

## LISTING PARTICULARS

### IRISH LIFE & PERMANENT PLC

*(Incorporated in Ireland under the Companies Acts, 1963 to 2009, Registered number 222332)*

**€400,000,000**

### 10 PER CENT. CONTINGENT CAPITAL TIER 2 NOTES DUE 2016

**Convertible into Ordinary Shares of**

### IRISH LIFE & PERMANENT GROUP HOLDINGS PLC

*(Incorporated in Ireland under the Companies Acts, 1963 to 2009, Registered number 474438)*

**Issue price: 100 per cent.**

The €400,000,000 10 per cent. Contingent Capital Tier 2 Notes Due 2016 (the **CCNs**) were issued by Irish Life & Permanent plc (the **Issuer**) on 27 July 2011 (the **Issue Date**). The CCNs have been issued pursuant to the agency deed dated the Issue Date (the **Agency Deed**) made between the Issuer, Irish Life & Permanent Group Holdings plc (the **Parent**) and Citibank N.A., London Branch as fiscal agent (the **Fiscal Agent**) and registrar (the **Registrar**) (together the **CCN Agents**). The Parent has entered into a deed of covenant (the **Deed of Covenant**) in favour of the holders of the CCNs (the **Holders**) (as described under “*Description of the Contingent Capital Tier 2 Notes*”).

Unless previously redeemed or converted pursuant to the terms and conditions of the CCNs (the **Conditions**), the CCNs will be immediately and mandatorily converted upon the occurrence of a Capital Deficiency Event or a Non-Viability Event (each a **Conversion Event**, as described under “*Description of the Contingent Capital Tier 2 Notes*”) into ordinary shares in the capital of the Parent with a nominal value of €0.031 each (the **Ordinary Shares**). The conversion price is subject to adjustment in certain events. The CCNs will constitute direct, unsecured and subordinated obligations of the Issuer (as described under “*Description of the Contingent Capital Tier 2 Notes*”).

The CCNs mature on 28 July 2016 (the **Maturity Date**). See “*Description of the Contingent Capital Tier 2 Notes*”.

Interest will be payable in arrear on 27 July in each year subject to adjustment as provided herein (each an **Interest Payment Date**). Interest will accrue from and including the Issue Date to but excluding the Maturity Date and will be at a rate of 10 per cent. per annum and may be adjusted as further described under “*Description of the Contingent Capital Tier 2 Notes*”.

**An investment in the CCNs involves certain risks. For a discussion of these risks see “*Risk Factors*”.**

Application has been made to the Irish Stock Exchange Limited (the **ISE**) for this document (these **Listing Particulars**) to be approved and for the CCNs to be admitted to the Official List and to trading on its Global Exchange Market (the **GEM**).

The date of these Listing Particulars is 11 October 2011.

The CCNs have been issued in definitive registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Title to the CCNs will pass by registration in the register kept by the Registrar in accordance with the provisions of the Agency Deed (the **Register**) - See “*Terms and Conditions of the Contingent Capital Tier 2 Notes*”.

The Issuer accepts responsibility for the information contained in these Listing Particulars. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in these Listing Particulars is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Minister for Finance of Ireland (the **Minister**), the Department of Finance, the Irish Government (the **Government**), the National Pensions Reserve Fund Commission, the National Treasury Management Agency or any person controlled by or controlling any such person, or any entity or agency of or related to the Irish State, or any director, officer, official, employee or adviser (including without limitation legal and financial advisors) of any such person (each such person, a **Relevant Person**) accepts any responsibility for the contents of, or makes any representation or warranty as to the accuracy, completeness or fairness of any information in these Listing Particulars or any document referred to in these Listing Particulars or any supplement or amendment thereto (each a **Transaction Document**). Each Relevant Person expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of any Transaction Document. No Relevant Person has authorised or will authorise the contents of any Transaction Document, or has recommended or endorsed the merits of the offering of securities or any other course of action contemplated by any Transaction Document.

These Listing Particulars are to be read in conjunction with all documents which are incorporated herein by reference (see *"Documents Incorporated by Reference"*). These Listing Particulars shall be read and construed on the basis that such documents are incorporated in, and form part of, these Listing Particulars.

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the CCNs and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer or any of the CCN Agents. Neither the delivery of this document nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Issuer, the Parent or any of its subsidiaries (the Parent and its subsidiaries together, the **Group**) since the date hereof. This document does not constitute an offer of, or an invitation by, or on behalf of, the Issuer, the Parent or any of the CCN Agents to subscribe for, or purchase, any of the CCNs, the Ordinary Shares, or their distribution. This document does not constitute an offer, and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful.

The CCN Agents have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any of the CCN Agents as to the accuracy or completeness of the information contained or incorporated in these Listing Particulars or any other information provided by the Issuer or the Parent in connection with the CCNs, or the Ordinary Shares or their distribution.

These Listing Particulars are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Parent, the CCN Agents or any other person that any recipient of these Listing Particulars should purchase any of the CCNs. Each investor contemplating purchasing CCNs should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Parent.

The CCNs have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the CCNs may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the CCNs and on distribution of this document, see *"Subscription and Sale"* below.

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## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the CCNs. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the CCNs are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the CCNs, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the CCNs may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the CCNs are exhaustive. Prospective investors should also read the detailed information set out elsewhere in these Listing Particulars and reach their own views prior to making any investment decision.*

### **Factors that may affect the Issuer's ability to fulfil its obligations under the CCNs**

In common with other industry participants a number of factors (risk factors) affect the Group's operating results and financial condition. Risk factors include economic and market conditions, regulation, government policy and legislation, competition, credit ratings, operational systems and processes, and systemic risk within the financial markets.

The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. The information given is as at the date of these Listing Particulars.

### **Financial Measures Programme 2011**

Following the publication of the results of the Central Bank's Prudential Capital Assessment Review (**PCAR 2011**) and Prudential Liquidity Assessment Review (**PLAR 2011**) for the Group's banking business on 31 March 2011, a restructuring of the Group has commenced and will continue over the period 2011 to 2013 (see "*Description of the Issuer*"). The reviews have identified a gross capital requirement of €4.0 billion for the Group's banking business operated by the Issuer in order to meet the capital and deleveraging requirements prescribed by the Central Bank of Ireland (the **Central Bank**) to (i) achieve the target core equity Tier 1 capital ratio of 6 per cent. (plus an additional buffer) in a stress case scenario and (ii) to de-leverage the Issuer's balance sheet in order to achieve a loan to deposit ratio of approximately 122 per cent. by 31 December 2013. The gross capital requirement of €4 billion includes the amount of €0.4 billion raised by the issuance of the CCNs to the Minister.

The European Union, the International Monetary Fund and the European Central Bank (the **ECB**) (together, the **Institutions**) and the Government have agreed that the total gross capital requirement of €4.0 billion is subject to appropriate adjustment for any capital generated through asset disposals (including the possible disposal of Irish Life Limited and its subsidiaries (the **Irish Life Group**) as outlined below and the Liability Management Exercise (see "*Liability Management Exercise*").

€2.7 billion of the total gross capital requirement was achieved on 27 July 2011 by way of the Initial State Investment (as outlined below). A further €0.2 billion has been met from internal Group resources. The balance of the gross capital requirement (being €1.1 billion) is to follow by no later than a date to be specified by the Minister or the Central Bank (the **Final Investment Date**).

The remaining capital requirement of €1.1 billion is expected to be met by a combination of:

- the Standby State Investment (as described below); and
- capital generated by the Group.

The High Court made a direction order on 26 July 2011 pursuant to the Credit Institutions (Stabilisation Act) 2010 (the **Stabilisation Act**) directing the Issuer and the Parent to take certain steps in connection with the Issuer's regulatory capital requirements (the **Capitalisation Direction Order**). The following steps were completed on 27 July 2011 in accordance with the terms of the Capitalisation Direction Order. The Minister subscribed €2.3 billion for approximately 36.2 billion new Ordinary Shares in the Parent at a price of €0.06345 per Ordinary Share. The issue price of €0.06345 per Ordinary Share represented a discount of 10 per cent. to the middle market share price of an Ordinary Share on the ISE on 23 June 2011. The proceeds of the

Minister's Ordinary Share subscription were invested by the Parent in the Issuer to enhance the Issuer's Tier 1 regulatory capital. The Minister further subscribed €0.4 billion for the CCNs. The Minister's €2.3 billion investment in the Ordinary Shares and €0.4 billion investment in the CCNs are together referred to as the **Initial State Investment**.

The Minister may at his option provide a standby State investment to the Parent (the **Standby State Investment**) in the event, or to the extent that, the proposed asset disposals (including the possible disposal of the Irish Life Group), the Liability Management Exercise, or otherwise, do not together generate €1.1 billion of Core Tier 1 Capital net of fees by the Final Investment Date. The Standby State Investment may be provided by way of capital contribution for no consideration, by subscription for Ordinary Shares at a price of €0.06345 per Ordinary Share or by a combination of both. The maximum number of Ordinary Shares that could be issued under the Standby State Investment is approximately 18.4 billion. The Standby State Investment is at the discretion of the Minister and therefore may be subject to such terms and conditions as the Minister deems appropriate at the time of investment. The Initial State Investment as outlined above and the Standby State Investment are together referred to as the **State Investment**.

The Standby State Investment may be reduced by capital generated from the combination of the Liability Management Exercise and future asset disposals including a possible disposal of the Irish Life Group. The Liability Management Exercise has completed (see *Liability Management Exercise*). However the full regulatory capital benefit generated from the Liability Management Exercise will only be realised on the disposal of the Irish Life Group.

The Group announced on 31 March 2011 that it will attempt to meet an element of the €4 billion total gross capital requirement through asset sales, including the possible disposal of the Issuer's wholly owned subsidiary Irish Life Limited and its subsidiaries Irish Life Assurance p.l.c., Irish Life Investment Managers Limited, Cornmarket Group Financial Services Limited, and Irish Progressive Services International together with the minority shareholding in Allianz-Irish Life Holdings p.l.c. held by Irish Life Limited (together the **Irish Life Group**) (See "*Activities of the Issuer*"). Irish Life Limited acts as a holding company for the Irish Life Group and does not carry on any other business.

The Group also announced on 9 June 2011 that the High Court had granted a direction order to the Minister pursuant to the provisions of Section 9 of the Stabilisation Act (the **Irish Life Direction Order**). The Irish Life Direction Order directs the Issuer to make preparations for the possible disposal of the business and assets of the Irish Life Group by either (i) a possible initial public offering of some or all of the Irish Life Group and/or (ii) a possible private disposal of some or all of the Irish Life Group. The Irish Life Direction Order allows the preparations for a possible disposal of the Irish Life Group to occur in an orderly manner, consistent with the timetable agreed with the Government and the Institutions. The Issuer will continue to review the options relating to the possible disposal of the Irish Life Group, with a view to maximising the value of the Irish Life Group to the Group. If it is decided that a disposal of the Irish Life Group is to proceed, the Minister at his discretion may apply for an additional Court order to effect any such disposal.

As a result of the Initial State Investment, the Minister is the majority owner of the Group and has significant control over the Group. In exercising its voting rights as shareholder, the interests of the Government may not be aligned at all times, or at all, with the interests of Holders or the other holders of Ordinary Shares in the Parent. The State Investment means that there is an increased risk of intervention by the State in relation to the operations and policies of the Group. Such interventions could have a material adverse effect on the operations of the Group and its business as outlined below.

### **Government control and intervention**

The Government introduced a range of new legislation as set out below in response to the financial crisis, under which it enjoys very broad powers in relation to Relevant Institutions (as defined below) like the Issuer (including under the Stabilisation Act which gives the Minister the power to make a range of orders and directions in relation to a Relevant Institution including, but not limited to, the disposal of assets by a Relevant Institution, assuming the shareholder powers of a Relevant Institution, and directing the drawing up of restructuring plans by a Relevant Institution).

While the legislation provides the Minister with a number of avenues to intervene in the operations of the Issuer, it is the majority owner of the Group and has significant control over the Group without having to rely on the legislation. Due to the extent of the Minister's legislative powers and his shareholding, other shareholders have limited influence over the Group. Investors should also consider the fact that any further requirement which necessitates the Group to hold a higher level of capital than anticipated following PCAR 2011 and PLAR 2011 could require the Group to generate additional capital which could result in increased Government ownership and control or full nationalisation.

The introduction of new policies or the amendment of existing policies by the Government or the introduction of revised capital or deleveraging targets by the Central Bank may materially adversely affect the Group's business and financial condition. Policies in respect of the banking and insurance sectors, including their supervision, regulation, capitalisation and structure, have and will continue to have a major impact on the Group. There can be no guarantee that the current policies will be continued.

### ***Credit Institutions (Stabilisation) Act 2010***

The Stabilisation Act has been expressly enacted to implement measures necessary to address an unprecedented and severe disruption to the Irish economy and to maintain the stability of certain credit institutions in Ireland and the financial system generally.

The Stabilisation Act was enacted on 23 December, 2010. The Stabilisation Act applies to "Relevant Institutions", including Irish registered credit institutions which have received financial support from the Minister and their respective subsidiaries and holding companies. The Issuer, the Parent and its subsidiary companies are Relevant Institutions for the purposes of the Stabilisation Act.

The Stabilisation Act provides broad powers to the Minister (in consultation with the Governor of the Central Bank) to act on financial stability grounds to restructure and recapitalise Irish credit institutions as envisaged in the joint EU-IMF Programme for Ireland. The Stabilisation Act will apply until 31 December, 2012, unless extended. The purposes of the Stabilisation Act are stated to include:

- the need to address the disruption to the Irish economy and the stability of certain credit institutions and the financial system generally in Ireland;
- to implement the reorganisation of certain credit institutions in Ireland;
- to protect the interests of depositors in Irish credit institutions;
- to facilitate the availability of credit to the Irish economy;
- to protect Ireland's interest in respect of the ELG Scheme and the interests of Irish taxpayers;
- to restore confidence in and underpin Government support measures for the Irish banking sector;
- to align the activities of the Relevant Institutions with the public interest and the other purposes of the Stabilisation Act; and
- to preserve and restore the financial position of Relevant Institutions.

The Minister has the power to seek direction orders, special management orders, subordinated liabilities orders and transfer orders from the Irish High Court (**Orders**) under the Stabilisation Act. The Minister may only seek an Order if the Minister has consulted with the Central Bank and is of the opinion that making the Order is necessary in accordance with the provisions of the Stabilisation Act. The Minister must apply to the Irish High Court ex parte for approval of the relevant Order.

**Direction Orders:** The Minister can seek a direction order in relation to a Relevant Institution directing it to take specified actions. The specified actions may include issuing shares (notwithstanding any contractual, legislative or listing rules based restrictions, such as pre-emption rights), de-listing from stock exchanges, altering the terms of its memorandum and articles of association (including alterations to shareholder rights) and to dispose on specified terms of assets or liabilities or parts of a Relevant Institution's business.

**Special Management Orders:** The Minister can seek a special management order appointing a suitably qualified special manager to a Relevant Institution for a period of six months, which period may be extended. The special manager must take over the management of the business of the Relevant Institution and carry on that business as a going concern with a view to preserving and restoring the financial position of the Relevant Institution or any part of its business. The special manager can acquire or dispose of assets and liabilities of the Relevant Institution as he sees fit.

**Subordinated Liabilities Orders:** The Minister can seek a subordinated liabilities order in relation to a Relevant Institution. Such an order can only be made with respect to subordinated liabilities and not senior liabilities. A subordinated liabilities order may contain provisions altering the terms of a subordinated liability. For instance,

an order could provide for the postponement, termination or suspension of specific rights, such as the right to payment of interest or principal or the right to declare an event of default, or for the granting of a shareholding in the Relevant Institution. No proceedings can be initiated and no petition for winding up can be brought by a subordinated creditor against a Relevant Institution if a subordinated liabilities order has been made. In addition, subordinated creditors cannot exercise set off rights against a Relevant Institution to which a subordinated liabilities order has been made.

**Transfer Orders:** The Minister can seek a transfer order implementing the transfer of assets and/or liabilities of a Relevant Institution. The Minister is empowered to provide financial incentives directly or indirectly to any person to become a transferee of a Relevant Institution's assets or liabilities. Any such financial incentive is recoupable as a debt owing by the Relevant Institution to the Minister.

The enactment of the Stabilisation Act, its publication, any Ministerial or Governmental statement relating to the Stabilisation Act or the making of any Order are not to cause any trigger, termination, default, enforcement or similar event under contracts to which a Relevant Institution is a party. However, if this is deemed by the Minister to be unduly onerous in any particular circumstances, these provisions can be disapplied.

The Minister is also given a range of additional powers under the Stabilisation Act. These powers include the following:

- The Minister can remove any director or officer or employee of a Relevant Institution and appoint directors to a Relevant Institution subject to Central Bank approval.
- The Minister can exercise any power exercisable by the shareholders of a Relevant Institution in place of the shareholders.
- The Minister can impose new requirements on Relevant Institutions for the purposes of the Stabilisation Act. These include the obligation to suspend for up to six months any specified activity, to draw up restructuring plans, to change management and to comply with capital requirements. The requirement to comply with any such direction overrides any other law, agreement or requirement.
- Section 51 of the Stabilisation Act empowers the Minister to impose terms and conditions which any other provider of financial support would impose. This provision can be used to prevent the making of bonus payments by Relevant Institutions to employees or officers where the Minister states that a condition of further financial support is that such bonus payments are not made.
- Section 48 of the Stabilisation Act imposes a new duty on directors of Relevant Institutions which is owed directly to the Minister on behalf of the State and takes priority over any other duty to the extent of any inconsistency. The new duty is to 'have regard to' the matters set out in section 4(f) of the Stabilisation Act, which are the purposes for which the Stabilisation Act was enacted, as outlined above.

Save as outlined above in relation to the Irish Life Direction Order and the Capitalisation Direction Order, no other Order has been made in relation to the Issuer or any member of the Group as at the date of these Listing Particulars. However, although no other Order has been made in relation to the Issuer or any member of the Group, if any such other Order were to be made it may have a material adverse effect on the interests of the Holders.

