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## Terms and Conditions of the Preferred Securities

*The following, subject to alteration, are the terms and conditions of the Preferred Securities which will be endorsed on each Preferred Security in definitive form (if issued).*

The Preferred Securities are constituted by the Trust Deed. The issue of the Preferred Securities was authorised pursuant to a resolution of the Board of Directors of the Issuer passed on 22 February 2001 and the giving of the Guarantee was authorised pursuant to a resolution of a Committee of the Court of Directors of the Guarantor passed on 22 February 2001, which Committee was authorised by a resolution of the Court of Directors of the Guarantor passed on 12 December 2000. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. Copies of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement are available for inspection during normal business hours by the Holders and the Couponholders at the registered office of the Trustee, being at 7 March 2001 at 101 Barclay Street, New York, New York 10286 U.S.A., and at the specified office of each of the Paying Agents. The Holders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Calculation Agency Agreement applicable to them.

### **1. FORM, DENOMINATION AND TITLE**

#### **(a) Form and Denomination**

The Preferred Securities are serially numbered and in bearer form in the Authorised Denominations, each with Coupons and one Talon attached on issue.

#### **(b) Title**

Title to the Preferred Securities, Coupons and Talons will pass by delivery. The Issuer, the Guarantor, the Trustee and any Paying Agent may to the fullest extent permitted by applicable law deem and treat the bearer of any Preferred Security, Coupon or Talon as the absolute owner thereof (whether or not the same is overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes, and no person will incur any liability for so treating any such bearer.

### **2. STATUS, SUBORDINATION AND GUARANTEE**

#### **(a) Status and Subordination of the Preferred Securities**

- (i) The Preferred Securities constitute direct, guaranteed, unsecured, subordinated securities of the Issuer and rank *pari passu* without any preference among themselves.
- (ii) (1) *Condition of Payment by the Issuer:* The rights and claims of the Holders and the Couponholders against the Issuer under the Preferred Securities are subordinated to the claims of its Senior Creditors, in that payments in respect of the Preferred Securities (including payments to be satisfied by means of the issue of Issuer Shares in accordance with Condition 6 and any purchases made by the Issuer under Condition 8(e)) are conditional upon the Issuer being Solvent at the time of payment (or issuing such Issuer Shares or making such purchase) by the Issuer and in that no principal or Payments shall be due and payable in respect of the Preferred Securities (including the issue of Issuer Shares in accordance with Condition 6 or the making by the Issuer of any purchase under Condition 8(e)) except to the extent that the Issuer could make such payment (or effect such issue of Issuer Shares or purchase) and still be Solvent immediately thereafter.
- (2) *Winding-Up Claims of the Issuer:* Amounts in respect of principal or Payments in respect of which the conditions referred to in Condition 2(a)(ii)(1) are not satisfied on the date upon which the same would otherwise be due and payable ("**Winding-Up Claims of the Issuer**") will be payable by the Issuer both (x) in a winding-up of the Issuer as provided in Condition 3(a) and (y) on any redemption pursuant to Condition 8(b), 8(c), 8(d) or 9(d). A Winding-Up Claim of the Issuer shall not bear interest.

#### **(b) Status and Subordination of the Guarantee**

- (i) The Guarantor has (subject as provided in paragraph (iii) below) in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all principal and Payments and other sums from

time to time payable by the Issuer in respect of the Preferred Securities and the Coupons and all other moneys payable by the Issuer under or pursuant to the Trust Deed. The obligations of the Guarantor under such guarantee (the “Guarantee”) constitute direct, unsecured, subordinated obligations of the Guarantor.

- (ii) For the purpose of the obligations of the Guarantor under the Guarantee, payments of principal and/or Payments in respect of the Preferred Securities:
  - (1) shall be deemed to be due and payable in full by the Issuer notwithstanding that, as a result of the operation of Conditions 2(a) and/or 3(a), they are not in fact so due and payable; and
  - (2) shall not be deemed to be due and payable by the Issuer if any of Conditions 4(a), 4(b), 6(d), 6(e) or 9(d) apply.
- (iii) (1) *Condition of Payment by the Guarantor:* The rights and claims of the Holders and the Couponholders against the Guarantor under the Guarantee are subordinated to the claims of its Senior Creditors, in that payments of amounts due under the Guarantee (including payments to be satisfied by means of the issue of Ordinary Stock in accordance with Condition 7 and any purchases made by the Guarantor under Condition 8(e)) are conditional upon the Guarantor being Solvent at the time of payment (or issuing such Ordinary Stock or making such purchase) by the Guarantor and in that no amounts shall be due and payable (including the issue of Ordinary Stock in accordance with Condition 7 or the making by the Guarantor of any purchase under Condition 8(e)) except to the extent that the Guarantor could make such payment (or effect such issue of Ordinary Stock or purchase) and still be Solvent immediately thereafter.
- (2) *Winding-Up Claims of the Guarantor:* Amounts payable under the Guarantee in respect of which the conditions referred to in Condition 2(b)(iii)(1) are not satisfied on the date upon which the same would otherwise be due and payable (“Winding-Up Claims of the Guarantor”) will be payable by the Guarantor in a winding-up of the Guarantor as provided in Condition 3(b). A Winding-Up Claim of the Guarantor shall not bear interest.
- (iv) The Guarantor’s obligations to issue Ordinary Stock in accordance with Condition 6 or Condition 7 are also subject to the Guarantor being Solvent at the time of such issue and immediately thereafter. No amounts shall be due and payable by the Guarantor under the Guarantee if the Guarantor is obliged or has elected to satisfy any Guarantee Coupon Payment through the issue of units of Ordinary Stock to the Trustee in accordance with Condition 7 and the circumstances referred to in Conditions 7(d), 7(e) or 9(d) then apply.

### **(c) Set-off**

Subject to applicable law, no Holder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer or the Guarantor arising under or in connection with the Preferred Securities, the Coupons or the Guarantee and each Holder and Couponholder shall, by virtue of his holding of any Preferred Security or Coupon and his being a beneficiary under the Guarantee, be deemed to have waived all such rights of set-off, compensation or retention.

### **(d) Retained Funds to Absorb Losses**

If the Issuer or the Guarantor is not Solvent, any sums which would otherwise be payable in respect of the Preferred Securities or the Guarantee by the Issuer or the Guarantor (as the case may be) will instead be available to meet the losses of the Issuer or the Guarantor (as the case may be).

### **(e) Reports as to Solvency**

A report confirming that the Issuer or (as the case may be) the Guarantor is Solvent by any two Directors or, if the Issuer or the Guarantor (as the case may be) is being wound up, its liquidator shall, unless the contrary is proved, be treated and accepted by the Issuer, the Guarantor, the Trustee and the Holders as correct and sufficient evidence thereof.

### **3. WINDING-UP**

#### **(a) Winding-up of the Issuer**

If at any time an order is made, or an effective resolution is passed, for the winding-up of the Issuer (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business (as defined in the Trust Deed) of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed)), there shall be payable by the Issuer in respect of each Preferred Security (in lieu of any other payment by the Issuer), such amount, if any, as would have been payable to the holder of such Preferred Security if, on the day prior to the commencement of the winding-up and thereafter, such Holder were the holder of one of a class of preference shares in the capital of the Issuer having an equal right to a return of assets in the winding-up of the Issuer to, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) from time to time issued by the Issuer:

- (i) which have a preferential right to a return of assets in the winding-up over and so rank ahead of the holders of all other classes of issued shares for the time being in the capital of the Issuer, but
- (ii) which rank junior to the claims of its Senior Creditors and junior to any notional class of preference shares in the capital of the Issuer by reference to which the amount payable in respect of any subordinated debt of the Issuer in a winding-up of the Issuer is determined on the assumption that the amount that such Holder was entitled to receive in respect of such preference share on a return of assets in such winding-up, were an amount equal to the principal amount (or, if the Preferred Securities have become due and payable at the Redemption Price pursuant to any of Conditions 8(c), 8(d) or 9(d) prior to such winding-up, the Redemption Price) of the relevant Preferred Security and any other Outstanding Payments in respect of such Preferred Security together with, to the extent not otherwise included within the foregoing, the *pro rata* share of any Winding-Up Claims of the Issuer attributable to the Preferred Security.

#### **(b) Winding-up of the Guarantor**

If at any time an order is made, or an effective resolution is passed, for the winding-up of the Guarantor (except in any such case a solvent winding-up solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Guarantor of a successor in business of the Guarantor, the terms of which reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution), there shall be payable by the Guarantor in respect of each Preferred Security (in lieu of any other payment by the Guarantor), such amount, if any, as would have been payable to the Holder of such Preferred Security under the Guarantee if, on the day prior to the commencement of the winding-up and thereafter, such Holder were the holder of one of a class of preference stock in the capital of the Guarantor having an equal right to a return of assets in the winding-up of the Guarantor to, and so ranking *pari passu* with, the holders of that class or classes of preference stock (if any) from time to time issued by the Guarantor:

- (i) which have a preferential right to a return of assets in the winding-up over and so rank ahead of the holders of all other classes of issued stock for the time being in the capital of the Guarantor, but
- (ii) which rank junior to the claims of its Senior Creditors and junior to any notional class of preference stock in the capital of the Guarantor by reference to which the amount payable in respect of any Undated Subordinated Debt of the Guarantor in a winding-up of the Guarantor is determined on the assumption that the amount that such Holder was entitled to receive in respect of such preference stock on a return of assets in such winding-up, were an amount equal to the principal amount (or, if the Preferred Securities have become due and payable at the Redemption Price pursuant to any of Conditions 8(c), 8(d) or 9(d) prior to such winding-up, the Redemption Price) of the relevant Preferred Security and any other Outstanding Payments in respect of such Preferred Security together with, to the extent not otherwise included within the foregoing, the *pro rata* share of any Winding-Up Claims of the Guarantor attributable to the Preferred Security.

#### **4. DEFERRALS**

The Issuer must make each Coupon Payment on the relevant Coupon Payment Date subject to and in accordance with these Terms and Conditions. However, the Issuer may or, in the case of (a) below, shall defer a Coupon Payment and any other Payment in the following circumstances:

##### **(a) Exceptional Deferral of Payments**

- (i) If on the 20th Business Day preceding the date on which any Payment would, in the absence of deferral in accordance with this Condition 4, be due and payable (x) the Exceptional Deferral Condition is satisfied and (y) the consent of the Central Bank of Ireland for the making of such Payment has not been obtained, then such Payment shall be deferred by the Issuer giving notice to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to such date. Any Payment deferred by the Issuer under this Condition 4(a)(i) may be satisfied by the Issuer in accordance with Condition 4(a)(iv) (but not otherwise) at any time following the date on which that Payment would, but for such deferral, have been due and payable, provided that the Issuer has delivered a notice of its election to so satisfy such Payment to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Exceptionally Deferred Coupon Satisfaction Date and that, at the time of satisfying such Payment, the Exceptional Deferral Condition is not satisfied or, if the Exceptional Deferral Condition is so satisfied, the consent of the Central Bank of Ireland to the satisfaction of such payment has been obtained.
- (ii) If, following the deferral of a Payment by the Issuer under Condition 4(a)(i) the Exceptional Deferral Condition is not satisfied on the 20th Business Day preceding a subsequent Coupon Payment Date, then (unless such Payment has previously been satisfied as contemplated in Condition 4(a)(i) or the Issuer then elects to defer it pursuant to Condition 4(b)):
  - (x) the Issuer shall give not less than 16 Business Days' prior notice to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent that it intends to satisfy such Payment on such subsequent Coupon Payment Date; and
  - (y) the Issuer shall satisfy such Payment on such subsequent Coupon Payment Date in accordance with Condition 4(a)(iv).
- (iii) If any Payment is deferred pursuant to this Condition 4(a) then: (1) neither the Issuer nor the Guarantor may declare or pay a dividend or distribution (other than a dividend or distribution paid by the Issuer to the Guarantor, any holding company of the Guarantor or to another Wholly-Owned Subsidiary of the Guarantor), or, in the case of the Guarantor, make a payment under any applicable guarantee in respect of a dividend or distribution, on any of the ordinary share capital, preference share capital, ordinary stock, preference stock or other issued Tier 1 Capital of the Issuer or the Guarantor from the date on which notice is given pursuant to Condition 4(a)(i) until such time as that Exceptionally Deferred Coupon Payment is satisfied in accordance with these Conditions; and (2) no amount will be payable by way of interest on any such Exceptionally Deferred Coupon Payment, save as provided in Condition 6(e) and Condition 7(e).
- (iv) An Exceptionally Deferred Coupon Payment may only be satisfied by the Issuer by means of an issue of Issuer Shares in accordance with Condition 6.

