

# EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

From: EBS Limited  
Month Ending: 30 November 2012  
Interest Payment Date: 17 December 2012

## INVESTOR CONTACTS

Mark Whelan	Senior Manager, EBS Limited	00353 1 641 7164	<a href="mailto:mark.whelan@mail.ebs.ie">mark.whelan@mail.ebs.ie</a>
Jonathan Lynch	Collateral Management Specialist, EBS Limited	00353 1 641 7195	<a href="mailto:jonathan.lynch@mail.ebs.ie">jonathan.lynch@mail.ebs.ie</a>

## DETAILS OF NOTES ISSUED

Class of Notes	Reference	Original Rating Fitch / Moodys	Original Tranche Balance (Euro)	Original Interest Rate	Post Amendment Rating Fitch / Moodys	Post Amendment Tranche Balance (Euro)	Post Amendment Interest Rate	Final Maturity
A Notes <sup>1</sup>	XS0352154503	N/R / Aaa	2,375,000,000.00	1 month Euribor +0.70%	AA- / A1	1,529,604,525.15	Fixed 1.75%	2050
B Notes	XS0352155146	N/R / Baa3	125,000,000.00	1 month Euribor +1.25%	N/R / N/R	125,000,000.00	Fixed 0.25%	2050

## DEAL INFORMATION

Issue Date	20 March 2008
First Distribution Date	15 May 2008
Deal Amendment Date	23 February 2011
Minimum Denominations	€100,000.00
Payment Frequency	Monthly
Interest Calculation (pre amendment)	Actual / 360
Interest Calculation (post amendment)	Actual / Actual

## THIS REPORT

Interest Period Start Date	15 November 2012
Interest Period End Date	17 December 2012
No of days in Interest Period	32
Next Payment Date	15 January 2013

## EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

### PRINCIPAL PAYMENT ON NOTES

Class of Notes	Original Balance Euro	% of Bonds	Opening Balance Euro	% of Bonds	Amortisation Euro	Closing Balance Euro	% of Bonds
A Notes <sup>2</sup>	2,375,000,000.00	95.00%	1,264,266,104.31	91.00%	(10,666,486.30)	1,253,599,618.01	90.93%
B Notes	125,000,000.00	5.00%	125,000,000.00	9.00%	0.00	125,000,000.00	9.07%
<b>Total</b>	<b>2,500,000,000.00</b>	<b>100%</b>	<b>1,389,266,104.31</b>	<b>100%</b>	<b>(10,666,486.30)</b>	<b>1,378,599,618.01</b>	<b>100%</b>

### INTEREST PAYMENT ON NOTES

Class of Notes~	Reference	Rate	No of days	Interest due Euro	Interest paid Euro	Unpaid Interest	Cumulative Unpaid
A Notes	XS0352154503	Fixed 1.75%	32	1,843,950.00	1,843,950.00	0	0
B Notes *	XS0352155146	Fixed 0.25%	32	26,050.00	-	26,050	627,325

~ Calculations are based on denominations of 50,000 with the interest amount rounded to 2 decimal places.

\* No interest will be paid on the Class B notes due the "deemed loss" feature that was introduced at deal amendment date. i.e., while Class A bonds are outstanding the new waterfall structure allows for revenue to reduce any balance on the principal deficiency ledgers prior to interest being paid on the Class B bonds.

### CREDIT ENHANCEMENT AND LIQUIDITY FACILITIES

	Provider	Balance at Closing	Balance at Amendment Date	Balance at Start of Month	Repayments/Drawings in Month	Replenished in Month	Balance at Close of Month	Balance Required	Deficit
Class Z Loan <sup>3</sup>	EBS	n/a	358,033,007.94	358,033,007.94	0.00	0	358,033,007.94	n/a	0
Reserve Fund <sup>4</sup> *	EBS	93,750,000.00	30,189,563.00	20,126,375.33	0.00	0	20,126,375.33	20,126,375.33	0
Liquidity Reserve <sup>5</sup>	EBS	n/a	0	n/a	0.00	0	n/a	n/a	0
Liquidity Facility <sup>6</sup>	EBS	50,000,000.00	0	-	0.00	0	0	n/a	0

