may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Definitive Registered Regulation S Note the transferor will be required to provide the Registrar with a written certification substantially in the form set out in the Trust Deed.

NOTICE TO INVESTORS

Offers and Sales by the Purchasers

As noted under “*Subscription and Sale - United States*”, the Notes have not been and will not be registered under the Securities Act. Consequently, the Notes may only be offered, sold, resold, delivered or transferred (i) within the United States in a transaction made in compliance with Rule 144A under the Securities Act to persons that are “qualified institutional buyers” (**QIBs**), (ii) outside the United States to non-U.S. persons in offshore transactions in reliance on Rule 903 or 904 of Regulation S or (iii) in relation to the Regulation S Notes only, following the expiration of the distribution compliance period, pursuant to an applicable exemption from the registration requirements of the Securities Act and in accordance with any applicable securities law of any state of the United States.

By its purchase of the Notes, each purchaser of the Notes (each initial purchaser, together with each subsequent transferee are referred to herein as the **Purchaser**) will be deemed to have represented and agreed to the following (undefined terms used in this section that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- 1. Purchaser Requirements for Rule 144A Notes.** Each Purchaser of an interest in a Rule 144A Note: (A) is an Eligible Investor (as defined below), (B) will hold at least the minimum denomination of the relevant currency in respect of the Notes, (C) will provide notice of applicable transfer restrictions to any subsequent transferee, and (D) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (A) through (D), and as to which the Purchaser exercises sole investment discretion and has full power to make the acknowledgements, representations and agreements on behalf of each such account contained herein. **Eligible Investors** are defined for the purposes hereof as persons who are QIBs acting for their own account or for the account of other entities that are QIBs and excludes therefrom: (i) QIBs that are broker dealers that own and invest on a discretionary basis less than U.S.\$100 million in “securities” within the meaning of Rule 144A, and (ii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Notes. The Purchaser acknowledges that the Issuer reserves the right prior to any sale or other transfer to require the delivery of such certifications, legal opinions and other information as the Issuer may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions.

Each Purchaser understands and agrees that before any interest in a Rule 144A Global Note (or a Definitive Rule 144A Note) may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Regulation S Global Note (or a Definitive Regulation S Note), the Registrar is required to receive a written certification from the transferor in the form provided in the Trust Deed as to compliance with the transfer restrictions described herein.

Each Purchaser agrees that it is not purchasing such Rule 144A Notes (or any beneficial interest in a Global Certificate therein) with a view toward the resale, distribution, or other disposition thereof in violation of the Securities Act. Each Purchaser understands that an investment in the Rule 144A Notes involves certain risks, including the risk of loss of its entire investment in the Rule 144A Notes under certain circumstances. Each Purchaser acknowledges that it has had access to such financial and other information concerning the Issuer and the Notes as it deemed necessary or appropriate in order to make an informed investment decision with respect to its purchase of Rule 144A Notes, including an opportunity to ask questions of, and request information from, the Issuer.

- 2. Purchaser Requirements for Regulation S Notes.** If the Purchaser is acquiring the Regulation S Notes (or a beneficial interest in a Global Certificate) prior to the date that is 40 days after the later of the commencement of the offering and the Closing Date (the **Distribution Compliance Period**), the Purchaser is not a U.S. person (as defined in Regulation S under the Securities Act) and is acquiring the Regulation S Notes (or a beneficial interest in a Global Certificate) in an offshore transaction pursuant to Rule 903 or 904 of Regulation S. The Purchaser is not purchasing such Regulation S Notes (or a beneficial interest in a Global Certificate therein) with a view toward the resale, distribution or other disposition thereof in violation of the Securities Act. All transactions must be in principal amount of not less than U.S.\$100,000 or €50,000, as the case may be.

Each Purchaser understands and agrees that before any interest in a Regulation S Global Note (or a Definitive Regulation S Note) may be offered, resold, pledged or otherwise transferred to a person who takes delivery in the form of a Rule 144A Global Note (or a Definitive Rule 144A Note), the transferor

will be required to provide the Registrar with a written certification substantially in the form set out in the Trust Deed as to compliance with the transfer restrictions described herein.

3. **Notice of Transfer Restrictions.** Each Purchaser acknowledges and agrees that (A) the Notes have not been and will not be registered under the Securities Act, (B) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set forth herein, and (C) it will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.
4. **Legends on the Notes.** Each Purchaser acknowledges that each of the Notes will bear legends substantially to the effect set forth below.
5. **Rule 144A Information.** Each Purchaser of Notes offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Notes to it is being made in reliance upon an exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A(d)(4).
6. **ERISA.** If a Purchaser or transferee is purchasing or holding an interest in an A Note, it will be deemed to represent and agree that, (1) it is not, and for so long as it holds such A Note, or any interest therein it will not be (a) an “employee benefit plan” as defined in and subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (**ERISA**) or a “plan” subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the **Code**), (b) any entity whose underlying assets include (or are deemed for purposes of ERISA or Section 4975 of the Code to include) “plan assets” by reason of such plan’s investment in the entity, or (c) a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (2) its purchase and holding of such A Note, or any interest therein will not constitute or result in a prohibited transaction under Section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental or other employee benefit plan, a violation of any such substantially Similar Law (as defined below)) for which an exemption is not available. If a Purchaser or transferee is purchasing or holding an interest in a B Note, C Note or D Note it will be deemed to represent and agree that either (i) it is not, and for so long as it holds such Note or any interest therein will not be, (a) an “employee benefit plan” as defined in and subject to ERISA, (b) a “plan” subject to Section 4975 of the Code, or (c) an entity whose underlying assets include (or are deemed for the purposes of ERISA or the Code to include) plan assets by reason of a plan’s investment in the entity or (ii) it is an employee benefit plan that is subject to any U.S. federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**Similar Law**) and the purchase and holding of such Note does not and will not violate any such Similar Law. Any acquisition or transfer of such Note in contravention of such representation and agreement shall be null and void. See “*Certain ERISA Considerations*” below.
7. **Amendments.** Each Purchaser acknowledges that the Notes and related documentation may be amended or supplemented from time to time to modify the restrictions on and procedures for resales and other transfers of the Notes to reflect any change in applicable law or regulation (or the interpretation thereof) or in practices relating to the resales or transfer of securities such as the Notes generally, and that it will be deemed, by its acceptance of such Notes, to have agreed to any such amendment or supplement.
8. **Legend on Rule 144A Global Notes and Definitive Registered Rule 144A Notes.** Each Purchaser understands that pursuant to the terms of the Trust Deed, the Issuer has agreed that the Rule 144A Notes will bear the legend set forth below, will be represented by one or more Rule 144A Global Certificates and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

THIS NOTE HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE SECURITIES ACT), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN “INVESTMENT COMPANY” UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE INVESTMENT COMPANY ACT).

BY PURCHASING THE NOTES, EACH HOLDER OF ANY BENEFICIAL INTEREST HEREIN WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR

SELLER WITH RESPECT TO THE NOTES THAT IT (A) IS AN "ELIGIBLE INVESTOR" (AS DEFINED BELOW), (B) WILL HOLD AT LEAST THE MINIMUM DENOMINATION U.S.\$100,000, OR €100,000, (C) WILL PROVIDE NOTICE OF APPLICABLE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, (D) IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHOM MEETS ALL OF THE PRECEDING REQUIREMENTS, (E) AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN TO ANY PERSON EXCEPT TO (I) A PERSON WHO MEETS ALL OF THE PRECEDING REQUIREMENTS AND AGREES NOT TO SUBSEQUENTLY TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN ACCORDANCE WITH THIS CLAUSE (E) OR (ii) A NON-U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")) ACQUIRING THE NOTES IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S.

"ELIGIBLE INVESTORS" ARE DEFINED FOR THE PURPOSES HEREOF AS PERSONS WHO ARE "QUALIFIED INSTITUTIONAL BUYERS" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("QIBS") ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER ENTITIES THAT ARE QIBS AND EXCLUDES THEREFROM: (I) QIBS THAT ARE BROKER DEALERS THAT OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN U.S.\$100 MILLION IN "SECURITIES" WITHIN THE MEANING OF RULE 144A, (II) AN ENTITY THAT WAS FORMED, REFORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES.

FOR CERTIFICATES OF THE A NOTES: THE PURCHASER OR TRANSFEREE OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED EITHER THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE IT WILL NOT BE, (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR A "PLAN" THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (B) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE) "PLAN ASSETS" BY REASON OF SUCH PLAN'S INVESTMENT IN THE ENTITY, OR (C) A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (II) ITS PURCHASE AND HOLDING OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

FOR CERTIFICATES OF THE B NOTES, C NOTES OR D NOTES: THE PURCHASER OR TRANSFEREE OF THIS NOTE OR ANY INTEREST IN THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED EITHER THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT BE (A) AN "EMPLOYEE BENEFIT PLAN", AS DEFINED IN AND SUBJECT TO THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), (B) A "PLAN" SUBJECT TO SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR (C) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE) PLAN ASSETS BY REASON OF A PLAN'S INVESTMENT IN THE ENTITY OR (II) IT IS AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") AND THE PURCHASE AND HOLDING OF THIS NOTE DOES NOT AND WILL NOT VIOLATE ANY SUCH SIMILAR LAW. ANY ACQUISITION OR TRANSFER OF THIS NOTE IN CONTRAVENTION OF SUCH REPRESENTATION AND AGREEMENT SHALL BE NULL AND VOID.

THE PURCHASER ACKNOWLEDGES THAT THE ISSUER RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS. EACH HOLDER OF A BENEFICIAL INTEREST IN THIS NOTE ACKNOWLEDGES THAT IN THE EVENT THAT AT ANY TIME THE ISSUER DETERMINES OR IS NOTIFIED BY A PERSON ACTING ON BEHALF OF THE ISSUER THAT SUCH PURCHASER WAS IN BREACH, AT THE TIME GIVEN OR DEEMED TO BE GIVEN, OF ANY OF THE REPRESENTATIONS OR AGREEMENTS SET FORTH IN THIS LEGEND, SUCH PURCHASE OR OTHER TRANSFER WILL BE VOID AB INITIO AND WILL NOT BE HONOURED BY THE ISSUER. ACCORDINGLY, ANY SUCH PURPORTED TRANSFEREE OR OTHER HOLDER WILL NOT BE ENTITLED TO ANY RIGHTS AS A NOTEHOLDER AND THE ISSUER SHALL HAVE THE RIGHT, IN ACCORDANCE WITH THE TRUST DEED, TO FORCE THE TRANSFER OF ANY SUCH NOTES.

IF THE PURCHASER IS PURCHASING OR OTHERWISE ACQUIRING NOTES FROM A MANAGER, IT REPRESENTS AND WARRANTS THAT IT HAS RECEIVED THE PROSPECTUS DATED 19 FEBRUARY 2007 RELATING TO THE NOTES (THE "PROSPECTUS") AND HAS HAD FULL OPPORTUNITY TO REQUEST, RECEIVE AND REVIEW ALL ADDITIONAL INFORMATION NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION INCLUDED HEREIN THAT THE ISSUER OR THE MANAGERS COULD PROVIDE WITHOUT UNREASONABLE EFFORT OR EXPENSE.

THE PURCHASER AGREES THAT IT WILL PROMPTLY (I) INFORM THE ISSUER IF, DURING ANY TIME IT HOLDS A NOTE, THERE SHALL BE ANY CHANGE IN THE REPRESENTATIONS AND WARRANTIES CONTAINED ABOVE OR IF THEY SHALL BECOME FALSE FOR ANY REASON (OTHER THAN THE REPRESENTATIONS THAT THE PURCHASER IS A QUALIFIED INSTITUTIONAL BUYER, WHICH REPRESENTATION NEEDS ONLY BE ACCURATE ON THE DATE OF THE ACQUISITION OF A NOTE) AND (II) DELIVER TO THE ISSUER SUCH OTHER REPRESENTATIONS, WARRANTIES AND AGREEMENTS AS TO SUCH MATTERS AS THE ISSUER MAY, IN THE FUTURE, REQUEST IN ORDER TO COMPLY WITH APPLICABLE LAW AND THE AVAILABILITY OF ANY EXEMPTION THEREFROM (INCLUDING, IF DEEMED NECESSARY BY THE ISSUER, A REAFFIRMATION OF ITS STATUS AS A QUALIFIED INSTITUTIONAL BUYER).

THE PURCHASER IS HEREBY NOTIFIED THAT THE ISSUER MAY RECEIVE A LIST OF PARTICIPANTS HOLDING POSITIONS IN ITS SECURITIES FROM ONE OR MORE BOOK-ENTRY DEPOSITARIES, AND THAT THOSE PARTICIPANTS MAY FURTHER DISCLOSE TO THE ISSUER THE NAMES AND POSITIONS OF HOLDERS OF ITS SECURITIES.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. TERMS WHICH ARE USED IN THIS LEGEND HAVE THE MEANINGS GIVEN TO THEM UNDER SUCH RULE.

9. Legend on Regulation S Global Notes and Definitive Registered Regulation S Notes. Each Purchaser understands that (i) the sale of the Regulation S Notes (or a beneficial interest therein) to it is being made in reliance on Regulation S, and (ii) the Regulation S Notes (or a beneficial interest therein) may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below.

THIS NOTE HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE ISSUER HAS NOT BEEN REGISTERED AND DOES NOT INTEND TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT") AND, AS A MATTER OF U.S. LAW, PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING AND THE CLOSING OF THE OFFERING, THE REGULATION S NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) EXCEPT (I) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER ("QIB") AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT ("RULE 144A") IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A OR (II) TO A NON-U.S. PERSON (AS DEFINED IN REGULATION S ("REGULATION S") UNDER THE SECURITIES ACT). IN AN OFFSHORE TRANSACTION PURSUANT TO RULE 903 OR RULE 904 OF REGULATION S, AND IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND IN PRINCIPAL AMOUNT OF NOT LESS THAN U.S.\$100,000, OR €100,000, AS THE CASE MAY BE.

FOR CERTIFICATES OF THE A NOTES: THE PURCHASER OR TRANSFEREE OF THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED EITHER THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE IT WILL NOT BE, (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR A "PLAN" THAT IS SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (B) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE) "PLAN ASSETS" BY REASON OF SUCH PLAN'S INVESTMENT IN THE ENTITY, OR (C) A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW"), OR (II) ITS PURCHASE AND

HOLDING OF THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT CONSTITUTE OR RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL OR OTHER EMPLOYEE BENEFIT PLAN, A VIOLATION OF ANY SUCH SUBSTANTIALLY SIMILAR LAW) FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

FOR CERTIFICATES FOR THE B NOTES, C NOTES OR D NOTES: THE PURCHASER OR TRANSFEREE OF THIS NOTE OR ANY INTEREST IN THIS NOTE SHALL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED EITHER THAT (I) IT IS NOT, AND FOR SO LONG AS IT HOLDS THIS NOTE OR ANY INTEREST IN THIS NOTE WILL NOT BE, (A) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN AND SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") OR, (B) A "PLAN" SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), OR (C) ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE (OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO INCLUDE) "PLAN ASSETS" BY REASON OF SUCH PLAN'S INVESTMENT IN THE ENTITY OR (II) IT IS AN EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") AND THE PURCHASE AND HOLDING OF THIS NOTE DOES NOT AND WILL NOT VIOLATE ANY SUCH SIMILAR LAW. ANY ACQUISITION OR TRANSFER OF THIS NOTE IN CONTRAVENTION OF SUCH REPRESENTATION AND AGREEMENT SHALL BE NULL AND VOID.

PRIOR TO THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD, AN INTEREST IN THIS NOTE MAY BE HELD ONLY THROUGH EUROCLEAR OR CLEARSTREAM, LUXEMBOURG.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes, substantially as they will appear in the Trust Deed, subject to completion and amendment, and as they will apply to the Notes in global form (subject as provided in the section entitled "Description of the Notes in Global Form") and the Notes in definitive form (if any) issued in exchange for the Global Note(s) and which will be endorsed on such Notes in definitive form, as applicable. These terms and conditions are subject to the detailed provisions of the Trust Deed, the Deed of Charge and the other Transaction Documents (as defined below).

The U.S.\$2,176,400,000 and €1,275,950,000 Mortgage Backed Floating Rate Notes of Kildare Securities Limited (the **Issuer**) will comprise of the U.S.\$724,800,000 Class A1 Mortgage Backed Floating Rate Notes due June 2014 (the **A1 Notes**), the U.S.\$1,451,600,000 Class A2 Mortgage Backed Floating Rate Notes due December 2043 (the **A2 Notes**), the €1,062,000,000 Class A3 Mortgage Backed Floating Rate Notes due December 2043 (the **A3 Notes**, and together with the A2 Notes and the A1 Notes, the **A Notes**), the €96,800,000 Class B Mortgage Backed Floating Rate Notes due December 2043 (the **B Notes**), the €90,600,000 Class C Mortgage Backed Floating Rate Notes due December 2043 (the **C Notes**), and the €26,550,000 Class D Mortgage Backed Floating Rate Notes due December 2043 (the **D Notes** and, together with the A Notes, the B Notes and the C Notes, the **Notes**, and the holders thereof, the **Noteholders**). Each class of Notes, including, for the avoidance of doubt, the A1 Notes, the A2 Notes, the A3 Notes, the B Notes, the C Notes and the D Notes, is referred to as a **Class**. The A1 Notes and the A2 Notes are collectively referred to as the **Dollar Notes**. The A3 Notes, the B Notes, the C Notes and the D Notes are collectively referred to as the **Euro Notes**.

