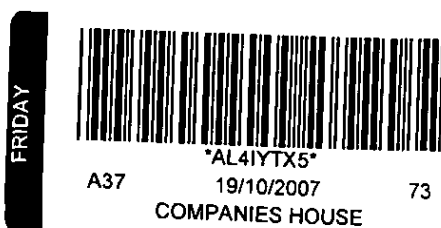


THE MORTGAGE CORPORATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

Registered number 1759546



CONTENTS

	Pages
Directors and Other information	1
Report of the Directors	2
Statement of Directors' Responsibilities	3
Independent Auditors' Report to the Members of The Mortgage Corporation	4
Profit and Loss Account	6
Balance Sheet	7
Notes to the Financial Statements	8

THE MORTGAGE CORPORATION

DIRECTORS AND OTHER INFORMATION

Directors

R G Baker
C F Holmes
C Kelly (Alternate to C F Holmes)
Wilmington Trust SP Services (London)
Limited

Registered Office

C/o Wilmington Trust SP Services
(London) Limited
Tower 42
Level 11
125 Old Broad Street
London
EC2N 1HQ

Secretary

M Mullen

Auditors

Deloitte & Touche
Chartered Accountants
Deloitte & Touche House
Earlsfort Terrace
Dublin 2

Bankers

Barclays Bank Plc
Financial Services and Structured Finance
Team
PO Box 544
54 Lombard Street
London
EC3P 3AH

THE MORTGAGE CORPORATION

REPORT OF THE DIRECTORS

The Directors of the Mortgage Corporation present their report on the affairs of the company, together with audited financial statements for the year ended 31 December 2006. The previous period is for 15 months ended 31 December 2005.

Principal activities and business review

The principal activity of the company was the administration mortgages for fellow subsidiary undertakings

The profit and loss account is set out on page 6. A dividend of £3,886,000 was paid on ordinary shares for the financial year (2005 £883,000)

Elective Resolution

The Company has passed elective resolutions electing to dispense with the requirements to hold annual general meetings, lay accounts before a general meeting and re-appoint auditors annually

Directors' Interests

The Directors who served during the period and up to the date of this report were as follows

R G Baker
C F Holmes
C Kelly (Alternate to CF Holmes)
Wilmington Trust SP Services (London) Limited

A J Warren (Secretary, resigned 16 November 2006)
Mary Mullen (Secretary, appointed 16 November 2006)

The current members of the Board are as shown on page 1. In accordance with the Articles of Association, the Directors do not retire by rotation

In addition, none of the directors had at any time during the period any interests in the contracts of the company which are required to be disclosed under the terms of the Companies Act 1985, other than Wilmington Trust SP Services (London) Limited under the terms of a Corporate Services Agreement dated 6 June 2001. Wilmington Trust SP Services (London) Limited is contracted to receive fees of £6,667 per annum and received fees of £8,333 during the period (2005 period £8,333). R G Baker is a director of Wilmington Trust SP Services (London) Limited

Auditors

The auditors, Deloitte & Touche, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act 1963



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DIRECTORS

25 June 2007


Wilmington Trust SP Services (London) Limited

THE MORTGAGE CORPORATION

STATEMENT OF DIRECTORS' RESPONSIBILITIES

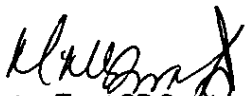
United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Acts, 1985. They have general responsibility for taking such steps as are reasonably open to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

The Directors confirm that these financial statements comply with the aforementioned requirements.

Signed on behalf of the Board



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DIRECTORS

Wilmington Trust SP Services (London) Limited

25 June 2007

THE MORTGAGE CORPORATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MORTGAGE CORPORATION

We have audited the financial statements of The Mortgage Corporation for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of Directors' Responsibilities, the company's directors' are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report for the above period and consider the implications for our reports if we become aware of any apparent misstatement within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we evaluated the overall adequacy of the presentation of information in the financial statements.