\*In February 2012, following a change in the Clearing Account provider, the Reserve Fund has been reduced to 1% of the Principal Amount Outstanding of the Bonds and the principal balance of the Class Z loan at the Amendment Date

### DETAILS OF SWAP<sup>7</sup>

SWAP Provider	Notional Balance at Start EUR	Movement at IPD EUR	Notional Balance at End EUR
EBS – Moody's Rating Baa3/P-3 (at amendment date)	n/a	n/a	n/a

### MORTGAGE INSURANCE RECEIPTS

MIG settlement #1	451,277
MIG settlement #2	550,740
MIG settlement #3	1,818,835
MIG settlement #4	771,401
Less applied funds	0
<b>Net Total</b>	<b>3,592,254</b>

Monies received from an agreed settlement of mortgage indemnity insurance. These monies reside in the reserve account and will only be applied upon sale of a property that was covered under the settlement.

### NOTES

- Class A originally issued at Euribor + 0.70% but converted to fixed rate at 1.75% on February amendment date 2011.
- Amortisation of A Notes of €378,36m on February amendment date 2011.
- Class Z loan of €358.03m issued on February amendment date 2011.
- Reserve fund was reduced from €93.75m to €30.19m on February amendment date 2011. It was further reduced to €20.13m in February 2012 on transfer of the clearing account.
- Liquidity reserve was cancelled on February amendment date 2011.
- Liquidity facility was cancelled on February amendment date 2011.
- SWAP terminated on February amendment date 2011. Class A bonds converted to fixed rate coupon.

# EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

## REVENUE ANALYSIS

	EUR
Revenue Receipts	5,190,416.03
<i>Principal receipts on True Loss &amp; Deemed Loss Loans</i>	128,391.75
Interest on Bank Accounts	-
Drawing from Reserve Fund	-
Other Net Income	-
Available Redemption Funds to Cover Revenue Deficiency	-
Excess Redemption Funds	-
Available Revenue Funds	5,318,807.78

## ALLOCATION OF AVAILABLE FUNDS

	EUR
Trustee Fees	
Paying Agent, Corporate Servicer, Account Bank + Other 3rd Party Prior Payments	(24,680.43)
Servicer + Cash Manager Fees	(193,763.36)
Class A Notes Interest	(1,843,950.00)
Class A Principal Deficiency Ledgers	0.00
Reserve Fund up to Required Amount	0.00
Class B Principal Deficiency Ledgers (Class A notes outstanding)	0.00
Class Z Principal Deficiency Sub-Ledger (Class A notes outstanding)	(3,256,413.99)
Class B Note Interest	0.00
Class B Principal Deficiency Ledgers (Class A notes redeemed)	0.00
Class Z Loan Interest	0.00
Class Z Principal Deficiency Ledger (Class A notes redeemed)	0.00
Subordinated Loan Interest	0.00
Subordinated Loan Principal	0.00
Deferred Consideration	0.00
Total Allocation	(5,318,807.78)
Excess Retained	-

## PRINCIPAL DEFICIENCY LEDGER

	Opening Balance	Losses & Deemed Losses*	Total Credited	Closing	Cumulative Losses/ Revenue Deficiency	Cumulative Losses/ Revenue Deficiency
		Allocated this Period	this Period	Balance	Allocated	Revenue Deficiency Paid
A Notes	0	0	0	-	0	0
B Notes	0	0	0	-	0	0
Z Loan	83,716,627.01	5,771,839.25	3,256,413.99	86,232,052.27	174,936,739.83	88,704,687.57

\*Deemed Loss means in respect of a Mortgage Loan (without double counting): (i) the principal balance outstanding of such Mortgage Loan where the ratio between amounts due and unpaid by the scheduled interest and principal instalments for such Mortgage Loan exceeds an amount equal to the aggregate of 12 months of scheduled interest and principal instalments for such loan; (ii) if enforcement proceedings are completed, the principal balance of such Mortgage Loan prior to the application of realisation proceeds; and (iii) any principal loss arising as a result of the exercise of set-off by a Mortgage Borrower against the Seller in respect of any Mortgage Loan which has not been repurchased by the Seller.

