

Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited
(incorporated with limited liability in Ireland)

€116,950,000 Class A Secured Floating Rate Notes due 2069
€25,050,000 Class B Secured Floating Rate Notes due 2069
€27,700,000 Class C Secured Floating Rate Notes due 2069

The Notes have been issued by Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited (the “**Issuer**”), a company incorporated and resident in Ireland. The Notes were constituted by a Trust Deed dated 21 April 2010 (the “**Issue Date**”) between, amongst others, the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”). The Notes are secured in the manner described in the Conditions. The Notes accrue interest from and including the Issue Date subject to the Available Interest Funds Priority of Payments. Interest on the relevant Note is payable annually in arrear, in accordance with the Available Interest Funds Priority of Payments, on 22 April in each year commencing on 22 April 2011 to, and including, 22 April 2069 and on the Legal Final Maturity Date, subject to adjustment in accordance with the Conditions and unless previously redeemed in accordance with the Conditions.

On 31 March 2010, the Issuer entered into a loan agreement, as subsequently amended on the issuance of the Notes (the “**Senior Loan Agreement**”) with Caja de Ahorros del Mediterráneo (in such capacity, the “**Senior Loan Provider**”) pursuant to which the Senior Loan Provider has agreed to provide the Issuer with the loan specified in the Senior Loan Agreement (such loan, the “**Senior Loan**”) which shall be repayable by the Issuer in accordance with the terms of the Senior Loan Agreement, together with accrued interest as calculated in accordance with the terms of the Senior Loan Agreement.

On 31 March 2010, the Issuer entered into a notarial deed of issue and subscription of €169,736,702 principal amount of Certificados de Transmisión Hipotecaria (the “**Charged Assets**”) governed by Spanish law (such notarised deed, the “**Charged Assets Issue and Subscription Deed**”) with Caja de Ahorros del Mediterráneo (in such capacity, the “**Charged Assets Issuer**”) pursuant to which the Issuer has certain beneficial economic and other rights in respect of a pool of Mortgage Loans referenced by the Charged Assets.

In connection with the servicing of the Mortgage Loans referenced by the Charged Assets, the Issuer entered into a loan administration agreement governed by Spanish law dated 31 March 2010 as amended and restated on 21 April 2010 (the “**Loan Administration Agreement**”) with the Loan Administration Agent (as defined in the Conditions).

Subsequent to the issue of the Notes, the Issuer established a subsidiary, Manston Invest, S.L. (the “**Issuer Subsidiary**”) incorporated in Spain, for the purposes of being registered as the holder of legal title to certain Foreclosed Properties (as defined in the Conditions). The Issuer holds all the issued ordinary share capital of the Issuer Subsidiary. The Issuer entered into a loan agreement on 29 April 2010 (the “**Issuer Subsidiary Loan Agreement**”) with the Issuer Subsidiary and Caja de Ahorros del Mediterráneo (in such capacity, the “**Calculation Agent**” and the “**Subsidiary Administration Agent**”) pursuant to which, *inter alia*, in certain circumstances, the Issuer has agreed to lend to the Issuer Subsidiary an amount equal to the *precio de remate* or acquisition price of each such Foreclosed Property (as defined in the Conditions), to enable the Issuer Subsidiary to acquire each such Foreclosed Property (such amount to be lent by way of the Issuer procuring the registration of each such Foreclosed Property in the name of the Issuer Subsidiary).

The Listing Particulars have been approved by the Irish Stock Exchange (the “**ISE**”). Application has been made to the ISE for the Notes to be admitted to the Official List and trading on the Global Exchange Market. This document constitutes listing particulars (the “**Listing Particulars**”) for the purposes of such application. These Listing Particulars do not constitute a prospectus for the purposes of Directive 2003/71/EC (the “**Prospectus Directive**”). The Global Exchange Market is an exchange-regulated market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, as defined in Regulation S under the Securities Act (“**Regulation S**”), except pursuant to an exemption from or in a transaction not subject to the registration requirements of the Securities Act. The Notes are being sold outside the United States in offshore transactions in reliance on Regulation S to non-U.S. persons, as defined in Regulation S. The Issuer has not registered, and does not intend to register, as an investment company under the Investment Company Act. Notes are issued in definitive registered form in the denominations of €50,000.

FOR A DISCUSSION OF CERTAIN FACTORS REGARDING THE ISSUER AND THE NOTES THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE NOTES, SEE “RISK FACTORS”.

The date of these Listing Particulars is 11 February 2011

The Issuer has issued €116,950,000 Class A Secured Floating Rate Notes due 2069 (the “**Class A Notes**”), €25,050,000 Class B Secured Floating Rate Notes due 2069 (the “**Class B Notes**”) and €27,700,000 Class C Secured Floating Rate Notes due 2069 (the “**Class C Notes**”).

The Notes are limited recourse debt obligations of the Issuer, secured by, and payable solely from, the proceeds of the Collateral secured by the Issuer as described herein. The Collateral consist primarily of (i) pursuant to a pledge agreement governed by Spanish law between, among others, the Issuer and the Trustee (the “**Pledge Agreement**”), a pledge of the rights of the Issuer to receive payments in respect of the Charged Assets, and (ii) pursuant to the Trust Deed, an assignment by way of security of the Issuer’s rights under (a) the Charged Assets, (b) the Account Bank Agreement (including a first fixed charge over the General Payments Account), (c) the Charged Assets Issue and Subscription Deed, (d) the Loan Administration Agreement, (e) the Issuer Subsidiary Loan Agreement and (f) the other Transaction Documents (as defined in the Conditions) and all sums derived therefrom and, in the case of (a), (c) and (d) above, save to the extent otherwise secured pursuant to the Pledge Agreement. The Collateral also consists of a first fixed charge under English law over any funds held from time to time by the Principal Paying Agent on behalf of the Issuer. In addition, pursuant to a pledge agreement governed by Spanish law dated 30 July 2010 entered into between, among others, the Issuer, the Issuer Subsidiary and the Trustee (the “**Subsidiary Share Pledge Agreement**”) the shares of the Issuer Subsidiary held by the Issuer have been pledged in favour of the Trustee and the other Secured Parties. The relative priority of the claims of the Trustee, the Noteholders, the Corporate Services Provider, the Account Bank, the Spanish Account Bank, the Loan Administration Agent, the Senior Loan Provider and the Agents in respect of the Collateral shall be governed by the Priorities of Payment in the Conditions.

The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as set out below under “*Selling Restrictions*” and “*Transfer Restrictions*”. In addition, no sale or other transfer of the Notes (or any interests therein) will be permitted if, as a consequence, the Issuer is required to register as an “investment company” under the Investment Company Act.

The Notes have not been approved or disapproved by the U.S. Securities and Exchange Commission (the “SEC”), any state securities commission in the United States or any other U.S. or non-U.S. regulatory authority, and none of the foregoing authorities has passed upon or endorsed the merits of any Notes or the accuracy or the adequacy of these Listing Particulars. Any representation to the contrary is a criminal offence. These Listing Particulars do not constitute an offer of, or an invitation by or on behalf of, the Issuer, its respective affiliates to subscribe for, or purchase, any Notes.

The distribution of these Listing Particulars and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession these Listing Particulars comes are required by the Issuer to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the distribution of these Listing Particulars, and the offer and sale of the Notes, in Spain, the United States, the United Kingdom and Ireland. None of the Issuer, the Trustee, any other Transaction Party or any of their respective affiliates makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws.

These Listing Particulars have been prepared by the Issuer solely for use in connection with the listing and admission to trading of the Notes described herein. The Issuer, having made all reasonable enquiries, confirms that these Listing Particulars contain all information regarding the Issuer and the Notes that is material in the context of the listing and admission to trading of the Notes, that the information contained in these Listing Particulars is true and accurate in every material respect and is not misleading, that the opinions and intentions expressed in these Listing Particulars are honestly held and that there are no other facts the omission of which makes misleading any statement, whether of fact or opinion, contained herein. Except as described below, the Issuer accepts responsibility for the information contained in these Listing Particulars and, to the best of the knowledge and belief of the Issuer (which has taken all reasonable care to ensure that this is the case), the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

Caja de Ahorros del Mediterráneo accepts responsibility for the information contained in the sections of these Listing Particulars headed “*Caja de Ahorros del Mediterráneo*” and “*Mortgage Loans*” and, to the best of its knowledge and belief (having taken all reasonable care to ensure that this is the case), the information contained in such sections is in accordance with the facts and does not omit anything likely to affect the import of such information.

The information relating to the Issuer Subsidiary, which is set out in the section of these Listing Particulars headed “*Issuer Subsidiary*” has been accurately reproduced from information made available by the Issuer Subsidiary. So far as the Issuer is aware and is able to ascertain from information published by the Issuer Subsidiary, no facts have been omitted which would render the reproduced information misleading.

None of the Transaction Parties (other than the Issuer and CAM) or any of their respective affiliates has separately verified the information contained in these Listing Particulars. Accordingly, no representation, warranty or

undertaking, express or implied, is made, and no responsibility or liability is accepted, by any of the Transaction Parties (other than the Issuer and CAM) or any of their respective affiliates as to the accuracy or completeness of the information contained in these Listing Particulars, or any other information supplied in connection with the sale of the Notes. Each person receiving these Listing Particulars or any other information supplied in connection with the sale of the Notes acknowledges that such person has not relied on any of the Transaction Parties or any of their respective affiliates in connection with the accuracy of such information or its investment decision. Each person contemplating making an investment in the Notes must make its own investigation and analysis of the Issuer and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors that may be relevant to it in connection with such investment.

Unless expressly stated otherwise herein, all information contained herein is given as of the date of these Listing Particulars. The delivery of these Listing Particulars shall not, under any circumstances, create any implication that there has been no change in the information contained herein since the date hereof.

A prospective purchaser of the Notes should have such knowledge and experience in financial and business matters and expertise in assessing credit risk that it is capable of evaluating the merits, risks and suitability of investing in such Notes including any credit risk associated with the Charged Assets Issuer, the Charged Assets, the Borrowers in respect of Mortgage Loans referenced by the Charged Assets, the Spanish property market and the Issuer. Each prospective purchaser of the Notes is responsible for its own independent appraisal of and investigation into the Mortgage Loans referenced by the Charged Assets, as well as the risks in respect of such Notes and their terms, including, without limitation, any tax, accounting, credit, legal and regulatory risks.

None of the Issuer, any of the other Transaction Parties or any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective purchaser of the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective purchaser with any law, regulation or regulatory policy applicable to it.

These Listing Particulars contain copies of and/or summaries of certain provisions of, or extracts from, the Trust Deed in respect of the Notes, the documents and agreements referred to therein and the other Transaction Documents. Such copies, summaries and extracts are subject to, and are qualified in their entirety by, the actual provisions of such documents and agreements as executed, copies of which are available for inspection at the registered office of the Issuer, the principal office of the Trustee and the specified office of the Principal Paying Agent. Holders of the Notes to which these Listing Particulars relate, and any other person into whose possession these Listing Particulars come, shall be deemed to have notice of all provisions of the documents executed in relation to the Notes which may be relevant to a decision to acquire, hold or dispose of such Notes.

The Index of Terms appearing at the end of these Listing Particulars contains references to the pages in these Listing Particulars where definitions are found.

In these Listing Particulars, references to “euro”, “EUR” and “€” are to the currency of the member states of the European Union that adopt or have adopted the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

The Listing

These Listing Particulars have been prepared by the Issuer solely for use in connection with the listing and admission to trading of the Notes described herein (the “**Listing**”). These Listing Particulars comprise listing particulars with regard to the listing and admission to trading of the Notes on the Global Exchange Market.

Notice to Investors from Caja de Ahorros del Mediterráneo

Neither Caja de Ahorros del Mediterráneo nor any of its affiliates is under any legal, regulatory or moral obligation to support any losses suffered by the Issuer or the purchasers of any Notes or to repurchase or make a market in any Notes. Neither Caja de Ahorros del Mediterráneo nor its affiliates guarantees or stands behind the Issuer or the Issuer’s obligations under any Notes and none of them will make good or be under any obligation to make good any losses under the Charged Assets, or any agreements that the Issuer might enter into with any third parties. Each person into whose possession this document comes will be deemed to have acknowledged and agreed to the foregoing.

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RISK FACTORS

An investment in the Notes of any Class involves certain risks. Prospective investors should carefully consider the following factors, in addition to the matters set forth elsewhere in these Listing Particulars, prior to investing in the Notes of any Class. Prospective investors should form their own opinions of the transactions described in these Listing Particulars prior to making any investment decision and should take their own legal, financial, accounting, tax and other relevant advice as to the merits and viability of their investment.

Prior to making an investment decision, prospective purchasers of the Notes should consider carefully, in light of the circumstances and their investment objectives, the information contained in these entire Listing Particulars and reach their own views prior to making any investment decision. Prospective purchasers should nevertheless consider, among other things, the risk factors set out below.

Absence of a Secondary Market

There is currently no market for the Notes. There can be no assurance that a secondary market for any of the Notes will develop or, if a secondary market does develop, that it will provide the holders of such Notes with liquidity of investment or that it will continue for the entire life of the Notes. The Notes are issued in registered form and are not cleared through any clearing system and are subject to certain transfer restrictions (as set out in “*Risk Factors*” and “*Transfer Restrictions*”). Accordingly, this is likely to considerably restrict the development of any secondary market for the Notes. Consequently, any purchaser of the Notes must be prepared to hold the Notes until final redemption or earlier application in full of the proceeds of enforcement of the security over the Collateral. The market price of the capital in the Notes could be subject to fluctuation in response to, among other things, variations in the value of the Charged Assets, the Mortgage Loans relating thereto, the market for similar securities, prevailing interest rates, changes in regulation and general market and economic conditions.

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

There exist significant additional risks for the Issuer and investors as a result of the current crisis, including, without limitation, in connection with the status of the Spanish real estate market and the financial condition of the banking sector (including in relation to banks that have significant involvement in such real estate market).

These risks include, among others, (i) the likelihood that the Issuer, or the Selling Agent on its behalf, will find it harder to dispose of the Charged Assets in accordance with the Transaction Documents, (ii) the likelihood that the Issuer Subsidiary, or the Subsidiary Administration Agent on its behalf, will find it harder to dispose of Foreclosed Properties, (iii) the possibility that, on or after the Issue Date, the price at which assets can be sold by the Issuer and the Issuer Subsidiary will have deteriorated from their effective purchase price, acquisition price or equivalent (including, without limitation, as a result of the current economic downturn in the Spanish property market), (iv) the general performance of the Spanish real estate market, (v) the financial condition of the banking sector (including in relation to banks that have significant involvement in the real estate market in Spain) and (vi) the increased illiquidity and price volatility of the Notes. These additional risks may affect the returns on the Notes to investors.

Restrictions on Transfer and Delisting

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The offering of the Notes will be made pursuant to exemptions from the registration provisions under Regulation S of the Securities Act and from state securities laws. No person is obliged or intends to register the Notes under the Securities Act or any state securities laws. Accordingly, offers and sales of the Notes are subject to the restrictions described under “*Subscription and Sale*”.

Furthermore, Notes may only be held by Qualifying Noteholders, as described under “*Transfer Restrictions*”.

Prospective purchasers should also be aware that, in accordance with Condition 3.8 “*Delisting Upon Transfer Request*”, the Notes will be delisted in the event that the Registrar receives a Form of Transfer which would cause more than 10 persons being recorded as Noteholders in respect of all Classes of Notes taken together in the Register. In such circumstances, the transfer contemplated in such Form of Transfer would not be processed and no Note may then be transferred to a person where to do so would cause more than 10 persons being recorded as Noteholders in respect of all Classes of Notes taken together in the Register. As a result of the foregoing and the provisions of

Condition 3.8 “*Delisting Upon Transfer Request*”, such purchasers should note that any Noteholder may cause a delisting of the Notes by submitting a Form of Transfer that, if, given effect to but for the effect of such Condition, would give rise to more than 10 persons being recorded as Noteholders in respect of all Classes of Notes. Such a delisting may affect the ability of certain Noteholders to hold the Notes and may affect the tax treatment of the Notes in Ireland in the event of any change in tax law or regulation after the date of these Listing Particulars.

As a result, the ability of prospective purchasers to hold any Notes is accordingly limited. Such restrictions may affect the market value of the Notes and the ability of Noteholders to sell or otherwise transfer Notes at any time.

Liability under the Notes

The Notes are limited recourse obligations and are obligations solely of the Issuer and will not be obligations or responsibilities of any other entity. In particular, the Notes will not be obligations of and will not be guaranteed by Caja de Ahorros del Mediterráneo (as the originator of the Charged Assets and the Mortgaged Loans relating thereto and the servicer in respect thereof) or the Trustee.

Repayment of the Notes is limited to the funds received from or derived from the Collateral. If there are insufficient funds available to the Issuer from the Collateral to pay in full all principal, interest and other amounts due in respect of the Notes at the Final Legal Maturity Date (or any other date on which the Notes are due to be redeemed in full), then the Noteholders will have no further claim against the Issuer in respect of any such unpaid amounts and such unpaid amounts shall be deemed discharged in full.

Limited Resources of the Issuer

The obligations of the Issuer under the Notes are without recourse to any assets of the Issuer other than the Collateral. None of Caja de Ahorros del Mediterráneo (in any of its capacities), the Trustee, the Agents, the Corporate Services Provider, the Account Bank, the Spanish Account Bank or the Issuer Subsidiary has assumed or will accept any liability whatsoever in respect of any failure by the Issuer to make any payment of any amount due on or in respect of the Notes.

The Issuer will not have any assets available for the purpose of meeting its payment obligations under the Notes other than the Charged Assets, the amounts standing to the credit of the General Payments Account, certain rights it has under the Transaction Documents and its rights pursuant to the Pledge Agreement and the Subsidiary Share Pledge Agreement.

In particular, prospective purchasers should note that no Spanish law security has been created in respect of the Spanish Account. Accordingly, Noteholders will be unsecured in respect of any amounts held in such account. Furthermore, to the extent that English law security has been taken pursuant to the Trust Deed over agreements governed by Spanish law (including the Loan Administration Agreement and the Charged Assets Issue and Subscription Deed), such security may not be recognized under Spanish law and, to such extent, not be enforceable in Spain.

Furthermore, no security has been taken, or will be taken, over any Foreclosed Properties legal title to which is transferred to the Issuer Subsidiary and no security interest has been taken or will be taken over the Subsidiary Asset Management Agreement, the Issuer Subsidiary Account or any other assets of the Issuer Subsidiary. Accordingly, Noteholders will be unsecured in respect of any amounts owed by the Issuer Subsidiary to the Issuer pursuant to the Issuer Subsidiary Loan Agreement or otherwise.

In addition, in connection with the Subsidiary Share Pledge Agreement, prospective purchasers should note that there is a potential deficiency in the registration of such security agreement by the Issuer in Ireland. While any such deficiency would not affect the enforceability of the Subsidiary Share Pledge Agreement in Spain, it is possible that, if it was found that there was such a deficiency and such remedy had not been remedied, the Subsidiary Share Pledge Agreement may be unenforceable in Ireland against the Issuer, in the event of an insolvency of the Issuer. In relation to this potential deficiency, it is contemplated that the Issuer will make an application to the Irish High Court to rectify the potential deficiency in the registration of the Subsidiary Share Pledge Agreement. As at the date of these Listing Particulars such application had not been made and there can be no certainty as to when such application will be made, notwithstanding the fact that it is intended for such application to be made within a reasonable time after the publication of these Listing Particulars, taking into account, among other things, the schedule of the Irish High Court.

Accordingly, save for the Collateral, the Issuer will not have any other funds available to it to meet its obligations under the Notes or any other payments ranking in priority to, or *pari passu* with, the Notes. There is no assurance that there will be sufficient funds to enable the Issuer to pay any interest on any Class of Notes or, on the redemption date

of any Class of Notes (whether on the Final Legal Maturity Date or following the occurrence of an Event of Default and the delivery of an Enforcement Notice in respect thereof) that there will be sufficient funds to enable the Issuer to repay principal in respect of such Class of Notes in whole or in part.

Liquidity and Credit Risk for the Issuer

The Issuer will be subject to the risk of delays in the receipt, or risk of defaults in the making, of payments due from the Charged Assets Issuer in respect of the Charged Assets and/or from the Issuer Subsidiary in respect of the Issuer Subsidiary Loan Agreement. Furthermore, Borrowers in respect of the Mortgage Loans relating to the Charged Assets may delay or default in the making of payments due in respect of the relevant Mortgage Loans which may result in the Issuer receiving reduced amounts under the Charged Assets. Furthermore, amounts that may be realised by the Issuer Subsidiary in respect of Foreclosed Properties registered in its name may be lower than the purchase price of the relevant related CTHs comprising part of the Charged Assets (together with the interest that would otherwise have been due on such CTHs) which would lead to the Issuer receiving less than it would otherwise have received had such related CTHs remained outstanding and been repaid in full. Accordingly, there can be no assurance that the levels or timeliness of payments and recoveries received from the Mortgage Loans, the Charged Assets, the Issuer Subsidiary Loan and the Foreclosed Properties will be adequate to enable the Issuer to pay the maximum amount of interest that would otherwise be payable on any Class of Notes on any Payment Date, or to redeem the Notes in full on or prior to the Legal Final Maturity Date.

Credit Risk on the Parties to the Transaction

The ability of the Issuer to meet its payment obligations in respect of the Notes depends partially on the full and timely payments by the parties to the Transaction Documents of the amounts due to be paid thereby. If any of the Parties to the Transaction Documents fails to meet its payment obligations, there is no assurance that the ability of the Issuer to meet its payment obligations under the Notes will not be adversely affected.

Nature of the Charged Assets

The Mortgage Loans are not held directly by the Issuer. Instead, the Charged Assets Issuer, as originator of the Mortgage Loans has issued, and the Issuer has purchased, prior to the Issue Date, Certificados de Transmisión Hipotecaria (referred to herein as CTHs) pursuant to the terms of the Charged Assets Issue and Subscription Deed having an outstanding principal amount, as at the Issue Date, equal to the principal amount of the Notes as at the Issue Date. The CTHs comprise the Charged Assets in respect of the Notes convey certain economic and other rights to the holder thereof, in this case, the Issuer, in respect of the Mortgage Loans, including, in the event of lack of payment of the Mortgage Loan by the respective Borrowers, the following:

- (i) to request the Charged Assets Issuer to initiate mortgage enforcement proceedings of the Mortgage Loans relating to the Charged Assets;
- (ii) to take part, with equal rights as the Charged Assets Issuer, in any enforcement proceedings taken by the Charged Assets Issuer against the Borrowers of the Mortgage Loans, where such Borrowers are in breach;
- (iii) should the Charged Assets Issuer not initiate mortgage enforcement proceedings within sixty days as from the moment when formally requested by the Issuer (*fehacientemente*), the Issuer will be entitled to directly take enforcement proceedings against the relevant Borrower; and
- (iv) if any enforcement proceedings taken by the Charged Assets Issuer are interrupted, the Issuer may subrogate itself to the position of the Charged Assets Issuer and continue the enforcement proceedings.

Noteholders should note that pursuant to the Transaction Documents, the Issuer has given the Calculation Agent the right to exercise certain rights in respect of the Charged Assets on its behalf. Furthermore, Noteholders should note that neither the Issuer nor the Calculation Agent nor any other person is obliged to exercise such rights.

The CTHs do not provide the Issuer with *in rem* ownership or proprietary rights over the real estate assets which constitute the collateral for the Mortgage Loans. The Issuer shall not obtain ownership of any real estate asset in its own name upon the completion of foreclosure proceedings in respect of a Mortgage Loan and any exercise of the rights described above, such right of ownership having been waived by the Issuer under the Loan Administration Agreement.

If, as a result from enforcement proceedings of any Mortgage Loan, and pursuant to the terms and conditions of the Loan Administration Agreement and the Issuer Subsidiary Loan Agreement, the Issuer Subsidiary acquires ownership

of any real estate asset which constituted collateral for such Mortgage Loan, ownership of such real estate asset by the Issuer Subsidiary does not vest the Issuer with any *in rem* ownership or legal title with regard to such real estate asset. Noteholders should note that, as highlighted above, no security has been taken, or will be taken, over any Foreclosed Properties (being the real estate assets relating to Mortgage Loans respect of which foreclosure proceedings have been completed) legal title to which is transferred to the Issuer Subsidiary and no security interest has been taken or will be taken over the Subsidiary Asset Management Agreement, the Issuer Subsidiary Account or any other assets of the Issuer Subsidiary. Accordingly, Noteholders will be unsecured in respect of any amounts owed by the Issuer Subsidiary to the Issuer pursuant to the Issuer Subsidiary Loan Agreement or otherwise.

In addition, Noteholders should be aware that, pursuant to the Charged Assets Issue and Subscription Deed and Spanish law, the Issuer shall only be entitled to take enforcement action (*acción ejecutiva*) against the Charged Assets Issuer for breach of the Charged Assets Issue and Subscription Deed, where such breach arises for reasons other than due to lack of payment by the Borrowers in respect of any Mortgage Loans.

Furthermore, in the event of insolvency of CAM, the Issuer, as owner of the CTHs, shall have, pursuant to Article 80.1 of the Insolvency Law, the right to obtain from CAM the proceeds derived from the CTHs (except for cash received and held by CAM for the account of the Issuer as of the declaration of insolvency, due to its fungible nature) since such amounts will be deemed to be owned by the Issuer.

Originator's Lending Criteria

As at the Issue Date, each Borrower in relation to a Mortgage Loan met the Charged Asset Issuer's lending criteria for new business in force at the time such Borrower entered into the relevant Mortgage Loan. The lending criteria considers, among other things, a Borrower's credit history, employment history and status, repayment ability, debt-to-income ratio and the need for guarantees or other collateral. No assurance can be given that the Charged Assets Issuer will not change the characteristics of its lending criteria in the future.

Borrowers of Mortgage Loans

The Mortgage Loans referenced by the Charged Assets were originated in accordance with the criteria summarized in "*Mortgage Loans*". General economic conditions and other factors, such as loss of subsidies or increase of interest rates (which may or may not affect property values) and the decline of property prices in the Spanish property market, may have an impact on the ability of Borrowers to meet their repayment obligations under the Mortgage Loans. Loss of earnings, illness, divorce and other similar factors may lead to an increase in delinquencies and bankruptcy or insolvency filings by Borrowers, which may lead to a reduction in payments by such Borrowers on their Mortgage Loans and could reduce the Issuer's ability to service payments on the Notes.

However, the Charged Asset Issuer's lending criteria take into account, *inter alia*, a potential Borrower's credit history, employment history and status, repayment ability and debt-to-income ratio and are utilised with a view, in part, to mitigate the risks in lending to Borrowers.

Noteholders should note that over ninety-five per cent. of the Mortgage Loans were originated in the years 2006 and 2007 and that payments by Borrowers on a significant majority of the portfolio of Mortgage Loans are in arrears (as set out in more detail under the heading "*The Mortgage Loans*").

Status of the Spanish Residential Mortgage Market

For approximately the last two years, prices in the Spanish real estate market, including in respect of residential real estate of the type represented by real estate relating to the Mortgage Loans, has been undergoing significant price adjustment due to the following two main factors:

- (i) an imbalance in the split between sale prices offered by the owners of real estate (reflecting, among other things, the prices at which such owners initially acquired such real estate) and the purchase prices offered by prospective purchasers; and
- (ii) difficulties that purchasers are encountering in accessing bank credit and obtaining mortgage loans.

As a result of these two factors, among others, the Spanish residential real estate market has suffered a fall in prices of approximately 20% over the preceding two years.

There are indications that this market may now have rebalanced as a result of such price adjustment, assisted by increasing levels of credit available to purchasers, and that credit institutions, including the Spanish Caja banks, having implemented stricter lending criteria and more onerous terms and conditions in respect of mortgage loans, are

returning to the residential real estate market following their reduced involvement over the last two years. However, Noteholders should note that there can be no certainty that prices for real estate in the Spanish real estate market, including the residential real estate market, has recovered or will recover to its former levels or exceed such former levels in the future and there can be no assurance that such prices will not decline further now or in the future.

In addition, there can be no certainty how the effects of the variations of the Spanish real estate market, including the residential real estate market, and other economic factors in Spain, may affect the ability of Borrowers to comply with their repayment obligations in respect of the Mortgage Loans relating to the Charged Assets. Accordingly, amounts received by Noteholders in respect of the Notes may be lower than the maximum amount of interest and principal contemplated in the Conditions, notwithstanding any revival of the Spanish real estate market.

No Independent Investigation in relation to the Mortgage Loans

None of the Issuer, the Trustee or any other Transaction Party (other than the Charged Assets Issuer) has undertaken or will undertake any investigations, searches or other actions in respect of any Borrower, Mortgage Loan or any historical information relating to the Mortgage Loans.

Withholding Taxes

All payments in respect of the Notes will be made without withholding or deduction for or on account of any Tax unless the Issuer or the Principal Paying Agent is required by applicable law to make any such payment in respect of the Notes subject to withholding or deduction for or on account of Tax. In such circumstances, neither the Issuer nor the Principal Paying Agent nor any other person will be obliged to make any additional payments to Noteholders compensate them for the reduction in the amounts that they will receive as a result of such withholding or deduction and any such withholding or deduction shall not constitute an Event of Default in respect of the Notes. If payments made by the Charged Assets Issuer under the Charged Assets are subject to any withholding or reduction required by law, there will be no obligation on such party to increase the payment to leave an amount equal to the payment which would have been due if no such deduction or withholding would have been required.

Taxes on Foreclosed Properties

The holding of property in Spain exposes the holder of such property to the obligation to pay certain taxes in connection with such property, including registration, sale, income and land related taxes. Such taxes may be levied on a national and/or regional level and may be payable at various times and various circumstances. To the extent that any Foreclosed Properties are registered in the name of the Issuer Subsidiary, the Issuer Subsidiary will be liable for paying any such taxes so incurred in connection with such Foreclosed Properties. Accordingly, amounts received by the Issuer pursuant to the Issuer Subsidiary Loan Agreement in repayment of advances relating to such Foreclosed Properties made by the Issuer may be reduced in order for the Issuer Subsidiary to fund the payment of such taxes. In addition, pursuant to the Issuer Subsidiary Loan Agreement, the Issuer Subsidiary, (or the Subsidiary Administration Agent on behalf of the Issuer Subsidiary) may be entitled to request Additional Subsidiary Loans to, among other things, fund the payment of Subsidiary Unpaid Taxes. Any such request may reduce the amounts available on any Quarterly Transfer Date and/or Payment Date to pay amounts ranking below the payment of such Additional Subsidiary Loans relating to Subsidiary Unpaid Taxes (including amounts payable to Noteholders). Furthermore, to the extent that an Additional Subsidiary Loan is requested in respect of any Subsidiary Unpaid Taxes on a Quarterly Transfer Date, such request shall be an Event of Default which may lead to the serving of an Enforcement Notice and the enforcement of the security.

Security

The security created pursuant to the Trust Deed includes a charge over the General Payments Account. This charge is expressed to be fixed but a court may characterise it as floating. This charge may not be recognised as an effective security interest in jurisdictions other than England.

Furthermore, Noteholders should note that while security has been taken over the Charged Assets pursuant to the Pledge Agreement, in the event that foreclosure proceedings are taken in respect of a Mortgage Loan relating to a CTH comprised in the Charged Assets, the applicable Foreclosed Property may be transferred by CAM to the Issuer Subsidiary pursuant to the Issuer Subsidiary Loan Agreement and the applicable CTH cancelled with no further obligation owing to the Issuer by CAM in respect of such CTH. No security has been, or will be, created in respect of any such Foreclosed Property and, accordingly, any claim for repayment by the Issuer Subsidiary of the advance made by the Issuer to the Issuer Subsidiary in respect of such Foreclosed Property pursuant to the Issuer Subsidiary Loan Agreement is unsecured and subordinated to any prior ranking claims against the Issuer Subsidiary.

Limited Liquidity of the Charged Assets and the Issuer Subsidiary Shares

In the event of the occurrence of an Event of Default and the delivery of an Enforcement Notice in accordance with the Conditions, the disposal of the Charged Assets is restricted by Spanish law in that any such disposal of the Charged Assets will be restricted to a disposal to a single person who is permitted to purchase the Charged Assets pursuant to Spanish law. In this regard, under Spanish law, CTHs can only be issued for placement with securitization funds or professional investors as defined in Annex II of The Markets in Financial Instruments Directive (“**MiFID**”) being, in summary:

- (i) financial entities and other entities which are required to be authorised or regulated to operate in the financial markets;
- (ii) national and regional governments, public bodies which manage public debt, central banks, international and supranational institutions such as the World Bank, the IMF, the ECB, the EIB and other similar international organisations;
- (iii) undertakings meeting at least two of the following size requirements: (x) having a total balance sheet equal to or in excess of EUR 20,000,000, (y) having a net turnover equal to or exceeding EUR 40,000,000 and (z) having own funds equal to or exceeding EUR 2,000,000; which group includes venture capital companies and venture capital management entities; and
- (iv) clients who request to be treated as professionals and meet, as a minimum, two of the following criteria: (x) having carried out transactions, in significant size, on the relevant market at an average frequency of ten per quarter over the previous four quarters, (y) holding financial instruments portfolio exceeding EUR 500,000 and (z) working or having worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Accordingly, there can be no certainty that any other purchaser could be found for the Charged Assets. In addition, the disposal of the Issuer Subsidiary Shares would be required in such circumstances and there can be no certainty that a purchaser would be found for the Issuer Subsidiary Shares.

In addition, even if a purchaser could be found for the Charged Assets and/or one or more purchasers could be found for the Issuer Subsidiary Shares, the amount realised in respect of their disposal to such purchaser(s) in such circumstances may not be sufficient to redeem all of the Notes in full at their then Principal Amount Outstanding together with accrued interest.

Subordination of Issuer Subsidiary Loan

Investors should be aware that, by operation of Spanish law and the Issuer Subsidiary Loan Agreement, the Issuer is subordinated in respect of amounts owed to it by the Issuer Subsidiary under the Issuer Subsidiary Loan Agreement to any amounts owing by the Issuer Subsidiary to any of its other creditors.