### ***Central Bank and Credit Institutions (Resolution) (No.2) Bill 2011***

The Central Bank and Credit Institutions (Resolution) (No.2) Bill 2011 (the **Resolution Bill**) was published on 20 May, 2011 and if enacted by the Houses of the Oireachtas would establish a permanent framework to facilitate the orderly management and resolution of distressed credit institutions. The Resolution Bill would apply to banks, building societies and credit unions licensed in Ireland other than those which are Relevant Institutions under the Stabilisation Act.

### ***Credit Institutions (Financial Support) Act 2008***

Under the Credit Institutions (Financial Support) Act 2008, the Minister has been given certain functions in relation to financial support for certain credit institutions and their subsidiaries (such as the Issuer). They can only be exercised in certain circumstances namely where: (i) there is a serious threat to the stability of credit institutions in the State generally, or would be such a threat if those functions were not performed; (ii) the performance of those functions is necessary, in the public interest, for maintaining the stability of the financial

system in the State; and (iii) the performance of those functions is necessary to remedy a serious disturbance in the economy of the State. The functions are wide ranging and may entail the Minister subscribing for, taking an allotment of or purchasing shares and any other securities in a credit institution or subsidiary to which financial support is provided on such terms as the Minister sees fit. If the Minister were to exercise such a function it could have a material impact on the Issuer and its business.

### **ELG Scheme**

The Credit Institutions (Financial Support) Act 2008 (the **Act**), provides the statutory basis for the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (Statutory Instrument No. 490 of 2009) (the **ELG Scheme**) which was approved by both Houses of the Oireachtas on 3 December, 2009 and was made by the Minister on 9 December, 2009. The Act, the ELG Scheme and associated Ministerial orders made under section 6 of the Act provide the statutory basis for the new credit institution guarantee arrangement announced by the Minister on 7 April, 2009 and 16 September, 2009.

The ELG Scheme, involves, *inter alia*, obligations to reduce risk profile and meet target ratios including, *inter alia*, loan/deposit ratio, wholesale funding/total liabilities ratio, deposit growth and maximum loan to value ratio and accept State nominated board appointees, controls on acquisitions and if required by the Minister, preparing and implementing a restructuring plan, which could limit the Group's ability to determine independently its corporate strategy or adversely affect the Group's financial condition and prospects. Further, the Issuer could be subject to additional directions from the Central Bank and/or the Minister as to the conduct of its business in addition to the restrictions and potential restrictions arising out the Issuer's participation in the ELG Scheme. It is possible that such directions may adversely affect the Group's results, financial condition and prospects.

On 19 November, 2010, the ELG Scheme was amended pursuant to the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) (No. 2) Scheme 2010 (Statutory Instrument No. 546 of 2010) of Ireland (the **Amending Instrument**). Pursuant to the Amending Instrument, the issuance period in respect of the ELG Scheme has been extended (subject to continuing EU state aid approval) such that liabilities incurred by a participating institution (as defined in the ELG Scheme) such as the Issuer will, subject to meeting the other eligibility criteria described in the ELG Scheme, as amended, constitute eligible liabilities for the purposes of the ELG Scheme provided that they are incurred on or before 31 December, 2011.

The terms of the ELG Scheme were reviewed for compliance with EU state aid rules by the European Commission, and the European Commission issued a decision on 1 June 2011 raising no objections to the ELG Scheme as notified. Whether or not the terms of the ELG Scheme as notified constitute unlawful state aid for the purposes of EC law is a question which can ultimately only be decided by the European Court of Justice.

### **Reliance on customer deposits**

The Issuer relies on customer deposits to fund a considerable portion of its loan portfolio, the ongoing availability of which is sensitive to factors outside of the Issuer's control. Loss of consumer or retail confidence in the Issuer's business or in banking businesses generally, amongst other things, could result in unexpectedly high levels of customer or retail deposit withdrawals which could materially adversely affect the Issuer's business and financial condition.

The ELG Scheme and the deposit guarantee scheme (the **Deposit Guarantee Scheme**), pursuant to which the customers of the Issuer benefit from a Government guarantee of the Issuer's deposits, are of significant importance in retaining and growing deposits in the Group's banking business which are key elements of its funding strategy. The ELG Scheme has been extended to 31 December 2011. An assumption which was provided for in PCAR 2011 was that the ELG Scheme would remain in place to 31 December 2013. Were the ELG Scheme or the Deposit Guarantee Scheme to be withdrawn or not renewed, there is a significant risk that the resulting loss in confidence would cause a significant level of deposit withdrawals, particularly by corporate customers from the Issuer.

The PLAR 2011 established funding targets for banks in order to reduce leverage in the overall Irish banking system. The central target is the loan to deposit ratio (**LDR**), which has the explicit purpose of reducing the balance sheets of domestic banks. The target LDR for all banks and for the Issuer is 122.5 per cent. by December 2013. There is a risk that this target will lead to an increase in competition for deposits among all banks with the result that the Issuer may not be able to retain the same level of deposits and/or may have to pay higher rates to retain or attract deposits. This would result in the need to deleverage some of its core business which could have an impact on the Issuer's viability, profitability and financial position.



At 31 July 2011, 33 per cent. of the Issuer's funding was sourced from customer accounts. The Issuer's lending activities will depend, in part, on the availability of customer deposits on appropriate terms. Loss of consumer confidence in the Issuer's business or in banking businesses generally could result in unexpectedly high levels of customer deposit withdrawals, which could materially adversely affect the Issuer's ability to fund its operations and its business and financial condition. The ongoing availability of customer deposits to fund the Issuer's loan portfolio is also subject to potential changes in certain factors outside the Issuer's control, such as a loss of confidence of depositors in either the Irish economy in general, the financial services industry or the Issuer specifically, further ratings downgrades, significant further deterioration in economic conditions and the availability and extent of deposit guarantees (including as a result of regulatory changes to deposit guarantee schemes and/or changes to the ELG Scheme). Retail deposit withdrawals can be exacerbated by, among other factors, fiscal measures introduced by the Government, lower savings rates being available in the market, and increased unemployment.

### ***The Group is subject to risks relating to the EU Restructuring Plan***

The results of the PCAR and PLAR stress tests on the Irish banking system published by the Government on 31 March 2011 gave rise to additional capital requirements for the Issuer. These capital requirements are expected to be met by the Issuer through, amongst other measures, the State Investment. The State Investment constitutes the granting of State aid by Ireland to the Issuer and as such was approved by the European Commission under EU State aid rules on 20 July 2011. Under this process, the Group submitted the EU Restructuring Plan through the Department of Finance to the European Commission on 31 July 2011 for approval under EU State aid rules.

As part of its review, the European Commission is required to consider whether the EU Restructuring Plan demonstrates the Group's long-term viability without reliance on State support, that there is adequate burden sharing by the Group (and its equity/debt capital holders) and that measures are taken to limit distortions of competition arising from the State aid.

Based on the outcomes of similar reviews of the restructuring plans of other European banks under EU State aid rules, it appears that the European Commission may impose conditions on the Group in connection with the approval of the EU Restructuring Plan that could include (without limitation):

- compelling the Issuer to reduce its balance sheet substantially, including through divestment of certain businesses, brands or the Issuer's branches in addition to those already announced; and/or
- imposing certain behavioral restrictions on the Issuer, which could include: (i) prohibiting the Issuer from doing business on more favourable terms than other market participants; (ii) prohibiting the Issuer from providing certain products to certain markets or segments of markets; (iii) restricting the Issuer's ability to pay dividends on shares or interest payments on debt securities, including hybrid capital instruments; or (iv) prohibiting proposed mergers or acquisitions by the Issuer in Ireland, the United Kingdom and/or in other markets.

The EU Restructuring Plan, to be agreed with the European Commission, may also give rise to additional costs related to the legal and financial assessment of potential transactions for the Issuer. Its implementation may also result in increased operating and administrative costs for the Issuer. The restructuring submission includes a number of scenarios including a business plan and PCAR and PLAR base case and covers the period 2011 to 2015.

Any of the above factors in the context of the EU Restructuring Plan could have a materially adverse effect on (among other things) the Issuer's business and financial condition.

### ***Minimum liquidity requirements***

The Central Bank requires that the Issuer's levels of liquidity be maintained, based on various cash flow stress tests, in order to ensure that the Issuer's funding profile has an appropriate spread of maturities. The key limits applied are that the Issuer must have sufficient available liquidity to cover 100 per cent. of outflows over the next 8 days and 90 per cent. of outflows over the subsequent 9 to 30 days. As a consequence of the industry-wide funding difficulties experienced from the last quarter of 2010, particularly the increased reliance on ECB funding which is short term in nature and rolls over frequently, the Issuer has breached and is currently in breach of these limits, with the average liquidity coverage over the 8 months ending 31 August 2011 of 54 per cent. and 44 per cent. for the next 8 days and 9 to 30 days respectively. The Issuer has and continues to report these breaches to the Central Bank.

The Issuer is required to comply with regulatory rules which may require changes in the Issuer's sources of funds. These changes may be dependent on factors outside the Issuer's control, including the timing of the re-opening of wholesale funding markets to Irish banks. Such changes may adversely impact on the Issuer's business, revenues, results, financial condition and liquidity prospects.

***The Group's results may be adversely affected by general economic conditions and other business conditions***

The Group's results are affected by general economic and other business conditions in Ireland, where the majority of the Group's earnings are generated, as well as by conditions in the UK where its subsidiary CHL (as defined below) operates. These conditions include changing economic cycles that affect demand for life assurance and banking products and as a result, the Group's profitability. Such cycles are influenced by global political events as well as by market specific events, such as shifts in consumer confidence and consumer spending, the rate of unemployment, industrial output and political uncertainty. The global financial system has experienced difficulties since 2007 resulting in very significant deterioration in financial markets. Banks and other lenders have suffered significant losses due to the increased risk of default and the impact of declining asset values on the value of collateral while insurance companies have seen significant falls in sales and asset values. In that same period, the Group has experienced reductions in business activity, increased funding costs and funding pressures, decreased asset values, decreased sales, additional write-downs and/or impairment charges with consequent adverse effects on its results of operations and financial condition. Since the end of the first quarter of 2009 there have been some signs of stabilisation in financial markets with reduced volatility versus the peak, modestly improving asset prices in general, although Irish house prices have continued to fall, and modestly tightening credit spreads. However, conditions remain unpredictable.

The precise nature of all the risks and uncertainties the Group faces as a result of the current global financial crisis and global economic outlook cannot be predicted and many of these risks are outside the Group's control.

***Risks concerning borrower credit quality are inherent in the Issuer's business***

Risks arising from changes in credit quality are inherent in the Issuer's businesses.

There has been deterioration in the asset quality of the Issuer's Irish residential mortgage book. Arrears in relation to residential mortgages with the Issuer have increased. Residential mortgage arrears cases of over 90 days have increased by 29 per cent. to 14,800 arrears cases, between December 2010 and June 2011. Early arrears cases of under 90 days have increased from 4,800 cases to 5,400 cases between December 2010 and June 2011.

Adverse changes in the credit quality of the Issuer's borrowers and counterparties could reduce the recoverability and value of the Issuer's assets and could result in credit losses for the Issuer.

***Risks concerning reduced demand for residential mortgages in Ireland are inherent in the Issuer's business***

Risks arising from a lack of demand by consumers for residential mortgages are inherent in the Issuer's business. New residential mortgage and consumer finance demand is currently very subdued. New lending advances were 33 per cent. lower in the first half of 2011 than in the first half of 2010. Decreases in demand for residential mortgages could result in losses for the Issuer.

***Market conditions may restrict or limit the availability of funding or liquidity to the Group***

***The Group's banking business***

As a result of the continued dislocation of financial markets and in line with the international banking industry generally, the Group has seen the availability of funding in certain wholesale markets which it has traditionally accessed being severely disrupted with, in certain markets, no funding being available for periods of time.

Since the latter half of 2007, the global economy and the global financial system have been experiencing an ongoing period of significant turbulence and uncertainty. Credit markets worldwide have experienced a severe reduction in the level of liquidity and quantum of term-funding available in the wholesale markets. The terms on which funding is available remain more onerous and expensive than the terms available historically. In addition, corporate deposits held by the Issuer decreased from €3.7 billion to €2.5 billion between December 2010 and June 2011. As a result of these events the Group has focused on its core customer lending franchises in Ireland. In the event of severe curtailment of credit markets, the Group could be placed in a position where it

has to significantly curtail growth in the balance sheet with a consequent negative impact on profitability. However, the low risk nature of the Group's loan book and the ability to collateralise these assets has provided some flexibility in meeting the Group's funding requirements.

The ELG Scheme is of significant importance to the Group's banking business in supporting availability of funding. Eurosystem funding, and in particular funding from the ECB and the Central Bank, is an important lower cost source of funding which the Group can access. As at 30 June, 2011, the Issuer had drawings of €12.6 billion from the ECB and drawings of €2.1 billion from the Central Bank. The Group's ability to maintain material levels of funding under the Eurosystem is dependent on the continued eligibility of its collateral. Accordingly, any impact on the Group's eligible collateral could restrict the Group's ability to continue to access Eurosystem funding. This would further limit its access to funding and liquidity and could further materially affect the Group's results, financial condition and prospects.

### ***Changes in interest rates may impact the Group's results***

Fluctuations in interest rates can also influence the Group's performance.

The results of the Group's banking operations are affected by the management of interest rate sensitivity. Interest rate sensitivity refers to the relationship between changes in market interest rates and changes in net interest income. The composition of the Group's assets and liabilities, and any gap position resulting from this composition can cause the reported banking income to vary with changes in interest rates. A mismatch of interest-earning assets and interest-bearing liabilities in any given period may, in the event of changes in interest rates, have an effect on results from the Group's banking business.

The Group's ability to vary the interest rates on customer borrowings to reflect the increased cost of funding may be somewhat restricted particularly where its customers have tracker mortgages. By their nature, these mortgages do not allow the Group the flexibility to vary the mortgage interest rate where it would otherwise be desirable or appropriate for the Group to do so. Accordingly, restrictions on the Group's ability to vary rates, and increased funding costs, may adversely affect the Group's results.

Within the Group's life assurance business the risk discount rate used to calculate the embedded value of the business and the principal performance measure used by the Group in respect of its life assurance activities, will fluctuate in line with market interest rates and this can have a material impact on the reported results of this business. Also, guarantees included in certain insurance products of the Group's life assurance business, such as those offering guaranteed minimum levels of return, may become more expensive during periods of low interest rates. Excluding this, there is no significant exposure to interest rates within the Group's life operations due to the asset/liability matching strategies which it follows.

### ***Investment market returns and changes in equity/property values may impact the Group's results***

The performance of the investment markets (equities, property and gilts) has a direct impact on the Group's financial results. The Group is exposed to direct equity/property holdings within the Group's life assurance shareholder assets and from the indirect impact of changes in the value of equities/properties held in policyholder funds from which the Group's life assurance operations derive management fees. In addition, volatility of equity and property values and investment performance can affect investor confidence.

Persistency levels are the rate at which holders of life assurance policies surrender their policies or allow their policies to lapse. The above factors have contributed to a substantial reduction in new business levels in the Group's life assurance business and to a deterioration in persistency levels. The combined life and pension sales of the retail and corporate divisions of the Group's life assurance business declined by over 50 per cent. from 2007 to 2010 and recurring premium income declined in the same period by 15 per cent., reflecting lower levels of new business and a higher rate at which holders of life assurance policies allow their policies to lapse.

For certain property linked funds of the Group's life assurance business there is the ability for the Group to defer encashments for up to six months to allow it time to sell relevant properties. However, if any such properties cannot be sold within this time period the Group may have to provide liquidity for these funds which could adversely affect the Group's results, financial condition and prospects.

### ***Decreases in property values may impact the Group's results***

As at 30 June, 2011, the average indexed LTV of the Group's Irish mortgage portfolio, for residential mortgages and residential investment property loans, stood at 74 per cent. (31 December 2010: 69 per cent.) with cases in

negative equity accounting for 32 per cent. of the portfolio (31 December 2010: 28 per cent.).

The average indexed linked LTV of the Group's UK mortgage portfolio stood at 87 per cent. (31 December 2010: 83 per cent.) with cases in negative equity representing 30 per cent. of the portfolio as at 30 June 2011 (31 December 2010: 23 per cent.).

The level of the Group's impaired loans stood at 5.8 per cent. and 4.1 per cent. of the total portfolio at the end of June 2011 and December 2010 respectively. Where an LTV is high and a loan is impaired, the Group's ability to recover any loan in full by recourse to that loan's collateral is impaired. This can adversely affect the Group's results.

***The Group conducts its businesses subject to regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies and interpretations in the markets in which it operates***

Changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the Group operates may adversely affect the Group's product range, distribution channels, capital requirements and, consequently, reported results and financing requirements. These changes include possible changes in government pension arrangements and policies, the regulation of selling practices and solvency requirements.

In addition, the Issuer's ability to enforce security against defaulting borrowers in Ireland may be delayed by virtue of the Code of Conduct on Mortgage Arrears published by the Central Bank in 2010 (**Arrears Code**). The Arrears Code provides that residential mortgage lenders (such as the Issuer) must wait at least twelve months from the time the arrears first arise before applying to the courts to commence legal action for repossession of a borrower's primary residence. In addition, the Issuer has agreed to support the Irish Banking Federation's Statement of Intent issued on 10 November, 2009 (**Statement of Intent**). This Statement of Intent provides that where a customer who is facing repayment difficulties in respect of his principal private residence enters into a mutually acceptable arrangement with his lender which is implemented, and reviewed on a six monthly basis, the lender will not initiate any form of legal action against that borrower in respect of that debt. In the UK, the Issuer's ability to act against defaulting borrowers may be constrained by the requirements of the FSA's Mortgage Code of Business (**MCOB**). The MCOB sets out the procedures that mortgage lenders (such as the Issuer) must comply with when dealing with customers in arrears to ensure that those customers are treated fairly. Delays in, or a restriction on, the Group's ability to enforce security against defaulting borrowers in Ireland or the UK may adversely affect the Group's results, financial condition and prospects.

The Group may be exposed to potentially significant litigation and regulatory litigation risks, particularly given fluctuations in shareholder value arising from the current crisis in the financial sector globally and locally. Furthermore, the Group may become involved in various disputes and legal proceedings, including litigation and regulatory investigations generally. Any such disputes and legal proceedings would be subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Adverse regulatory action, for example, including significant fines or other sanctions resulting from the investigation by the Central Bank into certain transactions between the Group and Anglo Irish Bank Corporation Limited which were made public in February 2009 (see "*The Anglo Irish Transactions*"), or adverse judgments in litigation relating to such matters could result in restrictions or limitations on the Group's operations or result in a material adverse effect on the Group's reputation or financial condition.

