

## OFFERING CIRCULAR



### Anglo Irish Capital UK LP

*(a limited partnership organised under the laws of England and Wales)*

**€600,000,000**

### **Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities**

**having the benefit of a subordinated guarantee of**

### **Anglo Irish Bank Corporation plc**

*(Incorporated in Ireland under the Companies Acts 1963 to 2003, registered number 22045)*

### **Issue price: €1,000 per Preferred Security**

The €600,000,000 Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities (the "**Preferred Securities**"), each with a liquidation preference of €1,000 (the "**Liquidation Preference**"), comprising limited partnership interests in Anglo Irish Capital UK LP (the "**Issuer**"), are proposed to be issued on 30th September, 2004 (the "**Closing Date**"). The Preferred Securities will entitle holders to receive (subject as described herein under "*Description of the Preferred Securities*") non-cumulative preferential cash distributions ("**Distributions**") payable semi-annually in arrear on 30th March and 30th September in each year (each a "**Distribution Payment Date**"), all as more fully described herein under "*Description of the Preferred Securities*".

As an English limited partnership, the Issuer will not be a legal entity separate from its partners. All obligations of the Issuer to make payments in respect of the Preferred Securities will be guaranteed on a limited and subordinated basis by Anglo Irish Bank Corporation plc (the "**Guarantor**") pursuant to a subordinated guarantee dated 30th September, 2004 (the "**Subordinated Guarantee**"), all as more fully described herein under "*Subordinated Guarantee*".

The Preferred Securities will be perpetual securities and not subject to any mandatory redemption provisions. The Preferred Securities will be redeemable however, subject to the prior consent of the Irish Financial Services Regulatory Authority (the "**Regulator**"), on 30th March, 2010 or on any Distribution Payment Date thereafter in whole, but not in part, at the option of Anglo Irish Capital GP Limited, which is the general partner of the Issuer (the "**General Partner**"), at the Liquidation Preference, plus any Additional Amounts (as defined herein), plus any accrued and unpaid Distributions for the then current Distribution Period (as defined herein) subject to compliance with the Limited Partnerships Act 1907. The Preferred Securities will also be redeemable at the option of the General Partner, subject to the prior consent of the Regulator, in whole but not in part, at any time following the occurrence of a Tier 1 Redemption Event (as defined herein), as more fully described herein under "*Description of the Preferred Securities*".

In the event of the dissolution of the Issuer arising as a consequence of the winding-up of the Guarantor, holders of Preferred Securities will be entitled to receive a liquidation preference in an amount equal to the distributions that those holders would have received in a dissolution of the Guarantor at that time, if they had held, instead of the Preferred Securities, non-cumulative preference shares issued directly by the Guarantor, having the same liquidation preference and stated distribution rate as the Preferred Securities, subject as described herein under "*Description of the Preferred Securities*".

The Preferred Securities are expected to be assigned on issue a rating of "Baa1" by Moody's Investors Services, Inc. and "A-" by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

See "Investment Considerations" for a discussion of certain factors that should be considered by prospective investors.

Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange. This Offering Circular may only be used for the purposes for which it has been published. The Preferred Securities will not be publicly offered in the Grand Duchy of Luxembourg.

Application has been made to list the Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V. (**Euronext Amsterdam**). This Offering Circular constitutes a prospectus for the purposes of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V.

The Preferred Securities will be represented on issue by a single global certificate in registered form (the "**Global Certificate**"). The Global Certificate will be registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for, and will be deposited with, a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") on or around the Closing Date.

*Joint Bookrunners and Lead Managers*

**ABN AMRO**

**MERRILL LYNCH INTERNATIONAL**

*Structuring Advisor*

The date of this Offering Circular is 28th September, 2004

Each of the General Partner (in relation to itself, the Issuer and the Preferred Securities only) and the Guarantor confirms, after having made all reasonable enquiries, that this Offering Circular contains all information with regard to the Issuer, the General Partner, the Guarantor and its subsidiaries (together, the “**Group**”) and the Preferred Securities which is material in the context of the issue of the Preferred Securities, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which makes this Offering Circular as a whole, or any such information or the expression of any such opinion or intention, misleading. Each of the General Partner and the Guarantor accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation not contained or incorporated in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the General Partner, the Guarantor or the Managers (as defined under “*Subscription and Sale*” below). Neither the delivery of this Offering Circular nor any subscription, sale or purchase made in connection herewith shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer, the General Partner, the Guarantor or the Group since the date hereof.

Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their residence and domicile for the acquisition, holding or disposal of Preferred Securities and any foreign exchange restrictions that might be relevant to them. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer or any of its partners, the General Partner, the Guarantor or the Managers to subscribe for or purchase any of the Preferred Securities.

Prospective investors should satisfy themselves that they understand all of the risks associated with making investments in the Preferred Securities. If a prospective investor is in any doubt whatsoever as to the risks involved in investing in the Preferred Securities, he should consult his professional advisers.

The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Guarantor and/or the General Partner in connection with the Preferred Securities or their distribution.

The distribution of this Offering Circular and the offering of the Preferred Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the General Partner, the Guarantor and the Manager, to inform themselves about, and to observe, any such restrictions.

In respect of the United Kingdom, this Offering Circular is directed only at (a) investment professionals falling within article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CIS Order**”) and article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the “**Financial Promotion Order**”), who have professional experience of participating in unregulated schemes and of matters relating to investments; and (b) persons falling within article 22(2) of the Promotion of CIS Order and article 49(2) of the Financial Promotion Order. Preferred Securities are only available to such persons. Persons who do not either (i) have such professional experience in participating in unregulated schemes and in matters relating to investments or (ii) fall within said article 22(2) and 49(2), should not rely on this Offering Circular.

No action has been taken to permit a public offering of the Preferred Securities in any jurisdiction where action would be required for such purpose. Accordingly, the Preferred Securities may not be offered or sold, directly or indirectly, and this Offering Circular may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in that jurisdiction. In particular, the Preferred Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, the Preferred Securities may not be offered, sold or delivered within the United States or to U.S. persons. A further description of certain

restrictions on the offering and sale of the Preferred Securities and on the distribution of this Offering Circular is given under “*Subscription and Sale*” below.

**IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, MERRILL LYNCH INTERNATIONAL OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER THERE MAY BE NO OBLIGATION ON MERRILL LYNCH INTERNATIONAL OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD AND IN ANY EVENT NO LATER THAN 30 DAYS AFTER THE ISSUE DATE.**

All references in this Offering Circular to “**EUR**”, “**€**” and “**euro**” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

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## INCORPORATION BY REFERENCE

The audited consolidated financial statements of the Guarantor for the years ended 30th September 2001, 30th September, 2002 and 30th September, 2003 and the unaudited interim consolidated financial statements of the Guarantor for the six months ended 31st March, 2004, the Limited Partnership Agreement of the Issuer and the Articles of Association of the Guarantor are incorporated by reference in this Offering Circular. Copies of these financial statements and documents are available free of charge at the specified office of each of the Paying and Transfer Agents as described in “*General Information*” below.

## **INVESTMENT CONSIDERATIONS**

*Prospective investors should carefully consider the following information in conjunction with the other information contained in this Offering Circular.*

### **Risks Associated with the Guarantor's Financial Condition**

An investment in the Preferred Securities will have similar economic risks to an investment in noncumulative perpetual preference shares issued directly by the Guarantor having the same liquidation preference and rate of distribution as the Preferred Securities. The Issuer is a newly established limited partnership with no previous operating history or revenues. It is expected that the Issuer's sole source of funds to pay Distributions on the Preferred Securities will be payments which it receives from its investments in subordinated notes issued by a directly or indirectly owned subsidiary of the Guarantor (the "**Subordinated Notes**"). The rights of Holders shall be represented solely by the Subordinated Guarantee and the Preferred Securities, and under no circumstances will the rights of Holders be represented by the Subordinated Notes nor shall Holders be entitled to receive or hold the Subordinated Notes. The Preferred Securities are guaranteed on a limited and subordinated basis by the Guarantor pursuant to the terms of the Subordinated Guarantee. Accordingly, if the Guarantor's financial condition were to deteriorate, the Holders may suffer direct and materially adverse consequences, including non-payment of Distributions on the Preferred Securities or of payments under the Subordinated Guarantee.

### **Limitations to remedies of Holders under the Subordinated Guarantee**

In the event that the Guarantor is in breach of its payment obligations under the Subordinated Guarantee, the terms of the Subordinated Guarantee do not confer rights in favour of the Holders to petition in Ireland for the winding-up of the Guarantor.

### **Distributions Not Cumulative**

Distributions on the Preferred Securities are not cumulative. As set out in "*Description of the Preferred Securities*", Distributions on the Preferred Securities will be paid on each Distribution Payment Date out of interest received by the Issuer from its investments in the Subordinated Notes and from other resources legally available, if any, unless the Guarantor has insufficient Adjusted Distributable Reserves to enable the Issuer to pay Distributions on the Preferred Securities (and in respect of any Parity Securities), or such payment would breach or cause a breach of Irish banking capital adequacy requirements then applicable to the Group. Furthermore distributions will not be paid if the Guarantor or the general partner are instructed not to make such payment by the Regulator. The discretion of the Board to resolve that a Distribution should not be paid is unfettered. However the Board will exercise such discretion if the Guarantor or any of its Subsidiaries has suspended payment of, deferred or waived the most recent payment on any of its Tier 1 Securities or Tier 2 Securities. If Distributions on the Preferred Securities for any Distribution Period are not paid for such reasons, the Holders will not be entitled to receive such Distributions (or any payment under the Subordinated Guarantee in respect of such Distributions).

### **Perpetual Nature of the Preferred Securities**

The Preferred Securities have no fixed final redemption date and Holders have no rights to call for the redemption of the Preferred Securities. Although the Issuer may redeem the Preferred Securities in certain circumstances (including at its option on 30th March, 2010 or on any Distribution Payment Date thereafter or at any time following the occurrence of a Tier 1 Redemption Event), there are limitations on its ability to do so. Therefore, Holders should be aware that they may be required to bear the financial risks of an investment in the Preferred Securities for an indefinite period of time.

### **No Limitation on Senior Debt**

The obligations of the Guarantor under the Subordinated Guarantee will rank junior as to payments to all liabilities to creditors of the Guarantor (including without limitation depositors, general creditors and subordinated debt holders) and claims of holders of senior ranking securities. In the event that the Guarantor is wound-up, liquidated or dissolved, the assets of the Guarantor would be available to pay obligations under the Subordinated Guarantee only after all payments have been made on such

senior liabilities and claims. The Guarantor is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with, or senior to, its obligations under the Subordinated Guarantee.

**Absence of prior public markets**

The Preferred Securities constitute a new issue of securities by the Issuer. Prior to this issue, there will have been no public market for the Preferred Securities. Although application has been made for the Preferred Securities to be listed on the Luxembourg Stock Exchange, there can be no assurance that an active public market for the Preferred Securities will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Preferred Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Guarantor and other factors that generally influence the market prices of securities.

## SUMMARY OF THE PREFERRED SECURITIES AND SUBORDINATED GUARANTEE

*The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under “Description of the Preferred Securities”. Prospective investors should also consider carefully, amongst other things, the factors set out under “Investment Considerations”.*

**Issuer:**

Anglo Irish Capital UK LP (the “**Issuer**”), an English limited partnership formed and registered under the Limited Partnerships Act 1907.

The business of the Issuer is to raise and provide finance and financial support to the Guarantor and its subsidiaries (together, the “**Group**”). The general partner of the partnership will be Anglo Irish Capital GP Limited (the “**General Partner**”), a wholly owned subsidiary of the Guarantor incorporated in England and Wales with limited liability.

The business of the partnership, as administered by, or on behalf of, the General Partner, will include the following:

- acquiring and holding the Issuer’s assets;
- monitoring the Issuer’s assets and determining whether they continue to be suitable; and
- functions necessary or incidental thereto.

On the Closing Date, the Issuer’s principal asset will be debt instruments issued by Anglo Irish Asset Finance plc, a member of the Group (the “**Subordinated Notes**”).

The Subordinated Notes will constitute junior subordinated debt obligations of Anglo Irish Asset Finance plc. The Subordinated Notes will have, in all material commercial respects, pricing and economic terms which are equivalent to the Preferred Securities, and will be listed on the London Stock Exchange.

**General Partner:**

Anglo Irish Capital GP Limited

**Guarantor:**

Anglo Irish Bank Corporation plc

**Issue:**

€600,000,000 Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities, each with a liquidation preference of €1,000 (the “**Liquidation Preference**”), comprising interests in a limited partnership share in the Issuer.

**Use of Proceeds:**

The proceeds of the issue of the Preferred Securities will augment the Group’s regulatory capital base. The Issuer will use the proceeds raised from the issuance of the Preferred Securities to subscribe for the Subordinated Notes.

**Subordinated Guarantee:**

The Guarantor will provide a subordinated guarantee (the “**Subordinated Guarantee**”), which will be in favour of the Holders.

The Subordinated Guarantee will rank *pari passu* with the most senior non-cumulative perpetual preference shares or preferred securities of the Guarantor (whether or not in issue) and with the outstanding U.S.\$ Series A Floating Rate Non-cumulative Guaranteed Non-voting Preference Shares and euro Series B 7.75 per cent. Non-cumulative Guaranteed Non-voting Preference

Shares each issued by Anglo Irish Capital Funding Limited, a wholly-owned subsidiary of the Guarantor, and the 8.5325 per cent. Guaranteed Step-up Callable Perpetual Capital Securities and 7.625 per cent. Tier One Non-Innovative Capital Securities issued in each case by Anglo Irish Asset Finance plc.

**Distributions:**

The Preferred Securities will entitle Holders to receive (subject as described below) non-cumulative preferential cash distributions (the “**Distributions**”).

Distributions will be payable out of the Issuer’s own legally available resources semi-annually in arrear on 30th March and 30th September in each year (each a “**Distribution Payment Date**”) at a fixed rate of 6 per cent. per annum in respect of the period from and including the Closing Date to but excluding the Distribution Payment Date falling on 30th September, 2005 and thereafter at a variable rate of interest per annum, as more fully described under “Description of the Preferred Securities – Distributions”.

Notwithstanding the existence of such resources legally available for distribution by the Issuer, the Issuer will not pay any Distributions to the Holders and the Guarantor will not make any payment in respect of Distributions (including any Additional Amounts) under the Subordinated Guarantee:

- (a) to the extent that such payment, together with the amount of any distributions or dividends paid or scheduled to be paid to holders of Parity Securities on the relevant Distribution Payment Date would exceed Adjusted Distributable Reserves as at the day falling 10 Business Days in Dublin prior to such Distribution Payment Date; or
- (b) even if Adjusted Distributable Reserves are sufficient:
  - (i) to the extent that such payment in respect of the Preferred Securities and/or Parity Securities and/or the Subordinated Guarantee would breach or cause a breach of Irish banking capital adequacy requirements then applicable to the Group as determined by the Guarantor’s board of directors in its sole discretion; or
  - (ii) to the extent that the Guarantor is not meeting its minimum capital requirements or is not meeting its solvency ratios as determined by the Guarantor’s board of directors (and as notified by the Guarantor’s board of directors to the Regulator and the Issuer) in its sole discretion; or
  - (iii) if the Board of Directors of the Guarantor has resolved not later than the day falling 10 Business Days in Dublin prior to a Distribution Payment Date that no Distributions should be made on such Distribution Payment Date; or
  - (iv) if the Regulator has instructed the General Partner or the Bank not to make such payment.