Reliance on Performance by Loan Administration Agent

The Issuer has engaged the Loan Administration Agent to administer the Mortgage Loans pursuant to the Loan Administration Agreement and to provide certain notifications to the Issuer and to provide certain advice or directions to the Issuer in connection with the Mortgage Loans from time to time. While the Loan Administration Agent is under contract to perform certain services under the Loan Administration Agreement there can be no assurance that it will perform such services or what the consequences of the performance of its services thereunder may have on the Mortgage Loans, the Charged Assets and the value and performance thereof. See “*Loan Administration Agreement*”.

Reliance on Performance by Subsidiary Administration Agent

The Issuer Subsidiary has engaged the Subsidiary Administration Agent to administer and arrange the sale or realization of the Foreclosed Properties registered in the name of the Issuer Subsidiary pursuant to the Subsidiary Asset Management Agreement. While the Subsidiary Administration Agent is under contract to perform certain services under the Subsidiary Asset Management Agreement there can be no assurance that it will perform such services or what the consequences of the performance of its services thereunder may have on the Foreclosed Properties registered in the name of the Issuer Subsidiary and/or on amounts received by the Issuer from the Issuer Subsidiary under the Issuer Subsidiary Loan Agreement. Furthermore, neither the Issuer nor the Trustee has any contractual

relationship with the Subsidiary Administration Agent and will not be able to enforce any rights that the Issuer Subsidiary may have against the Subsidiary Administration Agent. See “*Subsidiary Asset Management Agreement*”.

Reliance on Performance by the Calculation Agent

The Issuer has engaged the Calculation Agent to make certain calculations and determinations in connection with the Notes and to provide certain advice and directions to the Issuer in connection with its rights under the Charged Assets. Furthermore, the Calculation Agent shall be responsible for allocating amounts received into the General Payments Account into the Principal Ledger, the Interest Ledger and the Accumulation Fund Ledger and for determining the amounts payable under the Available Interest Funds Priority of Payments and the Available Principal Funds Priority of Payments on any Payment Date (or other applicable date) and under the Enforcement Priority of Payments following the enforcement of the security over the Collateral. The failure of the Calculation Agent to make such determinations, calculations and/or to give such directions and advice may affect the performance of the Notes, the ability of the Issuer to comply with its obligations in respect of the Notes and the amounts received by Noteholders in respect of the Notes.

Geographical Concentration of the Mortgage Loans

The security for the Notes may be affected by, among other things a decline in real estate values. No assurance can be given that the values of the properties secured pursuant to the Mortgage Loans relating to the Charged Assets have remained or will remain at their levels on the dates of origination of the related Mortgage Loans or the date of purchase of the Charged Assets by the Issuer. The residential real estate market in Spain in general, or in any particular region may from time to time experience a decline in economic conditions and housing markets than may be experienced in certain other regions in Spain and, consequently, may experience higher rates of loss and delinquency on mortgage loans generally. Although the Borrowers are located certain regions of Spain, the Borrowers may be concentrated in certain locations, such as densely populated areas (see “*Mortgage Loans – Table 10: Breakdown by Property Location*”). Any deterioration in the economic condition of the areas in which the Borrowers are located, or any deterioration in the economic condition of other areas that causes an adverse effect on the ability of the Borrowers to repay the Mortgage Loans could increase the risk of losses on the Charged Assets. A concentration of Borrowers in such areas may therefore result in a greater risk of loss than would be the case if such concentration had not been present. Such losses, if they occur, could have an adverse effect on the yield to maturity of the Notes as well as on the repayment of principal and interest due on the Notes.

Ranking of Claims of Transaction Parties and Noteholders

Both before and after an Event of Default, amounts deriving from the Collateral will be available for the purposes of satisfying the Issuer’s obligations to the Transaction Parties and the Noteholders in priority to the Issuer’s obligations to any other creditor.

In addition, pursuant to the Trust Deed and the Conditions, the claims of certain Transaction Parties will rank senior to the claims of the Noteholders in accordance with the relevant Priorities of Payments.

Furthermore, the claims of holders of certain Classes of Notes in respect of principal and interest will rank ahead the claims of holders of other Classes of Notes. In particular, in respect of payments of principal, no payments of principal on the Class C Notes will be made while any Class A Notes or Class B Notes are outstanding and no payments of principal on the Class B Notes will be made while any Class A Notes are outstanding. In respect of interest and any Payment Date, no amount of interest will be payable on the Class C Notes until the Class A Notes have been redeemed in full and the maximum amount of interest payable in respect of the Class B Notes has been paid in respect of such Payment Date and no amount of interest will be payable on the Class B Notes until the maximum amount of interest payable in respect of the Class A Notes has been paid in full. Also, the amount of interest payable in respect of any Class of Notes on any Payment Date will be the lesser of (a) the amount determined by application of the applicable Rate of Interest pursuant to Condition 8.3 (*Rate of Interest*) in respect of such Class of Notes for the applicable Payment Period and the applicable Margin in respect of such Class of Notes and (b) the remaining Available Interest Funds after satisfaction of all amounts due and payable by the Issuer ranking ahead of payments of interest on such Class of Notes pursuant to the Available Interest Funds Priority of Payments under Condition 5.1 (*Application of Available Interest Funds*) and any amount of interest which would be payable but for the operation of Condition 8.4 shall not be payable and never be recoverable by the relevant Noteholders.

Interest on Class C Notes

As highlighted in *Ranking of Claims of Transaction Parties and Noteholders* above, no interest will be payable in respect of the Class C Notes until, among other things, the Class A Notes have been repaid in full.

Enforcement of Security

The terms on which the security for the Notes will be held will provide that, after the delivery of an Enforcement Notice, payments will rank in order of priority set out under Condition 5.3 (*Application of Proceeds upon Enforcement*). In the event that the security for the Notes is enforced, no amount will be paid in respect of any Class of Notes until all amounts owing in respect of any Class of Notes ranking in priority to such Notes (if any) and any other amounts ranking in priority to payments in respect of such Notes have been paid in full.

The Securitisation Law and issuance of the CTHs

The CTHs were issued subject to the provisions of Spanish Law 2/1981 of 25 March Regulating the Mortgage Market and Royal Decree 716/2009 of 24 April, developing determined aspects of Law 2/1981, and other applicable provisions.

The rights granted in respect of the Charged Assets (comprising the CTHs) are based on Spanish law relating to CTHs in effect at the date of issue of the CTHs. No assurance can be given that such law will not change after the date of these Listing Particulars or that such change will not adversely impact the nature of the CTHs and/or the rights relating thereto and/or the structure of the transaction and the treatment of the Notes.

Limited Provision of Information

Subject to any regulatory or other legal requirements, the Issuer will not be under any obligation to disclose to the Noteholders any financial or other information received by it in relation to the Charged Assets or the Mortgage Loans relating thereto or to notify them of the contents of any notice received by it in respect of the Charged Assets or the Mortgage Loans relating thereto provided that, as provided in the Conditions, a Noteholder may be entitled to request the Issuer and the Calculation Agent to provide updated information in connection with the Mortgage Loans (in a form substantially similar to that set out in the section entitled “*The Mortgage Loans*”) and, provided such request is made in accordance with the Conditions, such updated information shall be provided to all Noteholders. In particular, but subject to the foregoing, the Issuer will have no obligation to keep any Noteholder informed as to matters arising in relation to the Charged Assets or the Mortgage Loans relating thereto.

Change of Law

The structure of the transaction and, *inter alia*, the issue of the Notes are based on law, tax rules, rates, procedures and administrative practice in effect at the date hereof, and having due regard to the expected tax treatment of all relevant entities under such law and practice. No assurance can be given that law, tax rules, rates, procedures or administration practice will not change after the date of these Listing Particulars or that such change will not adversely impact the structure of the transaction and the treatment of the Notes.

Examinership

The Irish Companies (Amendment) Act 1990 (as amended) introduced the examinership procedure into Irish law. Examinership is a system of court protection for insolvent companies. The effect of the appointment of an examiner is to prohibit certain steps being taken except with the leave of the court against a company after the presentation of a petition for the appointment of an examiner. This prohibition continues if an examiner is appointed for so long as the examiner remains appointed (maximum period of one hundred days or such period as the High Court may determine). Prohibited steps include steps taken to enforce any security over the company’s property, the commencement or continuation of proceedings or execution or other legal process or the levying of distress against the company or its property and the appointment of a receiver. Accordingly if an examiner is appointed to the Issuer, the Trustee would be precluded from enforcing the security over the Collateral during the period of the examinership. The Trust Deed provides that neither the Noteholders, nor the Trustee nor any other party to the Trust Deed shall be entitled to petition or take any other step for the winding-up of the Issuer or the appointment of an examiner in respect of the Issuer.

Potential Conflict of Interest

Each of the Transaction Parties (other than the Issuer) and their affiliates in the course of each of their respective businesses may provide services to other Transaction Parties and to third parties and in the course of the provision of such services it is possible that conflicts of interest may arise between such Transaction Parties and their affiliates or between such Transaction Parties and their affiliates and third parties. Each of the Transaction Parties (other than the Issuer) and their affiliates may provide such services and enter into arrangements with any person without regard to or constraint as a result of any such conflicts of interest arising as a result of it being a Transaction Party in respect of the Transaction.

The Issuer believes that the risks described above are certain of the principal risks inherent to the transaction for Noteholders but the inability of the Issuer to pay interest or repay principal on the Notes may occur for other reasons and, accordingly, the Issuer does not represent that the above statements of the risks of holding the Notes are comprehensive. While the various structural elements described in these Listing Particulars are intended to lessen some of these risks for Noteholders there can be no assurance that these measures will be sufficient or effective to ensure payment to the Noteholders of interest or principal on such Notes on a timely basis or at all.

CONDITIONS OF THE NOTES

The Class A Notes, the Class B Notes and the Class C Notes (each as defined below) of Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited (the “**Issuer**”) are constituted by, are subject to and have the benefit of, a trust deed dated on or about the Issue Date between (amongst others) the Issuer and Deutsche Trustee Company Limited (the “**Trustee**”) (such trust deed, the “**Trust Deed**”). In addition, the Class A Notes, the Class B Notes and the Class C Notes are secured by (i) the Trust Deed and (ii) a pledge agreement governed by Spanish law and dated on or about the Issue Date between the Issuer, the Trustee, the Charged Assets Issuer (as defined below) and the Secured Parties (as defined below) pursuant to which the rights of the Issuer to receive payments in respect of the Charged Assets (as defined below) have been pledged in favour of the Trustee for itself and the other Secured Parties (the “**Pledge Agreement**”).

The Class A Notes, the Class B Notes and the Class C Notes are hereinafter collectively referred to as “**Classes**” and each as a “**Class**” or a “**Class of Notes**”. Any reference to “**Notes**” in these Conditions (as defined below) shall include the Class A Notes, the Class B Notes and the Class C Notes, as applicable and, where applicable, the Definitive Registered Certificates (as defined below) relating thereto.

The Issuer has also entered into (i) an agency agreement dated on or about the Issue Date (the “**Agency Agreement**”) governed by English law with one or more parties defined in the Agency Agreement as the “**Registrar**”, the “**Principal Paying Agent**”, the “**Calculation Agent**”, the “**Selling Agent**”, and the Trustee and (ii) an account bank agreement governed by English law dated on or about the Issue Date (the “**Account Bank Agreement**”) with the Calculation Agent, the Account Bank, the Spanish Account Bank and the Trustee. References herein to the “**Registrar**”, the “**Principal Paying Agent**”, the “**Calculation Agent**”, the “**Account Bank**”, the “**Spanish Account Bank**” or the “**Selling Agent**” shall include, respectively, any Successor Registrar, Principal Paying Agent, Calculation Agent, Account Bank, Spanish Account Bank or Selling Agent in each case appointed in accordance with the Agency Agreement and/or Account Bank Agreement, as applicable. References herein to “**Agents**” are to the Registrar, the Principal Paying Agent, the Calculation Agent, the Selling Agent and each other agent appointed in accordance with the Agency Agreement, as applicable. References herein to the “**Trustee**” shall include any other person or persons from time to time acting as an additional or replacement trustee under and in accordance with the Trust Deed.

In addition, the Issuer has entered into (i) a senior loan agreement governed by English law and dated on or about the Issue Date (the “**Senior Loan Agreement**”) with Caja de Ahorros del Mediterráneo (in such capacity, the “**Senior Loan Provider**”) pursuant to which the Senior Loan Provider has agreed to provide the Issuer with the loan specified in the Senior Loan Agreement (such loan, the “**Senior Loan**”) which shall be repayable by the Issuer in accordance with the terms of the Senior Loan Agreement, together with accrued interest as calculated in accordance with the terms of the Senior Loan Agreement, (ii) a notarial deed of issue and subscription of the Charged Assets governed by Spanish law and dated 31 March 2010 (the “**Charged Assets Issue and Subscription Deed**”) between Caja de Ahorros del Mediterráneo (in such capacity the “**Charged Assets Issuer**”) and the Issuer and (iii) a loan administration agreement governed by Spanish law dated 31 March 2010 as amended and restated on 21 April 2010 (the “**Loan Administration Agreement**”) with the Loan Administration Agent (as defined below).

Furthermore, on or about 28 April 2010, the Issuer, at the direction of the Calculation Agent and without the consent of any other person being required, acquired a subsidiary incorporated in Spain having the name Manston Invest, S.L. (recorded with the Commercial Registry of Madrid under Volume 27,569, Sheet 44, Page M-496,820 and with Spanish Tax Identification Number B-85905024) (the “**Issuer Subsidiary**”) and the Issuer holds all the issued ordinary share capital of the Issuer Subsidiary (the “**Issuer Subsidiary Shares**”). The Issuer Subsidiary was acquired for the purposes of holding legal title to certain Foreclosed Properties (as defined below). In connection with any such acquisition of the Issuer Subsidiary, such Issuer Subsidiary is entitled to appoint such directors, officers, administrators, accountants, auditors and such other persons (such directors, officers, administrators, accountants, auditors and such other persons, the “**Issuer Subsidiary Personnel**”), as the Issuer Subsidiary determines, in its sole and absolute discretion, to be necessary for the administration and operation of the Issuer Subsidiary and/or as may be required pursuant to Spanish law, in each case, solely with the consent of the Issuer, in its capacity as holder of the Issuer Subsidiary Shares (acting, with regard to the operation of the Issuer Subsidiary, on the directions of the Calculation Agent).

In relation to the foregoing, following the acquisition of the Issuer Subsidiary and prior to the acquisition by the Issuer Subsidiary of any Foreclosed Property, at the direction of the Calculation Agent, on 29 April 2010, the Issuer entered into a loan agreement with the Issuer Subsidiary substantially in the form annexed to the Trust Deed (the “**Issuer Subsidiary Loan Agreement**”) without the further consent of any Secured Party being required. Pursuant to the provisions of the Issuer Subsidiary Loan Agreement, in the event that (i) in discharge of its obligations under any of the Charged Assets, the Charged Assets Issuer notifies the Issuer (copied to the Loan Administration Agent and Calculation Agent) that it intends to, and is permitted pursuant to the terms of the Charged Assets to, procure transfer of legal title to one or more Foreclosed Properties from (a) the borrower(s) in respect of the relevant Mortgage Loan(s) (as defined below) and (b) the Loan Administration Agent, in respect of any Foreclosed Properties

that may have been acquired by the Loan Administration Agent prior to the date of incorporation of the Issuer Subsidiary and (ii) the Loan Administration Agent directs the Issuer to direct the Charged Assets Issuer or Loan Administration Agent, as applicable, to procure allocation of such legal title to any such Foreclosed Property to the Issuer Subsidiary, the Issuer has agreed to lend to the Issuer Subsidiary an amount equal to the foreclosure amount (*precio de remate*) or acquisition price of such Foreclosed Property (as notified to the Issuer by the Loan Administration Agent) (such value, the “**Foreclosed Property Value**”) to enable the Issuer Subsidiary to purchase such Foreclosed Property from the borrower in respect of the relevant Mortgage Loan to which such Foreclosed Property relates or, at the same price, from the Loan Administration Agent where the relevant Foreclosed Property has been acquired by the Loan Administration Agent prior to the date of incorporation of the Issuer Subsidiary, provided that, following the giving of such instructions to the Charged Assets Issuer as contemplated above, the issuance of the applicable court writ of allocation (*auto de adjudicación*) in respect of such Foreclosed Property (or the granting of any equivalent legal title of ownership of the applicable Foreclosed Property) in the name of the Issuer Subsidiary (a “**Foreclosed Property Title Allocation**”) shall be, for the purposes of the Issuer Subsidiary Loan Agreement, an advance to the Issuer Subsidiary of an amount equal to the Foreclosed Property Value relating to such Foreclosed Property (and shall be treated as such in the accounts of the Issuer Subsidiary). In addition, pursuant to the Issuer Subsidiary Loan Agreement, the Issuer has also agreed to lend to the Issuer Subsidiary, on any Quarterly Transfer Date (as defined below), to the extent that there are sufficient amounts standing to the credit of the General Payments Account (as defined below) after payment of any amounts ranking in priority thereto pursuant to Condition 5.8 (*Accounts and Ledgers*) amounts equal to any Subsidiary Operating Expenses, Subsidiary Exceptional Expenses and Subsidiary Unpaid Taxes (each as defined below) to the extent that the Issuer Subsidiary (or the Subsidiary Administration Agent (as defined below) on behalf of the Issuer Subsidiary) requests any such loan pursuant to the provisions of the Issuer Subsidiary Loan Agreement (any such loan, an “**Additional Subsidiary Loan**”). In relation thereto, pursuant to the Issuer Subsidiary Loan Agreement, in repayment of any amounts lent or advanced in respect of any Foreclosed Property, pursuant to the Issuer Subsidiary Loan Agreement, the Issuer Subsidiary has agreed to transfer to the Spanish Account Bank (i) on each Quarterly Transfer Date, an amount equal to any Net Foreclosed Property Sale Proceeds, Net Foreclosed Property Rental Income and Net Foreclosed Property Additional Income (each as defined below) received by the Issuer Subsidiary during the period from, and including, the immediately preceding Quarterly Transfer Date (or, in respect of the first Quarterly Transfer Date, the Issue Date) to, but excluding, such Quarterly Transfer Date and (ii) any Residue Tax Amount (as defined below) held by the Issuer Subsidiary after payment of the applicable Annual Foreclosed Property Tax (as defined below) on the Quarterly Transfer Date immediately following the date on which such Annual Foreclosed Property Tax was paid by the Issuer Subsidiary. Pursuant to the provisions of the Issuer Subsidiary Loan Agreement, acting on the directions of the Calculation Agent, the Issuer notified the Trustee of the entry into of the Issuer Subsidiary Loan Agreement following the entry into thereof.

Upon the acquisition of the Issuer Subsidiary by the Issuer, on 29 April 2010, the Issuer Subsidiary entered into an asset management agreement (the “**Subsidiary Asset Management Agreement**”) with Caja de Ahorros del Mediterráneo (in such capacity, the “**Subsidiary Administration Agent**”) in the form set out in the Loan Administration Agreement (without the further consent of any Secured Party required) pursuant to which the Subsidiary Administration Agent has agreed to perform the services specified in the Subsidiary Asset Management Agreement on behalf of the Issuer Subsidiary in connection with any Foreclosed Properties legal title to which have been registered in the name of the Issuer Subsidiary and pursuant to which the Issuer Subsidiary has agreed to pay such fees, costs and expenses and other amounts as are specified or contemplated in the Subsidiary Asset Management Agreement to the Subsidiary Administration Agent. In connection therewith, the Issuer Subsidiary has opened an account with Caja de Ahorros del Mediterráneo in the name of the Issuer Subsidiary (such account, the “**Issuer Subsidiary Account**”) into which the Issuer Subsidiary, and the Subsidiary Administration Agent shall credit all amounts received by, or on behalf of, the Issuer Subsidiary in respect of the Foreclosed Properties legal title to which is held by the Issuer Subsidiary prior to transfer of all or part of any such amounts in respect of such Foreclosed Properties to the Spanish Account on any Quarterly Transfer Date.

In connection with the acquisition of the Issuer Subsidiary, following the acquisition of the Issuer Subsidiary Shares, the Issuer has entered into a pledge agreement governed by Spanish law between the Issuer, the Trustee, the Issuer Subsidiary and the Secured Parties (as defined below) dated 30 July 2010 pursuant to which the Issuer Subsidiary Shares so held by the Issuer (together with all rights relating thereto) were pledged in favour of the Secured Parties (the “**Subsidiary Share Pledge Agreement**”).

Noteholders should note that no security shall be taken over any Foreclosed Properties legal title to which is transferred to the Issuer Subsidiary in the manner contemplated above. In addition, no security shall be taken over the Subsidiary Asset Management Agreement, the Issuer Subsidiary Account or any other assets of the Issuer Subsidiary. Accordingly, Noteholders shall be unsecured in respect of any amounts owed by the Issuer Subsidiary to the Issuer pursuant to the Issuer Subsidiary Loan Agreement or otherwise.

Noteholders should also note that, by operation of Spanish law and the Issuer Subsidiary Loan Agreement, the Issuer shall be subordinated in respect of any amounts owed to it under the Issuer Subsidiary Loan Agreement to any amounts owing by the Issuer Subsidiary to any of its other creditors.

Certain provisions of these Conditions (including the definitions) are summaries of the Trust Deed and the other Transaction Documents and are subject to their detailed provisions. The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement, the Account Bank Agreement, the Senior Loan Agreement, the Pledge Agreement and each other Transaction Document. Copies of the Transaction Documents are available for inspection by Noteholders during normal business hours at the registered office of the Issuer, the principal office of the Trustee and the specified office of the Principal Paying Agent.

Application has been made for the Notes to be listed on the Irish Stock Exchange. In certain circumstances contemplated in Condition 3.8 (*Delisting Upon Transfer Request*), the Notes will be delisted without any consent required from the Noteholders or any discretion being exercised by any party.

1. Definitions and Interpretation

1.1 Definitions

“**Accounts**” means the General Payments Account and the Spanish Account.

“**Account Bank**” means Deutsche Bank AG, London Branch in its capacity as account bank or any successor appointed as account bank pursuant to the Account Bank Agreement.

“**Account Bank Agreement**” has the meaning given to such term in the preamble to these Conditions.

“**Accumulation Fund**” means the fund established by the Account Bank on behalf of the Issuer, held in the General Payments Account and credited to the Accumulation Fund Ledger and funded on the Issue Date with an amount equal to the Initial Fund Amount from the relevant portion of the Senior Loan.

“**Accumulation Fund Ledger**” means the segregated ledger of the General Payments Account entitled “Fondo Privado 2 – Accumulation Fund Ledger” that is maintained by the Account Bank.

“**Accumulation Fund Required Amount**” means, (i) upon the earlier to occur of (a) the Legal Final Maturity Date and (b) the date upon which the Class A Notes have been redeemed in full, zero, and (ii) otherwise, an amount equal to the balance of the Available Interest Funds after application of the Available Interest Funds pursuant to items *first* to *ninth* of the Available Interest Funds Priority of Payments.

“**Accumulation Fund Utilisation**” means an amount equal to (i) the sum of the amounts due to be applied pursuant to items *first* to *eighth* of the Available Interest Funds Priority of Payments, less (ii) the Available Interest Funds, provided that such amount will not be less than zero and further provided that if the Class A Notes have been redeemed in full, the Accumulation Fund Utilisation will be zero.

“**Additional Senior Loan Consideration Amount**” means all such amounts (other than principal and interest) that the Issuer has agreed to pay the Senior Loan Provider pursuant to the terms of the Senior Loan Agreement.

“**Additional Subsidiary Loan**” has the meaning given to such term in the preamble to these Conditions.

“**Administration Servicing Charges**” means any amounts due to the Loan Administration Agent from the Issuer pursuant to the Loan Administration Agreement other than any Administration Servicing Fees.

“**Administration Servicing Fees**” has the meaning given to the term “Fees” (*Comisiones*) in the Loan Administration Agreement.

“**Agency Agreement**” has the meaning given to such term in the preamble to these Conditions.

“**Agents**” has the meaning given to such term in the preamble to these Conditions.

“**Annual Foreclosed Property Tax**” means any tax payable on an annual basis in Spain by the legal title holder of Foreclosed Properties arising in connection with ownership of a Foreclosed Property or any rental income receivable by such legal title holder of a Foreclosed Property, any capital gain arising as a result of a sale of a Foreclosed Property or other similar tax, duty or levy, as the same may be reduced or set off against any losses incurred by such legal title holder with regard to the sale of other applicable Foreclosed Properties to the extent permitted under Spanish law.

“Appointee” means any attorney, manager, agent, delegate or other person appointed by the Trustee under any Transaction Document to discharge any of its functions or to advise it in relation thereto.

“Assessment Date” means each day falling 2 Business Days prior to (i) a Payment Date, (ii) an Early Redemption Quarterly Date on which the Notes are to be redeemed and (iii) the date on which the Notes are to be redeemed following the occurrence of an Event of Default and delivery of an Enforcement Notice.

“Authorised Officer” means, in respect of the Issuer or the Issuer Subsidiary, any director or authorised officer or attorney of the Issuer or the Issuer Subsidiary, as applicable, or any agent who holds himself or herself out as being authorised to act for the Issuer or the Issuer Subsidiary, as applicable, in matters relating to and binding upon the Issuer or the Issuer Subsidiary, as applicable.

“Available Interest Funds” has the meaning given to that term in Condition 5.8 (*Accounts and Ledgers*).

“Available Interest Funds Priority of Payments” has the meaning given to that term in Condition 5.1 (*Application of Available Interest Funds*).

“Available Principal Funds” has the meaning given to that term in Condition 5.8 (*Accounts and Ledgers*).

“Available Principal Funds Priority of Payments” has the meaning given to that term in Condition 5.2 (*Application of Available Principal Funds*).

“Basic Terms Modification” has the meaning set out in Condition 14.1 (*Meetings of Noteholders*).

“Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Madrid, Alicante and Dublin and which is also a TARGET2 Settlement Day.

“Calculation Agent” means Caja de Ahorros del Mediterráneo in its capacity as calculation agent or any Successor appointed as calculation agent pursuant to the Agency Agreement.

“Calculation Date” means, in respect of a Payment Period, the first day of such Payment Period.

“Charged Assets” means the Certificados de Transmisión Hipotecaria (the “CTHs”) issued by the Charged Assets Issuer and registered in the name of the Issuer following their purchase by the Issuer on or about the Issue Date pursuant to the terms of the Charged Assets Issue and Subscription Deed having an outstanding principal amount, as at the Issue Date, equal to the Charged Assets Initial Principal Amount, together with certain rights relating to the Mortgage Loans to which the CTHs relate as set out in the Charged Assets Issue and Subscription Deed.

“Charged Assets Initial Principal Amount” means €169,736,702.

“Charged Assets Issue and Subscription Deed” has the meaning given to such term in the preamble to these Conditions.

“Charged Assets Issuer” has the meaning given to such term in the preamble to these Conditions.

“Charged Asset Issuer Quote Period” has the meaning given to that term in Condition 9.5 (*Early Redemption*).

“Charged Assets Issuer Purchase Notice” has the meaning given to such term in Condition 9.4 (*Early Redemption following exercise of Charged Assets Issuer Option*).

“Charged Assets Purchase Redemption Notice” has the meaning given to such term in Condition 9.4 (*Early Redemption following exercise of Charged Assets Issuer Option*).

“Class A Definitive Registered Certificates” has the meaning given to that term in Condition 2 (*Form and Denomination*).

“Class A Notes” means the Issuer’s €116,950,000 Class A Secured Floating Rate Notes due 2069.

“Class B Definitive Registered Certificates” has the meaning given to that term in Condition 2 (*Form and Denomination*).

“Class B Notes” means the Issuer’s €25,050,000 Class B Secured Floating Rate Notes due 2069.

“Class C Definitive Registered Certificates” has the meaning given to that term in Condition 2 (*Form and Denomination*).

“Class C Notes” means the Issuer’s €27,700,000 Class C Secured Floating Rate Notes due 2069.

“Class of Notes” has the meaning given to such term in the preamble to these Conditions.

“Clean-up Call Event” means any date on which the outstanding principal amount of the Charged Assets (as determined by the Calculation Agent) is less than 10 per cent. of the Charged Assets Initial Principal Amount.

“Clean Up Redemption Notice” has the meaning given to such term in Condition 9.3 (*Early Redemption following Clean Up Call Event*)

“Collateral” has the meaning given to that term in Condition 6.1 (*Security*).

“Conditions” means these terms and conditions, as the same may be amended and/or restated and/or supplemented from time to time.

“Corporate Benefit Amount” means an amount equal to €500 retained by the Issuer for its own purposes on each Payment Date pursuant to the Available Interest Funds Priority of Payments.

“Corporate Services Agreement” means the corporate services agreement dated 31 March 2010 between the Issuer and the Corporate Services Provider.

“Corporate Services Provider” means Deutsche International Corporate Services (Ireland) Ltd. or any successor thereto.

“CTH Custody Fee” (*Comisión de Custodia*) has the meaning given to such term in the Loan Administration Agreement.

“Day Count Fraction” means, in respect of a Payment Period, the actual number of days in such Payment Period divided by 360.

“Definitive Registered Certificates” has the meaning given to that term in Condition 2 (*Form and Denomination*).

“Early Redemption Amount” has the meaning given to that term in Condition 9.5 (*Early Redemption*).

“Early Redemption Quarterly Date” means 22 January, 22 April, 22 July and 22 October in each year, from, and including, 22 July 2010 to, and including, 22 July 2069, provided that if any Early Redemption Quarterly Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day, unless that day falls in the next calendar month, in which case the Early Redemption Quarterly Date will be the first preceding day that is a Business Day.

“Enforcement Notice” has the meaning given to that term in Condition 11.1 (*Events of Default*).

“Enforcement Priority of Payments” has the meaning given to that term in Condition 5.3 (*Application of Proceeds upon Enforcement*).

“Eurozone” means the region comprised of member states of the European Union that adopt the euro in accordance with the EU Treaty.

“EU Treaty” means the Treaty on the functioning of the European Union.

“Event of Default” has the meaning given to that term in Condition 11.1 (*Events of Default*).

“Exceptional Expenses” means any unanticipated fees, costs, taxes, expenses and other amounts or liabilities which are incurred or claimed by, or payable to, any Operating Creditor which are not Operating Expenses and which are payable by the Issuer under a Transaction Document to which it is a party.

“Extraordinary Resolution” means, with respect to any Class of Noteholders, a resolution passed at a meeting of such Class of Noteholders duly convened and held in accordance with the Trust Deed by at least 75 per cent. by number of the votes cast.

“Foreclosed Property” means any property relating to a Mortgage Loan and the Charged Assets in respect of which foreclosure or other enforcement proceedings have been taken or which is surrendered by the

borrower in respect of such Mortgage Loan in payment or for payment of a Mortgage Loan and legal title to which is, pursuant to the terms of the Loan Administration Agreement, registered in the name of the Issuer Subsidiary.

“**Foreclosed Property Title Allocation**” has the meaning given to such term in the preamble to these Conditions.

“**Foreclosed Property Value**” has the meaning given to such term in the preamble to these Conditions.

“**Form of Transfer**” means a Form of Transfer in the form set out in Annex A to the Form of Definitive Registered Certificate set out in Schedule 2 to the Trust Deed, as the same may be amended, supplemented and/or modified from time to time in accordance with the provisions of the Trust Deed.

“**General Payments Account**” means the segregated interest bearing account entitled “Fondo Privado 2 – General Payments Account” that is held in the name of the Issuer with the Account Bank.

“**Holder**” has the meaning given to that term in Condition 3.1 (*Register*).

“**Information Request Notice**” has the meaning given to such term in Condition 10.5 (*Information Requests*).

“**Information Request Notice Period**” has the meaning given to such term in Condition 10.5 (*Information Requests*).

“**Information Request Report**” has the meaning given to such term in Condition 10.5 (*Information Requests*).

“**Information Update Month**” has the meaning given to such term in Condition 10.5 (*Information Requests*).

“**Initial Fund Amount**” means €550,000.

“**Initial Principal Amount**” means, in respect of each Class of Notes, the amount set out in respect of such Class in the table below:

<i>Class of Notes</i>	<i>Initial Principal Amount</i>
Class A Notes	€116,950,000
Class B Notes	€25,050,000
Class C Notes	€27,700,000

“**Interest Amount**” means, in respect of a Note and a Payment Period, the amount of interest payable in respect of such Note for such Payment Period.

“**Interest Ledger**” means the segregated ledger of the General Payments Account entitled “Fondo Privado 2 – Interest Ledger” that is maintained by the Account Bank.

“**Issue Date**” means 21 April 2010.

“**Issuer**” has the meaning given to such term in the preamble to these Conditions.

“**Issuer Subsidiary**” has the meaning given to such term in the preamble to these Conditions.

“**Issuer Subsidiary Covenant**” has the meaning given to such term in Condition 7 (*Restrictions*).

“**Issuer Subsidiary Loan Agreement**” has the meaning given to such term in the preamble to these Conditions.

“**Issuer Subsidiary Personnel**” has the meaning given to such term in the preamble to these Conditions.

“**Issuer Subsidiary Shares**” has the meaning given to such term in the preamble to these Conditions.

“**Ledger**” means each of the Interest Ledger, the Principal Ledger and the Accumulation Fund Ledger and “**Ledgers**” means each of them taken together.

“**Legal Final Maturity Date**” means the Payment Date falling in September 2069.

“Loan Administration Agent” means Caja de Ahorros del Mediterráneo or any successor appointed as loan administration agent pursuant to the Loan Administration Agreement.

“Loan Administration Agreement” has the meaning given to such term in the preamble to these Conditions.