##### **(b) Election to Defer Payment**

- (i) The Issuer may, in respect of any Payment which would otherwise be due and payable, defer such Payment by giving a notice to that effect to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders not less than 16 Business Days prior to the relevant due date.
- (ii) If a Payment has been deferred in accordance with Condition 4(b)(i), then the Issuer may at any time elect (by giving to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders not less than 16 Business Days notice to that effect) to satisfy such Payment by means (and only by means) of an issue of Issuer Shares in accordance with the provisions of Condition 6.
- (iii) If any Payment is deferred pursuant to this Condition 4(b), then: (1) neither the Issuer nor the Guarantor may declare or pay a dividend or distribution (other than a dividend or distribution paid by the Issuer to the Guarantor, any holding company of the Guarantor or to another Wholly-Owned Subsidiary of the

Guarantor), or, in the case of the Guarantor, make a payment under any applicable guarantee in respect of a dividend or distribution, on any of the ordinary share capital, preference share capital, ordinary stock, preference stock or other issued Tier 1 Capital of the Issuer or the Guarantor from the date on which notice is given pursuant to Condition 4(b)(i) until such time as that Deferred Coupon Payment (and any other Deferred Coupon Payment or Accrued Coupon Payment) is satisfied in accordance with these Conditions, and (2) each Payment which the Issuer defers pursuant to the giving of such a notice shall bear interest at a rate equal to the aggregate of the rate determined in accordance with Condition 5(b) and 2 per cent. per annum from (and including) the date on which (but for such deferral) the Deferred Coupon Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Coupon Satisfaction Date.

## **5. COUPON PAYMENTS**

### **(a) Coupon Payment Dates**

The Preferred Securities bear interest at the Coupon Rate from (and including) the Issue Date and such interest will (subject to Conditions 2(a)(ii)(1), 4(a), 4(b), 6(d), 6(e), 7(d), 7(e) and 9(d)) be payable on each Coupon Payment Date. Each Preferred Security will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event, it shall continue to bear interest in accordance with this Condition (both before and after judgment) as provided in the Trust Deed.

### **(b) Coupon Rate**

- (i) The Coupon Rate in respect of any Coupon Period ending in the period from (and including) the Issue Date to (but excluding) the First Reset Date is 7.40 per cent. per annum.
- (ii) The Coupon Rate in respect of each Coupon Period commencing after the First Reset Date shall be the aggregate of 3.26 per cent. per annum and:
  - (aa) the offered rate (rounded, if necessary, up to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) for three-month euro deposits as at 11.00 a.m. (Brussels time) on the Coupon Determination Date in question as appears on the display designated as page “248” on the Bridge/Telerate Monitor (or such other page or service as may replace it for the purpose of displaying such information) as determined by the Calculation Agent;
  - (bb) if such offered rate does not appear, the arithmetic mean (rounded, if necessary, up to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of offered quotations to prime banks in the Euro-zone interbank market for three-month euro deposits as at 11.00 a.m. (Brussels time) on the Coupon Determination Date in question obtained by the Calculation Agent from the principal Euro-zone office of the Reference Banks, provided at least two of the Reference Banks provide the Calculation Agent with such offered quotations; and
  - (cc) if, on any Coupon Determination Date to which the provisions of sub-paragraph (bb) above apply, one only or none of the Reference Banks provides the Calculation Agent with such a quotation, the arithmetic mean (rounded, if necessary, up to the nearest one hundred thousandth of a percentage point (0.000005 per cent. being rounded upwards)) of the euro lending rates which major banks in the Euro-zone selected by the Calculation Agent are quoting at approximately 11.00 a.m. (Brussels time) on the relevant Coupon Determination Date to leading European banks for a period of three months,

except that, if the banks so selected by the Calculation Agent under sub-paragraph (cc) above are not quoting as mentioned above, the Coupon Rate shall be either (i) the Coupon Rate in effect for the last preceding Coupon Period to which one of the preceding sub-paragraphs of this paragraph shall have applied or (ii) if none, 8.40 per cent. per annum.

### **(c) Calculation and Publication of Coupon Rate and Coupon Amounts**

The Calculation Agent will, upon the determination of each Coupon Rate pursuant to Condition 5(b)(ii), calculate the Coupon Amount in respect of each Authorised Denomination and cause the Coupon Rate and each Coupon Amount payable in respect of a Coupon Period to be notified to the Trustee, the Issuer, the

Guarantor, the Principal Paying Agent and the Luxembourg Stock Exchange and to be notified to the Holders as soon as possible after their determination but in no event later than the fourth Business Day thereafter.

The Coupon Amount in respect of any Coupon Period ending prior to the First Reset Date shall be calculated by applying the Coupon Rate to the principal amount of each Preferred Security and, in respect of any period of less than one year, such resulting amount shall be multiplied by the Day Count Fraction.

The Coupon Amount in respect of any Coupon Period commencing on or after the First Reset Date shall be calculated by applying the Coupon Rate to the principal amount of each Preferred Security and multiplying the result by the Day Count Fraction.

**(d) Determination or Calculation by Trustee**

If the Calculation Agent does not at any time for any reason so determine the Coupon Rate or calculate each Coupon Amount in accordance with Conditions 5(b)(ii) and 5(c), the Trustee or an agent on its behalf shall *do so and such determination or calculation shall be deemed to have been made by the Calculation Agent*. In doing so, the Trustee or such agent shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it or such agent can do so, and in all other respects it or such agent shall do so in such manner as it shall deem fair and reasonable in all the circumstances. All determinations or calculations made or obtained for the purposes of the provisions of this Condition 5(d) by or on behalf of the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Guarantor, the Calculation Agent, the Paying Agents and all Holders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Guarantor, the Holders or the Couponholders shall attach to the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**(e) Reference Banks**

The Issuer will (with the prior written approval of the Trustee) not later than 20 Business Days before the First Reset Date appoint four leading financial institutions engaged in the Euro-zone interbank market (each acting through its principal Euro-zone office) to act as Reference Banks (the "Reference Banks") and will procure that, so long as any Preferred Security is outstanding, there shall thereafter at all times be four Reference Banks. If any such institution (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, the Issuer shall (with the prior written approval of the Trustee) appoint some other leading financial institution engaged in the Euro-zone interbank market (acting through its principal Euro-zone office) to act as such in its place.

**6. ALTERNATIVE COUPON SATISFACTION MECHANISM**

**(a) Alternative Coupon Satisfaction Mechanism**

- (i) The Issuer may only satisfy a Deferred Coupon Payment or an Exceptionally Deferred Coupon Payment through the issue of Issuer Shares to the Trustee in accordance with this Condition 6, and may elect to so satisfy any other Payment in full or in part (in which case any reference in this Condition 6 or, where applicable, Condition 7 to a "Payment" shall be construed accordingly).
- (ii) The Issuer may only satisfy a Payment in accordance with this Condition 6 if both the Issuer and the Guarantor are Solvent at the time of satisfying such Payment and would be Solvent immediately thereafter.
- (iii) If the Issuer intends to satisfy any Payment in accordance with this Condition 6, then it shall notify the Guarantor, the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Coupon Payment Date, Deferred Coupon Satisfaction Date or Exceptionally Deferred Coupon Satisfaction Date (as the case may be).

**(b) Issue of shares**

If any Payment is to be satisfied through the issue to the Trustee of Issuer Shares then, subject to Conditions 6(d), 6(e) and 9(d):

- (i) by close of business on or before the seventh Business Day prior to the relevant Coupon Payment Date, Deferred Coupon Satisfaction Date or Exceptionally Deferred Coupon Satisfaction Date, the Issuer will

issue to the Trustee (or, if so agreed between the Issuer and the Trustee, to an agent of the Trustee) such number of Issuer Shares (the “Payment Issuer Shares”) as, in the determination of the Guarantor, have a market value (converted, where necessary, into euro) of not less than the relevant Payment to be satisfied in accordance with this Condition 6 provided that the Issuer shall not be obliged to issue Issuer Shares if the Issuer is not Solvent at the time of such issue or would not be Solvent immediately thereafter;

- (ii) the Trustee has agreed, by close of business on or before the sixth Business Day prior to the relevant Coupon Payment Date, Deferred Coupon Satisfaction Date or Exceptionally Deferred Coupon Satisfaction Date, to transfer or instruct its agent to transfer the Payment Issuer Shares to the Guarantor in consideration for which the Guarantor will issue to the Trustee (or, if so agreed between the Issuer and the Trustee, to an agent of the Trustee) within one Business Day of the Guarantor receiving the Payment Issuer Shares such number of units of stock (the “Payment Ordinary Stock”) as, in the determination of the Calculation Agent, have a market value of not less than the relevant Payment to be satisfied in accordance with this Condition 6 provided that the Guarantor shall not be obliged to issue Payment Ordinary Stock if the Guarantor is not Solvent at the time of such issue or would not be Solvent immediately thereafter; and
- (iii) the Trustee will use reasonable endeavours to effect the transfer or instruct its agent to effect the transfer of such Payment Ordinary Stock to or to the order of the Calculation Agent (subject to any necessary consents being obtained) as soon as practicable and in any case not later than by close of business on the fourth Business Day prior to the date on which the relevant Payment is due and the Calculation Agent has agreed to use reasonable endeavours to procure purchasers for such Payment Ordinary Stock. The Calculation Agent has further agreed to deliver the proceeds of such sale to, or hold such proceeds to the order of, the Trustee who shall pay or procure that its agent pays such proceeds as it holds in respect of the relevant Payment on its due date to the Principal Paying Agent for application in accordance with Condition 6(c).

**(c) Issue Satisfies Payment**

Where the Issuer either elects or is required to satisfy a Payment hereunder by issuing Issuer Shares to the Trustee and in accordance with its obligations under the Trust Deed issues such Issuer Shares, such issue shall (subject to Condition 6(e)) satisfy the relevant Payment or, in the circumstances referred to in (d) below, the relevant part of such Payment if made in accordance with this Condition 6. The proceeds of sale of Payment Ordinary Stock resulting from the mandatory exchange of Payment Issuer Shares in accordance with this Condition 6 shall be paid by the Principal Paying Agent to the Holders in respect of the relevant Payment.