The discretion of the Board to resolve that a Distribution should not be paid is unfettered. However the Board will exercise such



discretion if the Guarantor or any of its Subsidiaries has suspended payment of, deferred or waived the most recent payment on any of its Tier 1 Securities or Tier 2 Securities.

To the extent that a Distribution is not paid by reason of the limitations described above, no payment under the Subordinated Guarantee will be paid, or may be claimed in respect thereof.

If, on any Distribution Payment Date, Distributions are not paid in full on the Preferred Securities or dividends or other distributions are not paid in full on any Parity Securities, but there are sufficient Adjusted Distributable Reserves to allow payment of part of any Distribution then subject to (i) to (iv) above each Holder will be entitled to receive the Relevant Proportion of such Distribution, as more fully described under “Description of the Preferred Securities – Distributions”.

**Distribution and Capital  
Stopper:**

The Guarantor will undertake in the Subordinated Guarantee that, in the event that any Distribution is not paid, it will not:

- (a) declare or pay any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Junior Share Capital or Parity Securities, until after the second consecutive Distribution Payment Date on which Distributions in respect of the Preferred Securities are paid in full; or
- (b) (if permitted) repurchase or redeem Junior Share Capital or Parity Securities until after the second consecutive Distribution Payment Date on which a Distribution in respect of the Preferred Securities is paid in full.

**Optional Redemption:**

The Preferred Securities will be perpetual securities and are not subject to any mandatory redemption provisions. They will, however, be redeemable on 30th March, 2010 (the “**First Call Date**”) or on any Distribution Payment Date thereafter, in whole but not in part, at the option of the General Partner and subject to the satisfaction of the Redemption Conditions, at the Optional Redemption Price.

**Tier 1 Redemption Event:**

If at any time a Tier 1 Redemption Event occurs, the Preferred Securities will be redeemable at any time in whole, but not in part, at the option of the General Partner, subject to satisfaction of the Redemption Conditions at the Optional Redemption Price.

**Ranking of the Preferred  
Securities:**

The Preferred Securities, together with the Subordinated Guarantee, are intended to provide Holders with rights on liquidation equivalent to non-cumulative preference shares of the Guarantor, whether or not issued.

Claims under the Preferred Securities in respect of any Liquidation Distributions will rank:

- (i) senior to the rights of the General Partner in respect of other partnership interests issued by the Issuer; and
- (ii) *pari passu* with claims of the holders of all other preferred securities issued by the Issuer which rank *pari passu* with the Preferred Securities.

**Rights upon Liquidation:**

In the event of the dissolution (other than an Involuntary Dissolution) of the Issuer, Holders will be entitled to receive,

subject as set out below, for each Preferred Security a Liquidation Distribution out of the assets of the Issuer legally available for distribution.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to Holders as aforesaid, if, at the time such Liquidation Distribution is to be paid, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution payable per Preferred Security shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been non-cumulative preference shares issued by the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:

- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes, or is capable of constituting, Tier 1 Capital or which is referred to in (b) or (c) and any other liability expressed to rank *pari passu* with or junior to the Subordinated Guarantee);
- (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with the Subordinated Guarantee; and
- (c) senior to Junior Share Capital.

In the event of an order being made for the liquidation, dissolution or winding-up of the Guarantor or a declaration being made that the Guarantor is insolvent, the Issuer shall be dissolved and the amount per Preferred Security to which Holders will be entitled as a Liquidation Distribution will be as described above.

**Withholding Tax and  
Additional Amounts:**

The Issuer will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net payment received by each Holder in respect of the Preferred Securities, after withholding for any taxes imposed by tax authorities in the United Kingdom and Ireland upon payments made by or on behalf of the Issuer, will equal the amount which would have been received in the absence of any such withholding taxes, subject to certain exceptions.

The Subordinated Guarantee will contain a similar provision in respect of United Kingdom and Irish taxes.

**Administrator:**

The Issuer will appoint an administrator to perform those operational matters in relation to the Issuer required under the Financial Services and Markets Act 2000 to be performed by a person authorised by the FSA to establish, operate and wind-up collective investment schemes.

**Form of the Preferred  
Securities:**

The Preferred Securities will be in registered form.

On or about the Closing Date, a single global certificate (the “**Global Certificate**”) in respect of the Preferred Securities will be

deposited with The Bank of New York (the “**Common Depositary**”). Such certificate will be issued, and the Preferred Securities will be registered, in the name of The Bank of New York Depository (Nominees) Limited (the “**Initial Limited Partner**”) as nominee of the Common Depositary.

For so long as the Preferred Securities are deposited and registered as described above, book-entry interests in the Preferred Securities will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

Definitive certificates will not be made available to Holders other than in certain limited circumstances. See “*Summary of Provisions Relating to the Preferred Securities in Global Form*”.

**Luxembourg Paying Agent:**

The Bank of New York (Luxembourg) S.A.

**Netherlands Paying Agent:**

ABN AMRO Bank N.V.

**Listing:**

Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange and on Euronext Amsterdam.

**Rating:**

The Preferred Securities are expected to be assigned, on issue, a rating of “Baa1” by Moody’s Investors Service, Inc. and a rating of “A-” by Fitch Ratings Ltd. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

**Governing Law:**

The Limited Partnership Agreement establishing the Issuer, and subject as set out below, the Preferred Securities and the Subordinated Guarantee will be governed by, and construed in accordance with, English law.

The subordination provisions will be governed by, and construed in accordance with, Irish law.

## DESCRIPTION OF THE PREFERRED SECURITIES

*The Preferred Securities are limited partnership interests in the Issuer. The following description should be read in conjunction with, and is subject to the terms of, the Limited Partnership Agreement, a copy of which is available for inspection as described under “General Information”.*

### 1. Definitions and Interpretation

In this description of the Preferred Securities, except to the extent that the context otherwise requires:

“**Act**” means the Limited Partnerships Act 1907, as amended and/or restated from time to time;

“**Additional Amounts**” means the additional amounts which may be payable in respect of the Preferred Securities as described in paragraph 6;

“**Adjusted Distributable Reserves**” means, in respect of each fiscal year of the Guarantor, the aggregate amount, as calculated as of the end of the immediately preceding fiscal year, of accumulated retained earnings and any other reserves and surpluses of each member of the Group capable of being available for distribution as cash dividends to holders of the ordinary share capital of the Guarantor under the companies laws of Ireland; but before deduction of the amount of any dividend or other distribution declared on the Guarantor’s ordinary share capital in respect of such prior fiscal year;

“**Agency Agreement**” means the agency agreement dated 30th September, 2004 relating to the Preferred Securities between, *inter alios*, the Guarantor, the Registrar and the Paying and Transfer Agents;

“**Business Day**” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place or places;

“**Call Date**” means the First Call Date and each Distribution Payment Date thereafter;

“**Calculation Agent**” means The Bank of New York or any successor or assignee appointed under the Agency Agreement;

“**Capital Adequacy Regulations**” means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Regulator or such other governmental authority in Ireland (or, if the Guarantor becomes domiciled in a jurisdiction other than Ireland, in such other jurisdiction) having primary bank supervisory authority with respect to the Guarantor;

“**Clearstream, Luxembourg**” means Clearstream Banking, société anonyme or its successor;

“**Closing Date**” means 30th September, 2004;

“**Companies Acts**” means the Companies Act 1963 to 2003 of Ireland, as amended and/or restated from time to time and all statutory instruments to be construed as one therewith;

“**Distribution Determination Date**” has the meaning set out in paragraph 2.11;

“**Distributions**” means the non-cumulative distributions in respect of the Preferred Securities as described under paragraph 2;

“**Distribution Payment Date**” means 30th March and 30th September in each year, save that if any Distribution Payment Date in respect of any Distribution Period commencing on or after 30th September, 2005 would otherwise fall on a day which is not a Business Day, it shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month in which event the Distribution Payment Date shall be brought forward to the immediately preceding Business Day;

“**Distribution Period**” means the period from, and including, the Closing Date to, but excluding, the first Distribution Payment Date and each period thereafter from, and including, one Distribution Payment Date to, but excluding, the next following Distribution Payment Date;

“**Euroclear**” means Euroclear Bank S.A./N.V. as operator of the Euroclear system or its successor;

**“Euronext Amsterdam”** means the Official Segment of the Stock Market of Euronext Amsterdam N.V.;

**“Exchange Event”** means that either or both Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business;

**“First Call Date”** means 30th March, 2010;

**“FSA”** means the United Kingdom’s Financial Services Authority (or any successor body);

**“Fixed Rate Distribution Period”** has the meaning set out in paragraph 2.2;

**“General Partner”** means Anglo Irish Capital GP Limited;

**“Group”** means the Guarantor and the Subsidiaries;

**“Guarantor”** means Anglo Irish Bank Corporation plc and its successors and assignees;

**“Guarantor Additional Amounts”** means additional amounts payable by the Guarantor under the Subordinated Guarantee as may be necessary in order that the net amounts received by the Holders after a withholding or deduction for or on behalf of any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of Ireland or any political subdivision thereof or by any authority therein or thereof having power to tax shall equal the amounts which would have been receivable in the absence of such withholding or deduction;

**“Holder”** means, in respect of each Preferred Security, each person registered on the Register as the limited partner holding such Preferred Security at the relevant time;

**“Initial Holder”** means The Bank of New York Depository (Nominees) Limited;

**“Involuntary Dissolution”** means, in respect of the Issuer, a dissolution by court order pursuant to the Partnership Act 1890 as applied by the Act in relation to limited partnerships;

**“Irish Tax”** means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of Ireland or any political subdivision thereof or any authority therein or thereof having power to tax;

**“Issuer”** means Anglo Irish Capital UK LP;

**“Junior Share Capital”** means the ordinary shares of the Guarantor, together with any other securities or obligations expressed to rank junior to non-cumulative preferred securities or preference shares of the Guarantor, whether issued directly by the Guarantor or by the Issuer or another Subsidiary or other entity benefiting from a guarantee or support agreement from the Guarantor expressed to rank junior to the Subordinated Guarantee;

**“Limited Partnership Agreement”** means an agreement dated 24th September, 2004 between the General Partner and the Initial Holder establishing the Issuer, as the same may be amended from time to time;

**“Liquidation Distribution”** means the Liquidation Preference plus (a) any due and accrued but unpaid Distributions calculated from (and including) the immediately preceding Distribution Payment Date (or, if none, the Closing Date) to (but excluding) the date of payment and (b) any Additional Amounts, in each case in cash only;

**“Liquidation Preference”** means the liquidation preference of €1,000 per Preferred Security;

**“Optional Redemption Price”** means, in respect of each Preferred Security, the Liquidation Preference plus (a) any due and accrued but unpaid Distributions calculated from (and including) the immediately preceding Distribution Payment Date (or, if none, the Closing Date) to (but excluding) the date of payment and (b) any Additional Amounts payable, in each case in cash only;

**“Parity Securities”** means any preference shares, preferred securities (other than the Preferred Securities) or other securities either (a) issued directly by the Guarantor (and ranking *pari passu* with the Guarantor’s obligations under the Subordinated Guarantee) or (b) issued by the Issuer or any Subsidiary

or other entity and entitled to the benefit of the Subordinated Guarantee or any other guarantee or support agreement ranking *pari passu* with the Subordinated Guarantee and will thus currently include any outstanding U.S.\$ Series A Floating Rate Non-cumulative Guaranteed Non-voting Preference Shares and euro Series B 7.75 per cent. Non-cumulative Guaranteed NonVoting Preference Shares each issued by Anglo Irish Capital Funding Limited and the 8.5325 per cent. Guaranteed Step-up Callable Perpetual Capital Securities and 7.625 per cent. Tier One Non-Innovative Capital Securities issued in each case by Anglo Irish Asset Finance plc;

**“Paying and Transfer Agents”** means The Bank of New York, The Bank of New York (Luxembourg) S.A., ABN AMRO Bank N.V. (Amsterdam) or such other entities as are appointed by the General Partner on behalf of the Issuer and notified to the Holders as described under paragraph 10;

**“Preferred Capital Contribution”** means, in relation to the Preferred Securities, the aggregate contribution to the assets of the Issuer (being a whole multiple of €1,000) paid in cash by the Holders;

**“Preferred Securities”** means the € Fixed Rate/Variable Rate Guaranteed Non-Voting Non-Cumulative Perpetual Preferred Securities outstanding, originally issued on the Closing Date in the principal amount of €600,000,000, each such security representing an interest of a Holder in the Issuer attributable to each €1,000 of the Preferred Capital Contribution and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer and **“Preferred Security”** shall be construed accordingly;

**“Redemption Conditions”** means, with respect to any redemption, (i) that the consent of the Regulator to the redemption, if then required by the Regulator, has been obtained, and (ii) for so long as it is required in order to obtain appropriate equity accounting treatment for the Preferred Securities that the Guarantor has (a) Adjusted Distributable Reserves or (b) proceeds available from an issue of Replacement Capital that has been made for the purpose of funding the redemption, in either cases (ii)(a) or (b) in an amount at least equal to the aggregate Optional Redemption Price;

**“Register”** means the register of Holders maintained outside the U.K. and Ireland on behalf of the Issuer;

**“Registrar”** means The Bank of New York or such other entity appointed by the Issuer and notified to the Holders as described under paragraph 10;

**“Regulator”** means the Irish Financial Services Regulatory Authority as part of the Central Bank and Financial Services Authority of Ireland or such other national or supranational regulatory authority as may at the relevant time have responsibility for the regulation and supervision of banks in Ireland;

**“Relevant Proportion”** means, in relation to any partial payment of any Liquidation Distribution on a Preferred Security, the total amount available for any such payment and for making any corresponding payment of a liquidation distribution on any Parity Securities divided by the sum of (i) the full Liquidation Distributions before any reduction or abatement in respect of the Preferred Securities and (ii) the amount of the full liquidation distribution before any reduction or abatement in respect of any Parity Securities, converted where necessary into the same currency in which liquidation payments are made to creditors of the Guarantor;

**“Replacement Capital”** means shares or other securities issued by the Guarantor or a Subsidiary or other entity which would, under the then generally accepted accounting principles in Ireland, qualify as at the date thereof for treatment as a minority interest or shareholders’ funds in the Guarantor’s accounts;

**“Replacement Partnership Assets”** means (i) subordinated debt securities (other than the Subordinated Notes) that are issued by Anglo Irish Asset Finance plc and having the same ranking in a liquidation of Anglo Irish Asset Finance plc as the Subordinated Notes, or (ii) subject to the prior approval of the Regulator, such other instruments issued by a member of the Group as the General Partner may determine from time to time, in each case having in all material commercial respects, pricing and economic terms which are equivalent to the Subordinated Notes held by the Issuer as initial partnership assets, and for the avoidance of doubt in both cases the Replacement Partnership Assets shall, in the event of their issuance, be the subject of an application for listing on a recognised stock exchange in accordance with section 841 of the Income and Corporation Taxes Act 1988;



**“Stock Exchange”** means the Luxembourg Stock Exchange, Euronext Amsterdam or such other stock exchange approved by the General Partner on which the Preferred Securities may be listed from time to time;

**“Subordinated Guarantee”** means the subordinated guarantee in respect of the Preferred Securities executed by the Guarantor on 30th September, 2004 as a deed poll;

**“Subordinated Notes”** means the € Fixed Rate/Variable Rate Subordinated Notes due 2034, originally issued on the Closing Date in the principal amount of €600,000,000, issued by Anglo Irish Asset Finance plc and held by the Issuer as initial partnership assets or any Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter;

**“Subsidiary”** means any entity which is for the time being a subsidiary or subsidiary undertaking of the Guarantor (within the meaning of the Companies Acts);

**“TARGET”** means the Trans European Real-Time Gross Settlement Express Transfer (TARGET) System;

**“TARGET Business Day”** means a day on which TARGET is operating;

**“Tier 1 Capital”** has the meaning ascribed to it in the Central Bank of Ireland Implementation Notice dated 30th June, 2000 in respect of the Implementation of the EC Own Funds and Solvency Ratio Directives for Credit Institutions Incorporated in Ireland (BSD S 1/00) or any successor notification replacing such notice;

**“Tier 2 Capital”** has the meaning ascribed to it in the Central Bank of Ireland Implementation Notice dated 30th June, 2000 in respect of the Implementation of the EC Own Funds and Solvency Ratio Directives for Credit Institutions Incorporated in Ireland (BSD S1/100) or any successor notification replacing such notice;

**“Tier 1 Redemption Event”** means a change in any applicable law or regulation, or in the official interpretation or application thereof, as a result of which, for the purposes of the Regulator’s Capital Adequacy Regulations at that time, the Preferred Securities can no longer qualify for inclusion in Tier 1 Capital;

**“Tier 1 Securities” or “Tier 2 Securities”** means respectively any obligation of the Guarantor or, as the case may be, a Subsidiary or other entity which is treated, or is capable of being treated, as Tier 1 Capital or, as the case may be, Tier 2 Capital of the Guarantor;

**“U.K. Tax”** means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision of or by any authority therein or thereof having power to tax; and

**“Variable Distribution Rate”** has the meaning set out in paragraph 2.11.

In this description of the Preferred Securities any reference to a particular time shall, unless otherwise specified, be to that time in London.