The Group offers investors a range of investment products and services in respect of asset classes which have, consistent with the global and Irish economic downturn, suffered significant devaluation and which may result in losses for investors purchasing such products and services. The Group could face allegations or complaints from investors sustaining losses in respect of the products sold and/or the services provided, the description of those products and services and their suitability for the investors concerned.

***The Group's businesses are conducted in highly competitive environments***

The Irish market for financial services is highly competitive, with several factors affecting the Group's ability to sell its products, including price, returns offered, range of product lines, product quality, brand and distribution strength, name recognition and management performance.

Within Ireland, the Group's principal competitors comprise the major Irish banks, and life assurance companies including A.I.B., Bank of Ireland and Hibernian Life (AVIVA).

***Downgrades in the Group's credit ratings could significantly impact its competitive position and affect its relationships with creditors or trading counterparties***

The Group's credit ratings are an important factor in its continuing financial performance. In particular, the interest rates the Group pays on its borrowings are affected by its debt credit ratings, which are in place to measure the Group's ability to pay its contractual obligations.

***Adverse experience in the operational risks inherent in the Group's business could have a negative impact on the results of its operations***

Operational risks are present in all of the Group's businesses, including the risk of direct or indirect loss resulting from inadequate or failed internal and external processes, systems and human error or from external events. The Group's business is dependent on processing a large number of complex transactions across numerous and diverse products and is subject to a number of different legal and regulatory regimes. In addition, the Group manages a small number of outsourced operations which include certain UK processing and IT functions. In turn, the Group is reliant upon the operational processing performance of its outsourcing partners.

The Group's system of internal control is designed to provide reasonable, but not absolute, assurance against the risk of material errors, fraud or losses occurring. It is possible that internal controls can be circumvented or overridden. Any weakness in the systems could have a negative impact on the results. Further, because of changes in conditions, the effectiveness of an internal control system may vary over time.

Notwithstanding anything in this risk factor, this risk factor shall not be taken as implying that either the Issuer or the Group will be unable to comply with its obligations as a company with securities admitted to the Official List of the ISE or as a firm supervised by the Central Bank and the Financial Services Authority.

***Life assurance risk and other inherent risks affecting its life assurance business including persistency may impact the Group's results***

Life assurance risk is the volatility in the amount and timing of claims caused by unexpected changes in any of mortality, longevity or morbidity risks:

- Mortality risk is the risk of deviations in timing and amounts of cash flows (premiums and benefits) due to the incidence or non-incidence of death.
- Longevity risk is the risk of such deviations due to increasing life expectancy trends among policy holders and pensioners, resulting in payout ratios higher than those that the Group originally accounted for.
- Morbidity risk is the risk of deviations in timing and amount of cash flows (such as claims) due to the incidence or non-incidence of disability and sickness.

The Group is a major participant in the Irish life and pensions market and as such is exposed to changes in policyholder mortality, longevity and morbidity experience. Changes in mortality, longevity or morbidity rates of policyholders could, therefore, significantly affect the Group's results. In its pricing and reserving policies, the Group assumes that current rates of mortality for annuitants continuously improve over time.

Persistency risk is the risk resulting from the redemption, surrender or lapse of life assurance policies. Since 2008, the Group has experienced a deterioration in persistency as customers move to cash in their policies or to stop payment of additional premium due to the fall generally in investor confidence and the reduction in personal net cash flows. The impact of changes made in the 2011 budget published on 7 December, 2010 on customers of the Group, has also contributed to a deterioration in persistency. There was a reduction of 8 per cent. in recurring premiums in the first six months of 2011 compared with the same period in 2010.

A material variation from the Group's actuarial assumptions in relation to life assurance or persistency risks could materially and adversely affect the Group's financial condition and prospects.

***Systemic risk could adversely affect the Group's business***

Recently the credit environment has been adversely affected by significant instances of fraud and default. Concerns about, or a default by, one institution could lead to significant liquidity problems losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. This risk is sometimes referred to as

“systemic risk” and may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms and exchanges with which the Group interacts on a daily basis and therefore could adversely affect the Group.

### ***The Group’s operations have inherent reputational risk***

Reputational risk, meaning the risk to earnings and capital from negative public opinion, is inherent in the Group’s business. Negative public opinion can result from the actual or perceived manner in which the Group conducts its business activities or from actual or perceived practices in the banking industry. Negative public opinion may adversely affect the Group’s ability to keep and attract customers and, in particular, corporate and retail depositors which in turn may adversely affect the Group’s financial condition and results of operations.

The Group received negative public comment in respect of certain transactions between the Group and Anglo Irish Bank Corporation Limited which were made public in February 2009 (see “*The Anglo Irish Transactions*”). If, on the conclusion of an investigation by the Central Bank into those transactions, any adverse findings are made against the Group, the Group may be the subject of negative public opinion and/or fines or other sanctions. Negative public opinion may adversely affect the Group’s ability to keep and attract customers including retail and corporate deposits which in turn may adversely affect the Group’s financial condition and results of operations.

### ***Treasury risk management***

All treasury activities within the Group’s banking operations are centralised within the treasury division. The treasury division is subject to strict internal control and reporting procedures which are monitored by the Issuer’s assets and liabilities committee. This committee, which operates under the terms of reference which have been approved by the board, is chaired by the Group finance director and comprises members of senior management, including the Group chief executive. All of treasury’s activities are subject to limits on the magnitude and the nature of exposures which may be undertaken. These limits are outlined in the treasury policy document which is regularly reviewed by the board.

### ***National Asset Management Agency***

On 7 April, 2009 the Government announced its intention to establish a National Asset Management Agency (**NAMA**) to take control of certain land, development and investment property loans of Irish financial institutions. The National Asset Management Agency Act 2009 was enacted on 12 November, 2009. On 21 December, 2009 the Government established NAMA. As stated by the Minister on 30 March, 2010, NAMA is now operational. As of 2 March 2011, NAMA had acquired €71.2 billion of loans for a consideration of €30.2 billion from all five participating institutions (Irish Nationwide Building Society (**INBS**), EBS Building Society, Anglo Irish Bank, Bank of Ireland and AIB Bank plc).

In the opinion of the directors of the Issuer, it is unlikely that NAMA will acquire any assets from the Issuer or other members of the Group. However, there are a number of uncertainties arising from the operation of NAMA which may impact the Group including, but not limited to, distortion of the market for property in Ireland, competitive distortions in the banking system in Ireland and a potential restructuring of the Irish banking system.

As of the date of these Listing Particulars it is not known what, if any, other effects the operation of NAMA will have on the wider economy, the Irish financial services sector or the business and operations of the Group.

On 25 February, 2011 the Issuer acquired the €3.6 billion deposit book and selected assets of INBS pursuant to a Transfer Order issued by the Irish High Court under the Stabilisation Act. The Issuer also acquired, amongst other assets pursuant to the Transfer Order, bonds with a nominal value of €2.9 billion which NAMA had issued to INBS as consideration for loans NAMA had acquired from INBS.

### ***The level of credit risk faced by the Group is impacted by the economic environment***

Deterioration in economic conditions will continue to increase the credit risks faced by the Group by way of increased impairment losses on bank lending. The current slowdown in the Irish and UK economies has resulted in a contraction in both the Irish and UK housing markets. In addition, higher unemployment and increased costs of funding may reduce borrowers’ ability to repay loans. These and other economic factors may cause prices of property or other assets to fall further, thereby reducing the value of collateral on many of the Group’s loans and increasing write-downs and impairment losses. The Group expects impairments to increase further through the cycle.

Specifically relating to the Group's life and investment business reinsurance is entered into so that likely statistical fluctuations in insurance risk claims are within acceptable levels from a capital and profit perspective. The Group would incur a credit loss if a reinsurer was unable to meet contractual claims. Collateral is employed in some cases in order to limit this risk. A replacement reinsurer would be engaged in such an event.

### ***The impact of pension fund risk***

Pension fund risk is the risk associated with the uncertainty surrounding required contributions to the Group's defined benefit pension schemes. The risk arises because the value of the asset portfolios and returns from them may be less than expected or because changes in interest rates or other financial parameters may give rise to increases in the estimated value of the schemes' liabilities. Furthermore, increases in longevity may increase the value of the schemes' liabilities. Professional consulting actuaries are regularly appointed by the pension fund trustees to assess and review the funding status and the underlying risk profile of each of the Group pension schemes. The results of such reviews are used to drive strategic decision making to reduce risk. In addition, stress testing is performed by pension actuaries to assess the Asset/Liability Mismatch (**ALM**) impact of various stress scenarios including adverse market and macroeconomic conditions. The asset mix within each scheme is monitored closely and rebalanced on an annual basis to ensure that the scheme's investment strategy is adhered to.

Following a full review of each pension scheme in 2006 and wide consultation with staff and pension fund members, the Group's defined benefit pension schemes were closed to new members and the asset mix of the funds was altered in order to reduce ALM risk. Furthermore, it was communicated to existing members that pension benefits were not guaranteed. It was specifically pointed out that if the combination of contributions and investment returns are not sufficient to provide for the specified benefits, then either more money would need to be added, by way of increased contributions from either or both pension scheme members and the Group, or else the benefits promised will have to be reduced.

### **Factors which are material for the purpose of assessing the market risks associated with CCNs**

#### ***The CCNs may not be a suitable investment for all investors***

Each potential investor in the CCNs must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the CCNs, the merits and risks of investing in the CCNs and the information contained or incorporated by reference in these Listing Particulars or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the CCNs and the impact the CCNs will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the CCNs;
- (iv) understand thoroughly the terms of the CCNs and be familiar with the behaviour of similar investments and markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate, conversion to Ordinary Shares and other factors that may affect its investment and its ability to bear the applicable risks.

### ***Risks related to CCNs generally***

Set out below is a brief description of certain risks relating to the CCNs generally:

#### ***The Issuer's obligations under Subordinated CCNs are subordinated***

The Issuer's obligations under the CCNs will be unsecured and subordinated and will rank junior in priority of payment to unsecured unsubordinated obligations of the Issuer as set out in the Conditions of the CCNs.

### *CCNs Not Rated*

The CCNs are not rated by any independent credit agency.

### *CCNs are Convertible to Ordinary Shares in Limited Circumstances Only*

The CCNs will be converted immediately and mandatorily following the occurrence of a Capital Deficiency Event or a Non-Viability Event only (each a **Conversion Event**, as described under “*Description of the Contingent Capital Tier 2 Notes*”). The CCNs are not convertible into Ordinary Shares at the option of Holders and are not redeemable in cash as a result of a Conversion Event.

### *CCNs Convert to ESM Listed Securities*

The Ordinary Shares are quoted and admitted to trading on the Enterprise Securities Market (the **ESM**) of the ISE. Any Conversion of the CCNs to Ordinary Shares will result in the Holders receiving Ordinary Shares quoted and trading on the ESM. The Ordinary Shares are no longer admitted to listing or trading on the Main Securities Market of the ISE (the **Main Securities Market**) or the London Stock Exchange but remain on the Official List of the ISE.

The ESM is the junior market of the ISE. The ESM is specifically designed for smaller companies, allowing them to operate in a more simplified regulatory environment. Liquidity on the ESM is provided by market makers who are member firms of the ISE and are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on Business Days.

The ESM is a market for emerging or smaller growing companies, and is less regulated than the Main Securities Market. Therefore an investment in securities traded on the ESM carries a higher risk than an investment in securities listed or trading on the Main Securities Market. The market for the Ordinary Shares on the ESM will not be liquid due to the State Investment. Furthermore, it is unlikely that any dividends will be paid on the Ordinary Shares in the near term. Any income derived from these Ordinary Shares may go down as well as up, and any investment in securities which are traded on the ESM might be less realisable than securities listed or trading on the Main Securities Market.

While the obligations of a company whose shares are traded on the ESM are similar to the listing rules of the ISE for companies whose shares are listed or trading on the Main Securities Market (the **Listing Rules**), there are certain exceptions, including those referred to below:

- (i) Under the rules of the ESM (the **ESM Rules**), prior shareholder approval is required only for (i) reverse takeovers (being an acquisition or acquisitions in a twelve month period which either (a) exceed 100 per cent. in any of the class tests or (b) result in a fundamental change in the Group’s business, board or voting control); and (ii) disposals, which when aggregated with any other disposal or disposals over the previous twelve months, exceed 75 per cent. in any of the class tests and are deemed to result in a fundamental change of business. Under the Listing Rules, prior shareholder approval is required for a transaction exceeding the 25 per cent. threshold under any class test unless an exemption applies or the Listing Rules specifically provide otherwise. It should also be noted that under the ESM Rules any related party transaction greater than 5 per cent. under any class test requires notification to shareholders rather than shareholder approval.
- (ii) There is no requirement under the ESM Rules for a prospectus or an admission document to be published for further issues of securities to institutional investors, except when seeking admission for a new class of securities or as otherwise required by law.
- (iii) Unlike the Listing Rules, the ESM Rules do not specify any required structures or discount limits in relation to further issues of securities.
- (iv) Under the Listing Rules, a company is required to appoint a sponsor. The responsibilities of the sponsor include providing assurance to the Central Bank and/or the ISE, when required, that the responsibilities of the listed company have been met. The ESM Rules require that ESM companies retain at all times a nominated adviser, that has ongoing responsibilities to both the Parent and the ISE. J&E Davy has agreed to act as ESM adviser and broker to the Parent. The directors do not envisage that there will be any alteration in the standards of reporting and governance which the Parent currently maintains.



- (v) Under the ESM Rules, there is no requirement for a minimum number of shares to be maintained in public hands, whereas on the Main Securities Market a minimum of 25 per cent. of a company's issued ordinary share capital should be maintained in public hands at all times.
- (vi) Neither the UK Corporate Governance Code nor the Irish Corporate Governance Annex issued by the ISE applies directly to companies who are admitted to trading on the ESM. The directors recognise, however, the importance of high standards of corporate governance and intend that the Parent should observe the requirements of the UK Corporate Governance Code and the Irish Corporate Governance Annex to the extent the directors consider appropriate having regard to the size, nature and resources of the Group.
- (vii) A company listed on the ESM is not required to comply with the Prospectus (Directive 2003/71/EC) Regulations 2005 (except where there is an offer of transferable securities to the public) or with the Market Abuse (Directive 2003/6/EC) Regulations 2005. It should also be noted that Part V of the Companies Act, 1990 which relates to insider dealing still applies to securities quoted on the ESM. Shares quoted on ESM are monitored by the ISE and the Office of the Irish Director of Corporate Enforcement has an enforcement role.

#### *Modification, waivers and substitution*

The Conditions and the Agency Deed contain provisions for calling meetings of Holders to consider matters affecting their interests generally and if necessary to approve any modifications to the Conditions (such modifications being subject to the approval of the Central Bank). These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC (the **Directive**) on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU Countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

If payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any CCN Agent nor any other person would be obliged to pay additional amounts with respect to any CCN as a result of the imposition of such withholding tax. The Issuer is required to maintain a fiscal agent in a Member State (other than Ireland) that will not be obliged to withhold or deduct tax pursuant to the Directive.

#### ***Risks related to the market generally***

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

##### *The secondary market generally*

CCNs may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their CCNs easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of CCNs.

#### ***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) CCNs are legal investments for it, (2) CCNs can be used as collateral for various types of

borrowing and (3) other restrictions apply to its purchase or pledge of any CCNs. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of CCNs under any applicable risk-based capital or similar rules.

#### *Change of law*

The Conditions of the CCNs are based on Irish law in effect as at the date of these Listing Particulars. The Issuer is incorporated under Irish law. No assurance can be given as to the impact of any possible judicial decision or change to Irish law or administrative practice after the date of these Listing Particulars.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with these Listing Particulars and have been filed with the ISE shall be incorporated in, and form part of, these Listing Particulars:

- (a) unaudited condensed consolidated financial statements of the Issuer for the six months ended 30 June 2011 including:
  - (i) condensed consolidated statement of financial position (page 31);
  - (ii) condensed consolidated income statement (page 32);
  - (iii) condensed consolidated statement of cash flows (page 36);
  - (iv) explanatory notes (pages 37 to 115);
  - (v) significant accounting policies, estimates and judgements (pages 38 to 41); and
  - (vi) auditor's independent review report (pages 117 to 118).
- (b) audited consolidated financial statements of the Issuer for the financial year ended 31 December 2010 including:
  - (i) consolidated statement of financial position (page 63);
  - (ii) consolidated income statement (page 64);
  - (iii) consolidated statement of cash flows (pages 68 to 69);
  - (iv) explanatory notes (pages 75 to 217);
  - (v) significant accounting policies (pages 76 to 89); and
  - (vi) auditor's report (pages 61 to 62).
- (c) audited consolidated financial statements of the Issuer for the financial year ended 31 December 2009 including:
  - (i) consolidated statement of financial position (page 68);
  - (ii) consolidated income statement (page 69);
  - (iii) consolidated statement of cash flows (pages 73 to 74);
  - (iv) explanatory notes (pages 81 to 208);
  - (v) significant accounting policies (pages 82 to 95); and
  - (vi) auditor's report (pages 66 to 67).

Following the publication of these Listing Particulars, a supplement may be prepared by the Issuer and approved by the ISE in accordance with the Listing and Admission to Trading Rules of the GEM. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in these Listing Particulars or in a document which is incorporated by reference in these Listing Particulars. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of these Listing Particulars.

Copies of documents incorporated by reference in these Listing Particulars can be obtained from the registered office of the Issuer and from the specified offices of the Fiscal Agent.