“Margin” means in respect of each Class of Notes, the rate set out in respect of such Class in the table below:

<i>Class of Notes</i>	<i>Margin</i>
Class A Notes	plus 0.30 per cent. per annum
Class B Notes	plus 0.50 per cent. per annum
Class C Notes	plus 1.00 per cent. per annum

“Minimum Redemption Amount” means, in respect of any Early Redemption Quarterly Date, an amount, as determined by the Calculation Agent in its sole and absolute discretion on the Business Day immediately following receipt of a Tax Redemption Notice, Clean Up Redemption Notice or Charged Assets Purchase Redemption Notice (as applicable), equal to the aggregate of (a) any Exceptional Expenses and Operating Expenses payable to the Trustee accrued and unpaid or anticipated as at such Early Redemption Quarterly Date, (b) any Operating Expenses and/or Extraordinary Expenses of the Issuer accrued and unpaid or anticipated as at such Early Redemption Quarterly Date (other than as taken account of pursuant to item (a) of this definition), (c) any Subsidiary Operating Expenses, Subsidiary Exceptional Expenses and Subsidiary Unpaid Taxes accrued and unpaid or anticipated at such Early Redemption Quarterly Date, (d) any Senior Loan Interest and Senior Loan Deferred Interest accrued and unpaid as at such Early Redemption Quarterly Date, (e) the outstanding principal amount of the Senior Loan as at such Early Redemption Quarterly Date, (f) the Interest Amounts in respect of the Class A Notes, Class B Notes and Class C Notes accrued and unpaid as at such Early Redemption Quarterly Date and (g) the Principal Amount Outstanding in respect of the Class A Notes, Class B Notes and Class C Notes as at such Early Redemption Quarterly Date.

“Mortgage Loans” has the meaning given to such term in the Charged Assets Issue and Subscription Deed.

“Net Foreclosed Property Additional Income” means any amounts received by the Issuer Subsidiary as legal title holder of any Foreclosed Properties, in each case, less an amount equal to the maximum amount of any Annual Foreclosed Property Tax that the Subsidiary Administration Agent (in respect of any Foreclosed Properties legal title to which is held by the Issuer Subsidiary) determines may be attributable to such amounts so received in respect of such Foreclosed Properties (such amount relating to any Annual Foreclosed Property Tax being withheld by the Issuer Subsidiary pursuant to the terms of the Subsidiary Asset Management Agreement (such withheld amount, the **“Withheld Additional Income Tax Amount”**))) and which, in the determination of the Subsidiary Administration Agent do not constitute Net Foreclosed Property Rental Income or Net Foreclosed Property Sale Proceeds.

“Net Foreclosed Property Rental Income” means any amounts in respect of rent or equivalent amounts with regard to any Foreclosed Properties received by the Issuer Subsidiary as legal title holder of any Foreclosed Properties less an amount equal to the maximum amount of any Annual Foreclosed Property Tax that the Subsidiary Administration Agent (in respect of any Foreclosed Properties legal title to which is held by the Issuer Subsidiary) determines may be attributable to such amounts so received in respect of such Foreclosed Properties (such amount relating to any Annual Foreclosed Property Tax being withheld by the Issuer Subsidiary pursuant to the terms of the Subsidiary Asset Management Agreement (such withheld amount, the **“Withheld Rental Income Tax Amount”**))).

“Net Foreclosed Property Sale Proceeds” means any proceeds of sale of any Foreclosed Properties received by the Issuer Subsidiary as legal title holder of any Foreclosed Properties less an amount equal to the maximum amount of any Annual Foreclosed Property Tax that the Subsidiary Administration Agent (in respect of any Foreclosed Properties legal title to which is held by the Issuer Subsidiary) determines may be attributable to such amounts so received in respect of such Foreclosed Properties (such amount relating to any Annual Foreclosed Property Tax being withheld by the Issuer Subsidiary pursuant to the terms of the Subsidiary Asset Management Agreement (such withheld amount, the **“Withheld Sale Proceeds Tax Amount”**))).

“Noteholder” has the meaning given to that term in Condition 3.1 (*Register*).

“Notes” has the meaning given to such term in the preamble to these Conditions.

Ongoing Exceptional Expenses” has the meaning given to such term in Condition 5.8 (*Accounts and Ledgers*).

“Operating Creditor” means any of (i) the Trustee (or any Appointee), (ii) any Receiver, (iii) any Agent, (iv) the Account Bank, (v) the Spanish Account Bank, (vi) the Loan Administration Agent, (vii) the directors of the Issuer, (viii) the Corporate Services Provider, (ix) the Issuer’s auditors, legal advisers tax advisers and liquidator and (x) any other creditor from time to time of the Issuer which has been notified to the Calculation Agent in accordance with the terms of the Account Bank Agreement (including, without limitation, any applicable tax authorities).

“Operating Expenses” means any anticipated fees, costs, taxes, expenses and other anticipated amounts or liabilities payable by the Issuer to any Operating Creditor (including, without limitation, costs, fees, taxes and expenses incurred or anticipated by the Issuer in relation to its incorporation, continued existence and dissolution and liquidation and, for the avoidance of doubt, and without limitation, including any Administration Servicing Fees, CTH Custody Fee and Administration Servicing Charges payable to the Loan Administration Agent).

“outstanding” means, with respect to the Notes of any Class, as of any date of determination, all of the Notes of such Class issued other than:

- (i) those Notes of the relevant Class which have been redeemed pursuant to the Conditions;
- (ii) those Notes of the relevant Class in respect of which any claim to the Principal Amount Outstanding has been extinguished, and the redemption moneys have been duly paid to the Trustee or to the Principal Paying Agent in the manner provided in the Agency Agreement (and, where appropriate, notice to that effect has been given to the relevant Noteholders) and remain available for payment; or
- (iii) those Notes claims in respect of which have become void under Condition 12 (*Prescription*), provided that for each of the following purposes, namely:
 - (a) the right to attend and vote at any meeting of the Noteholders of a Class;
 - (b) the determination of how many and which of the relevant Notes are for the time being outstanding for the purpose of clause 7.2 of the Trust Deed and Conditions 11.1 (*Events of Default*) and 11.4 (*Enforcement*);
 - (c) any discretion, power or authority (whether contained in the Trust Deed or vested by operation of law) which the Trustee is required, expressly or implicitly, to exercise in or by reference to the interests of the Noteholders or any of them; and
 - (d) the determination (where relevant) by the Trustee whether any event, circumstance, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders of any Class,

those Notes (if any) which are for the time being held by, for the benefit of, or on behalf of, the Issuer and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain outstanding (and the Trustee shall be entitled to assume that there are no such holdings except to the extent it is otherwise expressly aware and shall not be bound or concerned to make any enquiry).

“Payment Date” has the meaning given to that term in Condition 8.1 (*Interest on Notes*).

“Payment Period” has the meaning given to that term in Condition 8.1 (*Interest on Notes*).

“person” means an individual, corporation (including a business trust), limited liability company, partnership, collective investment scheme, joint venture, association, joint stock company, trust (including any beneficiary thereof), unincorporated association or government or any agency or political subdivision thereof.

“Pledge Agreement” has the meaning given to that term in the preamble to the Conditions.

“Potential Event of Default” means any event, occurrence of circumstance which, over the course of time, may reasonably be expected to give rise to an Event of Default in respect of the Notes.

“Principal Amount Outstanding” means, in respect of any Class of Notes, the Initial Principal Amount of such Class minus all amounts in respect of principal actually paid to Noteholders of such Class, and the **“Principal Amount Outstanding”** of a Note of any Class shall mean such Note’s *pro rata* portion of the Principal Amount Outstanding for such Class.

“Principal Ledger” means the segregated ledger of the General Payments Account entitled “Fondo Privado 2 – Principal Ledger” that is maintained by the Account Bank.

“Principal Paying Agent” means Deutsche Bank AG, London Branch or any Successor appointed as principal paying agent pursuant to the Agency Agreement.

“Priorities of Payment” means the Available Interest Funds Priority of Payments, the Available Principal Funds Priority of Payments and the Enforcement Priority of Payments.

“Qualifying Noteholder” means, in relation to a payment of interest on the Notes, a Noteholder which is beneficially entitled to that interest and is:

- (a) the holder of a licence for the time being in force granted under section 9 of the Irish Central Bank Act 1971 or an authorised credit institution under the terms of EU Council Directive 2000/12/EC of 20 March 2000 which has duly established a branch in Ireland or has made all necessary notifications to its home state competent authorities required thereunder in relation to its intention to carry on banking business in Ireland provided in each case that it is carrying on a bona fide banking business in Ireland with which the interest payment is connected;
- (b) a person that is resident for the purposes of tax in a member state of the European Communities (other than Ireland) or in a territory with which Ireland has signed a Treaty (residence for these purposes to be determined in accordance with the laws of the territory of which the Noteholder claims to be resident) provided that if the Noteholder is a company, it is not carrying on a trade or business in Ireland through an agency or branch with which the interest payment is connected;
- (c) a Treaty Noteholder;
- (d) a body corporate which is resident in Ireland for the purposes of Irish tax or which carries on a trade in Ireland through a branch or agency:
 - (i) which advances money in the ordinary course of a trade which includes the lending of money; and
 - (ii) in whose hands any interest payable is taken into account in computing the trading income of the company; and
 - (iii) which has complied with all of the provisions of section 246(5)(a) of the Taxes Consolidation Act of Ireland 1997, as amended (the “**Taxes Act**”), including making the appropriate notifications thereunder;
- (e) a qualifying company within the meaning of section 110 of the Taxes Act; or
- (f) an investment undertaking within the meaning of section 739B of the Taxes Act.

“Quarterly Transfer Date” means 20 March, 20 June, 20 September and 20 December in each year commencing on 20 September 2010 to, and including, the Legal Final Maturity Date provided that if any Quarterly Transfer Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day, unless that day falls in the next calendar month, in which case the Quarterly Transfer Date will be the first preceding day that is a Business Day.

“Quarterly Transfer Payment Amounts” has the meaning given to such term in Condition 5.8 (*Accounts and Ledgers*).

“Rate of Interest” means the rate of interest payable from time to time in respect of a Note as determined by the Calculation Agent in accordance with Condition 8.3 (*Rate of Interest*).

“Receiver” means any receiver or administrative receiver appointed in respect of the Issuer by the Trustee in accordance with the terms of the Trust Deed or any similar officer or person appointed by the Trustee under the Pledge Agreement or the Subsidiary Share Pledge Agreement.

“Record Date” means, with respect to any payment in respect of the Notes, the fifteenth calendar day before the due date for such payment.

“Reference Banks” means four major banks in the Eurozone interbank market, in each case selected by the Calculation Agent.

“Register” means the register kept at the specified office of the Registrar in accordance with the Agency Agreement on which shall be entered the names and addresses of the Holders of the Notes, the particulars of the Notes held by them and all transfers of the Notes.

“Registrar” means Deutsche Bank Luxembourg S.A. or any Successor appointed as registrar pursuant to the Agency Agreement.

“Regulation S” has the meaning given to that term in Condition 2 (*Form and Denomination*).

“Relevant Date” has the meaning given to that term in Condition 12 (*Prescription*).

“Relevant Screen” has the meaning given to that term in Condition 17 (*Notices*).

“Relevant Screen Rate” means the rate for deposits in Euros for a period of one year displayed on Reuters Screen EURIBOR01 (or any successor display page or service), provided that (a) the Relevant Screen Rate in respect of the first Payment Period and any Class of Notes shall be the linear interpolation of the rates determined in accordance with the above adjusted for 1 year and the next longer period available on Reuters Screen EURIBOR01 (or any successor display page or service) for deposits in Euros and (b) the Relevant Screen Rate in respect of the Payment Period ending on the Legal Final Maturity Date and any Class of Notes shall be the linear interpolation of the rates determined in accordance with the above adjusted for 5 month and 6 month deposits in Euros.

“Relevant Time” means 11.00 a.m. Brussels time.

“Representative Amount” means an amount determined by the Calculation Agent that is representative for a single transaction in the relevant market at the relevant time.

“Residue Tax Amount” means, in respect of any Annual Foreclosed Property Tax, an amount equal to the aggregate of the Withheld Additional Income Tax Amounts, Withheld Rental Income Tax Amounts or Withheld Sale Proceeds Tax Amounts, as applicable, for the applicable year relating to such Annual Foreclosed Property Tax, less, in each case, an amount equal to the amount paid in respect of such Annual Foreclosed Property Tax by the Issuer Subsidiary (or the Subsidiary Administration Agent on behalf of the Issuer Subsidiary).

“Screen Rate Determination Date” means the day that falls two Business Days prior to the first day of the relevant Payment Period.

“Secured Obligations” means all present and future obligations of the Issuer to the Secured Parties under the Notes, the Trust Deed, the Senior Loan Agreement and each of the other Transaction Documents.

“Secured Parties” means the Noteholders, the Trustee, the Senior Loan Provider, the Corporate Services Provider, the Account Bank, the Spanish Account Bank, the Loan Administration Agent and the Agents.

“Securities Act” has the meaning given to that term in Condition 2 (*Form and Denomination*).

“Selling Agent” means Caja de Ahorros del Mediterráneo in its capacity as selling agent or any Successor appointed as selling agent pursuant to the Agency Agreement.

“Senior Loan” has the meaning given to such term in the preamble to these Conditions as the same may be repaid from time to time in accordance with the Senior Loan Agreement.

“Senior Loan Agreement” has the meaning given to such term in the preamble to these Conditions.

“Senior Loan Deferred Interest” means, in respect of the Senior Loan and any Payment Date, an amount equal to the aggregate Senior Loan Interest payable on the Senior Loan on each prior Payment Date under the Senior Loan Agreement as determined by the Calculation Agent under Condition 8.4 (*Calculation of Interest*) minus the aggregate amount of Senior Loan Interest actually paid in respect of the Senior Loan prior to such Payment Date.

“Senior Loan Interest” means, in respect of any Payment Date, the amount of interest due on such date to the Senior Loan Provider from the Issuer pursuant to the Senior Loan Agreement in respect of the Senior Loan.

“Senior Loan Final Repayment Date” means the date falling on the Legal Final Maturity Date.

“Senior Loan Provider” has the meaning given to such term in the preamble to these Conditions.

“Senior Loan Scheduled Repayment Amount” means, in respect of any Payment Date, the amount of principal due to be repaid on such date to the Senior Loan Provider from the Issuer pursuant to the Senior Loan Agreement in respect of the Senior Loan.

“Senior Outstanding Class” means the Class A Notes or, following redemption and payment in full of the Class A Notes, the Class B Notes or, following redemption and payment in full of the Class B Notes, the Class C Notes.

“Specified Denomination” means €50,000.

“Spanish Account” means a segregated interest bearing account entitled “Fondo Privado 2 – Spanish Account” that is held in the name of the Issuer with the Spanish Account Bank.

“Spanish Account Bank” means Deutsche Bank, S.A.E. in its capacity as account bank or any successor appointed as account bank pursuant to the Account Bank Agreement.

“Subsidiary Administration Agent” has the meaning given to such term in the preamble to these Conditions.

“Subsidiary Asset Management Agreement” has the meaning given to such term in the preamble to these Conditions.

“Subsidiary Exceptional Expenses” means any unanticipated fees, costs, taxes, expenses and other amounts or liabilities which are incurred or claimed by, or payable to, the Subsidiary Administration Agent which are not Subsidiary Operating Expenses and which are payable by the Issuer Subsidiary under the Subsidiary Asset Management Agreement.

“Subsidiary Notice” has the meaning given to such term in the preamble to these Conditions.

“Subsidiary Operating Expenses” means any anticipated fees, costs, taxes, expenses and other anticipated amounts or liabilities payable by the Issuer Subsidiary to the Subsidiary Administration Agent (including, without limitation, costs, fees, taxes and expenses incurred or anticipated by the Issuer Subsidiary in relation to its incorporation, continued existence and dissolution and liquidation and, for the avoidance of doubt, and without limitation, including any amounts payable by the Issuer Subsidiary to the Subsidiary Administration Agent in reimbursement of any amounts of notarial or land registry fees, transfer tax, land tax, municipal tax or other tax, duty or levy paid by the Subsidiary Administration Agent on behalf of the Issuer Subsidiary in respect of any Foreclosed Properties legal title to which is held by the Issuer Subsidiary).

“Subsidiary Share Pledge Agreement” has the meaning given to such term in the preamble to these Conditions.

“Subsidiary Share Pledge Power of Attorney” has the meaning given to such term in the preamble to these Conditions.

“Subsidiary Unpaid Taxes” means any amount of tax due and payable by the Issuer Subsidiary but remaining unpaid (including, without limitation, any amount of tax in respect of any Foreclosed Property legal title to which is held by the Issuer Subsidiary and which the Subsidiary Administration Agent has agreed to pay on behalf of the Issuer Subsidiary, subject to subsequent reimbursement by the Issuer Subsidiary, and which remains due but unpaid but excluding, for the avoidance of doubt, any Withheld Additional Income Tax Amount, Withheld Rental Income Tax Amount and Withheld Sale Proceeds Tax Amount).

“Successor” means, in relation to any Agent, the Account Bank, the Spanish Account Bank or the Trustee, such other or further person as may from time to time be appointed by the Issuer as such, in the case of any Agent, the Account Bank or the Spanish Account Bank with the written approval of, and on terms approved in writing by, the Trustee, and notice of whose appointment is given to Noteholders or any permitted assignee or successor in title of any such person, or (in any case) any person who under the law of its jurisdiction of incorporation has validly assumed the rights and obligations of any such person or to whom such rights and obligations have been validly transferred.

“TARGET2 Settlement Day” means a day on which TARGET (the Trans-European Automated Real-time Gross settlement Express Transfer system) is open.

“Tax” means any present or future tax, levy, impost, duty or other charge or withholding of any nature whatsoever (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same) imposed or levied under the law or regulations of any relevant jurisdiction and **“Taxes”**, **“taxation”** and **“taxable”** and comparable expressions shall be construed accordingly.

“**Tax Redemption Event**” has the meaning given to that term in Condition 9.2 (*Redemption for Taxation Reasons*).

“**Tax Redemption Notice**” has the meaning given to that term in Condition 9.2 (*Redemption for Taxation Reasons*).

“**Transaction Documents**” means the Trust Deed, the Agency Agreement, the Account Bank Agreement, the Pledge Agreement, the Loan Administration Agreement, the Senior Loan Agreement, the Corporate Services Agreement, the Charged Assets Issue and Subscription Deed, the Trustee Power of Attorney, the Issuer Subsidiary Loan Agreement and the Subsidiary Share Pledge Agreement.

“**Transaction Parties**” means the Issuer, the Trustee, the Agents, the Account Bank, the Spanish Account Bank, the Loan Administration Agent, the Senior Loan Provider and the Corporate Services Provider and, with effect from the date of incorporation of the Issuer Subsidiary, the Issuer Subsidiary (each, a “**Transaction Party**”).

“**Treaty**” means a double taxation agreement with Ireland.

“**Treaty Noteholder**” means a Noteholder which is treated as a resident of a Treaty State for the purposes of a Treaty, which subject to the completion procedural formalities is entitled to relief from Irish tax on interest under that Treaty and the interest is not connected with a permanent establishment carried on by the Noteholder in Ireland.

“**Treaty State**” means a jurisdiction having a Treaty that is in effect which makes provision for full exemption from tax imposed by Ireland on interest.

“**Trust Deed**” has the meaning given to such term in the preamble to these Conditions.

“**Trustee**” has the meaning given to such term in the preamble to these Conditions.

“**Trustee Power of Attorney**” has the meaning given to that term in Condition 6.1 (*Security*).

“**United States**” and “**U.S.**” means the United States of America (including the States and the District of Columbia).

“**Written Resolution**” means a resolution in writing signed by or on behalf of the Holders of not less than 100 per cent. of the Principal Amount Outstanding of a Class of Notes for the time being outstanding who for the time being are entitled to received notice of a meeting of the Holders of Notes in accordance with the provisions of the Trust Deed, whether contained in one document or in more than one document in the same form, each signed by or on behalf of one or more Holders of such Class of Notes.

In these Conditions, references to “**€**”, “**euro**”, “**EUR**” and “**Euro**” are to the currency of the member states of the European Union that adopt or have accepted the single currency in accordance with the EU Treaty.

1.2 **Interpretation**

- (A) References to any person, entity or party in these Conditions, include references to their Successors, transferees and assigns.
- (B) References to any agreements, deeds, certificates or equivalent documents are to those agreements, deeds, certificates or equivalent documents as amended and/or supplemented and/or modified and/or novated from time to time.

2. **Form and Denomination**

The Class A Notes, the Class B Notes and the Class C Notes will be 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**”) and will be represented by one or more definitive registered certificates for each such Class of Notes (the “**Class A Definitive Registered Certificates**”, the “**Class B Definitive Registered Certificates**” and the “**Class C Definitive Registered Certificates**”, respectively, and together, the “**Definitive Registered Certificates**”).

The Definitive Registered Certificates of each Class will in aggregate, represent the aggregate Principal Amount Outstanding of such Class and will be serially numbered.

The Notes are issued in minimum denominations of the Specified Denomination. Each holding of Notes must be in an integral multiple of the Specified Denomination and for not less than the Specified Denomination.

3. **Register, Title and Transfers**

3.1 ***Register***

The Registrar will maintain a register (the “**Register**”) in respect of the Notes in accordance with the provisions of the Agency Agreement. In these Conditions, the “**Holder**” of a Note means the person in whose name such Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof) and “**Noteholder**” shall be construed accordingly.

3.2 ***Title***

The Holder of each Note (as evidenced by the Register) shall (except as otherwise required by law) be treated as the absolute owner of such Note for all purposes (whether or not such Note is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Definitive Registered Certificate relating thereto (other than the endorsed Form of Transfer) or any notice of any previous loss or theft of such Definitive Registered Certificate) and no person shall be liable for so treating such Holder.

3.3 ***Transfer***

Subject to Conditions 3.6 (*Closed Periods*), 3.7 (*Regulations Concerning Transfer and Registration*) and 3.8 (*Maximum Number of Noteholders*), a Definitive Registered Certificate may be transferred to a person who, upon acquisition of any Notes, would comply with the requirements of a Qualifying Noteholder, upon surrender of the relevant Definitive Registered Certificate, with the endorsed Form of Transfer executed by the transferor and the transferee, containing, among other things, a representation and undertaking from the transferee that, by acquiring the relevant Notes it will be a Qualifying Noteholder, duly completed, at the specified office of the Registrar (with a copy of such endorsed and fully executed Form of Transfer being delivered to the Principal Paying Agent (in its capacity as transfer agent) and the Trustee by the transferor and/or the transferee), together with such evidence as the Registrar and/or the Principal Paying Agent (as the case may be) may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the Form of Transfer; *provided, however*, that Notes may not be transferred unless the principal amount of Notes transferred is an integral multiple of the Specified Denomination. In the case of a transfer of part only of Notes represented by a Definitive Registered Certificate, a new Definitive Registered Certificate in respect of the balance of such Notes will be issued to the transferee in respect of the part transferred and a further new Definitive Registered Certificate in respect of the balance of the holding not transferred will be issued to the transferor.

In order to enable the Registrar to process any transfer of Notes represented by a Definitive Registered Certificate pursuant to this Condition 3.3 (*Transfer*) and Clause 11 of the Agency Agreement the Noteholder shall provide to the Registrar and/or the Principal Paying Agent (as the case may be) any and all such information as the Registrar may require to effect such transfer (including, without limitation, with respect to any know-your-client procedures to which the Registrar is subject). No transfer for any Definitive Registered Certificate shall be permitted until such required information has been provided to the Registrar to its satisfaction.

None of the Issuer, the Registrar, the Principal Paying Agent or the Trustee shall have any obligation or responsibility to investigate the accuracy of any representation, warranty or understanding or any other information provided by any person in connection with the transfer of Notes and each of the Issuer, the Registrar, the Principal Paying Agent and the Trustee shall be entitled to rely on any representation, warranty, understanding and/or information provided by any person in connection with any such transfer.

3.4 ***Registration and Delivery of Definitive Registered Certificates***

Within five business days of the surrender of a Definitive Registered Certificate and satisfaction of all conditions precedent relating to such transfer in accordance with Condition 3.3 (*Transfer*), the Registrar will register the transfer in question and issue a new Definitive Registered Certificate of a like principal amount to the Notes transferred to such new Holder at its address notified to the Registrar or (as the case may be) the specified office of the Registrar or (at the request and risk of any such relevant Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such relevant Holder. In relation to a transfer in part of any Holder’s Notes pursuant to Condition 3.3 (*Transfer*), the Registrar shall also issue a

new Definitive Registered Certificate in respect of such existing Holder's reduced principal amount of Notes. In this paragraph, "**business day**" means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar has its specified office.

3.5 ***Transfer Free of Charge***

Transfer of Notes in accordance with these Conditions on registration or transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment (or the giving of such indemnity as the Issuer or the Registrar may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

3.6 ***Closed Periods***

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of that Note or (ii) during the period of seven calendar days ending on (and including) any Record Date.

3.7 ***Regulations Concerning Transfer and Registration***

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning the transfer of Notes scheduled to the Trust Deed, including without limitation, that a transfer of Notes in breach of certain of such regulations and/or in breach of the representation and undertaking to be given by the transferee that it will, by acquiring the relevant Notes, be a Qualifying Noteholder will result in such transfer being void *ab initio*. The regulations may be changed by the Issuer in any manner which is reasonably required by the Issuer (with the prior written approval of the Trustee) to reflect changes in legal requirements or in any other manner which, in the opinion of the Issuer (with the prior written approval of the Trustee), is not materially prejudicial to the interests of the Holders of the relevant Class of Notes. A copy of the current regulations may be inspected at the offices of the Registrar during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the term of the Notes and will be sent by the Registrar to any Noteholder who so requests.

3.8 ***Delisting Upon Transfer Request***

If the Registrar receives a Form of Transfer in accordance with the provisions of Condition 3.3 (*Transfer*) which, if given effect in accordance with Condition 3.4 (*Registration and Delivery of Definitive Registered Certificates*), would result in the number of Noteholders exceeding 10 in total, the Registrar shall notify the Issuer, Calculation Agent and Principal Paying of such occurrence (such notice, a "**Delisting Instruction Notice**") and, upon the giving of such Delisting Instruction Notice, the provisions of Condition 3.4 (*Registration and Delivery of Definitive Registered Certificates*) shall not apply in respect of such Form of Transfer.

Upon receipt of a Delisting Instruction Notice, the Calculation Agent shall give notice to the Irish Stock Exchange (copied to the Noteholders, the Principal Paying Agent, the Registrar, the Trustee and the Issuer) that the Notes are to be delisted with immediate effect (such notice a "**Delisting Notice**") and shall procure that the Notes are so delisted. Upon receipt of a Delisting Notice, the Noteholders acknowledge that, notwithstanding the provisions of this Condition 3, the maximum number of Noteholders in respect of all Classes of Notes taken together shall be 10 and the Registrar shall be entitled to refuse to transfer any Definitive Registered Certificate or part thereof to any transferee pursuant to this Condition 3, to the extent that such transfer would cause the number of Noteholders in respect of all Classes of Notes taken together, as recorded on the Register to exceed 10 in total.

None of the Registrar, the Principal Paying Agent, the Issuer, the Trustee, the Calculation Agent or any other Secured Party shall have any liability or responsibility to any Noteholder or any other person in connection with any delisting of the Notes in accordance with this Condition 3.8.

3.9 ***Accession to Trust Deed***

By executing a Form of Transfer in connection with the acquisition of any Notes, each Noteholder shall be deemed to have acceded to the Trust Deed for the purposes, *inter alia*, of giving the agreements, authorisations and acknowledgements set out in Clause 5.5 of the Trust Deed in connection with the powers

and authority of the Trustee to enter into, and enforce, the Pledge Agreement and the Subsidiary Share Pledge Agreement.

4. **Status and Subordination**

4.1 ***Status of the Notes***

The Notes of each Class constitute secured, limited recourse obligations of the Issuer, recourse in respect of which is limited in the manner described in Condition 11.5 (*Limited Recourse and Non-petition*) and rank *pari passu* and rateably without any preference or priority amongst Notes of the same Class but shall be subordinated in right of payment of interest and principal to the Issuer's obligations in respect of the Senior Loan Agreement.

4.2 ***Relationship Among Classes***

- (A) The Notes of each Class are constituted by the Trust Deed and are secured on the Collateral as further described in Condition 6 (*Security*), the Trust Deed, the Pledge Agreement and the Subsidiary Share Pledge Agreement.
- (B) Prior to the enforcement of the security created pursuant to the Trust Deed and the Pledge Agreement:
 - (1) payments of interest in respect of the Class A Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Interest Funds*), rank *pari passu* among themselves and senior in right of payment to payments of interest in respect of all other Classes of Notes outstanding;
 - (2) payments of interest of the Class B Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Interest Funds*), rank *pari passu* among themselves and senior in right of payment to payments of interest of the Class C Notes but subordinated in right of payment to payments of interest of the Class A Notes;
 - (3) payments of interest in respect of the Class C Notes on each Payment Date will, in accordance with Condition 5.1 (*Application of Available Interest Funds*), rank *pari passu* among themselves and subordinated in right of payment to payments of interest in respect of all other Classes of Notes;
 - (4) payments of principal in respect of the Class A Notes on each Payment Date will, in accordance with Condition 5.2 (*Application of Available Principal Funds*), rank *pari passu* among themselves and senior in right of payment to payments of principal in respect of all other Classes of Notes outstanding;
 - (5) payments of principal of the Class B Notes on each Payment Date will, in accordance with Condition 5.2 (*Application of Available Principal Funds*), rank *pari passu* among themselves and senior in right of payment to payments of principal of the Class C Notes but subordinated in right of payment to payments of principal of the Class A Notes; and
 - (6) payments of principal in respect of the Class C Notes on each Payment Date will, in accordance with Condition 5.2 (*Application of Available Principal Funds*), rank *pari passu* among themselves and subordinated in right of payment to payments of principal in respect of all other Classes of Notes.
- (C) Following the enforcement of the security created pursuant to the Trust Deed and/or the Pledge Agreement:
 - (1) payments of interest in respect of the Class A Notes will, in accordance with Condition 5.3 (*Application of Proceeds upon Enforcement*), rank *pari passu* among themselves and senior in right of payment to payments of principal in respect of the Class A Notes and payments of interest and principal in respect of all other Classes of Notes outstanding;

- (2) payments of principal in respect of the Class A Notes will, in accordance with Condition 5.3 (*Application of Proceeds upon Enforcement*), rank subordinated in right of payments of interest in respect of the Class A Notes, *pari passu* among themselves and senior in right of payment to payments of interest and principal in respect of all other Classes of Notes outstanding;
- (3) payments of interest in respect of the Class B Notes will, in accordance with Condition 5.3 (*Application of Proceeds upon Enforcement*), rank subordinated in right of payments of interest and principal in respect of the Class A Notes, *pari passu* among themselves and senior in right of payment to payments of principal on the Class B Notes and interest and principal in respect of the Class C Notes;
- (4) payments of principal in respect of the Class B Notes will, in accordance with Condition 5.3 (*Application of Proceeds upon Enforcement*), rank subordinated in right of payments of interest and principal in respect of the Class A Notes and payments of interest in respect of the Class B Notes, *pari passu* among themselves and senior in right of payment to payments of interest and principal in respect of the Class C Notes;
- (5) payments of interest in respect of the Class C Notes will, in accordance with Condition 5.3 (*Application of Proceeds upon Enforcement*), rank subordinated in right of payments of interest and principal in respect of the Class A Notes and the Class B Notes, *pari passu* among themselves and senior in right of payment to payments of principal on the Class C Notes; and
- (6) payments of principal in respect of the Class C Notes will, in accordance with Condition 5.3 (*Application of Proceeds upon Enforcement*), rank subordinated in right of payments of interest and principal in respect of the Class A Notes and Class B Notes and payments of interest in respect of the Class C Notes and *pari passu* among themselves.

5. **Priority of Payments; Accounts**

5.1 ***Application of Available Interest Funds***

Prior to the delivery of an Enforcement Notice as described in Condition 11.1 (*Events of Default*), and prior to any Early Redemption Quarterly Date on which the Notes are redeemed in full, the Issuer shall on each Payment Date apply the Available Interest Funds in the order set out below (the “**Available Interest Funds Priority of Payments**”) and in each case only to the extent that payments or provisions of a higher priority have been made in full:

- (1) *first*, to pay any Operational Expenses and Exceptional Expenses payable to the Trustee (or any Appointee thereof) and notified to the Calculation Agent by no later than the last day of the calendar month immediately preceding such Payment Date and due or accrued and unpaid;
- (2) *second*, to pay on a *pari passu* and *pro rata* basis any Exceptional Expenses payable to the Operating Creditors (other than the Trustee) and notified to the Calculation Agent by no later than the last day of the calendar month immediately preceding such Payment Date and due or accrued and unpaid;
- (3) *third*, to transfer an amount equal to the Corporate Benefit Amount to the Issuer’s own account;
- (4) *fourth*, to pay an amount equal to any Additional Subsidiary Loan to be advanced to the Issuer Subsidiary relating solely to any due and payable Subsidiary Unpaid Taxes pursuant to the Issuer Subsidiary Loan Agreement;
- (5) *fifth*, to pay on a *pari passu* and *pro rata* basis any Operating Expenses payable to the Operating Creditors and notified to the Calculation Agent by no later than the last day of the calendar month immediately preceding such Payment Date and due or accrued and unpaid and an amount equal to any Additional Subsidiary Loan to be advanced to the Issuer Subsidiary pursuant to the Issuer

Subsidiary Loan Agreement relating to any Subsidiary Operating Expenses or Subsidiary Exceptional Expenses due and payable by the Issuer Subsidiary;

- (6) *sixth*, to pay any Senior Loan Interest due and payable in respect of the Senior Loan to the Senior Loan Provider together with any Senior Loan Deferred Interest accrued and unpaid in respect of the Senior Loan;
- (7) *seventh*, to pay any Senior Loan Scheduled Repayment Amount due and payable in respect of the Senior Loan to the Senior Loan Provider, together with any portion of any Senior Loan Scheduled Repayment Amount due but not paid in respect of any preceding Payment Date;
- (8) *eighth*, to pay on a *pari passu* and *pro rata* basis amounts of interest due and payable in respect of the Class A Notes to the Class A Noteholders;
- (9) *ninth*, to pay on a *pari passu* and *pro rata* basis amounts of interest due and payable in respect of the Class B Notes to the Class B Noteholders;
- (10) *tenth*, provided that the Payment Date is not the Legal Final Maturity Date or a Payment Date on which all Notes will be redeemed in full, to credit to the Accumulation Fund an amount equal to the lesser of (a) the balance of the Available Interest Funds after satisfaction of items *first* to *ninth* of this Available Interest Funds Priority of Payments and (b) such amount as is required such that the balance of the Accumulation Fund on such Payment Date is equal to the applicable Accumulation Fund Required Amount;
- (11) *eleventh*, to pay on a *pari passu* and *pro rata* basis amounts of interest due and payable in respect of the Class C Notes to the Class C Noteholders;
- (12) *twelfth*, in payment of the Additional Senior Loan Consideration Amount; and
- (13) *thirteenth*, to pay the balance (if any) to the Issuer.