## **2. Distributions**

- 2.1 Subject as provided in paragraph 2.4, non-cumulative distributions (the **“Distributions”**) on the Preferred Securities will accrue from the Closing Date (or, in the case of any further preferred securities issued so as to rank *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer, from their respective dates of issue) and shall be payable semi annually in arrear on each Distribution Payment Date.
- 2.2 Distributions in respect of the Distribution Period from and including the Closing Date to but excluding 30th September, 2005 will be payable on 30th March, 2005 and 30th September, 2005 in arrear at the rate of 6 per cent. per annum (the **“Fixed Distribution Rate”**). Distributions in respect of any subsequent Distribution Period will be payable on each Distribution Payment Date in arrear at the Variable Distribution Rate calculated on the amount of the Liquidation Preference.

Where Distributions are to be calculated in respect of any period, the applicable day count fraction will be the number of days in the relevant period from and including the date from which Distributions begin to accrue to but excluding the date on which they are payable divided by twice the number of days in the Distribution Period in which the relevant period falls.

- 2.3 Distributions on the Preferred Securities will be non-cumulative. Subject to paragraph 2.4, Distributions on the Preferred Securities will be payable out of the Issuer's own legally available resources on each Distribution Payment Date.
- 2.4 Notwithstanding the existence of resources legally available for distribution by the Issuer, the Issuer will not pay any Distributions (including Additional Amounts) to the Holders and the Guarantor will not make any payment in respect of Distributions (including any Additional Amounts) under the Subordinated Guarantee:
  - 2.4.1 to the extent that such payment, together with the amount of any distributions or dividends paid or scheduled to be paid to holders of Parity Securities on the relevant Distribution Payment Date would exceed Adjusted Distributable Reserves as at the day falling 10 Business Days in Dublin prior to such Distribution Payment Date; or
  - 2.4.2 even if Adjusted Distributable Reserves are sufficient:
    - (i) to the extent that such payment in respect of the Preferred Securities and/or Parity Securities and/or the Subordinated Guarantee would breach or cause a breach of Irish banking capital adequacy requirements then applicable to the Group as determined by the Guarantor's board of directors in its sole discretion; or
    - (ii) to the extent that the Guarantor is not meeting its minimum capital requirements or is not meeting its solvency ratios as determined by the Guarantor's board of directors (and as notified by the Guarantor's board of directors to the Regulator and the Issuer) in its sole discretion;
    - (iii) if the Board of Directors of the Guarantor has resolved not later than the day falling 10 Business Days in Dublin prior to a Distribution Payment Date that no Distributions should be made on the next Distribution Payment Date; or
    - (iv) if the Regulator has instructed the General Partner or the Bank not to make such payment.
  - 2.4.3 the discretion of the Board of Directors of the Guarantor to resolve that a distribution should not be paid is unfettered. However the Board of Directors of the Guarantor will exercise such discretion if the Guarantor or any of its Subsidiaries has suspended payment of, deferred or waived the most recent payment on any of its Tier 1 Securities or Tier 2 Securities.
- 2.5 In the event that any Distribution is not paid, the Issuer will not:
  - (a) declare or pay any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Junior Share Capital or Parity Securities until after the second consecutive Distribution Payment Date on which Distributions in respect of the Preferred Securities are paid in full; or
  - (b) (if permitted) repurchase or redeem Junior Share Capital or Parity Securities until after the second consecutive Distribution Payment Date on which a Distribution in respect of the Preferred Securities is paid in full.
- 2.6 If, whether by reason of the provisions of paragraph 2.4 or any equivalent article or term of a Parity Security, on any Distribution Payment Date, Distributions are not paid in full on the Preferred Securities or dividends or other distributions are not paid in full on any Parity Securities, but there are sufficient Adjusted Distributable Reserves so as to allow payment of part of any Distribution, then subject to paragraph 2.4.2 each Holder will be entitled to receive the Relevant Proportion of any such Distribution. No Holder shall have any claim in respect of any Distribution or part thereof not payable as a result of the limitations set out in paragraph 2.4. Accordingly, such amounts will



not cumulate for the benefit of Holders or entitle the Holders to any claim in respect thereof against the Issuer or against the Guarantor under the Subordinated Guarantee.

- 2.7 On each Distribution Determination Date, the Guarantor will determine whether sufficient Adjusted Distributable Reserves exist to allow a payment of some or all of the relevant Distribution. In the event that any Distribution cannot be paid in full, the Guarantor will notify or procure notification to the Stock Exchange, the General Partner, the Registrar and the Paying and Transfer Agents and to Holders, in accordance with paragraph 10, of the amount, if any, to be paid in respect of that Distribution.
- 2.8 Save as described above, Holders will have no right to participate in the profits of the Issuer or the Guarantor and in particular will have no rights to receive from the Issuer amounts paid to the Issuer in respect of its partnership assets in excess of Distributions due and payable under the Preferred Securities. In the event that any amounts received by the Issuer in respect of its partnership assets exceed the amount (if any) then due by way of Distribution under the Preferred Securities, the amount of such excess will be paid to the General Partner and Holders will have no rights in respect thereof.
- 2.9 The liability of a Holder to contribute to the debts or obligations of the Issuer (if any) shall (subject to the Act) not exceed the amount of that Holder's Preferred Capital Contribution.
- 2.10 For the purposes of the definition of "**Relevant Proportion**", in paragraphs 1, 2.4.1, 2.6 and 2.7, Adjusted Distributable Reserves as at each Distribution Determination Date shall be determined by reference to the aggregate amount, as calculated as of the end of the immediately preceding financial year, of accumulated retained earnings and any other reserves and surpluses of the Guarantor capable of being available for distribution in accordance with the Companies Acts; but before deduction of the amount of any other distributions declared or payable event without declaration in respect of such prior financial year.
- 2.11 The Variable Distribution Rate will be determined by the Calculation Agent on the basis of the Calculation Agent's determination on the second TARGET Business Day prior to the beginning of each Distribution Period (each an "**Distribution Determination Date**") of the annual spot 10 year EUR fixed versus 6 month EUR EURIBOR swap rate (expressed as a percentage) (the "**10 yr EUR Swap Rate**") by reference to the rate appearing on Reuters Screen Page ISDAFIX2 under the caption "EURIBOR BASIS" (the "**Screen Rate**") (or such other page or service determined by the Calculation Agent as may replace the Reuters Screen Page ISDAFIX2) at 11.00 a.m. (Central European Time) on such Distribution Determination Date. The variable rate (the "**Variable Distribution Rate**") for such Distribution Period shall be the lesser of (i) the aggregate of 0.25 per cent. per annum and the 10 yr EUR Swap Rate and (ii) 9 per cent. per annum. In the event that the screen rate does not appear as described above, the Guarantor shall promptly provide to the Calculation Agent full contact details of the relevant persons at four leading swap dealers in the interbank market, whereupon the Calculation Agent shall contact such persons to procure the 10yr EUR Swap Rate. Such rate will then be determined by taking the arithmetic average of all the rates obtained, or if only one rate is obtained then that rate will apply. If for any reason no rate can be procured in accordance with the foregoing, then the applicable rate will be equal to the screen rate for the immediately preceding Distribution Period, provided that where a Fixed Distribution Rate applies to such immediately preceding Distribution Period then the distribution rate for the Distribution Period will be equal to the Fixed Distribution Rate for such preceding Distribution Period.
- 2.12 The Calculation Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Distribution Determination Date determine the Variable Distribution Rate and calculate the amount of variable distributions payable in respect of each Preferred Security (the "**Distribution Amount**") for the relevant Distribution Period. The Distribution Amount payable on each Preferred Security shall be calculated by applying the Variable Rate of Distribution for the Distribution Period concerned to the Liquidation Preference of the Preferred Security and multiplying such product in accordance with paragraph 2.2.

- 2.13 The Calculation Agent will cause the Variable Distribution Rate and the Distribution Amount for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuer, the Guarantor, the Principal Paying and Transfer Agent and the Luxembourg Stock Exchange and any other stock exchange on which the Preferred Securities are for the time being listed by no later than the first day of the relevant Distribution Period and the Calculation Agent will cause publication thereof in accordance with paragraph 9 as soon as possible after their determination but in any event no later than the fourth TARGET Business Day thereafter. The Distribution Payment Date so published may subsequently be amended (or appropriate arrangements made by way of adjustment).
- 2.14 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph 2 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Paying and Transfer Agents and all Holders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer, the Guarantor or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this paragraph 2.
- 2.15 The Guarantor shall procure that, so long as any of the Preferred Securities remain outstanding, there is at all times a Calculation Agent for the purposes of the Preferred Securities and the Guarantor may terminate the appointment of the Calculation Agent. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Variable Distribution Rate and/or the Distribution Amount for any Distribution Period, the Guarantor shall appoint the Euro-zone office of another major bank engaged in the Euro-zone interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed.

### **3. Liquidation Distributions**

- 3.1 In the event of the dissolution (other than an Involuntary Dissolution) of the Issuer, the Holders will be entitled to receive the Liquidation Distribution, in respect of each Preferred Security held, out of the assets of the Issuer available for distribution to such Holders under the Act. Such entitlement will arise (a) before any payments due to the General Partner and the holder of any corresponding preferential right in respect of other partnership interests issued by the Issuer and (b) before any distribution of assets is made to the General Partner, but such entitlement will rank equally with the entitlement of the holders of all other preferred securities issued by the Issuer which rank *pari passu* with the Preferred Securities, if any.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the Holders as aforesaid, if, at the time such Liquidation Distribution is to be paid, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution per Preferred Security paid to Holders thereof shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been the most senior class of non-cumulative preference shares in the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:

- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes, or is capable of constituting, Tier 1 Capital or which is referred to in (b) or (c) and any other liability expressed to rank *pari passu* with or junior to the Subordinated Guarantee);
  - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with the Subordinated Guarantee; and
  - (c) senior to Junior Share Capital.
- 3.2 If the Liquidation Distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described in paragraph 3.1 or any equivalent article or term of a Parity

Security, but there are funds available for payment so as to allow payment of part of the Liquidation Distribution, then each Holder will be entitled to receive the Relevant Proportion of the Liquidation Distribution. After payment of all Liquidation Distributions, or the Relevant Proportion thereof if applicable, the General Partner will be entitled to any remaining assets of the Issuer representing proceeds of the sale or redemption of the Issuer's partnership assets and the Holders will have no right or claim to any of the remaining assets of the Issuer or the Guarantor.

- 3.3 In the event of an order being made for the liquidation, dissolution, or winding-up of the Guarantor or the Guarantor is declared insolvent, the Issuer shall be dissolved and the amount per Preferred Security to which Holders shall be entitled as a Liquidation Distribution will be as set out in paragraphs 3.1 and 3.2.
- 3.4 Subject to the Act, other than in the events referred to in paragraphs 3.3, 4.2, 4.3 and 4.4, unless the Regulator has given its approval, if then required by the Regulator, the General Partner will not permit, or take any action that would or might cause, the liquidation or dissolution of the Issuer. Notwithstanding the foregoing restriction imposed on the General Partner, if for any other reason the Issuer is liquidated, dissolved or wound up in circumstances where proceedings have not been commenced for the liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution shall only be payable to the extent that either the Guarantor has (a) Adjusted Distributable Reserves, or (b) proceeds available from an issue of Replacement Capital that has been made for the purpose of funding the Liquidation Distribution (in either cases (a) or (b) in an amount at least equal to the aggregate Liquidation Distribution). No Holder shall have any claim (whether against the Issuer or the Guarantor) in respect of any Liquidation Distribution or part thereof not paid when it would, but for the operation of this paragraph 3.4, otherwise have become due.

#### **4. Redemption and Purchase**

- 4.1 The Preferred Securities have no fixed final redemption date and Holders have no rights to call for the redemption of the Preferred Securities. Any redemption is subject to the provisions of the Act.
- 4.2 The Preferred Securities are redeemable, at the option of the General Partner, subject to the satisfaction of the Redemption Conditions, in whole but not in part, on the First Call Date or any Distribution Payment Date thereafter, upon not less than 30 nor more than 60 days' notice to the Holders (published in accordance with paragraph 10) and to the Stock Exchange specifying the relevant Distribution Payment Date for redemption (the **"Optional Redemption Date"**) (which notice shall be irrevocable) at the Optional Redemption Price. Upon the expiry of such notice, the Issuer shall be dissolved and the General Partner as liquidation agent shall be bound to redeem each of the Preferred Securities accordingly by payment of an amount equal to the Optional Redemption Price.
- 4.3 If at any time a Tier 1 Redemption Event occurs, the Preferred Securities may be redeemed, in whole but not in part, at the option of the General Partner, subject to satisfaction of the Redemption Conditions, at any time upon not less than 30 nor more than 60 days' notice to the Holders published in accordance with paragraph 10 specifying the relevant date for redemption (the **"Tier 1 Redemption Event Redemption Date"**) (which notice shall be irrevocable) at the Optional Redemption Price. Prior to the publication of any notice of redemption pursuant to the foregoing, the General Partner shall deliver to the Registrar a certificate signed by two directors of the Guarantor stating that the Issuer is entitled to effect such redemption and an opinion of counsel to the Guarantor experienced in such matters to the effect that a Tier 1 Redemption Event has occurred. Upon the expiry of such notice, the Issuer shall be dissolved and the General Partner as liquidation agent shall be bound to redeem each of the Preferred Securities accordingly.
- 4.4 Under the existing requirements of the Regulator, neither the Issuer nor the Guarantor may redeem or purchase any Preferred Securities unless the Regulator gives its prior written consent. The Regulator may impose conditions on any such redemption or purchase.