THE MORTGAGE CORPORATION

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE MORTGAGE CORPORATION (continued)

Opinion

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2006 and of its profit for the period then ended, and
- have been properly prepared in accordance with the Companies Act 1985

Deloitte & Touche

Deloitte & Touche
Chartered Accountants and Registered Auditors
Dublin

25 June 2007

THE MORTGAGE CORPORATION

PROFIT AND LOSS ACCOUNT

For the period ended 31 December 2006

		2006 £'000	15 months to 31 Dec 2005 £'000
	Notes		
Continuing operations			
Operating income	2	117	760
Turnover	3	117	760
Cost of funding	4	(8)	(6)
Gross Profit		109	754
Administrative expenses	5	(388)	(1,815)
Administrative credits	5	123	1,416
Operating (loss)/ profit		(156)	355
Interest receivable and similar income		615	906
Profit on ordinary activities before taxation	6	459	1,261
Tax on profit on ordinary activities	7	(138)	(378)
Profit on ordinary activities after taxation		321	883
Dividends	8	(3,886)	(883)
Retained loss for the financial period	11	(3,565)	-

All recognised gains or losses of the company are included in the above profit and loss account and therefore no separate statement of total recognised gains and losses has been presented

Director



Director


Wilmington Trust SP Services (London) Limited

THE MORTGAGE CORPORATION

BALANCE SHEET

as at 31 December 2006

		As at 31 December 2006 £'000	As at 31 December 2005 £'000
	Notes		
ASSETS			
Current assets			
Debtors			
Amounts falling due after one year	9	-	1,360
Amounts falling due within one year	9	24	1,746
Cash at bank and in hand		722	15,301
		746	18,407
<hr/>			
Total assets		746	18,407
<hr/>			
LIABILITIES AND CAPITAL			
Capital and reserves			
Called up share capital	10	-	12,164
Profit and loss account	11	9	3,574
Equity shareholders' funds	12	9	15,738
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Provisions for liabilities and charges	13	-	383
Creditors amounts falling due within one year	14	737	2,286
<hr/>			
Total liabilities and capital		746	18,407

These financial statements were approved by the Board of Directors 25 June 2007 and signed on its behalf by

Director



Director



Wilmington Trust SP Services (London) Limited

THE MORTGAGE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - for the year ended 31 December 2006

1. Accounting Policies

These financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Format of financial statements

The company has complied with Financial Reporting Standard Number 5, "Reporting the Substance of Transactions" and, having met the conditions laid down in the Standard, has adopted "linked presentation" in respect of mortgage assets managed on behalf of other financial institutions.

The cost of funding heading within the profit and loss account has been adapted from that prescribed by Schedule 4 to the Companies Act 1985 in view of the nature of the business. Mortgage Advances have been presented on the face of the balance sheet rather than included as part of current assets. In the opinion of the directors, this departure from the format of Schedule 4 of the Companies Act 1985 is required to give a true and fair view of the state of the company's affairs since to present mortgage advances as part of current assets would not fairly reflect the liquidity of these assets.

Turnover

Turnover is recognised on a receivable basis and represents interest, servicing fees, commissions and miscellaneous income.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all material timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Cashflow statement

The ultimate parent company is Ulster Bank Limited and the cashflows of the company are included in the consolidated group cashflow statement of Ulster Bank Limited. Consequently the company is exempt under the terms of Financial Reporting Standard No. 1 ("FRS1") (Revised) from publishing a cashflow statement.

Related party disclosures

Under the provisions of Financial Reporting Standard No. 8 ("FRS8"), the company has taken advantage of the exemption provided (for subsidiary undertakings whose voting rights are more than 90% controlled within the group) from disclosing group related party transactions. The consolidated financial statements of Ulster Bank Limited, in which these results are included, are publicly available.

THE MORTGAGE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - for the year ended 31 December 2006

2. Operating income

	2006	15 months to 31 Dec 2005
	£'000	£'000
Servicing fees	37	135
Commission income and miscellaneous fees	80	625
	<u>117</u>	<u>760</u>

3. Turnover

Contributions to turnover and profit on ordinary activities before taxation was derived from the company's principal activity, which was carried out in England, Wales and Scotland

4. Cost of funding

	2006	15 months to 31 Dec 2005
	£'000	£'000
Interest payable on bank loans and other loans	8	6

The interest expense relates to short-term borrowings

5. Administrative expenses

	2006	15 months to 31 Dec 2005
	£'000	£'000
Administrative expenses	388	1,815
Administrative credit		
Borrower and negligence recoveries	(123)	(942)
Release of provisions	-	(474)
Administrative credit	(123)	(1,416)
Total administrative expenses	<u>265</u>	<u>399</u>

THE MORTGAGE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - for the year ended 31 December 2006

6. Profit on ordinary activities before taxation

	2006	15 months to 31 Dec 2005
	£'000	£'000
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration – audit	27	26
Corporate service fee – Wilmington Trust SP Services (London) Limited	8	8

No persons were employed directly by the company during the period Directors' emoluments are borne by another group company