The Notes are issued subject to the provisions of and have the benefit of a trust deed (as amended or supplemented from time to time, the **Trust Deed**) dated on or about the Closing Date between the Issuer and Citicorp Trustee Company Limited as trustee (the **Trustee**, which expression shall include all persons for the time being acting as trustee or trustees appointed pursuant to the Trust Deed) for the holders for the time being of the Notes and are subject to an agency agreement (as amended or supplemented from time to time, the **Agency Agreement**) dated on or about the Closing Date between the Issuer, Citibank, N.A., London branch (as **Principal Paying Agent, Agent Bank and Transfer Agent**), Citibank, N.A., New York (as **U.S. Paying Agent, U.S. Transfer Agent and Registrar**), Citibank International plc, Dublin branch (as **Irish Paying Agent and Transfer Agent** (together the **Agents**) and the Trustee. The security for the Notes is created pursuant to, and on the terms set out in, a deed of charge (as amended or supplemented from time to time, the **Deed of Charge**) dated on or about the Closing Date between, *inter alios*, the Issuer and the Trustee.

Copies of the Trust Deed, the Agency Agreement, the Deed of Charge, the master definitions schedule dated on or about the Closing Date between, *inter alios*, the Issuer and the Trustee (the **Master Definitions Schedule**) and the other Transaction Documents (as defined below) are available for inspection by the Noteholders upon reasonable notice during normal business hours, at the Specified Office (as set out in Condition 18 ("*Specified Offices of Agents*")) for the time being of the Principal Paying Agent and the Irish Paying Agent and at the registered office of the Issuer.

The statements in these terms and conditions relating to the Notes (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Deed of Charge, the Agency Agreement and the other Transaction Documents (as they may be amended from time to time) the provisions of which the Noteholders have the benefit of and are bound by.

Capitalised terms not otherwise defined in these Conditions shall bear the meaning given to them in the Master Definitions Schedule.

The issue of the Notes was authorised by resolution of the Board of Directors of the Issuer passed on 15 February 2007.

1. Definitions

In these Conditions:

3 Month Dollar LIBOR has the meaning given to it in Condition 5(c)(ii) ("*Interest - Rate of Interest*");

3 Month EURIBOR has the meaning given to it in Condition 5(c)(iv) ("*Interest - Rate of Interest*");

A1 Maturity Date has the meaning given to it in Condition 6(a) ("*Final Redemption*").

Account means any of the Collection Accounts or the GIC Account;

Actual Principal Losses means, at any time and in relation to any Mortgage Loan, the principal amount of such Mortgage Loan which is not recovered from the proceeds following the completion of the sale of the Property to which such Mortgage relates or, if later, upon completion of all relevant enforcement procedures;

Arranger means Deutsche Bank AG, London Branch;

Available Redemption Funds means, in relation to the end of any Calculation Date the aggregate of the following (which will be recorded in a ledger designated the principal ledger (the **Principal Ledger**)), in accordance with the provisions of the Mortgage Management Agreement and the Deed of Charge:

- (a) all payments representing principal from time to time received by the Issuer into the GIC Account during the Collection Period ending on that Calculation Date in respect of the Mortgage Loans;
- (b) amounts (other than amounts described in (a) above) in respect of principal received on Authorised Investments made by or on behalf of the Issuer and referable to principal amounts invested as Authorised Investments, on or prior to that Calculation Date;
- (c) amounts (if any) to be applied in reducing the Principal Deficiency Ledgers on the immediately succeeding Interest Payment Date pursuant to items (vii), (ix), (xi) and (xiii) (as applicable) of the Pre-Enforcement Interest Priority of Payments; and
- (d) amounts (if any) available to be released from the Retained Principal Ledger from the immediately succeeding Interest Payment Date which were not applied during the preceding Interest Period in acquiring Further Advances or Substitute Mortgage Loans,

in each case less, if the relevant conditions in the Mortgage Sale Agreement are complied with, amounts (if any) used or to be used to fund and/or acquire Further Advances or Substitute Mortgage Loans on the immediately succeeding Interest Payment Date or which are to be allocated on such Interest Payment Date to the Retained Principal Ledger.

Available Revenue Funds means, in relation to the end of any Calculation Date, the aggregate of the following (which will be recorded in a ledger designated the revenue ledger (the **Revenue Ledger**)), in accordance with the provisions of the Mortgage Management Agreement and the Deed of Charge:

- (a) amounts (other than amounts representing principal in respect of the Mortgage Loans) from time to time received by the Issuer in the GIC Account during the Collection Period which ends on that Calculation Date in respect of the Mortgage Loans;
- (b) interest which has been credited to the GIC Account on or prior to that Calculation Date;
- (c) amounts calculated to be receivable by the Issuer under the Swap Transactions on or prior to the immediately succeeding Interest Payment Date (other than (a) any early termination amount received by the Issuer under a Swap Transaction which is to be applied in acquiring a replacement swap, (b) the return or transfer of any collateral or any income thereon, as set out under the relevant Swap Transaction, (c) any amount received by the Issuer from a replacement swap counterparty upon entry by the Issuer into an agreement with such replacement swap counterparty to replace the Interest Rate Swap Counterparty or the Cross Currency Swap Counterparty (**Replacement Swap Premium**), and (d) any amount referable to principal under the Cross Currency Swap Transactions);
- (d) amounts (other than amounts representing principal) received from Authorised Investments on or prior to the Calculation Date;

in each case less any Excluded Items (as defined below) paid or payable on or prior to the immediately succeeding Interest Payment Date. On the Interest Payment Date on which the Notes are to be redeemed in full, the Available Revenue Funds will also include any remaining amounts standing to the credit of the Reserve Fund and the Liquidity Reserve Fund (if any).

Basic Terms Modification has the meaning given thereto in Condition 12(c) ("*Meetings of Noteholders, Modifications, Waiver and Substitution of Principal Debtor - Quorum*");

Benefit Plan Investor includes (1) any employee benefit plan (as defined in Section 3(3) of the United States Employee Retirement Income Security Act of 1974, as amended (ERISA), that is subject to Title I of ERISA, (2) any "plan" subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the **Code**), and (3) any entity whose underlying assets include assets of any such employee benefit plan or plan by reason of such employee benefit plan's or plan's investment in the entity pursuant to the Plan Asset Regulation issued by the United States Department of Labor, 29 C.F.R. §2510.3-101;

BOI means The Governor and Company of the Bank of Ireland;

Borrower means, in relation to a Mortgage Loan, the person named as such in the relevant Mortgage Conditions and to whom such loan is advanced together with any person from time to time assuming the obligations of the borrower to repay such loan or any part of it (including any guarantor);

Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for business (including dealings in foreign exchange and foreign currency deposits) in Dublin, London, New York and a TARGET Settlement Day;

Calculation Date means, in relation to any Interest Payment Date, the end of the last day of the calendar month preceding that Interest Payment Date;

Charged Property means all the assets, rights, interests and property of the Issuer which is subject to the Security;

Class means each class of Notes to be issued including the A1 Notes, the A2 Notes, the A3 Notes, the B Notes, the C Notes and the D Notes, or any combination of them;

Class A1 Dollar Swap Transaction means the cross currency swap transaction with respect to the A1 Notes dated on or about the Closing Date between the Issuer and the Cross Currency Swap Counterparty, as amended from time to time;

Class A2 Dollar Swap Transaction means the cross currency swap transaction with respect to the A2 Notes dated on or about the Closing Date between the Issuer and the Cross Currency Swap Counterparty, as amended from time to time;

Closing Date means on or about 1 March 2007;

Collection Accounts means the bank accounts (with account numbers 10023898 and 45839328) of ICS held with BOI at 2 College Green, Dublin 2;

Collection Period means the period commencing on (but excluding) a Calculation Date and ending on (and including) the next Calculation Date, provided that the first Collection Period shall commence on (but exclude) 28 February 2007 and end on (and include) the first Calculation Date;

Corporate Services Agreement means the corporate services agreement dated on or before the Closing Date between the Issuer and Deutsche International Corporate Services (Ireland) Limited;

Cross Currency Swap Transaction means either of the Class A1 Dollar Swap Transaction and the Class A2 Dollar Swap Transaction;

Cross Currency Swap Counterparty means Barclays Bank PLC or any successor currency swap counterparty or counterparties from time to time under the Cross Currency Swap Transactions;

Declaration of Trust means the declaration of trust declared by ICS in favour of the Issuer and the Trustee over the Collection Accounts which relate to the Mortgage Loans;

Dollar or **U.S.\$** means the lawful currency of the United States of America;

Dollar Interest Amount has the meaning given thereto in Condition 5(d) ("*Interest - Determination of Rates of Interest and Calculation of Interest Amounts*");

Dollar Interest Determination Date has the meaning given to it in Condition 5(c) ("*Interest - Rate of Interest*");

Dollar LIBOR Screen Rate has the meaning given to it in Condition 5(c)(ii) ("*Interest - Rate of Interest*");

Dollar Swap Rate means the rate of exchange for converting euro to Dollars and vice versa in the Cross Currency Swap Transactions, being €1 = U.S.\$1.30;

Enforcement Notice has the meaning given thereto in Condition 10(a) ("*Events of Default*");

EU Insolvency Regulation means the Council Regulation (EC) No. 1346/2000 on Insolvency Proceedings;

EURIBOR Screen Rate has the meaning given to it in Condition 5(c)(iv) ("*Interest - Rate of Interest*");

euro or **€** means the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986 and the Treaty of European Union of 7 February 1992 establishing the European Union and the European Council of Madrid of 16 December 1995;

Euro Interest Amount has the meaning given thereto in Condition 5(d) ("*Interest - Determination of Rates of Interest and Calculation of Interest Amounts*");

Euro Interest Determination Date has the meaning given to it in Condition 5(c) ("*Interest - Rate of Interest*");

Euro Principal Amount Outstanding means, on any date in relation to (i) a Dollar Note, the Principal Amount Outstanding of that Dollar Note converted into euro at the Dollar Swap Rate; and (ii) a Euro Note, the Principal Amount Outstanding of that Euro Note;

Event of Default has the meaning given thereto in Condition 10(a) ("*Events of Default*");

Exchange Date means the first day following the expiry of forty days after the date of issue of each Note;

Excluded Assets means the account of the Issuer into which the proceeds of its share capital is credited;

Excluded Items means the following which may be paid or provided for prior to the allocation of sums under the Pre-Enforcement Interest Priority of Payments:

- (a) certain moneys which properly belong to third parties (including, but not limited to moneys owing to any party in respect of reimbursement for direct debit recall and overpayments by Borrowers or to the Revenue Commissioners or Borrowers under the scheme established by the Irish Revenue Commissioners for the deduction of tax relief in respect of residential mortgages at source (the **TRS Scheme**));
- (b) on the first Interest Payment Date, amounts payable to ICS under the Mortgage Sale Agreement in respect of reconciliations of any amount underpaid in respect of the purchase on the Closing Date to the purchase price for the relevant Mortgage Loans acquired;
- (c) fees payable in respect of an early redemption of Mortgage Loans; and
- (d) certain amounts payable by Borrowers to third parties, such as insurance providers.

Extraordinary Resolution means a resolution passed at a meeting duly convened and held in accordance with the Provisions for Meetings of Noteholders by a majority of not less than 75 per cent. of the votes cast; and, for the avoidance of doubt, the A Noteholders shall be treated as one Class, the B Noteholders shall be treated as one Class, the C Noteholders shall be treated as one Class and the D Noteholders shall be treated as one Class, each for the purposes of voting of an Extraordinary Resolution;

Final Maturity Date has the meaning given to it in Condition 6(a) ("*Final Redemption*");

Fitch means Fitch Ratings Ltd. and any successor thereto;

Further Advances means any discretionary further advances made by ICS to Borrowers and purchased by the Issuer under the Mortgage Sale Agreement which are secured on the relevant Property;

GIC Account means a euro denominated account in the name of the Issuer held with the GIC Provider for the deposit of amounts made pursuant to the GIC Agreement;

GIC Agreement means a guaranteed investment contract dated on or about the Closing Date to be entered into between, *inter alia*, the Issuer and the GIC Provider;

GIC Provider means BOI or any successor appointed pursuant to the GIC Agreement;

ICS means ICS Building Society;

Interest Amount has the meaning given thereto in Condition 5(d) ("*Interest - Determination of Rates of Interest and Calculation of Interest Amounts*");

Interest Determination Date has the meaning given thereto in Condition 5(c) ("*Interest - Rate of Interest*");

Interest Payment Date has the meaning given thereto in Condition 5(b) ("*Interest - Interest Payment Dates and Interest Periods*");

Interest Period means each period from (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date and in relation to the first Interest Period from (and including) the Closing Date and ending on (but excluding) the first Interest Payment Date;

Interest Rate Swap Counterparty means ICS or any successor interest rate swap counterparty from time to time;

Interest Rate Swap Transactions means the interest rate swap transactions with respect to the Notes dated on or about the Closing Date between the Issuer and the Interest Rate Swap Counterparty, as amended from time to time;

ISE means Irish Stock Exchange Limited;

Joint Lead Managers means the Arranger, Barclays Bank PLC, Barclays Capital Inc. and Citigroup Group Global Markets Limited each a **Joint Lead Manager**;

LIBOR means London Interbank Offered Rate;

London Business Day means a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments and are open for business (including dealings in foreign exchange and foreign currency deposits) in London;

Managers means the Joint Lead Managers, The Governor and Company of the Bank of Ireland and J&E Davy;

Maturity Date has the meaning given to it in Condition 6(a) ("*Final Redemption*");

Meeting means a meeting of Noteholders (whether originally convened or resumed following an adjournment);

Moody's means Moody's Investors Service Ltd, or any successor thereto;

Mortgage means a mortgage or charge granted by a Borrower in favour of the Originator over a Property intended to secure a Mortgage Loan and where the context allows, shall include any second mortgages relating to Further Advances purchased or intended to be purchased by the Issuer;

Mortgage Conditions means, in respect of a Mortgage Loan, the terms and conditions regulating it;

Mortgage Loan means one or more advances by way of loan to a person or persons and which advance is subject to the Mortgage Conditions including, where originated prior to the purchase of the Mortgage Loan by the Issuer or where purchased by the Issuer, any Further Advances or Substitute Mortgage Loans and, where appropriate, all other sums relating to the Mortgage Loan or the related security for it, the repayment of which is secured or intended to be secured by a Mortgage (or, the case of certain Further Advances, a second mortgage); and, if the Mortgage Loan is subject to Conversion, any Converted Mortgage Loan into which it is converted, in each case the benefit of which has been sold by the Originator to the Issuer pursuant to the Mortgage Sale Agreement; and for the avoidance of doubt including any Substitute Mortgage Loan; and except so far as the context otherwise requires any reference to a Mortgage Loan includes a reference to the loan and/or advance made pursuant to the Mortgage Loan;

Mortgage Management Agreement means a mortgage management agreement dated on or about the

Closing Date between the Issuer, the Mortgage Manager and the Trustee;

Mortgage Manager means ICS in its capacity as mortgage manager of the Mortgages under the Mortgage Management Agreement or any successor mortgage manager appointed in accordance with the Mortgage Management Agreement;

Mortgage Pool means the portfolio of Mortgage Loans;

Mortgage Sale Agreement means the mortgage sale agreement entered into, on or about the Closing Date, by the Issuer, ICS and the Trustee;

Most Senior Class means:

- (a) the A Notes; or
- (b) if no A Notes are then outstanding, the B Notes (if, at the relevant time, any B Notes are then outstanding); or
- (c) if no B Notes are then outstanding, the C Notes (if, at the relevant time, any C Notes are then outstanding); or
- (d) if no D Notes are then outstanding, the D Notes (if, at the relevant time, any D Notes are then outstanding);

Note Principal Payment has the meaning given thereto in Condition 6(c) (*"Redemption, Purchase and Cancellation - Note Principal Payments, Principal Amount Outstanding and Pool Factor"*);

Noteholders means the holders from time to time of the Notes;

Originator means ICS;

Participating Member State means at any time any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with the Treaty;

Paying Agents means the Principal Paying Agent, the U.S. Paying Agent and the Irish Paying Agent together with any successor or additional paying agents appointed from time to time in connection with the Notes under the Agency Agreement and **Paying Agent** means any one of them;

Payment Priorities means the Pre-Enforcement Payment Priorities and the Post-Enforcement Priority of Payments;

Post-Enforcement Priority of Payments has the meaning given to it in Condition 3(h) (*"Priority of Payments following Enforcement"*);

Pre-Enforcement Interest Priority of Payments has the meaning given thereto in Condition 3(g) (*"Status, Ranking and Security - Priority of Payments Prior to Enforcement - Income Receipts"*);

Pre-Enforcement Payment Priorities means the Pre-Enforcement Interest Priority of Payments and the Pre-Enforcement Principal Priority of Payments;

Pre-Enforcement Principal Priority of Payments has the meaning given to it in Condition 6(b) (*"Redemption Purchase and Cancellation - Mandatory Redemption in Part"*);

Pre-Enforcement Pro-Rata Principal Priority of Payments has the meaning given to it in Condition 6(b) (*"Redemption Purchase and Cancellation – Mandatory Redemption in Part"*);

Pre-Enforcement Sequential Principal Priority of Payments has the meaning given to it in Condition 6(b) (*"Redemption Purchase and Cancellation – Mandatory Redemption in Part"*);

Principal Amount Outstanding means, on any date in relation to a Note, the principal amount outstanding of that Note as at the Closing Date less the aggregate of all Note Principal Payments that have become due and payable in respect of that Note (whether or not paid) on or prior to that date provided that, for the purposes of Condition 5 (*"Interest"*), Condition 6 (*"Redemption, Purchase and Cancellation"*) and Condition 10 (*"Events of*

Default"), all Note Principal Payments that have become due and not been paid shall not be so deducted;

Property means the property in Ireland over which a Mortgage Loan is secured by a first legal mortgage or charge;

Pro-Rata Trigger Event has the meaning given to it in Condition 6(b) ("*Redemption Purchase and Cancellation – Mandatory Redemption in Part*");

Provisions for Meetings of Noteholders means the provisions contained in Schedule 3 to the Trust Deed;

Rate of Interest has the meaning given thereto in Condition 5(c) ("*Interest - Rate of Interest*");

Rating Agencies means Fitch, Moody's and S&P;

Receiver means any person, who is appointed by the Trustee to be a receiver or receiver and manager of the Charged Property to act jointly, or jointly and severally, as the Trustee shall determine;

Record Date means the seventh Business Day before the due date for the relevant payment;