## 5. Additional Amounts

All payments in respect of the Preferred Securities by the Issuer will be made without withholding or deduction for, or on account of, any U.K. Tax or Irish Tax, unless the withholding or deduction of such U.K. Tax or Irish Tax is required by law. In that event, each Holder will be entitled to receive, as further distributions, such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder (or to a third party on his behalf) with respect to any Preferred Security:

- (a) to the extent that such U.K. Tax or Irish Tax is imposed or levied by virtue of such Holder (or the beneficial owner) of such Preferred Security having some connection with the United Kingdom or Ireland, other than merely being a Holder (or beneficial owner) of such Preferred Security; or
- (b) where such withholding or deduction is imposed on a payment to or on behalf of an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) who would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union,

and except that the Issuer’s obligations to make any such payments are subject to the limitations provided in paragraphs 2.4, 2.6, 3.1 and 3.2.

## 6. Payments

- 6.1 Distributions will be payable in accordance with the Act on the relevant Distribution Payment Date (or where any Distribution Payment Date is not a TARGET Business Day on the next TARGET Business Day (without interest in respect of such delay)) to the Holders of record as they appear on the Register on the relevant record date, which will be five TARGET Business Days prior to the relevant Distribution Payment Date.

If the General Partner gives a notice of redemption pursuant to paragraph 4.2, or 4.3 or in respect of the Preferred Securities, then on the Optional Redemption Date or the Tier 1 Redemption Event Redemption Date, as the case may be, the General Partner shall procure that the Optional Redemption Price will be paid by the Registrar or by the Paying and Transfer Agent on behalf of the Issuer to the Holders. Upon such payment, all rights of Holders to participate in the assets of the Issuer or to be returned any amount in respect of the Preferred Securities (including the Preferred Capital Contribution (or any part thereof) made by or on behalf of the Holders) will be extinguished and the Holders shall thereupon cease to be limited partners of the Issuer provided their holding of Preferred Securities are redeemed in accordance with the foregoing, and the Preferred Capital Contribution will, on payment of the Optional Redemption Price, be deemed repaid.

- 6.2 Subject to all applicable fiscal or other laws and regulations:

- 6.2.1 each payment in respect of Distributions will be made by cheque and mailed to the Holder of record at such Holder’s address as it appears on the Register on the relevant record date for the Preferred Securities; and
- 6.2.2 any payment in respect of the Optional Redemption Price or the Liquidation Distribution in respect of any Preferred Security will be made by cheque against presentation and surrender of the relevant certificate of entitlement at the office of the Registrar or a Paying and Transfer Agent,

provided, however, that a Holder may receive such payment by direct transfer if appropriate direct transfer instructions have been received by the Registrar in sufficient time prior to the relevant date of payment. Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a TARGET Business Day if the Holder is late in

surrendering certificates (if required to do so) or if a cheque mailed in accordance with this paragraph arrives after the due date for payment.

In the event that payment of the Optional Redemption Price in respect of any Preferred Security is improperly withheld or refused and not paid by the Issuer, Distributions on such Preferred Security, subject as described in paragraphs 2.3 and 2.4, will continue to accrue, from the Optional Redemption Date or Tier 1 Redemption Event Redemption Date, as the case may be, to the date of actual payment of such Optional Redemption Price.

- 6.3 The General Partner will, and the Guarantor has undertaken in the Subordinated Guarantee that it will procure that the General Partner will, maintain at all times whilst the Preferred Securities are outstanding (a) whilst the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a Paying and Transfer Agent in Luxembourg, (b) a Registrar having its office outside the United Kingdom and (c) a Paying and Transfer Agent having a specified office in a European Union Member State (if any) that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

## **7. Meetings**

- 7.1 Except as described below and provided for in the Act, Holders will not be entitled to receive notice of, or attend or vote at, any meeting of partners in the Issuer or participate in the management of the Issuer.
- 7.2 The consent in writing of the Holders of at least a simple majority in Liquidation Preference of the outstanding Preferred Securities or the sanction of a resolution, passed by Holders of at least a simple majority in Liquidation Preference of the Preferred Securities present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in Liquidation Preference of the outstanding Preferred Securities, shall be required in order to give effect to any variation or abrogation of the rights, preferences and privileges of the Preferred Securities by way of amendment of the Limited Partnership Agreement or otherwise (unless otherwise provided in the terms of the Preferred Securities or as required by applicable law).
- 7.3 No such sanction shall be required if, as determined by the General Partner, the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity or which does not adversely affect the rights of Holders, provided that the change does not reduce the amounts payable to Holders, impose any obligation on the Holders or any modification of the terms of the Preferred Securities, in which case the General Partner shall be authorised to approve and implement such change.
- 7.4 Notwithstanding the foregoing, the General Partner may, without the consent or sanction of the Holders, take such action as is required in order to amend the Limited Partnership Agreement:
- 7.4.1 to allow an increase in the level of the Preferred Capital Contributions and the corresponding number of Preferred Securities or to create and issue one or more other series of preferred securities of the Issuer ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer and to admit if relevant new holders in respect thereof; or
- 7.4.2 to authorise, create and issue one or more other series of securities or partnership interests in the Issuer ranking junior, as regards participation in the profits and assets of the Issuer, to the Preferred Securities and to admit if relevant new holders in respect thereof.

Thereafter the Issuer may, provided that the circumstances for non-payment of Distributions in paragraph 7.4 are not subsisting, without the consent of the Holders issue any such further securities either having the same terms and conditions as the Preferred Securities in all respects (or in all respects except for the first payment of Distributions on them) and so that such further issue shall be consolidated and form a single series with the Preferred Securities or upon such other terms as aforesaid. References herein to the Preferred Securities include (unless the context requires



otherwise) any other securities issued pursuant to this paragraph and forming a single series with the Preferred Securities.

- 7.5 Notwithstanding the foregoing, no vote of the Holders will be required for the redemption, cancellation or substitution of the Preferred Securities or withdrawal of a Holder in accordance with the Limited Partnership Agreement.
- 7.6 The General Partner will cause a notice of any meeting at which Holders are entitled to vote and any voting forms to be mailed to each Holder. Each such notice will include a statement setting forth (a) the date, time and place of such meeting, (b) a description of any resolution to be proposed for adoption at such meeting on which such Holders are entitled to vote and (c) instructions for the delivery of proxies.

## **8. Covenant of the General Partner**

The General Partner will undertake not to incur any indebtedness in the name of the Issuer other than the costs and expenses incidental to creating the Preferred Securities and the Issuer and any other partnership interests in the Issuer, performing its obligations in respect of the Limited Partnership Agreement, maintaining the listing of the Preferred Securities and any other partnership interests in the Issuer (where applicable), the Register, the Registrar, the Paying and Transfer Agents and a listing agent in respect of the Preferred Securities and corresponding agents (where applicable) with respect to any other partnership interests in the Issuer, the Issuer's holding of the partnership assets and any securities acquired with any other capital contributions to the Issuer or substitutions therefor and the maintenance of a custodian therefor, the exercise of the Issuer's rights in respect of the partnership assets and any securities acquired with any other capital contributions to the Issuer or substitutions therefor and the administration of the Issuer.

## **9. Notices**

All notices to the Holders will be mailed to the Holder of record and, so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, published in a leading Luxembourg daily newspaper and, if and for so long as the Preferred Securities are listed on Euronext Amsterdam, in a leading newspaper of general circulation in the Netherlands, which for the time being shall be *Het Financieele Dagblad*, and in the Daily Official List of Euronext Amsterdam (*Officiële Prijscourant*). In addition, notices will be published in one English language daily newspaper of general circulation in Europe. Any mailed notice shall be deemed to have been given one clear day after the date on which it was posted and any notice published in a newspaper shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

## **10. Transfers and Form**

The Preferred Securities will be in registered form.

*On or about the Closing Date, a single certificate representing the Preferred Securities will be deposited with The Bank of New York (the “Common Depositary”) as common depositary for Euroclear and Clearstream, Luxembourg. The Preferred Securities will be registered in the name of the Initial Holder, as nominee for the Common Depositary. For so long as the Preferred Securities are deposited and registered as described above, book-entry interests in the Preferred Securities will be shown on, and transfers of such interests will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.*

*If either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business, then a number of Preferred Securities corresponding to its book-entry interest in the Preferred Securities represented by the certificate held by the Common Depositary referred to above will, subject to such reasonable requirements as the General Partner may require, be transferred to each holder of an interest in the Preferred Securities whose name is notified by the Common Depositary to the Registrar. Each such holder will be registered as a Holder in the Register and registered with the Registrar at Companies House on the Register of Limited Partnerships for England and Wales in*

*accordance with the Act and receive a certificate made out in its name. Other than in the circumstances referred to in this paragraph, definitive certificates will not be available to Holders.*

If definitive certificates are made available in respect of Preferred Securities they will be available from the Registrar and from each of the Paying and Transfer Agents, and will be posted to the relevant Holders at the address shown in the Register or, as applicable, in the relevant instrument of transfer within three Business Days in London of issue, by uninsured post at the risk of such Holders. Transfers of Preferred Securities if represented by definitive certificates may be effected by presentation of the relevant certificate (with the transfer certificate attached thereto duly completed on behalf of the transferor and transferee) at the specified office of the Registrar or any Paying and Transfer Agent. Where a Holder transfers some only of the Preferred Securities represented by any such certificate he shall be entitled to a certificate for the balance without charge. All transfers of Preferred Securities by Holders must be effected in accordance with the Act and subject to the provisions of the Limited Partnership Agreement.

#### **11. Replacement of Certificates**

If a certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Preferred Securities may be issued on payment of such fee and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses as the General Partner may think fit and on payment of the costs of the General Partner incidental to its investigation of the evidence and, if damaged or defaced, on delivery up of the old certificate at the office of the Paying and Transfer Agent in Luxembourg.

#### **12. Prescription**

Claims against the Issuer for payment of Distributions and sums in respect of the Optional Redemption Price or Liquidation Distribution of the Preferred Securities will be prescribed in accordance with English law unless made within 10 years from the date on which such payment becomes due or, if later, the date on which the Issuer makes such payment available to Holders.

#### **13. Governing Law and Jurisdiction**

- 13.1 The Limited Partnership Agreement and the Preferred Securities shall be governed by, and construed in accordance with, English law, save for paragraph 3 of Schedule 2 to the Limited Partnership Agreement and paragraph 3 of the Preferred Securities which shall be governed by, and construed with, Irish law.
- 13.2 The Guarantor agrees for the benefit of the Holders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Preferred Securities (respectively, “**Proceedings**” and “**Disputes**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 13.3 The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 13.4 The Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to it at the offices of Anglo Irish Asset Finance plc of 10 Old Jewry, London EC2R 8DN or at any address in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. If the appointment of the person mentioned in this paragraph 13.4 ceases to be effective, the Guarantor shall forthwith appoint a further person in England to accept service of process on its behalf in England. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law.
- 13.5 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Holder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

## **SUMMARY OF PROVISIONS RELATING TO THE PREFERRED SECURITIES IN GLOBAL FORM**

### **Initial Issue of Preferred Securities**

The Preferred Securities will be issued in registered form and will be initially represented by interests in a Global Certificate which will be deposited with The Bank of New York (the “**Common Depositary**”) as common depositary for Euroclear and Clearstream, Luxembourg. The Preferred Securities will be registered in the name of the Initial Holder, as nominee for the Common Depositary. For so long as the Preferred Securities are deposited and registered as described above, book-entry interests in the Preferred Securities will be shown on, and transfers of such interests will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

### **Exchange**

If either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days (other than for the purposes of a public holiday) or announces an intention permanently to cease business, then a number of Preferred Securities corresponding to its book-entry interest in the Preferred Securities represented by the Global Certificate held by the Common Depositary referred to above will, subject to such reasonable requirements as the General Partner may require, be transferred to each holder of an interest in the Preferred Securities whose name is notified by the Common Depositary to the Registrar. Each such holder will be registered as a Holder in the Register and registered with the Registrar at Companies House on the Limited Partnerships Register accordance with the Act and will receive a certificate made out in its name.

### **Accountholders**

So long as the Preferred Securities are registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the nominee for Euroclear and Clearstream, Luxembourg will be the sole registered owner or holder of the Preferred Securities represented by the Global Certificate for all purposes under the Limited Partnership Agreement. Except as set forth under “*Description of Preferred Securities – Transfers and Form*” and under “– *Transfers of Interests*” below, the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holders of the Preferred Securities evidenced by the Global Certificate (each an “**Accountholder**”) will not be entitled to have Preferred Securities registered in their names, will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Preferred Securities and will not be considered registered owners or holders thereof under the Limited Partnership Agreement. Accordingly, each Accountholder must rely on the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be, to exercise any rights and obligations of an investor in Preferred Securities.

### **Payment**

Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made by the Issuer to the registered holder of the Preferred Securities and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Preferred Securities for so long as the Preferred Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the registered holder of the Preferred Securities in respect of each amount so paid.

### **Transfers of Interests**

Accountholders will only be able to transfer their beneficial interests in the Preferred Securities in accordance with the restrictions described under “*Description of Preferred Securities – Transfers and Form*” and the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.



## SUBORDINATED GUARANTEE

*The following is the Subordinated Guarantee substantially in the form to be executed by the Guarantor.*

THIS DEED OF GUARANTEE (the “**Subordinated Guarantee**”), dated 30th September, 2004, is executed and delivered by Anglo Irish Bank Corporation plc (the “**Guarantor**”) for the benefit of the Holders (as defined below).

WHEREAS:

- (i) the Guarantor desires to issue this Subordinated Guarantee for the benefit of the Holders, as provided herein; and
- (ii) this Subordinated Guarantee is intended to provide the Holders, on a dissolution of Anglo Irish Capital UK LP (the “**Issuer**”) or on a default by the Issuer in discharging its obligations in respect of the Preferred Securities (as defined below), with rights against the Guarantor in respect of the Guaranteed Payments (as defined below) which rank *pari passu* to those which they would have had if the Preferred Securities had been directly issued non-cumulative preference shares of the Guarantor.

NOW, THEREFORE the Guarantor executes and delivers this Subordinated Guarantee as a deed poll for the benefit of the Holders.