## TERMS AND CONDITIONS OF THE CONTINGENT CAPITAL TIER 2 NOTES

*The following (excluding this paragraph) is the text of the terms and conditions (the “Conditions”) of the CCNs which (subject to modification) shall be endorsed on the Certificates relating to the CCNs.*

The €400,000,000 10.00 per cent. Contingent Capital Tier 2 Notes due 28 July 2016 (“CCNs”) issued by Irish Life & Permanent plc (the “**Issuer**”), which expression shall in these Conditions include any further CCNs issued pursuant to Condition 10 and forming a single series with the CCNs, are subject to these Conditions and are issued pursuant to an agency deed dated on or about the Issue Date (the “**Agency Deed**”) made between the Issuer, Irish Life & Permanent Group Holdings plc (the “**Parent**”) and Citibank N.A., London Branch as fiscal agent (the “**Fiscal Agent**”) and registrar (the “**Registrar**”) (together with any other agent or agents appointed from time to time with respect to the CCNs, the “**CCN Agents**” and each a “**CCN Agent**”). For so long as any CCNs are outstanding, the Parent has, under the terms of a deed of covenant dated the Issue Date in favour of the Holders (the “**Deed of Covenant**”), covenanted, *inter alia*, to allot, issue and deliver such number of Ordinary Shares to the Holders on the Conversion Date in respect of each outstanding CCN being converted at such time. Copies of the Agency Deed and the Deed of Covenant will be available during usual business hours at the specified offices of the Fiscal Agent.

The Holders are entitled to the benefit of, are bound by, and are deemed to have notice of, all of the provisions of the Deed of Covenant and those provisions applicable to them of the Agency Deed.

### 1. **Form, Denomination and Title**

The CCNs are issued in definitive registered form, serially numbered, in denominations of €100,000 and integral multiples of €1,000 in excess thereof.

The CCNs are represented by a definitive registered certificate or, as the case may be, definitive registered certificates (each, a “**Certificate**”) and, save as provided in these Conditions, each Certificate shall represent the entire holding of CCNs by the same Holder.

Title to the CCNs shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Deed (the “**Register**”).

### 2. **Status and Subordination of the CCNs and the Deed of Covenant**

#### (a) **Status**

The CCNs constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves. The rights and claims of the Holders are subordinated as described in Condition 2(b).

#### (b) **Subordination**

Subject as provided below, in the event of an order being made, or an effective resolution being passed, for the liquidation, dissolution or winding-up of the Issuer by reason of insolvency, bankruptcy or otherwise, the rights and claims of the Holders against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the CCNs shall, subject to any obligations which are mandatorily preferred by law, rank (A) junior to the claims of all holders of unsubordinated obligations of the Issuer, (B) *pari passu* with the claims of holders of all other dated subordinated obligations of the Issuer which qualify as consolidated Tier 2 Capital of the Issuer for regulatory capital purposes, and (C) senior to the claims of holders of all other subordinated obligations of the Issuer expressed to rank junior to the subordinated obligations of the Issuer including any subordinated obligations of the Issuer which qualify as Tier 1 Capital of the Issuer for regulatory purposes or which are expressed to rank junior to the CCNs.

#### (c) **Deed of Covenant**

Under the Deed of Covenant, the Parent, as the holding company of the Issuer, has covenanted to allot, issue and deliver such number of Ordinary Shares to the Holders on the

Conversion Date in respect of each outstanding CCN being converted at such time and to comply with the covenants set out in Condition 5 which apply to it.

### 3. **Interest**

#### (a) ***Interest Payment Dates***

Each CCN bears interest on its principal amount from time to time from (and including) the Issue Date (the “**Interest Commencement Date**”) and interest will be payable in arrear at the Rate of Interest (as defined below) on 27 July in each year (each an “**Interest Payment Date**”) up to (but excluding) the Maturity Date in accordance with Condition 7.

If any Interest Payment Date falls on a day which is not a Business Day, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would then fall into the next calendar month, in which event the Interest Payment Date shall be brought forward to the immediately preceding Business Day.

The period from and including the Interest Commencement Date to (but excluding) the first Interest Payment Date, and each successive period from and including an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, or if earlier, the Maturity Date or the Conversion Date is called an “**Interest Period**”.

#### (b) ***Interest Accrual***

Interest accrues on each CCN from day to day from (and including) the Interest Commencement Date to (but excluding) the date on which such CCN has been redeemed or converted in accordance with these Conditions. Each CCN will cease to bear interest from and including the due date for redemption unless, upon due presentation and surrender of the relevant Certificate, payment of the principal in respect of such CCN is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- (i) the date upon which all amounts due in respect of such CCN has been paid;
- (ii) five days after the date on which the full amount of the moneys in respect of such CCN has been received by the Fiscal Agent and notice to that effect has been given to the Holders; and
- (iii) in the case of a Conversion (as defined below), the Conversion Date.

#### (c) ***Fixed Rate of Interest***

Subject to Condition 3(g), interest is payable on each Interest Payment Date at a rate of 10.00 per cent. per annum (the “**Rate of Interest**”) and shall be calculated in accordance with these Conditions on each Interest Payment Date in respect of each CCN.

#### (d) ***Calculations***

If interest is required to be calculated for a period other than a complete Interest Period, the day count fraction used will be the actual number of days in the relevant period divided by the actual number of days in the Interest Period in which such payment falls (including the first such day but excluding the last).

#### (e) ***Notifications to be Final***

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions by the Fiscal Agent will, in the absence of wilful default, bad faith or manifest error, be binding on the Issuer, the Parent, the Fiscal Agent and the Holders and in the absence of wilful default, bad faith or manifest error, no liability to the Issuer, the Parent or the Holders shall attach to the Fiscal Agent in connection with exercise or non-exercise by it of its powers, duties and discretions under these Conditions.

(f) **No Deferral**

Neither the Issuer nor the Parent shall be entitled to defer or cancel any payments of interest or any other amounts payable in respect of the CCNs.

(g) **Remarketing Option**

- (i) For as long as the Initial Holder is Holder of 100 per cent. of the CCNs, the Initial Holder may, at any time, increase the Rate of Interest on the CCNs (such increased rate, the **"New Interest Rate"**) as determined by an independent investment bank appointed by the Initial Holder (the **"Remarketing Agent"**) but with effect only from the date that the CCNs are sold by the Initial Holder to any other person other than any State Entity (a **"Third Party Sale"**).
- (ii) For the purposes of this Condition 3(g), the New Interest Rate will not exceed 18.00 per cent. per annum.
- (iii) The Initial Holder will provide at least 15 Business Days notice in writing to the Issuer of any proposed Third Party Sale or such longer period as may be approved in writing by the Initial Holder. During such period, the Issuer may solicit other third party investors, at a potentially lower interest rate than the rate described in Condition 3(g)(ii), to whom the entire principal amount of the CCNs may be sold at an equivalent or higher price than the Initial Holder would receive for any proposed Third Party Sale.
- (iv) Notwithstanding any other provision of these Conditions or the Agency Deed to the contrary, the Initial Holder shall have absolute discretion as to whether to sell the CCNs, to whom it may sell the CCNs and the terms of any such sale.
- (v) The Issuer shall, if required by the Initial Holder: (a) disclose to the Initial Holder the identity of any third party investors solicited or to be solicited by the Issuer pursuant to Condition 3(g)(iii) and (b) provide and/or disclose all such information necessary, as determined by the Initial Holder in its absolute discretion, to facilitate the effecting of a Third Party Sale.

(h) **Maintenance of Agents**

The Issuer shall ensure that, so long as any of the CCNs remain outstanding, there shall at all times be a Fiscal Agent having its office in a European city (other than Ireland) and not operating through a branch in Ireland, and that, if the Issuer or the Fiscal Agent would be required to withhold or deduct tax in respect of payments on the CCNs, the Issuer undertakes that it will ensure that it maintains a Fiscal Agent in a member state of the European Union (other than Ireland) that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

4. **Conversion**

(a) **Conversion upon a Conversion Event**

- (i) If a Conversion Event occurs at any time while the CCNs are outstanding, each CCN shall, subject to and as provided in this Condition 4 and in the Deed of Covenant, be immediately and mandatorily redeemed as of the Conversion Date and settled (such redemption and settlement being the **"Conversion"** and the term **"converted"** shall be construed accordingly) by the allotment, issue and delivery by the Parent of fully paid Ordinary Shares to the Holders on the date specified in the Conversion Notice (as defined below), which date shall be no later than 20 Business Days following the Conversion Date (the **"Conversion Settlement Date"**). Subject to Condition 4(d), receipt by the Holders of the Ordinary Shares and Accrued Conversion Interest (if any) shall be a good and complete discharge of the Issuer's obligations in respect of the CCNs and those of the Parent under the Deed of Covenant.

- (ii) As soon as reasonably practicable following the occurrence of the Conversion Event, the Issuer shall give notice thereof to Holders (the “**Conversion Notice**”) in accordance with Condition 13. The Conversion Notice shall specify the circumstances giving rise to the Conversion Event, the Conversion Price and the Conversion Settlement Date.
  - (iii) If a Conversion Event occurs, the CCNs will be converted in whole and not in part as provided in accordance with this Condition 4(a). CCNs so converted shall be automatically cancelled by the Issuer and may not be held, reissued or resold.
  - (iv) Except on the occurrence of a Conversion Event, the CCNs are not convertible into Ordinary Shares at the option of Holders at any time and are not redeemable in cash as a result of a Conversion Event.
  - (v) No Conversion Notice shall be given and no Conversion shall occur following a Capital Deficiency Event if, notwithstanding the Capital Ratio being below the Trigger Ratio, the Competent Authority, at the request of the Issuer, has agreed, in its absolute discretion, that a Conversion shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have during the next 90 days following such Capital Deficiency Event, the effect of restoring the Capital Ratio to a level above the Trigger Ratio that the Competent Authority deems to be adequate at such time.
  - (vi) Notwithstanding Condition 4(a)(v), a Conversion Event will immediately occur if the Competent Authority determines, in its absolute discretion, that at any time after agreeing under Condition 4(a)(v) that no Conversion Event shall occur, the Issuer will not be able to restore the Capital Ratio to a level above the Trigger Ratio that the Competent Authority deems to be adequate at such time.
- (b) ***Payment of Conversion Settlement Sum***
- (i) Upon Conversion, the Issuer shall redeem the CCNs at a price (the “**Conversion Settlement Sum**”) equal to their principal amount. The Holders shall be deemed irrevocably to have directed and authorised the Issuer to pay the Conversion Settlement Sum to the Parent in consideration of the Parent’s agreement to allot, issue and deliver Ordinary Shares pursuant to the Deed of Covenant and the obligations of the Issuer to pay the principal on the relevant CCNs to the Holders shall be discharged in full by the Issuer’s obligation to pay the Conversion Settlement Sum to the Parent.
  - (ii) The Parent has agreed in the Deed of Covenant that, in consideration of the Issuer’s agreement to pay the Conversion Settlement Sum, it will allot, issue and deliver Ordinary Shares as provided therein.
- (c) ***Accrued Conversion Interest***
- (i) Upon Conversion, Accrued Conversion Interest shall become due and payable on the Conversion Date and the Issuer shall pay to the Holders the Accrued Conversion Interest (if any) in respect of the CCNs on the Conversion Settlement Date.
  - (ii) Payment of any Accrued Conversion Interest will be made in cash by transfer to an account with a bank in a city in which banks have access to the TARGET System, as specified by the relevant Holder.
- (d) ***Conversion Price***
- (i) Upon Conversion, each Holder shall be deemed to have accepted the conversion of its holding of CCNs into Ordinary Shares at the Conversion Price and that the Issuer and the Parent shall effect such Conversion on behalf of such Holder. Such Ordinary Shares will be deemed to be credited as fully paid up and allotted, issued and delivered as of the Conversion Date, whereupon each Holder shall cease as a matter of Irish law to be treated for all purposes under Irish law as a Holder and shall instead as of such date be treated for all purposes under Irish law as a Shareholder.

- (ii) The Issuer shall procure that the Parent shall, not later than the Conversion Settlement Date, allot, issue and deliver such number of Ordinary Shares to the Holders in respect of each CCN as is determined by dividing the principal amount of such CCN by the Conversion Price in effect on the Conversion Date. In the Deed of Covenant, the Parent has covenanted to allot, issue and deliver such number of Ordinary Shares to the Holders on the Conversion Settlement Date in respect of each CCN as determined by dividing the principal amount of a CCN by the Conversion Price in effect on the relevant Conversion Settlement Date.
  - (iii) The Conversion Price shall be subject to adjustment in the circumstances provided in Condition 4(f) (with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Holders of the adjusted Conversion Price and of any such modifications and amendments thereafter.
- (e) **Conversion on a Takeover Event**
- (i) If a Qualifying Takeover Event occurs then the CCNs shall, where the Conversion Date falls on or after the Takeover Event Date, be convertible into Approved Entity Shares upon the occurrence of a Conversion Event, *mutatis mutandis* as provided in accordance with this Condition 4, at a Conversion Price that shall be the New Conversion Price.
  - (ii) The New Floor Price shall be subject to adjustment in the circumstances provided in Condition 4(f) for the adjustment of the Conversion Price (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Holders of the New Floor Price and of any such modifications and amendments thereafter.
  - (iii) If a Non-Qualifying Takeover Event occurs then, with effect from the occurrence of such Non-Qualifying Takeover Event and unless a Conversion Event shall have occurred prior to such date, any outstanding CCNs shall remain the obligation of the Issuer and, to the extent provided for in the Deed of Covenant, the Parent and shall, upon the occurrence of a Conversion Event, be convertible into Ordinary Shares in accordance with this Condition 4 but shall not be convertible into Approved Entity Shares at any time notwithstanding that a Conversion Event may occur subsequently.
  - (iv) In the case of a Qualifying Takeover Event:
    - (1) the Issuer shall and will procure that the Parent shall, and the Parent has covenanted in the Deed of Covenant that it shall, on or prior to the Takeover Event Date, enter into such agreements and arrangements, (which may include deeds supplemental to these Conditions and the Deed of Covenant and amendments and modifications to these Conditions and the Deed of Covenant) as may be required to ensure that, with effect from the Takeover Event Date, the CCNs will be convertible into Approved Entity Shares, *mutatis mutandis* in accordance with, and subject to, this Condition 4 (as may be so supplemented, amended or modified) at a price equal to the New Conversion Price and that subject to such Conversion the CCNs shall remain the obligations of the Issuer and, to the extent provided for in the Deed of Covenant, the Parent; and
    - (2) the Issuer shall, where the Conversion Date falls on or after the Takeover Event Date, procure the allotment and issue and/or delivery of the relevant number of Approved Entity Shares in the manner provided in this Condition 4, as may be amended or modified as provided above.
  - (v) Within 10 Business Days following the occurrence of a Takeover Event, the Issuer shall give notice thereof in accordance with Condition 13 to the Holders (a **"Takeover Event Notice"**), which shall specify.
    - (1) the identity of the Acquirer;



- (2) whether the Takeover Event is a Qualifying Takeover Event or a Non-Qualifying Takeover Event;
- (3) in the case of a Qualifying Takeover Event, if determined at such time, the New Conversion Price; and
- (4) in the case of a Qualifying Takeover Event, the Takeover Event Date.

(f) **Adjustments to the Conversion Price**

Upon the happening of any of the events described below, the Conversion Price shall be adjusted, unless, for as long as the Initial Holder is a holder of 100 per cent. of the CCNs, the Initial Holder within six months of the Issue Date agrees that no adjustment is required, as follows:

- (i) *Increase of share capital by means of capitalisation of reserves, profits or premia by distribution of Ordinary Shares, or division or consolidation of Ordinary Shares*

Subject to Condition 4(g), in the event of a change in the Parent's share capital as a result of the capitalisation of reserves, profits or premia by means of the distribution of Ordinary Shares or as a result of the division or consolidation of the Ordinary Shares, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such change by the result of the following formula:

$$N_{\text{old}} / N_{\text{new}}$$

where:

$N_{\text{old}}$  is the number of Ordinary Shares existing before the change in share capital; and

$N_{\text{new}}$  is the number of Ordinary Shares existing after the change in share capital;

provided, however, that no such adjustment shall be made if Ordinary Shares are issued in lieu of the whole or any part of a Cash Dividend, or another cash distribution made in lieu of a dividend, which the Shareholders concerned would or could otherwise have received. Such adjustment shall become effective on the date on which such Ordinary Shares are traded ex-the relevant entitlement on the Primary Stock Exchange.

- (ii) *Issues of Ordinary Shares or Other Securities to Shareholders by way of conferring subscription or purchase rights*

Subject to Condition 4(g), if (a) the Parent issues or grants to Shareholders any rights or options, warrants or other rights to subscribe for or acquire Ordinary Shares, Other Securities or securities convertible or exchangeable into Ordinary Shares or Other Securities or (b) any third party, with the agreement of the Parent, issues to holders of Ordinary Shares any rights, options or warrants to purchase any Ordinary Shares, Other Securities or securities convertible or exchangeable into Ordinary Shares or Other Securities (the rights referred to in (a) and (b) collectively and individually being the "**Purchase Rights**"), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the result of the following formula:

$$(P_{\text{cum}} - R) / P_{\text{cum}}$$

where:

$P_{\text{cum}}$  is the VWAP of one Ordinary Share on whichever is the later of (x) the last dealing day immediately preceding the first date on which the Ordinary Shares are first traded ex-the relevant Purchase Rights on the Primary Stock Exchange or (y) the dealing day when the price for the relevant Purchase

Rights is announced, or if the day the subscription or purchase price is announced is not a dealing day, the next following dealing day; and

R is the value of the relevant Purchase Rights relating to one Ordinary Share or Other Security, such value to be calculated as follows:

(1) if the Purchase Rights relate to Ordinary Shares

$$R = P_{\text{cum}} - \text{TERP}$$

where:

$$\text{TERP} = (N_{\text{old}} \times P_{\text{cum}} + N_{\text{new}} \times (P_{\text{rights}} + \text{Div})) / (N_{\text{old}} + N_{\text{new}})$$

and:

TERP is the theoretical ex-rights price; and

$N_{\text{old}}$  is the number of Ordinary Shares existing before the change in share capital; and

$N_{\text{new}}$  is the number of Ordinary Shares being newly issued; and

$P_{\text{rights}}$  is the price at which one new Ordinary Share can be subscribed, exercised or purchased for; and

Div is the amount (in euro) by which the dividend entitlement per Ordinary Share exceeds the dividend entitlement per new Ordinary Share, (x) if dividends have already been proposed to the general meeting of shareholders but not yet paid, based on the proposed dividend amount, or (y) if dividends have not yet been proposed based on the last paid dividend;

provided, however, that no such adjustment shall be made if the subscription or purchase price at which one new Ordinary Share can be subscribed or purchased is at least 95 per cent. of  $P_{\text{cum}}$  (as defined above);

(2) if the Purchase Rights relate to Other Securities or to securities convertible or exchangeable into Ordinary Shares or Other Securities and where such Purchase Rights, or Other Securities are traded on a regulated stock exchange in the European Union, the United States of America, Canada or Japan:

$$R = N_{\text{rights}} \times P_{\text{rights}}$$

where:

$N_{\text{rights}}$  is the number of Purchase Rights granted per Ordinary Share; and

$P_{\text{rights}}$  is the average of the last paid prices on the Primary Stock Exchange (in euro) (or, if no dealing is recorded, the arithmetic mean of the bid and offered prices) on a spot basis of one Purchase Right on each dealing day during the period the Purchase Rights are traded or, if such period is longer than ten dealing days, the arithmetic average of the last paid prices (or, if no dealing is recorded, the arithmetic mean of the bid and offered prices) on a spot basis on the first ten such dealing days; or

(3) in all other cases where neither of the previous paragraphs (1) or (2) is applicable:

R will be determined by an Independent Financial Adviser.