**(d) Insufficiency**

- (i) If the Issuer is to satisfy a Payment in accordance with this Condition 6 and either the Issuer or the Guarantor does not, on the date when the number of Issuer Shares or units of Ordinary Stock (as the case may be) required to be issued is determined in accordance with this Condition 6, have sufficient number of, respectively, Issuer Shares or units of Ordinary Stock available for issue, then the Issuer or the Guarantor (as the case may be) shall notify the Guarantor or the Issuer (as the case may be) and the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders that all or part, as the case may be, of the relevant Payment cannot be so satisfied due to the circumstances described in this paragraph, in which case the same shall be satisfied following the date of the next annual general meeting or extraordinary general meeting of shareholders of the Issuer or annual general court or extraordinary general court of stockholders of the Guarantor (as the case may be) at which a resolution is passed making a sufficient number of Issuer Shares or units of Ordinary Stock, as the case may be, available to satisfy all or such part of the relevant Payment, provided that if the number of Issuer Shares or units of Ordinary Stock authorised to be issued at any such meeting is insufficient to satisfy all or such part of the relevant Payment then those Issuer Shares or units of Ordinary Stock so issued shall (to the extent that the relevant number of Issuer Shares or units of Ordinary Stock (as the case may be) are also available) be applied by the Issuer in part satisfaction of all or such part of the relevant Payment. Following the passage of any such resolution, the Issuer or the Guarantor (as the case may be) shall notify the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders of the date upon which the relevant Payment or, as the case may be, the part thereof is to be made in accordance herewith on not less than 16 Business Days’ notice. The relevant Payment or, as the case may be, the part thereof which is not so satisfied shall, unless it is an Exceptionally Deferred

Coupon Payment, continue to accrue interest at a rate determined in accordance with Condition 4(b)(iii) from (and including) the date on which such Payment would otherwise have been due to (but excluding) the date on which such Payment or part thereof is satisfied or, in the event of a Market Disruption Event as described in Condition 6(e), the date on which such Payment or part thereof would, but for the occurrence of such Market Disruption Event, have been satisfied (from which date interest (if any) will accrue on such Payment as provided in Condition 6(e)). If, in the case of an insufficiency of Issuer Shares, the Issuer does not hold an annual or extraordinary general meeting at which a resolution to make a sufficient number of Issuer Shares so available is passed within six weeks of giving the above first-mentioned notice, the Trustee shall by notice require the Issuer to convene an extraordinary general meeting at which such a resolution shall be proposed on a date falling within four weeks of such notice from the Trustee. If, in the case of an insufficiency of Ordinary Stock, the Guarantor does not hold an annual general court within six months of giving the above first-mentioned notice, at which a resolution to make a sufficient number of Ordinary Stock so available is passed, the Trustee shall by notice require the Guarantor to convene an extraordinary general court at which such a resolution shall be proposed on a date falling within 10 weeks of such notice from the Trustee.

- (ii) In the event that any such resolution proposed at any such annual general meeting, extraordinary general meeting, annual general court or extraordinary general court (as the case may be) is rejected, such resolution will then be proposed at the next following annual general meeting of the Issuer or annual general court of the Guarantor (as the case may be) and, if at such annual general meeting or annual general court such proposal is rejected again, from the date of such second rejection neither the Issuer nor the Guarantor may declare or pay a dividend or distribution (other than a dividend or distribution paid by the Issuer to the Guarantor, any holding company of the Guarantor or to another Wholly-Owned Subsidiary of the Guarantor) or, in the case of the Guarantor, make a payment under any applicable guarantee in respect of a dividend or distribution, on any of the ordinary share capital, preference share capital, ordinary stock, preference stock or other issued Tier 1 Capital of the Issuer or the Guarantor until such time as such resolution has been passed by the shareholders (or stockholders, as the case may be) of the relevant company or, if a similar restriction on payments is already in place pursuant to Condition 4(a)(iii) or Condition 4(b)(iii), until such time (if later) as such restriction ceases to apply.

**(e) Market Disruption**

Notwithstanding the provisions of Condition 6(b), if there exists, in the opinion of the Issuer or the Guarantor (subject, where necessary, to determinations made by the Calculation Agent), a Market Disruption Event on or after the 15th Business Day preceding any date upon which a Payment or, in the case of an insufficiency as provided in paragraph (d) above, part thereof, is due to be satisfied in accordance with this Condition 6, then the Issuer or the Guarantor may give a notice to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders as soon as possible after the Market Disruption Event has arisen or occurred, whereupon the relevant Payment or part thereof may be deferred until such time as (in the opinion of the Issuer or the Guarantor) the Market Disruption Event no longer exists.

Any such deferred Payment or part thereof will be satisfied as soon as practicable following such time as the Market Disruption Event no longer exists. Interest shall not accrue on such deferred Payment or part thereof unless, as a consequence of the existence of a Market Disruption Event, the Issuer does not make the relevant Payment or part thereof for a period of 14 days or more after the due date therefor, in which case interest shall accrue on such deferred Payment or part thereof from (and including) the date on which the relevant Payment or part thereof was due to be made to (but excluding) the date on which such Payment or part thereof is made. Any such interest shall accrue at a rate determined in accordance with Condition 4(b)(iii) (in the case of a Deferred Coupon Payment) or Condition 5 (in any other case) and shall be satisfied only in accordance with this Condition 6 and as soon as reasonably practicable after the relevant deferred Payment is made. No liability shall attach to the Trustee or its agents if, as a result of a Market Disruption Event or any other event outside the control of the Trustee or any such agent, the Trustee or any such agent is unable to comply with the provisions of Condition 6(b).

**7. ALTERNATIVE GUARANTEE SATISFACTION MECHANISM**

**(a) Alternative Guarantee Satisfaction Mechanism**

- (i) The Guarantor may only satisfy any Guarantee Coupon Payment in respect of either a Deferred Coupon Payment or an Exceptionally Deferred Coupon Payment through the issue of units of Ordinary Stock to



the Trustee in accordance with this Condition 7, and may elect to so satisfy any other Guarantee Coupon Payment in full or in part (in which case any reference in this Condition 7 to a "Guarantee Coupon Payment" shall be construed accordingly).

- (ii) The Guarantor may only satisfy a Guarantee Coupon Payment in accordance with this Condition 7 if it is Solvent at the time of satisfying such Guarantee Coupon Payment and would be Solvent immediately thereafter.
- (iii) If the Guarantor elects to satisfy any Guarantee Coupon Payment in accordance with this Condition 7, then it shall notify the Issuer, the Trustee, the Principal Paying Agent and the Calculation Agent not less than 16 Business Days prior to the relevant Guarantee Coupon Payment Satisfaction Date.
- (iv) The Guarantor has agreed in the Trust Deed that any obligation owed by the Issuer to the Guarantor in respect of payments made under the Guarantee will be satisfied only by the issue of Issuer Shares.

**(b) Issue of Stock**

If any Guarantee Coupon Payment is to be satisfied in full or in part through the issue to the Trustee of Ordinary Stock then, subject to Conditions 7(d), 7(e) and 9(d):

- (i) by close of business on or before the seventh Business Day prior to the relevant Guarantee Coupon Payment Satisfaction Date, the Guarantor will issue to the Trustee (or, if so agreed between the Guarantor and the Trustee, to an agent of the Trustee) such number of units of Ordinary Stock (the "Guarantee Payment Ordinary Stock") as, in the determination of the Calculation Agent, have a market value of not less than the relevant Guarantee Coupon Payment to be satisfied in accordance with this Condition 7, provided that the Guarantor shall not be obliged to issue Ordinary Stock if it is not Solvent at the time of such issue or would not be Solvent immediately thereafter; and
- (ii) the Trustee will use reasonable endeavours to effect the transfer or instruct its agent to effect the transfer of such Guarantee Payment Ordinary Stock to or to the order of the Calculation Agent (subject to any necessary consents being obtained) as soon as practicable and in any case not later than by close of business on the sixth Business Day prior to the date on which the relevant Guarantee Coupon Payment is due and the Calculation Agent has agreed to use reasonable endeavours to procure purchasers for such Guarantee Payment Ordinary Stock. The Calculation Agent has further agreed to deliver the proceeds of such sale to, or hold such proceeds to the order of, the Trustee who shall pay or procure that its agent pays such proceeds as it holds in respect of the relevant Guarantee Coupon Payment on its due date to the Principal Paying Agent for application in accordance with Condition 7(c).

**(c) Issue Satisfies Guarantee Coupon Payment**

Where the Guarantor elects to satisfy a Guarantee Coupon Payment hereunder by issuing Ordinary Stock to the Trustee and in accordance with its obligations under the Trust Deed issues such Ordinary Stock, such issue shall (subject to Condition 7(e)) satisfy the relevant Guarantee Coupon Payment or, in the circumstances referred to in (d) below, the relevant part of such Guarantee Coupon Payment if made in accordance with this Condition 7. The proceeds of sale of Ordinary Stock shall be paid by the Principal Paying Agent to the Holders in respect of the relevant Guarantee Coupon Payment.

**(d) Insufficiency**

- (i) If the Guarantor is to satisfy a Guarantee Coupon Payment in accordance with this Condition 7 and it does not, on the date when the number of units of Ordinary Stock required to be issued is determined in accordance with this Condition 7, have a sufficient number of units of Ordinary Stock available for issue, then it shall notify the Issuer, the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders that all or part, as the case may be, of the relevant Guarantee Coupon Payment cannot be so satisfied due to the circumstances described in this paragraph, in which case the same shall be satisfied following the date of the next annual general court or extraordinary general court of stockholders of the Guarantor at which a resolution is passed making a sufficient number of units of Ordinary Stock available to satisfy all or such part of the relevant Guarantee Coupon Payment, provided that if the number of units of Ordinary Stock authorised to be issued at any such meeting is insufficient to satisfy all or such part of the relevant Guarantee Coupon Payment then those units of Ordinary Stock so issued shall be applied by it in part satisfaction of all or such part of the relevant Guarantee Coupon Payment.

Following the passage of any such resolution, the Guarantor shall notify the Issuer, the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders of the date upon which the relevant Guarantee Coupon Payment or, as the case may be, the part thereof is to be made in accordance herewith on not less than 16 Business Days' notice. Unless such Payment is an Exceptionally Deferred Coupon Payment, in which case no interest shall accrue thereon, interest shall continue to accrue in accordance with these Conditions on all or the appropriate part, as the case may be, of the Payment corresponding to the Guarantee Coupon Payment, or part thereof, which is not so satisfied. Notwithstanding anything in these Conditions to the contrary, such interest shall accrue at the rate determined in accordance with Condition 4(b)(iii) from (and including) the date on which the applicable Guarantee Coupon Payment would otherwise have been due to (but excluding) the date on which such Guarantee Coupon Payment or part thereof is satisfied or, in the event of a Market Disruption Event as described in Condition 7(e), the date on which such Guarantee Coupon Payment or part thereof would, but for the occurrence of such Market Disruption Event, have been satisfied (from which date interest (if any) shall accrue on such payment as provided in Condition 7(e)). If the Guarantor does not hold an annual general court within six months of giving the above first-mentioned notice, at which a resolution to make a sufficient number of units of Ordinary Stock so available is passed, the Trustee shall by notice require the Guarantor to convene an extraordinary general court at which such a resolution shall be proposed on a date falling within 10 weeks of such notice from the Trustee.