Reference Banks means Citibank, N.A., JPMorgan Chase Bank, N.A., Barclays Bank PLC and ABN AMRO Bank N.V. or such other four major banks in the London interbank market as may be approved by the Trustee from time to time;

Register means the register on which the names and addresses of the holders of the Notes and the particulars of the Notes shall be entered and kept by the Issuer at the Specified Office of the Registrar;

Registrar means the party responsible for the registration of the Notes, which at the Closing Date is Citibank, N.A., New York;

Relevant Date means, in respect of any payment in relation to the Notes, whichever is the later of:

- (a) the date on which the payment in question first becomes due; and
- (b) if the full amount payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders in accordance with Condition 15 ("*Notices*");

Relevant Margin has the meaning given thereto in Condition 5(c) ("*Interest - Rate of Interest*");

Reserve Fund means an amount funded by a drawing under tranche B of the Subordinated Loan Agreement equal to 1.4 per cent. of the sum of the aggregate Euro Principal Amount Outstanding of the Notes on the Closing Date;

Rounding Balance has the meaning given to it in Condition 6(b) ("*Mandatory Redemption in Part*");

S&P means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. or any successor thereto;

Secured Obligations means

- (a) all monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer:
 - (i) to the order of the Trustee and/or any Receiver under the Deed of Charge, the Trust Deed or the Conditions at the times and in the manner provided herein or therein;
 - (ii) under or in respect of the Notes; and
 - (iii) to the Trustee on any account whatsoever, whether as principal or surety and whether or not directly with another; and
- (b) all monies and liabilities whatsoever which from time to time become due, owing or payable by the Issuer to each of the other Secured Parties in accordance respectively with each of the other

Transaction Documents;

Secured Parties means the Noteholders, the Trustee, ICS (in its capacities as Originator, Mortgage Manager and Interest Rate Swap Counterparty), any Receiver, the Agents and any other Swap Counterparty;

Security means the charges, assignments and other encumbrances granted in favour of the Trustee pursuant to the Deed of Charge;

Subordinated Loan means the euro subordinated loan facility to be made available to the Issuer by the Subordinated Loan Provider pursuant to the Subordinated Loan Agreement;

Subordinated Loan Agreement means the subordinated loan agreement to be dated on or about the Closing Date between the Issuer, the Subordinated Loan Provider and the Trustee;

Subordinated Loan Provider means ICS;

Subscription Agreement means the subscription agreement dated 19 February 2007 between the Issuer, ICS and the Managers relating to the Notes;

Swap Transactions means, together, the Interest Rate Swap Transactions and the Cross Currency Swap Transactions or any replacement thereof;

Swap Counterparty means the Interest Rate Swap Counterparty and the Cross Currency Swap Counterparty, or any of them as the context may require;

TARGET Settlement Day means any day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open;

Transaction Documents means the Mortgage Sale Agreement, the Declaration of Trust, the Agency Agreement, the Mortgage Management Agreement, the Swap Transactions, the Interest Rate Swap Guarantee, the Deed of Charge, the Notes, the Trust Deed, the Subscription Agreement, the GIC Agreement, the Corporate Services Agreement, the Master Definitions Schedule and the Subordinated Loan Agreement;

Treaty means the Treaty establishing the European Communities as amended by the Treaty on European Union;

Trust Documents means the Trust Deed and the Deed of Charge and any deed or document expressed to be supplemental to the Trust Deed or the Deed of Charge (as applicable);

VAT means value added tax provided for in the Value Added Tax Acts 1972 to 2006 and other Irish primary legislation relating to value added tax and/or any regulations enacted thereunder (**existing Irish VAT**) and any other tax of a similar fiscal nature whether imposed in Ireland (instead of or in addition to existing Irish VAT) or elsewhere; and

Written Resolution means a resolution in writing signed by or on behalf of all holders of Notes who for the time being are entitled to receive notice of a Meeting in accordance with the Provisions for Meetings of Noteholders, whether contained in one document or several documents in the same form, each signed by or on behalf of one or more such holders of the Notes.

2. Form, Denomination and Title

(a) Form and Denomination

The Notes are in fully registered form and serially numbered in the denomination of U.S.\$100,000 each for the Dollar Notes and €50,000 each for the Euro Notes. The Notes are issued in registered form without coupons attached. The expression **Notes** means and includes co-ownership under a Global Note and the expression **Noteholder** shall mean and include any person entitled to co-ownership and further benefit under a Global Note.

The Principal Amount Outstanding of the Notes of each Class initially offered and sold outside the United States to non-U.S. persons pursuant to Regulation S (**Regulation S**) under the United States Securities Act of 1933, as amended (the **Securities Act**) is represented by one or more global notes in fully registered form (the **Regulation S Global Notes**) without coupons attached. The Principal Amount Outstanding of the Dollar Notes

initially offered and sold within the United States to persons who are “qualified institutional buyers” as defined in, and in reliance on, Rule 144A under the Securities Act (**Rule 144A**), in transactions made in accordance with Rule 144A, is represented by one or more global notes in fully registered form without coupons attached (the **Rule 144A Global Notes** and together with the Regulation S Global Notes, the **Global Notes**).

(b) *Definitive Registered Notes*

Definitive registered Notes in an aggregate principal amount equal to the Principal Amount Outstanding of the Regulation S Global Notes (the **Definitive Registered Regulation S Notes**) and the Rule 144A Global Notes (the **Definitive Registered Rule 144A Notes** and together with the Definitive Registered Regulation S Notes, the **Definitive Registered Notes**) will be issued in registered form and serially numbered in the circumstances referred to below. Definitive Registered Notes, if issued, will be issued in the denomination of U.S.\$100,000 each for the Dollar Notes and €50,000 each for the Euro Notes.

If, while any Notes are represented by a Global Note, (i) in the case of a Global Note held on behalf of DTC, at any time DTC notifies the Issuer that it is unable or unwilling to discharge properly its responsibilities as depositary with respect to the Global Notes or DTC ceases to be a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, or is at any time no longer eligible to act as such, and the Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; (ii) in the case of the Regulation S Global Notes, Euroclear or Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do so cease business and no alternative clearing system satisfactory to the Trustee is available; or (iii) as a result of any amendment to, or change in, the laws of Ireland (or any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer, the Registrar or any Paying Agent is or will be required to make any withholding or deduction from any payment in respect of the Notes which would not be required if the Notes were in definitive form, the Issuer will issue Definitive Registered Notes to Noteholders whose accounts with the relevant clearing systems are credited with interests in that Global Note in exchange for those interests within 30 days of the relevant event but not earlier than the Exchange Date. The Global Notes will not be exchangeable for Definitive Registered Notes in any other circumstances.

(c) *Title*

The person registered in the Register as the holder of any Note will (to the fullest extent permitted by applicable law) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon or, if more than one person, the first named of such persons who will be treated as the absolute owner of such Note.

The Issuer shall cause to be kept at the specified office of the Registrar, the Register on which shall be entered the names and addresses of the holders of the Notes and the particulars of the Notes held by them and of all transfers and redemptions of the Notes. No transfer of a Note will be valid unless and until entered on the Register.

(d) *Transfers*

Transfers and exchanges of beneficial interests in the Global Notes and any Definitive Registered Notes and entries on the Register relating thereto will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the legend appearing on the face of the Notes. In no event will the transfer of a beneficial interest in a Global Note or the transfer of a Definitive Registered Note be made absent compliance with the regulations referred to above, and any purported transfer in violation of such regulations shall be void ab initio and will not be honoured by the Issuer or the Trustee. The regulations referred to above may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be sent by the Transfer Agent in Ireland or the Registrar to any holder of a Note who so requests and will be available upon request at the specified office of the Transfer Agent in Ireland, the Registrar or the Principal Paying Agent.

A Definitive Registered Note may be transferred in whole or in part upon the surrender of the relevant Definitive Registered Note, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Transfer Agent in Ireland, the Registrar or the Principal Paying Agent. In the case of a transfer of part only of a Definitive Registered Note, a new Definitive Registered Note in respect of the balance remaining

will be issued to the transferor by or by order of the Registrar.

Each new Definitive Registered Note to be issued upon transfer of Definitive Registered Notes will, within five Business Days of receipt of such request for transfer, be available for delivery at the specified office of the Transfer Agent in Ireland, the Registrar or the Principal Paying Agent stipulated in the request for transfer, or be mailed at the risk of the holder entitled to the Definitive Registered Note to such address as may be specified in such request.

Registration of Definitive Registered Notes on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

No holder of a Definitive Registered Note may require the transfer of such Note to be registered during the period of seven Business Days ending on the due date for any payment of principal or interest on such Note.

3. Status, Ranking and Security

Status

- (a) The Notes constitute direct and secured obligations solely of the Issuer and the Notes of each Class will rank (subject to the provisions of this Condition and Condition 6 ("*Redemption, Purchase and Cancellation*")) without preference or priority *pari passu* amongst themselves.
- (b) The Notes are obligations solely of the Issuer and are not obligations of, or guaranteed by, any of the other parties to the Transaction Documents.
- (c) The A Notes, the B Notes, the C Notes and the D Notes, each of which have been issued by the Issuer on the Closing Date, are subject to the Trust Deed and are secured by the same Security. The A1 Notes rank *pari passu* without preference or priority amongst themselves. Prior to enforcement of the Security, the A1 Notes rank ahead of the A2 Notes and the A3 Notes in point of payment of principal. The A2 Notes rank *pari passu* without preference or priority amongst themselves. Prior to enforcement of the Security, the A2 Notes rank ahead of the A3 Notes in point of payment of principal. The A3 Notes rank *pari passu* without preference or priority among themselves. The A Notes rank *pari passu* without preference or priority amongst themselves (other than in respect of payment of principal, as described above) but in priority to the B Notes, the C Notes and the D Notes in point of payment and security. The B Notes rank *pari passu* without preference or priority amongst themselves, but in priority to the C Notes and the D Notes in point of payment and security but subordinate to the A Notes in point of payment and security. The C Notes rank *pari passu* without preference or priority amongst themselves, but in priority to the D Notes in point of payment and security but subordinate to the A Notes and the B Notes in point of payment and security. The D Notes rank *pari passu* without preference or priority amongst themselves, but subordinate to the A Notes, the B Notes and the C Notes in point of payment and security.
- (d) The Trust Deed and the Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the A Noteholders, the B Noteholders, the C Noteholders, the D Noteholders and the other Secured Parties as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in such case to have regard only to (i) for so long as there are any A Notes outstanding, the interests of the A Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (A) the A Noteholders, (B) the B Noteholders, (C) the C Noteholders, (D) the D Noteholders and/or (E) any other Secured Parties or (ii) if there are no A Notes outstanding, the interests of the B Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (A) the B Noteholders, (B) the C Noteholders, (C) the D Noteholders and/or (D) any other Secured Parties or (iii) if there are no A Notes or B Notes outstanding, the interests of the C Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (A) the C Noteholders, (B) the D Noteholders and/or (C) any other Secured Parties; or (iv) if there are no A Notes, B Notes or C Notes outstanding, the interests of the D Noteholders if, in the Trustee's opinion, there is a conflict between the interests of (A) the D Noteholders and (B) any other Secured Parties.
- (e) The A Noteholders will rank *pari passu* between themselves and the Trustee will not have regard to the interests of any specific Class of Noteholders within the A Notes. The B Noteholders will rank *pari passu* between themselves and the Trustee will not have regard to the interests of any individual Noteholder within such Class. The C Noteholders will rank *pari passu* between themselves and the Trustee will not have regard to the interests of any individual Noteholder within such Class. The D

Noteholders will rank *pari passu* between themselves and the Trustee will not have regard to the interests of any individual Noteholder within such Class.

Security

- (f) As security for the payment of all moneys payable in respect of the Notes and the other Secured Obligations (including the remuneration, expenses and any other claims of the Trustee and any Receiver appointed under the Deed of Charge), and in respect of certain amounts payable to the Noteholders and the other Secured Parties from time to time, the Issuer has, pursuant to the Deed of Charge created the following Security in favour of the Trustee for itself and on trust for the Noteholders and the other Secured Parties:
- (i) a first fixed charge over the Issuer's right, title, interest and benefit in the Mortgage Loans and certain related security;
 - (ii) an assignment by way of security of the Issuer's interest in certain insurance contracts so far as they relate to the Mortgages (in so far as such interests are capable of assignment);
 - (iii) an assignment by way of security of the benefit of the Issuer's right, title, benefit and interest present and future in the Transaction Documents other than the Notes and the Trust Documents;
 - (iv) a first fixed charge over the Issuer's interest in (x) the GIC Account and any other bank account of the Issuer from time to time and the debts represented thereby other than any account included in the Excluded Assets and (y) any Authorised Investments made from time to time out of the proceeds of the GIC Account; and
 - (v) a floating charge over all the present and future assets and undertaking of the Issuer, not subject to the fixed charges or assignments by way of security described above, and other than the Excluded Assets.

Priority of Payments Prior to Enforcement

Revenue Receipts

- (g) prior to the delivery of an Enforcement Notice by the Trustee, Available Revenue Funds will be applied on each Interest Payment Date in making the following payments or provisions in the following order of priority (in each case only to the extent that payments or provisions of a higher priority have been made in full) and the Revenue Ledger will be debited to the extent of each such payment or provision (the **Pre-Enforcement Interest Priority of Payments**):
- (i) *first*, in or towards satisfaction of the fees, costs and expenses of the Trustee and any costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by it under the provisions of the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
 - (ii) *second*, in or towards satisfaction of, payment of, or provision for, *pro rata* and *pari passu* according to the respective amounts thereof (a) on the Interest Payment Date falling in June each year an annual amount of €1,000 to be retained by the Issuer (the **Annual Retention**); (b) the fees and expenses of the Rating Agencies, any legal advisers, accountants and auditors and the Corporate Services Provider appointed by the Issuer, in each case together with VAT (if applicable) thereon and the remuneration and expenses of the Issuer's directors, (c) (in connection with the final Interest Payment Date on the Notes) an amount estimated by the Issuer sufficient to meet the fees, expenses and costs of the Issuer in connection with any winding up of the Issuer (d) the fees, expenses and any indemnity payments due to the Agents under the provisions of the Agency Agreement and the Deed of Charge, in each case together with VAT (if applicable thereon) and (e) all amounts due and payable to the Revenue Commissioners in respect of the Issuer's liability to corporation tax (insofar as payment cannot be satisfied out of previously retained profits);
 - (iii) *third*, (except to the extent already paid to the Mortgage Manager or any substitute mortgage manager (as the case may be) since the preceding Interest Payment Date) in or towards

- satisfaction of the quarterly management fees (inclusive of any VAT thereon) of the Mortgage Manager (or of a substitute mortgage manager) accrued under the Mortgage Management Agreement and the Deed of Charge, such fee (inclusive of VAT (if applicable)) being up to a maximum of the product of 0.12 per cent. (or in the case of a substitute mortgage manager, such greater percentage as may be agreed between such substitute mortgage manager and the Trustee upon confirmation from S&P and Fitch that the then current rating of the A Notes would not be adversely affected or withdrawn and notification to Moody's) of the aggregate Principal Balance of the Mortgage Loans on the first day of the Collection Period immediately preceding the relevant Interest Payment Date divided by four, together with all and any costs and expenses paid or to be paid by the Mortgage Manager or any substitute mortgage manager during such Collection Period or to be incurred in the next succeeding Collection Period, subject to and in accordance with the Mortgage Management Agreement and the Deed of Charge;
- (iv) *fourth*, amounts due to the Interest Rate Swap Counterparty under the Interest Rate Swap Transaction excluding termination payments;
- (v) *fifth*, in or towards payment, *pro rata* according to the respective amounts due:
- (a) *pro rata and pari passu*, of:
- (1) all amounts due (including any fees) to the Cross Currency Swap Counterparty in respect of the Cross Currency Swap Transaction relating to the A1 Notes (the **Class A 1 Dollar Swap Transaction**) including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts referable to payments of principal and amounts attributable to the return of collateral (and income thereon) and except for such amounts as are payable under item (xvi) below);
 - (2) interest due on the A1 Notes;
 - (3) all amounts due (including any fees) to the Cross Currency Swap Counterparty in respect of the Cross Currency Swap Transaction relating to the A2 Notes (the **Class A 2 Dollar Swap Transaction**) including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts referable to payments of principal and amounts attributable to the return of collateral (and income thereon)) and except for such amounts as are payable under item (xvi) below);
 - (4) interest due on the A2 Notes (if any);
 - (5) interest due on the A3 Notes (if any); and
- (b) termination payments due to the Interest Rate Swap Counterparty under the Interest Rate Swap Transaction only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (except for such amounts as are payable under item (xvi) below);
- (vi) *sixth*, in or towards payment of or provision for sums due to unsecured third parties without such payment or provision causing breach by the Issuer of the Trust Deed, the Deed of Charge or the other Transaction Documents and for which payment has not been provided for elsewhere and to provide for any such amounts expected to become due and payable during the next following Collection Period;
- (vii) *seventh*, in or towards satisfaction of sums to be credited to the Class A Principal Deficiency Ledger until the debit balance, if any, on the Class A Principal Deficiency Ledger is reduced to zero;
- (viii) *eighth*, in or towards payment, *pro rata and pari passu*, of interest due on the B Notes (if any);
- (ix) *ninth*, in or towards satisfaction of sums to be credited to the Class B Principal Deficiency Ledger until the debit balance, (if any) on the Class B Principal Deficiency Ledger is reduced to zero;

- (x) *tenth*, in or towards payment, *pro rata* and *pari passu*, of interest due on the C Notes (if any);
- (xi) *eleventh*, in or towards satisfaction of sums to be credited to the Class C Principal Deficiency Ledger until the debit balance (if any) on the Class C Principal Deficiency Ledger is reduced to zero;
- (xii) *twelfth*, in or towards payment, *pro rata* and *pari passu*, of interest due on the D Notes (if any);
- (xiii) *thirteenth*, in or towards satisfaction of sums to be credited to the Class D Principal Deficiency Ledger until the debit balance (if any) on the Class D Principal Deficiency Ledger is reduced to zero;
- (xiv) *fourteenth*, amounts to be credited to the GIC Account until the Reserve Fund balance reaches the Required Reserve Fund Amount;
- (xv) *fifteenth*, to pay to ICS any legal expenses and costs due to it in connection with the use by the Issuer or the Trustee of the powers of attorney granted by ICS pursuant to the Mortgage Sale Agreement;
- (xvi) *sixteenth*, *pro rata* and *pari passu*, amounts due to a Swap Counterparty in connection with an early termination of any Swap Transaction only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium where such early termination results from a default by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Transaction) with respect to an "Additional Termination Event" (as defined in the applicable Swap Transaction) as a result of a ratings downgrade of the Swap Counterparty (other than amounts attributable to collateral (and income thereon));
- (xvii) *seventeenth*, *pro rata* and *pari passu*, in or towards satisfaction of the balance of the fees, costs and expenses of the Mortgage Manager (or any substitute mortgage manager) not paid under item (iii) above;
- (xviii) *eighteenth*, in or towards satisfaction of amounts payable in respect of the Subordinated Loan; and
- (xix) *nineteenth*, the balance (if any) to the Issuer, which may be applied by the Issuer in paying dividends to the shareholders of the Issuer.