5.2 ***Application of Available Principal Funds***

Prior to the delivery of an Enforcement Notice as described in Condition 11.1 (*Events of Default*), and prior to any Early Redemption Quarterly Date on which the Notes are redeemed, the Issuer shall on each Payment Date apply the Available Principal Funds in the order set out below (the “**Available Principal Funds Priority of Payments**”) and in each case only to the extent that payments or provisions of a higher priority have been made in full:

- (1) *first*, to credit the Interest Ledger, to the extent that amounts standing to the credit of the Interest Ledger prior to such crediting are insufficient to make the payments set out in items *first* to *fifth* of the Available Interest Funds Priority of Payments in full;
- (2) *second*, to redeem on a *pari passu* and *pro rata* basis the Class A Notes by a payment of principal in respect of the Class A Notes, until the Class A Notes have been redeemed in full;
- (3) *third*, to redeem on a *pari passu* and *pro rata* basis the Class B Notes by a payment of principal in respect of the Class B Notes, until the Class B Notes have been redeemed in full;
- (4) *fourth*, to redeem on a *pari passu* and *pro rata* basis the Class C Notes by a payment of principal on the Class C Notes, until the Class C Notes have been redeemed in full;
- (5) *fifth*, to pay the Additional Senior Loan Consideration Amount; and
- (6) *sixth*, to pay the balance (if any) to the Issuer.

5.3 ***Application of Proceeds upon Enforcement***

Upon enforcement of the security in respect of the Collateral and realisation thereof, the proceeds of such realisation shall be applied in the order set out below (the “**Enforcement Priority of Payments**”):

- (1) *first*, to pay any accrued and unpaid Operating Expenses and Exceptional Expenses payable to the Trustee (including any Receiver and/or Appointee of the Trustee);
- (2) *second*, to pay on a *pari passu* and *pro rata* basis any accrued and unpaid Exceptional Expenses payable to the Operating Creditors (other than the Trustee or any Receiver and/or Appointee of the Trustee);
- (3) *third*, to transfer any outstanding Corporate Benefit Amount to the Issuer's own account;
- (4) *fourth*, to pay an amount equal to any Additional Subsidiary Loan to be advanced to the Issuer Subsidiary relating solely to any due and payable Subsidiary Unpaid Taxes pursuant to the Issuer Subsidiary Loan Agreement;
- (5) *fifth*, to pay on a *pari passu* and *pro rata* basis any Operating Expenses payable to the Operating Creditors due or accrued and unpaid and an amount equal to any Additional Subsidiary Loan to be advanced to the Issuer Subsidiary pursuant to the Issuer Subsidiary Loan Agreement relating to any Subsidiary Operating Expenses or Subsidiary Exceptional Expenses due and payable by the Issuer Subsidiary;
- (6) *sixth*, to pay any accrued and unpaid Senior Loan Interest (including any Senior Loan Deferred Interest) in respect of the Senior Loan;
- (7) *seventh*, to pay any outstanding principal amount of the Senior Loan to the Senior Loan Provider in full;
- (8) *eighth*, to pay on a *pari passu* and *pro rata* basis amounts of any accrued and unpaid interest in respect of the Class A Notes to the Class A Noteholders;
- (9) *ninth*, to redeem on a *pari passu* and *pro rata* basis, the Class A Notes by way of a payment of principal in respect of the Class A Notes until the Class A Notes have been redeemed in full;
- (10) *tenth*, to pay on a *pari passu* and *pro rata* basis amounts of any accrued and unpaid interest in respect of the Class B Notes to the Class B Noteholders;
- (11) *eleventh*, to redeem on a *pari passu* and *pro rata* basis, the Class B Notes by way of a payment of principal in respect of the Class B Notes until the Class B Notes have been redeemed in full;
- (12) *twelfth*, to pay on a *pari passu* and *pro rata* basis amounts of any accrued and unpaid interest in respect of the Class C Notes to the Class C Noteholders;
- (13) *thirteenth*, to redeem on a *pari passu* and *pro rata* basis, the Class C Notes by way of a payment of principal in respect of the Class C Notes until the Class C Notes have been redeemed in full;
- (14) *fourteenth*, to pay any outstanding Additional Senior Loan Consideration Amount; and
- (15) *fifteenth*, to pay the balance (if any) to the Issuer,

and, for the avoidance of doubt, any provisions in these Conditions requiring the Calculation Agent to be given a certain period of notice by the relevant party in connection with amounts owing to such party, in order for such amounts to be paid, shall not apply in respect of amounts payable to any party pursuant to the Enforcement Priority of Payments.

5.4 **Calculation and Payment of Amounts**

The Calculation Agent shall, on each Assessment Date, calculate the amounts payable in respect of the Notes on each Payment Date as described in Condition 5.1 (*Application of Available Interest Funds*) and Condition 5.2 (*Application of Available Principal Funds*) and on each other date for payment in respect of the Notes. Pursuant to the Account Bank Agreement, the Calculation Agent shall on behalf of the Issuer, by no later than 4.00 p.m. (London time) on the Business Day prior to the relevant Payment Date procure payment of such

amounts on such Payment Date in accordance with the Available Interest Funds Priority of Payments and the Available Principal Funds Priority of Payments, as applicable.

The Calculation Agent shall cause the details of all such amounts to be notified to the Issuer, the Trustee, the Senior Loan Provider, the Account Bank, the Registrar, the Principal Paying Agent and, to the extent that such amounts relate to amounts payable in respect of the Notes, the Noteholders as soon as reasonably practicable after calculation thereof. Notifications to the Issuer, the Trustee, the Senior Loan Provider, the Account Bank, the Registrar and the Principal Paying Agent may be made in such manners set out in the applicable Transaction Documents. Notifications to the Noteholders shall be made in the manners set out in Condition 17 (*Notices*).

5.5 *Fractions*

The Calculation Agent may, in its absolute discretion, adjust the amounts required to be applied pursuant to Condition 5.1 (*Application of Available Interest Funds*) or, as the case may be, Condition 5.2 (*Application of Available Principal Funds*) so that the amount to be so applied does not involve any fraction of one cent..

5.6 *Calculation Agent*

The Issuer will procure that, so long as any Note is outstanding, there shall at all times be a Calculation Agent for the purposes of the Notes. If the Calculation Agent is unable or unwilling to continue to determine or calculate, or if the Calculation Agent fails duly to determine or calculate, the amounts payable pursuant to the Conditions or to perform its obligations under the Conditions, the Account Bank Agreement or the Agency Agreement, the Issuer shall (with the prior written approval of the Trustee) appoint another leading bank of recognised international standing to act as Calculation Agent in its place. The Calculation Agent may not resign its duties until a Successor has been appointed in accordance the terms of the Agency Agreement.

5.7 *Liability of Cash Calculation Agent; Notifications, etc. to be Final*

The Calculation Agent shall not (in the absence of wilful default, negligence or bad faith) be liable to any Noteholder, the Trustee or any other Secured Party in respect of any of the calculations and/or directions made by it pursuant to Condition 5 (*Priority of Payments; Accounts*) or in respect of any failure by it to direct the making of any payments due to non-receipt by the Calculation Agent of information which is, in its opinion, required to make any such calculation and/or give any such direction. The Calculation Agent may rely upon any communication or document believed by it to be genuine and correct which is delivered to it by any of the Issuer, the Senior Loan Provider, the Spanish Account Bank and/or the Loan Administration Agent in connection with the calculations to be carried out pursuant to Condition 5 (*Priority of Payments; Accounts*). All notifications, opinions, determinations, certificates, quotations and decisions given, expressed, made or obtained by the Calculation Agent for the purposes of the provisions of this Condition will (in the absence of manifest error) be binding on the Issuer, the Trustee, the Principal Paying Agent, the Registrar, the Senior Loan Provider and all Noteholders.

None of the Trustee, the Issuer, the Registrar, the Principal Paying Agent or any of the other Transaction Parties other than the Calculation Agent shall be responsible or liable for any failure by the Calculation Agent to perform its obligations under these Conditions and under the Transaction Documents (save where such failure arises as a result of the wilful default, negligence or bad faith of such Transaction Party). Furthermore, each of the Trustee, the Issuer, the Registrar, the Principal Paying Agent and each of the other Transaction Parties shall be entitled to rely on any calculations, determinations, notifications, certifications, quotations and decisions made, given by or obtained by the Calculation Agent without any obligation to investigate or verify the same.

5.8 *Accounts and Ledgers*

(A) *Establishment of Accounts and the Ledgers*

The Issuer shall, on or prior to the Issue Date, establish the following accounts:

- (1) the General Payments Account with the Account Bank; and
- (2) the Spanish Account with the Spanish Account Bank.

In addition, pursuant to the Account Bank Agreement, the Account Bank shall establish the following ledgers in respect of the General Payments Account.

- (1) the Interest Ledger;
- (2) the Principal Ledger; and
- (3) the Accumulation Fund Ledger.

The Account Bank Agreement contains the operative provisions relating to the operations of the Accounts and the Ledgers.

(B) General Payments Account

The Issuer shall procure that the following amounts shall be paid into the General Payments Account:

- (1) immediately upon receipt thereof all amounts credited to the Spanish Account pursuant to the Account Bank Agreement, as determined by the Calculation Agent in its sole and absolute discretion;
- (2) on the Issue Date, the portion of the Senior Loan equal to the Initial Fund Amount;
- (3) following the enforcement of security, all proceeds received in respect of the realisation of the Collateral.

In addition to the payment of Operating Expenses and Exceptional Expenses of the Trustee, the Principal Paying Agent, the Registrar, the Corporate Services Provider, the Account Bank and/or the Spanish Account Bank on any Payment Date, an Early Redemption Quarterly Date on which the Notes are to be redeemed in full or any other date for the redemption of the Notes pursuant to these Conditions and after any amounts that are due to be credited to the General Payments Account on such Quarterly Transfer Date have been so credited, the Calculation Agent shall procure that in respect of any Quarterly Transfer Date, and provided that it has been notified of such amounts by the relevant parties by no later than the last day of the calendar month preceding such Quarterly Transfer Date:

- (1) any Operating Expenses and/or Exceptional Expenses payable to the Trustee (or any Appointee), the Principal Paying Agent, the Registrar, the Corporate Services Provider, the Account Bank and the Spanish Account Bank that remain unpaid as at such Quarterly Transfer Date;
- (2) any Additional Subsidiary Loan relating to any Subsidiary Unpaid Taxes due and payable by the Issuer to the Issuer Subsidiary pursuant to the Issuer Subsidiary Loan Agreement that remains to be advanced as at such Quarterly Transfer Date;
- (3) any Operating Expenses and/or Exceptional Expenses payable to the Calculation Agent and the Loan Administration Agent notified to the Calculation Agent, in the case of Operating Expenses and/or Exceptional Expenses payable to the Loan Administration Agent, by the Loan Administration Agent that remain unpaid as at such Quarterly Transfer Date;
- (4) any Additional Subsidiary Loan relating to any Subsidiary Operating Expenses and/or Subsidiary Exceptional Expenses due and payable by the Issuer to the Issuer Subsidiary pursuant to the Issuer Subsidiary Loan Agreement that remains to be advanced as at such Quarterly Transfer Date; and
- (5) any other Operating Expenses and/or Exceptional Expenses payable to any person, other than those contemplated in items (1) to (4) above, and that remain unpaid as at such Quarterly Transfer Date,

(such amounts set out in items (1) to (5) above, “**Quarterly Transfer Payment Amounts**”), will be paid on such Quarterly Transfer Date from amounts standing to the credit of the General Payments Account at such time, (a) from amounts credited to the Interest Ledger, (b), to the extent that these are insufficient to pay such amounts in full on any date, from amounts credited to the Principal Ledger and (c), to the extent that these, together with the amounts credited to the Interest Ledger, are insufficient to pay such amounts in full on any date, from amounts credited to the Accumulation Fund Ledger, provided that such payments shall only be made to the extent that they do not cause the General Payments Account to become overdrawn.

To the extent that the aggregate amount available under items (a), (b) and (c) of the preceding paragraph is insufficient to pay all such Quarterly Transfer Payment Amounts in respect of such Quarterly Transfer Date in full on such Quarterly Transfer Date, such available amounts shall be paid in the following order of priority:

- (1) *first*, in payment of any such Quarterly Transfer Payment Amounts due to the Trustee or any Appointee;
- (2) *second*, in payment of any such Quarterly Transfer Payment Amounts due to the Principal Paying Agent, the Registrar, the Corporate Services Provider, the Account Bank and the Spanish Account Bank on a *pro rata* and *pari passu* basis;
- (3) *third*, in payment of any such Quarterly Transfer Payment Amounts due to any Operating Creditor other than as contemplated in items (1) or (2) above or item (5) below;
- (4) *fourth*, in payment of any Quarterly Transfer Payment Amounts relating to any Additional Subsidiary Loan relating to any Subsidiary Unpaid Taxes;
- (5) *fifth*, on a *pro rata* and *pari passu* basis, in payment to (x) the Calculation Agent and Loan Administration Agent in respect of any Quarterly Transfer Payment Amounts relating to Operating Expenses and Exceptional Expenses due and payable to the Calculation Agent and Loan Administration Agent and (y) to the Issuer Subsidiary in respect of any Additional Subsidiary Loan relating to any Subsidiary Operating Expenses and/or Subsidiary Exceptional Expenses.

Furthermore, in addition to the payment of Operating Expenses and Exceptional Expenses of the Trustee, the Principal Paying Agent, the Registrar, the Corporate Services Provider, the Account Bank and/or the Spanish Account Bank on any Payment Date, an Early Redemption Quarterly Date on which the Notes are to be redeemed in full or any other date for the redemption of the Notes pursuant to these Conditions, the Calculation Agent shall procure that, within one month of notice having been given to the Calculation Agent of the relevant amounts by the relevant parties, any Exceptional Expenses of the Trustee or any Appointee, the Principal Paying Agent, the Registrar, the Corporate Services Provider, the Account Bank, the Spanish Account Bank and/or the Issuer (such amounts, "**Ongoing Exceptional Expenses**"), will be paid, when due, from amounts standing to the credit of the General Payments Account, (a) from amounts credited to the Interest Ledger, (b), to the extent that these are insufficient to pay such amounts in full on any date, from amounts credited to the Principal Ledger and (c), to the extent that these, together with the amounts credited to the Interest Ledger, are insufficient to pay such amounts in full on any date, from amounts credited to the Accumulation Fund Ledger, provided that such payments shall only be made to the extent that they do not cause the General Payments Account to become overdrawn.

To the extent that the aggregate amount available under items (a), (b) and (c) of the preceding paragraph is insufficient to pay all such Ongoing Exceptional Expenses on any day in full, such available amounts shall be paid, in the following order of priority:

- (1) *first*, in payment of any such Ongoing Exceptional Expenses due to the Trustee or any Appointee;
- (2) *second*, in payment of any such Ongoing Exceptional Expenses due to the Principal Paying Agent, the Registrar, the Corporate Services Provider, the Account Bank and the Spanish Account Bank on a *pro rata* and *pari passu* basis; and
- (3) *third*, in payment of any other Ongoing Exceptional Expenses not contemplated in items (1) or (2) above.

(C) *Ledgers*

Amounts standing to the credit of the General Payments Account shall be credited to the relevant Ledger, in accordance with the following:

(1) *Interest Ledger*

The Interest Ledger will be credited by the Account Bank with:

- (A) upon receipt into the General Payments Account, all amounts received by the Account Bank from the Spanish Account Bank that represent (i) amounts paid in respect of interest under the Charged Assets, (ii) amounts equal to any Net Foreclosed Property Rental Income paid by the Issuer Subsidiary as holder of legal title of any Foreclosed Properties and paid by the Issuer Subsidiary in partial discharge of its repayment obligations under the Issuer Subsidiary Loan Agreement and (iii) the portion (if any) of any Residue Tax

Amount relating to any Withheld Rental Income Tax Amounts withheld by the Issuer Subsidiary (in respect of any Foreclosed Properties, legal title to which is held by the Issuer Subsidiary) (after payment of the applicable Annual Foreclosed Property Tax(es) relating thereto), in each case as determined by the Calculation Agent in its sole and absolute discretion and promptly notified to the Account Bank by the Calculation Agent;

- (B) on the Business Day immediately prior to each Payment Date, an amount equal to the Accumulation Fund Utilisation in respect of such Payment Date, as credited from amounts standing to the credit of the Accumulation Fund Ledger;
- (C) any amounts to be credited to the Interest Ledger pursuant to item *first* of the Available Principal Funds Priority of Payments;
- (D) following the enforcement of security, all proceeds received in respect of the realisation of the Collateral; and
- (E) following the enforcement of security pursuant to Condition 11.4 (*Enforcement*) or redemption of the Notes pursuant to Condition 9 (*Redemption*), (i) repayment of any amounts due under the Issuer Subsidiary Loan Agreement from the Issuer Subsidiary, (ii) the proceeds of realisation of the Charged Assets and (iii) all amounts credited to the Principal Ledger and the Accumulation Fund Ledger.

On each Payment Date, the Calculation Agent shall, on behalf of the Issuer, procure the disbursement of all amounts standing to the credit of the General Payments Account to the extent that they relate to the Interest Ledger after any increase thereof on such date (the “**Available Interest Funds**”) in accordance with Condition 5.1 (*Application of Available Interest Funds*) and the Account Bank shall debit the Interest Ledger accordingly following such disbursement. Furthermore, the Calculation Agent shall deduct from amounts standing to the credit of the Interest Ledger any amounts to be applied from the General Payments Account in respect of the payment of any Ongoing Exceptional Expenses on any date in accordance with Condition 5.8(B) (*Accounts and Ledgers – General Payments Account*). In addition, the Calculation Agent shall deduct from amounts standing to the credit of the Interest Ledger any amounts to be applied from the General Payments Account in respect of the payment of any Quarterly Transfer Payment Amounts on any Quarterly Transfer Date in accordance with Condition 5.8(B) (*Accounts and Ledgers – General Payments Account*).

On an Early Redemption Quarterly Date on which the Notes are to be redeemed in full, the Calculation Agent shall, on behalf of the Issuer, procure the disbursement of all amounts standing to the credit of the General Payments Account after any increase thereof on such date in satisfaction of, in the following order of priority and in each case only to the extent that payments of a higher priority have been made in full, (i) all amounts ranking in priority to the Noteholders as if the Notes were being redeemed pursuant to the Enforcement Priority of Payments, (ii) payment of the Early Redemption Amount (as defined in Condition 9 (*Redemption*)) due in respect of the Notes on such Early Redemption Quarterly Date and (iii) all amounts ranking below the Noteholders as if the Notes were being redeemed pursuant to the Enforcement Priority of Payments.

On the day on which the Notes are due to be redeemed following the enforcement of security in respect of the Collateral and realisation thereof, the Calculation Agent shall, on behalf of the Issuer, procure the disbursement of all amounts standing to the credit of the General Payments Account after any increase thereof on such date in accordance with Condition 5.3 (*Application of Proceeds upon Enforcement*).

(2) *Principal Ledger*

The Principal Ledger will be credited with:

- (A) upon receipt into the General Payments Account, all amounts received by the Account Bank from the Spanish Account Bank that represent (i) principal payments relating to the Charged Assets together with any other amounts received in respect of the Charged Assets (excluding interest payments contemplated in sub-paragraph (1)(A) above), (ii) amounts equal to any Net Foreclosed Property Sale Proceeds and any Net Foreclosed Property Additional Income paid by the Issuer Subsidiary in partial discharge of its repayment obligations under the Issuer Subsidiary Loan Agreement and (iii) the portion (if any) of any Residue Tax Amount relating to any Withheld Sale Proceeds Tax Amounts and any Withheld Additional Income Tax Amounts withheld by the Issuer Subsidiary (in respect of any Foreclosed Properties, legal title to which is held by the Issuer Subsidiary) (after payment of the applicable Annual Foreclosed Property Tax(es) relating thereto), in

each case as determined by the Calculation Agent in its sole and absolute discretion and promptly notified to the Account Bank by the Calculation Agent; and

- (B) on the Payment Date on which the Class A Notes are redeemed in full, the balance of the Accumulation Fund standing to the credit of the Accumulation Fund Ledger (for the purposes of application in accordance with the Available Principal Funds Priority of Payments on such Payment Date).

On each Payment Date, the Calculation Agent shall, on behalf of the Issuer, procure the disbursement of all amounts standing to the credit of the General Payments Account to the extent that they relate to the Principal Ledger after any increase thereof on such date (the “**Available Principal Funds**”) in accordance with Condition 5.2 (*Application of Available Principal Funds*) and the Account Bank shall debit the Principal Ledger accordingly following such disbursement. Furthermore, the Calculation Agent shall deduct from amounts standing to the credit of the Principal Ledger any amounts to be applied from the General Payments Account in respect of the payment of any Ongoing Exceptional Expenses on any date in accordance with Condition 5.8(B) (*Accounts and Ledgers – General Payments Account*). In addition, the Calculation Agent shall deduct from amounts standing to the credit of the Principal Ledger any amounts to be applied from the General Payments Account in respect of the payment of any Quarterly Transfer Payment Amounts on any Quarterly Transfer Date in accordance with Condition 5.8(B) (*Accounts and Ledgers – General Payments Account*).

(3) *Accumulation Fund Ledger*

On the Issue Date, the Issuer shall transfer to the General Payments Account an amount of the Senior Loan equal to the Initial Fund Amount (such amount having been lent to the Issuer by the Senior Loan Provider prior to the Issue Date) and such amount shall be credited to the Accumulation Fund Ledger on the Issue Date.

On each applicable Payment Date pursuant to the Available Interest Funds Priority of Payments, an amount required to be transferred to the Accumulation Fund on such date pursuant to item *tenth* of the Available Interest Funds Priority of Payments shall be credited to the Accumulation Fund Ledger.

On each Payment Date, an amount equal to the applicable Accumulation Fund Utilisation shall be transferred from the Accumulation Fund Ledger to the Interest Ledger. Following the enforcement of security and on any Early Redemption Quarterly Date on which the Notes are to be redeemed pursuant to Condition 9 (*Redemption*) the balance of the Accumulation Fund Ledger shall be transferred from the Accumulation Fund Ledger to the Interest Ledger and the Account Bank shall debit the Accumulation Fund Ledger accordingly following such disbursement. Furthermore, the Calculation Agent shall deduct from amounts standing to the credit of the Accumulation Fund Ledger any amounts to be applied from the General Payments Account in respect of the payment of any Ongoing Exceptional Expenses on any date in accordance with Condition 5.8(B) (*Accounts and Ledgers – General Payments Account*). In addition, the Calculation Agent shall deduct from amounts standing to the credit of the Accumulation Fund Ledger any amounts to be applied from the General Payments Account in respect of the payment of any Quarterly Transfer Payment Amounts on any Quarterly Transfer Date in accordance with Condition 5.8(B) (*Accounts and Ledgers – General Payments Account*).

(C) *Spanish Account*

On each Quarterly Transfer Date, (i) the Charged Assets Issuer, together with the Loan Administration Agent, shall procure that all amounts paid in respect of the Charged Assets, from, and including, the immediately preceding Quarterly Transfer Date (or in respect of the first Quarterly Transfer Date, the Issue Date to, but excluding, such Quarterly Transfer Date), as determined by the Calculation Agent in its sole and absolute discretion, are paid to the Spanish Account and (ii) the Issuer Subsidiary (with the assistance of the Subsidiary Administration Agent) shall procure that an amount equal to all Net Foreclosed Property Additional Income, Net Foreclosed Property Rental Income, Net Foreclosed Property Sale Proceeds received by the Issuer Subsidiary from, and including, the immediately preceding Quarterly Transfer Date (or in respect of the first Quarterly Transfer Date, the Issue Date to, but excluding, such Quarterly Transfer Date) in respect of any Foreclosed Properties, legal title to which is held by the Issuer Subsidiary, together with any applicable Residue Tax Amounts relating to any Annual Foreclosed Property Tax paid by the Issuer Subsidiary during such period, as determined by the Issuer Subsidiary (with the assistance of the Subsidiary Administration Agent), are paid to the Spanish Account, in partial discharge of any repayment obligations of the Issuer Subsidiary under the Issuer Subsidiary Loan Agreement. Furthermore, immediately upon any amount being credited to the Spanish Account, the Calculation Agent shall procure that such amount is immediately transferred to the General Payments Account and shall notify the Account Bank as to the relevant Ledger(s) to which such amounts so transferred to the General Payments Account are to be credited.

(D) *Senior Loan*

Pursuant to the Senior Loan Agreement, in discharge of the obligation of the Senior Loan Provider to the Issuer, the Issuer shall procure that the Senior Loan Provider shall (a) transfer an amount equal to the Initial Fund Amount to the General Payments Account, to be credited to the Accumulation Fund Ledger on the Issue Date and (b) pay, on behalf of the Issuer, any and all costs and expenses of the Issuer and the other Transaction Parties incurred in connection with the issue of the Notes.

6. **Security**

6.1 **Security**

The Secured Obligations are secured by the following assignments and charges in favour of the Trustee for itself and the Secured Parties pursuant to the Trust Deed and subject to the provisions of this Condition 6.1 (*Security*):

- (A) an assignment by way of first fixed security of the Issuer's rights, interest and title in, to and under the Charged Assets save to the extent otherwise secured pursuant to the Pledge Agreement;
- (B) an assignment by way of first fixed security of the Issuer's rights against the Account Bank and the Spanish Account Bank under the Account Bank Agreement and a first fixed charge over the General Payments Account and any cash held therein and the debts represented thereby;
- (C) an assignment by way of first fixed security of the Issuer's rights against the Charged Assets Issuer under the Charged Assets Issue and Subscription Deed, save to the extent otherwise secured pursuant to the Pledge Agreement;
- (D) an assignment by way of first fixed security of the Issuer's rights against the Loan Administration Agent under the Loan Administration Agreement save to the extent otherwise secured pursuant to the Pledge Agreement;
- (E) a first fixed charge over any funds held from time to time by the Principal Paying Agent on behalf of the Issuer;
- (F) an assignment by way of first fixed security over the Issuer's rights against the Issuer Subsidiary under the Issuer Subsidiary Loan Agreement; and
- (G) an assignment by way of first fixed security of the Issuer's rights, title and interest in, under and pursuant to the Transaction Documents (other than those specifically referred to in paragraphs (A) to (F) above) and all sums derived therefrom.

In addition to the foregoing, pursuant to the Pledge Agreement, governed by Spanish law, the Issuer has pledged its credit rights under the Charged Assets to the extent that these relate to the rights of the Issuer to receive payments under the Charged Assets in its capacity as the holder of such Charged Assets in favour of the Trustee and the other Secured Parties.

Furthermore, as described above in connection with the establishment of the Issuer Subsidiary, and the acquisition of the Issuer Subsidiary Shares by the Issuer, the Issuer entered into the Subsidiary Share Pledge Agreement for the purposes of pledging its interests in the Issuer Subsidiary Shares in favour of the Trustee and the other Secured Parties.

Further to the foregoing, pursuant to the Trust Deed and a separate power of attorney, the Issuer has granted the Trustee a power of attorney to act in the name of the Issuer in respect of all its rights and interests in the Charged Assets (the "**Trustee Power of Attorney**") following the enforcement of security in respect of the Collateral.

The assets and rights described in paragraphs (A) to (G) above together with the rights of the Issuer in respect of the Charged Assets secured by the Pledge Agreement and the rights of the Issuer in respect of the Issuer Subsidiary Shares secured by the Subsidiary Share Pledge Agreement are together referred to as the "**Collateral**".

The Trustee shall hold the benefit of the Collateral for the Secured Parties on the terms of the Trust Deed and, following the realisation or enforcement of the security in respect of the Collateral, shall apply all payments, recoveries or receipts in respect thereof in accordance with these Conditions and the Trust Deed.

No Spanish law security has been created in respect of the Spanish Account. Accordingly, the Secured Parties, including the Noteholders, shall be unsecured in respect of any amounts held in such account. Furthermore, to the extent that English law security has been taken pursuant to the Trust Deed over agreements governed by Spanish law (which shall include the Loan Administration Agreement and the Charged Assets Issue and Subscription Deed), such security may not be recognised under Spanish law and, to such extent, not be enforceable in Spain.

Furthermore, Noteholders should note that no security shall be taken over any Foreclosed Properties legal title to which is transferred to the Issuer Subsidiary in the manner contemplated herein and that no security shall be taken over the Subsidiary Asset Management Agreement, the Issuer Subsidiary Account or any other assets of the Issuer Subsidiary. Accordingly, Noteholders shall be unsecured in respect of any amounts owed by the Issuer Subsidiary to the Issuer pursuant to the Issuer Subsidiary Loan Agreement or otherwise.

Noteholders should also note that, by operation of Spanish law and the Issuer Subsidiary Loan Agreement, the Issuer shall be subordinated in respect of any amounts owed to it under the Issuer Subsidiary Loan Agreement to any amounts owing by the Issuer Subsidiary to any of its other creditors.

6.2 Shortfall after Application of Proceeds following Enforcement

If the net proceeds of the enforcement of the security in respect of the Collateral, after payment of amounts ranking higher in the order of priority of payments, are not sufficient to make all payments which, but for the effect of this provision, would then be due in respect of the Trust Deed, the Senior Loan Agreement, the Notes and the other Secured Obligations, the obligations of the Issuer in respect of the Trust Deed, the Senior Loan Agreement, the Notes and the other Secured Obligations will be limited to such net proceeds which shall be applied in accordance with the Enforcement Priority of Payments and no other assets of the Issuer will be available for any further payments in respect of the Trust Deed, the Senior Loan Agreement, the Notes or the other Secured Obligations. The Issuer will not be obliged to make any further payment in excess of such net proceeds, any rights against the Issuer to receive any further amounts in respect of such obligations shall be extinguished and accordingly no debt shall be owed by the Issuer in respect of any difference between the amount of the net proceeds of the enforcement of the security in respect of the Collateral after enforcement thereof and the amount which would otherwise have been payable under the Trust Deed, the Senior Loan Agreement, the Notes and any other Secured Obligations.

In such circumstances none of the Noteholders, the Senior Loan Provider, the Trustee or the other Secured Parties will have the right to take any further action against the Issuer. In particular, none of the Noteholders, the Senior Loan Provider, the Trustee or the other Secured Parties shall be entitled at any time to institute against the Issuer, or join in any institution against the Issuer of, any bankruptcy, reorganisation, examination, arrangement, insolvency or liquidation proceedings or other proceedings under applicable bankruptcy or similar law in connection with any obligations of the Issuer relating to the issuance of the Notes, save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

7. Restrictions on the Issuer

The Trust Deed contains certain covenants in favour of the Trustee from the Issuer which, amongst other things, restrict the ability of the Issuer to create or incur any indebtedness or dispose of assets (save, in each case, as permitted pursuant to the terms of the Trust Deed). So long as any of the Notes remain outstanding, the Issuer shall comply with the covenants set out in the Trust Deed. Furthermore, the Issuer has covenanted that, prior to the enforcement of security created pursuant to the Trust Deed and the Pledge Agreement, it shall not exercise any right it may have with regard to the Mortgage Loans relating to the Charged Assets pursuant to the provisions of the Charged Assets and/or the Charged Assets Issue and Subscription Deed and/or the Loan Administration Agreement (including, without limitation, any right to request the allocation of legal title in respect of any Foreclosed Property in the name of the Issuer Subsidiary) without the consent of the Calculation Agent and that, in connection with the incorporation of the Issuer Subsidiary (at the direction of the Calculation Agent) it shall procure that such Issuer Subsidiary covenants that it shall not engage in any transactions or other business other than as contemplated in, or ancillary to, these Conditions, the Transaction Documents and the Subsidiary Asset Management Agreement (the “**Issuer Subsidiary Covenant**”) and, in connection with the foregoing, the Issuer has covenanted that, to the extent the Issuer is so notified by the Calculation Agent that the Issuer Subsidiary is in breach of the Issuer Subsidiary Covenant, it shall take such actions as are necessary, possible and practicable for the Issuer to take (and to the extent so directed by the Calculation Agent) to cause the Issuer Subsidiary to act in compliance with the Issuer Subsidiary Covenant. Pursuant to the Issuer Subsidiary Loan Agreement, the Calculation Agent has agreed to

notify the Issuer of a breach of the Issuer Subsidiary Covenant by the Issuer Subsidiary, as soon as reasonably practicable after becoming aware of such breach.

8. Interest

8.1 Interest on Notes

The Notes will bear interest from, and including, the Issue Date to, but excluding, the Legal Final Maturity Date on their respective Principal Amount Outstanding as at the applicable Calculation Date. Such interest will, subject to the Available Interest Funds Priority of Payments or, as the case may be, the Enforcement Priority of Payments, be payable in arrear on 22 April in each year commencing on 22 April 2011 to, and including, 22 April 2069 and 22 September 2069 (each, a “**Payment Date**”) provided that if any Payment Date would otherwise fall on a date which is not a Business Day, it will be postponed to the next Business Day, unless that day falls in the next calendar month, in which case the Payment Date will be the first preceding day that is a Business Day. The period beginning on and including the Issue Date and ending on but excluding the first Payment Date and each successive period beginning on and including a Payment Date and ending on but excluding the next Payment Date is called a “**Payment Period**”.