### 1. Definitions

As used in this Subordinated Guarantee, capitalised terms not defined herein shall have the meanings ascribed to them in the Partnership Agreement and otherwise the following terms shall, unless the context otherwise requires, have the following meanings:

“**Guaranteed Payments**” means (without duplication) collectively payments by the Guarantor in respect of an amount equal to (i) all Distributions due on the Preferred Securities, (ii) any Distributions on the Preferred Securities which would have been due had the Issuer had sufficient legally available resources but only if, and to the extent that, the Issuer did not have such legally available resources solely due to a failure by the Guarantor to pay interest on the Subordinated Note or Replacement Partnership Assets as and when due under the terms thereof, (iii) any Liquidation Distribution to which Holders are entitled, (iv) the Optional Redemption Price and (v) any Additional Amounts;

“**Holder**” means, in respect of each Preferred Security, each person registered on the Register as the limited partner holding such Preferred Security at the relevant time, save that for as long as the Preferred Securities are registered in the name of a common depositary (or of a nominee for a common depositary) for Clearstream, Luxembourg and Euroclear, each person (other than Euroclear and Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and Clearstream, Luxembourg as the holder of an interest in any Preferred Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of Preferred Securities standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Guarantor and any Paying and Transfer Agent as the holder of Preferred Securities in a nominal amount equal to such interest for all purposes other than with respect to payments, the right to which shall be vested in the name of the person appearing as the relative limited partner in the Register;

“**Irish Tax**” means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of Ireland or any political subdivision of or by any authority therein or thereof having power to tax;

“**Partnership Agreement**” means the Limited Partnership Agreement dated 24th September, 2004 establishing the Issuer, as amended from time to time;

“**Preferred Securities**” means the € Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities, outstanding of the Issuer originally issued on 30th September, 2004 in the principal amount of €600,000,000, whether or not in issue on the date of this Subordinated Guarantee, the

Holders of which are entitled to the benefits of this Subordinated Guarantee as evidenced by the execution of this Subordinated Guarantee; and

“**U.K. Tax**” means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any subdivision of or by any authority therein or thereof having power to tax.

## **2. Guarantee**

- 2.1 Subject to the exceptions and limitations contained in the following provisions of this clause 2, the Guarantor irrevocably agrees to pay in full to the Holders the Guaranteed Payments, as and when due, to the extent that such payments shall not have been paid when due and payable by the Issuer regardless of any defence, right of set-off or counterclaim which the Issuer may have or assert. This Guarantee is continuing, irrevocable and absolute. The rights and claims of the Holders against the Guarantor under this Guarantee are subordinated to the claims of the Senior Creditors (as defined in clause 2.3) in that payment of the Guaranteed Payments is conditional upon satisfaction of the conditions set out in the following provisions of this clause 2.
- 2.2 Notwithstanding clause 2.1, the Guarantor will not, save to the extent provided in clause 2.5, be obliged to make any Guaranteed Payment if the Guarantor is prevented by applicable Irish banking regulations or other regulatory requirements from making payment in full under this Guarantee.
- 2.3 Notwithstanding clause 2.1, if, at the time that the Liquidation Distribution is to be paid by the Guarantor under this Subordinated Guarantee in respect of any Preferred Securities, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, payment under this Subordinated Guarantee of such Liquidation Distribution shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been the most senior class of non-cumulative preference shares in the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:
  - (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes, or is capable of constituting, Tier 1 Capital or which is referred to in (b) or (c) and any other liability expressed to rank *pari passu* with or junior to this Subordinated Guarantee) (the “**Senior Creditors**”);
  - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with this Subordinated Guarantee; and
  - (c) senior to Junior Share Capital.
- 2.4 All Guaranteed Payments made hereunder will be made without withholding or deduction for or on account of any Irish Tax or U.K. Tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Guarantor will, if permitted by the Regulator (to the extent such approval is required), pay such additional amounts (the “**Guarantor Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable under this Subordinated Guarantee in the absence of such withholding or deduction; except that no such Guarantor Additional Amounts will be payable to a Holder (or a third party on his behalf):
  - (a) to the extent that such taxes, duties, assessments or governmental charges are imposed or levied by virtue of such Holder (or the beneficial owner of a Preferred Security) having some connection with Ireland or the United Kingdom other than being a Holder (or beneficial owner) of a Preferred Security; or
  - (b) where such withholding or deduction is imposed on a payment to or on behalf of an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the

conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or

- (c) who would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union.

and except that the Guarantor's obligation to pay any Guarantor Additional Amounts is subject to the exceptions relating to Guaranteed Payments set out in clauses 2.2 and 2.3.

- 2.5 In the event that the amounts described in clauses 2.1 and 2.4 cannot be made in full by reason of either of the conditions referred to in clause 2.2 or 2.3, such amounts will be payable *pro rata* in the Relevant Proportion and the obligations of the Guarantor in respect of any such unpaid balance shall lapse.
- 2.6 The Guarantor hereby waives notice of acceptance of this Subordinated Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of non-payment, notice of dishonour, notice of redemption and all other notices and demands.
- 2.7 The obligations, covenants, agreements and duties of the Guarantor under this Subordinated Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:
  - (a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by or on behalf of the Issuer;
  - (b) the extension of time for the payment by or on behalf of the Issuer of all or any portion of any Distribution, the Optional Redemption Price, the Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities;
  - (c) any failure, omission, delay or lack of diligence on the part of Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;
  - (d) the voluntary or involuntary winding-up, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;
  - (e) any invalidity of, or defect or deficiency in, the Preferred Securities; or
  - (f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

There shall be no obligation on the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

- 2.8 This Subordinated Guarantee shall be deposited with and held by the Registrar until all the obligations of the Guarantor have been discharged in full. The Guarantor hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Subordinated Guarantee from the Registrar.
- 2.9 A Holder may enforce this Subordinated Guarantee directly against the Guarantor, and the Guarantor waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Guarantor. All waivers contained in this Subordinated Guarantee shall be without prejudice to the right to proceed against the assets of the Issuer and the General Partner as permitted by the terms of the Preferred Securities. The Guarantor agrees that this Subordinated Guarantee shall not be discharged except by complete performance of all obligations of the Guarantor under this Subordinated Guarantee.

- 2.10 The Guarantor shall be subrogated to any and all rights of the Holders against the assets of the Issuer in respect of any amounts paid to the Holders by the Guarantor under this Subordinated Guarantee. The Guarantor shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Subordinated Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Subordinated Guarantee. If the Guarantor shall receive or be paid any amount with respect to the Preferred Securities in violation of the preceding sentence, the Guarantor agrees to pay over such amount to the Holders.
- 2.11 The Guarantor acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Preferred Securities and that the Guarantor shall be liable as principal and sole obligor hereunder to make Guaranteed Payments pursuant to the terms of this Subordinated Guarantee, notwithstanding the occurrence of any event referred to in clause 2.7.
- 2.12 Subject to applicable law, the Guarantor agrees that its obligations hereunder constitute unsecured obligations of the Guarantor subordinated in right of payment to Senior Creditors and will at all times rank:
- (a) junior to all Senior Creditors;
  - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with this Subordinated Guarantee and issued in respect of Parity Securities issued by the Issuer or any Subsidiary; and
  - (c) senior to Junior Share Capital.
- 2.13 No Holder shall following any breach by the Guarantor of any of its obligations under this Subordinated Guarantee be entitled to exercise any right of set-off or counterclaim which may be available to it against amounts owing by the Guarantor to such Holder. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Holder against the Guarantor is discharged by set-off, such Holder will immediately pay an amount equal to the amount of such discharge to the Guarantor or, in the event of its winding-up, the liquidator of the Guarantor and until such time as payment is made will hold a sum equal to such amount in trust for the Guarantor, or the liquidator of the Guarantor and accordingly any such discharge will be deemed not to have taken place.
- 2.14 In the event of the winding-up of the Guarantor if any payment or distribution of assets of the Guarantor of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Guarantor being subordinated to the payment of amounts owing under this Subordinated Guarantee, shall be received by any Holders, before the claims of Senior Creditors have been paid in full, such payment or distribution shall be held in trust by the Holder, as applicable, and shall be immediately returned by it to the liquidator of the Guarantor and in that event the receipt by the liquidator shall be a good discharge to the relevant Holder. Thereupon, such payment or distribution will be deemed not to have been made or received.

### **3. Undertakings**

- 3.1 The Guarantor undertakes that it will not issue any Tier 1 Securities ranking senior to its obligations under this Subordinated Guarantee or enter into any support agreement or give any guarantee in respect of any Tier 1 Securities issued by any Subsidiary or other entity if such support agreement or guarantee would rank senior to this Subordinated Guarantee unless this Subordinated Guarantee is changed to give the Holders such rights and entitlements as are contained in or attached to such securities or such other support agreement or guarantee so that this Subordinated Guarantee ranks *pari passu* with, and contains substantially equivalent rights of priority as to payment on, any Tier 1 Securities or such other support agreement or guarantee.

- 3.2 The Guarantor undertakes that, in the event that any Distribution is not paid to Holders in accordance with the rights attaching to the Preferred Securities in accordance with the Partnership Agreement, the Guarantor will not:
- (a) declare or pay any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Parity Securities or Junior Share Capital until after the second consecutive Distribution Payment Date on which Distributions are in respect of the Preferred Securities paid in full; or
  - (b) (if permitted) repurchase or redeem Parity Securities or Junior Share Capital until after the second consecutive Distribution Payment Date on which Distributions in respect of the Preferred Securities are paid in full.
- 3.3 The Guarantor undertakes that, so long as any of the Preferred Securities is outstanding:
- (a) unless the Guarantor is itself being wound up, it will not permit, or take any action that would or might cause, the liquidation, dissolution or winding-up of the Issuer (or the General Partner if the Guarantor itself is not the general partner) otherwise than with the prior approval of the Regulator (if then required); and
  - (b) the General Partner will at all times be either the Guarantor itself or a directly or indirectly wholly-owned Subsidiary of the Guarantor,
- unless, in the case of (a) or (b), otherwise approved by a simple majority of the Holders by vote or in writing.
- 3.4 The Guarantor will procure that it will maintain at all times whilst the Preferred Securities are outstanding (a) whilst the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, a Paying and Transfer Agent in Luxembourg, (b) whilst the Preferred Securities are listed on Euronext Amsterdam and the rules and regulations of Euronext Amsterdam so require, a Paying and Transfer Agent with a specified office in Amsterdam (c) a Registrar having its office outside the United Kingdom and (c) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.
- 3.5 The Guarantor undertakes that it will pay any taxes, capital duties or stamp duties payable as a result of any substitution for the Subordinated Notes of the Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter.

#### **4. Termination**

With respect to the Preferred Securities, this Subordinated Guarantee shall terminate and be of no further force and effect upon the earliest of:

- 4.1 full payment of the Optional Redemption Price; or
- 4.2 purchase and cancellation of, all Preferred Securities; or
- 4.3 full payment of the Liquidation Distribution.

provided however that this Subordinated Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid in respect of the Preferred Securities or under this Subordinated Guarantee must be restored by a Holder for any reason whatsoever.

#### **5. Transfer; Amendment; Notices**

- 5.1 Subject to operation of law, all guarantees and agreements contained in this Subordinated Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders. The Guarantor shall not transfer its obligations hereunder without the prior approval of the Holders of not less than a simple majority in

Liquidation Preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Guarantor or subsidiary of the Guarantor), which approval shall be obtained in accordance with procedures contained in Schedule 2 to the Limited Partnership Agreement and applicable law.

- 5.2 Except for those changes (a) required by clause 3.1 hereof; or (b) which do not adversely affect the rights of Holders (in any of which cases no agreement will be required), this Subordinated Guarantee shall be changed only by agreement in writing signed or sealed by the Guarantor with the prior approval of the Holders of not less than a simple majority in Liquidation Preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Guarantor or any subsidiary of the Guarantor), which approval shall be obtained in accordance with the procedures contained in Schedule 2 to the Limited Partnership Agreement and applicable law.
- 5.3 Any notice, request or other communication required or permitted to be given hereunder to the Guarantor shall be given in writing by delivering the same against receipt therefor or be addressed to the Guarantor, as follows, to:

Anglo Irish Bank Corporation plc  
Stephen Court  
18/21 St. Stephen's Green  
Dublin 2  
Ireland

Attention: The Company Secretary  
Telephone: +353 1 616 2506  
Facsimile: +353 1 616 2410

The address of the Guarantor may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Guarantor to the registrar for the Preferred Securities.

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by the Guarantor in the same manner as notices sent on behalf of the Issuer to Holders.

- 5.4 This Subordinated Guarantee is solely for the benefit of the Holders and is not separately transferable from their interests in respect of the Preferred Securities.

## **6. Governing Law and Jurisdiction**

- 6.1 This Subordinated Guarantee is governed by, and shall be construed in accordance with, English law, save for paragraph 2.12 which shall be governed by, and construed in accordance with, Irish law.
- 6.2 The Guarantor agrees for the benefit of the Holders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Preferred Securities (respectively "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 6.3 The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 6.4 The Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to it at the offices of Anglo Irish Asset Finance plc of 10 Old Jewry, London EC2R 8DN or at any address in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. If the appointment of the person mentioned in this Clause 6.4 ceases to be effective, the Guarantor shall forthwith appoint a further person in England to accept service of process on its behalf in England. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law.



- 6.5 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Holder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

IN WITNESS WHEREOF this Subordinated Guarantee has been executed as a deed poll on behalf of the Guarantor.

The COMMON SEAL of ANGLO IRISH  
BANK CORPORATION plc was affixed  
to this Deed in the presence of:

}

### **USE OF PROCEEDS**

The net proceeds of the issue of the Preferred Securities, amounting to approximately €600,000,000, will augment the Group's regulatory capital base. The Issuer will use the proceeds raised from the issuance of the Preferred Securities to subscribe for the Subordinated Notes issued by a directly or indirectly wholly-owned subsidiary of the Guarantor.



## ANGLO IRISH CAPITAL UK LP

### Introduction

The Issuer was registered in England and Wales on 27th September, 2004 under the Limited Partnerships Act 1907, with Anglo Irish Capital GP Limited as the general partner (the “**General Partner**”) and The Bank of New York Depository (Nominees) Limited as the initial limited partner (the “**Initial Limited Partner**”). The General Partner and the Initial Limited Partner have entered into a limited partnership agreement on 24th September, 2004 (the “**Limited Partnership Agreement**”) for the purpose of establishing the Issuer. The Issuer is not a legal entity separate from its partners and has no subsidiaries. The Limited Partnership Agreement does not create a trust relationship between any of the partners.

The General Partner, incorporated in England and Wales with registered number 5137154, is the sole General Partner of the Issuer and, as such, solely manages the Issuer (subject to the appointment by the Issuer of the Administrator as described below). The Guarantor will undertake in the Subordinated Guarantee to ensure that, unless otherwise approved by a simple majority of the Holders, the General Partner will at all times be either the Guarantor itself or a directly or indirectly wholly-owned subsidiary of the Guarantor.

Provided that they do not become involved with the administration of the limited partnership, and subject to compliance with the provisions of the Act, the liability of persons registered as limited partners of the Issuer pursuant to the Act for the debts or obligations of the limited partnership will be limited to the amount of partnership capital which they have contributed or agreed to contribute to the partnership, i.e. €1,000 per Preferred Security.

No financial statements of the Issuer have yet been prepared. The first financial statements of the Issuer are expected to be prepared for the period ending on 30th September, 2004. Thereafter, it is intended that the Issuer will prepare audited annual financial statements. It is not intended that the Issuer will publish interim financial statements.

### Activity

The business of the Issuer is generally to raise finance for the Group and is more particularly described in the Limited Partnership Agreement. The Issuer has carried out no operations since its registration other than in relation to the creation of the Preferred Securities. The capital contributions to be made by the Limited Partners will be used by the Issuer to subscribe for the Subordinated Notes issued either by a directly or indirectly wholly-owned subsidiary of the Guarantor.