- (ii) In the event that any such resolution proposed at any such annual general court or extraordinary general court is rejected, such resolution will then be proposed at the next following annual general court of the Guarantor and, if at such annual general court such proposal is rejected again, from the date of such second rejection neither the Issuer nor the Guarantor may declare or pay a dividend or distribution (other than a dividend or distribution paid by the Issuer to the Guarantor, any holding company of the Guarantor or to another Wholly-Owned Subsidiary of the Guarantor), or, in the case of the Guarantor, make a payment under any applicable guarantee in respect of a dividend or distribution on any of the ordinary share capital, preference share capital, ordinary stock, preference stock or other issued Tier 1 Capital of the Issuer or the Guarantor until such time as such resolution has been passed by the stockholders of the Guarantor or, if a similar restriction on payments is already in place pursuant to Condition 4(a)(iii) or Condition 4(b)(iii), until such time (if later) as such restriction ceases to apply.

**(e) Market Disruption**

Notwithstanding the provisions of Condition 7(b), if there exists, in the opinion of the Guarantor (subject, where necessary, to determinations made by the Calculation Agent), a Market Disruption Event on or after the 15th Business Day preceding any date upon which a Guarantee Coupon Payment or, in the case of an insufficiency as provided in Condition 7(d), part thereof is due to be satisfied in accordance with this Condition 7, then the Guarantor may give a notice to the Trustee, the Principal Paying Agent, the Calculation Agent and the Holders as soon as possible after the Market Disruption Event has arisen or occurred, whereupon the relevant Guarantee Coupon Payment or part thereof may be deferred until such time as (in the opinion of the Guarantor) the Market Disruption Event no longer exists.

Any such deferred Guarantee Coupon Payment will be satisfied as soon as practicable following such time as the Market Disruption Event no longer exists. Notwithstanding anything in these Conditions to the contrary, interest shall not accrue on the Payment, or part thereof, corresponding to the Guarantee Coupon Payment or part thereof which is deferred unless, as a consequence of the existence of a Market Disruption Event, the Guarantor does not make the relevant Guarantee Coupon Payment or part thereof for a period of 14 days or more after the due date therefor, in which case interest shall accrue on such Payment or part thereof from (and including) the date on which the relevant Guarantee Coupon Payment was due to be made to (but excluding) the date on which such Guarantee Coupon Payment or part thereof is made. Notwithstanding anything in these Conditions to the contrary, any such interest shall accrue at a rate determined in accordance with Condition 4(b)(iii) (where the Payment to which the Guarantee Coupon Payment relates is a Deferred Coupon Payment) or Condition 5 (in any other case) and shall be satisfied only in accordance with this Condition 7 and as soon as reasonably practicable after the relevant deferred Guarantee Coupon Payment is made. No liability shall attach to the Trustee or its agents if, as a result of a Market Disruption Event or any other event outside the control of the Trustee or any such agent, the Trustee or any such agent is unable to comply with the provisions of Condition 7(b). For the avoidance of doubt, interest accruing in respect of a Guarantee Coupon Payment pursuant to this Condition 7 shall not separately accrue on the Payment to which the Guarantee Coupon Payment relates.

## **8. EXCHANGE, VARIATION OR REDEMPTION**

### **(a) No Fixed Redemption Date**

The Preferred Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Conditions 2 and 3 and without prejudice to the provisions of Condition 13) only have the right to repay them in accordance with the following provisions of this Condition 8 or in the circumstances provided for in Condition 9(d).

Any redemption or purchase of the Preferred Securities is subject to the prior consent of the Central Bank of Ireland.

### **(b) Issuer's Call Option**

- (i) Subject to Condition 2(a)(ii)(1), the Issuer may, by giving not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 17 and to the Principal Paying Agent and the Trustee, which notice shall be irrevocable, elect, with the consent of the Guarantor, to redeem all, or some only, of the Preferred Securities on the First Reset Date or any Coupon Payment Date thereafter at their principal amount together with any Outstanding Payments.
- (ii) In the case of a partial redemption of Preferred Securities, the Preferred Securities to be redeemed will be selected in such place as the Trustee may approve and in such manner as the Trustee shall deem appropriate and fair, not more than 45 days before the date fixed for redemption. Notice of any such redemption will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Preferred Securities to be redeemed, the serial numbers of the Preferred Securities called for redemption, the serial numbers of the Preferred Securities previously called for redemption and not presented for payment and the aggregate principal amount of the Preferred Securities which will be outstanding after the partial redemption. Following each partial redemption of the Preferred Securities, the Issuer will notify the Luxembourg Stock Exchange of the outstanding principal amount of the Preferred Securities.

### **(c) Exchange, Variation or Redemption due to Taxation**

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that, on the next due date for a Coupon Payment:

- (i) either (1) the Issuer would be unable to make such payment without being required to pay additional amounts as provided in Condition 12 or (2) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making such payment itself would be required to pay any additional amounts as aforesaid in each case as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or Ireland or any political subdivision or any authority thereof or therein having power to tax or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 28 February 2001 and the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures (acting in good faith but not involving material cost or expense) available to it; or
- (ii) in respect of the Issuer, payments of amounts in respect of interest on the Preferred Securities including, for the avoidance of doubt, the issue of Issuer Shares pursuant to Condition 6, may be treated as "distributions" within the meaning of Section 832(1) of the Income and Corporation Taxes Act 1988 (or such other Section and/or Act as may from time to time supersede or replace Section 832(1) of the Income and Corporation Taxes Act 1988 for the purposes of such definition) and such requirement or circumstance cannot be avoided by the Issuer taking such measures as it (acting in good faith but not involving material cost or expense) deems appropriate; or
- (iii) in respect of the Issuer, as a result of any change in or proposed change in, or amendment to or proposed amendment to, the laws of the United Kingdom or any political subdivision or authority thereof having power to tax, or any change in or proposed change in the application of official or generally published interpretation of such laws, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such law or regulations that differs from the previously generally accepted position in relation to similar transactions or which differs from any specific written confirmation given by a tax authority in respect of the Preferred Securities, which change or amendment becomes, or would become, effective, or in the case of a change or proposed change in law

if such change is enacted (or, in the case of a proposed change, is expected to be enacted) by Act of Parliament or made by Statutory Instrument on or after 28 February 2001, there is more than an insubstantial risk that the Issuer will not obtain full or substantially full relief for the purposes of United Kingdom corporation tax for the next following payment of interest including, for the avoidance of doubt, where the payment of interest is to be satisfied by the issue of Issuer Shares and Ordinary Stock pursuant to Condition 6 or, as a result of the Preferred Securities being in issue, the Issuer may be unable to claim or surrender losses as group relief, and such requirement or circumstance cannot be avoided by the Issuer taking such measures as it (acting in good faith but not involving material cost or expense) deems appropriate,

then the Issuer may (subject to the prior consent of the Central Bank of Ireland and of the Guarantor but without any requirement for the consent or approval of the Holders or, save as specified below, the Trustee), having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) either (xx) exchange the Preferred Securities for, or vary (together with, in the case of the Guarantor, the Guarantee) the terms of the Preferred Securities and the Guarantee so that they become, Upper Tier 2 Securities on terms which preserve any existing rights under these Terms and Conditions to Outstanding Payments or (yy) (subject to Condition 2(a)(ii)(1)) redeem, in accordance with these Terms and Conditions, all, but not some only, of the Preferred Securities at their principal amount or (in respect only of a redemption by reason of the circumstances referred to in paragraph (ii) above where the relevant requirement or circumstance does not result from a change or amendment to the laws or regulations of the United Kingdom or Ireland or any political subdivision or any authority thereof or therein having power to tax or any change in the application or official interpretation of such rules and regulations) at the Redemption Price at any time on or prior to the First Reset Date or on any Coupon Payment Date thereafter, in each case together with any Outstanding Payments.

The Trustee shall use its reasonable endeavours to assist the Issuer in the exchange or variation of the Preferred Securities (and the Guarantee) for or into Upper Tier 2 Securities, provided that the Trustee shall not be obliged to participate or assist in any such exchange or variation if, in its opinion, the terms of the securities into which the Preferred Securities are to be exchanged or are to be varied impose, in the Trustee's opinion, more onerous obligations upon the Trustee. If the Trustee does not so participate or assist as provided above, the Issuer may redeem the Preferred Securities in accordance with the foregoing provisions at their principal amount on any Coupon Payment Date together with any Outstanding Payments.

If, where the Issuer has elected to exchange or vary the Preferred Securities for or into Upper Tier 2 Securities in accordance with (xx) above, (a) the consent of the Central Bank of Ireland to such exchange or variation is not given or, (b) the Preferred Securities cannot be so exchanged or varied for or into Upper Tier 2 Securities (in which case the Issuer shall deliver to the Trustee an opinion of independent legal advisers of recognised standing stating that (in their opinion) the Preferred Securities cannot be exchanged for or varied into Upper Tier 2 Securities and the Trustee shall accept such opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Holders), or (c) any of the conditions listed in paragraphs (i) to (iii) above apply or continue to apply to Upper Tier 2 Securities for or into which the Preferred Securities have been exchanged or varied, or (d) the Issuer shows to the satisfaction of the Trustee that any of the conditions listed in paragraphs (i) to (iii) above would apply if such exchange or variation were to take place, the Issuer may, subject to Condition 2(a)(ii)(1) and, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem, in accordance with these Terms and Conditions, at any time on or prior to the First Reset Date or on any Coupon Payment Date thereafter, all, but not some only, of the Preferred Securities or any such Upper Tier 2 Securities for or into which they have been exchanged or varied at their principal amount together with any Outstanding Payments.

Prior to the publication of any notice of exchange, variation or redemption pursuant to this Condition 8(c), the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, if the Issuer is in the course of being wound up, by the liquidator stating that (in their or, as the case may be, its opinion) the relevant requirement or circumstance referred to in paragraph (i), (ii) or (iii) above either is satisfied or (as the context may require) would be satisfied were such exchange or variation to take place. The Trustee shall accept such certificate as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Holders.

**(d) Exchange, Variation or Redemption for Regulatory Purposes**

If the Issuer satisfies the Trustee immediately prior to the giving of the notice referred to below that the Central Bank of Ireland has determined that the Preferred Securities no longer qualify as Tier 1 Capital of the Guarantor, then the Issuer may (subject to the prior consent of the Central Bank of Ireland and of the Guarantor but without any requirement for the consent or approval of the Holders or, save as specified below, the Trustee), having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable) either (aa) exchange the Preferred Securities for, or vary (together with, in the case of the Guarantee, the Guarantor) the terms of the Preferred Securities and the Guarantee so that they become, Upper Tier 2 Securities on terms which preserve any existing rights under these Terms and Conditions to Outstanding Payments or (bb) (subject to Condition 2(a)(ii)(1)) redeem, in accordance with these Terms and Conditions, at any time on or prior to the First Reset Date or on any Coupon Payment Date thereafter, all, but not some only, of the Preferred Securities at the Redemption Price together with any Outstanding Payments.