8.2 Accrual

Interest will cease to accrue on each Note on the Legal Final Maturity Date unless payment of the full amount of principal due on such due date for redemption is improperly withheld or refused, in which event interest will continue to accrue on the unpaid amount of principal in accordance with the Trust Deed until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Holder and (ii) the fifth Business Day after the Issuer or the Principal Paying Agent (failing whom the Trustee) has notified the Class A Noteholders and/or the Class B Noteholders and/or the Class C Noteholders, as the case may be, of receipt of all sums due in respect of all the Class A Notes and/or the Class B Notes and/or the Class C Notes, as the case may be.

8.3 Rate of Interest

The Rate of Interest payable from time to time in respect of each Class of Notes will be determined by the Calculation Agent on the basis of the following provisions:

- (A) at or about the Relevant Time on the Screen Rate Determination Date in respect of each Payment Period, the Calculation Agent will determine the Relevant Screen Rate, and the Rate of Interest in respect of such Payment Period will be the sum of such Relevant Screen Rate and the applicable Margin;
- (B) if the Relevant Screen Rate is unavailable, the Calculation Agent will request the principal Eurozone office of each of the Reference Banks to provide the Calculation Agent with its rate quoted at or about the Relevant Time on the Screen Rate Determination Date to prime banks in the Eurozone interbank market for deposits in Euros for a period equivalent to the duration of such Payment Period and in a Representative Amount. If at least two such quotations are provided, the Rate of Interest in respect of such Payment Period will be the arithmetic mean of the quotations and the applicable Margin; and
- (C) if fewer than two of the Reference Banks provide quotations, the Calculation Agent will determine the arithmetic mean of the rates quoted by major banks in the Eurozone selected by the Calculation Agent at or about the Relevant Time on the first day of the relevant Payment Period for deposits in Euros for a period equivalent to the duration of such Payment Period and in a Representative Amount to leading European banks, and the Rate of Interest in respect of such Payment Period will be the sum of the arithmetic mean of the quotations and the applicable Margin.

8.4 Calculation of Interest

The amount of interest payable in respect of any Class A Note for any period shall be an amount equal to the lesser of (i) the Available Interest Funds after satisfaction of items *first* to *sixth* of the Available Interest Funds Priority of Payments and (ii) the product of (a) the Rate of Interest, (b) the Principal Amount Outstanding in respect of such Note as at the applicable Calculation Date or, if the applicable period for which interest is being determined is not a Payment Period, the first day of such period and (c) the relevant Day Count Fraction.

The amount of interest payable in respect of any Class B Note for any period shall be an amount equal to the lesser of (i) the Available Interest Funds after satisfaction of items *first to seventh* of the Available Interest Funds Priority of Payments and (ii) the product of (a) the Rate of Interest, (b) the Principal Amount Outstanding in respect of such Note as at the applicable Calculation Date or, if the applicable period for which interest is being determined is not a Payment Period, the first day of such period and (c) the relevant Day Count Fraction.

The amount of interest payable in respect of any Class C Note for any period shall be an amount equal to the lesser of (i) the Available Interest Funds after satisfaction of items *first to ninth* of the Available Interest Funds Priority of Payments and (ii) the product of (a) the Rate of Interest, (b) the Principal Amount Outstanding in respect of such Note as at the applicable Calculation Date or, if the applicable period for which interest is being determined is not a Payment Period, the first day of such period and (c) the relevant Day Count Fraction.

8.5 *Publication of Interest Amounts*

The Calculation Agent will cause details of Interest Amounts payable in respect of the Notes on each Payment Date to be notified to the Trustee, the Registrar, the Principal Paying Agent, the Noteholders and the Account Bank by no later than 11.00 a.m. (London time) on the Business Day following the Calculation Date.

8.6 *Failure of Calculation Agent*

If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate the Interest Amount in respect of a Class of Notes and a Payment Date in accordance with Condition 8 (*Interest*), and until such time as a replacement calculation agent is appointed as contemplated in Condition 5.6 (*Calculation Agent*) the Trustee may, or may appoint an agent on its behalf to, determine such Rate of Interest (without any liability for doing so) as it in its discretion considers fair and reasonable in the circumstances (having such regard as it thinks fit to Condition 8.3 (*Rate of Interest*) or (as the case may be) calculate such Interest Amount in accordance with Condition 8.4 (*Calculation of Interest*) but it shall have no liability for any failure to do so if it does not receive any information necessary to enable it to do so from the Calculation Agent.

9. *Redemption*

9.1 *Final Redemption and Amortisation of Notes*

(A) *Final Redemption of the Notes*

Unless previously redeemed in whole and cancelled as provided in this Condition 9 (*Redemption*) or in Condition 11 (*Events of Default and Enforcement*), the Notes of each Class shall be redeemed on the Legal Final Maturity Date. Each Class of Notes shall be deemed to have been redeemed, and all claims in respect of such Notes shall be extinguished for all purposes, if on any day the Principal Amount Outstanding of all Classes of Notes is reduced to zero. On the Legal Final Maturity Date the obligation of the Issuer to make payments in respect of a Class of Notes shall be equal to the lesser of the Principal Amount Outstanding of such Class of Notes and the actual amount recovered or received by or on behalf of the Issuer or the Trustee, as applicable, in respect of the Collateral, net of any payments the Issuer is required to make in priority to such amounts in accordance with the applicable priority of payments. If the Principal Amount Outstanding of a Class of Notes on the Legal Final Maturity Date exceeds the net amount so recovered or received, the right of any Noteholder to claim payment of any amount exceeding such sums shall automatically be extinguished, the Principal Amount Outstanding of such Class of Notes shall be reduced to zero following payment of such net amount and the Noteholders in respect of such Class shall have no further recourse to the Issuer.

(B) *Redemption on each Payment Date*

On each Payment Date, the Notes of each Class shall be redeemed on a *pro rata* and *pari passu* basis by application of the Available Principal Funds on such Payment Date in accordance with the Available Principal Funds Priority of Payments under Condition 5.2 (*Application of Available Principal Funds*) and the Principal Amount Outstanding of such Class of Notes shall be reduced by an amount equal to the amount of Available Principal Funds so applied in respect of such Class of Notes.

9.2 ***Redemption for Taxation Reasons***

A “**Tax Redemption Event**” shall occur if:

- (A) the Issuer or any of its Agents becomes required by the laws or regulations of Ireland or any other jurisdiction or any political subdivision or any authority of any such jurisdiction, or any change in the application or official interpretation of such laws or regulations, which change becomes effective on or after the Issue Date, to withhold or deduct from any payment of principal of, interest on or any other amount payable in respect of the Notes or under the Senior Loan Agreement any amount in respect of Tax; or
- (B) the Charged Assets Issuer becomes required to withhold or deduct an amount in respect of Tax from any payment by it to the Issuer under the Charged Assets (excluding, for the avoidance of doubt, any amounts withheld by the Loan Administration Agent in respect of any Withheld Additional Income Tax Amounts, Withheld Rental Income Tax Amounts and/or Withheld Sale Proceeds Tax Amounts) and does not pay such additional amounts as are necessary to ensure that such payment is made in full; or
- (C) the Issuer Subsidiary becomes required to withhold or deduct an amount in respect of Tax from any payment by it to the Issuer under the Issuer Subsidiary Loan Agreement (excluding, for the avoidance of doubt, any amounts withheld by, on behalf of, the Issuer Subsidiary in respect of any Withheld Additional Income Tax Amounts, Withheld Rental Income Tax Amounts and/or Withheld Sale Proceeds Tax Amounts) and does not pay such additional amounts as are necessary to ensure that such payment is made in full; or
- (D) the Issuer becomes required to account for or deduct an amount in respect of Tax (other than in respect of any Tax relating to accounting profits) from any payments received by it from the Charged Assets Issuer under the Charged Assets; or
- (E) the Account Bank becomes required to withhold or deduct an amount in respect of Tax from any payment by it to the Issuer under the Account Bank Agreement and does not pay such additional amounts as are necessary to ensure that such payment is made in full.

Upon the occurrence of a Tax Redemption Event, the Issuer shall give notice thereof (such notice, a “**Tax Redemption Notice**”) not more than 60 days nor less than 30 days prior to the Early Redemption Quarterly Date falling immediately following such Tax Redemption Event to the Trustee, the Account Bank, the Principal Paying Agent, the Registrar, the Senior Loan Provider, the Selling Agent, the Charged Assets Issuer, the Issuer Subsidiary (if any) and the Noteholders, each Note shall become due and repayable on the Early Redemption Quarterly Date immediately following the expiry of the relevant notice period as provided by Condition 9.5 (*Early Redemption*) at its applicable Early Redemption Amount (as defined in Condition 9.5 (*Early Redemption*)) provided that, prior to giving any such notice, the Issuer shall have provided to the Trustee:

- (1) a certificate signed by an Authorised Officer of the Issuer certifying that the circumstances of the Tax Redemption Event prevail and setting out the details of such circumstances;
- (2) a legal opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing (approved in writing by the Trustee) opining that such additional amounts have become required to be withheld or deducted as a result of such change or amendment; and
- (3) a certificate signed by an Authorised Officer of the Issuer certifying that no Event of Default or Potential Event of Default (a) has occurred and is continuing or (b) will arise in respect of the Notes as a result of such redemption and that the Issuer is solvent and not unable to pay its debts when they fall due.

The Trustee shall be entitled to accept such certificates and legal opinion without further investigation as sufficient evidence of the satisfaction of the circumstances of the Tax Redemption Event and the other matters stated therein, in which event they shall be conclusive and binding on the Noteholders and the other Secured Parties.

9.3 ***Early Redemption following Clean Up Call Event***

Following the occurrence of a Clean Up Call Event, as determined by the Calculation Agent in its sole and absolute discretion, the Issuer shall be entitled (but not obliged) to give notice thereof (such notice, a “**Clean**

Up Redemption Notice”) not more than 60 days nor less than 30 days prior to the Early Redemption Quarterly Date falling immediately following such Clean Up Call Event to the Trustee, Account Bank, the Principal Paying Agent, the Registrar, the Senior Loan Provider, the Selling Agent, the Spanish Account Bank, the Charged Assets Issuer, the Issuer Subsidiary (if any) and the Noteholders and, following delivery of such notice and provided that, prior to such Early Redemption Quarterly Date, (i)(a) the Selling Agent has reached agreement(s) to realise the Charged Assets by selling them to a person entitled to purchase such Charged Assets pursuant to Spanish law and (b) the Issuer Subsidiary has paid to the Issuer an amount equal to the Net Foreclosed Property Sale Proceeds relating to the Foreclosed Properties, legal title to which is held by the Issuer Subsidiary, in repayment of the amounts lent by the Issuer to the Issuer Subsidiary under the Issuer Subsidiary Loan Agreement, when taken together (and net of any applicable taxes), for an amount (when aggregated with amounts standing to the credit of the General Payments Account and the Spanish Account) equal to, or more than, the Minimum Redemption Amount relating to such Early Redemption Quarterly Date pursuant to Condition 9.5 (*Early Redemption*), (ii) the Calculation Agent, on behalf of the Issuer and after consultation with the Selling Agent, has provided a certificate to the Trustee confirming that requirement specified in sub-paragraph (i) above has been complied with, and (iii) the Issuer has provided a certificate to the Trustee confirming that no Event of Default or Potential Event of Default (a) has occurred and is continuing or (b) will arise in respect of the Notes as a result of such redemption and that the Issuer is solvent and not unable to pay its debts as they fall due, each Note shall become due and repayable on the Early Redemption Quarterly Date immediately following the expiry of the relevant notice period as provided by Condition 9.5 (*Early Redemption*) at its applicable Early Redemption Amount (as defined in Condition 9.5 (*Early Redemption*)).

The Trustee shall be entitled to accept such certificates without further investigation as sufficient evidence of the satisfaction of the matters stated therein, in which event they shall be conclusive and binding on the Noteholders and the other Secured Parties.

9.4 *Early Redemption following exercise of Charged Assets Issuer Option*

Pursuant to the Charged Assets Issue and Subscription Deed, the Charged Assets Issuer shall be entitled to purchase the Charged Assets in full from the Issuer, provided that, at the same time, the Charged Assets Issuer purchases any Foreclosed Properties, legal title to which is held by the Issuer Subsidiary, by giving notice thereof not more than 90 days nor less than 60 days prior to an Early Redemption Quarterly Date (such notice, a “**Charged Assets Issuer Purchase Notice**”) for an amount (when aggregated with amounts standing to the credit of the General Payments Account and the Spanish Account) equal to, or more than, the Minimum Redemption Amount relating to such Early Redemption Quarterly Date. Upon receipt of a Charged Assets Issuer Purchase Notice, the Issuer shall, as soon as reasonably practicable following receipt of the Charged Assets Issuer Purchase Notice deliver a notice (such notice, an “**Charged Assets Purchase Redemption Notice**”) to the Trustee, the Account Bank, the Principal Paying Agent, the Registrar, the Senior Loan Provider, the Selling Agent, the Spanish Account Bank, the Issuer Subsidiary and the Noteholders and, following delivery of such Charged Assets Purchase Redemption Notice and provided that, prior to such Early Redemption Quarterly Date, (i) the Issuer has received an amount into the General Payments Account (when aggregated with all other amounts standing to the credit of the General Payments Account and the Spanish Account) equal to, or more than, the Minimum Redemption Amount relating to such Early Redemption Quarterly Date from the Charged Assets Issuer, (ii) the Calculation Agent, on behalf of the Issuer has provided a certificate to the Trustee confirming that the requirement specified in sub-paragraph (i) above has been complied with, and (iii) the Issuer has provided a certificate to the Trustee confirming that no Event of Default or Potential Event of Default (a) has occurred and is continuing or (b) will arise in respect of the Notes as a result of such redemption and that the Issuer is solvent and not unable to pay its debts as they fall due, the Issuer shall procure delivery of the Charged Assets to the Charged Assets Issuer (and for such purposes the security created in respect of the Charged Assets pursuant to the Trust Deed shall automatically be released and the security created pursuant to the Pledge Agreement shall be released in accordance with its terms) and each Note shall become due and repayable on the Early Redemption Quarterly Date immediately following the expiry of the relevant notice period at its applicable Early Redemption Amount (as defined in Condition 9.5 (*Early Redemption*)).

The Trustee shall be entitled to accept such certificates without further investigation as sufficient evidence of the satisfaction of the matters stated therein, in which event they shall be conclusive and binding on the Noteholders and the other Secured Parties.

9.5 **Early Redemption**

In respect of any redemption of the Notes pursuant to Condition 9.2 (*Redemption for Taxation Reasons*), Condition 9.3 (*Early Redemption following Clean Up Call Event*) or Condition 9.4 (*Early Redemption following exercise of Charged Assets Issuer Option*), each Note shall be redeemed on the applicable Early Redemption Quarterly Date at an amount equal to the Principal Amount Outstanding in respect of such Note on such Early Redemption Quarterly Date together with any accrued interest relating thereto to such Early Redemption Quarterly Date (such amount, the “**Early Redemption Amount**” in respect of such Note)

Upon receipt of a Tax Redemption Notice pursuant to Condition 9.2 (*Redemption for Taxation Reasons*) or Clean Up Redemption Notice pursuant to Condition 9.3 (*Early Redemption following Clean Up Call Event*), (i) the Selling Agent shall, on behalf of the Issuer, realise the Charged Assets by selling them to a person entitled to purchase such Charged Assets pursuant to Spanish law (and/or the Issuer’s rights in respect thereof and any property derived therefrom) and (ii) the Issuer Subsidiary shall, pursuant to the Issuer Subsidiary Loan Agreement repay amounts lent pursuant to the Issuer Subsidiary Loan Agreement by procuring the realisation of all Foreclosed Properties, legal title to which is held by the Issuer Subsidiary and paying to the Issuer an amount equal to the Net Foreclosed Property Sale Proceeds relating thereto, prior to the Early Redemption Quarterly Date falling immediately after expiry of the relevant notice.

In effecting any realisation of the Charged Assets and Foreclosed Properties pursuant to Condition 9.2 (*Redemption for Taxation Reasons*) or Condition 9.3 (*Early Redemption following Clean Up Call Event*), within 5 Business Days of receipt of the relevant notice, the Charged Assets Issuer may provide a quote for the purchase of the Charged Assets and such Foreclosed Properties (such 5 Business Day period, the “**Charged Assets Issuer Quote Period**”).

In the event that the Charged Assets Issuer provides a quote to purchase the Charged Assets and the Foreclosed Properties for an amount (net of any applicable taxes) equal to, or greater than, the applicable Minimum Redemption Amount prior to the expiry of the Charged Assets Issuer Quote Period, (i) the Charged Assets shall be sold to the Charged Assets Issuer at or, if applicable, retained in its own name and on its own behalf upon payment of, the relevant quoted amount prior to the relevant Early Redemption Quarterly Date on which the Notes are expected to be redeemed and (ii) the Charged Assets Issuer shall purchase the Foreclosed Properties, legal title to which is held by the Issuer Subsidiary from the Issuer Subsidiary at the relevant quoted amount prior to the relevant Early Redemption Quarterly Date on which the Notes are expected to be redeemed and the Issuer Subsidiary shall repay the amounts lent to it pursuant to the Issuer Subsidiary Loan Agreement by paying an amount equal to the Net Foreclosed Property Sale Proceeds relating to the sale of such Foreclosed Properties to the Spanish Account.

In the event that the Charged Assets Issuer does not provide the Selling Agent with a quote to purchase the Charged Assets and the Foreclosed Properties for an amount equal to, or greater than, the applicable Minimum Redemption Amount, (i) the Selling Agent shall use reasonable efforts to realise the Charged Assets prior to the relevant Early Redemption Quarterly Date on which the Notes are expected to be redeemed and (ii) the Issuer Subsidiary shall, pursuant to the Issuer Subsidiary Loan Agreement, use reasonable efforts, with the assistance of the Subsidiary Administration Agent, to realise the Foreclosed Properties, legal title to which is held by the Issuer Subsidiary and accordingly repay amounts lent pursuant to the Issuer Subsidiary Loan Agreement by paying to the Issuer the Net Foreclosed Property Sale Proceeds relating thereto, prior to the Early Redemption Quarterly Date on which the Notes are expected to be redeemed, provided that, in such circumstances, each of the Selling Agent and the Issuer Subsidiary (with the assistance of the Subsidiary Administration Agent) shall only realise the Charged Assets and the Foreclosed Properties (and, accordingly, in the case of the Issuer Subsidiary, repay the amounts lent under the Issuer Subsidiary Loan Agreement) in such circumstances where, prior to the actual realisation of any of the Charged Assets and the Foreclosed Properties, the Selling Agent has entered into agreement(s) in respect of the realisation of the Charged Assets to a person entitled to purchase such Charged Assets pursuant to Spanish law and the Issuer Subsidiary (with the assistance of the Subsidiary Administration Agent) has entered into agreement(s) in respect of the realisation of the relevant Foreclosed Properties to one or more persons for an amount, when taken together (and net of any applicable taxes), in aggregate equal to, or greater than, the applicable Minimum Redemption Amount.

In connection with the realisation of the Charged Assets, the Selling Agent shall, on behalf of the Issuer, procure that the proceeds of realisation are credited to the General Payments Account. Furthermore, the Selling Agent shall be responsible for liaising with the Issuer Subsidiary and the Subsidiary Administration Agent to ensure the foregoing procedures are complied with.

In connection with the foregoing, the security over the Charged Assets created pursuant to the Trust Deed in respect of the Charged Assets shall be released automatically upon receipt by the Issuer of the proceeds of realisation of the Charged Assets in accordance with the foregoing provisions. The security created pursuant to the Pledge Agreement shall be released in accordance with the provisions of the Pledge Agreement and the provisions of Spanish law.

In connection with the realisation of the Charged Assets and any Foreclosed Properties in accordance with the foregoing provisions, the Selling Agent shall have no liability or responsibility to the Noteholders or any other person for any failure to realise the Charged Assets and/or any Foreclosed Properties in accordance with this Condition 9.5 (*Early Redemption*) or, where the Charged Assets and/or any Foreclosed Properties are realised in accordance with this Condition 9.5 (*Early Redemption*) for the price at which they are realised (provided that, where they are realised either by the Selling Agent and/or the Issuer Subsidiary (with the assistance of the Subsidiary Administration Agent, to the extent applicable), the proceeds received by the Issuer in respect of the Charged Assets, any applicable Foreclosed Properties and the Issuer Subsidiary Loan Agreement is equal to, or greater than, the relevant Minimum Redemption Amount, as applicable, and no Noteholder shall be entitled to make any claim against the Selling Agent in respect of any loss or damage such Noteholder may have suffered as a result of any redemption of the Notes or failure to redeem the Notes pursuant to this Condition 9 (*Redemption*) where the Selling Agent has acted in accordance with the provisions of this Condition 9.5 (*Early Redemption*).

In the event that the Charged Assets and the Foreclosed Properties are not realised, and any amounts due under the Issuer Subsidiary Loan Agreement are not so repaid, following delivery of a Tax Redemption Notice pursuant to Condition 9.2 (*Redemption for Taxation Reasons*), a Clean Up Redemption Notice pursuant to Condition 9.3 (*Early Redemption following Clean Up Call Event*) or a Charged Assets Purchase Redemption Notice pursuant to Condition 9.4 (*Early Redemption following exercise of Charged Assets Issuer Option*), the Issuer shall, as soon as reasonably practicable after the applicable Early Redemption Quarterly Date on which the Notes were expected to be redeemed, deliver a notice to the Noteholders notifying them that the Notes were not redeemed on the applicable Early Redemption Quarterly Date.

The Trustee shall have no responsibility or liability in connection with any redemption of the Notes or realisation of the Charged Assets or any Foreclosed Properties or repayment of any amounts due under the Issuer Subsidiary Loan Agreement pursuant to this Condition 9 (*Redemption*) and no Noteholder shall be entitled to make any claim against the Trustee in respect of any loss or damage such Noteholder may have suffered as a result of any redemption of the Notes or failure to redeem the Notes pursuant to this Condition 9 (*Redemption*).

9.6 *Purchase of Notes by the Issuer*

The Issuer may not at any time purchase Notes in the open market or otherwise.

9.7 *Cancellation*

All Notes redeemed by the Issuer in full in accordance with this Condition 9 (*Redemption*) will be cancelled forthwith and may not be re-issued or resold and the obligations of the Issuer in respect of any such Notes shall be deemed to have been discharged in full.

10. *Payments and Information Requests*

10.1 *Method of Payment*

Payments of principal of or interest on any Note shall be made to such Euro account of the relevant Noteholder as notified to the Registrar and the Principal Paying Agent maintained by the Noteholder with a bank in a member state of the European Union or in a Treaty State, or where the Noteholder has not so notified the Registrar and the Principal Paying Agent of such Euro account, payments of principal of or interest on any Note shall be made by cheque in the same currency as the relevant Note drawn and delivered to the address of the relevant Noteholder as specified in the Register.

10.2 *Payment subject to Fiscal Law*

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives. No commission or expenses shall be charged to the Noteholders in respect of such payments.

10.3 *Appointment of Agents*

The Registrar, the Principal Paying Agent, the Calculation Agent, the Selling Agent and the Loan Administration Agent initially appointed by the Issuer and their respective specified offices are listed in the Agency Agreement or the Loan Administration Agreement, as applicable. Subject to the provisions of Condition 11 (*Events of Default and Enforcement*), they act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Issuer reserves the right at any time to vary or terminate the appointment of any of them and to appoint additional or other Registrars, Principal Paying Agents, Calculation Agents, Selling Agents or Loan Administration Agents, subject to the approval of the Trustee, provided that it will at all times maintain (i) a Registrar, (ii) a Principal Paying Agent, (iii) a Calculation Agent, (iv) a Selling Agent and (v) a Loan Administration Agent.

Notice of any such change or any change of any specified office (other than by the Calculation Agent) will promptly be given by or on behalf of the Issuer to the Noteholders in accordance with Condition 17 (*Notices*) and to the Trustee.

10.4 *Payments on Business Days*

Where payment is to be made by transfer to a Euro account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next business day) will be initiated and, where payment is to be made by Euro cheque, the cheque will be mailed on the due date for payment.

A Noteholder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (a) the due date for a payment not being a business day or (b) a cheque mailed in accordance with this Condition 10 (*Payments*) arriving after the due date for payment or being lost in the mail. In this Condition 10.4 (*Payments on Business Days*), “**business day**” means a day on which commercial banks and foreign exchange markets are open in the relevant place of payment.

10.5 *Information Requests*

In connection with the listing of the Notes, by giving no less than 21 days notice (the “**Information Request Notice Period**”), any Noteholder shall be entitled, by delivering a notice to the Issuer and the Calculation Agent (such notice, an “**Information Request Notice**”), to request the Calculation Agent, on behalf of the Issuer, to provide all Noteholders with a report (an “**Information Request Report**”) in which shall be included information substantially equivalent to that set out in the section headed “*The Mortgage Loans*” in the Listing Particulars relating to the Notes dated 11 February 2011 but with such information updated with effect from the last Business Day of the month ending immediately prior to the start of such Information Request Notice Period (such month, an “**Information Update Month**”).

Upon receipt of an Information Request Notice, the Calculation Agent will, on behalf of the Issuer, deliver to the Noteholders an Information Request Report on, or as soon as reasonably practicable following, the last day of the relevant Information Request Notice Period.

If the Issuer and Calculation Agent receive more than one Information Request Notice in respect of the same Information Update Month, the obligation of the Calculation Agent to deliver Information Request Reports in respect of such Information Update Month shall be discharged by the delivery of one Information Request Report to all Noteholders in respect of such Information Update Month on, or as soon as reasonably practicable following, the last day of the Information Request Notice Period specified in the first Information Request Notice Period received in respect of such Information Update Month.

Other than as provided in the foregoing and/or elsewhere in the Conditions, and save as otherwise required by law or regulation, neither the Issuer nor the Calculation Agent shall be required to provide any information to the Noteholders in respect of the Mortgage Loans.

11. *Events of Default and Enforcement*

11.1 *Events of Default*

If any of the events listed below (each, an “**Event of Default**”) occurs, the Trustee at its discretion may and (i) if so requested in writing by the Senior Loan Provider (for so long as the Senior Loan is outstanding) or (ii) (whether or not the Senior Loan is outstanding) if so requested in writing by Holders of not less than two-thirds of the aggregate Principal Amount Outstanding of the Senior Outstanding Class or so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders of the Senior Outstanding Class, shall,

provided in each case that it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction, give notice (an “**Enforcement Notice**”) to the Issuer that each Class of Notes is, and it shall immediately become, due and repayable at its Principal Amount Outstanding together with any interest accrued but unpaid to the date of repayment:

- (A) a default in the payment of Senior Loan Interest or Senior Loan Deferred Interest due to the Senior Loan Provider on the Senior Loan Final Repayment Date pursuant to the Senior Loan Agreement, which default continues for a period of five Business Days after the Issuer has been notified of the default; or
- (B) a default in the payment, when due and payable, of any principal of any Note, which default continues for a period of five Business Days after the Issuer has been notified of the default; or
- (C) a default in the payment, when due and payable, of any interest on the Class A Notes or the Class B Notes or the Class C Notes, which default continues for a period of five Business Days after the Issuer has been notified of the default; or
- (D) the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Notes or any of the Transaction Documents to which it is a party and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer; or
- (E) a request is made in respect of a Quarterly Transfer Date by the Issuer Subsidiary for the advance of an Additional Subsidiary Loan relating to any due and unpaid Subsidiary Unpaid Taxes pursuant to the Issuer Subsidiary Loan Agreement where, pursuant to the provisions of Condition 5.8 (*Accounts and Ledgers*) there are insufficient amounts credited to the General Payments Account for the Issuer to advance such Additional Subsidiary Loan to the Issuer Subsidiary in full on such Quarterly Transfer Date or where such Additional Subsidiary Loan is not advanced in full by the Issuer on such Quarterly Transfer Date for any other reason; or
- (F) the entry of a decree or order by a court having jurisdiction to adjudge any of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo as bankrupt or insolvent, or approving as properly filed a petition seeking a moratorium of payments, reorganisation, arrangement, adjustment or composition of or in respect of the Issuer under any applicable law, or appointing a receiver, liquidator, assignee, examiner or sequestrator (or other similar official) of the Issuer or (in the opinion of the Trustee) substantially all of its property, or ordering the winding-up or liquidation of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo or its affairs; or
- (G) an involuntary case or proceeding is initiated against any of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, or a proceeding is initiated by any of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, under any applicable insolvency law, including presentation to the court of an application for an administration order or a petition for the appointment of an examiner, or any other step is taken by any person with a view to the administration of any of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo under any applicable enactment including the passing of any resolution by the directors or shareholders of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, approving the making of any such application or proceeding, or seeking the appointment of a receiver, administrator, liquidator, examiner or other similar official in relation to the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, or to the whole or (in the opinion of the Trustee) substantially all of the undertaking or assets of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, or seeking the winding-up or liquidation of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, or its affairs, or a receiver, administrator, liquidator, examiner or other similar official is appointed in relation to the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, or in relation to the whole or (in the opinion of the Trustee) substantially all of the undertaking or assets of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, or an encumbrancer takes possession or execution or other process is levied or enforced upon or sued out against the whole or substantially all of the undertaking or assets of the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, or if the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, is dissolved or becomes insolvent, initiates or consents to any case or judicial proceeding relating to itself or its assets under any applicable insolvency law and, in the case of any such proceeding or petition instituted or presented against it or of any such appointment made or process levied,

enforced or sued out, such proceeding, petition, appointment or process is not dismissed, discharged, stayed or restrained in each case within 30 days thereafter; or

- (H) any event occurs with respect to the Issuer, the Issuer Subsidiary or Caja de Ahorros del Mediterráneo, as applicable, which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraph (F) or paragraph (G) above; or
- (I) it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed.

To the extent that the Trustee either (a) receives a request in writing from the Senior Loan Provider (for so long as the Senior Loan is outstanding) or (b) (whether or not the Senior Loan is outstanding) receives a request from Holders of not less than two-thirds of the aggregate Principal Amount Outstanding of the Senior Outstanding Class or is directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders of the Senior Outstanding Class, in each case, to deliver an Enforcement Notice in accordance with the provisions of this Condition 11.1 (*Events of Default*), the Trustee shall be entitled to act on such request or direction, as applicable, in accordance with the provisions of this Condition 11.1 (*Events of Default*), notwithstanding any contrary or conflicting request, direction or instruction being received by the Trustee from the Senior Loan Provider or any Noteholder.

11.2 Notification of Default

The Issuer shall promptly notify in writing the Trustee, the Calculation Agent, the Selling Agent, the Principal Paying Agent, the Registrar, the Account Bank, the Spanish Account Bank, Senior Loan Provider (to the extent the Senior Loan is outstanding) and the Noteholders in accordance with Condition 17 (*Notices*) upon becoming aware of the occurrence of an Event of Default.

11.3 Confirmation of No Default

The Trust Deed contains provision for the Issuer to provide written confirmation to the Trustee on an annual basis or on request that no Event of Default or Potential Event of Default has occurred.

11.4 Enforcement

The security in respect of the Collateral shall become enforceable upon the Notes becoming due and payable following the occurrence of any Event of Default.

Upon the security under the Trust Deed and the Pledge Agreement and the Subsidiary Share Pledge Agreement becoming enforceable, if so instructed by the Trustee or by any Receiver whether in respect of actions contemplated pursuant to the Trust Deed or otherwise and without prejudice to the rights of the Trustee to appoint a Receiver, the Selling Agent shall use reasonable efforts to (i) realise the Charged Assets by selling them to a person entitled to purchase such Charged Assets pursuant to Spanish law and (ii) realise the Issuer Subsidiary Shares by selling them (to one or more persons), in each case, as soon as reasonably practicable following receipt of notice pursuant to Condition 11.2 (*Notification of Default*) above, in such manner as it shall determine, acting in good faith and in a commercially reasonable manner, and none of the Selling Agent, the Trustee or any other party shall have any responsibility or liability in connection with the realisation of the Charged Assets and the Issuer Subsidiary Shares in accordance with these provisions or any failure to realise the Charged Assets and/or the Issuer Subsidiary Shares and no Noteholder shall be entitled to make any claim against the Selling Agent, the Trustee or any other person in respect of any loss or damage such Noteholder may have suffered as a result of such realisation of the Charged Assets and/or Issuer Subsidiary Shares or any failure to realise the Charged Assets and/or Issuer Subsidiary Shares.

Further to the foregoing, at any time after the Notes become due and payable following the occurrence of any Event of Default and the security under the Trust Deed and the Pledge Agreement and the Subsidiary Share Pledge Agreement becomes enforceable, the Trustee may (but shall not be obliged to), in its discretion and without further notice, take such proceedings and/or other actions as it may think fit against or in relation to the Issuer or any other party to any of the Transaction Documents to enforce its obligations under the Trust Deed, the Pledge Agreement, the Subsidiary Share Pledge Agreement, the Notes or any other Transaction Document and take, at any time after the security in respect of the Collateral becomes enforceable, action to enforce the security in respect of the Collateral without any liability as to the consequences of such action, but it shall not be bound to take any such proceedings and/or action unless:

- (A) requested in writing by the Senior Loan Provider (for so long as the Senior Loan is outstanding); or

- (B) (whether or not the Senior Loan is outstanding) (1) requested in writing by Holders of at least two-thirds in aggregate of the Principal Amount Outstanding of the Senior Outstanding Class; or (2) directed by an Extraordinary Resolution of the Senior Outstanding Class,

and in each case it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities, proceedings, claims and demands to which it may thereby become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

In connection with the foregoing, to the extent that the Trustee either (a) receives a request in writing from the Senior Loan Provider (for so long as the Senior Loan is outstanding) or (b) (whether or not the Senior Loan is outstanding) receives a request in writing from Holders of not less than two-thirds of the aggregate Principal Amount Outstanding of the Senior Outstanding Class or is directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Holders of the Senior Outstanding Class, in each case, to take any proceedings and/or action in accordance with the provisions of this Condition 11.4 (*Enforcement*), the Trustee shall be entitled to act on such request or direction, as applicable, in accordance with the provisions of this Condition 11.4 (*Enforcement*), notwithstanding any contrary or conflicting request, direction or instruction being received by the Trustee from the Senior Loan Provider or any Noteholders.