Available Revenue Funds allocated and provided for in accordance with the Pre-Enforcement Interest Priority of Payments may be applied during each Interest Period by the Issuer to make payment of certain third party costs and expenses.

Principal receipts

Prior to the delivery of an Enforcement Notice by the Trustee, Available Redemption Funds will be applied on each Interest Payment Date in making the payments or provisions in accordance with the Pre-Enforcement Principal Priority of Payments (in each case only to the extent that payments or provisions of a higher priority have been made in full and the Principal Ledger will be debited to the extent of each such payment or provision) as set out in Condition 6(b) below.

Priority of Payments Following Enforcement

- (h) At any time following the delivery of an Enforcement Notice by the Trustee pursuant to Condition 10 ("*Events of Default*") declaring the Notes to be due and repayable, the Trustee shall, to the extent that such funds are available and subject to being indemnified to its satisfaction, use funds standing to the credit of the GIC Account and in respect of the Charged Property (other than amounts attributable to collateral (and income thereon) which are payable under a Swap Transaction and any Replacement Swap Premium) to make payments in the following order of priority (the **Post-Enforcement Priority of Payments**), in accordance with and as more fully specified in the Deed of Charge (in each case only to the extent that payments or provisions of a higher priority have first been made in full or extinguished in full):

- (i) *first*, in or towards satisfaction *pro rata* and *pari passu*, of:
 - (1) the remuneration then payable to any Receiver and any costs, charges, liabilities (including in respect of any indemnity payments payable to such Receiver) and expenses then incurred by such Receiver together with interest and any VAT thereon as provided in the Deed of Charge;
 - (2) the fees, costs, charges, liabilities (including in respect of indemnity payments payable to the Trustee) and expenses incurred by the Trustee under the provisions of the Trust Deed, the Deed of Charge or any of the other Transaction Documents together with interest and any VAT thereon as provided in the Trust Deed, the Deed of Charge and/or any of the other Transaction Documents;
- (ii) *second*, *pro rata* and *pari passu*, in or towards payment of or provision for the fees and costs (including any VAT thereon) of each of:
 - (1) the Issuer's directors, its corporate services provider and any legal advisers, accountants and auditors appointed by the Issuer and the liquidator or any other party to be appointed by the Issuer in connection with its winding up;
 - (2) the Mortgage Manager (and any substitute mortgage manager) and the fees, costs, charges and liabilities and expenses of the Agents;
- (iii) *third*, amounts due to the Interest Rate Swap Counterparty other than termination payments;
- (iv) *fourth*, *pro rata*, in or towards payment according to the respective amounts due:
 - (a) *pro rata* and *pari passu*, in respect of:
 - (1) amounts due to the Cross Currency Swap Counterparty referable to interest and principal payable on the A1 Notes under the Class A1 Dollar Swap Transaction including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts attributable to the return of collateral (and income thereon) and except for such amounts as are payable under item (ix) below);
 - (2) interest and principal due on the A1 Notes (if any);
 - (3) amounts due to the Cross Currency Swap Counterparty referable to interest and principal payable on the A2 Notes, under the Class A2 Dollar Swap Transaction including termination payments only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (other than amounts attributable to the return of collateral (and income thereon) and except for such amounts as are payable under item (ix) below); and
 - (4) interest and principal due on the A2 Notes (if any);
 - (5) interest and principal due on the A3 Notes; and
 - (b) termination payments due to the Interest Rate Swap Counterparty only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium (except for such amounts as are payable under item (ix) below);
- (v) *fifth*, in or towards payment, *pro rata* and *pari passu*, interest and principal due on the B Notes;
- (vi) *sixth*, in or towards payment, *pro rata* and *pari passu*, interest and principal due on the C Notes;
- (vii) *seventh*, in or towards payment, *pro rata* and *pari passu*, interest and principal due on the D Notes;
- (viii) *eighth*, any sums due or overdue to any third party not otherwise included above and incurred in the ordinary course of business of the Issuer;

- (ix) *ninth*, in or towards payment of amounts due to a Swap Counterparty in connection with an early termination of any Swap Transaction only to the extent not satisfied by payment from the Issuer to it of any Replacement Swap Premium where such termination results from a default by the relevant Swap Counterparty or where the relevant Swap Counterparty is the sole Affected Party (as defined in the applicable Swap Transaction) with respect to an Additional Termination Event (as defined in the applicable Swap Transaction) as a result of a ratings downgrade of the Swap Counterparty to the extent not paid in item (iv) above (other than amounts attributable to collateral (and income thereon));
- (x) *tenth*, in or towards satisfaction of all amounts due and payable in respect of the Subordinated Loan; and
- (xi) *eleventh*, the surplus (if any) to the Issuer.

4. Covenants

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

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, pledge, lien (unless arising by operation of law) or charge upon the whole or any part of its assets, present or future (including any uncalled capital) or its undertaking;

(b) Restrictions on Activities

- (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 or form any subsidiary (as defined in the Companies Act, 1963 (as amended)) or subsidiary undertaking (as defined in the European Communities (Companies: Group Accounts) Regulations, 1992) or have any employees or premises;
- (iii) have its centre of main interest or an establishment, as such terms are used in the EU Insolvency Regulation, in any jurisdiction other than Ireland; or
- (iv) engage, or permit any of its affiliates to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under U.S. federal income tax principals, and hold, or permit any of its affiliates to hold, any Charged Property that would cause it or any of its affiliate to be engaged or deemed to be engaged in a trade or business within the United States as determined under U.S. federal income tax principles.

(c) Ownership of Assets

own any assets other than those representing the funds arising from the issue of the Notes or its interest in the Charged Property and associated rights and interests purchased by it, the Excluded Assets, the benefit of the Transaction Documents and any Authorised Investments or any other rights and interests that the Issuer may have or receive in accordance with the Transaction Documents;

(d) 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;

(e) Dividends or Distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares except as permitted by the Deed of Charge;

(f) *Borrowings*

incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any 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) *Bank Accounts*

have an interest in any bank account, other than the Collection Accounts, the GIC Account, any Authorised Investment and the account where the Issuer maintains its share capital and deposits its Annual Retention unless such account or interest is charged to the Trustee so as to form part of the security for the Notes on terms acceptable to the Trustee;

(i) *Taxation*

- (i) prejudice its status as a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act 1997 of Ireland, as amended;
- (ii) make an election pursuant to subsection (6)(b) of Section 110 of the Taxes Consolidation Act 1997 of Ireland, as amended, if its cash flows would be materially adversely affected thereby; and/or
- (iii) apply to become party of any group for the purpose of section 8 of the Value Added Tax Act 1972 of Ireland, as amended, with any other company or group of companies;

(j) *Other*

permit the validity or effectiveness of any of the Transaction Documents, the insurance contracts relating to the Mortgages owned by the Issuer or the priority of the security interests created thereby to be amended, terminated or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to, the terms of the Trust Deed, these Conditions or any of the Transaction Documents, or permit any party to any of the Transaction Documents or insurance contracts or any other person whose obligations form part of the Security to be released from such obligations, or dispose of any Mortgage save as envisaged in the Transaction Documents; and

(k) *Building or Equipment*

own, rent, lease or take possession of any building or equipment.

(l) *Separateness Covenants*

In addition, the Issuer will covenant to comply with the following separateness covenants:

- (i) to maintain books, records and accounts separate from any other person or entity;
- (ii) not to commingle assets with those of any other entity;
- (iii) to pay its own liabilities out of its own funds;
- (iv) to hold itself out as a separate entity;
- (v) to conduct its own business in its own name and to always carry on its business in such a manner that it is readily identifiable and separate from the business of any other entity or person;
- (vi) to observe all corporate formalities and other formalities required by its constitutive documents;
- (vii) not to guarantee or become obligated for the debts of any other entity or hold out its credit as being available to satisfy the obligations of others;

- (viii) to use separate stationery, invoices and cheques;
- (ix) not to pledge its assets for the benefit of any other entity or make any loans or advances to any entity save under the Deed of Charge or pursuant to the Transaction Documents;
- (x) to correct any known misunderstanding regarding its separate identity; and
- (xi) not to acquire obligations or securities of its shareholders.

In giving any consent to the foregoing, the 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 Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders.

5. Interest

(a) *Period of Accrual*

The Notes of each Class bear interest on their Principal Amount Outstanding from and including the Closing Date. Each Note shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal is not paid in full or is improperly withheld or refused. In such event, interest will continue to accrue thereon (as well after as before any judgment) at the rate from time to time applicable to the relevant Class of Note up to (but excluding) the date on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder, or (if earlier) the seventh day after notice is duly given by the Principal Paying Agent to the Noteholder (in accordance with Condition 15 (“Notices”)), that the full amount payable is available for collection by the Noteholder, provided that on due presentation payment is in fact made.

Whenever it is necessary to compute an amount of interest in respect of any Note for any period (including any Interest Period), such interest shall be calculated on the basis of actual days elapsed in a 360 day year.

(b) *Interest Payment Dates and Interest Periods*

Interest on each Class of Notes shall be payable in arrear on 11 June 2007, and thereafter quarterly in arrear on the 10th day March, June, September and December in each year, unless such day is not a Business Day, in which case interest shall be payable on the following Business Day (each such date an **Interest Payment Date**).

(c) *Rate of Interest*

The rate of interest payable from time to time in respect of the Notes (the **Rate of Interest**) will be determined by the Agent Bank; (i) in the case of the Dollar Notes, on each day, being two London Business Days prior to an Interest Payment Date or, in the case of the first Interest Period, two London Business Days prior to the Closing Date (each a **Dollar Interest Determination Date**); and (ii) in the case of the Euro Notes, on each day, being two TARGET Settlement Days prior to the Interest Payment Date, or, in the case of the first Interest Period, two TARGET Settlement Days prior to the Closing Date (each a **Euro Interest Determination Date** and together with each Dollar Interest Determination Date, each an **Interest Determination Date**).

The Rate of Interest in respect of each Class of Notes for each Interest Period shall be the aggregate of:

- (i) the Relevant Margin; and

For Dollar Notes

- (ii) the rate for three-month Dollar deposits (**3 Month Dollar LIBOR**) offered to prime banks in the London Inter Bank Market which appears on Telerate Screen Page No. 3750 (or (x) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (y) if that service ceases to display such information, such page as displays such information on an equivalent service (or, if more than one, that one which is approved in writing by the Trustee to replace the Telerate Monitor)) at or about 11.00 a.m.

(London time) on the Dollar Interest Determination Date (the **Dollar LIBOR Screen Rate**); or in the case of the first Interest Period only, the rate obtained by the linear interpolation of the rate for 3 month and 4 month Dollar deposits in the market; or

- (iii) if the Dollar LIBOR Screen Rate is unavailable at such time, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the relevant LIBOR rate at or about 11.00 a.m. (London time) on the Dollar Interest Determination Date. If on any such Dollar Interest Determination Date, only two of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Dollar Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation or quotations to the Agent Bank (which bank is in the opinion of the 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. 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 3 Month Dollar LIBOR for the relevant Interest Period shall be the 3 Month Dollar LIBOR in effect as at the last preceding Dollar Interest Determination Date to which Condition 5(c)(ii) shall have applied.

For Euro Notes

- (iv) the rate for three-month euro deposits (**3 Month EURIBOR**) which appears on Telerate Page 248 (or (x) such other page as may replace Telerate Page 248 on that service for the purpose of displaying such information or (y) if that service ceases to display such information, such page as displays such information on an equivalent service (or, if more than one, that one which is approved in writing by the Trustee to replace the Telerate Monitor)) at or about 11.00 a.m. (Brussels time) on the Euro Interest Determination Date (the **EURIBOR Screen Rate**); or in the case of the first Interest Period only, the rate obtained by the linear interpolation of the rate for 3 month and 4 month euro deposits in the market; or
- (v) if the EURIBOR Screen Rate is unavailable at such time, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to four decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the relevant EURIBOR rate at or about 11.00 a.m. (Brussels time) on the Euro Interest Determination Date. If on any such Euro Interest Determination Date, only two of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Euro Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation or quotations to the Agent Bank (which bank is in the opinion of the 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. 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 3 Month EURIBOR for the relevant Interest Period shall be the 3 Month EURIBOR in effect as at the last preceding Euro Interest Determination Date to which Condition 5(c)(iv) shall have applied.

For the purposes of these Conditions, the **Relevant Margin** shall be:

- A. for the A1 Notes, 0.02 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.04 per cent. per annum;
- B. for the A2 Notes, 0.06 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.12 per cent. per annum;
- C. for the A3 Notes, 0.10 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.20 per cent. per annum;
- D. for the B Notes, 0.13 per cent. per annum until the Interest Payment Date falling in March 2012

and thereafter 0.26 per cent. per annum;

- E. for the C Notes, 0.22 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.44 per cent. per annum;
- F. for the D Notes, 0.41 per cent. per annum until the Interest Payment Date falling in March 2012 and thereafter 0.82 per cent. per annum.

(d) *Determination of Rates of Interest and Calculation of Interest Amounts*

The Agent Bank will, on each Interest Determination Date, determine and notify the Issuer, the Mortgage Manager, the Trustee, the Swap Counterparty and the Paying Agents of (i) the Rate of Interest applicable for the Interest Period beginning on and including such Interest Determination Date in respect of each Class of Notes; (ii) the Dollar amount (being, the **Dollar Interest Amount**) payable in respect of such Interest Period in respect of each Dollar Note; and (iii) the euro amount in respect of each Euro Note (being, the **Euro Interest Amount** and together with the Dollar Interest Amount, each an **Interest Amount**) payable in respect of such Interest Period. The Interest Amount for a Note of a particular Class shall be calculated by applying the Rate of Interest applicable to that Note to the Principal Amount Outstanding of the relevant Note of that Class multiplied by the actual number of days in the relevant Interest Period and divided by 360; and rounding the resultant figure to the nearest cent (half a cent being rounded upwards).

(e) *Publication of Rate of Interest and Interest Amount*

As soon as practicable after receiving notification thereof, the Issuer will cause the Rate of Interest and the Interest Amount applicable to each Class of Notes for the Interest Period and the Interest Payment Date falling at the end of such Interest Period to be notified to the ISE, for so long as the Notes are admitted to trading on the regulated market of the ISE, and will cause the same to be published in accordance with Condition 15 (“Notices”) on or as soon as practicable after such determination. The Interest Amount and Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or a shortening of the Interest Period.

(f) *Determination or Calculation by the Trustee*

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for any Class of Notes in accordance with this Condition 5, the Trustee shall (i) determine the Rate of Interest for each Class at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in this Condition), it shall deem fair and reasonable in all the circumstances; and/or, as the case may be, (ii) calculate the Interest Amount for each Class in the manner specified in this Condition, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank and in the absence of fraud or negligence shall be final and binding and in such absence of fraud or negligence, no liability to the Noteholders or any other Secured Party shall attach to the Trustee in connection with the exercise or non exercise by the Trustee of its powers, duties, determinations and discretions under this Condition.

(g) *Notification to be Final*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Trustee and all Noteholders and (in such absence as aforesaid) no liability to any such person shall attach to the Issuer, the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) *Reference Banks and Agent Bank*

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall at all times be four Reference Banks and an Agent Bank. The initial Agent Bank shall be Citibank, N.A., London Branch of Citigroup Centre, Canada Square, London E14 5LB. In the event of any of the Reference Banks being unable or unwilling to continue to act as a Reference Bank or being unable or unwilling to continue to act as Agent Bank, the Issuer shall appoint such other bank as may be previously approved

in writing by the Trustee to act as such in its place. The Agent Bank may not resign until a successor approved in writing by the Trustee is appointed by the Issuer.

(i) *Interest Deferral and Further Accrual*

To the extent that the funds available to the Issuer to pay interest on the B Notes and/or the C Notes and/or the D Notes on an Interest Payment Date are insufficient to pay the full amount of such interest, payment of the shortfall (**Deferred Interest**), which will be borne by each B Note and/or C Note and/or D Note in a proportion equal to the proportion that the Principal Amount Outstanding of that B Note, C Note or D Note, as the case may be, bears to the aggregate Principal Amount Outstanding of the B Notes, the C Notes or the D Notes, as the case may be (in each case as determined on the Interest Payment Date on which such Deferred Interest arises), will not then fall due but will instead be deferred until the first Interest Payment Date thereafter on which funds are available to the Issuer (after allowing for the Issuer's liabilities of higher priority and subject to and in accordance with these Conditions) to fund the payment of such Deferred Interest to the extent of such available funds. Such Deferred Interest will accrue interest (**Additional Interest**) at the rate of interest applicable from time to time to the B Notes, the C Notes or the D Notes, as the case may be, and payment of any Additional Interest will also be deferred until the first Interest Payment Date thereafter on which funds are available (subject to and in accordance with these Conditions) to the Issuer to pay such Additional Interest to the extent of such available funds. Payment of any amounts of Deferred Interest and Additional Interest shall not be deferred beyond the Maturity Date of the B Notes, the C Notes or the D Notes, as the case may be, or beyond any earlier date on which each respective Class of Notes falls to be redeemed in full in accordance with Condition 6 ("*Redemption, Purchase and Cancellation*"), and any such amount which has not then been paid in respect of the relevant Class of Notes shall thereupon become due and payable in full, subject always to the Payment Priorities.