The Trustee shall use its reasonable endeavours to assist the Issuer in the exchange or variation of the Preferred Securities for or into Upper Tier 2 Securities, provided that the Trustee shall not be obliged to participate or assist in any such exchange or variation if, in its opinion, the terms of the securities into which the Preferred Securities are to be exchanged or are to be varied impose, in the Trustee's opinion, more onerous obligations upon it. If the Trustee does not so participate or assist as provided above, the Issuer may, subject as provided above, redeem the Preferred Securities in accordance with the foregoing provisions at their principal amount at any time on or prior to the First Reset Date or on any Coupon Payment Date thereafter together with any Outstanding Payments.

If, where the Issuer has elected to exchange or vary the Preferred Securities for or into Upper Tier 2 Securities in accordance with (aa) above, (a) the consent of the Central Bank of Ireland to such exchange or variation is not given or, (b) the Preferred Securities cannot be so exchanged or varied for or into Upper Tier 2 Securities (in which case the Issuer shall deliver to the Trustee an opinion of independent legal advisers of recognised standing stating that (in their opinion) the Preferred Securities cannot be exchanged for or varied into Upper Tier 2 Securities and the Trustee shall accept such opinion as sufficient evidence thereof in which event it shall be conclusive and binding on the Holders), do not (or would not, if so exchanged or varied) qualify as Upper Tier 2 Capital, or (c) any of the conditions listed in paragraphs (i) to (iii) of Condition 8(c) above apply, or would apply, to such Upper Tier 2 Securities (in which case the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, if the Issuer is in the course of being wound up, by the liquidator stating that (in their or, as the case may be, its opinion) the relevant requirement or circumstance referred to in paragraph (i), (ii) or (iii) of Condition 8(c) either is satisfied or (as the context may require) would be satisfied were such exchange or variation to take place, and the Trustee shall accept such certificate as sufficient evidence thereof, in which event it shall be conclusive and binding on the Holders) the Issuer may, subject to Condition 2(a)(ii)(1) and having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and, in accordance with Condition 17, the Holders (which notice shall be irrevocable), redeem, in accordance with these Terms and Conditions, at any time on or prior to the First Reset Date or on any Coupon Payment Date thereafter, all, but not some only, of the Preferred Securities or any such Upper Tier 2 Securities for or into which they have been exchanged or varied at their principal amount together with any Outstanding Payments.

**(e) Purchases**

The Issuer, the Guarantor or any other Subsidiary of the Guarantor may (subject to (i) the prior consent of the Central Bank of Ireland and, in the case of the Issuer or another Subsidiary of the Guarantor, the Guarantor and (ii) Conditions 2(a)(ii)(1) (in respect of the Issuer) and 2(b)(iii)(1) (in respect of the Guarantor or any other Subsidiary of the Guarantor)) at any time purchase Preferred Securities in any manner and at any price. In each case purchases will be made together with all unmatured Coupons and Talons (if any) appertaining thereto. The restrictions contained in this Condition shall not apply to any purchase of Preferred Securities where such purchase is made (i) in the ordinary course of a business of dealing in securities and (ii) for the account of a person other than the Issuer, the Guarantor or any other Subsidiary of the Guarantor.

**(f) Cancellation**

All Preferred Securities so redeemed by the Issuer and any unmatured Coupons and Talons (if any) appertaining thereto will be cancelled and may not be reissued or resold. Preferred Securities purchased by the Issuer, the Guarantor or any other Subsidiary of the Guarantor may be held, reissued or resold or, where purchased by the Issuer, at the option of the Issuer surrendered to any Paying Agent for cancellation.

**9. PAYMENTS**

**(a) Method of Payment**

- (i) Payments of principal and Coupon Amounts will be made by or on behalf of the Issuer against presentation and surrender of Preferred Securities or the appropriate Coupons at the specified office of any of the Paying Agents except that payments of Coupon Amounts in respect of any period not ending on a Coupon Payment Date will only be made upon surrender of the relative Preferred Security. Such payments will be made, at the option of the payee by euro cheque drawn on, or by transfer to a euro account maintained by the payee with, a bank in the Euro-zone.
- (ii) Upon the due date for redemption of any Preferred Security, any unexchanged Talon relating to such Preferred Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon and unmatured Coupons relating to such Preferred Security (whether or not attached) shall also become void and no payment shall be made in respect of them. If any Preferred Security is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (iii) On or after the Coupon Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Preferred Security, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 13).
- (iv) The names of the initial Paying Agents and their initial specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, such approval not to be unreasonably withheld, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that it will at all times maintain (aa) a Paying Agent having a specified office outside Ireland and the United Kingdom, (bb) (where applicable) at least one Paying Agent located in a jurisdiction which has opted for exchange of information, rather than withholding or deduction, pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting on 26–27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive and (cc) for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, a Paying Agent having a specified office in Luxembourg. Notice of any such termination or appointment and of any change in the specified offices of the Paying Agents will be given to the Holders in accordance with Condition 17.

**(b) Payments Subject to Fiscal Laws**

Without prejudice to the terms of Condition 12, all payments made in accordance with these Terms and Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

**(c) Payments on Payment Business Days**

A Preferred Security or a Coupon may only be presented for payment on a day which is a Payment Business Day. No further interest or other payment will be made as a consequence of the day on which the relevant Preferred Security or Coupon may be presented for payment under this paragraph falling after the due date.

**(d) Suspension**

If, following any take-over offer made under the Irish Take-over Panel Act 1997 Takeover Rules 1997 or any reorganisation, restructuring or scheme of arrangement, the Guarantor or any subsequent New Owner ceases to be the ultimate holding company of the Governor and Company of the Bank of Ireland group of companies, then the Issuer or the Guarantor shall as soon as practicable give notice to the Trustee, the

Calculation Agent and the Holders, whereupon the Issuer's right or obligation to satisfy a Payment by the method contemplated by Condition 6 and the Guarantor's right or obligation to satisfy a Guarantee Coupon Payment by the method contemplated by Condition 7 shall each be suspended (such event being a "Suspension"). In such event an independent investment bank appointed by the Issuer (at the Issuer's (failing whom, the Guarantor's) expense) and approved by the Trustee shall determine, subject to the requirements that (i) neither the Issuer nor the Guarantor shall be obliged to reduce its net assets, (ii) no amendment may be proposed or made which would alter the regulatory capital treatment of the Preferred Securities for banking capital adequacy purposes without the prior consent of the Central Bank of Ireland, and (iii) no such amendment may be made which would, in the Trustee's opinion, impose more onerous obligations on the Trustee without its consent, what amendments (if any) to these Terms and Conditions, the Trust Deed and any other relevant documents are appropriate in order to preserve substantially the economic effect for the Holders, of a holding of the Preferred Securities prior to the Suspension. Upon any such determination being reached and notified to the Trustee, the Issuer and the Guarantor by such investment bank, the Trustee, the Issuer and the Guarantor shall, pursuant to the terms of the Trust Deed and without the consent of the Holders or Couponholders, effect any necessary consequential changes to these Terms and Conditions and the Trust Deed and any other relevant documents, whereupon the Issuer's right or obligation to satisfy a Payment by the method contemplated in Condition 6 and the Guarantor's right or obligation to satisfy a Guarantee Coupon Payment by the method contemplated by Condition 7 shall no longer be subject to the Suspension.

If, after using all reasonable endeavours, such investment bank is unable to formulate such amendments, it shall so notify the Issuer, the Guarantor, the New Owner, the Trustee, the Principal Paying Agent and the Calculation Agent and each Preferred Security shall (subject to the prior consent of the Central Bank of Ireland) be redeemed by the Issuer, following notice to the Holders by the Issuer of such redemption as soon as practicable after receipt of the consent of the Central Bank of Ireland, at the Redemption Price, together with any Outstanding Payments, not later than the 60th Business Day following the giving of such notice by the Issuer to the Holders. Such redemption will, unless otherwise agreed by the Issuer, the Guarantor and the Trustee, and with the consent of the Central Bank of Ireland, be effected through the issue of Issuer Shares, such Issuer Shares to be transferred to the New Owner in consideration for which the New Owner issues and transfers its ordinary shares (or share capital of an equivalent class) in accordance, *mutatis mutandis*, with Conditions 6(b), (c), (d) and (e) (with references to the Payment Ordinary Stock being construed as references to such ordinary shares or stock or equivalent share capital or stock of the New Owner as, when sold (and, if necessary, converted into euro by the Calculation Agent) provide a net cash amount of not less than the redemption amount so payable by the Issuer).

**(e) Alternative Settlement**

The Issuer may elect to satisfy any Payment (in full or in part) through the issue of Issuer Shares to the Trustee (with the subsequent issue by the Guarantor to the Trustee of units of Payment Ordinary Stock in exchange therefor) in accordance with the procedures set out in Condition 6.

**10. PRE-EMPTION**

The Issuer shall, from time to time, keep available for issue such number of Issuer Shares as it reasonably considers would be required to be issued in order to satisfy the requirement to issue Payment Issuer Shares in accordance with Condition 6 in connection with the next Coupon Payment or, following the First Reset Date, the next four Coupon Payments.

The Guarantor shall, from time to time, keep available for issue such units of Ordinary Stock as it reasonably considers would be required to be issued in order to satisfy the requirement to issue Payment Ordinary Stock in accordance with Condition 6 or Guarantee Payment Ordinary Stock in accordance with Condition 7 in connection with the next Coupon Payment or, following the First Reset Date, the next four Coupon Payments.

No damages will be payable for breach of this covenant but, in the event of breach by the Issuer or the Guarantor of this Condition 10, the Trustee may require the Issuer or, as the case may be, the Guarantor to put before the next general meeting of the shareholders of the Issuer or, as the case may be, the stockholders of the Guarantor a resolution to remedy the breach.

The Trustee shall not be obliged to monitor compliance by the Issuer or the Guarantor with this Condition and shall be entitled to assume, unless it has actual knowledge to be contrary, that each of the Issuer and the Guarantor is complying with its obligations under this Condition.