Enforcement of any security created pursuant to the Pledge Agreement and/or the Subsidiary Share Pledge Agreement shall, notwithstanding the foregoing provisions, be carried out in accordance with the provisions of the Pledge Agreement and/or the Subsidiary Share Pledge Agreement, as applicable.

Furthermore, and without prejudice to the limitations on the responsibility set out in these Terms and Conditions, for the purposes of enforcing its rights under the Pledge Agreement and the Subsidiary Share Pledge Agreement, by execution of a Form of Transfer in respect of the acquisition of any Notes, such relevant Holder shall automatically accede to the Trust Deed for the purposes of appointing the Trustee as its attorney for the purposes of taking any actions in relation to the Pledge Agreement and the Subsidiary Share Pledge Agreement in connection with the enforcement of security thereunder and authorising the Trustee to act in such Holders name for the purposes of taking such actions relating to such enforcement and be bound by the provisions regarding the limitations of liability of the Trustee contained in the Trust Deed. Furthermore, pursuant to the Trust Deed, the Trustee shall be entitled to require each Holder to provide it with any additional power of attorney in such form as the Trustee may require authorising the Trustee to act in the name of such Holder for the purposes of such enforcement and if it shall do so the Trustee shall not be under any obligation to take any action in relation to such enforcement unless it has received such a power of attorney from all Holders.

The net proceeds of enforcement of the security in respect of the Collateral shall be distributed in accordance with the Enforcement Priority of Payments.

11.5 *Limited Recourse and Non-petition*

Only the Trustee may pursue the remedies available under the Trust Deed, the Pledge Agreement and the Subsidiary Share Pledge Agreement to enforce the rights of the Noteholders or of any of the other Secured Parties under the Trust Deed, the Pledge Agreement and the Subsidiary Share Pledge Agreement and no Noteholder or other Secured Party may proceed directly against the Issuer or any of its assets unless the Trustee, having become bound to proceed in accordance with the terms of the Trust Deed, fails or neglects to do so within a reasonable period and such failure or neglect is continuing and, in respect of the Pledge Agreement and/or the Subsidiary Share Pledge Agreement only to the extent permitted in respect of the Pledge Agreement and/or Subsidiary Share Pledge Agreement, as applicable. After realisation of the security in respect of the Collateral which has become enforceable and distribution of the net proceeds in accordance with the Enforcement Priority of Payments, no Noteholder or other Secured Party may take any further steps against the Issuer, and no debt shall be owed by the Issuer in respect of any difference between the amount of the net proceeds of the security in respect of the Collateral and the amount which would otherwise have been payable in respect of the Notes or to such Secured Party. In particular, none of the Trustee, any Noteholder or any other Secured Party shall be entitled in respect thereof to petition or take any other step for the winding-up or examinership of the Issuer save for lodging a claim in the liquidation of the Issuer which is initiated by another party or taking proceedings to obtain a declaration or judgment as to the obligations of the Issuer.

The net proceeds of enforcement of the security in respect of the Collateral or the net proceeds otherwise recovered or realised by the Issuer or the Trustee on behalf of the Issuer in respect of such Collateral on the Legal Final Maturity Date may be insufficient to pay all amounts due to the Secured Parties, in which event claims in respect of all such amounts will be extinguished.

12. **Prescription**

Claims in respect of any of the Notes shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the Relevant Date.

“**Relevant Date**” means, in relation to any payment due in respect of the Notes, the date on which such payment first becomes due but, if the full amount of the money payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with Condition 17 (*Notices*).

13. **Replacement of Notes**

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Registrar 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.

14. **Meetings of Noteholders; Modification; Waiver and Substitution**

14.1 ***Meetings of Noteholders***

The Trust Deed contains provisions for convening separate or combined meetings of the Noteholders of any Class to consider any matter relating to the Notes, including the sanctioning by Extraordinary Resolution passed at a meeting of such Noteholders of the relevant Class of any modification of certain of these Conditions or certain provisions of the Trust Deed or of the other Transaction Documents. Subject as further provided in the Trust Deed and below in this Condition 14.1 (*Meetings of Noteholders*), any such modification may be made if sanctioned by an Extraordinary Resolution of the Holders of Notes of the Senior Outstanding Class. For so long as the Senior Loan is outstanding no modification of these Conditions or provisions of the Trust Deed or the other Transactions shall take effect without the consent of the Senior Loan Provider (save in the event that the Senior Loan Provider has been subject to any of the events contemplated in Condition 11.1 (F), (G) and (H) (*Events of Default*)).

Such a meeting may be convened by the Trustee or by the Issuer and shall be convened by the Trustee (subject to the Trustee having been indemnified and/or secured and/or pre-funded to its satisfaction against all costs (including, without limitation, legal fees and expenses), liabilities and expenses thereby occasioned or which it may incur in connection therewith) upon the request in writing of Noteholders holding not less than one-tenth of the Principal Amount Outstanding of the Notes of the relevant Class. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more persons (or, in the event that the entire Principal Amount Outstanding of any Class of Notes is held by one Noteholder, one person) holding or representing a majority of the Principal Amount Outstanding of the Notes of the relevant Class, or at any adjourned meeting two or more persons (or, in the event that the entire Principal Amount Outstanding of any Class of Notes is held by one Noteholder, one person) holding or representing Notes irrespective of the principal amount of the Notes so held or represented provided, however, that certain basic terms modifications specified in the Trust Deed (each a “**Basic Terms Modification**”) in respect of any such Class of Notes (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes of any Class, to reduce or cancel the amount of principal or interest payable on any date in respect of such Notes, to alter the method of calculating the amount of any payment in respect of such Notes or the priority or currency of any such payment, or to change the Events of Default, or to change the provisions relating to the Collateral, or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders of the relevant Class of Notes and at which two or more persons (or, in the event that the entire Principal Amount Outstanding of any Class of Notes is held by one Noteholder, one person) holding not less than two-thirds of the Principal Amount Outstanding of the Notes form a quorum, and that the quorum at any such adjourned meeting, shall be two or more persons (or, in the event that the entire Principal Amount Outstanding of any Class of Notes is held by one Noteholder, one person) holding or representing not less than one-third of the Principal Amount Outstanding of the Notes of such Class.

Subject as provided below, an Extraordinary Resolution passed by the Senior Outstanding Class shall be binding on the Holders of all other Classes of Notes outstanding. Notwithstanding the foregoing, no Extraordinary Resolution to sanction a modification which would have the effect of accelerating the maturity

of the Senior Outstanding Class or any date for payment of interest thereon, increasing the amount of principal or the rate of interest payable in respect of the Senior Outstanding Class or altering the currency of payment of the Senior Outstanding Class or modifying the rights of the Holders of any other Class of Notes shall take effect unless, in addition to the provisions above for sanctioning a Basic Terms Modification, it shall also have been sanctioned by a separate Extraordinary Resolution of the Holders of each of the other Classes of Notes outstanding (or in respect of a modification which would have the effect of modifying the rights of the Holders in respect of a Class of Notes other than the Senior Outstanding Class, sanctioned by a separate Extraordinary Resolution of each of the other Classes that would be so modified). An Extraordinary Resolution of the Class B Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders or it is sanctioned by separate Extraordinary Resolutions of each of the Class A Noteholders. An Extraordinary Resolution of the Class C Noteholders shall only be effective when, *inter alia*, the Trustee is of the opinion that it will not be materially prejudicial to the interests of the Class A Noteholders or the Class B Noteholders or it is sanctioned by separate Extraordinary Resolutions of each of the Class A Noteholders and the Class B Noteholders.

Except in certain circumstances, the Trust Deed imposes no such limitations on the powers of Holders of the Senior Outstanding Class, the exercise of which will be binding on the Holders of all other Classes of Notes, irrespective of the effect upon their interests, save to the extent that, as mentioned above, a modification relates to the rights of Holders in respect of Classes of Notes other than the Senior Outstanding Class in respect of which an Extraordinary Resolution of the relevant Class or Classes is required. No liability shall attach to the Trustee as a result of the Trustee being or not being of an opinion referred to in this Condition 14.1 (*Meetings of Noteholders*), except as a result of an act of negligence, fraud or wilful misconduct on the part of the Trustee.

In addition, a Written Resolution will take effect as if it were an Extraordinary Resolution.

Subject as provided in the Trust Deed, the Issuer is entitled to receive notice of and attend meetings of Noteholders but is not entitled to vote.

A meeting of Noteholders will also have the power (exercisable by Extraordinary Resolution) to advise or instruct the Trustee, in relation to any of its rights, powers and discretions under the Transaction Documents, or to appoint any persons (whether Noteholders or not) as a committee to represent the interests of the Noteholders and to confer upon such committee any powers which the Noteholders could themselves exercise by Extraordinary Resolution.

14.2 ***Modification and Waiver***

The Trust Deed contains provisions permitting the Trustee without the consent of the Noteholders of any Class or any other Secured Parties (but, for so long as the Senior Loan is outstanding, with the consent of Senior Loan Provider (save in the event that the Senior Loan Provider has been subject to any of the events contemplated in Condition 11.1 (F), (G) and (H) (*Events of Default*))), at the request of the Issuer, to agree to (i) any modification to the Trust Deed, any other Transaction Document or the Notes or the Conditions which is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification of any of the provisions of the Trust Deed or any Transaction Document or the Notes or the Conditions which in the sole opinion of the Trustee is not materially prejudicial to the interests of the holders of the Senior Outstanding Class, but such power shall not extend to any such modification as is mentioned in the proviso to paragraph 16 of Schedule 1 of the Trust Deed otherwise than in the case of manifest error or of a modification that is of a formal, minor or technical nature. Any such modification referred to in (i) or (ii) above shall be binding on the Noteholders and the other Secured Parties.

In addition, the Trustee may without the consent of the Noteholders of any Class (but with the consent of the Senior Loan Provider, for so long as the Senior Loan is outstanding (save in the event that the Senior Loan Provider has been subject to any of the events contemplated in Condition 11.1 (F), (G) and (H) (*Events of Default*))) authorise or waive any breach or proposed breach of the Conditions, the Trust Deed or the Transaction Documents (other than a breach or proposed breach relating to the subject of a Basic Terms Modification) if, in the sole opinion of the Trustee, such authorisation or waiver will not be materially prejudicial to the interests of the Noteholders of the Senior Outstanding Class.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders pursuant to Condition 17 (*Notices*) as soon as practicable thereafter.

14.3 **Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders of any Class and without the consent of the other Secured Parties (other than the Senior Loan Provider, for so long as the Senior Loan is outstanding) to the substitution of any other company in place of the Issuer, or of any previously substituted company, as principal debtor under the Trust Deed and the Notes of each Class, if required for taxation purposes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or any other Secured Party (other than the Senior Loan Provider for so long as the Senior Loan is outstanding) to a change in the law governing the Notes and/or the Trust Deed, provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders of any Class. Any substitution agreed by the Trustee pursuant to this Condition 14 (*Meetings of Noteholders; Modification; Waiver and Substitution*) shall be binding on the Noteholders, and shall be notified to the Noteholders as soon as practicable in accordance with Condition 17 (*Notices*).

15. **Trustee and Agents**

Under the Trust Deed, the Trustee is entitled to be indemnified and/or secured and relieved from responsibility in certain circumstances (and, in particular, but without limitation, from taking proceedings against the Issuer unless it has been indemnified and/or secured and/or pre-funded to its satisfaction) and to be paid its remuneration, costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee, its employees and affiliates are entitled to enter into business transactions with the Issuer and/or any entity relating to the Issuer and/or any Secured Party without accounting for any profit.

The ability of the Trustee to exercise any rights it has under the Transaction Documents in respect of the Notes are restricted by the terms of the Transaction Documents. Noteholders have no independent entitlement to exercise such rights.

In the exercise of its powers and discretions under these Conditions, the Trust Deed and any other Transaction Document, the Trustee will have regard to the interests of the Holders of each Class separately in accordance with the terms of the Trust Deed and will not be responsible for any consequence for individual Holders of Notes of such exercise and no Noteholder shall be entitled to claim from the Issuer or the Trustee any indemnification or other payment in respect of any consequence for any individual Noteholders of any such exercise. Furthermore, in the event of any conflict between the interests of the Noteholders and the other Secured Parties, the Trustee will only have regard to the interests of the Noteholders and in the event of any conflict between the interests of Noteholders of different Classes, it will unless otherwise directed by the Trust Deed or the Conditions, have regard only to the interests of the Holders of the Senior Outstanding Class. So long as any of the Notes of any Class remains outstanding, the Trustee shall, as regards all the powers, trusts, authorities, duties and discretions vested in it by the Trust Deed and/or the Pledge Agreement and/or Subsidiary Share Pledge Agreement except where expressly provided otherwise, have no regard to the interests of any other Secured Party and no Secured Party shall have any claim against the Trustee for so doing and in the event of any conflict of interest between the Noteholders and any other Secured Party, the interest of the Noteholders will prevail.

The Trustee has not investigated, and is not responsible for, the validity, value, sufficiency or enforceability of the security created by the Transaction Documents and shall accept without investigation, requisition or objection such right and title as the Issuer or any other person may have to any of the Collateral or any part thereof. The Trustee will not be responsible for any deficiency which may arise because the Trustee is liable to Tax in respect of all or any of the Collateral, the income therefrom or the proceeds thereof.

The Trustee will be entitled to rely on the certificates signed by one Authorised Signatory of the Issuer or two authorised signatories of any Secured Party or any other person as to any fact or matter *prima facie* within the knowledge of the Issuer or such Secured Party or such other person, and shall not be responsible for any failure otherwise to monitor compliance with the obligations imposed on the Issuer under these Conditions.

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 therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders.

16. **Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of and the giving of security to the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to realise the security for the Notes and to obtain repayment of the Notes unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee shall not have any responsibility for the administration, insurance, management, monitoring or operation of the Collateral.

17. **Notices**

17.1 ***Publication of Notices***

All notices, other than notices given in accordance with the following paragraphs, to Noteholders shall be deemed to be duly given if delivered by first class mail or by electronic mail to the address and/or email address, as applicable, of each Noteholder recorded on the Register in respect of such Noteholder. Any such notice delivered by first class mail shall be deemed to have been given on the day falling two Business Days after such notice was sent. Any such notice delivered by electronic mail shall be deemed to have been given 24 hours after the time of despatch.

17.2 ***Notices Concerning Interest***

Any notices specifying the Rate of Interest, an Interest Amount or any redemption amount shall be deemed to have been duly given if given in the manner set out in Condition 17.1 (*Publication of Notices*) above or if the information contained in such notice appears on the relevant page of the Reuters screen or such other medium for the electronic display of data as may be approved by the Trustee and notified to the relevant Class of Noteholders (the “**Relevant Screen**”). Any such notice shall be deemed to have been given on the first date on which such information appeared on the Relevant Screen.

17.3 ***Alternative Methods of Notice***

The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

18. **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any Tax unless the Issuer or the Principal Paying Agent is required by applicable law to make any such payment in respect of the Notes subject to any withholding or deduction for, or on account of, any present or future Tax. In the event such withholding or deduction is required, the Issuer or the Principal 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 required to be withheld or deducted. None of the Issuer or the Principal Paying Agent will be obliged to make any additional payments to Noteholders in respect of such withholding or deduction. Any such withholding or deduction shall not constitute an Event of Default under Condition 11 (*Events of Default and Enforcement*).

19. **Contracts (Rights of Third Parties) Act 1999**

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

20. **Governing Law and Jurisdiction**

The Notes, and any non-contractual rights arising thereunder, are governed by and shall be construed in accordance with English law. The Issuer has in the Trust Deed submitted to the jurisdiction of the English courts for all purposes in connection with the Notes save in respect of the Pledge Agreement and the Subsidiary Share Pledge Agreement where it has submitted to the jurisdiction of the Spanish courts.

21. **Agent for Service of Process**

The Issuer irrevocably appoints Deutsche Bank AG, London Branch, at its offices at PO Box 64399, Winchester House, 1 Great Winchester Street, London EC2N 2DB as its agent in England to receive service of process in any proceedings in England based on any Notes. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and notify the Trustee and the Noteholders of such appointment. Nothing herein shall affect the right to serve process in any other manner permitted by law.

USE OF PROCEEDS

On the Issue Date, the proceeds of the issue and sale of the Notes was EUR 135,315,692 and was used by the Issuer to purchase the Charged Assets.

THE CHARGED ASSETS

The Charged Assets comprise Mortgage Transfer Certificates (*certificados de transmisión de hipoteca* or “**CTHs**”) issued by Caja de Ahorros del Mediterráneo (as “**CAM**” or the “**Charged Assets Issuer**”) subject to the provisions of Law 2/1981 of 25 March Regulating the Mortgage Market and Royal Decree 716/2009 of 24 April, developing determined aspects of Law 2/1981, and other applicable provisions.

According to such provisions, savings banks may issue CTH securities, pursuant to which purchasers thereof participate in all or part of the mortgage backed loans of the portfolio of the relevant originator, which, for the purposes of the Charged Assets, is CAM. CTHs can only be issued for subscription and placement amongst professional investors as contemplated in MiFID or securitisation funds (*fondos de titulización de activos*).

Among other requirements, eligible loans for issuance of CTHs are those loans which may not be eligible to comprise a certain other type of mortgage backed securities called mortgage participations (*participaciones hipotecarias*). Furthermore, the duration and interest agreed for the CTHs cannot exceed the duration and interest rate of the respective underlying mortgage loans.

CAM, as originator of the CTHs comprising the Charged Assets retains custody and administration of the underlying Mortgage Loans and is bound to carry out any acts deemed necessary for the effectiveness and successful collection of the amounts due under the loans and shall deliver to the Issuer, as the holder of the CTHs, the relevant percentage of the amounts received from each of the Borrower in respect of the Mortgage Loans referenced by the CTHs relating to principal and interest in respect thereof, even in the event of early repayment, subject to the terms and conditions of the Charged Assets Issue and Subscription Deed.

Each of CTHs subscribed by the Issuer under the Charged Assets Issue and Subscription Deed represents a share of 100 per cent of the principal pending reimbursement and ordinary and default interest pending payment of a loan (a “**Mortgage Loan**”) (being a loan secured by way of mortgage over residential real estate lent by CAM to a borrower (a “**Borrower**”)), as well as a share of 100 per cent of any other amount received under the relevant Mortgage Loan (other than in respect of certain fees and commissions expressly excluded and retained by CAM). In particular, pursuant to the Charged Assets Issue and Subscription Deed, the following fees are excluded and retained by CAM: (i) the commitment fee (*comisión de apertura*) of the Mortgage Loans; (ii) any amortisation or early termination fees (*comisión de amortización o cancelación anticipada*); (iii) any fees for administration and temporary possession of the real estate properties during the enforcement process; (iv) any costs and expenses incurred in collecting unpaid amounts; (v) any subrogation fees (*comisión de subrogación*); and (vi) any other charge or compensation provided in the Mortgage Loans.

As indicated, the Mortgage Loans are not held directly by the Issuer as the CTHs only convey certain economic and other rights to the Issuer, as holder thereof, in respect of the Mortgage Loans. Furthermore, the CTHs do not provide the Issuer with *in rem* ownership or proprietary rights over the residential real estate assets which constitute the collateral for the Mortgage Loans. The Issuer shall not obtain ownership of any real estate asset in its own name upon the completion of foreclosure proceedings in respect of a Mortgage Loan and any exercise of the rights described above, such right of ownership having been waived by the Issuer under the Loan Administration Agreement.

Enforcement in respect of a Mortgage Loan shall be carried out by CAM and the Issuer (or the Calculation Agent on behalf of the Issuer), as further indicated below. In the event of lack of payment of any Mortgage Loan by the relevant Borrower, the Issuer has the following rights as holder of the CTHs comprising the Charged Assets:

- (i) to request the Charged Assets Issuer to initiate mortgage enforcement proceedings of the Mortgage Loans relating to the Charged Assets;
- (ii) to take part, with equal rights as the Charged Assets Issuer, in any enforcement proceedings taken by the Charged Assets Issuer against the Borrowers of the Mortgage Loans, where such Borrowers are in breach;
- (iii) should the Charged Assets Issuer not initiate mortgage enforcement proceedings within sixty days as from the moment when formally requested by the Issuer (*fehacientemente*), the Issuer will be entitled to directly take enforcement proceedings against the relevant Borrower; and
- (iv) if any enforcement proceedings taken by the Charged Assets Issuer are interrupted, the Issuer may subrogate itself to the position of the Charged Assets Issuer and continue the enforcement proceedings.

The Issuer has given the Calculation Agent the right to exercise certain rights in respect of the Charged Assets on its behalf, although neither the Issuer nor the Calculation Agent nor any other person is obliged to exercise such rights unless expressly provided for in the Transaction Documents.

Pursuant to the Charged Assets Issue and Subscription Deed, the Issuer shall only be entitled to take enforcement action against CAM as Charged Assets Issuer for breach of the Charged Assets Issue and Subscription Deed, where such breach arises for reasons other than due to lack of payment by the Borrowers in respect of any Mortgage Loans.

In the event of insolvency of CAM, the specific rules providing protection to the issue of CTHs apply as an exception to the general rules of the Spanish Insolvency Law, and the insolvency privileges of the Issuer as holder of the CTHs established by Article 15 of Law 2/1981 will apply. Consequently, the issue of the CTHs and their subscription by the Issuer may only be reversed if the issue of the CTHs by CAM and the subscription by the Issuer has been concluded on a fraudulent basis.

In the event of insolvency of CAM, the Issuer, as owner of the CTHs, shall have, according to Article 80.1 of the Insolvency Law, the right to obtain from CAM the proceeds derived from the CTHs (except for cash received and held by CAM for the account of the Issuer as of the declaration of insolvency, due to its fungible nature) since such amounts will be deemed to be owned by the Issuer.

THE CHARGED ASSETS ISSUE AND SUBSCRIPTION DEED

On the 31st March 2010, Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited (as “**Issuer**” and as “**Buyer**”) and Caja de Ahorros del Mediterráneo (as “**CAM**” or the “**Charged Assets Issuer**”) entered into the Deed of Issue and Transfer of Mortgage Transfer Certificates, governed by Spanish law (the “**Charged Assets Issue and Subscription Deed**”).

Issuance of the Mortgage Transfer Certificates (“CTHs”)

Pursuant to the Charged Assets Issue and Subscription Deed, CAM issued 1,101 CTHs each representing one share of 100 per cent. of the principal pending reimbursement for each of the Mortgage Loans to which they correspond. The CTHs are represented by a multiple registered title issued by CAM. Subscription and possession of the CTHs is limited to professional investors. CAM has agreed to continue to administer the CTHs and to maintain the relevant records.

Subscription for the CTHs

The Buyer subscribed for all of the CTHs issued by CAM, acquiring full ownership by assignment from CAM at an issue price equivalent to 79.7209% of the outstanding balance of each Mortgage Loan, being an aggregate amount of EUR 135,315,692.

Conditions for Issuance and Subscription of the CTHs

The Buyer has the right to receive all default interest pending payment on each CTH and any other amount except (i) the commitment fee, (ii) amortisation or early termination fees, (iii) fees for administration and temporary possession of properties during enforcement, (iv) costs and expenses in collecting unpaid amounts and (v) subrogation fees and any other charge or compensation provided in the Mortgage Loans due to CAM.

The Buyer bears the risk of defaults on the Mortgage Loans.

CAM has agreed, subject to the prior agreement of the Buyer, to substitute any CTH that did not, as of 30 March 2010 (the “**Cut-off Date**”), conform with the corresponding Mortgage Loan by the issuance of new CTHs based on Mortgage Loans in CAM’s portfolio with equivalent terms, in accordance with the procedure prescribed in the Charged Assets Issue and Subscription Deed. In the event that the substitution is not viable, CAM has agreed to buy back the affected CTHs.

Buyback of the CTHs

CAM will be permitted to buy back the CTHs if the outstanding balance of the Mortgage Loans affected is less than 10 per cent. of the outstanding balance on the Cut-off Date, at the price under the Clean-up Call Event pursuant to Condition 9.3 (*Early Redemption following Clean Up Call Event*) of the Notes. CAM may also buy back the CTHs if it offers the Buyer a purchase price not less than the amount required to redeem the Notes under Condition 9.4 (*Early Redemption following Exercise of Charged Assets Issuer Option*) of the Notes.

Buyer’s rights

The Buyer is responsible for court costs connected with the Charged Assets Issue and Subscription Deed.

Payments made to the Buyer are not subject to withholding or deduction of tax but CAM is required to gross-up payments in the event of any such withholding or deduction. The CTHs will redeem automatically, at the price determined under Condition 9.2 (*Redemption for Taxation Reasons*) under the Conditions of the Notes, in the event of a change in tax law that requires CAM to withhold or deduct tax from amounts payable by it to the Buyer.

THE MORTGAGE LOANS

The information set out below has been prepared on the basis of a pool of the Mortgage Loans as at 31 March 2010.

The Mortgages

The initial Mortgage Loans: The Mortgage Loans as at 31 March 2010 were selected (in accordance with the criteria summarised below) from, and substantially comprise, a pool of Mortgage Loans owned by Caja de Ahorros del Mediterráneo (“CAM” and the “**Charged Assets Issuer**”) which has the characteristics indicated in Tables 1 to 11 below:

As at the Issue Date, each Borrower in relation to a Mortgage Loan met the Charged Asset Issuer’s lending criteria for new business in force at the time such Borrower entered into the relevant Mortgage Loan. The lending criteria considers, among other things, a Borrower’s credit history, employment history and status, repayment ability, debt-to-income ratio and the need for guarantees or other collateral.

In particular, each initial Mortgage Loan was selected so that it complies with the following criteria:

- (i) the loan-to-value (“**LTV**”) ratio of the Mortgage Loan was greater than 80%;
- (ii) mortgage repayment insurance had been obtained by the relevant Borrower for any amount lent by CAM pursuant to such Mortgage Loan above 80% of the applicable LTV;
- (iii) the relevant Borrower’s debt-to-income ratio was above 35%; and
- (iv) the Borrower’s credit history met CAM’s internal requirements.

Characteristics of the Mortgage Loans

The Mortgage Loans had, as of 31 March 2010, the aggregate characteristics indicated in Tables 1 to 11 below. Except where expressly indicated, amounts are rounded to the nearest €1 with 50 cents being rounded upwards. This gives rise to some rounding errors in the tables.

Table 1: Summary Data

Aggregate Current Outstanding Balance (in €):	169,736,702.63
Average Original Outstanding Balance (in €):	170,619.51
Average Current Outstanding Balance (in €):	154,165.94
Maximum Original Outstanding Balance (in €):	399,262.76
Maximum Current Outstanding Balance (in €):	399,262.76
Total Number of Loans:	1,101
Weighted Average Seasoning (Months):	36
Weighted Average Remaining Maturity (Months):	419
Weighted Average Current LTV:	87.46
Weighted Average Interest Rate:	2.898

Table 2: Breakdown by Current Outstanding Balance

Breakdown by Outstanding Balance (in €)	Number of Loans	% Number of Loans	Outstanding Debt (in €)	% Outstanding Debt
1 - 200.000	872	79.20%	114,653,507	67.55%
200.001 - 400.000	229	20.80%	55,083,196	32.45%
400.001 - 600.000	0	0.00%	0	0.00%
600.001 - 800.000	0	0.00%	0	0.00%
800.001 - 1.000.000	0	0.00%	0	0.00%
1.000.001 -	0	0.00%	0	0.00%

1.200.000				
1.200.001- 1.400.000	0	0.00%	0	0.00%
1.400.001- 1.600.000	0	0.00%	0	0.00%
1.600.001- 1.800.000	0	0.00%	0	0.00%
1.800.001- 2.000.000	0	0.00%	0	0.00%
2.000.001 >	0	0.00%	0	0.00%
Total	1,101	100.00%	169,736,703	100.00%

Maximum Current Outstanding Balance: 114,653,507

Minimum Current Outstanding Balance: 0

Average Current Outstanding Balance: 154,165.94

Table 3: Breakdown by Year of Origination

Breakdown Origination Date	Number of Loans	% Number of Loans	Outstanding Debt (in €)	% Outstanding Debt
<=1994	0	0.00%	0	0.00%
1995	0	0.00%	0	0.00%
1996	0	0.00%	0	0.00%
1997	0	0.00%	0	0.00%
1998	0	0.00%	0	0.00%
1999	0	0.00%	0	0.00%
2000	0	0.00%	0	0.00%
2001	0	0.00%	0	0.00%
2002	0	0.00%	0	0.00%
2003	0	0.00%	0	0.00%
2004	6	0.54%	704,534	0.42%
2005	20	1.82%	2,744,424	1.62%
2006	275	24.98%	41,836,524	24.65%
2007	784	71.21%	121,978,754	71.86%
2008	16	1.45%	2,472,467	1.46%
2009	0	0.00%	0	0.00%
2010	0	0.00%	0	0.00%
Total	1,101	100.00%	169,736,703	100.00%

Table 4: Breakdown by Original Term

Breakdown by Original Term - Months	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
150 – 200	0	0.00%	0.00	0.00%
201 – 250	13	1.18%	1,804,993.70	0.96%
251 – 300	34	3.09%	4,508,928.27	2.40%
301 – 350	18	1.63%	2,579,397.57	1.37%
351 – 400	95	8.63%	14,250,428.93	7.59%
401 – 450	213	19.35%	34,521,057.85	18.38%
451 – 500	694	63.03%	124,364,301.30	66.20%
501 – 550	9	0.82%	1,379,355.59	0.73%
551 – 600	25	2.27%	4,443,616.38	2.37%
Total:	1,101	100%	187,852,079.59	100%

Maximum Original Term (Months): 600
Minimum Original Term (Months): 202
Weighted Average Original Term (Months) (weighted by Original Balance): 454.34

Table 5: Breakdown by Remaining Maturity

Breakdown by Remaining Maturity - Months	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
150 – 200	3	0.27%	341,471.54	0.20%
201 – 250	24	2.18%	3,100,127.75	1.83%
251 – 300	26	2.36%	2,812,231.61	1.66%
301 – 350	89	8.08%	11,679,502.47	6.88%
351 – 400	221	20.07%	32,454,591.08	19.12%
401 – 450	675	61.31%	109,562,847.90	64.55%
451 – 500	37	3.36%	5,248,682.00	3.09%
501 – 550	4	0.36%	577,984.09	0.34%
551 – 600	22	2.00%	3,959,264.19	2.33%
Total:	1,101	100%	169,736,702.63	100%

Maximum Remaining Term (Months): 577
Minimum Remaining Term (Months): 165
Weighted Average Remaining Term (Months): 419.02

Table 6: Breakdown by Current Loan to Value

Breakdown by LTV	Number of Loans	% Number of Loans	Outstanding Debt (in €)	% Outstanding Debt
0% - 10%	3	0.27%	5,897	0.00%
11% - 20%	0	0.00%	0	0.00%
21% - 30%	1	0.09%	117,088	0.07%
31% - 40%	9	0.82%	712,863	0.42%
41% - 50%	83	7.54%	7,168,938	4.22%
51% - 60%	63	5.72%	6,619,196	3.90%
61% - 70%	50	4.54%	6,002,587	3.54%
71% - 80%	37	3.36%	4,791,318	2.82%
81% - 90%	134	12.17%	21,803,329	12.85%
91% - 100%	600	54.50%	101,638,045	59.88%
> 101%	121	10.99%	20,877,443	12.30%
Total	1,101	100.00%	169,736,703	100.00%

Table 7: Interest Rate Type

Breakdown by Interest rate reference	Number of Loans	% Number of Loans	Outstanding Debt (in €)	% Outstanding Debt
Euribor 1 year	958	87.01%	147,229,131	86.74%
Not available	0	0.00%	0	0.00%
Official Reference Spanish Mortgage Market	143	12.99%	22,507,571	13.26%
Total	1,101	100.00%	169,736,703	100.00%

Table 8: Breakdown by Interest Rate

Breakdown by Interest Rate	Number of Loans	% of Loans	Agg. Current Balance (in €)	% of Agg. Current Balance
<=1%	0	0.00%	0.00	0.00%
1.001-2%	6	0.54%	1,426,213.86	0.84%
2.001-3%	750	68.12%	115,314,704.00	67.94%
3.001-4%	245	22.25%	36,924,483.35	21.75%
4.001-5%	96	8.72%	15,354,635.48	9.05%
5.001-6%	3	0.27%	650,201.94	0.38%
6.001-7%	1	0.09%	66,464.00	0.04%
Total	1,101	100%	169,736,703	100%

Maximum Current Rate: 6.5

Minimum Current Rate: 1.232

Weighted Average Current Rate: 2.899

Table 9: Breakdown by Spread to Index

Breakdown by Margin	Number of Loans	% Number of Loans	Outstanding Debt (in €)	% Outstanding Debt
<=0.50%	57	5.18%	9,804,578	5.78%
0.50% - 0.99%	153	13.90%	25,143,048	14.81%
1.00% - 1.49%	753	68.39%	116,082,568	68.39%
1.50% - 1.99%	138	12.53%	18,706,508	11.02%
2.00% - 2.49%	0	0.00%	0	0.00%
2.50% - 2.99%	0	0.00%	0	0.00%
>=3.00%	0	0.00%	0	0.00%
Total	1,101	100.00%	169,736,703	100.00%

Maximum Spread to Index: 1.75

Minimum Spread to Index: 0.0

Weighted Average Spread to Index: 1.066

Table 10: Breakdown by Property Location

Breakdown by province	Number of Loans	% Number of Loans	Outstanding Debt (in €)	% Outstanding Debt
A coruña	1	0.09%	162,863	0.10%
Albacete	4	0.36%	384,206	0.23%
Alicante	165	14.99%	18,790,980	11.07%
Almeria	17	1.54%	2,234,579	1.32%
Asturias	11	1.00%	1,706,404	1.01%
Badajoz	3	0.27%	261,348	0.15%
Barcelona	150	13.62%	32,324,931	19.04%
Burgos	3	0.27%	419,790	0.25%
Cadiz	1	0.09%	254,960	0.15%
Cantabria	3	0.27%	397,457	0.23%
Castellon	25	2.27%	3,378,460	1.99%
Ciudad real	4	0.36%	619,982	0.37%
Cordoba	1	0.09%	171,523	0.10%
Cuenca	2	0.18%	271,509	0.16%
Girona	86	7.81%	17,036,231	10.04%
Granada	2	0.18%	260,858	0.15%
Guadalajara	2	0.18%	202,197	0.12%
Huelva	1	0.09%	161,079	0.09%

Illes balears	38	3.45%	6,610,961	3.89%
Jaen	4	0.36%	430,709	0.25%
Las palmas	17	1.54%	2,398,157	1.41%
Lleida	21	1.91%	3,073,740	1.81%
Madrid	29	2.63%	5,572,419	3.28%
Malaga	26	2.36%	4,567,639	2.69%
Murcia	122	11.08%	15,303,165	9.02%
Palencia	1	0.09%	125,719	0.07%
Pontevedra	2	0.18%	317,391	0.19%
Salamanca	1	0.09%	117,604	0.07%
Santa Cruz De T.	1	0.09%	81,628	0.05%
Segovia	2	0.18%	323,642	0.19%
Sevilla	4	0.36%	669,282	0.39%
Tarragona	51	4.63%	9,226,091	5.44%
Toledo	32	2.91%	5,362,621	3.16%
Valencia	266	24.16%	36,204,455	21.33%
Valladolid	2	0.18%	213,840	0.13%
Zaragoza	1	0.09%	98,285	0.06%
Total	1,101	100.00%	169,736,703	100.00%

Table 11: Default Ratio

Breakdown by Months in arrears	Number of Loans	% Number of Loans	Outstanding Debt (in €)	% Outstanding Debt
Performing Loans	276	25.07%	37,642,001	22.18%
Less than 1 month in arrears	101	9.17%	12,565,653	7.40%
More than 1 month and up to 2 months in arrears	84	7.63%	10,751,987	6.33%
More than 2 months and up to 3 months in arrears	46	4.18%	6,319,041	3.72%
More than 3 months and up to 4 months in arrears	14	1.27%	2,118,477	1.25%
More than 4 months and up to 5 months in arrears	1	0.09%	144,315	0.09%
More than 5 months and up to 6 months in arrears	0	0.00%	0	0.00%
More than 6 months and up to 12 months in arrears	27	2.45%	4,530,750	2.67%
More than 12 months and up to 24 months in arrears	533	48.41%	92,895,774	54.73%
More than 24 months in arrears	19	1.73%	2,768,705	1.63%
Total	1,101	100.00%	169,736,703	100.00%

THE LOAN ADMINISTRATION AGREEMENT

On the 21 April 2010, Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited (as “**Buyer**”) and Caja de Ahorros del Mediterráneo (as “**CAM**”, “**Loan Administration Agent**” and “**Administration Agent**”) entered into the Agreement for the Administration of Mortgage Loans, Deposit of Mortgage Transfer Certificates and the Holding and Management of Properties Underlying Mortgage Transfer Certificates, governed by Spanish law (the “**Loan Administration Agreement**”).