### Administration

For U.K. regulatory purposes, the Issuer will be operated by the General Partner or, insofar as the General Partner is not so authorised, by an administrator (the “**Administrator**”) authorised by the FSA under the Financial Services and Markets Act 2000 (the “**FSMA**”) to establish, operate and wind-up collective investment schemes. The registered offices of the Issuer is 10 Old Jewry, London EC2R 8DN and of the General Partner is 10 Old Jewry, London EC2R 8DN. Neither the Initial Limited Partner nor any Holder may participate in the administration of the Issuer.

The General Partner has agreed to contribute capital from time to time to the extent required for the Issuer to meet any operating expenses which it may have. The General Partner has also agreed that it will at all times maintain sole ownership, whether directly or indirectly, of its general partner interest in the Issuer, subject to the terms of the Limited Partnership Agreement. The Limited Partnership Agreement provides that all of the Issuer’s business and affairs will be conducted by the General Partner save for those operational matters required to be performed by an Administrator under the FSMA. The General Partner will have unlimited liability for the debts and obligations of the Issuer to the extent that these cannot be satisfied out of partnership assets.

If the Issuer is dissolved, the Limited Partnership Agreement provides that the General Partner will only be entitled to any assets of the Issuer remaining after (i) all debts and other liabilities of the Issuer have been satisfied in full and (ii) the full Liquidation Preference to which the Holders are entitled and all

other amounts to which the holders of any other partnership interests are entitled have been paid to, or irrevocably set aside for, such holders.

### **Capitalisation**

In addition to the initial capital contribution by the General Partner, the initial capital contribution of €1.00 of the Initial Limited Partner and the preferred capital contribution of €600,000,000 to be made by the Initial Limited Partner in relation to the Preferred Securities on the date of issue of the Preferred Securities and such other capital contributions as may be made by the General Partner from time to time to meet certain operating expenses of the partnership, the General Partner may accept additional limited partners and additional capital contributions to the Issuer in accordance with the provisions of the Limited Partnership Agreement.

### **Indebtedness**

Since the date of its registration, the Issuer has not had any loan capital outstanding, has not incurred any borrowings, has had no contingent liabilities, has not granted any guarantees and does not intend to have outstanding any such loan capital, incur any such borrowings, have any such contingent liabilities or grant any such guarantees other than in connection with the issue of the Preferred Securities and other partnership interests in the Issuer. The General Partner will undertake not to incur any indebtedness in the name of the Issuer other than the costs and expenses incidental to creating the Preferred Securities and the Issuer and any other partnership interests in the Issuer, performing its obligations in respect of the Limited Partnership Agreement, maintaining the listings of the Preferred Securities, the Register, the Registrar, the Paying and Transfer Agents and listing agents in respect of the Preferred Securities and corresponding agents (where applicable) with respect to any other partnership interests in the Issuer, the Issuer's holding of the partnership assets and any other securities acquired with any other capital contributions to the Issuer or substitutions therefor and the maintenance of any custodian therefor, the exercise of the Issuer's rights in respect of the partnership assets and any other securities acquired with any other capital contributions to the Issuer or substitutions therefor and the administration of the Issuer.

## CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table is a summary of the Group's consolidated shareholders' funds and indebtedness at 31st March, 2004 extracted without material adjustment from the Group's unaudited interim consolidated accounts.

	<i>(€ million)</i>
<b>Shareholders' Funds</b>	
Share Capital <sup>1</sup> . . . . .	106.7
Share Premium . . . . .	156.9
Other Reserves . . . . .	0.9
Profit and Loss Account . . . . .	807.7
<b>Total Shareholders' Funds (All Equity Interests)</b> . . . . .	<b>1,072.2</b>
<b>Indebtedness (unsecured)<sup>2</sup></b>	
Deposits and Loans from Banks . . . . .	2,915.0
Customer Accounts . . . . .	17,376.9
Debt Securities in Issue . . . . .	6,453.7
Other Liabilities . . . . .	657.3
Subordinated Liabilities . . . . .	421.1
Equity and Non-Equity Minority Interests . . . . .	255.4
Perpetual Capital Securities . . . . .	676.7
<b>Total Indebtedness</b> . . . . .	<b>28,756.1</b>
<b>Total Capitalisation</b> . . . . .	<b>29,828.3</b>

Notes:

- 1 The authorised share capital of the Bank is 380,000,000 ordinary shares of €0.32 each. At 31st August, 2004, 334,358,958 ordinary shares were allotted, called up and fully paid.
- 2 For the purposes of this table "Indebtedness" is defined as including Minority Interests. None of the Indebtedness is guaranteed by any third parties, save as might arise in respect of IFSRA deposit protection schemes which would guarantee deposits up to an amount equal to the lower of 90 per cent. of the deposit or €20,000.
- 3 At 31st March, 2004, other than guarantees of €801.6 million, the Group had no material contingent liabilities. As at that date, the Group had commitments to lend of €3,416.0 million.
- 4 At the date of this Offering Circular there has been no material change in the capitalisation and indebtedness of the Group since 31st March, 2004 nor in the guarantees it has issued, commitments to lend it has made or any other contingent liabilities since that date.

## DESCRIPTION OF THE GUARANTOR

### Introduction

Anglo Irish Bank Corporation plc (the “**Bank**” and the “**Guarantor**”) is an Irish licensed bank incorporated and having its headquarters in Ireland. It was incorporated on 17th November, 1964. It operates and is regulated as such under the supervision, as the regulator, of the Irish Financial Services Regulatory Authority (“**IFSRA**”) as a constituent part of the Central Bank and Financial Services Authority of Ireland (“**CBOI**”), further details of which are set out under “*Regulatory Framework for Irish Banks*” below. The business of the Bank is directed and managed by a board of directors, details of which are set out below. Details of the Bank’s business operations and subsidiaries are also set out below.

### Regulatory Framework for Irish Banks

The principal legislation governing the regulation and control of the Irish banking system is the Central Bank Act 1971 as amended by the Central Bank Acts 1989, 1997 and 1998. The Central Bank Act of 1971 gave the CBOI similar powers to those of other banking-supervisory authorities in Europe. The 1989 and 1997 Acts further strengthened the CBOI’s powers in relation to the supervision of banks and other related activities and the 1998 Act introduced provisions to allow the Central Bank membership of the European Systems of Central Banks. The various Central Bank Acts were supplemented by the Central Bank and Financial Services Authority Act 2003 under which the IFSRA became the licensing and controlling authority for all financial institutions in Ireland.

The relevant legislation contains extensive provisions relating to, *inter alia*, the granting and revocation of licences with the consent of the Minister of Finance, the obtaining of information from credit institutions, the undertaking of on-site inspections, and supervision generally of the activities of credit institutions. As many of the provisions are of a discretionary nature, the regulator has set down requirements and standards which it uses to guide it in the assessment of applications for licences and in the supervision of the business carried on by credit institutions. These requirements were last revised and updated in April 1998.

### Ownership

IFSRA operates strict criteria in relation to the ownership of licensed banks. In general, IFSRA stipulates that the ownership of banks be vested in one or more banks or other financial institutions of standing or, alternatively, that there be a wide spread of ownership. The Central Bank Act of 1989 gives IFSRA extensive legal powers to limit the acquisition of shares in a bank in excess of 10 per cent. of share capital.

### Capital Adequacy

The capital adequacy measures included in the European Union Own Funds and Solvency Ratio Directives were adopted in 1991. Specifically, a capital adequacy ratio based on the relationship of capital to weighted risk assets of between 8 per cent. and 12 per cent. is stipulated for each licensed bank.

### Risk Assets

A licensed bank must maintain a diversified portfolio of risk assets, and there are limits on the maximum exposure permissible in any one economic sector or to any one borrower, or to what is considered by IFSRA to be an associated group of borrowers.

### Liquidity

A holder of a licence must observe such minimum prudential liquidity ratios as are determined by IFSRA from time to time (the currently applied ratio being 25 per cent.). In particular, it must establish appropriate policies with regard to the management of its liquidity and ensure that adequate internal systems are created to monitor and control maturity mismatches between a bank’s assets and liabilities, to the satisfaction of IFSRA.

### *Inspections*

The Central Bank Act 1971 gives explicit power to the CBOI to conduct on-site inspections of banks. Such on-site inspections of all banks have been routinely and frequently conducted by the CBOI since 1971 and from 1st May, 2003 will be undertaken by IFSRA.

### *Other Controls*

IFSRA requires that banks have in place sufficient management and internal controls:

- (i) to provide for ongoing control and monitoring of foreign exchange operations;
- (ii) to assess and control all off-balance sheet activities; and
- (iii) to determine and assess on an ongoing basis the degree of interest rate risk to which a bank is exposed.

### *Connected Assets*

Guidelines set out limits on the extent to which risk assets can be employed in non-financial businesses in which a licence holder has a major interest. Beneficial ownership of 10 per cent. or more of the equity of a business, together with membership of the Board, is considered by IFSRA to be a major interest. The guidelines also specify limits on the extent to which risk assets can be employed with any one of the bank's directors or significant shareholders, including, in either case, funds employed with businesses in which the director or significant shareholder has a major interest (as already defined).

### *Deposit Protection Scheme*

The European Communities (Deposit Guarantee Schemes) Regulations, 1995 (as amended by the Central Bank Act, 1997 and the European Communities (Deposit Guarantee Schemes) Regulations, 1999) set out the terms and conditions governing deposit protection in Ireland. The Irish deposit protection scheme is funded by credit institutions authorised by IFSRA. The funding for the scheme is based on a contribution by licence holders to a deposit protection account maintained at the CBOI at the rate of 0.2 per cent. of the total deposits (excluding interbank deposits and negotiable certificates of deposit) of any currency held by the licence holder at its branches in the European Union.

The scheme guarantees payments in respect of 90 per cent. of the aggregate deposits from a depositor (subject to a maximum payment of €20,000) in the event of a bank failure. A further additional feature of the scheme is that the regulator may, at its discretion and to such extent as it may deem proper, charge on the deposit protection account any payment which, in its opinion, was applied to promote the orderly and proper regulation of banking. In other words, the regulator has the power to use the funds of the deposit protection account to rescue a bank if it considers it to be desirable to do so.

### **History of Anglo Irish Bank Corporation plc**

Anglo Irish Bank Corporation plc is one of the four publicly quoted Irish banking groups. It is engaged in the areas of business banking, treasury and wealth management. The Bank currently has operations in Ireland, the UK, the US, the Isle of Man, Austria and Switzerland.

The history of the Bank goes back to its foundation in 1964 under the name City of Dublin Bank Limited ("CDB"). In 1971 it became a publicly listed company with a quotation on the London and Irish Stock Exchanges. Following the enactment of the Central Bank Act 1971, CDB was granted a banking licence by the CBOI in 1972. In 1978 CDB acquired Anglo Irish Bank Ltd. which it maintained as a separate subsidiary. In 1984 CDB entered the UK market through the acquisition of Industrial Funding Trust Limited. In 1986 CDB and Anglo Irish Bank Ltd. were merged into one entity, the Bank.

The Bank has grown its business both organically and by way of selective acquisition of businesses and/or loan portfolios complementary to its own activities. Each of these acquisitions were subject to a thorough due diligence review and in the cases of loan portfolios acquired, all loans were subject to review in accordance with the Bank's credit criteria.

In Ireland such acquisitions have included Irish Bank of Commerce Limited (1988), a loan portfolio from Hill Samuel (Ireland) (1994), Ansbacher Bankers Limited (1995) and Smurfit Paribas Bank Limited (1999).

In the UK the Bank has acquired loan portfolios from Chemical Bank (1993), CIBC (1994), Allied Dunbar Assurance plc (1995) and Hypovereinsbank (1999), and UK corporate foreign exchange contracts and a customer list from Hambros Bank (1998).

The Bank established its banking subsidiary in the Isle of Man in 1988. It added to this with the acquisition in the Isle of Man of Mees Pierson's trust and investment business in 1998 and Ernst & Young's trust and corporate services business in 2002.

The Bank's involvement in Austria commenced with the purchase of a private banking operation Royal Trust Bank (Austria) A.G., a subsidiary of the Royal Bank of Canada in January 1995. In September 1998 the Bank completed the acquisition of Credit Lyonnais (Austria) A.G., a company primarily engaged in the provision of funds management and private banking services. The two businesses in Austria were merged and now operate under the Anglo Irish name.

In April 2001 the Bank acquired Bank Marcuard Cook a private banking business located in Geneva. This operation was subsequently renamed Anglo Irish Bank (Suisse) S.A.

### **Overview of Business**

The Bank had total assets of €30,376.8 million and €2,425.4 million of capital resources as at 31st March, 2004. It operates out of 6 branches in Ireland, 5 offices in Great Britain and has subsidiaries based in the UK, the Isle of Man, Austria and Switzerland and a representative office in Boston. As at 31st March, 2004, the Bank employed 1,126 people.

The Bank's three principal activities are:

#### *(a) Business Banking*

The Bank focuses on providing credit-related products including loans, guarantees, foreign currency loans, fixed rate loans, invoice discounting, asset finance products and secured personal loans. The Bank targets medium/small size corporates, professionals and high net worth individuals in Ireland, the UK and the US. Security is required for almost all lending. The Bank does not lend for working capital purposes to the manufacturing sector, nor does it grant credit for primary agriculture or unsecured personal lending.

#### *(b) Treasury*

The Bank offers a full range of treasury services, including deposits, commercial paper, foreign exchange, futures and swaps to its client base. The treasury division is responsible for the funding, liquidity and asset/liability management of the Bank and achieving maximum returns on free funds in a capital-efficient manner. Trade Finance and an investment portfolio are two more recent, but growing, activities in the treasury division.

#### *(c) Wealth Management*

Reflecting the extent and diversity of activities the Bank established a separate wealth management division in April 2002. These operations are conducted in Ireland, the Isle of Man, Austria and Switzerland and cover private banking, funds management, wealth management and retirement planning.

### **Capital Adequacy**

IFSRA specifies the minimum capital requirements for banks in accordance with the terms of European Union directives and the Bank for International Settlements to ensure that the assets of a bank are backed by appropriate levels of capital. IFSRA has specified a minimum capital adequacy being the ratio of total capital to risk weighted assets. Total capital is defined as the sum of (i) Tier 1 capital plus Tier 2 capital less certain deductions in respect of items such as goodwill and shortfalls in the market value of investments and (ii) with the prior approval of IFSRA, Tier 3 capital. Tier 1 capital comprises share capital, reserves and other capital instruments, Tier 2 capital comprises mainly debt instruments of

a capital nature, including subordinated debt having a maturity of at least five years. Tier 3 capital is intended to cover risks associated with the relevant bank's trading book and foreign exchange and commodity risks only and is comprised of subordinated debt having a maturity of at least two years and certain net trading book profits. The risk assets are given weightings according to perceived risk; for example, residential mortgages are weighted at 50 per cent. whereas most loans and advances are weighted at 100 per cent.