**11. NON-PAYMENT WHEN DUE**

*Notwithstanding any of the provisions below in this Condition 11, the right to institute winding-up proceedings is limited to circumstances where payment has become due. Pursuant to Condition 2(a)(ii)(1) and subject as provided in the next sentence no principal or Payment will be due by the Issuer if the Issuer is not Solvent. Pursuant to Condition 2(b)(iii)(1) no principal or Payment will be due by the Guarantor under the Guarantee if the Guarantor is not Solvent provided that payments of principal and/or Payments in respect of the Preferred Securities shall be deemed to be due and payable in full by the Issuer for the purpose of the obligations of the Guarantor under the Guarantee notwithstanding that, as a result of the operation of Conditions 2(a) and/or 3(a), they are not in fact due and payable by the Issuer. Also, in the case of any Payment, such Payment will not be due if the Issuer has been required or has elected (as the case may be) to defer that Payment pursuant to Condition 4(a) or 4(b) or if the circumstances referred to in any of Conditions 6(d), 6(e) or 9(d) then apply. For the purpose of the obligations of the Guarantor under the Guarantee, no Guarantee Coupon Payment shall be due and payable if the Guarantor is obliged or has elected to satisfy any Guarantee Coupon Payment through the issue of units of Ordinary Stock to the Trustee in accordance with Condition 7 and the circumstances referred to in Condition 7(d), 7(e) or 9(d) then apply. The Trust Deed contains provisions entitling the Trustee to claim from the Issuer (failing whom the Guarantor), inter alia, the fees, expenses and liabilities incurred by it in carrying out its duties under the Trust Deed. The restrictions on commencing proceedings described below will not apply to any such claim.*

- (a) If the Issuer or the Guarantor shall not make payment in respect of the Preferred Securities (in the case of payment of principal) for a period of 14 days or more after the due date for the same or (in the case of any Coupon Amount, Deferred Coupon Payment, Exceptionally Deferred Coupon Payment or Accrued Coupon Payment or any payment under Clause 2.6 of the Trust Deed in respect of a payment shortfall) shall not make payment for a period of 14 days or more after the date on which such payment is due, the Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed, the Preferred Securities and the Coupons and the Trustee may, notwithstanding the provisions of paragraph (b) of this Condition 11, institute proceedings for the winding-up of the Issuer and/or the Guarantor (as the case may be).
- (b) Subject as provided in this Condition 11, the Trustee may at its discretion and without further notice institute such proceedings against the Issuer or the Guarantor (as the case may be) as it may think fit to enforce any term or condition binding on the Issuer or the Guarantor (as the case may be) under the Trust Deed, the Preferred Securities or the Coupons (other than for the payment of any principal or satisfaction of any Payments in respect of the Preferred Securities or the Coupons, including any payment under Clause 2.6 of the Trust Deed) provided that the Issuer or the Guarantor (as the case may be) shall not by virtue of the institution of any such proceedings be obliged (i) to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it or (ii) to pay any damages.
- (c) The Trustee shall not be bound to take any of the actions referred to in paragraph (a) or (b) above against the Issuer and/or the Guarantor (as the case may be) to enforce the terms of the Trust Deed, the Guarantee, the Preferred Securities or the Coupons unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-fifth in principal amount of the Preferred Securities then outstanding and (ii) it shall have been indemnified to its satisfaction.
- (d) No Holder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor (as the case may be) pursuant to paragraph (b) above, or to institute proceedings for the winding-up of the Issuer or the Guarantor (as the case may be) under any of the provisions of this Condition 11 or to prove in such winding-up unless the Trustee, having become so bound to proceed or being able to prove in such winding-up, fails to do so within a reasonable period and such failure shall be continuing, in which case the Holder or Couponholder shall have only such rights against the Issuer or the Guarantor (as the case may be) as those which the Trustee is entitled to exercise. No remedy against the Issuer or the Guarantor (as the case may be) shall be available to the Trustee or any Holder or Couponholder (i) for the recovery of amounts owing in respect of the Preferred Securities or the Coupons (including any



payment under Clause 2.6 of the Trust Deed), other than the institution of proceedings for the winding-up of the Issuer or the Guarantor (as the case may be) and/or proving in such winding-up and (ii) for the breach of any other term under the Trust Deed, the Guarantee, the Preferred Securities or the Coupons, other than as provided in paragraph (b) above.

- (e) Any proceedings for the winding-up of the Issuer or the Guarantor may be instituted (i) in the case of the Issuer, in Northern Ireland (ii) in the case of the Guarantor, in Ireland. No such proceedings may be instituted in any other jurisdiction.

## **12. TAXATION**

All payments by the Issuer or the Guarantor of principal, Coupon Amounts, Deferred Coupon Payments, Exceptionally Deferred Coupon Payments, Accrued Coupon Payments and Winding-Up Claims in respect of the Preferred Securities will be made without withholding of or deduction for, or on any account of, any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of the United Kingdom or Ireland or in each case any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts receivable by Holders or Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Preferred Securities or, as the case may be, Coupons in the absence of such withholding or deduction, except that no such additional amounts shall be payable in relation to any payment with respect to any Preferred Security or Coupon presented for payment:

- (a) by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Preferred Security or Coupon by reason of his having some connection with the United Kingdom (in the case of payments by the Issuer) or Ireland (in the case of payments by the Guarantor or the Issuer) other than the mere holding or ownership of such Preferred Security or Coupon; or
- (b) unless it is proved to the satisfaction of the Paying Agent to whom the same is presented that the holder would not be able to avoid such withholding or deduction by satisfying any statutory requirements and/or by making a declaration of non-residence or other similar claim for exemption but, in either case, fails to do so; or
- (c) in the United Kingdom (in the case of payments by the Issuer) or Ireland (in the case of payments by the Guarantor or the Issuer); or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Preferred Security or Coupon to another Paying Agent in a Member State of the European Union; or
- (f) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

References in these Terms and Conditions to principal, Coupon Amounts, Deferred Coupon Payments, Exceptionally Deferred Coupon Payments and/or Accrued Coupon Payments shall be deemed to include any additional amounts which may become payable in respect of any such sums in accordance with these Terms and Conditions and the Trust Deed.

## **13. PRESCRIPTION**

Preferred Securities and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within a period of 10 years in the case of Preferred Securities and five years in the case of Coupons from the Relevant Date relating thereto. There shall be no prescription period for Talons but

there shall not be included in any Coupon sheet issued in exchange for a Talon any Coupon the claim in respect of which would be void pursuant to this Condition or Condition 9(a)(ii) or any Talon which would be void pursuant to Condition 9(a)(ii).

#### **14. MEETINGS OF HOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION**

The Trust Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests including the modification by Extraordinary Resolution (as defined in the Trust Deed) of these Terms and Conditions or other provisions of the Trust Deed.

The quorum at any such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Preferred Securities for the time being outstanding, or at any adjourned such meeting one or more persons being or representing Holders whatever the principal amount of the Preferred Securities so held or represented, except that at any adjourned meeting the business of which includes the modification of certain of these Terms and Conditions (including, *inter alia*, the provisions regarding subordination referred to in Conditions 2 and 3, the terms concerning currency and due dates for payment of principal or Coupon Payments in respect of the Preferred Securities and reducing or cancelling the principal amount of any Preferred Security or the Coupon Rate) and certain other provisions of the Trust Deed the quorum will be one or more persons holding or representing not less than one-third in principal amount of the Preferred Securities for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting, and on all Couponholders.

Notwithstanding any other provision of these Terms and Conditions, the Trustee may agree, without the consent of the Holders or Couponholders, to any modification (subject to certain exceptions) of, or to any waiver or authorisation of any breach or proposed breach of, any of these Terms and Conditions or any other provisions of the Trust Deed which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Holders or to any modification which is of a formal, minor or technical nature or to correct a manifest error or to comply with the mandatory provisions of the law of the jurisdiction in which the Issuer or the Guarantor is incorporated.

No modification to these Terms and Conditions or any other provisions of the Trust Deed shall become effective unless the prior consent thereto of the Central Bank of Ireland shall have been obtained.

Subject to the prior consent of the Central Bank of Ireland and as provided in the Trust Deed, the Trustee may agree with the Issuer and the Guarantor, without the consent of the Holders or Couponholders, to the substitution on a subordinated basis equivalent to that referred to in these Terms and Conditions in place of:

- (a) the Issuer (or any previous Substituted Issuer under this Condition 14) as a new issuing party under the Trust Deed, the Preferred Securities and the Coupons, of the Guarantor, any other Subsidiary of the Guarantor, any successor in business of the Issuer or any Subsidiary of any successor in business of the Guarantor or any holding company of the Guarantor (the "Substituted Issuer"); or
- (b) the Guarantor (or any previous Substituted Guarantor under this Condition 14) as the guarantor of the obligations of the Issuer under the Trust Deed of any successor in business of the Guarantor or any holding company of the Guarantor (the "Substituted Guarantor").

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Holder or Couponholder be entitled to claim, from the Issuer, the Substituted Issuer, the Guarantor, the Substituted Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Holders or Couponholders except to the extent already provided for in Condition 12 and/or any undertaking given in addition to, or in substitution for, Condition 12 pursuant to the Trust Deed.

Any such modification, waiver, authorisation or substitution shall be binding on all Holders and all Couponholders and, unless the Trustee agrees otherwise, any such modification or substitution shall be notified to the Holders in accordance with Condition 17 as soon as practicable thereafter.

### 15. REPLACEMENT OF THE PREFERRED SECURITIES, COUPONS AND TALONS

Should any Preferred Security, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent (or any other place of which notice shall have been given in accordance with Condition 17) upon payment by the claimant of the expenses incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Preferred Securities, Coupons or Talons must be surrendered before any replacement Preferred Securities, Coupons or Talons will be issued.

### 16. THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any action unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor or any other Subsidiary of the Guarantor without accounting for any profit resulting therefrom. The Trustee is entitled under the Trust Deed to rely on reports and certificates addressed and/or delivered to it by any two Directors or the liquidator of the Issuer or the Guarantor (as the case may be) whether or not, in the case of a liquidator, the same are subject to any limitation on the liability of such liquidator and whether by reference to a monetary cap or otherwise.

### 17. NOTICES

Notices to Holders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the *Financial Times*) and for so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, in Luxembourg (which is expected to be the *Luxemburger Wort*). Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Holders in accordance with this Condition.

### 18. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Holders or the Couponholders to create and issue further Preferred Securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further Preferred Securities) and so that the same shall be consolidated and form a single series with the outstanding Preferred Securities. Any such Preferred Securities shall be constituted by a deed supplemental to the Trust Deed.

### 19. AGENTS

The Issuer and the Guarantor will procure that there shall at all times be a Calculation Agent and a Principal Paying Agent so long as any Preferred Security is outstanding. If either the Calculation Agent or the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Terms and Conditions or the Calculation Agency Agreement or the Agency Agreement, as appropriate, the Issuer and the Guarantor shall appoint, on terms acceptable to the Trustee, an independent investment bank acceptable to the Trustee to act as such in its place. Neither the termination of the appointment of a Calculation Agent or the Principal Paying Agent nor the resignation of either will be effective without a successor having been appointed.

All calculations and determinations made by the Calculation Agent or the Principal Paying Agent in relation to the Preferred Securities shall (save in the case of manifest error) be final and binding on the Issuer, the Guarantor, the Trustee, the Paying Agents, the Holders and the Couponholders.

None of the Issuer, the Guarantor, the Trustee and the Paying Agents shall have any responsibility to any person for any errors or omissions in any calculation by the Calculation Agent.

## **20. GOVERNING LAW AND SUBMISSION TO JURISDICTION**

The Trust Deed, the Preferred Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of England except that (i) the provisions relating to subordination and winding-up contained in Conditions 2(a) and 3(a) and, in relation to the Issuer, Condition 2(c) and the equivalent provisions of the Trust Deed are governed by, and shall be construed in accordance with, the laws of Northern Ireland, and (ii) the provisions relating to subordination and winding-up contained in Conditions 2(b) and 3(b) and, in relation to the Guarantor, Condition 2(c) and the equivalent provisions of the Trust Deed are governed by, and shall be construed in accordance with, the laws of Ireland.

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally agreed for the exclusive benefit of the Trustee, the Holders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Preferred Securities or the Coupons and that accordingly any suit, action or proceedings arising thereout or in connection therewith (together referred to as "Proceedings") may be brought in the courts of England.