Pursuant to the Loan Administration Agreement, the Buyer has commissioned CAM as the Loan Administration Agent to administer and manage the Mortgage Loans relating to the Charged Assets and the deposit of the titles representing the Mortgage Transfer Certificates relating thereto. In addition, pursuant to the Loan Administration Agreement, and prior to the acquisition of the Issuer Subsidiary by the Buyer, the Buyer commissioned CAM as Administration Agent to manage properties in respect of Mortgage Loans relating to the Charged Assets that may have been acquired by CAM due to the occurrence of foreclosure proceedings taking place prior to the acquisition of the Issuer Subsidiary by the Buyer and temporarily until such time as such properties are sold to the Issuer Subsidiary or a third party (prior to such acquisition of the Issuer Subsidiary by the Buyer).

Administration and Management of the Mortgage Loans

The Loan Administration Agent has agreed to administer the Mortgage Loans devoting the same time and attention and exercising the same level of expertise, care and diligence in such administration as it devotes and exercise in the administration of its own outstanding mortgage loans and, in all case, with such individual treatment as provided for in the Loan Administration Agreement. In addition, it has agreed to comply with instructions from the Buyer in connection with the Mortgage Loans. In the event of no instructions being received, the Loan Administration Agent has undertaken to administer the Mortgage Loans on the same terms and conditions applied by the Loan Administration Agent in the administration of its own mortgage loans portfolio.

Custody of deeds, documents and files

The Loan Administration Agent has agreed to maintain all deeds, documents, computerised records and insurance policies. The Loan Administration Agent has agreed to reasonably facilitate access to the such deeds, documents and records by the Buyer upon request within 5 Business Days of such request and to provide copies of such deeds and documents within 5 Business Days of request by the Buyer in accordance with the terms of the Loan Administration Agent.

Management and collections and payments to the Buyer

The Loan Administration Agent has agreed to continue managing the collection of any amounts owed by the Borrowers. The Loan Administration Agent has undertaken to apply its due diligence so that any payments owed by the Borrowers may be collected in accordance with the contractual terms and conditions of the Mortgage Loans.

Establishment of Interest Rate

For Mortgage Loans at a variable interest rate, the Loan Administration Agent has agreed to continue setting the interest rates applicable to each one of the interest periods in accordance with the provisions of the corresponding Mortgage Loan agreements.

The Loan Administration Agent will be entitled, at its own discretion, to apply the greatest discount or bonus envisaged contractually to the margin of those Mortgage Loans that include clauses for the improvement of conditions.

Powers and actions with regard to processes for the renegotiation of Mortgage Loans

The Loan Administration Agent has undertaken not to voluntarily cancel, waive or settle the mortgages that secure the Mortgage Loans for reasons other than the payment of the Mortgage Loan, and not to totally or partially condone Mortgage Loans or extend them, or in general undertake any action that decreases the ranking, legal validity or economic value of the mortgage or of the Mortgage Loans.

Notwithstanding the foregoing, the Loan Administration Agent, in accordance with any requests from the Borrowers, may reach an agreement with any Borrower, on the terms and conditions envisaged in the Loan Administration Agreement, either by the renegotiation of the applicable interest rate margin or extension of the maturity period

thereof (with the sole limitation that such amendments do not impose new obligations on CAM, or in any other way diminish the reputation or commercial image of CAM or in any way deviate from proper banking practices).

Action against Debtors in the event of non-payment of the Mortgage Loans

The Loan Administration Agent has undertaken to apply equal diligence and to follow the same procedures in respect of claims for any amounts owed and not paid under the Mortgage Loans that it applies to defaulted mortgage loans held for its own account, in accordance with good banking customs and practices for the collection of amounts owed, all at the expense of the Issuer and in accordance with instructions from the Issuer, if any.

The parties to the Loan Administration Agreement have expressly agreed that in no case shall the Loan Administration Agent request the transfer of any mortgaged property relating to the Mortgage Loans to the Buyer in satisfaction of the payment obligations in respect of the relevant Mortgage Loan to which such mortgaged property relates or in satisfaction of any payment obligations under the CTHs to which the relevant Mortgage Loan relates.

Under certain circumstances, if no satisfactory third party bidder appears at the applicable auction in respect of a mortgaged property during any mortgage enforcement proceedings, the Loan Administration Agent is entitled to assign the creditors' position in the public auction (*remate*) or in the envisaged sale of the mortgaged property to the Issuer Subsidiary. In such event, all the obligations of CAM as originator of the relevant Mortgage Loan to which such mortgaged property relates, and as Charged Assets Issuer in respect of the CTH relating thereto and as Loan Administration Agent in respect of such Mortgage Loan will be released.

The Loan Administration Agent and the Issuer Subsidiary acquiring the mortgaged property have entered into an agreement for the management and sale of the relevant mortgaged properties transferred to the Issuer Subsidiary following enforcement proceedings.

Property damage insurance on the mortgaged properties

The Loan Administration Agent has undertaken to neither take nor omit the adoption of any measure that results in the nullification of any property damage insurance of the mortgaged properties in respect of the Mortgage Loans or that reduces the amount payable by the relevant insurance company in respect thereof, save following instructions from the Buyer.

In the event of the occurrence of an insured event, the Loan Administration Agent shall coordinate any actions for collection of insurance payments, in accordance with the terms and conditions of the Mortgage Loans and the terms and conditions of the respective insurance policies, reimbursing the Buyer of any amounts thus collected.

Property auction

The Loan Administration Agent has undertaken to notify the Buyer of the places, dates and conditions of the auctions of mortgaged properties relating to the Mortgage Loans during enforcement proceedings sufficiently in advance so that the Buyer, if it deems so appropriate, may adopt any measures it considers convenient.

The Loan Administration Agent has undertaken to take part in property auctions and, in the absence of instructions from the Buyer, to bid or request the award of the relevant mortgaged property on the same terms and conditions in which the Loan Administration Agent would have done in the case of mortgaged properties relating to mortgage loans that it is holding for its own account.

It is expressly stated that, in the absence of instructions from the Buyer, the Loan Administration Agent will, at its own discretion, (i) either authorise the acquisition of the mortgaged property relating to a Mortgage Loan, in respect of which the applicable foreclosure proceedings have been completed, by a third party bidder or offeror; or (ii) assign the award of such mortgaged property (*cesión del remate*) to the Issuer Subsidiary. In no case will such mortgaged property be acquired by the Buyer.

Deposit of the Titles representing the Mortgage Transfer Certificates

The Buyer has delivered the multiple title representing the CTHs to the Loan Administration Agent to hold in its care and custody on behalf of the Buyer.

The Loan Administration Agent has undertaken to maintain the title or titles representing the CTHs under safe custody and not to relinquish possession, custody or control thereof without the prior written consent of the Buyer.

Compensation

If any of the Borrowers under the Mortgage Loans has a credit right against CAM that is liquid, due and payable and, as a result thereof, any of the Mortgage Loans is totally or partially offset against such credit right, pursuant to the Loan Administration Agreement, CAM has undertaken to remedy such circumstance and, if this is not possible, CAM has further undertaken to deliver to the Buyer the amount so offset plus any accrued interest due to the Buyer up to the day on which such payment is made, calculated in accordance with the terms of the corresponding Mortgage Loan.

Liability of CAM

The Loan Administration Agent will not be liable in relation to the payment obligations of the Borrowers deriving from the Mortgage Loans. Furthermore, the Loan Administration Agent shall not be liable for any loss, expense or damage suffered by the Buyer as a result of the performance by CAM of its duties and obligations pursuant to the Loan Administration Agreement, except where such damage has been caused by the fraudulent actions or negligent breach of the obligations of the Loan Administration Agent.

The Buyer is entitled to claim against the Loan Administration Agent to enforce its rights arising under the CTHs in respect of payments of principal and interest thereunder where a breach in respect of such payment obligations arises for reasons other than breach of such payment obligations by the Borrower in respect of the relevant Mortgage Loans relating to such CTHs.

Upon maturity of the Mortgage Loans, the Buyer shall maintain its right to claim against the Loan Administration Agent for fulfilment of its obligations.

Remuneration

In consideration for the services rendered, CAM shall be entitled to receive, pursuant to the Loan Administration Agreement:

- (i) an administration fee for the management of the Mortgage Loans, calculated on the basis of the amounts due under the Mortgage Loans pending collection; and
- (ii) a custody fee with regard to the custody of the multiple title representing the CTHs.

Pursuant to the Conditions, such amounts shall be paid by the Buyer, from time to time, on Payment Dates to the extent there are sufficient funds available to the Buyer pursuant to the application of the Available Interest Funds and Available Principal Funds in accordance with the Available Interest Funds Priority of Payments and Available Principal Funds Priority of Payments. In addition, such amounts may also be payable on Quarterly Transfer Dates to the extent that there are sufficient amounts standing to the credit of the General Payments Account after satisfaction by the Buyer of certain other amounts ranking in priority to such amounts payable to CAM.

In addition to the above amounts that may be payable to CAM, certain other costs and expenses incurred by CAM in its capacity as Loan Administration Agent may also be payable from time to time on the date provided for in the Conditions.

Termination

The Loan Administration Agreement shall terminate upon the expiration of all obligations assumed by the Loan Administration Agent in relation to Mortgage Loans or, as an issuer entity, in relation to the CTHs or, as an Administration Agent (as defined in the Loan Administration Agreement), in relation to the Forclosed Properties as provided for in the terms and conditions established therein.

In the event that CAM breaches its obligations the Buyer may, if legally possible, terminate the Loan Administration Agreement and, and if it does so, the Buyer shall appoint a new loan administration agent and/or administration agent to fulfil such obligations. Alternatively, the Buyer may request that CAM subcontracts or delegates its obligations and commitments to an appropriate entity as determined by the Buyer.

Upon any of the bankruptcy, intervention by the Bank of Spain, liquidation or substitution of CAM, the Buyer may request that the Loan Administration Agent notifies the Borrowers of the transfer of the Mortgage Loans to the Buyer pending repayment, as well as the fact that any payments deriving therefrom shall solely be released if made to the Spanish Account.

Upon the accelerated termination of the Loan Administration Agency Agreement, CAM shall provide any new loan administration agent and/or administration agent, at the request of the Buyer, any documents and computerised records necessary for the performance of the relevant activities.

Automatic termination shall occur should CAM exercise any repurchasing options contained in the Loan Administration Agreement.

THE SUBSIDIARY ASSET MANAGEMENT AGREEMENT

On the 29 April 2010, the Issuer Subsidiary, Manston Invest, S.L. (as “**Property Holder**”) and Caja de Ahorros del Mediterráneo (as “**CAM**” or the “**Subsidiary Administration Agent**”) entered into the Asset Management Agreement, governed by Spanish law (the “**Subsidiary Asset Management Agreement**”).

Pursuant to the Subsidiary Asset Management Agreement, the Issuer Subsidiary as the Property Holder has commissioned CAM as the Subsidiary Administration Agent to administer, manage and sell certain properties relating to Mortgage Loans registered in the name of the Property Holder (the “**Foreclosed Properties**”).

Administration and Management of the Foreclosed Properties

The Subsidiary Administration Agent has agreed to comply with instructions from the Property Holder in connection with the Foreclosed Properties. In the event of no instructions being received, the Subsidiary Administration Agent has undertaken to administer and manage the Foreclosed Properties on the same terms and conditions and using the same expertise, care and diligence as its own mortgage portfolio.

Custody of deeds, documents and files

The Subsidiary Administration Agent has agreed to maintain and keep under safe custody (and segregated from other records) all deeds, documents, computerised records and insurance policies. The Subsidiary Administration Agent must provide the Property Holder with access to and copies of all such documents.

The Subsidiary Administration Agent has agreed to preserve, keep and maintain the Foreclosed Properties acquired by the Property Holder in accordance with good customs and practices at the expense of the Property Holder.

The Subsidiary Administration Agent has been expressly commissioned and granted a power of attorney to enter into any agreement on behalf of the Property Holder, including lease agreements.

The Subsidiary Administration Agent has agreed to arrange the collection of amounts arising from the exploitation or sale of the Foreclosed Properties and will deposit net amounts on a daily basis in the account of the Property Holder maintained with CAM (the “**Property Holder Account**”).

The Subsidiary Administration Agent has agreed to fund any transfer tax or other taxes arising due to the transfer to, or sale by, the Property Holder of any Foreclosed Properties. Such amounts being Subsidiary Operating Expenses under the Conditions of the Notes.

The Subsidiary Administration Agent will withhold the maximum amount of tax that could be payable on the sale of, or in connection with income arising under the holding, lease or transfer of any Foreclosed Property. At the end of the fiscal year, any excess will be transferred to the Property Holder Account to be applied in accordance with the Issuer Subsidiary Loan Agreement. Any insufficiency will be funded by the Subsidiary Administration Agent and such amount being a Subsidiary Exceptional Expense under the Conditions of the Notes. The Subsidiary Administration Agent will file tax returns and pay taxes accruing in connection with the holding, lease or transfer of the Foreclosed Properties on behalf of the Property Holder.

The Subsidiary Administration Agent has undertaken to procure that any Foreclosed Property has and maintains appropriate insurance policies. The Subsidiary Administration Agent will notify the Property Holder of any insurance premiums to be paid and shall advance payment of premiums (with the right of immediate reimbursement). The Subsidiary Administration Agent shall arrange for collection of indemnities and pay amounts collected to the Property Holder.

The Subsidiary Administration Agent has undertaken to inform the Property Holder of any circumstances that affect collection of amounts due and unpaid under the Foreclosed Properties and to provide the Property Holder with documents relating to Foreclosed Properties, including legal actions.

The Property Holder shall cover expenses relating to the acquisition, to maintain the value and related to the ownership of the Foreclosed Properties; or in connection with insurance policies, legal claims, the execution of instructions from the Property Holder and cost of personnel, provided that the Subsidiary Administration Agent shall advance these amounts as Subsidiary Operating Expenses and shall be reimbursed by the Property Holder on each Quarterly Transfer Date. The Subsidiary Administration Agent is not obliged to advance any such amounts and is not obliged to take any action until it has received the appropriate funds.

The Subsidiary Administration Agent is paid a management fee of 0.40% of the value of the Foreclosed Properties managed paid annually in arrear.

THE SENIOR LOAN AGREEMENT

On the 31st March 2010, Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited (as “**Issuer**”), Caja de Ahorros del Mediterráneo (as “**Senior Loan Provider**”) and the Trustee entered into a Senior Loan Agreement, subsequently amended on the Issue Date, pursuant to which the Senior Loan Provider agreed to lend the Issuer EUR 1,280,000 (the “**Loan Amount**”). Of such Loan Amount, EUR 550,000 was lent by the Senior Loan Provider to the Issuer on 31st March 2010 (such amount, being used, as at the Issue Date, to fund the Initial Fund Amount). In connection with the remainder of the Loan Amount, the Issuer instructed the Senior Loan Provider to pay, on behalf of the Issuer, any and all costs and expenses of the Issuer and the other Transaction Parties incurred in connection with the issue of the Notes.

The Senior Loan Agreement provides for the Loan Amount to be repaid in four scheduled payments of EUR 457,500 on each of the four Payment Dates falling after the Issue Date. In the event of the early redemption of the Notes in full, as a result of an Event of Default or otherwise, the Senior Loan Agreement provides for the repayment of the outstanding Loan Amount in full on the relevant redemption date of the Notes.

In addition, interest is payable on the Loan Amount and is payable on each applicable Payment Date. Furthermore, in certain circumstances, additional consideration amounts will be payable by the Issuer to the Senior Loan Provider pursuant to the Senior Loan Agreement.

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

THE ISSUER SUBSIDIARY LOAN AGREEMENT

On 29 April 2010, Manston Invest, S.L. (as “**Issuer Subsidiary**” and the “**Borrower**”), Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited (as “**Issuer**” and “**Lender**”) and Caja de Ahorros del Mediterráneo (as “**Calculation Agent**” and “**Subsidiary Administration Agent**”) entered into an Issuer Subsidiary Loan Agreement in connection with Foreclosed Properties relating to Mortgage Loans referenced pursuant to the Charged Assets pursuant to which the Subsidiary Administration Agent has agreed that, in the event that the Loan Administration Agent directs the Lender, in its capacity as Issuer, to direct the Charged Assets Issuer to procure that legal title to a Foreclosed Property is registered in the name of the Issuer Subsidiary, it shall submit a Foreclosed Property Loan Request (in the form set out in the Issuer Subsidiary Loan Agreement) to the Lender and the Calculation Agent requesting the Lender to lend to the Borrower an amount equal to the Foreclosed Property Value in respect of such Foreclosed Property.

In such circumstances, the Lender shall procure transfer of legal title to such Foreclosed Property from the Borrower in respect of the relevant Mortgage Loan to the Borrower, in its capacity as Issuer Subsidiary and the issuance of the applicable court writ of allocation (*auto de adjudicación*) in respect of such Foreclosed Property (or the granting of any equivalent legal title of ownership of the applicable Foreclosed Property) in the name of the Issuer Subsidiary constitutes an advance to the Borrower of an amount equal to the relevant Foreclosed Property Value in respect of such Foreclosed Property (and shall be treated as such in the accounts of the Borrower) pursuant to the terms of the Issuer Subsidiary Loan Agreement.

In addition to the above, in certain circumstances, the Issuer Subsidiary may request an advance from the Lender for an amount, incurred or anticipated, equal to the aggregate of Subsidiary Unpaid Taxes, Subsidiary Operating Expenses and/or Subsidiary Exceptional Expenses. The Lender shall lend the amount as directed by the Calculation Agent and in accordance with the terms of the Issuer Subsidiary Loan Agreement and the Priorities of Payments in the Conditions.

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

THE ISSUER

General

The Issuer was incorporated in the Republic of Ireland as a limited liability company on 10 March 2010, registered number 481844 under the name Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited, under the Companies Acts 1963-2007 of Ireland. The registered office of the Issuer is at 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland (telephone no: +353 1 680 6000).

The Issuer has been established as a special purpose company for the purpose of issuing asset backed securities. The principal objects of the Issuer are set forth in its Memorandum of Association and include, inter alia, the power to issue securities, acquiring collateral (if any), to grant security over its assets for such purposes, to establish subsidiaries and to enter into and carry out its obligations in relation to such securities.

The Issuer has not previously carried on any business or carried on any activities other than those incidental to its registration, the authorisation and issue of the Notes contemplated in these Listing Particulars, matters incidental to such issues of notes, and the other matters described or contemplated in these Listing Particulars and the obtaining of all approvals and the effecting of all registrations and filings necessary or desirable for its business activities.

Deutsche International Corporate Services (Ireland) Limited (the “**Corporate Services Provider**”), an Irish company, acts as the corporate services provider of the Issuer. The office of the Corporate Services Provider serves as the general business office of the Issuer. Through the office and pursuant to the terms of the corporate services agreement entered into between the Issuer and the Corporate Services Provider (the “**Corporate Services Agreement**”), the Corporate Services Provider performs in Ireland various back office and administrative functions on behalf of the Issuer, including corporate secretarial functions, and the provision of certain clerical, administrative and other services until termination of the Corporate Services Agreement. In consideration of the foregoing, the Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses. The terms of the Corporate Services Agreement provide that either party may terminate the Corporate Services Agreement forthwith upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Corporate Services Agreement which is either incapable of remedy or is not cured within 30 days from the date on which it was notified or became aware of such breach. In addition, either party may terminate the Corporate Services Agreement at any time by giving at least 90 days’ written notice to the other party, provided that no such termination shall take effect unless a successor Corporate Services Provider has been appointed.

The Corporate Services Provider’s principal office is 5 Harbourmaster Place, International Financial Services Centre, Dublin 1, Ireland.

The authorised share capital of the Issuer is EUR 100,000 ordinary share of par value EUR 1 (the “**Share**”). The Issuer has issued 1 Share, which is fully paid and held on trust by Deutsche International Finance (Ireland) Limited (the “**Share Trustee**”), under the terms of a declaration of trust (a “**Declaration of Trust**”) dated 10 March 2010, under which the Share Trustee holds the Share on trust for discretionary charitable purposes. The Share Trustee has no beneficial interest in and derives no benefit (other than any fees for acting as the Share Trustee) from its holding of the Share. The Share Trustee will apply any income derived by it from the Issuer solely for the above purposes.

The Issuer’s Articles of Association provide that the Board of Directors of the Issuer will consist of at least two Directors.

Business

So long as any of the Notes remain outstanding, the Issuer will be subject to the restrictions set out in the Trust Deed.

The Issuer has, and will have, no material assets other than the assets on which the Notes are secured. Save in respect of the fees generated in connection with the issue of Notes, any related profits and the proceeds of any deposits and investments made from such fees or from amounts representing the proceeds of the Issuer’s issued share capital, the Issuer will not accumulate any surpluses.

The Notes are obligations of the Issuer alone and not of, or guaranteed in any way by, the Corporate Services Provider, the Share Trustee or the Trustee or any of the other Secured Parties.

Directors and Company Secretary

The Directors of the Issuer are as follows:

Margaret Kennedy Company Director

Eimir McGrath Company Director

The business address of all of the Directors is the registered office of the Issuer.

The Company Secretary is the Corporate Services Provider.

Indebtedness

Save as disclosed herein, there has been no significant change in the financial or trading position of the Issuer and no material adverse change in the financial position or prospects of the Issuer since the date of its incorporation. As at the date of these Listing Particulars, save as disclosed herein, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Financial Statements

Since its date of incorporation, the Issuer has not commenced operations (other than activities associated with its incorporation and entering into the Transaction Documents and establishment of the Issuer Subsidiary) and no financial statements have been made up as at the date of these Listing Particulars. The Issuer has undertaken to prepare annual audited financial statements and will distribute copies thereof as soon as reasonably practicable after preparation thereof to the Trustee. Copies of such financial statements will be available for collection at the specified offices of the Principal Paying Agent.

THE ISSUER SUBSIDIARY

Introduction

Manston Invest, S.L. (the “**Issuer Subsidiary**”) was incorporated on 4 March 2010 as a Sociedad Limitada (limited liability company) under the formed Ley de Sociedades de Responsabilidad Limitada (Spanish limited liability companies’ law) for an indefinite period and registered at the Mercantile Registry of Madrid at Volume 27,569, Folio 44, Section: 8, Page M-496,820. The registered office of Manston Invest, S.L. is at Calle Ayala 66, Madrid, Spain (telephone no. +34 91 426 07 00). The authorised share capital of Manston Invest, S.L. is EUR 3,100 represented by 3,100 quota shares (*participaciones*) having a nominal value of EUR 1 each. The share capital of Manston Invest, S.L. is fully subscribed and paid up by Fondo Privado de Titulización Hipotecas Residenciales 2 Finance Limited as its sole shareholder.

Business

Manston Invest, S.L. is dependent upon and (as indicated above) wholly-owned by the Issuer, and is a special purpose company acquired for the purposes of holding real estate assets acquired as a result from enforcement of the Mortgage Loans underlying the CTHs until the can be onsold to third parties.

Directors

Manston Invest, S.L. has a sole director, “TMF Sociedad de Dirección, S.L.”, represented by Ms. Belén Garrigues Calderón. In addition to its role as sole director of the Issuer Subsidiary, TMF Sociedad de Dirección, S.L. acts as a director in connection with entities similar to the Issuer Subsidiary in Spain.

The business address of the sole director of Manston Invest, S.L. Unipersonal is Calle Aribau 171, Barcelona, Spain.

There are no potential conflicts of interest between any duties owed to Manston Invest, S.L. by its sole director and its private interests and/or other duties.

Accounts

Manston Invest, S.L. has not commenced operations (other than activities associated with its incorporation and entering into the Transaction Documents) and no financial statements have been made up as at the date of these Listing Particulars.

CAJA DE AHORROS DEL MEDITERRÁNEO

Introduction

Caja de Ahorros del Mediterráneo (“CAM”) carries out its operations under the laws of the Kingdom of Spain, and is subject to banking and accounting laws and regulations under the supervision of the Bank of Spain (*Banco de España*). CAM is the result of the merger of 28 Spanish savings banks (*cajas de ahorros*), the oldest of which traces its origins to 1875. CAM was initially formed in 1940 under the name of Caja de Ahorros del Sureste de España following the merger of eight savings banks. In 1975 it merged with four other savings banks to form Caja de Ahorros de Alicante y Murcia which, in turn, merged with Caja de Ahorros de Alhama de Murcia and Caja de Crédito Interprofesional. In 1988 it was renamed Caja de Ahorros del Mediterráneo.

Since then, CAM has completed mergers with Caixa Torrent and Caja de Ahorros Provincial de Alicante y Valencia. In 1998 CAM acquired the Spanish bank Banco San Paolo and the Spanish banking operation of Abbey National plc.

CAM is registered in the Mercantile Register of the Province of Alicante in Volume 1,358, Folio 1, Sheet A 9358, first registration. It is also registered under number 2090 in the Special Savings Banks register of the Banco de España and in the Registry of Savings Banks in the Valencian Community with number 12. It is a member of the Valencian Federation of Savings Banks, the Spanish Confederation of Charitable Savings Banks and the International Institute of Savings Banks. CAM's registered office is at Calle San Fernando 40, Alicante, Spain.

As of 31 December 2009, CAM was the fourth largest savings bank and eighth largest financial institution by total assets (Source: CECA and AEB), totalling EUR 75.532 billion. Consolidated profit attributable to the CAM Group was EUR 203.4 million.

In July 2008 CAM issued ‘*cuotas participativas*’ (the core capital instrument for savings banks in Spain) becoming the first and only listed savings bank in Spain. In March, 2010 the quotas of CAM joined the FTSE4Good Ibex index as a company that meets good standards of practice in social corporate responsibility.

For the year ended 31 December, 2009, the pay out of CAM was 40%, with a profitability per dividend of 2.7% and an increase in the company's listing value of 4.5 % during the year.

The non-voting equity shares of CAM are traded on the stock exchanges of Madrid (*Bolsa de Valores de Madrid*) and Valencia (*Bolsa de Valores de Valencia*), which are regulated markets for the purposes of the Prospectus Directive.

The main data of the Caja Mediterráneo Group are the following:

Balance Sheet (In thousands of euro)	2008	2009	% 09 / 08
Total Assets	75,472,637	75,532,099	0.08%
Managed credit	61,057,784	58,741,058	-3.79%
Customer resources on the Balance Sheet	60,524,945	61,885,883	2.25%
Net equity	3,576,129	3,805,724	6.42%

Results (In thousands of euro)	2008	2009	% 09 / 08
Interest Margin	1,205,848	1,605,821	33.17%
Gross Margin	1,527,432	2,226,944	45.80%
Profit before tax	387,127	322,170	-16.78%
Profit attributable to the Group	390,367	203,413	-47.89%

Other Data	2008	2009	% 09 / 08
Number of offices	1,122	1,007	-10.25%
Company Staff ⁽¹⁾	7,460	7,155	-4.09%

Ratios (In percentage)	2008	2009
Profitability and efficiency		
ROA (Return on Assets)	0.53%	0.27%

ROE (Return on Equity)	14.30%	6.41%
%Efficiency	48.19%	34.74%
Capital Ratios		
Solvency ratio	10.54%	11.97%
Core Capital	6.56%	6.65%
Tier I	7.60%	9.36%
Risk Management		
Delinquency ratio	3.77%	4.49%
Doubtful Assets Coverage Ratio	51%	71%

Market Value (€)	2008	2009
Capitalization (In thousands of €)	3,607,395	4,115,342
Closing	5.60	5.85
Variance (%)	-4.11	4.46

⁽¹⁾ Banking Business Staff in Spain

The CAM group (the “Group”), is composed of 36 companies (including CAM). Under the general management of CAM, the Group is active in several business areas: financing, real estate, insurance, pensions, investment funds, investment services, commercial distribution and other services. The Group's main area of activity is financing.

Structure of the Group companies and main associated companies by business area as of December 2009:

FINANCING
CAMGE FINANCIERA, E.F.C., S.A. 49.5% (0.50%)
CRÉDITO INMOBILIARIO, S.A. DE C.V., SOFOM, E.N.R. 100%

INSURANCE, PENSIONS
INVESTMENT FUNDS
GESTIÓN FINANCIERA DEL MEDITERRÁNEO 100.00%
MEDITERRÁNEO MEDIACIÓN (100.00%) GESTORA DE FONDOS DEL MEDITERRÁNEO (100.00%)
CAM-AEGON HOLDING (50.00%) MEDITERRÁNEO VIDA (50.00%) MEDITERRÁNEO SEGUROS DIVERSOS (100.00%)
GESTIÓN DE ACTIVOS DEL MEDITERRÁNEO S.V. (100.00%)

FINANCIAL COMPANIES
CAM CAPITAL, SAU 100.00%

SERVICES
FONOMED GESTIÓN TELEFÓNICA MEDITERRÁNEO 99.97% (0.03%)
TASACIONES DE BIENES MEDITERRÁNEO 99.6% (0.4%)
TABIMED GESTIÓN DE PROYECTOS, S.L. (100%)
TRATAMIENTOS Y APLICACIONES S.L. 99.9% (0.10%)
SERVICIO DE RECUPERACIÓN DE CRÉDITOS 20.00%
GESTIÓN MEDITERRÁNEA DEL MEDIOAMBIENTE 99,00% (1.00%)
CAM-AEGON HOLDING (50.00%) MESERCO (50.00%)
MEDITERRÁNEO SERVICIOS GESTIÓN INMOBILIARIA 100.00%
ADMINISTRACIÓN Y PROYECTOS MDT, S.A. DE C.V. 99.8% (0.2%)
MULTISERVICIOS PRÁCTICOS, S.A. DE C.V. 100%
ARRENDAMIENTOS DE BIENES INMOBILIARIOS DEL MEDITERRÁNEO, S.L. 100%

REAL ESTATE AND CONSTRUCTION COMPANIES
HANSA URBANA 24.19%
MEDITERRANEAN CAM INTERNATIONAL HOMES, S.L. 100.00%

BUSINESS INVESTMENT

CAM INTERNATIONAL ISSUES SAU
100.00%
CAM GLOBAL FINANCE
100.00%
CAM GLOBAL FINANCE, SAU
100.00%
CAM US FINANCE, SAU
100.00%
EBN BANCO DE NEGOCIOS
20.00%

GI CARTERA	99.99%	(0.01%)
INVERSIONES COTIZADAS DEL MEDITERRÁNEO	100.00%	
TENEDORA DE INVERSIONES Y PARTICIPACIONES	100.00%	
TINSER CARTERA	100.00%	
TRASMEDITERRÁNEA	12.86%	
CARTERA DE PARTICIPACIONES EMPRESARIALES, C.V., S.L.	50%	

NOTES:

*WITHOUT BRACKETS: DIRECT PARTICIPATION

*IN BRACKETS: INDIRECT PARTICIPATION.

