

**Company name:** Emerald Mortgages No. 5 Limited

**Headline:** Amendment of the 2008 Transaction

## **IRISH STOCK EXCHANGE ANNOUNCEMENT**

**For Immediate Release**

24 February 2011

**Emerald Mortgages No. 5 Limited**  
**(the “Issuer”)**

**€2,375,000,000 Class A Secured Floating Rate Bonds due 2050 and**  
**€125,000,000 Class B Secured Floating Rate Bonds due 2050**  
**(the “Bonds”)**

**(“2008 Transaction”)**

Reference is made to the trust deed constituting the Bonds dated 20 March 2008 made between the Issuer and Citicorp Trustee Company Limited (the “**Bond Trustee**”). Capitalised terms used herein and not otherwise defined bear the meaning given to them in the master agreement entered into by, *inter alios*, EBS Building Society (“**EBS**”) and the Issuer dated 20 March 2008 and amended and restated on 23 February 2011 (as the same may be amended, restated, varied or supplemented from time to time) (the “**Master Agreement**”).

The Bonds are admitted to the Official List of the Irish Stock Exchange Limited and to trading on its regulated market.

Directive 2006/3/EC of the European Parliament and of the Council of 28 January 2003 on insider dealing and market manipulation together with Implementing Directive 2003/12/EC (as implemented in Ireland by the Market Abuse (Directive 2003/6/EC) Regulations 2005) requires disclosure of insider information relating to the Issuer.

To ensure that the Class A Bonds comply with the new eligibility criteria for Eurosystem monetary operations, which is to come into effect on 1 March 2011, and to limit the extent of any potential further downgrade of the Bonds, it has been necessary to amend the 2008 Transaction.

The following actions have been taken to amend the 2008 Transaction:

1. a second rating in respect of the Class A Bonds of AA-sf; Outlook Negative; LS2 has been obtained from Fitch;
2. the rating of the Class B Bonds from Moody’s has been withdrawn;
3. the Priorities of Payments have been amended to provide, *inter alia*, that:
  - (a) payments of interest shall be used to reduce the debits on the Class B Principal Deficiency Ledger and the Class Z Principal Deficiency Ledger prior to any payments being made on the Class B Bonds; and
  - (b) payments of interest shall be used to credit the Reserve Fund Ledger after payments of interest on the Class A Bonds but prior to payments of interest on the Class B Bonds.

4. EBS has provided further credit enhancement and liquidity support to the Issuer by way of a class Z loan (which has been used to part fund a partial redemption of on the Class A Bonds);
5. the Swap Agreement has been terminated, both EBS and the Issuer waiving any payments due to each of them on termination of the Swap Agreement and all collateral provided under the Swap Agreement has been released.
6. The coupon on the Class A Bonds has been amended to a 1.75 per cent. fixed rate, the coupon on the Class B Bonds has been amended to a 0.25 per cent. fixed rate and a covenant has been put in place setting a minimum yield on the Mortgage Portfolio;
7. the €20.39 million Liquidity Reserve Fund has been released (which has been used to fund a partial redemption of €20.39 million of the Class A Bonds) and the €41 million Liquidity Facility provided by EBS has been cancelled and repaid by the Issuer;
8. the €93.75 million Reserve Fund, provided by EBS via a tranche of the Subordinated Loan, has been reduced to €30.19 million, by way of a €63.56 million prepayment of the relevant tranche of the Subordinated Loan;
9. the Reserve Fund Required Amount has been amended to a fixed amount which will decrease in the event of the Clearing Accounts being held at institutions with the Clearing Account Bank Required Ratings;
10. the bank accounts of the Issuer previously held with EBS have been closed and the funds standing to the credit of such accounts have been transferred to new accounts in the name of the Issuer with Ulster Bank Ireland Limited;
11. the servicing arrangements between EBS and the Issuer have been amended such that the provision of mortgage servicing and corporate and cash management servicing arrangements have been separated, as a result the Servicing and Agency Agreement has been terminated and replaced by the Servicing Agreement, the Cash Management Agreement and the Corporate Services Agreement (each as defined below). TMF Administration Services Limited has been appointed as a replacement facilitator (the “**Replacement Facilitator**”), to secure the services of a replacement servicer if required;
12. the cash management arrangements between the Issuer and EBS have been amended to provide, *inter alia*, that in the event that a Servicer Monthly Report is not provided in respect of a Collection Period the relevant payments to be made in respect of such Collection Period shall be determined by the Cash Manager by reference to the previous three Servicer Monthly Reports provided by the Servicer. Upon receipt by the Cash Manager of the Servicer Monthly Report in respect of any such Collection Period, the Cash Manager shall reconcile the calculations made to the actual collections set out in the relevant Servicer Monthly Reports;
13. as EBS no longer had a long-term unsecured, unguaranteed and unsubordinated debt obligation rating from Moody’s of at least Baa3, Deutsche Bank AG, London Branch has been appointed as a back-up cash manager (the “**Back-Up Cash Manager**”) pursuant to the Back-Up Cash Management Agreement (as defined below). The Back-Up Cash Manager will become the cash manager on the occurrence of a Cash Manager Termination Event.