Such adjustment shall become effective:

- (i) where the provisions of Condition 4(f)(ii)(1) apply, on the date on which the Ordinary Shares are traded ex-Purchase Rights on the Primary Stock Exchange or, if the subscription or exercise price is announced only at a later time, one dealing day after the announcement of the price of the Purchase Right;
- (ii) where the provisions of Condition 4(f)(ii)(2) apply, five dealing days after (x) the end of the subscription or purchase period or (y) the tenth day of the subscription or purchase period, whichever is the sooner; and
- (iii) where the provisions of Condition 4(f)(ii)(3) apply, on the date determined by an Independent Financial Adviser.

(iii) *Capital Distributions*

Subject to Condition 4(g), if and whenever any Capital Distribution shall be made or paid to Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the Effective Date by the following fraction:

$$(P_{\text{cum}} - D) / P_{\text{cum}}$$

where:

- $P_{\text{cum}}$  is the VWAP of one Ordinary Share on whichever is the later of (x) the last dealing day immediately preceding the Effective Date or (y) the dealing day when the relevant Dividend is announced (or, if the day on which the amount of the relevant Dividend is announced is not a dealing day, the next following dealing day); and
- D is the portion of the Fair Market Value of the aggregate Capital Distribution attributable to one Ordinary Share, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution on the Effective Date by the number of Ordinary Shares entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Shares (or any depositary or other receipts or certificates representing Ordinary Shares) by or on behalf of the Parent or any Subsidiary of the Parent, by the number of Ordinary Shares in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Shares (or any Ordinary Shares represented by depositary or other receipts or certificates) so purchased, redeemed or bought back).

Such adjustment shall become effective on the Effective Date or, if later, the first date upon which the Fair Market Value of the relevant Capital Distribution is capable of being determined as provided herein.

(iv) *Non-Cash Dividends*

Subject to Condition 4(g), in respect of a Non-Cash Dividend, the Conversion Price shall be adjusted as follows:

- (1) where the Non-Cash Dividend in question (x) consists of securities that are traded on a regulated stock exchange in the European Union, the United States of America, Canada or Japan or (y) has otherwise a value which is determinable by reference to a stock exchange quotation or otherwise, by multiplying the Conversion Price in force immediately prior to such Non-Cash Dividend by the result of the following formula:

$$(P_{\text{cum}} - D) / P_{\text{cum}}$$

where:

$P_{cum}$  is the VWAP of one Ordinary Share on whichever is the later of (x) the last dealing day preceding the date on which the Ordinary Shares are first traded ex-the relevant Non-Cash Dividend on the Primary Stock Exchange or (y) the dealing day when the amount of the relevant Non-Cash Dividend is announced (or, if the day on which the amount of the relevant Non-Cash Dividend is announced is not a dealing day, the next following dealing day); and

D is the portion of the Fair Market Value of the relevant Non-Cash Dividend (in euro) on the dealing day immediately following the date in respect of which  $P_{cum}$  (as defined above) has been determined; and

- (2) in all other cases, by multiplying the Conversion Price in force immediately prior to such issue or distribution by the result of the following formula:

$$P_{after} / P_{before}$$

where:

$P_{after}$  is the arithmetic average of the VWAP of an Ordinary Share on the first five consecutive dealing days starting on the dealing day immediately following the first dealing day on which the Ordinary Shares are traded ex-the relevant Non-Cash Dividend (the “**Distribution Date**”); and

$P_{before}$  is arithmetic average of the VWAP of an Ordinary Share on the five consecutive dealing days ending on the dealing day immediately preceding the Distribution Date,

as determined by an Independent Financial Adviser.

Such adjustment shall become effective:

- (i) where the provisions of Condition 4(f)(iv)(1) apply, on the date on which the relevant Non-Cash Dividend is made; and
- (ii) where the provisions of Condition 4(f)(iv)(2) apply, five dealing days after the Distribution Date.

(v) *Other Events*

If the Issuer or the Parent determines that, notwithstanding paragraphs (i) to (iv) of this Condition 4(f), an adjustment should be made to the Conversion Price as a result of one or more of the events or circumstances not referred to in this Condition 4(f) or circumstances have arisen which might have an adverse effect on the right of the Holders upon Conversion of the CCNs and no adjustment of the Conversion Price under this Condition 4(f) would otherwise arise, the Issuer or the Parent shall engage the advice or services of an Independent Financial Adviser to determine as soon as practicable what adjustment, if any, to the Conversion Price or amendment, if any, to the terms of this Condition 4 is fair and reasonable to take into account thereof and the date on which such adjustment should take effect. The Independent Financial Adviser shall have no responsibility to make any enquiries as to whether or not any event has occurred which might require an adjustment to the Conversion Price or amendment, if any, to the terms of this Condition 4.

Notwithstanding the foregoing provisions of this Condition 4(f)(v):

- (1) where the events or circumstances giving rise to any adjustment pursuant to this Condition 4(f) have already resulted or will result in an adjustment to the Conversion Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have

already given or will give rise to an adjustment to the Conversion Price or where more than one event which gives rise to an adjustment to the Conversion Price occurs within such a short period of time that, in the opinion of the Issuer or the Parent, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;

- (2) such modification shall be made to the operation of the CCNs as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Conversion Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once;
- (3) for the avoidance of doubt, the issue of Ordinary Shares upon a Conversion or upon any conversion or exchange in respect of any Other Securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Conversion Price; and
- (4) at any time when the Ordinary Shares are not admitted to trading on a Recognised Stock Exchange, the Conversion Price shall be adjusted as provided above save that for the purposes thereof the Current Market Price, the VWAP of an Ordinary Share and the date upon which any adjustment becomes effective shall be determined in good faith by an Independent Financial Adviser in such manner as it considers appropriate to ensure that an adjustment to the Conversion Price is made which gives the intended same result as if the Ordinary Shares were so admitted to trading.

Notice of any adjustments to the Conversion Price pursuant to this Condition 4(f)(v) shall be given by the Issuer in accordance with Condition 13 to Holders promptly after the determination thereof.

The Conversion Price shall not in any event be reduced to below the prevailing nominal value of the Ordinary Shares at the effective date of such adjustment. The Issuer shall not and shall procure that the Parent shall not, and the Parent has covenanted in the Deed of Covenant that it shall not, take any action, and procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to an amount below such nominal value.

(g) ***Events not Giving Rise to Adjustments***

Notwithstanding the provisions of Condition 4(f), no adjustment to the Conversion Price will be made:

- (i) as a result of any issue or distribution of new Ordinary Shares or Other Securities if the pre-emptive right in respect thereof has been validly excluded by a non-routine resolution of the general meeting of Shareholders unless a pre-emptive right in respect thereof is granted indirectly to the Shareholders by a third party with the agreement of the Issuer. For the purpose of these Conditions, the annual disapplication of pre-emption rights conferred by way of special resolution proposed at each annual general meeting of the Parent shall not constitute a non-routine resolution; or
- (ii) as a result of any public issue of bonds convertible into Ordinary Shares or bonds with options to subscribe for Ordinary Shares, such issue being in connection with a conditional increase of the share capital of the Parent, irrespective of whether in respect of such issue the advance subscription rights to acquire such bonds have been excluded or not, unless advance subscription rights have been granted and are traded on the Primary Stock Exchange; or

- (iii) if, as a result of any Non-Cash Dividend by the Parent, the Parent sells any share, right, warrant or other security representing the same (an “**Interest**”) in any of its subsidiaries to holders of the Ordinary Shares at fair value, and for this purpose:
    - (1) where such Interest is listed on, traded on, or dealt in any stock exchange, the fair value of such Interest shall be at least 95 per cent. of the average of the last paid prices therefor on such stock exchange (or, if more than one, the principal such stock exchange) on each of the ten dealing days commencing on the twentieth dealing day before the day on which the Parent officially announces the terms and conditions for such sale, as determined by an Independent Financial Adviser; and
    - (2) where such Interest is not so listed, traded or dealt in, the fair value of such Interest shall be at least 95 per cent. of the Fair Market Value thereof; or
  - (iv) if an increase in the Conversion Price would result from such adjustment, except in case of an exchange of the Ordinary Shares for Other Securities or a consolidation of Ordinary Shares.
- (h) ***Decision of an Independent Financial Adviser***
- (i) If any doubt shall arise as to whether an adjustment falls to be made to the Conversion Price or as to the appropriate adjustment to the Conversion Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer, the Parent and the Holders, save in the case of manifest error.
  - (ii) If the Independent Financial Adviser does not at any time for any reason make any determination or calculate any adjustment in the circumstances provided for in this Condition 4 then the Holders shall, at the expense of the Issuer, be entitled to appoint an agent to do so, and such determination or calculation shall be deemed to have been made by the Independent Financial Adviser. In doing so, the Holders’ agent shall apply the foregoing provisions of Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.
- (i) ***Share Option Schemes***
- No adjustment will be made to the Conversion Price if Ordinary Shares or Other Securities (including pre-emptive rights, options or warrants in relation to Ordinary Shares or Other Securities) are issued, offered or granted to, or for the benefit of, directors or employees, or former directors or employees, of the Issuer, the Parent or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person in any such case pursuant to any employee share or option scheme which, if required, has been approved by Shareholders.
- (j) ***Rounding Down***
- On any adjustment, the resultant Conversion Price, if a number that is of more decimal places than the initial Conversion Price, shall be rounded to such decimal place. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and/or any amount by which the Conversion Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

(k) ***No other Conversion Events***

Other than a Conversion in accordance with this Condition 4, the CCNs are not subject to any other conversion event. In particular, the CCNs are not convertible into Ordinary Shares at the option of the Holders.

(l) ***Procedure for Settlement and Delivery of Ordinary Shares on Conversion***

Ordinary Shares to be issued upon a Conversion in respect of the CCNs shall be allotted, issued and delivered subject to and as provided in these Conditions and in the Agency Deed.

(m) ***Fractions***

Fractions of Ordinary Shares will not be issued or delivered pursuant to the Conditions upon a Conversion and no cash payment will be made in lieu thereof.

(n) ***Delivery of Ordinary Shares***

- (i) The Issuer shall and shall procure that the Parent shall, and the Parent has covenanted in the Deed of Covenant that it shall, on or prior to the Conversion Settlement Date, allot, issue and deliver to the Holders such number of Ordinary Shares as is required to satisfy in full the Issuer's and the Parent's obligation to deliver Ordinary Shares in respect of the Conversion of the aggregate amount of CCNs as at the Conversion Date. Receipt by the Holders of such Ordinary Shares and Accrued Conversion Interest (if any) shall be a good and complete discharge of the Issuer's obligations in respect of the CCNs and the Parent's obligations under the Deed of Covenant.
- (ii) In order to obtain delivery of the relevant Ordinary Shares upon a Conversion, the relevant Holder must deliver the relevant Certificates representing the CCNs held by it to the specified office of the Registrar prior to the Conversion Settlement Date.
- (iii) The Issuer and, pursuant to the terms of the Deed of Covenant, the Parent shall procure that Ordinary Shares to be created, issued and delivered following a Conversion Event will be delivered to the Holders in uncertificated form through CREST, unless at the relevant time the Ordinary Shares are not a participating security in CREST or the relevant holder elects to receive the Ordinary Shares in certificated registered form. Where the Ordinary Shares are to be delivered through CREST, they will be delivered to an account specified by the relevant Holder prior to the Conversion Settlement Date. Where the Ordinary Shares are to be delivered in certificated form, a certificate in respect thereof will be dispatched by mail free of charge (but uninsured and at the risk of the recipient) to the relevant Holder at such address as is specified by the Holder on or prior to the Conversion Settlement Date.

(o) ***Taxes and Duties***

- (i) A Holder must pay any taxes and capital, stamp, issue and registration and transfer taxes or duties arising on Conversion (other than any taxes and capital, stamp, issue and registration and transfer taxes or other duties payable in Ireland in respect of the issue and delivery of the Ordinary Shares delivered pursuant to these Conditions which shall be paid by the Issuer) and such Holder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a CCN or interest therein.
- (ii) If the Issuer shall fail to pay any taxes or capital, stamp, issue, registration and transfer taxes or other duties payable in Ireland for which it is responsible as provided in Condition 4(o)(i) above, any Holder shall be entitled (but shall not be obliged) to tender and pay the same and the Issuer, as a separate and independent stipulation, covenants to reimburse and indemnify on an after tax basis such Holder in respect of any payment thereof and any penalties payable in respect thereof.

(p) **Ordinary Shares**

The Ordinary Shares issued and delivered on Conversion will be fully paid and non-assessable, free from any Encumbrance and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the Conversion Date except in any such case for any right excluded by mandatory provisions of applicable law, and except that the Ordinary Shares so issued or delivered will not rank for (or, as the case may be, the relevant Holder shall not be entitled to receive) any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the Conversion Date.

5. **Covenants**

For so long as any CCN remains outstanding, the Issuer shall, and shall procure that the Parent shall, and the Parent has covenanted in the Deed of Covenant that it shall, (in each case save with the prior written approval of the Holders):

- (a) not make any issue, grant, reorganisation, capitalisation or distribution or take or omit to take any other action if the effect thereof would be (or is reasonably foreseeable to be) that an Ordinary Share cannot be legally issued as fully paid and free from any Encumbrance on the Conversion of each CCN;
- (b) (other than in connection with a Reorganisation) not issue or pay up any Ordinary Shares or Other Securities, in either case by way of capitalisation of profits or reserves, other than:
  - (i) by the issue of fully paid Ordinary Shares or Other Securities to Shareholders and other holders of shares in the capital of the Parent which, by their terms, entitle the holders thereof to receive Ordinary Shares or Other Securities on a capitalisation of profits or reserves; or
  - (ii) by the issue of Ordinary Shares paid up in full (in accordance with applicable law) and issued wholly, ignoring fractional entitlements, in lieu of the whole or part of a Dividend in cash; or
  - (iii) by the issue of fully paid Other Securities to the holders of Ordinary Shares or Other Securities which, by their terms, entitle the holders thereof to receive Other Securities; or
  - (iv) by the issue of Ordinary Shares or Other Securities to, or for the benefit of, any employee or former employee, director or executive holding or formerly holding executive office of Parent or any of its Subsidiaries or any associated company or to trustees or nominees to be held for the benefit of any such person, in any such case pursuant to an employee, director or executive share or option scheme whether for all employees, directors, or executives or any one or more of them,

unless, in any such case, the same constitutes a Dividend or otherwise gives rise (or would, but for the provisions of Condition 4(j) relating to roundings and minimum adjustments or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and unless, if the Conversion Price would otherwise be reduced to below the prevailing nominal value of the Ordinary Shares at the effective date of such adjustment, gives rise to an adjustment to the nominal value of the Ordinary Shares to reflect the Conversion Price so reduced;

- (c) not modify the rights attaching to the Ordinary Shares with respect to voting, dividends or liquidation but so that nothing in this Condition 5(b) shall prevent:
  - (i) any consolidation, reclassification or subdivision of the Ordinary Shares; or
  - (ii) any modification of such rights which is not materially prejudicial to the interests of the Holders as determined in good faith by an Independent Financial Adviser;
- (d) procure that no Ordinary Shares or Other Securities issued without rights to convert into, or exchange or subscribe for, Ordinary Shares shall subsequently be granted such rights and that at no time shall there be in issue Ordinary Shares of differing nominal values unless the same



- gives rise (or would, but for the provisions of Condition 4(j) relating to roundings and minimum adjustments or the carry forward of adjustments, give rise) to an adjustment to the Conversion Price and that at no time shall there be in issue Ordinary Shares or Other Securities of differing nominal values, save where such Ordinary Shares or Other Securities have the same economic rights;
- (e) not reduce its issued ordinary share capital, share premium account, capital redemption reserve, or any uncalled liability in respect thereof, or any non-distributable reserves, except where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 4(j) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Conversion Price or is otherwise taken into account for the purposes of determining whether or not such an adjustment should be made;
  - (f) issue, allot and/or deliver Ordinary Shares upon Conversion, in consideration of the Issuer's obligation to pay the Conversion Settlement Sum to the Parent, subject to and as provided in Condition 4;
  - (g) use all reasonable endeavours to ensure that any Ordinary Shares issued upon a Conversion Event will, as soon as is practicable, be admitted to the Official List or ESM of the Irish Stock Exchange and trading on its regulated market or will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Shares are then listed or quoted or dealt in;
  - (h) use all reasonable endeavours to ensure that its issued and outstanding Ordinary Shares continue to be admitted to the Official List or ESM of the Irish Stock Exchange and trading on its regulated market, or listed, admitted to trading, quoted or dealt in on such other principal stock exchange or securities market on which the Ordinary Shares are currently listed, admitted to trading or quoted or dealt in;
  - (i) in the event of a Reorganisation, take (or shall procure that there is taken) all necessary action to ensure that, immediately after completion of the relevant proceedings, such amendments are made to these Conditions as are necessary to ensure that the CCNs may be converted into or exchanged for ordinary shares or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the ordinary shares or units or the equivalent of Newco are listed and admitted to trading on a Recognised Stock Exchange;
  - (j) if an offer is made to all (or a majority) of the holders of the Ordinary Shares other than the offeror and/or any associates of the offeror to acquire all or a majority of the issued ordinary share capital of the Parent, or if a scheme (other than a Reorganisation) or merger is proposed with regard to such acquisition or merger with the undertaking of the Parent, give notice in writing of such offer or scheme or merger to the Holders, in their capacity as the Holders, as soon as practicable upon becoming aware of such offer;
  - (k) give notice in writing to the Holders, in their capacity as the Holders, if an offer is made to all (or a majority) of the holders of the Ordinary Shares other than the offeror and/or any associate of the offeror to acquire all or a majority of the issued ordinary share capital of the Parent or if any person proposes a scheme or merger with regard to such acquisition or merger with the undertaking of the Parent and such offer or scheme or merger having become or been declared unconditional in all respects, the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Parent has or will become unconditionally vested in the offeror and/or an associate. Such notice shall specify all information relevant to Holders concerning such offer or scheme or merger;
  - (l) notwithstanding that no voting rights shall attach to the CCNs in respect of the Ordinary Shares, provide to the Holders, in their capacity as Holders, notice of every general meeting of the Shareholders of the Parent and a copy of every circular or like document sent out by the Parent to the Shareholders;
  - (m) for so long as the CCNs are listed and freely transferable, from time to time on request and at its own expense, do and execute or procure to be done and executed all necessary acts, deeds, documents and things in a form satisfactory to a Holder that such Holder reasonably