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the courts of England and any claim that any Proceedings have been brought in an inconvenient forum and has further irrevocably and unconditionally agreed that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing in this Condition shall limit any right to take Proceedings against the Issuer or the Guarantor in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally appointed the person for the time being nominated by the Guarantor under Part XXIII of the Companies Act 1985 as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of the Guarantor ceasing to be registered under Part XXIII of the Companies Act 1985 it will appoint such other person as the Trustee may approve as its agent for that purpose. At 7 March 2001, the name and address of such person is Margaret O'Flanagan of 36 Queen Street, London EC4R 1BN.

Notwithstanding the foregoing, the institution of winding-up proceedings against the Issuer and the Guarantor is governed by Condition 11(e).

## **21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of the Preferred Securities under the Contracts (Rights of Third Parties) Act 1999.

## **22. DEFINITIONS**

In these Terms and Conditions:

"Accrued Coupon Payment" means, as at any time, where these Terms and Conditions provide that interest shall continue to accrue after a Coupon Payment Date in respect of a Preferred Security, the amount of interest accrued thereon in accordance with Conditions 4(b), 5, 6(d), 6(e), 7(d) and 7(e);

"Agency Agreement" means the agency agreement dated 7 March 2001 between the Issuer, the Guarantor, the Trustee and the Paying Agents relating to the Preferred Securities under which each Paying Agent agrees to perform the duties required of it under these Terms and Conditions, as amended, supplemented and/or restated from time to time;

"Assets" means, in respect of the Issuer or the Guarantor (as the case may be), its unconsolidated gross assets, all as shown in its latest published audited balance sheet, but adjusted for contingent assets and for subsequent events, all in such manner as the directors or the liquidator (as the case may be) may determine;

"Auditors" means the statutory auditors to the Issuer or the Guarantor (as the case may be) or such other auditors to the Issuer or the Guarantor (as the case may be) as may be appointed from time to time;

"Authorised Denominations" means €1,000, €10,000 and €100,000;

“Business Day” means a day, other than a Saturday or Sunday, which is (i) a TARGET Business Day and (ii) a day on which commercial banks and foreign exchange markets are open for general business in London;

“Calculation Agency Agreement” means the calculation agency agreement dated 7 March 2001 between the Issuer, the Guarantor, the Trustee and the Calculation Agent, relating to the Preferred Securities under which the Calculation Agent agrees to perform the duties required of it under these Terms and Conditions, as amended, supplemented and/or restated from time to time;

“Calculation Agent” means Cazenove & Co., as calculation agent in relation to the Preferred Securities, or its successor or successors for the time being appointed under the Calculation Agency Agreement;

“Capital Regulations” means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Central Bank of Ireland 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;

“Coupon” means an interest coupon relating to a Preferred Security and includes, where the context so permits, a Talon;

“Coupon Amount” means (i) in respect of a Coupon, the amount of interest payable on the presentation and surrender of such Coupon for the relevant Coupon Period in accordance with Condition 5 and (ii) for the purposes of Conditions 8(c), 8(d) and 9(d), any interest accrued from and including the preceding Coupon Payment Date (or, if none, the Issue Date) to but excluding the due date for redemption if not a Coupon Payment Date;

“Coupon Determination Date” means, in relation to each Reset Date, the second Business Day prior to such Reset Date;

“Coupon Payment” means, in respect of a Coupon Payment Date, the aggregate Coupon Amounts for the Coupon Period ending on such Coupon Payment Date;

“Coupon Payment Date” means (i) in respect of the period from the Issue Date to (and including) the First Reset Date 7 March in each year, starting 7 March 2002, and (ii) after the First Reset Date, 7 March, 7 June, 7 September and 7 December in each year, starting 7 June 2011, provided that if any Coupon Payment Date after the First Reset Date would otherwise fall on a day which is not a TARGET Business Day, it shall be postponed to the next day which is a TARGET Business Day;

“Coupon Period” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Coupon Payment Date and each successive period beginning on (and including) a Coupon Payment Date and ending on (but excluding) the next succeeding Coupon Payment Date or, if applicable, the due date for redemption, if not a Coupon Payment Date;

“Couponholder” means the bearer of any Coupon;

“Coupon Rate” has the meaning given to it in Condition 5(b);

“Dated Subordinated Debt” means (i) the £100,000,000 9.75 per cent. Subordinated Bonds due 2005, (ii) the US\$175,000,000 Subordinated Floating Rate Notes due 2007, (iii) the £200,000,000 Subordinated Floating Rate Notes due 2009, and (iv) the €750,000,000 6.45 per cent. Subordinated Notes due 2010, in each case issued by the Guarantor, and (v) any other obligations of the Guarantor which rank or are expressed to rank *pari passu* with the aforesaid obligations;

“Day Count Fraction” means (i) in respect of the period from (and including) the Issue Date to (but excluding) the First Reset Date, the actual number of days elapsed divided by the actual number of days in the relevant Coupon Period and (ii) in respect of each Coupon Period after the First Reset Date, the actual number of days elapsed divided by 360;

“dealing day” means a day, other than a Saturday or Sunday, on which the Frankfurt Stock Exchange (or such other stock exchange on which the Reference Bond (as the case may be) is at the relevant time listed) is ordinarily open for the trading of securities;

“Deferred Coupon Payment” means any Payment, or part thereof, which, pursuant to Condition 4(b), the Issuer has elected to defer and which has not been satisfied;

“Deferred Coupon Satisfaction Date” means the date on which the Issuer has resolved to satisfy a Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(b);

“Director” has the meaning ascribed to it under the Trust Deed;

“distribution” means any cash payment other than in respect of principal made in respect of an innovative Tier 1 Capital instrument ranking *pari passu* with or junior to the Preferred Securities;

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty;

the “Exceptional Deferral Condition” will be satisfied if, in the determination of the Issuer, on the relevant date, the Guarantor is, or payment of the relevant Payment by the Issuer or by the Guarantor under the Guarantee will result in the Guarantor being, in non-compliance with the applicable Capital Regulations;

“Exceptionally Deferred Coupon Payment” means a Payment, or part thereof, which has been deferred in accordance with Condition 4(a) and has not subsequently been either (i) satisfied, or (ii) deferred in accordance with Condition 4(b);

“Exceptionally Deferred Coupon Satisfaction Date” means the date on which the Issuer has resolved to satisfy an Exceptionally Deferred Coupon Payment, as notified by the Issuer to the Trustee, the Holders, the Principal Paying Agent and the Calculation Agent in accordance with Condition 4(a);

“First Reset Date” means 7 March 2011;

“Guarantee” has the meaning ascribed to it in Condition 2(b)(i);

“Guarantee Coupon Payment” means any payment due from the Guarantor pursuant to the Guarantee in respect of a Payment;

“Guarantee Coupon Payment Satisfaction Date” means any Coupon Payment Date, Deferred Coupon Satisfaction Date, Exceptionally Deferred Coupon Satisfaction Date or other date on which the Guarantor has resolved to make a Guarantee Coupon Payment pursuant to Condition 7;

“Guarantee Payment Ordinary Stock” has the meaning ascribed to it in Condition 7(b)(ii);

“Guarantor” means The Governor and Company of the Bank of Ireland;

“Holder” means the bearer of any Preferred Security;

“holding company” has the meaning ascribed to it under Section 155 of the Companies Act, 1963 of Ireland;

“interest” shall, where appropriate, include Coupon Amounts, Deferred Coupon Payments, Exceptionally Deferred Coupon Payments and Accrued Coupon Payments;

“Irish Stock Exchange” means The Irish Stock Exchange Limited;

“Issue Date” means 7 March 2001, being the date of initial issue of the Preferred Securities;

“Issuer” means Bank of Ireland UK Holdings plc;

“Issuer Shares” means ordinary shares of the Issuer (and includes any stock or other units of capital into which such shares may be converted);

“Liabilities” means, in respect of the Issuer or the Guarantor (as the case may be), its unconsolidated gross liabilities, all as shown in its latest published audited balance sheet, but adjusted for contingent liabilities and for subsequent events, all in such manner as the directors or the liquidator (as the case may be) may determine;

“London Stock Exchange” means the London Stock Exchange plc;

“Market Disruption Event” means (i) the occurrence or existence of any suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Irish Stock Exchange and the London Stock Exchange or otherwise) or on settlement procedures for transactions in the Ordinary Stock on both the Irish Stock Exchange and the London Stock Exchange if, in any such case, that suspension or limitation is, in the determination of the Calculation Agent, material in the context of the sale of the Ordinary Stock, or (ii) in the opinion of the Issuer, there has been a substantial deterioration in the price and/or value of the Ordinary Stock or circumstances are such as to prevent or to a material extent restrict the issue or delivery of the relevant Payment Ordinary Stock or Guarantee Payment Ordinary Stock (as the case may be), or (iii) where, pursuant to these Terms and Conditions, moneys are required to be converted from one currency into another currency in respect of any Payment, the occurrence of any event that makes it impracticable to effect such conversion;

“New Owner” means any new ultimate holding company of The Governor and Company of the Bank of Ireland group of companies;

“Ordinary Stock” means the ordinary stock of the Guarantor and “units of Ordinary Stock” shall be construed accordingly (and includes any shares or other units of capital into which such stock may be converted);

“Outstanding”, in relation to any Coupon Payment, Deferred Coupon Payment, Exceptionally Deferred Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment, means that such payment (a) has either become due and payable or would have become due and payable except for the non-satisfaction on the relevant date of the conditions referred to in Condition 2(a)(ii)(1) or the deferral, postponement or suspension of such payment in accordance with any of Condition 4(a), 4(b), 6(d), 6(e) or 9(d); and (b) in any such case has not been satisfied, and, in relation to any Accrued Coupon Payment, means any amount thereof which has not been satisfied whether or not payment has become due;

“Paying Agents” means the paying agents appointed pursuant to the Agency Agreement and such term shall, unless the context otherwise requires, include the Principal Paying Agent;

“Payment” means any Coupon Payment, Deferred Coupon Payment, Exceptionally Deferred Coupon Payment, Accrued Coupon Payment or Coupon Amount not falling within the definition of Coupon Payment;

“Payment Business Day” means a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London and, in the case of the presentation or surrender of a Preferred Security in the place of the specified office of the relevant Paying Agent to whom the Preferred Security or Coupon is presented or surrendered and, in the case of a payment by transfer to a euro account, a day which is a TARGET Business Day;

“Payment Issuer Shares” has the meaning ascribed to it in Condition 6(b);

“Payment Ordinary Stock” has the meaning ascribed to it in Condition 6(b);

“Preferred Securities” means the €600,000,000 7.40 per cent. Guaranteed Step-up Callable Perpetual Preferred Securities, and such expression shall include, unless the context otherwise requires, any further instruments issued pursuant to Condition 18 and forming a single series with the Preferred Securities;

“Principal Paying Agent” means the principal paying agent appointed pursuant to the Agency Agreement;

“Redemption Price” means, in respect of each Preferred Security, (a) the Authorised Denomination of such Preferred Security or, if higher, (b) the price, expressed as a percentage (rounded to three decimal places, 0.0005 being rounded upwards), at which the gross redemption yield (as calculated by the Calculation Agent) on the Preferred Securities, if they were to be purchased at such price on the third dealing day prior to the date fixed for redemption, would be equal to the gross redemption yield on such dealing day of the Reference Bond plus 0.50 per cent., on the basis of the middle market price of the Reference Bond prevailing at 11.00 a.m. (Central European time) on such dealing day;