7. Tax on profit on ordinary activities

	2006	15 months to 31 Dec 2005
	£'000	£'000
The tax charge is based on the profit for the period / year and comprises:		
Current years tax		
U K Corporation tax at 30% (2005 30%)	138	547
Adjustment in respect of prior years	-	(69)
Balancing payment made under transfer pricing regime	-	(300)
Adjustment in respect of prior years	-	64
	138	242
Deferred tax arising from origination and reversal of timing differences	-	136
	138	378

The current tax charge for the period is at (2005 lower than) the standard rate of corporation tax in the UK (30% ,2005 30%) The differences are explained below

	2006	15 months to 31 Dec 2005
	£'000	£'000
Profit on ordinary activities before tax	459	1,261
Profit on ordinary activities multiplied by standard rate tax of 30% (2005 30%)	138	378
Effects of		
Adjustment for over accrual from prior years	-	(5)
Accelerated capital allowances and other timing differences	-	(131)
Total current tax charge	138	242

THE MORTGAGE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - for the year ended 31 December 2006

8. Dividends

	2006	15 months to 31 Dec 2005
	£'000	£'000
Ordinary dividends – proposed and paid	3,886	883

9. Debtors

	2006	15 months to 31 Dec 2005
	£'000	£'000
Amounts falling due after one year:		
Amounts owed by group undertakings	-	1,315
Deferred tax	-	45
	-	1,360
Amounts falling due within one year:		
Amounts owed by group undertakings	24	1,506
Deferred tax	-	-
Other debtors	-	224
Prepayments and accrued income	-	16
	24	1,746
Total debtors	24	3,106

Amounts due from group undertakings due after more than one year are in respect of subordinated loans which are interest bearing at a rate of 1 month LIBOR plus 1%. The loans may be repaid in whole or in part provided the group undertakings have sufficient assets to meet their other obligations and liabilities.

10. Called up share capital

	<u>Allotted, called up and fully paid</u>		<u>Authorised</u>	
	2006	2005	2006	2005
	£	£'000	£	£'000
Equity shares				
Ordinary shares of £1 each	2	12,164	2	170,000
Preference shares of £1 each	-	-	-	30,000
Total share capital	2	12,164	2	200,000

On the 16 November 2006 the Company's called up share capital was reduced to 2 ordinary shares of £1 by members written resolution.

THE MORTGAGE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - for the year ended 31 December 2006

11. Profit and loss account

	2006	15 months to 31 Dec 2005
	£'000	£'000
As at 1 January	3,574	3,574
Retained loss for the financial period	(3,565)	-
As at end of 31 December	9	3,574

12. Reconciliation of movements in equity shareholders' funds

	2006	15 months to 31 Dec 2005
	£'000	£'000
Opening equity shareholders' funds	15,738	15,738
Profit on ordinary activities after taxation	321	883
Redemption of Shares	(12,164)	-
Dividends	(3,886)	(883)
Closing equity shareholders' funds	9	15,738

13. Provisions for liabilities and charges

	2006	15 months to 31 Dec 2005
	£'000	£'000
Provisions for mortgage related charges:		
As at 1 January	383	159
(Decrease) / Increase during the period	(383)	224
As at 31 December	-	383
Lease costs:		
As at 1 January	-	270
Released for the period	-	(257)
Utilised during the period	-	(13)
As at 31 December	-	-
Total provisions as at 31 December	-	383

Provisions for mortgages relate to liabilities arising on mortgage loans originated by TMC in prior periods

THE MORTGAGE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS - for the year ended 31 December 2006

14. Creditors: amounts falling due within one year

	2006	15 months to 31 Dec 2005
	£'000	£'000
Bank overdraft	-	12
Corporation tax	516	873
Dividends	-	883
Other creditors	146	71
Accruals and deferred income	75	447
	737	2,286

15. Ultimate parent undertaking

The immediate parent undertakings are Lenmul Limited and North Register Land Limited. The smallest and largest groups in which the financial statements of the Company are consolidated are Ulster Bank Limited (incorporated in Northern Ireland) and the Royal Bank of Scotland Group plc (incorporated in Great Britain and registered in Scotland) respectively. The financial statements of Ulster Bank Limited are available to the public and may be obtained from The Secretary at 11-16 Donegall Square East, Belfast, BT1 5UB. The financial statements of the Royal Bank of Scotland Group plc are available to the public and may be obtained from The Secretary at Gogarburn, Edinburgh, EH12 1HQ.

16. Date of Approval

The financial statements were approved by the board of Directors on 25 June 2007.