6. Redemption, Purchase and Cancellation

(a) *Final Redemption*

Unless previously redeemed or purchased and cancelled as provided in this Condition 6, the Issuer shall (without prejudice to the provisions of Condition 6(i)) redeem (i) all the A1 Notes at their respective Principal Amount Outstanding together with all interest accrued thereon on the Interest Payment Date falling in June 2014 (the **A1 Maturity Date**) and (ii) each of the other Classes of Notes at their respective Principal Amount Outstanding together with all interest accrued thereon on the Interest Payment Date falling in December 2043 (the **Final Maturity Date** and together with the A1 Maturity Date, the **Maturity Dates** and any one of them, a **Maturity Date**).

The Issuer may not redeem Notes in whole or in part prior to their respective Maturity Dates except as provided in Conditions 6(b), (d) or (e) of this Condition, but without prejudice to Condition 10 ("*Events of Default*") below.

(b) *Mandatory Redemption in Part*

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 delivery of an Enforcement Notice by the Trustee, the Available Redemption Funds will be applied on each Interest Payment Date in making the following payments or provision in the following order of priority (in each case only if and to the extent that payments or provisions of a higher priority have first been made in full and the Principal Ledger will be debited to the extent of each payment or provision) (the **Pre-Enforcement Sequential Principal Priority of Payments**):

- (i) *first*, to the extent that the Issuer has insufficient Available Revenue Funds on a Calculation Date to pay in full items (i) to (xiii) (inclusive) of the Pre-Enforcement Interest Priority of Payments, in or towards the payment of such items in the order in which they appear in the Pre-Enforcement Interest Priority of Payments provided that Available Redemption Funds may not be applied in payment or reduction of items (viii) and (ix) of the Pre-Enforcement Interest Priority of Payments (in relation to the B Notes), items (x) and (xi) of the Pre-Enforcement Interest Priority of Payments (in relation to the C Notes) or items (xii) and (xiii) of the Pre-Enforcement Interest Priority of Payments (in relation to the D Notes) if the applicable PDL Ratio in respect of such Class of Notes is breached;

- (ii) *second*, following a Liquidity Reserve Fund Rating Event, in or towards satisfaction of sums to be credited to the Liquidity Reserve Ledger until the balance of the Liquidity Reserve Ledger is equal to the Liquidity Reserve Required Amount;
- (iii) *third, pro rata and pari passu*:
 - (1) in paying any principal amounts due to the Cross Currency Swap Counterparty under the Class A1 Dollar Swap Transaction; and
 - (2) in redeeming the A1 Notes,
 until no A1 Notes remain outstanding;
- (iv) *fourth, pro rata and pari passu*:
 - (1) in paying any principal amounts due to the Cross Currency Swap Counterparty under the Class A2 Dollar Swap Transaction; and
 - (2) in redeeming the A2 Notes,
 until no A2 Notes remain outstanding;
- (v) *fifth, pro rata and pari passu* in redeeming the A3 Notes until no A3 Notes remain outstanding;
- (vi) *sixth, pro rata and pari passu*, in redeeming the B Notes until no B Notes remain outstanding;
- (vii) *seventh, pro rata and pari passu*, in redeeming the C Notes until no C Notes remain outstanding;
- (viii) *eighth, pro rata and pari passu*, in redeeming the D Notes until no D Notes remain outstanding; and
- (ix) *ninth*, on such date when all of the Notes have been redeemed in full, in or towards repayment of all outstanding advances in respect of the Subordinated Loan in respect of principal to the extent not previously repaid pursuant to the Pre-Enforcement Interest Priority of Payments.

PDL Ratio means in respect of each applicable Class of Notes when the ratio, expressed as a percentage, of the amount debited to the Class B Principal Deficiency Ledger, Class C Principal Deficiency Ledger and/or the Class D Principal Deficiency Ledger to the Principal Amount Outstanding of the corresponding Class of Notes to which such Principal Deficiency Ledger relates, is greater than 50 per cent. on the relevant Calculation Date.

Application of Available Redemption Funds after the occurrence of a Pro-Rata Trigger Event

Following the occurrence of a Pro-Rata Trigger Event but only prior to the delivery of an Enforcement Notice, Available Redemption Funds (less the amount of the Available Redemption Funds to be applied to pay items (i) and (ii) of the Pre-Enforcement Sequential Principal Priority of Payments) will be applied on each Interest Payment Date to repay the A Notes, the B Notes, the C Notes and the D Notes and to pay amounts to the Cross Currency Swap Counterparty in respect of the Cross Currency Swap Transaction relating to each of the A1 Notes and the A2 Notes (using amounts received by the Cross Currency Swap Counterparty to pay principal outstanding on the A1 Notes and the A2 Notes) on a *pro rata* basis provided that amounts available to redeem the A Notes will be applied in first redeeming the A1 Notes, then the A2 Notes and finally the A3 Notes (the **Pre-Enforcement Pro-Rata Principal Priority of Payments** and together with the Pre-Enforcement Sequential Principal Priority of Payments, the **Pre-Enforcement Principal Priority of Payments**).

A **Pro-Rata Trigger Event** will occur if, on any Calculation Date, X is greater than or equal to two times Y where:

X = the Euro Principal Amount Outstanding of the A Notes as at the Closing Date divided by the aggregate Euro Principal Amount Outstanding of the B Notes, the C Notes and the D Notes as at the Closing Date; and

Y = the Euro Principal Amount Outstanding of the A Notes as at that Calculation Date divided by the aggregate Euro Principal Amount Outstanding of the B Notes, the C Notes and the D Notes as at that Calculation Date,

provided that a Pro-Rata Trigger Event will not be deemed to have occurred if any of the following events has occurred and is subsisting as at that Calculation Date:

- (1) the aggregate Principal Balance of those Mortgage Loans which are 90 days or more in arrears exceeds 3 per cent. of the aggregate Principal Balance of all the Mortgage Loans;
- (2) the balance of the Reserve Fund is less than the Required Reserve Fund Amount;
- (3) the balance of the Liquidity Reserve Fund (if established) is less than the Liquidity Reserve Required Amount;
- (4) on the date immediately following the next Interest Payment Date, there will be a debit balance on any Principal Deficiency Ledger;
- (5) the aggregate Euro Principal Amount Outstanding of the Notes as at the Calculation Date is less than 10 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes as at the Closing Date; or
- (6) the Issuer has exercised its option to redeem the Notes pursuant to Condition 6(d) ("*Optional Early Redemption of the Notes*") or 6(e) ("*Optional Redemption of the Notes for Tax Reasons*") of the Notes.

The occurrence of a Pro-Rata Trigger Event will be tested by the Mortgage Manager on each Calculation Date. If any of the events described in paragraphs (a) to (f) occurs, then the Pre-Enforcement Pro-Rata Principal Priority of Payments shall cease on the immediately following Interest Payment Date. Available Redemption Funds shall be applied thereafter in accordance with the Pre-Enforcement Sequential Principal Priority of Payments.

In order to effect the *pro rata* application of the relevant Available Redemption Funds, the Mortgage Manager will calculate the *pro rata* share of each Class of Notes of those Available Redemption Funds. This shall be determined by dividing the aggregate Euro Principal Amount Outstanding of the relevant Class of Notes by the aggregate Euro Principal Amount Outstanding of the Notes.

In the case of Euro Notes, each Note will be redeemed in an amount equal to the applicable proportion of the Available Redemption Funds divided by the number of Notes and rounded down to the nearest euro.

In the case of Dollar Notes, the Issuer shall pay to the Cross Currency Swap Counterparty the amount of Available Redemption Funds that is required to be paid to the Cross Currency Swap Counterparty under the Cross Currency Swap Transactions that will result in the Cross Currency Swap Counterparty paying to the Issuer the maximum amount which, when divided by the number of Dollar Notes, results in a whole number, and will redeem each Note by an amount equal to such number.

To the extent that the amounts available are greater than the amounts actually used by the Issuer on any Interest Payment Date such excess euro amounts (the **Rounding Balance**) shall be retained and form part of Available Redemption Funds on the next Calculation Date.

The Mortgage Manager is responsible, pursuant to the Mortgage Management Agreement, for determining the amount of the Available Redemption Funds as at any Calculation Date and each determination so made shall (in the absence of negligence, wilful default, bad faith or manifest error) be final and binding on the Trustee and all Noteholders and no liability to the Noteholders shall attach to the Issuer, the Trustee or (in the absence of negligence, wilful default, bad faith or manifest error) to the Mortgage Manager in connection therewith.

(c) *Note Principal Payments, Principal Amount Outstanding and Pool Factor*

The principal amount redeemable in respect of each A1 Note, A2 Note, A3 Note, B Note, C Note and D Note (the **Note Principal Payment**) on any Interest Payment Date under paragraph (b) above shall be (i) in the case of the Euro Notes, the amount of the Available Redemption Funds on the Calculation

Date immediately preceding that Interest Payment Date to be applied in redemption of Notes of that class divided by the number of Notes of that class in the relevant denomination then outstanding; and (ii) in the case of the Dollar Notes, the Dollar amount to be received on that Interest Payment Date by the Issuer from the Cross Currency Swap Counterparty under the Cross Currency Swap Transactions divided by the number of Notes of that class in the relevant denomination then outstanding; provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

With respect to each Note on (or as soon as practicable after) each Calculation Date, the Issuer shall determine (or cause the Mortgage Manager to determine) (i) the amount of any Note Principal Payment due on the Interest Payment Date next following such Calculation Date, (ii) the Principal Amount Outstanding of each such Note and (iii) the fraction expressed as a decimal to the sixth point (the **Pool Factor**), of which the numerator is the Principal Amount Outstanding of a Note of that Class (as referred to in (ii) above) and the denominator is (x) in the case of the A1 Notes and the A2 Notes, 100,000 and (y) in the case of the other Notes, 50,000. Each determination by or on behalf of the Issuer of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified by not less than two Business Days prior to the relevant Interest Payment Date to the Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are admitted to trading on the regulated market of the ISE) the ISE, and will immediately cause notice of each such determination to be given in accordance with Condition 15 (“Notices”) by not later than two Business Days prior to the relevant Interest Payment Date. If no Note Principal Payment is due to be made on the Notes of any Class on any Interest Payment Date a notice to this effect will be given to the Noteholders. If the Issuer does not at any time for any reason determine (or cause the Mortgage Manager to determine) with respect to each of the Classes of Notes, a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this paragraph, such determination may be made by the Trustee in accordance with this paragraph and each such determination or calculation shall be deemed to have been made by the Issuer and, in the absence of fraud or negligence, shall be final and binding and, in such absence of fraud or negligence, no liability to the Noteholders shall attach to the Trustee in connection with the exercise or non exercise by the Trustee of its powers, duties, determinations and discretions under this Condition.

(d) *Optional Early Redemption of the Notes*

On any Interest Payment Date falling on or after the Interest Payment Date falling in March 2012 and having given not more than 60 nor less than 30 days' prior written notice to the Trustee and the Noteholders (in accordance with Condition 15 (“Notices”)), the Issuer may redeem all (but not some only) of the Notes then outstanding at their then Principal Amount Outstanding together with accrued interest provided that, prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid and to pay all other amounts which rank senior or *pari passu* with its payment obligations under the Payment Priorities.

On any Interest Payment Date on which the aggregate Euro Principal Amount Outstanding of the Notes then outstanding is less than 10 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes on the Closing Date and having given not more than 60 nor less than 30 days' prior written notice to the Trustee and the Noteholders in accordance with Condition 15 (“Notices”), the Issuer may redeem all (but not some only) of the Notes at their then Principal Amount Outstanding together with accrued interest provided that, prior to giving any such notice, the Issuer shall have provided to the Trustee a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid and to pay all other amounts which rank senior or *pari passu* with its payment obligations under the Payment Priorities.

(e) *Optional Redemption of the Notes for Tax Reasons*

If the Issuer at any time satisfies the Trustee prior to the giving of the notice referred to below that either (i) on the next Interest Payment Date the Issuer and/or any Swap Counterparty would be required to deduct or withhold from, in the case of the Issuer, any payment of principal or interest on the Notes or from, in the case of the Issuer and/or any Swap Counterparty, any payment to be made under any Swap Transaction or under any such hedging arrangements (other than in respect of default interest),

any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by Ireland or any political subdivision thereof or any authority thereof or therein or (ii) the Issuer, by virtue of a change in or expiry of tax law (or the application or official interpretation thereof), would not be entitled to relief for Irish tax purposes for any material amount which it is obliged to pay and would as a result be subject to an increased liability to taxation for any accounting period, or would be treated as receiving for Irish tax purposes an amount which it was not entitled to receive under any Swap Transaction, or (iii) by virtue of a change in tax law (or the application or official interpretation thereof), the amounts payable to the Issuer in respect of interest from Borrowers under the Mortgages ceases to be receivable in full, then the Issuer shall use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved by the Trustee as principal debtor under the Notes upon the Trustee being satisfied that such substitution will not be materially prejudicial to the Most Senior Class of Notes then outstanding.

If the Issuer is unable to arrange a substitution as described above and, as a result, such requirement to deduct or withhold is continuing, then the Issuer may, having given not more than 60 nor less than 30 days' prior written notice to the Trustee and the Noteholders in accordance with Condition 15 ("*Notices*"), redeem all (but not some only) of the Notes then outstanding on any Interest Payment Date at their Principal Amount Outstanding together with accrued interest provided that, prior to giving any such notice, the Issuer (or in respect of (c) below the Issuer or any Swap Counterparty), shall have provided to the Trustee: (a) a certificate signed by two directors of the Issuer to the effect that it will have the funds, not subject to any interest of any other person, required to redeem the Notes as aforesaid and to pay all other amounts which rank senior or *pari passu* with its payment obligations under the Payment Priorities, (b) in relation to (iii) above, a certificate from two directors of the Issuer to the effect that the reduction in amounts received under the Mortgages cannot be avoided without significant cost to the Issuer, and (c) a legal opinion (in form and substance satisfactory to the Trustee) from a firm of lawyers in Ireland (approved in writing by the Trustee) opining on the relevant change in tax law. Any certificate(s) and legal opinion given by or on behalf of the Issuer or any Swap Counterparty may be relied on by the Trustee and shall be conclusive and binding on the Noteholders.

(f) *Notice of Redemption*

Any such notice as is referred to in Condition 6(d) or (e) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes at their then Principal Amount Outstanding together with all accrued interest.

(g) *Cancellation*

All Notes redeemed pursuant to Condition 6(d) or (e) above or otherwise redeemed in whole will be cancelled upon redemption and may not be resold or re-issued.

(h) *Purchases*

The Issuer shall not be permitted to purchase any Notes.

(i) *Final Payment of Principal*

Without prejudice to the rights of the Trustee and the Noteholders of each Class pursuant to Condition 10 ("*Events of Default*"), if, on the Maturity Date or other date on which the Notes in question fall to be redeemed in full in accordance with this Condition, there remains any unpaid amount of principal in respect of the Notes of any Class, such amount will become due and payable on that date (subject to any applicable provisions of the Deed of Charge regarding the priority of payments as between holders of the different Classes of Notes).

7. Payments

(a) *Principal and interest*

Payments of principal in respect of any Global Note will be made to the persons shown in the Register at the close of business on the Record Date and, in the case of any final redemption, upon the surrender of such Global Note at the Specified Office of the Transfer Agent in Ireland or New York, the Registrar or the Principal Paying Agent.

Payments of principal in respect of any Definitive Registered Notes will be made to the persons shown in the Register at the close of business on the Record Date and, in the case of final redemption, upon surrender of such Definitive Registered Notes at the specified office of the Transfer Agent in Ireland or New York, the Registrar or the Principal Paying Agent.

Payments of interest due on an Interest Payment Date will be made to the persons shown in the Register at the close of business on the Record Date.

Payments in respect of the Dollar Notes will be made in Dollars by cheque drawn on a bank in New York, New York at the Specified Office of the Principal Paying Agent or, at the option of the Noteholder, by transfer to a Dollar account maintained by the payee.

Payments in respect of the Euro Notes will be made in euro by cheque drawn on a bank in the European Union at the Specified Office of the Principal Paying Agent or, at the option of the Noteholder, by transfer to a euro account maintained by the payee.

The person shown in the Register at the close of business on the applicable Record Date in respect of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, such person in respect of each amount so paid.

(b) *Payments subject to Fiscal Laws*

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

(c) *Withheld Interest*

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with Condition 5(a) will be paid against presentation of such Note at the Specified Office of any Paying Agent in accordance with this Condition 7.

(d) *Paying Agents*

The initial Principal Paying Agent and its initial specified office are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and to appoint additional or other paying agents (together with the Principal Paying Agent, the **Paying Agents**). The Issuer will at all times (so long as the Notes are admitted to trading on the regulated market of the ISE and the ISE so requires) maintain a paying agent with a Specified Office in Dublin. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or their Specified Offices to be given in accordance with Condition 15 ("*Notices*").

(e) *Payments on Business Days*

If the due date for payment of any amount in respect of any Note is not a Business Day, then the holder shall not be entitled to payment until the next succeeding Business Day and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of such Note.

8. Prescription

Claims for principal in respect of Notes shall become prescribed unless the relevant Notes are presented for payment and surrendered within ten years of the appropriate Relevant Date. Claims for interest in respect of Notes shall become prescribed unless the relevant Notes are presented for payment and surrendered within five years of the appropriate Relevant Date.