The Bank's capital adequacy position over the past two and a half years has been as follows<sup>1</sup>:

	Total Capital Ratio	Tier 1 Ratio
	%	%
As at 30th September, 2002 . . . . .	12.7	8.2
As at 30th September, 2003 . . . . .	11.5	8.5
As at 31st March, 2004 . . . . .	10.4	8.0

<sup>1</sup> Source: Derived from the Bank's unaudited Management Accounts and records.

### Liquidity

IFSRA has the power to impose liquidity ratios on licensed banks and monitor that these ratios are consistently maintained in each case as it deems fit, for the purposes of ensuring adequate supervision of the liquidity of such banks. The Bank's liquidity ratio has been significantly above IFSRA's requirements. The Bank's liquidity as at 30th September, 2002 and as at 30th September, 2003 was 31.7 per cent. and 32.0 per cent. respectively and as at 31st March, 2004 was 31.23 per cent.

### Funding

The Bank's funding is derived from a strong and well diversified deposit base. Reflecting this diversity the Bank has established deposit bases in Ireland, the UK, the Isle of Man and Austria. Deposits are sourced from the private, commercial and institutional and personal sectors.

The Bank is a significant player in the international interbank markets where it is an active deposit taker. In addition the Bank has in recent years become more active in diversifying funding to a capital markets investor base through the establishment of an MTN programme, an ECP programme, a French CD Programme and the completion of two securitisation transactions.

The above funding mix is supplemented with a series of committed banking facilities. As at 31st March, 2004 the Bank had €1 billion of undrawn committed facilities with maturities out to two years. If these undrawn facilities were included in the calculation of liquidity as at 31st March, 2004 the liquidity ratio at that date would have been 35.0 per cent.

### Asset Quality

In line with regulatory requirements the Bank maintains a diversified asset portfolio. Furthermore, it is the Bank's lending policy that no loan is advanced which exceeds 1 per cent. by value of the total loan portfolio. The Bank's normal lending policy includes a maximum loan to collateral value ratio of 75 per cent. by value.



A sectoral analysis of the loan portfolio of the Bank as at 31st March, 2004 is set out below<sup>2</sup>:

	Loan Portfolio
	%
Professional . . . . .	28
Transport . . . . .	4
Industrial . . . . .	5
Leisure/Entertainment . . . . .	11
Wholesale/Distribution . . . . .	12
Retail . . . . .	15
Construction/Residential . . . . .	10
Financial . . . . .	3
Bridging . . . . .	6
Other . . . . .	6
Total . . . . .	100

<sup>2</sup> Source: Derived from the Bank's unaudited Management Accounts and records.

The Bank classifies loans using the following categories:

- (i) "performing";
- (ii) "watch list"; and
- (iii) "bad debt".

All loans will be classified as performing unless they are classified either in the watch list or bad debt categories.

Watch list status will apply where a borrower fails to make a scheduled payment or breaches a financial covenant and the Bank is of the opinion that this is indicative of a problem being experienced by the borrower which requires monitoring and hands-on management by the Bank to ensure that loan servicing and repayment are completed on schedule.

If on the other hand the Bank considers that the failure by a borrower to make a scheduled payment is indicative of a fundamental problem with the borrower's ability to service and/or repay a loan, the borrower will be classified as bad debt. A prudent interest and/or capital provision will be put in place and appropriate legal action will then be taken with a view to minimising any potential loss. It is the Bank's policy that non-performing loans are put on non-accrual status.

The Bank's non-performing loans as a percentage of the Bank's total loan portfolio was 0.7 per cent. as at each of 30th September, 2002, 30th September, 2003 and 31st March, 2004.

The total accumulated provisions as a percentage of the Bank's total loan portfolio as at 30th September, 2002 was 1.8 per cent., as at 30th September, 2003 was 1.3 per cent and as at 31st March, 2004 was 1.1 per cent.



## Subsidiaries

As at the date hereof, the Bank's principal wholly-owned subsidiaries include:

Principal Subsidiary Undertaking	Holding	Principal Activity	Country of Incorporation
Anglo Irish Asset Finance plc . . . . .	100%	Development and Asset Finance	United Kingdom
Anglo Irish Asset Management Limited . . . . .	100%	Fund Management	Ireland
Anglo Irish Bank (Austria) A.G.	100%	Banking	Austria
Anglo Irish Bank Corporation (I.O.M.) P.L.C. . . . .	100%	Banking	Isle of Man
Anglo Irish Bank (Suisse) S.A. . . . .	100%	Banking	Switzerland
Anglo Irish Capital Funding Limited	100%	Finance	Cayman Islands
Anglo Irish Limited . . . . .	100%	Finance	Isle of Man
Anglo Irish Trust Company . . . . .	100%	Finance	Isle of Man
Anglo Irish International Financial Services Limited . . . . .	100%	Finance	Ireland
Anglo Irish Trust (IOM) Limited	100%	Trust Services	Isle of Man
Buyway Group Limited . . . . .	100%	Investment Holding	Ireland
Irish Buyway Limited . . . . .	100%	Finance	Ireland
Knightsdale Limited . . . . .	100%	Finance	Ireland
Anglo Aggmore Limited Partnership	75%	Property Trading	United Kingdom
Anglo Irish Assurance Company Limited . . . . .	100%	Life Assurance and Pensions	Ireland
CDB (U.K.) Limited . . . . .	100%	Investment Holding	United Kingdom
Sparta Financial Services Limited	100%	Finance	Ireland
Steenwal B.V. . . . .	100%	Investment Holding	The Netherlands
Anglo Irish Property Lending Limited	100%	Investment Property Finance	United Kingdom

## Shareholders

The Bank's shares are publicly quoted on the Irish and London Stock Exchanges. The Bank shareholders amount to 14,950 with approximately 90 per cent. of shares being held by financial institutions. The following interests in the ordinary share capital of the Bank had been notified to the Bank as at 31st August, 2004:

	Number of Shares	% of Issued Ordinary Share Capital
Bank of Ireland Nominees Limited <sup>3</sup> . . . . .	15,902,807	4.8%
Threadneedle Asset Management plc <sup>3</sup> . . . . .	9,821,766	2.9%

<sup>3</sup> These shareholders have informed the Bank that their holdings are not beneficially owned but are held on behalf of a range of clients, none of whom, so far as the directors are aware, hold more than 3 per cent. of the issued ordinary share capital.

## Directors

The following table sets out the current members of the Bank's Board of Directors at the date of this document and their principal outside activities:

Name	Function within the Bank	Principal Outside Activity
Peter Murray	Chairman (Non-Executive)	Full-time business and financial consultant
Sean FitzPatrick	Chief Executive	
Michael Jacob	Director (Non-Executive)	Chairman of the Lett Group of Companies, Deputy Chairman of SIAC Construction Limited, President of the Royal Dublin Society
William McAteer	Finance Director	
Tiarnan O Mahoney	Chief Operating Officer	
John Rowan	Managing Director of the Bank's operations in the United Kingdom	
Tom Browne	Head of the Bank's Wealth Management Division	
Patrick Wright	Director (Non-Executive)	Chairman of the RTE Authority, Chairman of Aon McDonagh Boland Group, Deputy Chairman of Aer Lingus Group, a Trustee of the Irish Business & Employers Confederation
Dr. Anton Stanzel	Director (Non-Executive)	Full-time business and financial consultant
Ned Sullivan	Director (Non-Executive)	Chairman of Greencore plc
Fintan Drury	Director (Non-Executive)	Chairman of sports management company, DSMI and Chairman of Paddy Power plc
Patricia Jamal	Director (Non-Executive)	Director of Aston Mansfield Charitable Trust
Gary McGann	Director (Non-Executive)	Chief Executive Officer, Jefferson Smurfit Group, incoming President of Irish Business & Employers Confederation

The business address of each of the Directors is Stephen Court, 18/21 St. Stephen's Green, Dublin 2.

## Recent Developments

In June 2004, the Bank raised euro 750,000,000 of regulatory capital through the issuance of dated subordinated notes.

The Board of Directors of the Bank announced on 15th July, 2004 the appointment of Sean FitzPatrick to succeed Peter Murray as non-executive chairman in January 2005.

The website address of the Bank is [www.angloirishbank.com](http://www.angloirishbank.com). The information contained therein does not form part of this Offering Circular and should not be used for the purposes of making any investment decision with regard to the offering of the Preferred Securities.

On 22nd September, 2004 the Board appointed David Drumm as Chief Executive Officer Designate to succeed Sean Fitzpatrick on his retirement in January 2005.

## Consolidated Profit and Loss Account

	For the 6 months ended 31st March, 2004  (unaudited) (€ million)	For the year ended 30th September, 2003  (€ million)	For the year ended 30th September, 2002  (€ million)
<b>Interest Receivable and Similar Income</b>			
Interest Receivable and Similar Income arising from			
Debt Securities and other Fixed Income Securities	22.2	40.7	47.1
Other Interest Receivable and Similar Income . .	610.6	1,019.9	943.0
Interest Payable and Similar Charges . . . . .	(390.2)	(646.6)	(643.2)
<b>Net Interest Income</b> . . . . .	242.6	414.0	346.9
<b>Other Income</b>			
Fees and Commissions Receivable . . . . .	86.8	152.3	123.3
Fees and Commissions Payable . . . . .	(7.8)	(12.7)	(11.6)
Dealing Profits . . . . .	7.0	6.4	3.5
Other Operating Income . . . . .	5.1	11.2	9.4
<b>Total Income</b> . . . . .	333.7	571.2	471.5
<b>Operating Expenses</b>			
Administrative Expenses . . . . .	88.8	155.0	132.9
Depreciation and Goodwill Amortisation . . . .	6.7	12.2	11.7
Provisions for Bad and Doubtful Debts			
– Specific . . . . .	9.6	10.1	16.3
– General . . . . .	–	47.4	49.3
	105.1	224.7	210.2
<b>Group Profit on Ordinary Activities Before Taxation</b>	228.6	346.5	261.3
Taxation on Profit on Ordinary Activities . . . .	(50.6)	(76.4)	(58.5)
<b>Group Profit on Ordinary Activities After Taxation</b>	178.0	270.1	202.8
Minority Interests . . . . .	(8.2)	(16.8)	(18.8)
<b>Group Profit Attributable to Ordinary Shareholders</b>	169.8	253.3	184.0
<b>Dividends</b> . . . . .	(25.0)	(61.6)	(40.3)
<b>Group Profit Retained for Period</b> . . . . .	144.8	191.7	143.7
<b>Basic Earnings Per Share</b> . . . . .	51.42c	78.03c	58.14c
<b>Diluted Earnings Per Share</b> . . . . .	50.42c	76.24c	56.71c
<b>Dividends Per Ordinary Share</b> . . . . .	7.52c	18.80c	12.53c

## Consolidated Balance Sheet

	As at 31st March, 2004	As at 30th September, 2003 <sup>1</sup>	As at 30th September, 2002 <sup>2</sup>
	(unaudited) (€ million)	(€ million)	restated (€ million)
<b>Assets</b>			
Loans and Advances to Banks . . . . .	6,710.8	5,798.8	3,887.8
Loans and Advances to Customers . . . . .	20,511.0	17,268.5	13,356.5
Securitised Assets . . . . .	789.9	808.0	940.4
Less: Non-Returnable Proceeds . . . . .	757.2	(777.1)	(903.4)
	32.7	30.9	37.0
Debt Securities . . . . .	1,635.3	1,365.2	1,456.4
Equity Investment Shares . . . . .	6.8	4.5	2.4
Intangible Fixed Assets – Goodwill . . . . .	72.0	73.8	61.5
Tangible Fixed Assets . . . . .	32.0	32.9	28.0
Other Assets . . . . .	491.4	417.0	269.1
Prepayments and Accrued Income . . . . .	336.3	256.8	233.8
	29,828.3	25,248.4	19,332.5
Life Assurance Assets Attributable to Policyholders . . . . .	548.5	271.7	79.2
<b>Total Assets</b> . . . . .	<b>30,376.8</b>	<b>25,520.1</b>	<b>19,411.7</b>
<b>Liabilities</b>			
Deposits by Banks . . . . .	2,915.0	3,290.1	3,097.4
Customer Accounts . . . . .	17,376.9	14,577.6	11,836.1
Debt Securities in Issue . . . . .	6,453.7	4,557.9	1,919.2
Other Liabilities . . . . .	266.2	305.6	233.6
Accruals and Deferred Income . . . . .	386.3	267.1	226.6
Provisions for Liabilities and Charges . . . . .	4.8	4.8	4.9
	27,402.9	23,003.1	17,317.8
<b>Capital Resources</b>			
Subordinated Liabilities . . . . .	421.1	429.0	467.3
Perpetual Capital Securities . . . . .	676.7	645.0	564.7
Equity and Non-Equity Minority Interest . . . . .	255.4	260.1	279.2
	1,353.2	1,334.1	1,311.2
Called Up Share Capital . . . . .	106.7	105.8	104.1
Share Premium Account . . . . .	156.9	154.7	148.9
Other Reserves . . . . .	0.9	0.9	0.9
Profit and Loss Account . . . . .	807.7	649.8	449.6
<b>Total Shareholders' Funds (All Equity Interests)</b> . . . . .	<b>1,072.2</b>	<b>911.2</b>	<b>703.5</b>
<b>Total Capital Resources</b> . . . . .	<b>2,425.2</b>	<b>2,245.3</b>	<b>2,014.7</b>
	29,828.3	25,248.4	19,332.5
Life Assurance Assets Attributable to Policyholders . . . . .	548.5	271.7	79.2
<b>Total Liabilities</b> . . . . .	<b>30,376.8</b>	<b>25,520.1</b>	<b>19,411.7</b>
<b>Contingent Liabilities</b>			
Guarantees . . . . .	801.6	764.6	655.5
<b>Commitments</b>			
Commitments to Lend . . . . .	3,416.0	3,037.0	2,530.8

<sup>1</sup> Restated to reflect the implementation of UITF Abstract 38 – Accounting for ESOP Trusts.

<sup>2</sup> Restated to reflect the implementation of UITF Abstract 38 – Accounting for ESOP Trusts and the adoption of FRS 19 – Deferred Tax.

## Reconciliation of movements in retained profits

	For the 6 months ended 31st March, 2004	For the year ended 30th September, 2003	For the year ended 30th September, 2002
	( <i>unaudited</i> ) (€ million)	(€ million)	(€ million)
At beginning of period as previously stated . . . .	656.0	455.7	285.3
Prior year adjustments . . . . .			
Own shares <sup>(1)</sup> . . . . .	(6.2)	(6.1)	(5.3)
Deferred tax <sup>(2)</sup> . . . . .	–	–	18.3
At beginning of period as previously stated . . . .	649.8	449.6	298.3
Group profit retained for period . . . . .	144.8	191.7	143.7
Scrip dividends . . . . .	13.6	8.6	8.4
Net movement in own shares . . . . .	(0.5)	(0.1)	(0.8)
At end of period . . . . .	807.7	649.8	449.6

Notes:

- 1 UITF 38 “Accounting for employee share ownership plan (ESOP) trusts” requires that until such time as the company’s own shares held by an ESOP trust vest unconditionally in the employees, the consideration paid for the shares should be deducted in arriving at consolidated shareholders’ funds. This reduced consolidated total assets and shareholders’ funds by EUR 6.7m at 31st March, 2004. The equivalent adjustments were EUR6.2m at 30th September, 2003 and EUR 6.1m at 30th September, 2002.  
The adoption of UITF 38 had no effect on the group profit attributable to ordinary shareholders in these periods.
- 2 The group adopted FRS 19 “Deferred Tax”. Under this accounting standard full recognition must be given to the tax value of timing differences between profits stated in the accounts and profits computed for taxation purposes. Previously deferred tax was only recognised where there was a reasonable probability that a tax asset or liability was likely to arise in the foreseeable future on these timing differences and deferred tax assets could not be recognised where they would be replaced by equivalent debit balances.  
As a consequence of adopting FRS 19 deferred tax assets are recognised on all general bad debt provisions in the group. The implementation of the standard led to an increase in deferred tax assets and shareholders’ funds of EUR18.3m at 30th September, 2001.
- 3 The full financial statements for the years ended 30th September, 2002 and 30th September, 2003 received unqualified auditors’ opinions and have been filed with the Registrar of Companies in Ireland.