Principal Recovered from Mortgage Loans Debited to the Principal Deficiency Ledger	
This Period	Cumulative
0	
0	
128,391.75	1,011,189.08

# EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

## AVAILABLE PRINCIPAL FUNDS

	EUR
Principal Receipts Received	7,538,464.06
Less Principal Receipts on Deemed Loss Loans	(128,391.75)
Credit Class A, B + Z Principal Deficiency Ledger	3,256,413.99
Other Net Income	0
Less Amount to pay a Revenue Deficiency	0
<b>Total Redemption Funds</b>	<b>10,666,486.30</b>

## ALLOCATION OF AVAILABLE FUNDS

	EUR
Principal Class A Notes	10,666,486.30
Principal Class B Notes (Class A notes redeemed)	0.00
Principal Class Z Loan (Class A notes redeemed)	0.00
Excess as Available Revenue Receipts	0.00
<b>Total Allocation of Principal Receipts</b>	<b>10,666,486.30</b>

## POOL PERFORMANCE: Arrears Calculations

November M/E

	Principal Balance Amount	% Principal Balance	MOM Change %	Number	% Number	MOM Change
A. < 1 Payment	1,443,676,683	79.14%	-0.19%	13,515	83.05%	-0.18%
B. 1 - 3 Payments in Arrears	72,483,084	3.97%	-4.34%	602	3.70%	-1.07%
C. 3 - 6 Payments in Arrears	61,453,087	3.37%	4.01%	447	2.75%	2.23%
D. 6 - 9 Payments in Arrears	42,628,481	2.34%	-6.02%	283	1.74%	-8.90%
E. 9 - 12 Payments in Arrears	35,500,847	1.95%	2.63%	251	1.54%	3.36%
F. 12 - 15 Payments in Arrears	27,253,673	1.49%	0.00%	177	1.09%	0.93%
G. 15 - 18 Payments in Arrears	23,381,057	1.28%	-1.54%	170	1.04%	-2.80%
H. 18+ Payments in Arrears	117,844,999	6.46%	5.04%	828	5.09%	5.82%
<b>Total</b>	<b>1,824,221,912</b>	<b>100.00%</b>	<b>0.00%</b>	<b>16,273</b>	<b>100.00%</b>	<b>0.00%</b>

October M/E

	Principal Balance Amount	% Principal Balance	Number	% Number
A. < 1 Payment	1,452,776,324	79.29%	13,593	83.20%
B. 1 - 3 Payments in Arrears	75,996,654	4.15%	611	3.74%
C. 3 - 6 Payments in Arrears	59,406,266	3.24%	440	2.69%
D. 6 - 9 Payments in Arrears	45,571,238	2.49%	312	1.91%
E. 9 - 12 Payments in Arrears	34,795,547	1.90%	243	1.49%
F. 12 - 15 Payments in Arrears	27,306,952	1.49%	177	1.08%
G. 15 - 18 Payments in Arrears	23,739,083	1.30%	175	1.07%
H. 18+ Payments in Arrears	112,633,525	6.15%	786	4.81%
<b>Total</b>	<b>1,832,225,588</b>	<b>100.00%</b>	<b>16,337</b>	<b>100.00%</b>

EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

MORTGAGE PORTFOLIO ANALYSIS

	At end of Month (Euro)	Cumulative (Euro)
Opening Mortgage Principle Balance	1,832,577,542.35	2,500,000,000.00
Principal Losses		(9,099.28)
Early Redemptions	(1,918,473.28)	(467,482,069.39)
Scheduled Principal Payments	(5,953,119.28)	(202,258,247.44)
Capitalised Arrangements	52,511.35	761,652.26
Principal Repurchase		(6,253,775.01)
Closing Mortgage Principal Balance	1,824,758,461	1,824,758,461

	Previous Month	Current Month
Weighted average interest rate	3.91%	3.90%
Annualised CPR*	1.29%	1.24%

\* Annualised CPR is based on current month unscheduled repayments annualised. Taking scheduled repayments into account, the amortisation rate for the current month is 5.07%.