- considers necessary to effect and/or facilitate the transfer of any of the CCNs and their registration in the name of the transferee in the Register;
- (n) where the provisions of Condition 4 require or provide for a determination by an Independent Financial Adviser, use all reasonable endeavours promptly to have the Issuer or the Parent (as the case may be) appoint such person for such purpose;
  - (o) at all times keep available for issue, free from pre-emptive or other preferential rights, a sufficient number of Ordinary Shares to enable the conversion of the CCNs, and any other rights of subscription and exchange for Ordinary Shares arising pursuant to the CCNs, to be satisfied in full;
  - (p) not take any action, and procure that no action is taken, that would result in an adjustment to the Conversion Price to below the prevailing nominal value of the Ordinary Shares at the effective date of such adjustment;
  - (q) provide to the Competent Authority the Core Tier 1 Ratio and CET1 Ratio, as applicable, on an *ad hoc* or ongoing basis as requested by the Competent Authority and the Issuer will publish the Core Tier 1 Ratio and CET1 Ratio, as applicable, in respect of any Semi-Annual Reporting Period or as otherwise required to be publically disclosed by the Issuer;
  - (r) obtain prior written approval from the Competent Authority for any distributions proposed by the Issuer in respect of any profit generated or other fair value movements as a consequence of the accounting treatment of the CCNs in the Issuer's shareholder funds;
  - (s) use all reasonable endeavours to obtain and maintain a listing of the CCNs on the Irish Stock Exchange, or failing that, any other Recognised Stock Exchange; and
  - (t) immediately give notice in writing to the Holders of the occurrence of any Conversion Event or Takeover Event or any Event of Default or any matter it concludes is likely to give rise to a Conversion Event or Takeover Event or Event of Default immediately upon becoming aware thereof and without waiting for the Holders to take any further action.

## 6. **Redemption and Cancellation**

### (a) ***Redemption at Maturity***

Unless previously converted as provided in these Conditions, each CCN will only be redeemed at its principal amount, together with accrued interest, on the Maturity Date.

### (b) ***No other redemption, purchase, or buy back***

None of the Issuer, the Parent nor any of their Subsidiaries nor any other Group Company shall purchase, redeem, buy back or otherwise acquire any of the CCNs prior to the Maturity Date.

### (c) ***Cancellation***

All CCNs redeemed by the Issuer pursuant to this Condition 6 will forthwith be cancelled.

## 7. **Payments**

### (a) **Payments in respect of CCNs**

- (i) Payments of principal to be made to Holders in respect of CCNs and payments of accrued interest payable on a redemption of CCNs (other than on an Interest Payment Date) and payment of any Accrued Conversion Interest that is to be paid in accordance with this Condition 7 shall, in each case, be made against presentation and surrender of the relevant Certificates at the specified office of any of the CCN Agents or of the Registrar.
- (ii) Payments of interest to be made to Holders in respect of CCNs due on an Interest Payment Date shall be paid to the person shown on the Register at the close of

business on the fifteenth day before the Relevant Date for payment thereof (the “**Record Date**”).

- (iii) Payments of any other amounts in respect of CCNs other than as referred to in (i) and (ii) will be made as provided in these Conditions.

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

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Holders in respect of such payments.

(c) ***Method of Payment***

Payments of principal and interest will be made by credit or transfer in euro to the account specified in the Register.

(d) ***Non-Business Days***

If any date for payment in respect of any CCNs is not a Business Day, the Holder shall not be entitled to payment until the next following Business Day nor to any interest or other sum in respect of such postponed payment.

8. **Taxation**

All payments of principal, premium (if any) and/or interest to the Holders by or on behalf of the Issuer in respect of the CCNs shall be made without withholding or deduction for or on account of any present or future tax, duty, assessment or governmental charge of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of Ireland or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts (“**Additional Amounts**”) as will result (after such withholding or deduction) in receipt by the Holders of the sums which would have been receivable (in the absence of such withholding or deduction) from it in respect of their CCNs; except that no such Additional Amounts shall be payable with respect to any CCN:

- (a) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in Ireland, unless such Holder proves that he is not entitled so to comply or to make such declaration or claim; or
- (b) to, or to a third party on behalf of, a Holder that is a partnership, or a holder that is not the sole beneficial owner of the CCN, or which holds the CCN in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or
- (c) (where presentation and surrender is required pursuant to these Conditions) presented for payment 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 at the expiry of such period of 30 days; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC, or any other European Union Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000, on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) (where presentation and surrender is required pursuant to these Conditions) in respect of any CCN presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant CCN to another Fiscal Agent in a member state of the European Union; or

- (f) where such withholding or deduction arises by reason of the Holder having some connection with Ireland other than the mere holding or ownership of the CCNs.

9. **Variation following Tax Event**

(a) ***Tax Event***

If a Tax Event has occurred and is continuing, the Issuer may, subject to Condition 9(b), at any time upon not less than 30 nor more than 60 days' notice to the Holders in accordance with Condition 13, without any requirement for the consent of approval of the Holders, vary the terms of the CCNs on the condition that they remain or, as appropriate, become, Qualifying CCNs. In connection with any variation in accordance with this Condition 9, the Issuer shall comply with the rules of any stock exchange on which the CCNs are for the time being listed or admitted to trading.

(b) ***Conditions to Variation***

Any variation of the terms of the CCNs in accordance with this Condition 9 shall be solely for the purposes of curing a Tax Event and shall be subject to (i) the provisions of Condition 14(b) and (ii) for so long as the Initial Holder is a holder of 100 per cent. of the CCNs, such variation being approved in writing by the Initial Holder.

10. **Replacement of Certificates**

If a Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar, or such other CCN Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Holders, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Certificates) and otherwise as the Issuer and/or CCN Agent may reasonably require. Mutilated or defaced CCNs or Certificates must be surrendered before replacements will be issued.

11. **Further Issues**

The Issuer may, from time to time, without the consent of the Holders, create and issue further securities either having the same terms and conditions as the CCNs in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the CCNs) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the CCNs include (unless the context requires otherwise) any other securities issued pursuant to these Conditions and forming a single series with the CCNs.

12. **Event of Default**

If, for so long as the CCNs have not converted, (a) there is default for more than 7 days in the payment of any principal or for more than 14 days in the payment of any interest in respect of the CCNs or any of them when and as the same are due for payment or (b) if proceedings have been instituted for the winding up or liquidation of the Issuer (each an "**Event of Default**"), the Holders of 25 per cent. of the aggregate principal amount of the CCNs for the time being outstanding may, in their absolute discretion, institute proceedings for the winding-up or liquidation of the Issuer (in the case of (a) above) and each Holder may prove and/or claim in the winding up or liquidation of the Issuer for such payment but may not take any other action with respect to such default.

13. **Notices**

A notice may be given by the Issuer to any Holder of CCNs by sending it by post to such Holder at its address in the Register. Service of such notice shall be deemed to have been effected by properly addressing, prepaying and posting a letter by post containing the notice and shall be deemed to have been given on the second Business Day after the date of posting.

A notice may be given by the Issuer to joint holders of the CCNs by giving notice to the joint holder first named in the Register.

A notice may be given by the Issuer, to the extent permitted by the Irish Stock Exchange (if and for so long as the CCNs are listed on the Irish Stock Exchange) and by law, by electronic communication if so requested or authorised by the Holders, the Holders having notified the Issuer of an e-mail address to which the Issuer may send electronic communications and having agreed to receive notices and other documents from the Issuer by electronic communication. If a Holder notifies the Issuer of an e-mail address, the Issuer may send the Holder the notice or other document by publishing the notice or other document on a website and notifying the Holder by e-mail that the notice or other document has been published on the website. The Issuer must also specify the address of the website on which it has been published, the place on the website where the notice may be accessed and how it may be accessed and, where the notice in question is a notice of a meeting, the notice must continue to be published on that website throughout the period beginning with the date of that notification and ending on the conclusion of that meeting, save that if the notice is published for part only of that period the failure to publish the notice throughout that period shall not invalidate the proceedings of a meeting where such failure is wholly attributable to circumstances which it would not be reasonable to have expected the Issuer to prevent or avoid.

In addition, if and for so long as the CCNs are listed on the Irish Stock Exchange or any other Recognised Stock Exchange, notices shall be given in accordance with any requirement of such exchange.

Any notice or notification (however expressed) to be given by any Holder to the Issuer shall be effected by properly addressing, prepaying and posting a letter by registered post containing the notice and shall be deemed to have been given on the second Business Day after the date of posting.

#### 14. **Meetings of Holders, Modification and Consent**

##### (a) ***Meetings of Holders***

The Agency Deed contains provisions for convening meetings of Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Agency Deed. Such a meeting may be convened by Holders holding not less than 10 per cent. in aggregate principal amount of the CCNs for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in aggregate principal amount of the CCNs for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the aggregate principal amount of the CCNs held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the provisions for redemption of the CCNs or any date for payment of interest on the CCNs, (ii) to reduce or cancel the principal amount of the CCNs, (iii) to reduce the rate of interest in respect of the CCNs or to vary the method or basis of calculating the rate or amount of interest or the basis for calculating the amounts of any interest in respect of the CCNs, (iv) to vary any method of, or basis for, calculating the amounts payable on redemption of the CCNs, (v) to vary the currency of payment or denomination of the CCNs, (vi) to modify the provisions concerning the quorum required at any meeting of Holders or the majority required to pass the Extraordinary Resolution, (vii) to modify or cancel the Deed of Covenant, or (viii) to amend or modify the provisions relating to the Conversion Event, in which case the necessary quorum shall be such person or persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in aggregate principal amount of the CCNs for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Holders (whether or not they were present at the meeting at which such resolution was passed).

A resolution in writing signed by or on behalf of the Holder or Holders of not less than 75 per cent. in aggregate principal amount of the CCNs outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

(b) **Modification**

No modification to these Conditions or any other provisions of the Agency Deed or the Deed of Covenant (whether pursuant to this Condition 14 or otherwise) shall become effective unless the Issuer shall have received written approval from the Competent Authority (provided that, at the relevant time, there is a requirement to obtain such approval).

The Issuer may, in accordance with Condition 9, without the consent or approval of the Holders, make such modifications or variations to the terms of the CCNs, the Agency Deed or the Deed of Covenant as it considers necessary or desirable to give effect to the provisions of Condition 9, provided that such modifications or variations are not materially prejudicial to the interests of the Holders, as determined in good faith by an Independent Financial Adviser, and provided that such modifications or variations do not modify or vary any of the terms of the CCNs as contemplated by Condition 14(a)(i) to (viii) above.

(c) **Consent**

Where these Conditions require the prior consent or approval of the Holders, such consent or approval shall for all purposes be deemed to be valid and effective if in writing signed by or on behalf of the Holder or Holders of in excess of 50.00 per cent. in aggregate principal amount of the CCNs outstanding or if given by way of an Extraordinary Resolution.

15. **Transfers of CCNs**

(a) **Transfer of CCNs**

One or more CCNs may be transferred upon the surrender (at the specified office of the Registrar) of the Certificate representing such CCNs to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar may reasonably require. A new Certificate shall be issued to the transferee in respect of the CCNs the subject of the relevant transfer and, in the case of a transfer of part only of a holding of CCNs represented by one Certificate, a new Certificate in respect of the balance of the CCNs not transferred shall be issued to the transferor. In the case of a transfer of CCNs to a person who is already a Holder, a new Certificate representing the enlarged holding may be issued but only against surrender of the Certificate representing the existing holding of such person. All transfers of CCNs and entries on the Register will be made subject to the detailed regulations concerning transfers of CCNs scheduled to the Agency Deed. The regulations may be changed by the Issuer, with the prior written approval of the Registrar. A copy of the current regulations will be made available by the Registrar to any Holder upon request.

(b) **Delivery of New Certificates**

Each new Certificate to be issued pursuant to Condition 15(a) shall be available for delivery within three Business Days of receipt of the form of transfer and surrender of the relevant Certificate. Delivery of new Certificate(s) shall be made at the specified office of the Registrar to whom delivery and surrender of such form of transfer and Certificate or, as the case may be, surrender of such Certificate, shall have been made or, at the option of the relevant Holder and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the Holder entitled to the new Certificate to such address as may be so specified, unless such Holder requests otherwise and pays in advance to the relevant Registrar the costs of such other method of delivery and/or such insurance as it may specify.

(c) **Transfers Free of Charge**

Transfers of CCNs and the issue of new Certificates on transfer shall be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment by the transferee of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar may require).

## 16. Definitions and Interpretation

16.1 The following capitalised terms shall have the following meanings:

**"Accrued Conversion Interest"** means, upon Conversion of the CCNs, interest accrued on the CCNs, if any, from (and including) the Interest Payment Date immediately preceding the Conversion Date (or, if none, from the Issue Date) to (but excluding) the Conversion Date;

**"Acquirer"** means the person which, following a Takeover Event, controls the Parent;

**"Additional Amounts"** has the meaning given to it in Condition 8;

**"Approved Entity"** means a body corporate (other than a State Entity) which: (i) for so long as the Initial Holder is a holder of 100 per cent. of the CCNs is (a) approved in writing by the Initial Holder and (b) on the occurrence of the Takeover Event, has in issue Approved Entity Shares; or (ii) where the Initial Holder is not the sole holder of 100 per cent. of the CCNs, on the occurrence of the Takeover Event, has in issue Approved Entity Shares. On and after the date of a Takeover Event, references herein to **"Ordinary Shares"** shall be read as references to **"Approved Entity Shares"**;

**"Approved Entity Shares"** means ordinary shares in the capital of the Approved Entity which constitute equity share capital or the equivalent which, unless otherwise agreed in writing by the Holders at such time, is listed and admitted to trading on a Recognised Stock Exchange. In relation to any Conversion in respect of which the Conversion Date falls on or after the Takeover Event Date, where the Takeover Event is a Qualifying Takeover Event, references herein to **"Ordinary Shares"** shall be deemed to be references to **"Approved Entity Shares"**;

**"Business Day"** means a day on which the TARGET system is operating;

**"Capital Deficiency Event"** means the occurrence of (i) the Issuer giving notice to the Holders that the relevant Capital Ratio is below the Trigger Ratio, or (ii) the Competent Authority notifying the Issuer that it has determined, in its absolute discretion, that the Issuer's financial and solvency condition is deteriorating in such a way that the relevant Capital Ratio is likely to be below the Trigger Ratio in the short term;

**"Capital Distribution"** means:

- (i) any Dividend which is expressed by the Issuer and/or the Parent or declared by the board of directors of the Issuer and/or the Parent to be a capital distribution, extraordinary dividend, extraordinary distribution, special dividend or return of value to Shareholders or any analogous or similar term, in which case the Capital Distribution for the purpose of these Conditions shall be the Fair Market Value of such Dividend; or
- (ii) any Cash Dividend (the **"Relevant Dividend"**) paid or made in respect of a fiscal year of the Issuer and/or the Parent (the **"Relevant Fiscal Year"**) if the sum of:
  - (a) the Fair Market Value of the Relevant Dividend per Ordinary Share; and
  - (b) the aggregate of the Fair Market Value per Ordinary Share of any other Cash Dividend or Cash Dividends per Ordinary Share paid or made in respect of the Relevant Fiscal Year (disregarding for such purposes any amount previously determined to be a Capital Distribution in respect of the Relevant Fiscal Year),

such sum being the **"Current Year's Dividend"**, exceeds the Reference Amount, and in such case the amount of the relevant Capital Distribution shall be the lesser of (i) the amount by which the Current Year's Dividend exceeds the Reference Amount and (ii) the Fair Market Value of the Relevant Dividend;

**"Capital Ratio"** means, prior to the CRD IV Implementation Date, the Core Tier 1 Ratio and, on or after the CRD IV Implementation Date, the CET1 Ratio;

**“Cash Dividend”** means (i) any Dividend which is to be paid or made in cash (in whatever currency) and (ii) any Dividend determined to be a Cash Dividend pursuant to paragraph (i) of the definition of Dividend;

**“CET1 Amount”** means, at any time, as calculated by the Issuer on a consolidated basis and expressed in the Issuer’s reporting currency, the sum of all amounts (whether positive or negative) of Common Equity Tier 1 Capital of the Issuer as at such time. For the avoidance of doubt, CET1 Amount includes any capital instruments injected at any time by the Initial Holder or any other State Entity to strengthen the capital base of the Issuer and deemed by the Competent Authority to be eligible to count previously towards Core Tier 1 Amount;

**“CET1 Ratio”** means, in respect of any Semi-Annual Reporting Period, the ratio (expressed as a percentage) of the CET1 Amount divided by the RWA Amount, as at the date of the financial statements contained in the relevant Semi-Annual Financial Report, as calculated by the Issuer and appearing in its relevant Semi-Annual Financial Report;

**“Common Equity Tier 1 Capital”** means all items that constitute common equity tier 1 capital, or deductions from and any other adjustments to common equity tier 1 capital, in each case within the meaning of these terms or equivalent in the CRD IV and as implemented, where necessary, in Ireland through legislation. For the avoidance of doubt the Common Equity Tier 1 Capital will be calculated taking into account the phase-in of deductions and other adjustments pursuant to CRD IV;

**“Competent Authority”** means the Central Bank or any subsequent entity acting in that capacity as the lead regulator of the Issuer;