## TAXATION

*The following is a summary of certain U.K. and Irish taxation considerations relevant to Holders for the purchase, ownership and disposition of Preferred Securities. This summary addresses only the taxation consequences to holders that acquire Preferred Securities as absolute beneficial owners pursuant to the offering at the initial offering price and does not apply to certain classes of holders such as dealers.*

*This summary is based on U.K. and Irish taxation law and practice in force at the date of this Offering Circular.*

*This summary does not address the position of Holders who are resident in the U.K or Ireland or have some connection with the UK or Ireland beyond the holding of Preferred Securities.*

**THIS SUMMARY IS FOR GENERAL INFORMATION ONLY BASED ON LAW AND PRACTICE AT THE DATE HEREOF IN THE UNITED KINGDOM AND IRELAND AND IS NOT EXHAUSTIVE. PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT WITH THEIR OWN TAXATION ADVISERS AS TO THE TAXATION CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF PREFERRED SECURITIES, INCLUDING THE EFFECT OF TAX LAWS IN COUNTRIES OTHER THAN THE UNITED KINGDOM AND IRELAND.**

### United Kingdom

#### (a) UK Taxation Treatment for Non-UK Residents

Non-UK tax-resident corporate or individual Holders which hold their interest in Preferred Securities as an investment should be liable to UK taxation only to the extent that UK taxation is deducted at source from any payment to such a Holder made in respect of the Preferred Securities.

The same treatment should apply to a non-UK tax-resident corporate or individual Holder which holds its interest in the Preferred Securities as a trading asset, provided that the Issuer is not carrying on its business as a trade or a venture in the nature of a trade and the Holder does not otherwise carry on a trade in the UK through a branch or agency through or from which the Preferred Securities are held or the income from them arises (or, where that Holder is a company, that Holder does not carry on a trade in the United Kingdom through a permanent establishment through or from which the Preferred Securities are held or the income from them arises).

#### (b) Distributions on the Preferred Securities

The Guarantor understands that the Issuer should be classified as a partnership for UK taxation purposes and should not constitute a “unit trust scheme” or an “offshore fund” for the purposes of UK taxation. On the basis that the Issuer is treated for the purposes of UK taxation as a partnership, payments of Distributions on Preferred Securities may be made without withholding for or on account of UK taxation.

#### (c) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty will be chargeable in respect of the issue of Preferred Securities to a Holder. Transfers of the Preferred Securities within a clearing system will not be chargeable to UK stamp duty unless such transfer is effected by means of a written instrument. Although a liability to UK stamp duty may arise in respect of such a written instrument, it is not likely that any such duty will need to be paid in practice, unless the written instrument is required to be produced in the UK for official purposes.

The Guarantor understands that no liability to SDRT should arise in respect of the issue or subsequent transfer of the Preferred Securities.

### Ireland

#### (a) Withholding tax

The Guarantor understands that the Issuer should be classified as a partnership for Irish taxation purposes. On this basis, payments of Distributions on Preferred Securities may be made without withholding for or on account of Irish taxation.



Any payments made under the Subordinated Guarantee in respect of interest will be subject to Irish withholding tax if the payments are regarded as having an Irish source. It is not likely that the payments would be regarded as having an Irish source, on the basis that the Issuer is established under the law of England and Wales, the governing law of the Preferred Securities is English and the Subordinated Notes is issued by a non-Irish entity.

**(b) Direct taxation of investor**

A non-Irish resident investor may be liable to Irish income tax on interest payments on the Preferred Securities or payments made under the Subordinated Guarantee in respect of interest, if in either case the payments are regarded as having an Irish source. For the reasons outlined in the previous paragraph, it is not likely that the payments would be regarded as having an Irish source.

**(c) Stamp Duty**

No stamp duty is payable on the transfer of Preferred Securities, except if a written instrument (a) is executed in Ireland or (b) wherever the instrument is executed, it relates to any property situated in Ireland or any matter or thing done or to be done in Ireland. The circumstances under (b) are unlikely to arise.

**Netherlands**

**(a) General**

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Preferred Securities for residents of the Netherlands. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Preferred Securities. This summary does not address the Netherlands tax consequences of a holder of Preferred Securities who holds, alone or together with his or her partner or certain other related persons, directly or indirectly, 5 percent or more of the Preferred Securities of the Issuer or the rights to acquire, directly or indirectly, such interest. Each prospective holder of Preferred Securities should consult a professional adviser with respect to the tax consequences of an investment in the Preferred Securities. The discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on the Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Offering Circular, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

For the purpose of the principal Netherlands tax consequences described herein, it is assumed that the Issuer is not a resident of the Netherlands for Netherlands tax purposes.

**(b) Netherlands Withholding Tax**

No Netherlands withholding tax is due upon payments on the Preferred Securities.

**(c) Netherlands Corporate Income Tax and Individual Income Tax**

*Residents of the Netherlands*

If the holder of Preferred Securities is subject to Netherlands corporate income tax and the Preferred Securities are attributable to its (deemed) business assets, income derived from the Preferred Securities and gains realised upon the redemption and disposal of the Preferred Securities are generally taxable in the Netherlands.

If the holder of Preferred Securities is an individual, resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder of Preferred Securities who has opted to be taxed as a resident of the Netherlands), the income derived from the Preferred Securities and the gains realised upon the redemption and disposal of the Preferred Securities are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the holder of Preferred Securities has an enterprise or an interest in an enterprise, to which enterprise the Preferred Securities are attributable; or
- (ii) such income or gains qualify as “income from miscellaneous activities” (resultaat uit overige werkzaamheden) within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities with respect to the Preferred Securities that exceed “regular, active portfolio management” (normaal, actief vermogensbeheer).

If neither condition (i) nor condition (ii) applies to the individual holder of Preferred Securities, the actual income derived from the Preferred Securities and the actual gains realised with respect to the Preferred Securities will not be taxable. Instead, such holder of Preferred Securities will be taxed at a flat rate of 30% on deemed income from “savings and investments” (sparen en beleggen) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual’s “yield basis” (rendementsgrondslag) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual’s yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Preferred Securities will be included in the individual’s yield basis.

#### **(d) Netherlands Gift and Inheritance Taxes**

##### *Residents of the Netherlands*

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Preferred Securities by way of a gift by, or on the death of, a holder of Preferred Securities who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

#### **EU Directive on the Taxation of Savings Income**

On 3rd June, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1st July, 2005, 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, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) 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).

## SUBSCRIPTION AND SALE

Pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 28th September, 2004, ABN AMRO Bank N.V. and Merrill Lynch International (the “**Managers**”) have jointly and severally agreed to subscribe for the Preferred Securities at a price of €1,000 per Preferred Security. The Managers will receive a combined selling, management and underwriting commission of €20 per Preferred Security. In addition, the Managers shall be reimbursed for certain of their expenses in connection with the issue of the Preferred Securities. The Managers are entitled to terminate the Subscription Agreement in certain circumstances before the issue of the Preferred Securities.

### United States

The Preferred Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Preferred Securities during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### Ireland

Each Manager has represented and agreed that it has not offered or sold and will not offer or sell the Preferred Securities in Ireland, other than to a person whose ordinary business it is to buy or sell shares or debentures whether as principal or agent or other than any offer to which the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 would not apply. Each Manager has also represented and agreed that it will not offer or sell the Preferred Securities in Ireland otherwise than in conformity with the provisions of the Irish Investment Intermediaries Act, 1995 (as amended) including, without limitation, Sections 9, 23 (including any advertising restrictions made thereunder) and Section 37 (including any codes of conduct issued thereunder) thereof, and generally will not do anything in relation to the Preferred Securities otherwise than in circumstances which do not constitute an offer to the public within the meaning of the Companies Acts.

### United Kingdom

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement:

- (a) it has not offered or sold, and prior to the expiry of six months from the Closing Date will not offer or sell, any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the U.K. within the meaning of the Public Offers of Securities Regulations 1995;
- (b) it has only offered or sold and will only offer or sell Preferred Securities to (a) investment professionals falling within article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CIS Order**”) and article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the “**Financial Promotion Order**”), who have professional experience of participating in unregulated

schemes and of matters relating to investments, and/or (b) persons falling within article 22(2) of the Promotion of CIS Order and article 49(2) of the Financial Promotion Order;

- (c) it has in place and will have in place proper systems and procedures to prevent any person other than those persons described in (b) above from participating in the Preferred Securities;
- (d) 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 of the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Guarantor; and
- (e) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

### **Grand Duchy of Luxembourg**

Each Manager has agreed that the Preferred Securities may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and, neither this Offering Circular nor any other circular, prospectus, form of application, advertisement or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except for the purpose of the listing of the Preferred Securities on the Luxembourg Stock Exchange and except in circumstances where the Luxembourg legal requirements for a public offer of securities have been met first.

### **General**

No action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantor or the Managers that would permit a public offering of the Preferred Securities or possession or distribution of any offering material relating thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Preferred Securities or have in their possession or distribute such offering material, in all cases at their own expense.

## GENERAL INFORMATION

### Authorisations

The Limited Partnership Agreement to establish the Issuer was duly authorised by a resolution of a duly authorised committee of the board of directors of the General Partner passed on 24th September, 2004.

The entering into of the Limited Partnership Agreement and the Subordinated Guarantee by the Guarantor was authorised by a resolution of a duly authorised committee of the board of directors of the Guarantor passed on 24th September, 2004.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer and/or the Guarantor under the laws of England and Wales and/or Ireland have been given for the issue of the Preferred Securities and for the Issuer, the General Partner and the Guarantor, as the case may be, to undertake and perform their respective obligations as appropriate under the Limited Partnership Agreement, the Subscription Agreement, the Agency Agreement, the Preferred Securities and the Subordinated Guarantee.

### Listing

Application has been made to list the Preferred Securities on the Luxembourg Stock Exchange. The quotation on the Luxembourg Stock Exchange of the Preferred Securities will be expressed in Euro as a percentage of the liquidation preference of €1,000 per Preferred Security. The Preferred Securities will be considered as debt securities for the purpose of the Luxembourg Stock Exchange Rules and Regulations. At the date hereof, it is not intended to list the Preferred Securities on any other stock exchange (other than Euronext Amsterdam as referred to below).

In connection with the application to list the Preferred Securities on the Luxembourg Stock Exchange, a legal notice relating to their issue will be filed, together with copies of the Limited Partnership Agreement, with the Luxembourg Trade and Companies Register ("*Registre de commerce et des sociétés, Luxembourg*") prior to the listing of the Preferred Securities, and copies thereof may be obtained on request, against payment of the customary charges.

Application has been made to list the Preferred Securities on Euronext Amsterdam.

### Clearing Systems

The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0201790317 and the Common Code is 020179031. The Fondscode on Euronext Amsterdam is 14961.

### No significant change

Save as disclosed herein, there has been no significant change in the financial or trading position of the Guarantor or the Group since 31st March, 2004 or of the Issuer since its establishment and there has been no material adverse change in the financial position or prospects of the Guarantor or the Group since 30th September, 2003 in the case of the Guarantor and the Group and since its establishment in the case of the Issuer.

### Litigation

There are no legal, arbitration or administrative proceedings involving any of the Issuer, the Guarantor or any Subsidiary of the Group (and no such proceedings are pending or threatened) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer, the Guarantor or any Subsidiary of the Group.

### Accounts

The auditors of the Guarantor are Ernst & Young, Registered Auditors, who have audited the Guarantor's accounts, without qualification, in accordance with generally accepted auditing standards in Ireland for each of the three financial years ended on 30th September, 2003.

The auditors' report on the Guarantor in respect of the financial year ended 30th September, 2003 states that the report is made solely to the Guarantor's members, as a body, in accordance with Section 193 of the Companies Act 1990, that the audit report has been undertaken so that Ernst & Young might state to the Guarantor's members those matters which Ernst & Young are required to state to them in an Auditors' report and for no other purpose and that to the fullest extent permitted by law, Ernst & Young do not accept or assume responsibility to anyone other than the Guarantor and the Guarantor's members as a body for their audit work, for the Auditors' report or for the opinions Ernst & Young have formed.

No financial statements of the Issuer have yet been prepared. Ernst & Young has been appointed as auditors of the Issuer.

## **Documents**

Copies of the following financial statements will be available free of charge from the specified offices of the Paying and Transfer Agents for so long as any of the Preferred Securities remains outstanding:

- (a) the audited financial statements of the Guarantor in respect of the financial years ended 30th September, 2003 and 30th September, 2002 respectively. The Guarantor currently prepares audited consolidated accounts on an annual basis; and
- (b) the most recently published audited annual consolidated financial statements of the Guarantor, the most recently published consolidated financial statements (if any) of the Guarantor and the most recently published unaudited interim consolidated financial statements of the Guarantor; and
- (c) the Memorandum and Articles of Association of the Guarantor.

The Guarantor currently prepares audited consolidated accounts and an audited non-consolidated balance sheet on an annual basis and unaudited consolidated interim accounts on a semi-annual basis. The Guarantor currently does not publish non-consolidated financial statements.

The first financial statements of the Issuer are expected to be prepared for the period ending on 30th September, 2004. Thereafter, it is intended that the Issuer will prepare audited annual financial statements, copies of which will be available at the offices of the Luxembourg Listing Agent. It is not intended that the Issuer will publish interim financial statements.

In addition, the following documents are available for inspection at the specified offices of the Paying and Transfer Agents for so long as any of the Preferred Securities remains outstanding:

- (a) the Subscription Agreement;
- (b) the Subordinated Guarantee;
- (c) the Limited Partnership Agreement;
- (d) the Administration Agreement; and
- (e) the Agency Agreement.

## **Notices**

Notices to the Holders of Preferred Securities, including notices for meetings of Holders of the Preferred Securities and non-payment of distributions or other amounts in relation to the Preferred Securities will be mailed to the holder of record and will be published, for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, in a leading Luxembourg daily newspaper, and, if and for so long as the Preferred Securities are listed on Euronext Amsterdam, in a leading newspaper of general circulation in the Netherlands, which for the time being shall be *Het Financieele Dagblad*, and in the Daily Official List of Euronext Amsterdam (*Officiële Prijscourant*). Any mailed notice shall be deemed to have been given one clear day after the date on which it was posted and any notice published in a newspaper shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.



**Additional Obligations**

If and so long as the Preferred Securities are listed on Euronext Amsterdam, the Issuer will comply with Article 2.1.20 of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam.

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