9. Taxation

All payments in respect of Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the relevant Paying Agent (as applicable) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any such taxes, duties or charges of

whatsoever nature. In that event, the Issuer or the relevant Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so withheld or deducted. Neither the Paying Agents nor the Issuer will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

10. Events of Default

- (a) The Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Euro Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, or if so directed by or pursuant to an Extraordinary Resolution of the Most Senior Class of Notes then outstanding (subject, in each case, to being indemnified to its satisfaction and subject further, in each case, to Condition 12(b)) shall, give a notice (an **Enforcement Notice**) to the Issuer declaring the Notes to be due and repayable at any time after the happening of any of the following events (each an **Event of Default**):
- (i) default being made for a period of ten Business Days in the payment of the principal of or any interest on the Most Senior Class of Notes then outstanding when and as the same ought to be paid in accordance with these Conditions always provided that, for the avoidance of doubt, a deferral of interest in accordance with Condition 5(i) shall not constitute a default in the payment of such interest for the purposes of this Condition 10; or
 - (ii) the Issuer failing duly to perform or observe any other obligation binding upon it under the Notes (other than under Condition 10(a)(i)), the Trust Deed, the Deed of Charge or any of the other Transaction Documents (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy when no notice will be required) and, in any such case, such failure continues for a period of 21 Business Days following the service by the Trustee on the Issuer of notice requiring the same to be remedied and provided that the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders; or
 - (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10(a)(iv), ceasing or, through an official or authorised action of the Board of Directors of the Issuer, threatening to cease to carry on business or being unable to pay its debts (within the meaning of Section 214 of the Companies Act, 1963 and Section 2(3) of the Companies (Amendment) Act, 1990 (as either provision may be amended)); or
 - (iv) an order being made or an effective resolution being passed for the winding up of the Issuer except a winding up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Most Senior Class of Notes then outstanding; or
 - (v) proceedings being otherwise initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for the appointment of an examiner) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an examination order being granted or an examiner, receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer, or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the issuer, or a distress, execution, diligence or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer and such possession or process (as the case may be) not being discharged or not otherwise ceasing to apply within 30 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors, generally.
- (b) Upon any declaration being made by the Trustee in accordance with Condition 10(a) above that the Notes are due and repayable, the Notes shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Trust Deed.

11. Enforcement

(a) *Action by the Trustee*

Subject to Condition 11 (b), at any time after the Notes have become due and repayable and without prejudice to its rights of enforcement in relation to the Security, the Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce payment of the Notes together with accrued interest, but it shall not be bound to take any such proceedings unless (i) it shall have been directed or requested to do so by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding or (ii) it shall have been directed or requested to do so in writing by the holders of at least 25 per cent. of the Euro Principal Amount Outstanding of the Most Senior Class of Notes then outstanding, and in either case, only if it shall have been indemnified and/or secured to its satisfaction. No Noteholder shall be entitled to proceed directly against the Issuer otherwise than in accordance with the Deed of Charge. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Security at the request of any other Secured Creditor under the Deed of Charge.

(b) *Restrictions on Disposal of the Charged Property*

If the Notes have become due and repayable otherwise than by reason of a default in payment of any amount due thereon, the Trustee will not be entitled to dispose of any of the Charged Property (including any Mortgage Loan and its related security beneficially owned by the Issuer) unless either:

- (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and amounts ranking in priority thereto or *pari passu* therewith; or
- (ii) the Trustee is of the opinion, reached after considering the advice of an investment bank or other financial advisor selected by the Trustee for the purpose of giving such advice, that the cash flow prospectively receivable by the Issuer (if the Charged Property were not disposed of) will not (or that there is a significant risk that it would 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 and amounts ranking in priority thereto or *pari passu* therewith.

12. Meetings of Noteholders, Modification, Waiver and Substitution of Principal Debtor

(a) *Convening*

The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed or other Transaction Documents, which modification may be made if sanctioned by an Extraordinary Resolution.

(b) *Relationship between Classes*

An Extraordinary Resolution passed at any meeting of the A Noteholders shall be binding on all B Noteholders, C Noteholders and D Noteholders irrespective of the effect upon them, except such an Extraordinary Resolution to sanction a Basic Terms Modification (as defined below), which shall not take effect unless it shall have also been sanctioned by an Extraordinary Resolution of the B Noteholders, the C Noteholders and the D Noteholders.

An Extraordinary Resolution passed at any meeting of B Noteholders or a request in writing by B Noteholders shall not be effective for any purpose while any A Notes remain outstanding unless either (i) the Trustee is of the opinion that it would not be prejudicial to the interests of the A Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the A Noteholders.

An Extraordinary Resolution passed at any meeting of C Noteholders or a request in writing by C Noteholders shall not be effective for any purpose while any A Notes and B Notes remain outstanding unless either (i) the Trustee is of the opinion that it would not be prejudicial to the interests of the A Noteholders and the B Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the A Noteholders and the B Noteholders.

An Extraordinary Resolution passed at any meeting of D Noteholders or a request in writing by D

Noteholders shall not be effective for any purpose while any A Notes, B Notes or C Notes remain outstanding unless either (i) the Trustee is of the opinion that it would not be prejudicial to the interests of the A Noteholders, the B Noteholders and the C Noteholders, or (ii) it is sanctioned by an Extraordinary Resolution of the A Noteholders, the B Noteholders and the C Noteholders.

The Trustee will not have regard to the interests of any specific Class of Noteholders within the A Notes. The B Noteholders will rank *pari passu* between themselves and the Trustee will not have regard to the interests of any individual Noteholders within the B Notes. The C Noteholders will rank *pari passu* between themselves and the Trustee will not have regard to the interests of any individual Noteholder within the C Notes. The D Noteholders will rank *pari passu* between themselves and the Trustee will not have regard to the interests of any Class of Noteholders within the D Notes.

However, at any particular time, having regard to the specific circumstances then applicable, the Trustee may, in its absolute discretion (and without prejudice to the preceding paragraph or Condition 3), if it believes it to be just and equitable to do so, convene a meeting or meetings of a specific Class or Classes of Noteholders.

(c) *Quorum*

Subject as provided below, the quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes in the relevant Class then outstanding or at any adjourned meeting two or more persons being or representing Noteholders of the relevant Class, whatever the aggregate Euro Principal Amount Outstanding. The quorum at any meeting of the Noteholders of any Class passing an Extraordinary Resolution in respect of a Basic Terms Modification shall be two or more persons holding or representing not less than 75 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes of the relevant Class then outstanding or, at any adjourned meeting, two or more persons holding or representing not less than 25 per cent. of the aggregate Euro Principal Amount Outstanding of the Notes of the relevant Class then outstanding. The rules relating to meetings of Noteholders, including matters relating to quorums and resolutions, shall apply *mutatis mutandis* to any meeting of any Class of Noteholders. The majority required for an Extraordinary Resolution shall be 75 per cent. of the votes cast on that Extraordinary Resolution, whether on a show of hands or a poll.

For these purposes, a **Basic Terms Modification** means any modification of the date of maturity of the Notes, any modification which would have the effect of postponing any day for payments of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the priority of payment of interest and principal on the Notes or the Security constituted by or for the Notes, altering the currency of payment of the Notes or an alteration of this definition of Basic Terms Modification or of the majority required to effect a Basic Terms Modification or of the majority required to pass an Extraordinary Resolution.

(d) *Resolutions in Writing*

A Written Resolution shall take effect as if it were an Extraordinary Resolution.

(e) *Modification*

The Trustee may agree, without the consent of the Noteholders, to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or to any modification which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders, determine that an Event of Default shall not, or shall not subject to special conditions, be treated as such. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15 ("*Notices*").

(f) *Substitution of Principal Debtor*

The Trustee may agree, at the request of the Issuer and subject to such amendment of these Conditions and of any of the Transaction Documents and to such other conditions as the Trustee may

require and subject to the terms of the Trust Deed, but without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes and in respect of the other Secured Obligations, provided that the Notes are unconditionally and irrevocably guaranteed by the Issuer (unless all or substantially all of the assets of the Issuer are transferred to such body corporate) and that such body corporate is a single purpose vehicle and undertakes itself to be bound by provisions corresponding to those set out in Condition 4 (“Covenants”). In the case of a substitution pursuant to this Condition 12(f), the Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change in law governing the Notes and/or any of the Transaction Documents unless such change would, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

(g) *Trustee Discretion and Approval*

Where the Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions under or in relation to the Trust Deed, the Notes, the Conditions, the Deed of Charge or any other Transaction Documents, to have regard to the interests of the Noteholders or, as the case may be, the Noteholders of any Class, it shall have regard to the interests of such Noteholders as a Class and, in particular, but without prejudice to the generality of the foregoing, the Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

The Trustee shall not be responsible for monitoring the compliance by any of the parties to the Transaction Documents with their obligations under the Transaction Documents.

Without prejudice to the other provisions of these Conditions, the following provisions shall apply in relation to any request from any party for any authorisation, amendment, consent, waiver, determination, or modification to be given or made in accordance with these Conditions:

- (a) it shall be the responsibility of any party making such request to provide to the Trustee all documents, reports, opinions, financial calculations or other items that may be required by the Trustee (at its discretion) to evidence any state of affairs or to support any such request;
- (b) the Trustee will not be obliged to consider any such request until it determines (at its discretion) that it has adequate information to consider the request;
- (c) the Trustee shall be entitled to seek the opinions or views of any person as to any matter which is the subject of such a request (including where the conditions on which such a request will be given or made are set out in the relevant document); and
- (d) no time period shall be imposed on the Trustee within which the Trustee is required to respond to any such request.

The Trustee, in considering whether the exercise of any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents is not materially prejudicial to the interests of the Noteholders (the **No Material Prejudice Test**), shall be entitled to take into account any such matters as it in its sole discretion considers relevant, and which may include a confirmation from the Rating Agencies that the then current rating of the Notes would not be adversely affected by the exercise of such power, trust, authority, duty or discretion.

13. **Trustee and Agent Provisions**

(a) *Trustee's Right to Indemnity and Protection from Liability*

The Trust Deed and the Deed of Charge and certain other Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and provides that the Trustee is entitled to be indemnified and/or secured and relieved from responsibility in certain circumstances and to be paid or reimbursed for any liabilities incurred by it in priority to the claims of the Noteholders. In addition, the Trustee or any affiliate of the Trustee and any related company or affiliate is entitled to enter into, perform and enforce its rights under business transactions with the Issuer and any entity

relating to the Issuer and any other party to the Transaction Documents or whose obligations are comprised in the Security and/or any of their respective related companies or affiliates without accounting for any profit made or any other amount or benefit received thereby or in connection therewith.

(b) *Trustee not Responsible for Loss*

The Trustee will not be responsible for any loss, cost, expense or liability which may be suffered as a result of any assets comprised in the Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of any of the Mortgage Manager or any agent or related company of the Mortgage Manager or by clearing organisations or their operators or by intermediaries such as banks, brokers or other similar persons on behalf of the Trustee.

The Deed of Charge provides that the Trustee shall accept without investigation, requisition or objection such right and title as the Issuer may have to the Charged Property and shall not be bound or concerned to examine such right and title, and the Trustee shall not be liable for any defect or failure in the right, interest, benefit or title of the Issuer to the Charged Property whether such defect or failure was known to the Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not. The Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Security. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless indemnified and/or secured to its satisfaction or to supervise the performance by the Mortgage Manager or any other person of their obligations under the Transaction Documents and the Trustee shall assume, until it has actual knowledge or express notice to the contrary, that all such persons are properly performing their duties, notwithstanding that the Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

(c) *Agents solely agents of Issuer*

In acting under the Agency Agreement and in connection with the Notes, the Agents act solely as agents of the Issuer and (to the extent provided in the Agency Agreement) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

(d) *Initial Agents*

The initial Paying Agents and the initial Agent Bank and their initial specified offices are listed below. The Issuer reserves the right (with the prior written approval of the Trustee) to vary or terminate the appointment of any Paying Agent or the Agent Bank and to appoint a successor principal paying agent or agent bank and additional or successor paying agents at any time, having given not less than 30 days' notice to such Paying Agent or Agent Bank.

(e) *Maintenance of Agents*

The Issuer shall at all times maintain a paying agent in Dublin (so long as the Notes continue to be admitted to listing on the Official List of the Irish Stock Exchange Limited), a principal paying agent, a registrar and an agent bank. Notice of any change in any of the Paying Agents or the Agent Bank or in their specified offices shall promptly be given to the Noteholders in accordance with Condition 15 ("Notices") and to the Company Announcements Office of the ISE.

14. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of any of the Agents, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

15. Notices and Provision of Information

(a) *Valid Notices*

Notices to Noteholders of Definitive Registered Notes will be valid if posted to the address of such Noteholder appearing in the Register at the time of publication of such notice by pre-paid, first class mail and (for so long as the Notes are listed on the ISE and the rules of the ISE so require) if published

in a daily newspaper of general circulation in Ireland (which is expected to be the *Irish Times*). Any such notices shall be deemed to have been given three days (in the case of inland mail) or seven days (in the case of overseas mail) after the date of despatch thereof to the Noteholders. Other notices to Noteholders will be valid if published in a daily newspaper of general circulation in Ireland (which is expected to be the *Irish Times*).

Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount, a Note Principal Payment, a Principal Amount Outstanding or a Pool Factor shall be deemed to have been duly given if the information contained in such notice appears on Reuters Screen Page UCAA07 or such other medium for the electronic display of data as may be approved by the Trustee and notified to the Noteholders in accordance with the preceding paragraph. Any such notice will be deemed to have been given on the first date on which such information appeared on the relevant screen.

(b) *Other Methods*

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

(c) *Provision of Information*

The Issuer shall, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the **Exchange Act**) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any holder of a Note which is a “restricted security” within the meaning of Rule 144(a)(3) under the Securities Act or to any prospective purchaser of such securities designated by such holder, upon the written request of such holder or (as the case may be) prospective holder addressed to the Registrar and delivered to the Registrar or the specified office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

16. Limited Recourse and Non Petition

The obligations of the Issuer in respect of the Notes and its obligations to the Trustee and the Noteholders are limited to the proceeds of enforcement of the Security. Upon enforcement of the Security and in the circumstances where amounts to be paid by the Issuer in accordance with the Post-Enforcement Priority of Payments, is greater than the amount realised from the Security, the Issuer will not be obliged to pay any amounts representing such shortfall and any claims in respect of such shortfall shall be extinguished. Neither the Trustee nor the Noteholders shall be entitled to institute against the Issuer any bankruptcy, reorganisation, arrangement, examination, insolvency or liquidation proceedings or other proceedings under any applicable bankruptcy or similar law in connection with any obligation relating to the Notes, the Coupons or the other Transaction Documents, save for lodging a claim in the liquidation of the Issuer which is initiated by any other party.

17. Governing Law

The Transaction Documents (other than the Cross Currency Swap Transactions) and the Notes are governed by, and shall be construed in accordance with, the laws of Ireland. The Cross Currency Swap Transactions are governed by, and shall be construed in accordance with, English law.

18. Specified Offices of Agents

The initial specified office of (i) the initial Principal Paying Agent, Transfer Agent and Agent Bank is at Citigroup Centre, Canada Square, London E14 5LB, (ii) of the initial Registrar, U.S. Paying Agent and U.S. Transfer Agent is at 388 Greenwich Street, New York, New York 10013 and (iii) of the initial Irish Paying Agent and Transfer Agent is at 1 North Wall Quay, Dublin 1.

DESCRIPTION OF NOTE TRANSACTION DOCUMENTS

The principal agreements governing the Notes and the security arrangements relating to the Notes are the Trust Deed, the Agency Agreement and the Deed of Charge (together the **Note Transaction Documents**). A summary of the material terms of the Note Transaction Documents is set out below. The summary does not purport to be complete and is subject to the provisions of the Note Transaction Documents.

Trust Deed

Citicorp Trustee Company Limited will be appointed to act as Trustee pursuant to the Trust Deed to be entered into on or about the Closing Date between the Issuer and the Trustee to represent the interests of the holders of the Notes.

The Trust Deed will set out the forms of the Global Notes and the Definitive Registered Notes.

The Trust Deed will also contain covenants made by the Issuer in favor of the Trustee and the Noteholders. The main covenants are that the Issuer will pay interest on, and repay the principal of, each of the Notes when due and that it will comply with and perform and observe all its obligations in the Trust Deed. Some of the covenants also appear in the Conditions of the Notes. See *"Terms and Conditions of the Notes"*.

The Trust Deed will set out the terms under which the Trustee is appointed, the indemnification of the Trustee, the payment it receives and the extent of the Trustee's authority to act beyond its statutory powers. The Trustee is also given the ability to appoint a delegate or agent in the execution of any of its duties under the Trust Deed.

None of the provisions of the Trust Deed or the Deed of Charge shall exempt or indemnify the Trustee against any liability for breach of trust where the Trustee fails to show the degree of care and diligence required of it as trustee, having regard to those provisions of the Trust Deed and the Deed of Charge conferring on the Trustee any powers, authorisations or discretions.

The Trust Deed will provide that any retirement or removal of the Trustee will not become effective unless there is a suitable trustee in office after such removal or retirement. In the event of the Trustee giving notice of its intention to retire, the Issuer is obliged to use its reasonable endeavours to procure that a suitable new trustee is appointed. If the Issuer has not appointed a new trustee prior to the expiry of the notice period given by the Trustee, the Trustee shall be entitled to nominate a suitable replacement.

The Trust Deed sets out the provisions for meetings of the Noteholders including details of quorum, voting procedure and powers of the meeting.

The Trust Deed will be governed by Irish law.

Agency Agreement

The Agency Agreement will set out the procedures for authentication of and the arrangements in respect of the delivery of the Notes both in global and definitive form. The Issuer will authorise the Registrar to authenticate the Notes and any replacement thereof. The regulations for the transfer, exchange and registration of the Notes will be scheduled to the Agency Agreement. The circumstances in which replacement notes will be issued and the procedures in relation to such replacement and cancellation will be contained in the Agency Agreement.

The Agency Agreement will also set out the manner and timing of payments to be made to the Noteholders in respect of the Notes. The Issuer will be obliged to ensure that all monies in respect of such payments are paid to the Principal Paying Agent in time to ensure payment by the Principal Paying Agent and the Paying Agents to the Noteholders for same day value on the due date for payment.