**“Conversion”** and **“converted”** shall have the meaning given to such terms in Condition 4(a);

**“Conversion Date”** means the date upon which a Conversion Event occurs;

**“Conversion Event”** means the occurrence of a Capital Deficiency Event or Non-Viability Event;

**“Conversion Notice”** has the meaning given to it in Condition 4(a)(ii);

**“Conversion Price”** means €0.031 (three point one cent), subject to adjustment thereafter in accordance with Condition 4(f);

**“Conversion Settlement Date”** shall have the meaning given to such terms in Condition 4(a)(i);

**“Conversion Settlement Sum”** shall have the meaning given to such terms in Condition 4(a)(i);

**“Core Tier 1 Amount”** means, if at any time, as calculated by the Issuer on a consolidated basis and expressed in the Issuer’s reporting currency, the aggregate amount of capital elements prescribed by the European Banking Authority in the “Supporting Document 2: Capital Definition Criteria” published on the 8 April 2011 and released to be the benchmark to be used in the 2011 EU-wide stress test for the purpose of computing the “Core Tier 1 including existing government support measures (CT1)” as at such time. For the avoidance of doubt, Core Tier 1 Amount includes any capital instruments injected at any time by the Initial Holder or any other State Entity to strengthen the capital base of the Issuer and deemed by the Competent Authority to be eligible to count towards Core Tier 1 Amount;

**“Core Tier 1 Ratio”** means, in respect of any Semi-Annual Reporting Period, the ratio (expressed as a percentage) of the Core Tier 1 Amount divided by the RWA Amount, as at the date of the financial statements contained in the Semi-Annual Reporting Period, as calculated by the Issuer and appearing in its relevant Semi-Annual Financial Report as “Core Tier 1 Ratio” or such other term having the same meaning;

**“CRD IV”** means a proposal for a Directive of the European Parliament and of the Council which will amend Directives 2006/48/EC and 2006/49/EC, principally in order to implement in



the EU, the reforms agreed by the Basel Committee on Banking Supervision in December 2010 (Basel III), including reforms to the definition of capital and counterparty credit risk and the introduction of a leverage ratio and liquidity requirements;

**“CRD IV Implementation Date”** means the first date on which the Issuer is required to comply with the capital adequacy standards adopted and implemented in the European Union through the CRD IV as amended and as implemented, where necessary, in Ireland through legislation. Such date can be when the Minister chooses to transpose the requirements of CRD IV into Irish law or when the deadline for transposition has been reached, whichever is earlier;

**“Current Market Price”** means, in respect of an Ordinary Share at a particular date, the average of the daily VWAP of an Ordinary Share on each of the five consecutive dealing days ending on the dealing day immediately preceding such date; provided that, if the VWAP of an Ordinary Share is not available on one or more of the said five dealing days (disregarding for this purpose the proviso to the definition of VWAP), then the average of such VWAPs which are available in that five-dealing-day period shall be used (subject to there being a daily VWAP available for a minimum of two such days) and if only one, or no, such VWAP is available in the relevant period, the Current Market Price shall be determined in good faith by an Independent Financial Adviser;

**“dealing day”** means a day on which the Primary Stock Exchange or relevant stock exchange or securities market is open for business and on which Ordinary Shares or Other Securities may be dealt in (other than a day on which the Primary Stock Exchange or relevant stock exchange or securities market is scheduled to or does close prior to its regular weekday closing time);

**“Dividend”** means any dividend or distribution in respect of the Ordinary Shares to Shareholders whether of cash, assets or other property, and however described and whether payable out of share premium account, profits, retained earnings or any other capital or revenue reserve or account, and including a distribution or payment to holders upon or in connection with a reduction of capital, provided that:

- (i) where a Dividend in cash is announced which is to be, or may at the election of a Shareholder or Shareholders be, satisfied by the issue or delivery of Ordinary Shares or other property or assets, then the Dividend in question shall be treated as a Cash Dividend of an amount equal to the greater of (i) the Fair Market Value of such cash amount and (ii) the Current Market Price of such Ordinary Shares as at the first date on which the Ordinary Shares are traded ex-the relevant Dividend on the Primary Stock Exchange or, as the case may be, the Fair Market Value of such other property or assets as at the date of the first public announcement of such Dividend on the Primary Stock Exchange or, if later, the date on which the number of Ordinary Shares (or amount of such other property or assets, as the case may be) which may be issued or delivered is determined;
- (ii) any issue of Ordinary Shares falling within Condition 4(f)(i) or Condition 4(f)(ii) shall be disregarded;
- (iii) a purchase or redemption or buy back of share capital of the Parent by or on behalf of the Parent or any of its Subsidiaries shall not constitute a Dividend unless, in the case of a purchase or redemption or buy back of Ordinary Shares by or on behalf of the Parent or any of its Subsidiaries, the VWAP per Ordinary Share (before expenses) on any one day (a **“Specified Share Day”**) in respect of such purchases or redemptions or buy backs exceeds by more than 5 per cent. the average of the daily VWAP of an Ordinary Share on the five dealing days immediately preceding the Specified Share Day or, where an announcement (excluding, for the avoidance of doubt for these purposes, any general authority for such purchases, redemptions or buy backs approved by a general meeting of Shareholders or any notice convening such a meeting of Shareholders) has been made of the intention to purchase, redeem or buy back Ordinary Shares at some future date at a specified price or where a tender offer is made, on the five dealing days immediately preceding the date of such announcement or the date of first public announcement of such tender offer (and regardless of whether or not a price per Ordinary Share, a minimum price per Ordinary Share or a price range

or formula for the determination thereof is or is not announced at such time), as the case may be, in which case such purchase, redemption or buy back shall be deemed to constitute a Dividend in euro in an amount equal to the amount by which the aggregate price paid (before expenses) in respect of such Ordinary Shares purchased, redeemed or bought back by the Parent or, as the case may be, any of its Subsidiaries exceeds the product of (i) 105 per cent. of the daily VWAP of an Ordinary Share determined as aforesaid and (ii) the number of Ordinary Shares so purchased, redeemed or bought back;

- (iv) if the Parent or any of its Subsidiaries shall purchase, redeem or buy back any depositary or other receipts or certificates representing Ordinary Shares, the provisions of paragraph (iii) above shall be applied in respect thereof in such manner and with such modifications (if any) as shall be determined in good faith by an Independent Financial Adviser; and
- (v) where a dividend or distribution is paid or made to Shareholders pursuant to any plan implemented by the Parent for the purpose of enabling Shareholders to elect, or which may require Shareholders, to receive dividends or distributions in respect of the Ordinary Shares held by them from a person other than, or in addition to, the Parent, such dividend or distribution shall for the purposes of Condition 4 be treated as a dividend or distribution made or paid to Shareholders by the Parent, and the foregoing provisions of this definition and the provisions of Condition 4, including references to the Parent paying or making a dividend, shall be construed accordingly, and any such determination shall be made on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

**“EEA Regulated Market”** means a market as defined by Article 4.1(14) of Directive 2004/39/EC of the European Parliament and of the Council on markets on financial instruments;

**“Effective Date”** means, in respect of Condition 4(f), the first date on which the ordinary shares are traded ex-the relevant Dividend on the Primary Stock Exchange or, in the case of a purchase, redemption or buy back of Ordinary Shares (or any depositary or other receipts or certificates representing Ordinary Shares), the date on which such purchase, redemption or buy back is made;

**“Encumbrance”** means any pledge, lien, option, security interest, claim, equity, trust, mortgage, charge, encumbrance or third party right or interest of any nature whatsoever and including for the avoidance of doubt any pre-emptive or similar right;

**“ESM”** means the Enterprise Securities Market operated by the Irish Stock Exchange;

**“Event of Default”** means any of the conditions, events or acts provided in Condition 12 to be Events of Default;

**“Exempt Reorganisation”** means a Reorganisation where, immediately after completion of the relevant proceedings, the ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are (i) admitted to trading on the Primary Stock Exchange or (ii) admitted to listing on such other regulated, regularly operating, recognised stock exchange or securities market as the Issuer or Newco may determine;

**“Extraordinary Resolution”** has the meaning given to it in the Agency Deed;

**“Fair Market Value”** means, with respect to any property on any date, the fair market value of that property as determined by an Independent Financial Adviser in good faith, provided that:

- (i) the Fair Market Value of any cash amount shall be the amount of such cash;
- (ii) where Ordinary Shares or Other Securities are publicly traded on a stock exchange or securities market of adequate liquidity (as determined in good faith by an Independent

Financial Adviser), the Fair Market Value of such Ordinary Shares or Other Securities shall equal the arithmetic mean of the daily VWAP of such Ordinary Shares or Other Securities (or the arithmetic mean of the daily closing prices should daily VWAP not be available), during the period of five dealing days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such dealing day such Ordinary Shares or Other Securities) or such shorter period as such Ordinary Shares or Other Securities are publicly traded;

- (iii) where Ordinary Shares or Other Securities are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such Ordinary Shares or Other Securities shall be determined in good faith by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per Ordinary Share, the dividend yield of an Ordinary Share, the volatility of such market price, prevailing interest rates and the terms of such Ordinary Shares or Other Securities, including as to the expiry date and exercise price (if any) thereof; and
- (iv) the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

**“Global Exchange Market”** or **“GEM”** means the Global Exchange Market of the Irish Stock Exchange;

**“Group”** means the Parent and its subsidiaries (within the meaning of Section 155 of the Companies Act 1963) from time to time, subsidiary undertakings from time to time and any other entity in respect of which financial information is included from time to time in the consolidated annual accounts of the Parent, and **“Group Company”** means any of them;

**“Holder”** means each person in whose name a CCN is registered for the time being in the Register (being the Initial Holder on the Issue Date) and **“Holders”** shall be construed accordingly;

**“Independent Financial Adviser”** means an independent financial institution of international repute appointed at its own expense by the Issuer and, for so long as the Initial Holder is a holder of 100 per cent. of the CCNs, which is approved in writing by the Initial Holder;

**“Initial Holder”** means the Minister, and subsequently if transferred, any other State Entity which may from time to time be the Holder of the CCNs;

**“Interest Commencement Date”** has the meaning given to such term in Condition 3(a);

**“Interest Payment Date”** has the meaning given to such term in Condition 3(a);

**“Interest Period”** has the meaning given to such term in Condition 3(a);

**“Issue Date”** means 27 July 2011 or such other date agreed between the Issuer and the Initial Holder;

**“Maturity Date”** means 28 July 2016;

**“Minister”** means the Minister for Finance of Ireland;

**“National Regulations”** means the prevailing national banking and capital adequacy laws directly applicable to the Issuer and prevailing capital adequacy regulations promulgated by the Competent Authority and applicable to the Issuer;

**“New Conversion Condition”** means, if by no later than seven Business Days following the occurrence of a Takeover Event where the Acquirer is an Approved Entity, the Issuer and the Parent shall have entered into such agreements and arrangements, to the satisfaction of the Initial Holder for so long as the Initial Holder is a holder of 100 per cent. of the CCNs, with the Approved Entity to procure delivery of the Approved Entity Shares to the Holders upon the

occurrence of a Conversion Event on terms *mutatis mutandis* identical to the provisions of Condition 4;

**"New Conversion Price"** means, in respect of any Conversion Date falling on or after the Takeover Event Date, where the Takeover Event is a Qualifying Takeover Event, the greater of:

- (i) the Reference Market Price of the Approved Entity Shares on the Business Day prior to the date of the Conversion Notice (and where references in the definition of "Reference Market Price" and "VWAP" to "Ordinary Shares" shall be construed as a reference to the Approved Entity Shares and in the definition of "dealing day", reference to the "Primary Stock Exchange" shall be to the relevant Recognised Stock Exchange); and
- (ii) the New Floor Price on the Business Day prior to such Conversion Date.

**"New Floor Price"** means the amount determined in accordance with the following formula:

$$\text{NFP} = \text{EFP} \times \frac{\text{VWAPAES}}{\text{VWAPOS}}$$

where:

**"NFP"** is the New Floor Price;

**"EFP"** is the Conversion Price in effect on the dealing day immediately prior to the Takeover Event Date;

**"VWAPAES"** means the average of the VWAP of the Approved Entity Shares on each of the five dealing days ending on the dealing day prior to the closing date of the Takeover Event (and where references in the definition of "VWAP" to "Ordinary Shares" shall be construed as a reference to the Approved Entity Shares and in the definition of "dealing day", references to the "Primary Stock Exchange" shall be to the relevant Recognised Stock Exchange); and

**"VWAPOS"** is the average of the VWAP of the Ordinary Shares on each of the five dealing days ending on the dealing day immediately prior to the Takeover Event Date;

**"Non-Cash Dividend"** means any Dividend which is not a Cash Dividend;

**"Non-Qualifying Takeover Event"** means a Takeover Event that is not a Qualifying Takeover Event;

**"Non-Viability Event"** means the earliest of the following:

- (i) the Competent Authority, in its absolute discretion, determining that Conversion of the CCNs, together with the conversion or write off of holders' claims in respect of any Tier 1 Instruments or Tier 2 Instruments that, pursuant to their terms or by operation of law, are capable of being converted into equity or written off at that time, is, because customary measures to improve the Issuer's capital adequacy are at the time inadequate or unfeasible, an essential requirement to prevent the Issuer from becoming insolvent, bankrupt or unable to pay its debts as they fall due, or from ceasing to carry on its business, or from failing to meet its minimum capital adequacy requirements, as determined by the Competent Authority; or
- (ii) by virtue of customary measures to improve the Issuer's capital adequacy being at the time inadequate or unfeasible, the Issuer receiving an irrevocable commitment of extraordinary support from any State Entity (beyond customary transactions and arrangements in the ordinary course) that has, or imminently will have, the effect of improving the Issuer's capital adequacy and without which, in the determination of the Competent Authority, the Issuer would become insolvent, bankrupt, unable to pay its debts as they fall due, or cease carrying on its business or fail to meet its minimum capital adequacy requirements, as determined by the Competent Authority;

**“Ordinary Shares”** means registered ordinary shares of the Parent of €0.031 nominal value (Bloomberg Code: IPM) which are listed on the Official List or ESM of the Irish Stock Exchange. The Ordinary Shares deliverable upon Conversion of the CCNs will be shares newly issued from the authorised capital of the Parent. Ordinary Shares will rank *pari passu* with all other ordinary registered shares of the Parent for any and all distributions payable on them on or after the Conversion Date;

**“Other Securities”** means any equity securities including, without limitation, shares in the capital of the Parent, or options, warrants or other rights to subscribe for or purchase or acquire shares in the capital of the Parent other than the Ordinary Shares;

**“person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity);

**“Primary Stock Exchange”** means the Irish Stock Exchange or, if at the relevant time the Ordinary Shares are not at that time listed and admitted to trading on the Irish Stock Exchange, the principal stock exchange or securities market on which the Ordinary Shares, if listed, are then listed, admitted to trading or quoted or accepted for dealing;

**“Qualifying CCNs”** means securities issued directly or indirectly by the Issuer that (i) have terms materially as favourable to Holders as the CCNs prior to the Tax Event occurring, as determined in good faith by an Independent Financial Adviser and (ii) contain terms which in terms of quality of capital are at least equivalent to the terms of the CCNs prior to the Tax Event occurring, as determined by the Competent Authority in its absolute discretion;

**“Qualifying Takeover Event”** means a Takeover Event where (i) the Acquirer is an Approved Entity and (ii) the New Conversion Condition is satisfied;

**“Rate of Interest”** has the meaning given to such term in Condition 3(c);

**“Recognised Stock Exchange”** means an EEA Regulated Market that is a recognised stock exchange for the purposes of Section 64 of the Taxes Consolidation Act 1997;

**“Record Date”** has the meaning given to it in Condition 7(a)(ii);

**“Reference Amount”** means 5 per cent. of the average of the VWAP of an Ordinary Share on each dealing day in the period of 5 dealing days ending on the dealing date immediately preceding the Effective Date provided that if on any such dealing day the VWAP shall have been based on a price cum-Dividend or cum-any other entitlement, the VWAP of an Ordinary Share on such dealing day shall be deemed to be an amount thereof reduced by an amount equal to the Fair Market Value of any such Dividend or other entitlement per Ordinary Share as at the Effective Date relating to the relevant Dividend or entitlement;

**“Reference Market Price”** means, in respect of an Ordinary Share at a particular date, the average of the daily VWAP of an Ordinary Share on each of the 30 consecutive dealing days ending on the dealing day immediately preceding such date (the **“Reference Period”**):

(i) provided that:

(A) if at any time during the Reference Period the VWAP shall have been based on a price ex-Dividend (or ex-any other entitlement) and during some other part of that Reference Period the VWAP shall have been based on a price cum-Dividend (or cum- any other entitlement), then:

(I) if the Ordinary Shares to be issued or delivered (if applicable) do not rank for the Dividend (or entitlement) in question, the VWAP on the date(s) on which the Ordinary Shares shall have been based on a price cum-Dividend (or cum- any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the fair market value (as determined by an Independent Financial Adviser) of any such Dividend or entitlement

per Ordinary Share as at the date of first public announcement relating to such Dividend or entitlement; or

- (II) if the Ordinary Shares to be issued or delivered (if applicable) do rank for the Dividend (or entitlement) in question, the VWAP on the date(s) on which the Ordinary Shares shall have been based on a price ex-Dividend (or ex-any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the fair market value (as determined by an Independent Financial Adviser) of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such Dividend or entitlement,
- (B) if on any of the dealing days in the Reference Period the VWAP shall have been based on a price cum-Dividend (or cum-any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Shares to be issued or delivered do not rank for that Dividend (or other entitlement), the VWAP on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the fair market value (as determined by an Independent Financial Adviser) of any such Dividend or entitlement per Ordinary Share as at the date of first public announcement relating to such Dividend or entitlement, and
- (C) if the VWAP of an Ordinary Share is not available on one or more of the dealing days in the Reference Period (disregarding for this purpose the proviso to the definition of VWAP), then the average of such VWAPs which are available in the Reference Period shall be used (subject to there being a daily VWAP available for a minimum of two such days) and if only one, or no, such VWAP is available in the Reference Period, the Reference Market Price shall be determined in good faith by an Independent Financial Adviser appointed in good faith by the Issuer, and