DEAL PARTICIPATION INFORMATION

		Minimum Rating per documentation	Current Rating	Rating Satisfied
Bank Account Provider	BNP Paribas	Fitch F1+ and Moody's P-1	Fitch F1+ and Moody's P-1	Yes
Clearing Account Provider	BNP Paribas	Fitch F1+ and Moody's P-1	Fitch F1+ and Moody's P-1	Yes
Servicer	EBS Limited	Fitch BBB- and Moody's Baa3	Fitch BBB- and Moody's Ba2	No**
Cash Manager	EBS Limited	Fitch BBB- and Moody's Baa3	Fitch BBB- and Moody's Ba2	No***
Corporate Servicer	EBS Limited	~	~	~
Back Up Cash Manager	Deutsche Bank	~	Moody's Aa3	~
Back Up Mortgage Servicer	Crown Mortgage Services Ltd.	~	~	~

\*\* A back-up servicer, Crown Mortgage Services has been appointed.

\*\*\* A back -up cash manager, Deutsche Bank, has been appointed.

Note Trustee	Citicorp Trustee Company Ltd.
Security Trustee	Citicorp Trustee Company Ltd.
Paying Agent	Citibank
Listing	Irish Stock Exchange

EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

EMERALD 5 STRATIFICATION TABLES

1. Loan Size

Principal Balance Amount Band	Principal Balance Amount	Principal Balance %	Number	Number %
A. <= 100k	390,355,599	21.40%	9,052	55.63%
B. 100 - 200k	624,894,299	34.26%	4,206	25.85%
C. 200 - 300k	561,911,676	30.80%	2,339	14.37%
D. 300 - 400k	184,564,501	10.12%	554	3.40%
E. 400 - 500k	34,957,394	1.92%	79	0.49%
F. > 500k	27,538,442	1.51%	43	0.26%
Total	1,824,221,912	100.00%	16,273	100.00%

Weighted Average Loan Size:

192,851.70

2. Original LTV

Original LTV Band	Principal Balance Amount	Principal Balance %	Number	Number %
A. 0% < OLTV <= 25%	17,271,148	0.95%	553	3.40%
B. 25% < OLTV <= 50%	141,384,458	7.75%	2,934	18.03%
C. 50% < OLTV <= 55%	41,825,035	2.29%	685	4.21%
D. 55% < OLTV <= 60%	47,292,077	2.59%	738	4.54%
E. 60% < OLTV <= 65%	53,041,214	2.91%	739	4.54%
F. 65% < OLTV <= 70%	66,439,619	3.64%	811	4.98%
G. 70% < OLTV <= 75%	82,852,179	4.54%	932	5.73%
H. 75% < OLTV <= 80%	90,534,409	4.96%	927	5.70%
I. 80% < OLTV <= 85%	166,258,945	9.11%	1,245	7.65%
J. 85% < OLTV <= 90%	402,663,936	22.07%	2,730	16.78%
K. 90% < OLTV <= 95%	710,642,461	38.96%	3,938	24.20%
L. 95% < OLTV <= 100%	1,005,912	0.06%	13	0.08%
M. 100% < OLTV <= 105%	8,990	0.00%	1	0.01%
N. 105% < OLTV <= 110%	136,636	0.01%	2	0.01%
O. OLTV > 110%	2,864,893	0.16%	25	0.15%
Total	1,824,221,912	100.00%	16,273	100.00%

Weighted Average Original LTV:

80.90%

## EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

### 3. Loan to Indexed Value\*

Pool LTV Band	Principal Balance Amount	Principal Balance %	Number	Number %
A. 0% < LTV <= 25%	84,703,475	4.64%	3,252	19.98%
B. 25% < LTV <= 50%	153,736,074	8.43%	2,726	16.75%
C. 50% < LTV <= 55%	28,015,849	1.54%	373	2.29%
D. 55% < LTV <= 60%	27,212,255	1.49%	344	2.11%
E. 60% < LTV <= 65%	32,884,731	1.80%	384	2.36%
F. 65% < LTV <= 70%	32,735,661	1.79%	362	2.22%
G. 70% < LTV <= 75%	34,676,322	1.90%	374	2.30%
H. 75% < LTV <= 80%	35,502,651	1.95%	351	2.16%
I. 80% < LTV <= 85%	44,875,768	2.46%	410	2.52%
J. 85% < LTV <= 90%	43,898,272	2.41%	406	2.49%
K. 90% < LTV <= 95%	54,163,609	2.97%	442	2.72%
L. 95% < LTV <= 100%	48,732,378	2.67%	417	2.56%
M. 100% < LTV <= 105%	57,018,327	3.13%	435	2.67%
N. 105% < LTV <= 110%	68,484,878	3.75%	468	2.88%
O. 110% < LTV <= 120%	149,800,895	8.21%	960	5.90%
P. 120% < LTV <= 130%	174,527,032	9.57%	1006	6.18%
Q. LTV > 130%	753,253,734	41.29%	3,563	21.90%
<b>Total</b>	<b>1,824,221,912</b>	<b>100.00%</b>	<b>16,273</b>	<b>100.00%</b>

Weighted Average Loan to Indexed Value 113.17%

\*Previously based on ERSI/PTSB price index. The ERSI/PTSB ceased to be applied monthly from December 2009, from which time a quarterly update was applied up to December 2010. From December 2010 the ERSI/PTSB index ceased to be released. A new CSO index commenced in March 2011, which is being applied from June end 2011 onwards.

### 4. Seasoning

Seasoning Band	Principal Balance Amount	Principal Balance %	Number	Number %
A. 0 < Months Old <= 24	134,009	0.01%	1	0.01%
C. 48 < Months Old <= 72	387,488,833	21.24%	2,340	14.38%
D. 72 < Months Old <= 96	762,869,838	41.82%	4,872	29.94%
E. 96 < Months Old <= 120	300,245,340	16.46%	2,257	13.87%
F. Months Old > 120	373,483,892	20.47%	6,803	41.81%
<b>Total</b>	<b>1,824,221,912</b>	<b>100.00%</b>	<b>16,273</b>	<b>100.00%</b>

Weighted Average Seasoning: 96.15 Months

## EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

### 5. Geographical Location

Property Area	Principal Balance Amount	Principal Balance %	Number	Number %
CARLOW	29,219,476	1.60%	285	1.75%
CAVAN	18,944,330	1.04%	192	1.18%
CLARE	47,845,836	2.62%	501	3.08%
CORK	120,187,635	6.59%	1,217	7.48%
DONEGAL	58,359,125	3.20%	648	3.98%
DUBLIN	623,368,322	34.17%	4,818	29.61%
GALWAY	44,767,267	2.45%	424	2.61%
KERRY	54,146,395	2.97%	556	3.42%
KILDARE	141,792,548	7.77%	1,199	7.37%
KILKENNY	27,472,113	1.51%	273	1.68%
LAOIS	27,469,211	1.51%	250	1.54%
LEITRIM	8,038,403	0.44%	82	0.50%
LIMERICK	80,309,439	4.40%	795	4.89%
LONGFORD	9,249,761	0.51%	113	0.69%
LOUTH	80,239,715	4.40%	795	4.89%
MAYO	23,396,140	1.28%	258	1.59%
MEATH	184,131,778	10.09%	1,428	8.78%
MONAGHAN	8,761,500	0.48%	96	0.59%
OFFALY	14,109,210	0.77%	142	0.87%
ROSCOMMON	12,202,418	0.67%	141	0.87%
SLIGO	17,440,631	0.96%	194	1.19%
TIPPERARY	37,512,583	2.06%	390	2.40%
WATERFORD	31,243,726	1.71%	297	1.83%
WESTMEATH	25,606,438	1.40%	288	1.77%
WEXFORD	31,487,572	1.73%	305	1.87%
WICKLOW	66,920,341	3.67%	586	3.60%
Total	1,824,221,912	100.00%	16,273	100.00%