“Reference Banks” has the meaning ascribed to it in Condition 5(e);

“Reference Bond” means the 5.25 per cent. Bundesobligationen due January 2011, or if such bond is no longer in issue, such other European government bonds as the Calculation Agent may, with the advice of three brokers of, and/or market makers in, European government bonds selected by the Calculation Agent, determine to be appropriate for determining the Redemption Price;

“Relevant Date” means (i) in respect of any payment other than a Winding-Up Claim, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the “Relevant Date” means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 17, and (ii) in respect of a Winding-Up Claim, the date which is one day prior to the commencement of the winding-up;

“Reset Date” means the First Reset Date and thereafter, each Coupon Payment Date;

“Senior Creditors” means:

- (i) in respect of the Issuer, creditors of the Issuer (a) who are unsubordinated creditors of the Issuer or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Issuer or otherwise) to the claims of unsubordinated creditors of the Issuer but not further or otherwise or (c) who are subordinated creditors of the Issuer, other than those whose claims rank, or are expressed to rank, *pari passu* with, or junior to, the claims of the Holders; and
- (ii) in respect of the Guarantor, creditors of the Guarantor (a) who are depositors or other unsubordinated creditors of the Guarantor, or (b) whose claims are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Guarantor or otherwise) to the claims of depositors and other unsubordinated creditors of the Guarantor (including those whose claims are in respect of Dated Subordinated Debt and/or the receipts and coupons (if any) relating thereto) (but not further or otherwise) or (c) whose claims are or are expressed to be (whether only in the event of the winding-up of the Guarantor or otherwise) subordinated to the claims of other creditors of the Guarantor, whether subordinated or unsubordinated (including those whose claims are in respect of Undated Subordinated Debt and the coupons (if any) relating thereto) other than those whose claims rank or are expressed to rank (whether only in the event of the winding-up of the Guarantor or otherwise) *pari passu* with, or junior to, the claims of the Holders;

“Solvent” means, in relation to the Issuer or the Guarantor at any relevant time, that it meets both of the following Conditions:

- (a) it is able to pay its debts to its Senior Creditors as they fall due; and
- (b) its Assets exceed its Liabilities to its Senior Creditors (as determined in accordance with generally accepted accounting principles in its jurisdiction of incorporation);

“Subsidiary” has the meaning ascribed to it under Section 155 of the Companies Act, 1963 of Ireland;

“Substituted Guarantor” has the meaning ascribed to it in Condition 14;

“Substituted Issuer” has the meaning ascribed to it in Condition 14;

“Suspension” has the meaning ascribed to it in Condition 9(d);

“Talon” means a talon for further Coupons;

“TARGET Business Day” means a day on which the Trans European Real-Time Gross Settlement Express Transfer (TARGET) System is operating;

“Tier 1 Capital” has the meaning ascribed to it in the Central Bank of Ireland Implementation Notice dated 13th 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;

“Treaty” means the treaty establishing the European Community, as amended from time to time;



## Terms and Conditions of the Preferred Securities

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“Trust Deed” means the trust deed dated 7 March 2001 between the Issuer, the Guarantor and the Trustee, as amended, supplemented and/or restated from time to time;

“Trustee” means The Bank of New York as trustee for the Holders and includes its successor(s);

“Undated Subordinated Debt” means the US\$150,000,000 Undated Floating Rate Primary Capital Notes issued by the Guarantor and any other obligations of the Guarantor which rank or are expressed to rank *pari passu* therewith;

“Upper Tier 2 Capital” has the meaning ascribed to it in the Central Bank of Ireland Implementation Notice dated 13th 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;

“Upper Tier 2 Securities” means securities of the Issuer that have substantially similar terms in the opinion of the Trustee as the Preferred Securities (including for the avoidance of doubt the benefit of the Guarantee) save that (1) they and the guarantee of the Guarantor shall each contain terms no less favourable to an investor than the then current minimum requirements of the Central Bank of Ireland in relation to Upper Tier 2 Capital, and (2) the Coupon Rate of such securities shall be determined in such manner as shall result in it being 0.40 per cent. per annum below the Coupon Rate from time to time (and whether before or after the First Reset Date) applying to the Preferred Securities;

“Wholly-Owned Subsidiary” means, in respect of any entity, a directly or indirectly wholly-owned Subsidiary of that entity;

“Winding-Up Claim” means, as the context may require, either a Winding-Up Claim of the Issuer or a Winding-Up Claim of the Guarantor and “Winding-Up Claims” shall be construed accordingly;

“Winding-Up Claim of the Guarantor” has the meaning ascribed to it in Condition 2(b)(iii)(2); and

“Winding-Up Claim of the Issuer” has the meaning ascribed to it in Condition 2(a)(ii)(2).

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## Summary of Provisions relating to the Preferred Securities while in Global Form

### Exchange

The Preferred Securities will be represented initially by a Temporary Global Preferred Security in bearer form without Coupons or Talons which will be deposited outside the United States with a common depositary for Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank S.A./N.V., as operator of the Euroclear System "Euroclear" on or about 7 March 2001. The Temporary Global Preferred Security will be exchangeable in whole or in part (free of charge to the holder) for interests in a Permanent Global Preferred Security in bearer form without Coupons or Talons on or after a date which is expected to be 16 April 2001 (the "Exchange Date") upon certification as to non-US beneficial ownership as required by US Treasury regulations and as described in the Temporary Global Preferred Security. Upon deposit of the Temporary Global Preferred Security or the Permanent Global Preferred Security (each a "Global Preferred Security") with a common depositary for Clearstream, Luxembourg and Euroclear, Clearstream, Luxembourg and Euroclear will credit each subscriber with a principal amount of Preferred Securities equal to the principal amount thereof for which it has subscribed and paid.

Each of the persons shown in the records of Clearstream, Luxembourg or Euroclear as the holder of a Preferred Security represented by a Global Preferred Security must look solely to Clearstream, Luxembourg or Euroclear (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Preferred Security, subject to and in accordance with the respective rules and procedures of Clearstream, Luxembourg or Euroclear (as the case may be).

The Global Preferred Securities will contain provisions applicable to the Preferred Securities represented thereby, some of which modify the effect of the Terms and Conditions of the Preferred Securities. Certain of these are summarised in this section.

For so long as any of the Preferred Securities is represented by a Global Preferred Security, the bearer of the Global Preferred Security may, except as ordered by a court of competent jurisdiction or as required by law, be treated by the Issuer, the Guarantor, the Trustee and the Paying Agents as the owner thereof and of all rights thereunder free from all encumbrances (in accordance with and subject to its terms and the Trust Deed) and the expression "Holder" and related expressions shall be construed accordingly. Interests in Preferred Securities which are represented by a Global Preferred Security will only be transferable in accordance with the rules and procedures for the time being of Clearstream, Luxembourg and/or Euroclear, as the case may be.

If any date on which a payment is due on the Preferred Securities occurs prior to the Exchange Date, the relevant payment will be made on the Temporary Global Preferred Security only to the extent that certification as to non-US beneficial ownership as required by US Treasury regulations (in substantially the form referred to in the Temporary Global Preferred Security or in such other form as is customarily issued in such circumstances by the relevant clearing system or depositary) has been received by Clearstream, Luxembourg or Euroclear. Payment of amounts due in respect of the Permanent Global Preferred Security will be made through Clearstream, Luxembourg or Euroclear without any requirement for certification.

The Holder of the Temporary Global Preferred Security shall not (unless, upon due presentation of such Temporary Global Preferred Security for exchange (in whole or in part) for interests in the Permanent Global Preferred Security, such exchange is improperly withheld or refused and such withholding or refusal is continuing at the relevant payment date) be entitled to receive any payment in respect of the Preferred Securities represented by such Temporary Global Preferred Security which falls due on or after the Exchange Date.

Interests in the Permanent Global Preferred Security will be exchangeable in whole but not in part (free of charge to the holder) for definitive bearer Preferred Securities (a) if the Permanent Global Preferred Security is held on behalf of Clearstream, Luxembourg or Euroclear or an Alternative Clearing System (as defined below) and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of public holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (b) at any time at the option of the Issuer, by the Issuer giving notice to the Principal Paying Agent and the Holders of its intention to exchange interests in the Permanent Global

Preferred Security for definitive Preferred Securities on or after the Permanent Global Exchange Date (as defined below) specified in the notice.

On or after the Permanent Global Exchange Date the holder of the Permanent Global Preferred Security shall surrender the Permanent Global Preferred Security to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Preferred Security, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated definitive Preferred Securities having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Preferred Security and a Talon.

“Alternative Clearing System” means any such other clearing system as shall have been approved by the Trustee.

“Permanent Global Exchange Date” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (a) above, in the cities in which Euroclear and Clearstream, Luxembourg or, if relevant, the Alternative Clearing System are located.

### **Payments**

Principal and interest in respect of the Permanent Global Preferred Security shall be paid to its holder against presentation and (if no further payment falls to be made on it) surrender of it to or to the order of any Paying Agent which shall endorse such payment or cause payment to be endorsed in the appropriate schedule to the Permanent Global Preferred Security. No person shall however be entitled to receive any payment on the Permanent Global Preferred Security falling due after the Permanent Global Exchange Date, unless exchange of the Permanent Global Preferred Security for definitive Preferred Securities is improperly withheld or refused by or on behalf of the Issuer.

### **Call Option**

So long as the Permanent Global Preferred Security is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, no drawing of Preferred Securities will be required under Condition 8(b)(ii) in the event that the Issuer exercises its call option pursuant to Condition 8(b)(i) in respect of less than the aggregate principal amount of the Preferred Securities outstanding at such time. In such event, the standard procedures of Euroclear, Clearstream, Luxembourg and/or any Alternative Clearing System shall operate to determine which interests in the Permanent Global Preferred Security are to be subject to such option.

### **Notices**

So long as the Permanent Global Preferred Security is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, notices required to be given to Holders may be given by their being delivered to Euroclear and/or Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, rather than by publication as required by the Terms and Conditions of the Preferred Securities except that so long as the Preferred Securities are listed on the Luxembourg Stock Exchange and the rules of that Exchange so require, notices shall also be published in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). Any notice delivered to Euroclear, Clearstream, Luxembourg and/or, as the case may be, the Alternative Clearing System shall be deemed to have been given to the Holders on the day on which such notice is so delivered.

### **Meetings**

The holder of the Permanent Global Preferred Security shall be treated at any meeting of Holders as having one vote in respect of each €1,000 principal amount of Preferred Securities for which the Permanent Global Preferred Security may be exchanged.

### **Purchase and cancellation**

Cancellation of any Preferred Security represented by the Permanent Global Preferred Security which is required by the Terms and Conditions of the Preferred Securities to be cancelled will be effected by reduction in the principal amount of the Permanent Global Preferred Security.

**Trustee's powers**

In considering the interests of Holders in circumstances where the Permanent Global Preferred Security is held on behalf of any one or more of Euroclear, Clearstream, Luxembourg and an Alternative Clearing System, the Trustee may have regard to such information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Permanent Global Preferred Security and may consider such interests on the basis that such accountholders were the holder of the Permanent Global Preferred Security.

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## Use Of Proceeds

The net proceeds from the issue of the Preferred Securities, which are expected to amount to €593,172,000, will be used for the development and expansion of the business of the Group and to strengthen the capital base of the Group.