The Agency Agreement will provide that the Issuer may (with the prior written approval of the Trustee) revoke its appointment of any of the Agents by not less than 30 days' notice to such Agent (provided that in the case of each of the Irish Paying Agent (so long as the Notes continued to be admitted to listing on the Official List of the ISE), the Principal Paying Agent, the Registrar and the Agent Bank such revocation shall not take effect until a successor has been duly appointed in accordance with the provisions of the Agency Agreement and notice of such appointment has been given to the Noteholders). In addition, the appointment of an Agent will automatically terminate upon the occurrence of certain events of insolvency or if the Agent becomes incapable of acting. The Issuer may (with the prior written approval of the Trustee) appoint successor Agents in accordance with the terms of the Agency Agreement.

The Agency Agreement will be governed by Irish law.

Deed of Charge

Pursuant to the Deed of Charge the Issuer will grant security for the Notes to the Trustee on trust for the Secured Parties. See "*Transaction Summary – Security for the Notes*".

The Deed of Charge will include covenants on the part of the Issuer and provisions relating to enforcement procedures relating to a default by the Issuer of its obligations under the Notes and the Transaction Documents; the determination of Available Revenue Funds and Available Redemption Funds; the order in which the Trustee applies monies standing to the credit of the GIC Account following the service of an Enforcement Notice; the appointment of the Trustee, its powers, responsibilities and limitations on same together with provisions for its removal or replacement.

Covenants and warranties to be made by the Issuer in favour of the Trustee for the benefit of itself, any receiver appointed under the Deed of Charge and the Secured Parties will include but are not limited to: executing and delivering a power of attorney in favour of the Trustee to enable the Trustee to take any action necessary to preserve and protect the Trustee's rights and interests in the Charged Property; that the Issuer has taken all necessary steps to mortgage and charge the Charged Property pursuant to the Deed of Charge and has not taken any actions which would prejudice the security intended to be created over the Charged Property; the Issuer will not create any other security interest in or dispose of the Charged Property while the Notes are outstanding and certain further covenants which are described in Condition 4 ("*Covenants*") of the Notes.

The Security created pursuant to the Deed of Charge will become enforceable on the service of an Enforcement Notice by the Trustee. The Deed of Charge sets out the procedures by which the Trustee may enforce the Security including the power to appoint a receiver. Each of the Secured Parties will agree that only the Trustee may enforce the Security created by the Deed of Charge. The Trustee is not bound to take any actions on enforcement until it has been indemnified to its satisfaction against all actions, claims, cost and expenses it may encounter or incur by so doing.

The Deed of Charge will provide that the Class A Noteholders' interests take precedence for so long as any A Notes are outstanding and thereafter the interests of Class B Noteholders for so long as any B Notes are outstanding and thereafter the interests of Class C Noteholders for so long as any C Notes are outstanding and thereafter the interests of the Class D Noteholders for so long as any D Notes are outstanding.

The Trustee will be appointed to act on behalf of the Secured Parties and will hold the Security created by the Deed of Charge on trust for the benefit of the Secured Parties. The Trustee will be able to delegate any of its rights, powers, duties and authorisations under the Deed of Charge.

The Issuer has agreed to indemnify the Trustee and any delegate appointed by it in respect of all of proceedings, claims and demands and all costs, charges and expenses and liabilities to which it may become liable to or is incurred by it in the execution or purported execution of its power and duties under the Deed of Charge and the other Transaction Documents.

The power of appointing a new trustee or removing the existing trustee will be vested in the Issuer and the Trustee acting in its capacity as trustee under and for the purposes of the Trust Deed who shall consult with the Mortgage Manager and the Issuer in relation to such appointment or removal but is not required to obtain their prior consent in respect thereof.

The Trustee will be able to retire at any time on giving not less than 3 months prior written notice to the Issuer and Trustee acting in its capacity as Trustee under the Trust Deed and subject to the appointment of a successor trustee, which must be a trust corporation.

The Deed of Charge will be governed by Irish law.

TAXATION

The following discussion is a summary based on the law and practices currently in force in Ireland regarding the tax treatment of the principal and interest paid in respect of the Notes (together with certain European Union withholding information reporting requirements) and certain United States federal income tax considerations of the acquisition, ownership and disposition of the Notes. It describes consequences for beneficial owners of the Notes based on law and practice as at the date of this Prospectus. The discussion is only a summary. It is not intended as tax advice, and it does not describe all of the tax considerations that may be relevant to a prospective purchaser. EACH PROSPECTIVE PURCHASER IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES UNDER ITS CIRCUMSTANCES OF PURCHASING, HOLDING AND SELLING THE NOTES UNDER THE LAWS OF IRELAND, THE UNITED STATES, THEIR POLITICAL SUBDIVISIONS AND ANY OTHER JURISDICTIONS WHERE THE PROSPECTIVE PURCHASER MAY BE SUBJECT TO TAX.

Irish Taxation

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the **1997 Act**) for certain interest bearing securities (**quoted eurobonds**) issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the ISE).

Any interest paid on such quoted eurobonds can be paid free of withholding tax provided:

- (a) the person by or through whom the payment is made is not in Ireland; or
- (b) the payment is made by or through a person in Ireland, and either:
 - (i) the quoted eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (DTC, Euroclear and Clearstream, Luxembourg are so recognised), or
 - (ii) the person who is the beneficial owner of the quoted eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in DTC, Euroclear and/or Clearstream, Luxembourg, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a “qualifying company” (within the meaning of Section 110 of the 1997 Act) (**Qualifying Company**) and provided the interest is paid to a person resident in a “**Relevant Territory**” (i.e. a member state of the European Union (other than Ireland) or in a country with which Ireland has a double taxation agreement). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

Encashment Tax

Interest on any Note which qualifies for exemption from withholding tax on interest as a quoted eurobond realised or collected by an agent in Ireland on behalf of any Noteholder who is Irish resident will be subject to a withholding at the standard rate of Irish income tax (currently 20%). This encashment withholding tax does not apply in the case of a Noteholder who is resident outside Ireland and is able to verify that fact to the satisfaction of the collection agent.

Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax and levies. Ireland operates a self assessment system in respect of

income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a Relevant Territory provided either (i) the Notes are quoted eurobonds and are exempt from withholding tax as set out above (ii) the Issuer is a Qualifying Company for the purposes of s110 of the 1997 Act or (iii) the recipient of the interest is a company resident in a Relevant Territory.

For those investors who are not resident in such jurisdictions, there is a general charge to income tax in Ireland for non-residents in receipt of Irish source income. Ireland operates a self-assessment system in respect of income and corporation taxes and any person with Irish source income chargeable to tax comes within its scope, including a company or individual not resident in Ireland. It is generally understood that where a non resident person who is entitled to interest on securities such as the Notes does not have any other tax connection with Ireland such as a claim for repayment of tax deducted at source, or an Irish branch or agency, and where collection of tax in respect thereof under their various powers would not be readily practicable, any such liability is not pursued by the Revenue Commissioners, but there is no guarantee that this will continue.

Capital Gains Tax

Non-Irish resident investors will not be liable to capital gains tax on the Notes which are listed on a stock exchange or admitted to trading on a regulated market. It is intended that the Notes will be listed on the ISE. If a non Irish resident Noteholder disposed of Notes which were not listed on a stock exchange, Irish capital gains tax would only arise if the Notes derived the greater part of their value from land in Ireland, or from minerals in Ireland or Irish mineral exploration or exploitation rights. The Irish Revenue Commissioners have previously confirmed in relation to an issue by an Irish company of mortgage backed securities that such securities are not regarded as deriving their value from the land in Ireland over which the mortgages subsist and accordingly, in the case of non-Irish residents, the Notes will fall outside the charge to capital gains tax in the event that they cease to be listed on a stock exchange.

Capital Acquisitions Tax

If the Securities are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponent or, in the case of certain settlements, an Irish domiciled disponent, or if the recipient is resident or ordinarily resident for tax purposes in Ireland, or the Notes are regarded as property situate in Ireland, the recipient (or, in certain cases, the disponent) may be liable to Irish capital acquisitions tax.

The Notes, being in registered form, would be generally regarded as property situate in Ireland if the principal register is maintained in Ireland but the Notes may be regarded as situated in Ireland regardless of the location of the register as they secure a debt due by an Irish resident debtor and they are secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

The rate of capital acquisitions tax is currently 20 per cent.

Stamp Duty

No stamp duty or similar tax is imposed in Ireland on the issue (on the basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999 provided the money raised on the issue of the Notes is used in the course of the Issuer's business as a Qualifying Company), transfer or redemption of the Notes whether they are represented by Global Notes or Definitive Registered Notes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State is required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual or residual entity resident in that other Member State; however, for a transitional period, Austria, Belgium and Luxembourg may instead apply a withholding system in relation to such payments, deducting tax at rates rising over time to 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. A residual entity is a person or undertaking who receives or secures interest on behalf of a beneficial owner, and which is not:

- a company or other legal person but excluding certain Finnish and Swedish entities;
- an entity subject to Irish corporation tax or a tax in another EU Member State or dependent territory corresponding to Irish corporation tax;
- an Irish or EU UCITS;
- an entity that has elected to be treated as a UCITS.

Also with effect from 1 July 2005, a number of non-EU countries, and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within their respective jurisdictions to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual or residual entity resident in another EU Member State and certain non-EU countries and associated and dependent territories of a Member State (Andorra, Liechtenstein, Monaco, San Marino, The Swiss Confederation, Aruba, Netherlands Antilles, Jersey, Gibraltar, Guernsey, Isle of Man, Aguiña, British Virgin Islands, Cayman Islands, Montserrat and the Turks and Caicos Islands) will have to provide details of the payment to the Irish Revenue Commissioners in an annual return to be lodged by 31 March in the year following the year in which the interest payment is made. The Revenue Commissioners in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

United States Federal Income Taxation

To ensure compliance with requirements imposed by the U.S. Internal Revenue Service, we inform you that any tax discussion herein was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding U.S. Federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued pursuant to this prospectus. Prospective purchasers of the U.S. Offered Notes should consult their own tax advisers as to the particular U.S. Federal income tax consequences to them of the purchase, ownership and disposition of the U.S. Offered Notes as well as the applicability and effect of any state, local, foreign or other tax laws.

The following is a summary of certain U.S. Federal income tax consequences to a U.S. Holder (defined below) of its acquisition, ownership and disposition of the A1 Notes and the A2 Notes in reliance on Rule 144A (the **U.S. Offered Notes**). The following summary applies only to a U.S. Holder that acquires a U.S. Offered Note on original issue at its "issue price" (the first price at which a substantial amount of U.S. Offered Notes is sold for money, excluding sales to bond houses, brokers, or similar persons or organisations acting in the capacity of underwriters, placement agents, or wholesalers) and holds such U.S. Offered Note as a "capital asset" (generally, property held for investment). In addition, the following summary does not discuss aspects of U.S. Federal income tax law that may be applicable to a U.S. Holder in light of its particular situation, including, among others, as an insurance company, a tax-exempt organisation, a bank, a dealer in securities or currencies, a securities dealer that elects the mark-to-market treatment, a U.S. Holder that holds a U.S. Offered Note as part of a "straddle," "hedge" or "conversion transaction" for U.S. Federal income tax purposes, a U.S. Holder entering into "constructive transactions" with respect to the U.S. Offered Notes, or a U.S. Holder whose functional currency is not the U.S. dollar. Further, this discussion does not address any tax consequences applicable to holders of equity interests in a holder of the Notes.

The following summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the **Code**), applicable Treasury Regulations, judicial authority and administrative rulings and practices, in effect as of the date of this offering, any of which may be appealed, revoked or otherwise altered with retroactive effect, thereby changing the U.S. Federal income tax consequences discussed below. There is no assurance that the U.S. Internal Revenue Service (the **IRS**) will not take a contrary view, and no ruling from the IRS has been or will be sought.

As used herein, the term **U.S. Holder** means a beneficial owner of a U.S. Offered Note that is for U.S. Federal income tax purposes:

- (a) a citizen or resident of the United States,
- (b) a corporation created or organised under the laws of the United States or of any political subdivision thereof,
- (c) an estate whose income is subject to U.S. Federal income taxation regardless of its source,
- (d) a trust, if both
 - (i) a court within the United States is able to exercise primary jurisdiction over the administration of the trust, and
 - (ii) one or more United States persons have the authority to control all substantial decisions of the trust, or
- (e) a trust in existence on 20 August 1996, and treated as a United States person prior to such date, that has elected to continue to be treated as a United States person.

If a partnership (including an entity treated as a partnership for U.S. Federal income tax purposes) holds a U.S. Offered Note, the U.S. Federal income tax treatment of a partner in such partnership generally will depend upon the activities of the partnership and the status of the partner. Therefore, partners in a partnership holding a U.S. Offered Note should consult their own tax advisers regarding the U.S. Federal income tax consequences to such partners of the acquisition, ownership and disposition of the U.S. Offered Note by such partnership.

Treatment of U.S. Offered Notes

The Issuer will treat the U.S. Offered Notes as debt for U.S. Federal income tax purposes. Each U.S. Holder of a U.S. Offered Note, by acceptance of such U.S. Offered Note, will agree to treat such U.S. Offered Note as debt for U.S. Federal income tax purposes. Although there is no authority addressing the characterisation of securities with terms similar to the U.S. Offered Notes under current law, and while not free from doubt, Clifford Chance U.S. LLP, special U.S. tax counsel to the Issuer (**U.S. Tax Counsel**), is of the opinion that the U.S. Offered Notes will be treated as debt for U.S. Federal income tax purposes. The opinion of U.S. Tax Counsel is not binding on the IRS, and no assurance can be given that the characterisation of the U.S. Offered Notes as debt will prevail if the issue were challenged by the IRS. Prospective U.S. Holders should consult with their tax advisers as to the effect of a recharacterisation of the U.S. Offered Notes as equity interests in the Issuer. The remainder of this discussion assumes the U.S. Offered Notes will be treated as debt for U.S. Federal income tax purposes.

The U.S. Offered Notes will not be qualifying real property loans in the hands of domestic building and loan associations, real estate investment trusts, or REMICs under Section 7701(a)(19)(C), 856(c)(5)(B) or 860G(a)(3) of the Code, respectively.

Interest on the U.S. Offered Notes

In general, stated interest on a U.S. Offered Note that is considered "qualified stated interest" will be includible in the gross income of a U.S. Holder in accordance with its regular method of tax accounting. "Qualified stated interest" is interest that is unconditionally payable at least annually at a single fixed or qualified floating rate.

Interest on the U.S. Offered Notes is unconditionally payable at a qualified floating rate, and hence will be treated as "qualified stated interest" and taxed under a U.S. Holder's regular method of accounting.

Interest, if any, on a U.S. Offered Note will be treated as arising from foreign sources for foreign tax credit purposes. The rules relating to foreign tax credits and the timing thereof are complex. U.S. Holders should consult their own tax advisers regarding the availability of a foreign tax credit and the application of the foreign tax credit limitations to their particular circumstances.

Sale, Retirement or Other Taxable Disposition

In general, a U.S. Holder will recognise capital gain or loss upon the sale, retirement or other taxable disposition of a U.S. Offered Note in an amount equal to the difference between the amount of cash and the fair market value of the property received in exchange for the U.S. Offered Note (except to the extent attributable to the payment of accrued interest and original issue discount, if any, not previously taken into income, which generally will be taxable to the U.S. Holder as ordinary income) and the U.S. Holder's adjusted tax basis in the

U.S. Offered Note. A U.S. Holder's tax basis in a U.S. Offered Note generally will equal the acquisition cost of the Note, reduced for any amounts received by the U.S. Holder from the Issuer in respect of the U.S. Offered Note other than qualified stated interest. In addition, to the extent that any U.S. Offered Note is issued with original issue discount, the U.S. Holder will increase the U.S. Holder's tax basis in the U.S. Offered Note by the amount included in income as original issue discount and decrease it by amounts received from the Issuer in respect of the U.S. Offered Note other than qualified stated interest. Gain or loss realised on the sale, retirement or other taxable disposition of a U.S. Offered Note will be long-term capital gain or loss if the U.S. Holder held the U.S. Offered Note for more than one year at the time of the sale, retirement or other taxable disposition of the U.S. Offered Note. Gain or loss realised by a U.S. Holder on the sale, retirement or other taxable disposition of a U.S. Offered Note generally will be U.S. source gain or loss for foreign tax credit purposes.

Tax Shelter Reporting Requirements

If a U.S. Holder realises a loss upon the disposition or deemed disposition of the U.S. Offered Notes in an amount that exceeds a certain threshold, or if a U.S. Holder realises a foreign currency loss in an amount that exceeds a certain threshold, it is possible that the provisions of U.S. Treasury Regulations involving "reportable transactions" could apply, with a resulting requirement to separately disclose the loss generating transaction to the IRS. While these regulations are directed towards "tax shelters," they are written quite broadly, and apply to transactions that would not typically be considered tax shelters. In addition, a significant penalty is imposed on taxpayers that participate in a "reportable transaction" and fail to make the required disclosure. The penalty is generally \$10,000 for natural persons and \$50,000 for other persons (increased to \$100,000 and \$200,000, respectively, if the reportable transaction is a "listed" transaction). U.S. Holders should consult their own tax advisers concerning any possible disclosure obligation with respect to the U.S. Offered Notes.

Foreign Tax Credits

To the extent that payments to a U.S. Holder of interest on, or proceeds from the sale, redemption or other taxable disposition of, the U.S. Offered Notes are subject to an Ireland income or withholding tax, it may be possible for the U.S. Holder to reduce or eliminate such income or withholding tax under the United States-Ireland income tax treaty. To the extent that the United States-Ireland income tax treaty does not reduce or eliminate income or withholding tax, the U.S. Holder may use such amounts as a credit against its U.S. Federal income tax liability in respect of any such payments that are treated as foreign source income, or as a deduction to reduce its taxable income, in each case subject to certain limitations.