Business

The business geographical distribution and the office network is the following:

	Turnover	Offices
C.Valenciana	46%	43%
Murcia	14%	17%
Madrid	10%	7%
Cataluña	10%	10%
Baleares	5%	6%
The Rest	11%	17%
Non-Residents	5%	--
Total	100%	100%

CAM had 1,007 branches at 31 December 2009 and operated 998 branches covering each of the autonomous communities of Spain. In addition to the Group's conventional offices, CAM has 26 offices at the disposal of corporate clients and two offices for corporate banking, 92 offices which deal with foreign customers and 9 offices abroad. Of the offices located abroad, 8 are representative offices in Geneva, Havana, Santo Domingo, London, Shanghai, Warsaw, Casablanca and Cancun and the other office is an operating branch in Miami.

During 2009, CAM has improved in all its priority management areas:

Solvency:

CAM has improved its solvency ratio up to 12.0%, 1.5 percentage points more than the previous year. Core Capital is 6.7% and Tier I is 9.4%, which implies an improvement of 1.8% percentage points compared to 2008. The own resources surplus over the minimum capital requirements set by the Bank of Spain, exceed EUR 2,000 million at the end of 2009.

Risk management:

CAM has improved its internal organizational structure during 2009, with the goal of revising all the risk and non performing loan management processes, implementing improvements in the admission, monitoring and recovery processes by offering special support to those clients with willingness to pay. As a result, CAM has been able to reduce the non performing loan ratio down to 4.49%, which implies a reduction in relation to the ratio of the third quarter of the year and is set below 4.91% the average of the savings banks ratio, the sector delinquency ratio. The doubtful assets coverage ratio (*tasa de cobertura de activos dudosos*), has increased almost 20 points, rising to 71%, 14 percentage points plus above the sector average.

Profitability and efficiency:

All the margins of CAM have undergone a positive performance during 2009. The interest margin shows a better performance than the overall savings banks sector, increasing 33% up to EUR 1,605.8 million due to the active management of the balance sheet, and of the rates curve, the gross margin was EUR 2,226.9 million, 46% more than in 2008. The operative margin increased 84 % to EUR 1,453.4 million, due to the earning capacity and cost reduction. As a result of this, at the end of the year, CAM was the most efficient Spanish savings bank, with an efficiency ratio that has increased 13 points to 34.7%.

Liquidity:

In relation to liquidity, CAM has been able to, on the one hand, increase its retail resources above EUR 3,100 million, which implies 12% annual growth, and, on the other hand, decrease by more than 13%, the wholesale finance and petition to the European Central Bank, more than EUR 5,300 million. Currently, the savings bank has adequate liquidity levels to confront the debt maturity dates anticipated for the three next years.

CAM has carried out the following issuances during 2009:

- (a) Three mortgage securitisation funds (Empresas TDA CAM 6, FTPYME TDA CAM 7 and TDA CAM 11) were launched in March, August and November 2008, respectively, amounting in aggregate to EUR 3,650 million.
- (b) On 23 January 2008, CAM issued Cédulas Territoriales EUR 150 million under its EUR 5,000 million Programme for Simple Fixed Income Securities (*Programa de Renta Fija Simple*) registered with the Comisión Nacional del Mercado de Valores (the "CNMV") (the Spanish Securities Market Commission).
- (c) Two issues of Covered Bonds (*Cédulas Hipotecarias*) on 25 June 2008 and 29 December 2008, amounting in aggregate to EUR 1,583.5 million under the EUR 5,000 million Programme for Simple Fixed Income securities (*Programa de Renta Fija Simple*), registered with the CNMV.
- (d) Under the EUR 5,000 million Programme for Simple Fixed Income securities (*Programa de Renta Fija Simple*), registered with the CNMV, CAM Global Finance S.A. Unipersonal has issued 100 million Senior Notes linked to the DB FRB Second Basket Quanto Index due 2018. This issue has been guaranteed by CAM.
- (e) Five issues of Covered Bonds (*Cédulas Hipotecarias*) amounting in aggregate to EUR 1,500 million issued under the AyT Cédulas Cajas Global Programme, registered with the CNMV.
- (f) Various issues under its domestic programme for the issuance of short-term promissory notes (*Pagarés*) and issues under the Euro Commercial Paper programme. The maximum amounts of these programmes are EUR 5,000 million and EUR 3,000 million, respectively.

Throughout 2009, CAM has been focusing on meeting the general lines of action adopted by the General Assembly on 21 November 2008.

Retail banking, comprising both personal and corporate banking, remained the main axis of the Entity's strategy to meet its strategic and market share objectives. Securing family and corporate savings has also been a key line of action, with particular focus on primary savings and new customer loyalty in all segments.

To fulfil these objectives the Entity's strategy has been based on a wider range of products, distributed through branches and new sales channels, as well as greater access to these channels.

CAM's business has continued to grow and diversify within Spain through the extension of its branch network. Last year saw the culmination of the expansion plan, allowing us to position ourselves in every autonomous region within the country. The financial system is currently undergoing a streamlining process, and CAM has therefore continued with its network optimisation plan, implemented last year. This plan aims to bring down operating costs (cost efficiency), as well as freeing up resources.

With regard to the wholesale market, CAM has focused on optimising the Entity's levels of liquidity and solvency through a financing plan that ensures balanced financial development, as well as achieving optimum portfolio management, thereby increasing the contribution made by this market to the Entity's margin.

CAM has also intensified its risk monitoring and recovery processes, and over the year it continued with the development of the new regulatory and capital requirements established by the Bank of Spain, as a result of the transposition of Basel Bank for International Settlements (BIS II) directives which came into force last year.

CAM has continued with its growth model in which risk management represents a source of value creation and competitive advantage, incorporating risk and its quantification to the Entity's global decision-making process.

The activity of Group companies has been geared toward compliance with their individual objectives, in line with targets set by the parent company and aimed at contributing profits, improving production efficiency and providing quality customer service. CAM is responsible for overseeing this activity. In accordance with the parent company's instructions, Group companies have adapted their initiatives to obtain returns in line with risk and develop their IT systems as necessary for proper monitoring and control of such risks.

CAM's human resources activity has focused on measures to consolidate the values that form an essential part of the Entity's culture, as part of the wide-reaching "We Make CAM" project. CAM has ensured that its people are admired for their professionalism, as through their efforts they can improve the society to which they belong.

The policy of contributing to the improvement of society through the four priority lines of activity included in the Strategic Plan continued throughout the year: Solidarity and Social Development, Environment and Sustainability, Culture, and Technological and Business Innovation and Development. Actions aimed at increasing internal and external awareness and greater recognition of welfare projects have also been reinforced.

Recent Developments

In May 2010, Caja Mediterráneo, Grupo Cajastur (in the process of integrating the bank business of Caja Castilla La Mancha), Caja Extremadura and Caja Cantabria agreed to form a SIP (System of Institutional Protection) which will give rise to the third largest savings bank financial group of Spain and the fifth largest group of the Spanish financial sector, sharing risk, treasury, credit qualification, and internal control policies, and regulatory requirements.

All the features of this new resulting entity present the new group as one of the most efficient and solvent entities in the Spanish financial system. The SIP integrated by CAM will aggregate a volume of assets above EUR 135,000 million, with a turnover of EUR 177,000 million and own resources above EUR 10,000 million. The SIP begins with a solvency ratio of 12.1% (as at December 31, 2009). The network currently has approximately 2,300 offices and 14,000 employees. The shareholding portfolio having a value of EUR 4,000 million in the consolidated balance.

The estimated aggregated data, according to consolidated balances at December 31, 2009 is as follows:

TOTAL ASSETS*	135,000
TURNOVER*	177,000
RECURRENT EFFICIENCY	47.6%
SOLVENCY	12.1%
TIER 1	9.4%
SHAREHOLDING PORTFOLIO*	4,000
EMPLOYEES	14,000
OFFICES	2,300
OWN RESOURCES*	10,000

- (*) Million €
- Including Caja Castilla La Mancha according to public financial statements.
- Recurrent efficiency = (Staff expenses+ other expenses + amortization / (Interest Margin + dividends +commissions)

Rating

At 2009 year end CAM has been rated by two international ratings agencies: Moody's Investors Service and Fitch Ratings.

The ratings given by each of these agencies in the last two reviews performed are as follows:

Moody's Investors Service (further information at <http://www.moodys.com>)

	<u>June 2009</u>	<u>August 2008</u>
Long term	A3	A2
Short term	P – 2	P – 1
Outlook	Negative	Negative

Fitch Ratings (further information at <http://www.fitchratings.es>)

	<u>June 2010</u>	<u>June 2009</u>
Long term	BBB+	A-
Short term	F 2	F 2
Outlook	Negative	Negative

The downgrade in CAM'S rating by Fitch Ratings took place on 1 June, after the downgrade of the Kingdom of Spain's Long-term Issuer Default Rating to 'AA+' from 'AAA' on 27 May 2010.

Management

The governing bodies of Spanish saving banks are regulated by law 31/1985, as amended by law 44/2002 of 22 November 2002, and by various subsequent implementing regulations of the relevant regional authority. In the case of CAM the regional government of Valencia (Generalitat Valenciana) regulates it by means of Act 1/1997. The governing bodies of CAM are made up of the General Assembly, the Board of Directors and the Control Committee.

The General Assembly is the supreme governing and decision-making body of CAM. It is made up of 180 members representing deposit holders, founding entities, municipal public interest institutions, local authorities and employees.

The Board of Directors is the body responsible for the government, financial management and administration of CAM, including philanthropic works. Its powers are limited by the by-laws of the other governing bodies. The Board of Directors represents CAM in the conduct of its business and in litigation, except with respect to functions specifically delegated to the Director General in the by-laws.

CAM's Board of Directors consists of 20 members elected by the General Assembly. The members of the Board of Directors are elected for a term of six years, and may be re-elected if certain requirements and conditions are satisfied. The maximum period a director may serve is 12 years, although a director may be re elected after a period of eight years have elapsed since the end of their last term.

The Control Committee's function is to ensure that the Board of Directors acts in accordance with the general guidelines set by the General Assembly, CAM's by laws and applicable laws and banking regulations. This committee is composed of ten members elected by the General Assembly.

The Control Committee also assumes the functions that Act 44/2002 of 22 November 2002 establishes for audit committees.

Board of Directors of Caja de Ahorros del Mediterráneo

The table below sets forth the names of the members of the Board of Directors and their positions within CAM. The business address of all the members of the Board of Directors is Av. Óscar Esplá 37, 03007 Alicante, Spain.

BOARD OF DIRECTORS		
POSITION ON THE BOARD	NAME	LAST NAMES
Chairman	MODESTO	CRESPO MARTÍNEZ
1st Vice Chairman	ÁNGEL	MARTÍNEZ MARTÍNEZ
2nd Vice Chairman	BENITO	NEMESIO CASABÁN

3rd Vice Chairman	ARMANDO	SALA LLORET
Secretary	JOSÉ	FORNER VERDÚ
Member	ANICETO	BENITO NÚÑEZ
Member	JUAN	BERNAL ROLDÁN
Member	PILAR	CÁCERES GONZÁLEZ
Member	PERE JOAN	DEVESA MARTÍNEZ
Member	JOSÉ ENRIQUE	GARRIGÓS IBÁÑEZ
Member	SUSANA	MAESTRE GONZÁLEZ
Member	MANUEL	MUELAS YÉBENES
Member	JESÚS	NAVARRO ALBEROLA
Member	JUAN	PACHECO CARRILLO
Member	ROSA ANA	PERÁN BAZÁN
Member	GINÉS	PÉREZ RIPOLL
Member	SALVADOR	PILES BESÓ
Member	ENRIQUE	PUIG MORA
Member	JOSÉ	ROVIRA GARCÉS
Member	MARTÍN	SEVILLA JIMÉNEZ

None of the members of the Board of Directors of CAM perform activities outside the Group which are significant with respect to the Group.

There are no potential conflicts of interest between any duties owed to CAM by its Directors and their private interests and/or other duties.

FORM OF THE NOTES

The Notes will be issued in definitive registered form and will be represented by Definitive Registered Notes (as defined in the Conditions).

The holder of each Note as entered into the register maintained by the Registrar (or, in the case of a joint holding, the first named thereof) shall (except as otherwise required by law) be treated as the absolute holder of such Note for all purposes.

The Notes are subject to certain selling and transfer restrictions as set out in the Conditions and the sections headed “*Selling Restrictions*” and “*Transfer Restrictions*” below.

TAX CONSIDERATIONS

Spanish Tax Considerations relating to the holding of the Notes

The following is a summary of the main Spanish tax consequences deriving from the ownership, transfer, exercise, redemption or reimbursement of the Notes by individuals or legal persons who are resident in Spain for tax purposes and by Non-Resident Income Tax taxpayers acting, with respect to the Notes, through a permanent establishment in Spain.

This summary is based on Spanish Law in force as of the date of approval of these Listing Particulars and on administrative interpretations thereof, and therefore is subject to any changes in such laws and interpretations thereof occurring after that date, including changes having retroactive effect. In particular, this description is based on the provisions established in the Individual Income Tax (“**IIT**”) Law (Law 35/2006, of 28 November 2006, as amended), the Consolidated Text of the Corporate Income Tax (“**CIT**”) Law (Royal Legislative Decree 4/2004, of 5 March 2004, as amended) and in the Consolidated Text of the Non-Resident Income Tax (“**NRIT**”) Law (Royal Legislative Decree 5/2004, of 5 March 2004, as amended), which may not apply to those individuals or legal persons subject to special tax regimes (such as financial entities, exempt entities, cooperatives, or “look-through” entities). In addition, the following sections do not cover those tax laws in force in the Spanish Basque provinces and Navarra as well as the particularities in force in the Spanish autonomous communities (*comunidades autónomas*).

Accordingly, prospective investors in the Notes should consult their own tax advisors as to the applicable tax consequences of their purchase, ownership, disposition and exercise, as the case may be, of the Notes, including the effect of tax laws of any other jurisdiction, based on their particular circumstances.

The Issuer is a company resident for tax purposes in Ireland and for the purposes of the Convention between the Kingdom of Spain and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income and Capital Gains signed on 10 February 1994.

Individual Income Tax (*Impuesto sobre la Renta de las Personas Físicas*)

The Notes are deemed securities (*activos financieros*), in accordance with the definition set forth in Article 91 of the IIT Regulations (approved by Royal Decree 439/2007, of 30 March 2007, the “**IIT Regulations**”) and its interpretation by the Spanish tax authorities and hence the rules provided with regard to securities must be taken into consideration.

According to Article 25.2 of the IIT Law and its interpretation by the Spanish tax authorities, interest as well as income arising on the transfer, redemption or reimbursement of the Notes obtained by individuals who are resident in Spain for tax purposes will be deemed income from movable property, and therefore will be included in the investor's IIT savings taxable base and taxed at a flat rate of 19 per cent. on the first Euro 6,000 and 21 per cent. for any amount in excess of Euro 6,000.

Interest will be taxed on the gross amount distributed, including withholding tax, if any.

Income arising on the transfer, redemption or reimbursement of the Notes will be equal to the difference between (i) the transfer, redemption or reimbursement value of the Notes (deducting the additional expenses incurred in the transfer, if they are duly justified) and (ii) their acquisition or subscription value (adding the additional expenses incurred in the acquisition, if they are duly justified).

Exceptionally, negative income derived from the transfer of the Notes, in the event that a taxpayer had acquired other homogeneous securities within the two months prior or subsequent to such transfer, shall be included in his or her IIT taxable base as and when the remaining homogeneous securities are transferred.

When calculating the net income, expenses related to the management and deposit of the Notes will be deductible, excluding those pertaining to discretionary or individual portfolio management.

Additionally, tax credits for the avoidance of international double taxation may apply in respect of taxes paid abroad, if any, on income deriving from the Notes.

With regard to withholding tax, as a general rule, according to Article 90 of the IIT Regulations, income from movable property paid in cash will be subject to a withholding tax at source, currently at a rate of 19 per cent., on account of the

investor's final IIT liability, to be levied by the payer of such income where the latter is resident in Spain for tax purposes, or a Spanish permanent establishment of a foreign person.

In particular, with regard to the withholding agent, regardless of the fact that the issuer of the Notes is not resident in Spain for tax purposes, the financial entity entrusted with the implementation of the redemption or reimbursement of the Notes will levy the withholding tax. With regard to income deriving from the transfer of the Notes, the obligation to withhold tax will fall on the financial entity acting on behalf of the transferor of the Notes or the notary public which intervenes in the transaction. In the absence of a financial entity or notary public entrusted to carry out or intervene in such transactions or act on behalf of the investor, the obligation to withhold tax will fall on the entity acting as depositary of the relevant Notes or the entity in charge of managing the collection of the payments distributed for the account of the investors, provided in both cases that such entity is resident in Spain for tax purposes or acts through a permanent establishment in Spain.

Corporate Income Tax (*Impuesto sobre Sociedades*)

Income, either in the form of interest payment or arising from the transfer, redemption or reimbursement of the Notes obtained by entities that are resident in Spain for tax purposes and regarded as CIT taxpayers will be taxed under the rules set forth in Section IV of the CIT Law. The general CIT rate is currently fixed at 30 per cent.

With respect to withholding tax, as a general rule, according to the CIT Regulations (approved by the Royal Decree 1777/2004, of 30 June 2004, the “**CIT Regulations**”), income from movable property paid in cash will be subject to a withholding tax at source, currently at a rate of 19 per cent., on account of the investor's final CIT liability, to be levied by the payer of such income where the latter is resident in Spain for tax purposes, or a Spanish permanent establishment of a foreign person or legal entity.

Notwithstanding the above, income arising with respect to Notes listed on an official secondary market of an OECD country (other than Spain) will not be subject to Spanish withholding tax, in accordance with Article 59.s) of the CIT Regulations.

Non-Resident Income Tax (*Impuesto sobre la Renta de no Residentes*) (taxpayers who act with respect to the Notes through a permanent establishment in Spain)

Based on the fact that the issuer of the Notes is not resident in Spain for tax purposes, no Spanish tax should, in principle, be levied on investors that are not resident in Spain for tax purposes, unless they are acting, with respect to the Notes, through a Spanish permanent establishment. According to the general principles of the Spanish NRIT Law, Spanish permanent establishments of non-Spanish tax resident persons or legal entities are taxed in a similar manner to Spanish CIT taxpayers, although some specific rules may apply.

Net Wealth Tax (*Impuesto sobre el Patrimonio*)

Effective from 1 January 2008, Spanish Law 4/2008, of 23 December 2008, grants individual taxpayers, whether or not such individuals are considered residents in Spain for tax purposes, a tax allowance equivalent to 100 per cent. of the Net Wealth Tax (“**NWT**”) due, and eliminates the obligation to file any tax form with the Spanish tax authorities in connection with such tax. Therefore, no NWT will be due with respect to investors that hold the Notes.

Inheritance and Gift Tax (*Impuesto sobre Sucesiones y Donaciones*)

Inheritance and Gift Tax, which is governed by Law 29/1987, of 18 December 1987, is levied on individuals heirs and donees resident in Spain for tax purposes as determined by the IIT Law. Legal persons resident in Spain for tax purposes are not subject to this tax and any asset or right received by way of inheritance or gift by them will be subject to CIT.

The applicable Inheritance and Gift Tax rate for 2010 ranges between 7.65 and 34 per cent. although depending on certain particular circumstances, such as the age and previous net worth of the heir or donee and the kinship with the deceased person or donor, the effective tax payable could range between 0 and 81.6 per cent. of the relevant tax base, subject to the specific rules passed by the relevant Spanish autonomous communities (*comunidades autónomas*) with respect to this tax.

Indirect taxation

The acquisition, transfer, redemption, reimbursement and exchange of the Notes will be exempt from Transfer Tax and Stamp Duty, as well as from Value Added Tax, in accordance with the exemption set forth in Article 108 of Law 24/1988, of 28 July 1988.

Irish Tax Considerations relating to the holding of the Notes

The following summary of the anticipated tax treatment in Ireland in relation to the payments on Notes is based on Irish tax law and the practices of the Revenue Commissioners of Ireland (the Irish tax authorities) (“**Revenue Commissioners**”) as in force at the date of these Listing Particulars. It does not constitute tax or legal advice and it does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of Notes. The summary relates only to the position of persons who are the absolute beneficial owners of Notes and the interest payable on them (“**Noteholders**”). Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of interest on Notes under the laws of the jurisdictions in which they may be liable to tax.

Withholding Taxes

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 which should include interest payable on the Notes. The Issuer will not be obliged to make a withholding or deduction for or on account of Irish income tax from a payment of interest on a Note so long as the interest paid on the relevant Note falls within one of the following categories:

- (a) Interest paid on a quoted Eurobond: A quoted Eurobond is a security which is issued by a company (such as the Issuer), is listed on a recognised stock exchange (such as the Irish Stock Exchange) and carries a right to interest. Provided that the Notes are interest bearing and are listed on the Irish Stock Exchange (or any other recognised stock exchange), interest paid on them can be paid free of withholding tax provided:
 - (i) the person by or through whom the payment is made is not in Ireland; or
 - (ii) the payment is made by or through a person in Ireland and either:
 - (A) the Note is held in a clearing system recognised by the Irish Revenue Commissioners; or
 - (B) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as a paying agent located in Ireland) in the prescribed form.

Thus, so long as the Notes continue to be quoted on the Irish Stock Exchange and the paying agent is located outside Ireland, interest on the Notes can be paid by that paying agent, acting on behalf of the Issuer, free of any withholding or deduction for or on account of Irish income tax.

- (b) Interest paid to a person resident in a relevant territory: If, for any reason, the exemption referred to above cease to apply, interest payments may still be made free of withholding tax provided that:
 - (i) the Issuer remains a “qualifying company” for the purposes of Section 110 of the Taxes Act and the Noteholder is a person which is resident in a relevant territory, and where the recipient is a Company, the interest is not paid to it in connection with a trade or business carried on by it in Ireland through a branch or agency. A relevant territory is a Member State of the European Union (other than Ireland) or a country which has a signed double taxation agreement with Ireland at the time of payment (“**Relevant Territory**”), or
 - (ii) the interest is paid in the ordinary course of the Issuer’s business and the Noteholder is a company which is resident in a Relevant Territory and is not paid to that company in connection with a trade or business carried on by it in Ireland through a branch or agency where that Relevant Territory, imposes a tax that generally applies to interest receivable from sources outside that Relevant Territory, or where the interest paid would be exempted from the charge to income tax under a double taxation agreement that is in effect or, if not yet in effect, that has been signed between Ireland and that Relevant Territory.

The Issuer must be satisfied that the respective terms of the exemptions are satisfied. The test of residence in each case is determined by reference to the law of the Relevant Territory in which the Noteholder claims to be resident. For other Noteholders, interest may be paid free of withholding tax if the Noteholder is resident in a country that has signed a double taxation agreement with Ireland and under the provisions of that agreement such Noteholder is exempt from Irish tax on the interest and clearance in the prescribed form has been received by the Issuer before the interest is paid.

Liability of Noteholders to income tax

Persons resident in Ireland for the purposes of tax are subject to corporation tax or income tax on their worldwide income, which would include interest payable on Notes.

Persons not resident in Ireland for the purposes of tax are subject to tax on the interest payable on Notes unless they qualify for one of the exemptions listed below.

(a) Section 198 of the Taxes Act

- (i) A person who is not resident in Ireland for the purposes of tax will not be chargeable to income tax in respect of interest paid on Notes if the person is resident in a Member State of the European Union or in a jurisdiction with which Ireland has signed a double tax agreement and the interest is paid on a quoted Eurobond (see (a) under the heading Withholding Taxes above).
- (ii) A person which is not resident in Ireland for the purposes of tax will not be chargeable to income tax in respect of interest paid by a qualifying company within the meaning of Section 110 of the Taxes Act on Notes, if the person is resident in a Member State of the European Union or in a jurisdiction with which Ireland has signed a double tax agreement.

(b) Double tax agreements

Ireland's double tax agreements, that are in effect, may exempt interest from Irish tax when received by a resident of the other territory provided certain procedural formalities are completed.

Interest paid on Notes that do not fall within the above exemptions are within the charge to income tax to the extent that a double tax agreement that is in effect does not exempt the interest or discount as the case may be.

However, it is understood that the Revenue Commissioners have, in the past, operated a practice (as a consequence of the absence of a collection mechanism rather than adopted policy) whereby no action will be taken to pursue any liability to such tax in respect of persons who are regarded as not being resident in Ireland for the purposes of tax except where such persons:

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

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

Encashment tax

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

Stamp Duty

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

Capital Gains Tax

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

Capital Acquisitions Tax

If the Notes are comprised in a gift or inheritance taken from an Irish resident or ordinarily resident disponent or if the disponent's successor is resident or ordinarily resident in Ireland, or if any of the Notes are regarded as property situate in Ireland, the disponent's successor (primarily), or the disponent, may be liable to Irish capital acquisitions tax. The Notes may be regarded as property situate in Ireland. For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation except where that person has been resident in Ireland for the purposes of Irish tax for the 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

European Union Directive on the Taxation of Savings Income

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

The Directive has been enacted into Irish legislation. Since 1 January 2004, where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "residual entity" then that interest payment is a "deemed interest payment" of the "residual entity" for the purpose of this legislation. A "residual entity", in relation to "deemed interest payments", must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the "deemed interest payments".

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

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

SELLING RESTRICTIONS

United States

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, and may not be offered, sold or otherwise transferred within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. The Issuer has not been and does not intend to be registered as an investment company under the United States Investment Company Act of 1940, as amended. The Issuer and any purchaser of the Notes shall represent and agree that it has offered and sold any Notes, and will offer and sell any Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution of all Notes, as determined and certified as provided below, only in accordance with Rule 903 of Regulation S under the Securities Act.

Terms used above have the meanings given to them by Regulation S. The Issuer and any purchaser of the Notes shall represent and agree that it, its affiliates or any persons acting on its or their behalf have not engaged and will not engage in any directed selling efforts with respect to any Note, and it and they have complied and will comply with the offering restrictions requirement of Regulation S.

Spain

Each of the Issuer and any purchaser of the Notes shall represent and agree that the Notes may not be offered or sold, directly or indirectly, to the public in Spain and no offering material relating to the Notes may be distributed in Spain, save in accordance with the requirements of the Spanish Securities Market Law of 28 July 1988, as amended and restated and of Royal Decree 1310/2005, of 4 November 2005, which partially develops Law 24/1998, of 28 July 1998, on the Securities Market, in relation to the admission to listing of securities on organised secondary market and public offers of securities and the prospectus required in connection therewith and of further subsequent legislation.

Ireland

Any purchaser of the Notes shall represent and agree that:

- (i) it will comply with all applicable provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland, as amended (the "**MiFID Regulations**") (including any applicable requirements imposed, or deemed to have been imposed, by the Central Bank of Ireland (the "**Central Bank of Ireland**") pursuant to the MiFID Regulations);
- (ii) if acting within the terms of an authorisation to do so granted to it for the purposes of Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 relating to the taking up and the pursuit of the business of credit institutions, as amended, replaced or consolidated from time to time, it will comply with any applicable provisions of any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989, of Ireland, as amended;
- (iii) it will comply with any applicable provisions of the Central Bank Acts 1942 to 2001 of Ireland, as amended;
- (iv) it will comply with any applicable provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland and any rules issued by the Central Bank of Ireland under section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland, as amended; and
- (v) it will comply with any applicable provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland and any rules issued by the Central Bank of Ireland under section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland, as amended.

1.4 European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each purchaser of the Notes shall represent and agree 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 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:

- (a) if the prospectus in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such 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, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable;
- (b) at any time 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;
- (c) at any time 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 €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
 - (1) at any time to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of dealers nominated by the Issuer for any such offer; or
 - (2) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (e) above shall require the Issuer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Notes to the public**” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to 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.

United Kingdom

The Issuer and each purchaser of the Notes shall represent and agree that:

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

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”), or with any other securities regulatory authority of any state or other jurisdiction of the United States. The Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes were initially sold outside the United States to non-U.S. persons in relation on Regulation S under the Securities Act.

Notes may only be transferred to a person who, upon acquisition of any Notes, would be a “**Qualifying Noteholder**” being, in relation to a payment of interest on the Notes, a person who is beneficially entitled to that interest and is:

- (a) the holder of a licence for the time being in force granted under section 9 of the Irish Central Bank Act 1971 or an authorised credit institution under the terms of EU Council Directive 2000/12/EC of 20 March 2000 which has duly established a branch in Ireland or has made all necessary notifications to its home state competent authorities required thereunder in relation to its intention to carry on banking business in Ireland provided in each case that it is carrying on a bona fide banking business in Ireland with which the interest payment is connected;
- (b) a person that is resident for the purposes of tax in a member state of the European Communities (other than Ireland) or in a territory with which Ireland has signed a Treaty (residence for these purposes to be determined in accordance with the laws of the territory of which the Noteholder claims to be resident) provided that if the Noteholder is a company, it is not carrying on a trade or business in Ireland through an agency or branch with which the interest payment is connected;
- (c) a “**Treaty Noteholder**” being a person who is treated as a resident of a jurisdiction having a double taxation treaty with Ireland that is in effect which makes provision for full exemption from tax imposed by Ireland on interest for the purposes of a such treaty, which subject to the completion procedural formalities is entitled to relief from Irish tax on interest under that treaty and the interest is not connected with a permanent establishment carried on by such person in Ireland;
- (d) a body corporate which is resident in Ireland for the purposes of Irish tax or which carries on a trade in Ireland through a branch or agency:
 - (i) which advances money in the ordinary course of a trade which includes the lending of money; and
 - (ii) in whose hands any interest payable is taken into account in computing the trading income of the company; and
 - (iii) which has complied with all of the provisions of section 246(5)(a) of the Taxes Consolidation Act of Ireland 1997, as amended (the “**Taxes Act**”), including making the appropriate notifications thereunder;
- (e) a qualifying company within the meaning of section 110 of the Taxes Act; or
- (f) an investment undertaking within the meaning of section 739B of the Taxes Act.

Any Noteholder transferring a Note must surrender the Definitive Registered Certificate relating to such Note, together with an endorsed Form of Transfer executed by the transferor and the transferee, containing, among other things, a representation and undertaking from the transferee that, by acquiring the relevant Notes it will be a Qualifying Noteholder, duly completed, to the specified office of the Registrar (with a copy of such endorsed and fully executed Form of Transfer being delivered to the Principal Paying Agent and the Trustee by the transferor and/or the transferee), together with such evidence as the Registrar and/or the Principal Paying Agent (as the case may be) may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the Form of Transfer.

Furthermore, the Notes will be delisted in the event that the Registrar receives a Form of Transfer which would cause more than 10 persons being recorded as Noteholders in respect of all Classes of Notes taken together in the Register. In such circumstances, the transfer contemplated in such Form of Transfer will not be processed and no Note may then be transferred to a person where to do so would cause more than 10 persons being recorded as Noteholders in respect of all Classes of Notes taken together in the Register.

No Noteholder may require the transfer of a Note to be registered (i) during the period of 15 calendar days ending on the due date for redemption (in full) of the Note or (ii) during the period of seven calendar days ending on (and including) any Record Date (as defined in the Conditions).

GENERAL INFORMATION

Interests of Natural and Legal Persons Involved in the Issue

Save as otherwise described in this document, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the issue.

Reasons for the Issue and Estimated Total Expenses

Reasons for the Issue: The issue proceeds of the Notes were used to complete the acquisition of the Charged Assets by the Issuer.

Estimated Total Expenses of Listing: Approximately EUR15,000

Yield

Details of the interest payable under the Notes are set out in Condition 8 (*Interest*) of “*Conditions of the Notes*” above. Details of historic EURIBOR rates can be obtained from Reuters Screen EURIBOR01.

Resolutions, Authorisations and Approvals by Virtue of which the Notes have been Issued

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue of the Notes. The issue of the Notes was authorised by a resolution of the board of directors of the Issuer passed on 31 March 2010.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Issuer Subsidiary is aware) which may have or have had in the twelve months prior to the date hereof a significant effect on the Issuer’s or Issuer Subsidiary’s financial position or profitability in the context of the offering of the Notes.

Documents Available for Inspection

From the date of this document and for so long as any Notes remain outstanding hard copies of the following documents will be available, during usual business hours, for inspection at the registered office of the Issuer, the principal office of the Trustee, the specified office of the Principal Paying Agent:

- (1) the Memorandum and Articles of Association of the Issuer;
- (2) the Corporate Services Agreement;
- (3) the Account Bank Agreement;
- (4) the Trust Deed;
- (5) the Agency Agreement;
- (6) the Senior Loan Agreement;
- (7) the Charged Assets Issue and Subscription Deed;
- (8) the Pledge Agreement;
- (9) the Loan Administration Agreement;
- (10) the Issuer Subsidiary Loan Agreement;
- (11) the Subsidiary Asset Management Agreement;
- (12) the Issuer Subsidiary Share Pledge Agreement; and
- (13) the Issuer Subsidiary’s constitutional documents.

Listing

McCann Fitzgerald Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking an admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Irish Stock Exchange for the purposes of the Prospectus Directive.

Websites

No website referred to in this document forms part of these Listing Particulars for the purposes of the listing of the Notes on the Irish Stock Exchange.

Post-issuance Reporting

The Issuer does not intend to provide any post-issuance transaction information in relation to the Notes or the Charged Assets.

Language

The language of these Listing Particulars is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of these Listing Particulars.

ISIN Numbers

The International Securities Identification Numbers (ISIN) for each Class of Notes is as follows:

<u>Class of Notes</u>	<u>ISIN</u>
Class A Notes	IE00B4QM8698
Class B Notes	IE00B4K56J38
Class C Notes	IE00B4QYVR73

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REGISTERED OFFICE OF THE ISSUER

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