(together the “**Amendments**”).

The Amendments have been implemented by the execution of the following documents (the “**Amendment Documents**”):

- (a) a deed of amendment, restatement and termination, in respect of certain of the Relevant Documents governed by Irish law, which would:
  - (i) amend and restate following Relevant Documents:
    - (A) the Initial Mortgage Sale Agreement;
    - (B) the Emerald 1 Refinancing Mortgage Sale Agreement;
    - (C) the Emerald 2 Refinancing Mortgage Sale Agreement;
    - (D) the Emerald 3 Refinancing Mortgage Sale Agreement;
    - (E) the Subordinated Loan Agreement;
    - (F) the Master Agreement; and
    - (G) the Issuer Deed of Charge; and
  - (ii) terminate the following Relevant Documents:
    - (A) the Servicing and Agency Agreement;
    - (B) the Issuer Bank Account Agreement;
    - (C) the Swap Agreement; and
    - (D) the Liquidity Facility Agreement;
- (b) a deed of amendment and restatement, in respect of certain of the Relevant Documents governed by English law, which would amend and restate following Relevant Documents:
  - (i) the Trust Deed (including the Conditions of the Bonds); and
  - (ii) the Agency Agreement;
- (c) a servicing agreement between, *inter alios*, EBS (the “**Servicer**”), the Issuer and the Issuer Security Trustee (the “**Servicing Agreement**”);
- (d) a cash management agreement between, *inter alios*, EBS (the “**Cash Manager**”), the Issuer and the Issuer Security Trustee (the “**Cash Management Agreement**”);
- (e) a back-up cash management agreement between, *inter alios*, the Back-up Cash Manager, the Issuer and the Issuer Security Trustee (the “**Back-Up Cash Management Agreement**”);
- (f) a corporate services agreement between EBS (the “**Corporate Services Provider**”) and the Issuer (the “**Corporate Services Agreement**”);
- (g) a class Z loan agreement between EBS (the “**Class Z Loan Provider**”), the Issuer and the Issuer Security Trustee (the “**Class Z Loan Agreement**”);
- (h) an issuer bank account agreement between the Cash Manager, the Back-Up Cash Manager, the Issuer Security Trustee, the Issuer and Ulster Bank Ireland Limited (the “**New Issuer Bank Account Provider**”) (the “**New Issuer Bank Account Agreement**”); and

- (i) a replacement facilitator agreement between the Issuer and the Replacement Facilitator (the “**Replacement Facilitator Agreement**”).

Pursuant to condition 11(e) of the terms and conditions of the Bonds (the “**Conditions**”) and for the purposes of paragraph 22 of the fifth schedule (*Provisions for Meetings of Bondholders*) of the Trust Deed the Class A Bondholders and the Class B Bondholders (the “**Bondholders**”) have signed written resolutions dated 23 February 2011 (the “**Written Resolutions**”) resolving to approve the Amendments and the entry into of the Amendment Documents.

Pursuant to the Conditions and the Trust Deed, the Written Resolutions are effective as an Extraordinary Resolution of the Bondholders in respect of the matters which are the subject of the Written Resolution.

The Amendment Documents and the Written Resolutions are effective as of 23 February 2011.

The Amendment Documents and the Written Resolutions are available on request at the registered offices of the Issuer and EBS.

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This notice is given by:  
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For further information on the above, please contact:

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