Information Reporting and Backup Withholding

A U.S. Holder that is an exempt recipient will not be subject to information reporting requirements with respect to principal of, interest on, and proceeds from the sale, retirement or other taxable disposition of, a U.S. Offered Note. A U.S. Holder that is not an exempt recipient may be subject to information reporting requirements. Such U.S. Holder can satisfy this requirement by providing the Issuer or its paying agent with a duly completed and executed copy of an IRS Form W-9 or a substantially similar form. In general, individuals are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

If a U.S. Holder subject to the information reporting requirement fails to provide the Issuer or its paying agent with a duly completed and executed copy of an IRS Form W-9 or a substantially similar form, or the information on such form, including the U.S. Holder's U.S. taxpayer identification number, is incorrect, or the IRS notifies the Issuer or its paying agent that the U.S. Holder has failed to report or under-reported payments of interest or dividends, the Issuer or its paying agent will be required to withhold a portion of all payments it makes to the U.S. Holder and pay to the IRS as a backup against the U.S. Holder's potential U.S. Federal income tax liability. Backup withholding is not an additional tax and will be credited against the U.S. Holder's U.S. Federal income tax liability or refunded to the U.S. Holder, provided that the holder timely files a tax return with the IRS. **Prospective purchasers should consult their own tax advisers regarding the applicability of the information reporting and backup withholding rules to them.**

The above summary is not intended to constitute a complete analysis of all U.S. income tax consequences relating to U.S. Holders of their acquisition, ownership and disposition of the U.S. Offered Notes. U.S. Holders should consult their own tax advisers concerning the tax consequences to them of the acquisition, ownership and disposition of the U.S. Offered Notes in light of their particular circumstances under the U.S. Federal, state, local, foreign and other laws.

CERTAIN ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended, imposes certain duties on persons who are fiduciaries of employee benefit plans subject thereto (as defined in Section 3(3) of ERISA) (**ERISA Plans**) and of entities whose underlying assets include assets of ERISA Plans by reason of an ERISA Plan's investment in such entities.

Any fiduciary of an ERISA Plan, of an entity whose underlying assets include assets of ERISA Plans by reason of an ERISA Plan's investment in such entity, or of a governmental, church or other certain plan that is subject to fiduciary standards similar to those of ERISA (Plan Fiduciary), that proposes to cause such a plan or entity to purchase Notes should determine whether, under the applicable fiduciary standards of ERISA (or such other similar law, as applicable), an investment in the Notes is appropriate for such plan or entity.

Section 406(a) of ERISA and Section 4975 of the Code, as amended prohibit certain transactions (**Prohibited Transactions**) involving the assets of ERISA Plans or plans described in section 4975(e)(1) of the Code (together with ERISA plans, **Plans**) and certain persons (referred to as **Parties in Interest** or **Disqualified Persons**) having certain relationships to such Plans and entities. A Party in Interest or Disqualified Person who engages in a non-exempt prohibited transaction may be subject to non-deductible excise taxes and other penalties and liabilities under ERISA and the Code. Each of the Issuer and the Trustee (in any capacity) as a result of their own activities or because of the activities of an affiliate, may be considered a Party in Interest or Disqualified Person with respect to Plans and prohibited transactions may arise if such Plans acquire Notes.

Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable depending in part on the type of Plan Fiduciary making the decision to acquire Notes and the circumstances under which such decision is made. Such exemptions may not, however, apply to all of the transactions that could be deemed prohibited transactions in connection with an investment by a Plan, and there can be no assurance that any exemption will be available with respect to any particular transaction involving the Notes.

Each purchaser of the A Notes (or any interest therein) will be deemed to have represented and agreed that either (1) it is not, and for so long as it holds such Notes or any interest in such Notes it will not be (a) an "employee benefit plan" subject to ERISA or a "plan" that is subject to Section 4975 Code, (b) any entity whose underlying assets include (or are deemed for purposes of ERISA or Section 4975 of the Code to include) "plan assets" by reason of such plan's investment in the entity, or (c) a governmental or other employee benefit plan which is subject to any U.S. federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**Similar Law**), or (2) its purchase and holding of such Notes or any interest in such Notes will not constitute or result in a prohibited transaction under Section 406 of ERISA or section 4975 of the Code (or, in the case of a governmental or other employee benefit plan, a violation of any such substantially Similar Law) for which an exemption is not available.

The United States Department of Labor, the government agency primarily responsible for enforcement of the ERISA fiduciary rules and the prohibited transaction rules under ERISA and the Code, has issued a regulation pursuant to which (the **Plan Asset Regulation**) the assets of an investment vehicle (such as the Issuer) may be treated as the assets of each Plan investing in such investment vehicle. The Plan Asset Regulation provides, however, that if equity participation in any entity by "**Benefit Plan Investors**" is not significant then this so-called "look-through" rule will not apply to such entity. **Benefit Plan Investors** are defined in the Plan Asset Regulation to include (1) any employee benefit plan (as defined in Section 3(3) of ERISA), that is subject to Title I of ERISA, (2) any plan that is subject to Section 4975 of the Code, and (3) any entity whose underlying assets include plan assets by reason of a plan's investment in the entity. Equity participation by Benefit Plan Investors in an entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, having discretionary authority or control over the assets of the entity or providing investment advice with respect to the assets of the entity for a fee, direct or indirect, or any affiliates of such persons (any such person, a "Controlling Person")) is held by Benefit Plan Investors.

If the underlying assets of an entity are deemed to be "plan assets," pursuant to the "look-through" rule described above the obligations and other responsibilities of Plan sponsors, Plan Fiduciaries and Plan administrators, and of Parties in Interest and Disqualified Persons, under Parts 1 and 4 of Subtitle B of Title I of ERISA and Section 4975 of the Code, as applicable, may be expanded, and there may be an increase in their liability under these and other provisions of ERISA and the Code (except to the extent (if any) that a favorable statutory or administrative exemption or exception applies); in addition, various providers of fiduciary or other services to the entity, and any other parties with authority or control with respect to the entity, could be deemed

to be Plan Fiduciaries or otherwise parties in interest or disqualified persons by virtue of their provision of such services (and there could be an improper delegation of authority to such providers).

There is little pertinent authority in this area. However, it is anticipated that the A Notes should not constitute "equity interests" in the Issuer as discussed in the United States Federal Income Taxation section below.

In light of the Plan Asset Regulations, it is not intended that any of the B Notes, C Notes or D Notes or any interests in such Notes be purchased or held by or transferred to, Benefit Plan Investors subject to ERISA or Section 4975 of the Code, and each purchaser of a B Note, C Note or D Note will be deemed to have represented, warranted and agreed that the purchaser is not, and for so long as it holds such Notes or any interest therein will not be, a Benefit Plan Investor that is subject to Title I of ERISA or Section 4975 of the Code. Further, employee benefit plans which are not ERISA Plans may be subject to U.S. federal, state or local laws that are substantially similar to Section 406 of ERISA or Section 4975 of the Code (**Similar Law**), and, if the purchaser is or may become a governmental or other employee benefit plan which is not an ERISA Plan, it will be deemed to have represented and warranted that its purchase and holding of B Notes, C Notes or D Notes will not constitute or result in a violation of such Similar Law.

Any fiduciary of an ERISA Plan, a Plan or a governmental, church or other employee benefit plan subject to provisions of federal, state, or local law similar to ERISA or Section 4975 of the Code considering the purchase of Notes should consult with its own legal and tax advisors with respect to the potential applicability of ERISA, Section 4975 of the Code, or such similar provisions of federal, state, or local law to such purchase, the consequences of such purchase under ERISA, Section 4975 of the Code, or such similar provisions of federal, state, or local law, and the ability to make the representation described above.

The discussion of ERISA and Section 4975 of the Code contained in this document is of necessity a general discussion and does not purport to be complete. Moreover, the provision of ERISA and the Code are subject to extensive and continuing administrative and judicial interpretation and review.

Therefore, the matters discussed above may be affected by future regulations, rulings and court decisions, some of which may have retroactive application and effect.

SUBSCRIPTION AND SALE

1. Pursuant to a subscription agreement dated 19 February 2007 among Deutsche Bank AG, London Branch (the **Arranger**), Barclays Bank PLC (in respect of the Regulation S Notes), Barclays Capital Inc. (in respect of the Rule 144A Notes) and Citigroup Global Markets Limited (together with the Arranger, the **Joint Lead Managers**, and each a **Joint Lead Manager**), The Governor and Company of the Bank of Ireland and J&E Davy (the **Co-Managers** and together with the Joint Lead Managers, the **Managers**), the Issuer and ICS (the **Subscription Agreement**), the Joint Lead Managers have agreed, severally and not jointly, with the Issuer to purchase the A Notes at the issue price of 100 per cent. of the principal amount of such A Notes; the B Notes at the issue price of 100 per cent. of the principal amount of such B Notes; the C Notes at the issue price of 100 per cent. of the principal amount of such C Notes; and the D Notes at the issue price of 100 per cent. of the principal amount of such D Notes.

The Co-Managers acted as intermediaries between the Joint Lead Managers and certain investors in the Notes, but will not be under any obligation under the Subscription Agreement or otherwise to subscribe for any of the Notes either from the Issuer or from the Joint Lead Managers.

The Issuer will pay to the Joint Lead Managers a combined management, selling and underwriting commission of 0.07 per cent. of the aggregate principal amount of the Notes.

2. The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Lead Managers in certain circumstances prior to payment for the Notes to the Issuer. The Issuer and ICS have agreed to indemnify the Managers against certain liabilities in connection with the issue of the Notes.

United States

3. Terms used in this section have the meanings given to them by Regulation S under the Securities Act. The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.
4. Each of the Managers has represented that it is a qualified institutional buyer as defined in Rule 144A (a **QIB**) and has agreed not to offer or sell any Rule 144A Notes (or any beneficial interests therein) constituting part of its allotment within the United States or to, or for the account or benefit of, U.S. Persons, except to persons (including any other distributor and any dealers) that are or that it reasonably believes are QIBs, in reliance on Rule 144A under the Securities Act.
5. Each of the Managers has agreed that, in connection with the offer, sale and issuance of the Rule 144A Notes, the Rule 144A Notes have not been and will not be registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, a U.S. person except to "qualified institutional buyers" (as defined in Rule 144A), and the Issuer is relying on an exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.
6. Each Manager has further agreed that it will offer and sell the Regulation S Notes (or any beneficial interest therein): (i) as part of their distribution at any time in accordance with Regulation S; and (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (the **Distribution Compliance Period**) only in an offshore transaction to, or for the account or benefit of, non-U.S. persons outside of the United States in accordance with Rule 903 of Regulation S under the Securities Act and, that neither it, its affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Notes and it and its affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable.
7. Each Manager has further agreed that it will send to each distributor, dealer or person receiving a selling concession, fee or other remuneration in respect of the Notes to which it sells any Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.
8. Until 40 days after the later of the commencement of the offering of and the Closing Date with respect to any Class of Notes, an offer or sale of any Notes within the United States by any distributor, dealer or

person receiving a selling concession, fee or other remuneration in respect of the Notes, (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

9. Each Manager under the Subscription Agreement will also agree that, at or prior to confirmation of sales of any Notes, it will have sent to each distributor, dealer or other person to which it sells Notes a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.
10. The Subscription Agreement will provide that each Manager, through its U.S. registered broker-dealer affiliates, may arrange for the offer and resale of Notes in the United States to persons that are QIBs in transactions made in compliance with Rule 144A under the Securities Act. Each of the Managers under the Subscription Agreement has agreed that neither it, nor its Affiliates, nor any persons acting on its or their behalf, has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) in connection with the offer and sale of the Notes in the United States.

Ireland

11. Each Manager has represented and agreed that:
 - (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;
 - (b) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Act 1989 (as amended) and any codes of conduct rules made under Section 117(1) thereof;
 - (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Financial Regulator; and
 - (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Financial Regulator.

United Kingdom

12. Each Manager has represented and agreed that:
 - (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell the Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of Investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
 - (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21 (1) of FSMA does not apply to the Issuer; and
 - (c) it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Italy

13. The Managers acknowledge and agree that the offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or any other document relating to the Notes be distributed in the Republic of Italy, except to:
- (a) professional investors (**operatori qualificati**), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998; or
 - (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999.

Any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy above must be 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 1st September, 1993 (the **Banking Act**) and in accordance with any other applicable laws and regulations.

The Managers undertake to comply with any information request from the Bank of Italy pursuant to article 129 of the Italian Banking Act.

European Economic Area

14. In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:
- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
 - (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than euro 43,000,000 and (3) an annual net turnover of more than euro 50,000,000, as shown in its last annual or consolidated accounts; or
 - (c) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

General

15. Other than the approval of this Prospectus as a prospectus by the Financial Regulator as competent authority under Directive 2003/71/EC and admission of the Notes to trading on the regulated market of the ISE, no action is being taken to permit a public offering of the Notes, or possession or distribution of the Prospectus or other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required.

16. Each Manager has undertaken not to offer or sell, directly or indirectly, any Notes, or to distribute or publish this Prospectus or any other material relating to the Notes, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.
17. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any country or jurisdiction where such an offer or solicitation is not authorised.

REPORTS TO NOTEHOLDERS

The Mortgage Manager will prepare annual and quarterly reports that will contain information about the Issuer, the Notes and the Mortgage Pool. The financial information contained in the reports will not be prepared in accordance with generally accepted accounting principles of any jurisdiction. Annual and quarterly reports prepared by the Mortgage Manager will be sent by the Mortgage Manager on behalf of the Issuer to Cede & Co. and Citivic Nominees Limited, as applicable, as the registered holder of the Notes, unless and until individual note certificates are issued. Reports will not be sent to beneficial owners of the Notes by the Mortgage Manager. Cede & Co. and Citivic Nominees Limited, as applicable, may make such reports available to beneficial owners upon request in accordance with their rules.

ENFORCEMENT OF FOREIGN JUDGMENTS IN IRELAND

The Issuer is an Irish company incorporated with limited liability in Ireland.

Any final and conclusive judgment of any New York State or United States Federal Court sitting in the Borough of Manhattan in the City of New York having jurisdiction recognised by Ireland in respect of an obligation of the Issuer in respect of the Notes for a fixed sum of money and which has not been stayed or satisfied in full, would be enforceable by action against the Issuer in the courts of Ireland without a re-examination of the merits of the issues determined by the proceedings in the New York State or United States Federal Court.

This will be the case unless the following occurs:

- (a) the proceedings in the New York State or the United States Federal Court in which the judgment was obtained were contrary to the principles of natural or constitutional justice;
- (b) enforcement of the judgment is contrary to the public policy of Ireland;
- (c) the judgment was obtained by fraud or duress or was based on a clear mistake of fact;
- (d) the judgment is of a public nature (for example, a penal or revenue judgment);
- (e) there has been a prior judgment in another court concerning the same issues between the same parties as are dealt with in the judgment of the New York State or the United States Federal Court; and
- (f) the enforcement proceedings are not instituted within six years after the date of the judgment.

A judgment by an Irish court may be given in some cases only in euro.

All of the directors of the Issuer reside outside the United States. Substantially all of the assets of all or many of such persons are located outside the United States. As a result, it may not be possible for the Noteholders to effect service of process within the United States upon such persons with respect to matters arising under the federal securities laws of the United States or to enforce against them judgments obtained in United States courts predicated upon the civil liability provisions of such laws.

Based on the restrictions referred to above there is doubt as to the enforceability in Ireland, in original actions or in actions for enforcement of judgments of United States courts, of civil liabilities predicated upon the federal securities laws of the United States.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 15 February 2007.
2. It is expected that admission of the Notes to the Official List of the ISE and to trading on the regulated market of the ISE will be granted on or around 1 March 2007. The listing of the Notes is conditional upon the issue of the Global Notes, which is expected to take place on the Closing Date. Transactions will normally be effected for delivery on the third working day after the day of the transaction.
3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg and the Dollar Notes have been accepted for clearance through DTC. The Common Codes, ISINs, WKNs and, to the extent applicable, the CUSIPs for the Regulation S Notes and the Rule 144A Notes are as follows:

	Reg S Common Code	Reg S ISIN	WKN	Reg S CUSIP	Rule 144A Common Code	Rule 144A ISIN	Rule 144A CUSIP
A1 Notes	28633505	XS0286335053	A0LMN0	GS257AAA7	28797125	US493897AA01	493897AA0
A2 Notes	28633521	XS0286335210	A0LMN1	GS257AAB5	28797176	US493897AB83	493897AB8
A3 Notes	28633599	XS0286335996	A0LMN2	-	-	-	-
B Notes	28633637	XS0286336374	A0LMN3	-	-	-	-
C Notes	28633653	XS0286336531	A0LMN4	-	-	-	-
D Notes	28633688	XS0286336887	A0LMN5	-	-	-	-

4. The auditors of the Issuer are PricewaterhouseCoopers of George's Quay, Dublin 2. PricewaterhouseCoopers are a member of the Institute of Chartered Accountants in Ireland. So long as the Notes are traded on the regulated market of the ISE, the most recent published audited annual accounts of the Issuer will be available at the Specified Office of the Principal Paying Agent. The Issuer does not publish interim accounts.
5. The Issuer is not nor has it been involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) since the date of its incorporation which may have or have had in the recent past, significant effects on the Issuer's financial position or profitability.
6. In relation to this transaction the Issuer, as at the date of this document, has entered into the Subscription Agreement referred to under "Subscription and Sale" above, which is or may be material.
7. Since 25 January 2007, being the date of incorporation of the Issuer, there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or financial position of the Issuer.
8. The total expenses related to the admission of the Notes to trading on the regulated market of the ISE are estimated to be €5,782.40.
9. Copies of the following documents may be physically inspected during usual business hours at the offices of the Issuer and the Principal Paying Agent from the date of this document and so long as any of the Notes remains outstanding:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the Corporate Services Agreement;
 - (c) this Prospectus;
 - (d) the Subscription Agreement;
 - (e) drafts of the following agreements (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 Master Definitions Schedule;

- (v) the Mortgage Sale Agreement;
- (vi) the Mortgage Management Agreement;
- (vii) the GIC Agreement;
- (viii) the Subordinated Loan Agreement;
- (ix) the Declaration of Trust;
- (x) the Interest Rate Swap Transaction; and
- (xi) the Cross Currency Swap Transactions.

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