### 6a. Interest Rate Description

Interest Rate Description	Principal Balance Amount	Principal Balance %	Number	Number %
Fixed	173,717,277	9.52%	1,343	8.25%
Other*	134,009	0.01%	1	0.01%
Tracker	369,680,621	20.27%	2,368	14.55%
Variable	1,280,690,005	70.20%	12,561	77.19%
Total	1,824,221,912	100.00%	16,273	100.00%

\*"Other" refers to loans on a zero interest rate. These loans are subject to a Mortgage Arrears Resolution Solution and have been processed as a loss via the Principal Deficiency Ledger

### 6b. Weighted Average Interest Rates

Interest Rate Description	Number	Weighted Average
Fixed	1,343	4.99%
Other	1	0.00%
Tracker	2,368	1.76%
Variable	12,561	4.35%



## EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

### 7. Occupancy Status

Occupancy Status	Principal Balance Amount	Principal Balance %	Number	Number %
BUY TO LET	16,134,210	0.88%	149	0.92%
HOMELoAN	1,808,053,575	99.11%	16,123	99.08%
Mismatch	34,126	0.00%	1	0.01%
Total	1,824,221,912	100.00%	16,273	100.00%

### 8. Repayment Status

Principal Repayment Holiday	Principal Balance Amount	Principal Balance %	Number	Number %
N	1,698,115,888	93.09%	15,397	94.62%
Y	126,106,024	6.91%	876	5.38%
Total	1,824,221,912	100.00%	16,273	100.00%

### ADDITIONAL EMERALD 5 INFORMATION

#### Term Extensions\*

	No of Loans
This Period	29
Since Amendment Period	497

\* May also include extensions at the borrower request as opposed to a specific modification put in place by Credit Management Department.

#### Capitalisation of Arrears

	No of Loans	Amount Capitalised
This Period	14	52,511
Since Amendment Period	90	494,533

#### Properties Under Management

This Period	No of Properties	Principal Balance Amount
Repossessions	-	-
Voluntary Handback	-	-
Abandoned	-	-
Sold	2	301,876

Current Status (Active Loans Only)	No of Properties	Principal Balance Amount
Repossessions	1	252,792
Voluntary Handback	5	836,218
Abandoned	26	5,268,853

Note: From July '11 IPD onwards the 'properties under management' data is being reported on a property basis as opposed to an individual loan basis.

## EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

Since Closing (Active and Redeemed Loans)	No of Properties
Repossession	3
Voluntary Handback	7
Abandoned	27
Sold	11

Note: Includes double counting of properties that progress from one category to another & voluntary sales at a loss

The Servicer hereby represents and warrants that the information provided herein is true, accurate and complete in all material respects and that as of the date of this report. The Servicer is not aware of the occurrence of an Issuer Event of Default or Potential Issuer Event of Default or Relevant Event or Potential Relevant Event.

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Authorised for and on behalf of  
**Emerald Mortgages No 5 Ltd.**

### NOTES:

#### 1. LIQUIDITY AND CREDIT SUPPORT

- (a) Reserve Fund
- (b) Available Revenue Receipts
- (c) Subordination of the Class B Note + Class Z Loan

#### 2. PRIORITY OF PAYMENTS

Revenue and principal payments on Emerald Mortgages No5 Ltd follow through separate payment waterfalls.

##### (a) Revenue funds flow to noteholders according to the following pre-acceleration priority of payments:

1. Satisfaction of Note & Security Trustee fees and expenses
2. Satisfaction of certain senior fees and expenses (Agent Bank, Corp. Services Provider + Account Bank etc.)
3. Satisfaction of Servicer + Cash Manager fees
4. Pay Interest due on Class A Notes
5. Credit Class A Principal Deficiency Ledger to eliminate any debit thereon
6. Credit General Reserve Ledger to required amount
7. Credit Class B Principal Deficiency Ledger (if Class A notes outstanding) to eliminate any debit thereon
8. Credit Class Z Principal Deficiency Ledger (if Class A notes outstanding) to clear the debt thereon
9. Pay Interest due on Class B Notes
10. Credit Class B Principal Deficiency Ledger (if Class A notes redeemed) to eliminate any debit thereon
11. Pay Interest due on Class Z Loan
12. Credit Class Z Principal Deficiency Ledger (if Class A notes redeemed) to clear the debt thereon
13. Pay Interest due on Subordinated Loans
14. Pay Subordinated Loan Principal
15. Pay Deferred Consideration due to Sellers
16. Excess (if any) back to Issuer

##### (b) Pre-Acceleration Payments of Principal

1. Payment of Principal on Class A Notes
2. Payment of Principal on Class B Notes
3. Payment of Principal on Class Z Loan
4. Excess (if any) applied as Available Revenue Receipts

## EMERALD MORTGAGES NO 5 LTD. INVESTOR REPORT

### 3. CONVERSION OF MORTGAGES

The Seller (for itself and on behalf of the Issuer and Issuer Security Trustee) may (but shall not be obliged to) agree to any request by any relevant Mortgage Borrower(s) to convert a Mortgage forming part of the Mortgage Portfolio (or, in the case of a default by a Mortgage Borrower, may (for itself and on behalf of the Issuer and the Issuer Security Trustee) elect to convert such Mortgage) to any other type (or combination of types) of Mortgage (the relevant Mortgage after such Conversion being herein referred to as a Converted Mortgage Loan) provided that the following conditions are satisfied:

- (a) the Conversion of such Mortgage is effected by such means as would be adopted at the relevant time by EBS were such Conversion in respect of a mortgage advanced by it which is not a Mortgage for the purpose of ensuring the validity and priority of the Converted Mortgage Loan;
- (b) prior to each type or combination of types of Conversion being made available to Mortgage Borrower(s), the Rating Agencies having been notified of the inclusion of such Converted Mortgage Loans in the Mortgage Portfolio and such notification not having resulted in a downgrade of the then current rating of the Class A Bonds, provided that such notification is not required where the Converted Mortgage Loan is of a type or combination of types included in the Mortgage Portfolio at the Amendment Date or which has been notified to the Rating Agencies after the Amendment Date;
- (c) no Relevant Event has occurred which has not been cured within the permitted grace periods and which is continuing and no Issuer Enforcement Notice has been served;
- (d) no Issuer Event of Default is continuing;
- (e) the Cash Manager is not aware that the current ratings of the Bonds then outstanding would be downgraded, withdrawn or qualified as a result of the relevant Conversion remaining in or forming part of the Mortgage Portfolio;
- (f) each Mortgage Loan and its Related Security which is the subject of a Conversion complies at the date of such Conversion with the Mortgage Warranties (as if references in the Mortgage Warranties to the "Mortgage Loan" are to the "Converted Mortgage Loan");
- (g) the yield on the Conversion is greater than 2.50 per cent. per annum and subject to all applicable laws, rules and guidelines relating to the Mortgages and to EBS;
- (h) the current principal balance of Buy-to-Let Loans divided by the current principal balance of the Mortgage Loans in the Mortgage Portfolio (considering such Conversion) is not more than 1% above the current principal balance of Buy-to-Let Loans divided by the current principal balance of the Mortgage Loans in the Mortgage Portfolio as of the Amendment Date; and
- (i) the current principal balance of Mortgage Loans with an interest-only part divided by the current principal balance of the Mortgage Loans in the Mortgage Portfolio (considering such Conversion) is not more than 3% above the current principal balance of loans with an interest-only part divided by the current principal balance of the Mortgage Loans in the Mortgage Portfolio as of the Amendment Date].