**“Relevant Date”** in respect of any payment on any CCN, means the date on which such payment first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount required to be paid is made or, in the case where presentation of the relevant Certificate is required pursuant to the Conditions, (if earlier) the date seven days after that on which notice is duly given to the Holders that, upon further presentation of the Certificate being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation;

**“Reorganisation”** means proceedings which effect the interposition of a limited liability company (**“Newco”**) between the Shareholders immediately prior to such proceedings (the **“Existing Shareholders”**) and the Parent; provided that:

- (i) only ordinary shares or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are issued to Existing Shareholders;
- (ii) immediately after completion of such proceedings the only holders of ordinary shares, units or equivalent of Newco (or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or units or equivalent of Newco) are Existing Shareholders holding in the same proportions as immediately prior to completion of such proceedings;
- (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only Shareholder;
- (iv) all Subsidiaries immediately prior to such proceedings (other than Newco, if Newco is then a Subsidiary of the Parent) are Subsidiaries of the Parent (or of Newco) immediately after completion of such proceedings; and

- (v) immediately after completion of such proceedings, the Parent (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Parent immediately prior to such proceedings;

**“RWA Amount”** means, as at any date, the aggregate amount of all risk-weighted assets of the Issuer calculated on a consolidated basis pursuant to National Regulations, each applicable at such time, expressed in the Issuer’s reporting currency;

**“Semi-Annual Financial Report”** means the consolidated financial accounts and disclosures of the Issuer in respect of a calendar semi-annual reporting period contained in a customary financial report published by the Issuer;

**“Semi-Annual Reporting Period”** means six months ended 30 June and 31 December in each year or, if the Issuer amends its financial year end, such corresponding period as may be approved in writing by the Holders;

**“Shareholders”** means the holders of Ordinary Shares for the time being (and **“Shareholder”** shall be construed accordingly);

**“State Entities”** means the Minister or his nominee, the National Pension Reserve Fund Commission, the National Treasury Management Agency, National Asset Management Agency, or any other entity or agency of or related to the Government of Ireland and **“State Entity”** shall be construed accordingly;

**“Subsidiary”** means a subsidiary within the meaning of Section 155 of the Companies Act 1963;

**“Takeover Event”** shall occur if any person or persons acting in concert acquires control of the Parent (other than as a result of an Exempt Reorganisation). For the purposes of the definition of “Takeover Event”, **“acting in concert”** has the meaning given to such term in the Irish Takeover Panel Act 1997 and **“control”** means the acquisition or holding of legal or beneficial ownership of more than 95 per cent. of the issued Ordinary Shares of the Parent and the Ordinary Shares are not admitted to trading, or are no longer admitted to trading, as the case may be, on any Recognised Stock Exchange, and **“controlled”** shall be construed accordingly;

**“Takeover Event Date”** means the date with effect from which the New Conversion Condition shall have been satisfied;

**“TARGET System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

**“Tax Event”** is deemed to have occurred if, as a result of a Tax Law Change, in making any payments on the CCNs, the Issuer has paid or will or would on the next payment date be required to pay Additional Amounts and the Issuer cannot avoid the foregoing by taking measures reasonably available to it;

**“Tax Law Change”** means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of Ireland including any treaty to which Ireland is a party, or any change in any generally published application or interpretation of such laws, including a decision of any court or tribunal, or any change in the generally published application or interpretation of such laws by any relevant tax authority or any generally published pronouncement by any tax authority, which change, amendment or pronouncement (x) (subject to (y)) becomes, or would become, effective on or after the Issue Date, or (y) 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 the Oireachtas or by Statutory Instrument, on or after the Issue Date;

**“Trigger Ratio”** means, at any time, 8.25 per cent.;

**“Tier 1 Capital”** means any or all items constituting at the relevant time tier 1 capital under National Regulations (including items eligible as Tier 1 Capital as a result of grandfathering under Directive 2009/111/EC or CRD IV);

**“Tier 1 Instruments”** means any and all shares, securities or other obligations issued (a) by the Issuer or (b) by a Subsidiary of the Issuer and having the benefit of a guarantee, credit support agreement or similar undertaking of the Issuer, each of which shares, securities or other obligations under (a) and (b) qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of the Issuer (without regard to quantitative limits on such capital) on a consolidated or on an unconsolidated basis;

**“Tier 2 Capital”** means any or all items constituting at the relevant time tier 2 capital under National Regulations (including items eligible as Tier 2 Capital as a result of grandfathering under Directive 2009/111/EC or CRD IV);

**“Tier 2 Instruments”** means any and all securities or other obligations issued (a) by the Issuer or (b) by a Subsidiary of the Issuer and having the benefit of a guarantee, credit support agreement or similar undertaking of the Issuer, each of which securities or other obligations under (a) and (b) qualify, or are issued in respect of a security that is eligible to qualify, as Tier 2 Capital of the Issuer on a consolidated or on an unconsolidated basis; and

**“VWAP”** means, in respect of an Ordinary Share or Other Security, as the case may be, for any dealing day, the order book volume-weighted average price of an Ordinary Share or Other Security, as the case may be, published by or derived (in the case of an Ordinary Share) from the relevant Bloomberg page or (in the case of an Other Security) from the principal stock exchange or securities market on which such Other Securities are then listed or quoted or dealt in, if any or, in any such case, such other source as shall be determined in good faith to be appropriate by an Independent Financial Adviser on such dealing day, provided that if on any such dealing day such price is not available or cannot otherwise be determined as provided above, the VWAP of an Ordinary Share or Other Security in respect of such dealing day shall be the VWAP, determined as provided above, on the immediately preceding dealing day on which the same can be so determined or determined as an Independent Financial Adviser might otherwise determine in good faith to be appropriate.

- 16.2 References to any act or statute or any provision of any act or statute shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under such statutory modification or re-enactment.
- 16.3 Unless the context otherwise requires, references to (i) **“principal”** shall be deemed to include any premium payable in respect of the CCNs and all other amounts in the nature of principal payable pursuant to these Conditions or any amendment or supplement to it, (ii) **“interest”** shall be deemed to include any Accrued Conversion Interest and in any such case shall be deemed to include any Additional Amounts that may be payable under Condition 8 or any undertaking given in addition to or in substitution for it under the Agency Deed in respect of any such amount.
- 16.4 References to any issue or offer or grant to Shareholders or Existing Shareholders “as a class” or “by way of rights” shall be taken to be references to an issue or offer or grant to all or substantially all Shareholders or Existing Shareholders, as the case may be, other than Shareholders or Existing Shareholders, as the case may be, to whom, by reason of the laws of any territory or requirements of any recognised regulatory body or any other stock exchange or securities market in any territory or in connection with fractional entitlements, it is determined not to make such issue or offer or grant.
- 16.5 In making any calculation or determination of Current Market Price or VWAP, such adjustments (if any) shall be made as an Independent Financial Adviser determines in good faith to be appropriate to reflect any consolidation or sub-division of the Ordinary Shares or any issue of Ordinary Shares by way of capitalisation of profits or reserves, or any like or similar event.
- 16.6 For the purposes of Condition 4, (i) references to the “issue” of Ordinary Shares or Ordinary Shares being “issued” shall, unless otherwise expressly specified to be the case in respect of any of the provisions of Condition 4, include the delivery of Ordinary Shares, whether newly



issued and allotted or previously existing or held by or on behalf of the Parent or any of its Subsidiaries, and (ii) Ordinary Shares held by or on behalf of the Parent or any of its respective Subsidiaries shall not be considered as or treated as “in issue” or “issued” or entitled to receive the relevant Dividend, right or other entitlement.

- 16.7 References in these Conditions to “listing” or “listed” on the Irish Stock Exchange (or like or similar references) shall be construed as admission to the Official List or the ESM of the Irish Stock Exchange and trading on its regulated market or its Global Exchange Market.

## 17. **Governing Law and Jurisdiction**

### (a) ***Governing Law***

The CCNs and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of Ireland.

### (b) ***Jurisdiction***

Save as provided below, the courts of Ireland shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with any CCNs and accordingly any legal action or proceedings arising out of or in connection with any CCNs (“**Proceedings**”) may be brought in such courts. Each of the Issuer and, pursuant to the terms of the Deed of Covenant, the Parent submits to the jurisdiction of the courts of Ireland in respect of any such Proceedings and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the Holders.

## **USE OF PROCEEDS**

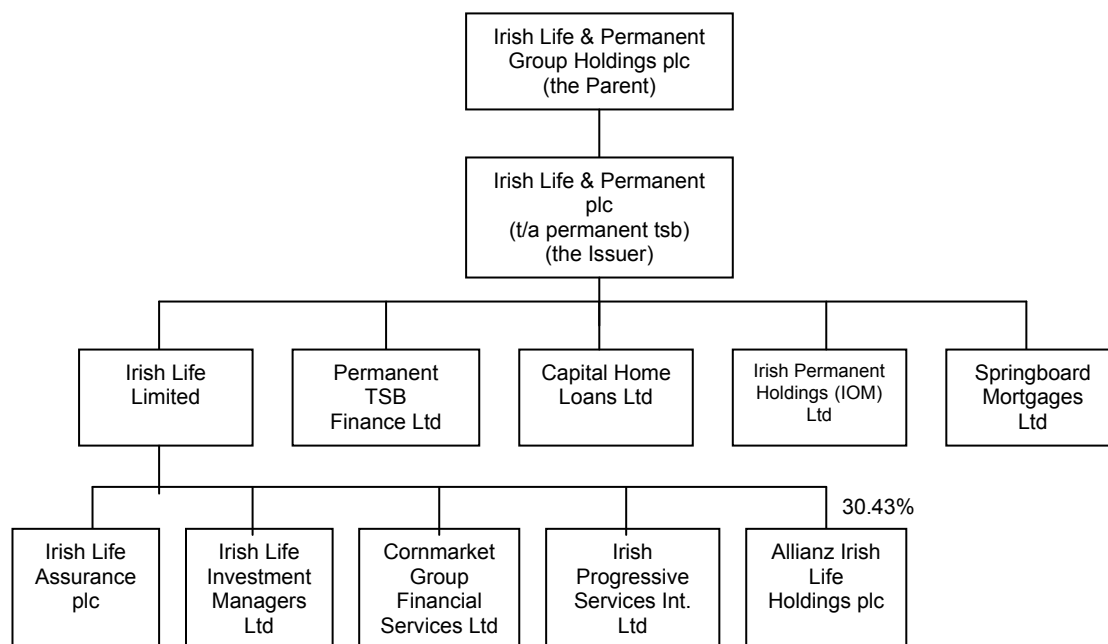
The net proceeds of the issue of the CCNs, amounting to approximately €400,000,000, have been invested by the Issuer in debt securities.

## DESCRIPTION OF THE ISSUER

### Profile of Irish Life & Permanent plc

The Issuer was incorporated on 21 September, 1994 and is registered at the Companies Registration Office Dublin, under the laws of Ireland, as a public limited company, with registration number 222332. The Issuer's principal executive offices are located at Irish Life Centre, Lower Abbey Street, Dublin 1, Ireland, with telephone number +353 1 704 2000.

### GROUP STRUCTURE



The Issuer was created out of the acquisition of Irish Life plc by Irish Permanent plc in 1999. The acquisition brought together the largest life assurer and a leading provider of residential mortgage finance in the Irish market.

The strategic focus of the Group is the personal financial services market in Ireland. The principal products of the Group are life assurance and pensions, savings/investments, residential mortgages, personal banking and auto finance.

Irish Life Assurance plc is Ireland's largest life assurance company and the market leader in the provision of life, pension and investment products (based on market share — source: Financial Regulator Insurance Statistical Review 2009). Its products and services are distributed through a wide range of channels including bank branches, independent intermediaries and brokers, the Irish Life sales force and directly to customers.

**permanent tsb**, formed following the acquisition by the Issuer of TSB Bank in 2001, is the retail banking operation of the Group and is a significant provider of residential mortgage finance in Ireland. It offers a full range of personal banking services in the Irish market through a multi-channel distribution network of branches, intermediaries, agencies, retail outlets and internet.

The Issuer owns 30.43 per cent. of a holding company, Allianz-Irish Life Holdings plc, which holds 100 per cent. of Allianz Ireland plc (previously known as Church & General). Allianz Ireland plc is one of Ireland's top three non-life insurance companies (source: Financial Regulator Insurance Statistical Review 2009).

For the year ended 31 December 2010, the pre-tax consolidated operating loss of the Issuer and its subsidiaries and associate undertaking on an IFRS basis was €170 million, shown by division as follows:

– life assurance and fund management: €166 million profit

- banking: €364 million loss
- general insurance (associate): €9 million profit
- other: €19 million profit

For the six month period ended 30 June, 2011, the pre-tax consolidated operating profit of the Issuer and its subsidiaries and associated undertaking on an IFRS basis was €409 million, shown by division as follows:

- life assurance and fund management: €9 million loss
- banking: €376 million profit
- general insurance (associate): nil
- other: €42 million profit

The pre-tax consolidated operating profit of the Issuer for the six month period ended 30 June, 2011, includes a one-off gain of approximately €763 million generated from the Liability Management Exercise up to 30 June, 2011 (see “*Liability Management Exercise*”).

On an IFRS basis, the Issuer and its subsidiaries had consolidated total assets of €75,251 million and consolidated shareholders’ equity of €1,954 million as at 30 June, 2011 (as compared to €75,705 million and €1,622 million respectively as at 31 December, 2010).

At 30 June, 2011, the Issuer’s Tier 1 capital adequacy ratio (on a Basel II basis) was 8.4 per cent. (compared to the minimum regulatory requirement of 8 per cent.) (31 December 2010: 10.6 per cent.) and the minimum regulatory solvency margin in Irish Life Assurance plc was covered 1.8 times by available assets (31 December 2010: 1.8 times).

The Issuer’s senior unsecured debt is rated Ba2 by Moody’s Investors Service Limited and BB by Standard & Poor’s Rating Services.

## History and Development of the Issuer

### *Irish Permanent plc (IP)*

IP was originally established as a mutual building society in 1884. In 1994 it converted to a public limited company (under the name of Irish Permanent plc) and was licensed by the Central Bank to carry on banking business. The ordinary shares of IP were listed on the Irish and the London Stock Exchanges in October 1994.

As part of its strategy of diversifying its product range IP established Irish Permanent Finance Limited in 1992 to provide personal and auto loans. In 1996 IP acquired Capital Home Loans Ltd., a U.K. based centralised mortgage lender.

The acquisition of Irish Life plc in 1999 involved IP issuing ordinary shares to acquire the existing share capital of Irish Life plc. IP was renamed Irish Life & Permanent plc being the publicly quoted holding company of the Irish Life group until 15th January, 2010 (see “*2010 Restructuring of the Group*” below) and a licensed bank, trading as Irish Permanent.

In 2001, TSB Bank was acquired by the Group from the Irish Government. The banking business of TSB was transferred into Irish Permanent and the merged operation was renamed **permanent tsb**.

### *INBS Transaction*

On 25 February 2011 the Issuer acquired the €3.6 billion deposit book and selected assets of Irish Nationwide Building Society (**INBS**) pursuant to a Transfer Order issued by the High Court under the Stabilisation Act. The Issuer also acquired pursuant to the Transfer Order senior NAMA bonds with a nominal value of €2.9 billion and Irish Government and Irish financial institutions Government guaranteed bonds with a nominal value of approximately €0.7 billion.

### *Northern Rock Transaction*

On 30 August 2011 the Issuer announced that it had entered into an agreement with Northern Rock to acquire €650 million of deposits from Northern Rock's Irish branch business (the **Northern Rock Transaction**). The Issuer is to acquire the deposits of approximately 17,000 Northern Rock customers. The acquisition is expected to complete by 31 December 2011, subject to approval from the Minister for Finance.

### *Irish Life Assurance plc (Irish Life)*

Irish Life Assurance Company (**ILAC**) was established in 1939 with the amalgamation of a number of Irish and British life assurance companies. Through this and subsequent restructuring the Minister acquired a 90 per cent. stake in ILAC. In 1990 ILAC was restructured with the creation of Irish Life plc as the holding company and this was followed by a public listing on the Irish and London Stock Exchanges in July 1991. On listing, the Minister disposed of 57 per cent. of Irish Life's stock with the balance of the holding being disposed of by 1995. The Minister retained a Special Share to which certain rights attached but this was cancelled in December 1998.

Irish Life principally conducts business in Ireland. The life, pensions and investment business in Ireland, transacted through Irish Life Assurance plc, represents the core element of the Group's operations and this business is predominantly unit-linked.

### **2010 Restructuring of the Group**

The Issuer acted as the Group's holding company prior to a group reorganisation effected on 15 January, 2010 by means of a scheme of arrangement between the Issuer and its members under Section 201 of the Irish Companies Act 1963 (the **Restructuring Scheme**). Pursuant to the terms of the Restructuring Scheme, the Issuer became a wholly owned subsidiary of the Parent as at that date. The Parent therefore became the holding company of the Group.

Under the Restructuring Scheme, the then existing issued share capital (the **Existing Shares**) of the Issuer (other than seven shares, (the **Retained Shares**) as required under the Companies Acts 1963 to 2009 (as amended)), were cancelled. Upon the cancellation of the Existing Shares, the Issuer applied the reserve arising as a result of the cancellation in allotting to the Parent and paying up in full and at par the number of shares in the Issuer equal to the number of Existing Shares cancelled. The former holders of the cancelled Existing Shares (or their nominees) received in respect of each Existing Share cancelled, one share in the Parent.

The cancelled Existing Shares were delisted and the issued share capital of the Parent was admitted to trading on the Official List of the ISE and the Official List of the Financial Services Authority with effect from commencement of business on 18 January, 2010. The Retained Shares are held by, or on trust for, the Parent.

### **Financial Measures Programme 2011**

Following the publication of the results of the Central Bank's Prudential Capital Assessment Review (**PCAR 2011**) and Prudential Liquidity Assessment Review (**PLAR 2011**) for the Group's banking business on 31 March 2011, a restructuring of the Group has commenced and will continue over the period 2011 to 2013.

The reviews have identified a total gross capital requirement of €4.0 billion for the Group's banking business operated by the Issuer in order to meet the capital and deleveraging requirements prescribed by the Central Bank to (i) achieve the target core equity Tier 1 capital ratio of 6 per cent. (plus an additional buffer) in a stress case scenario and (ii) to de-leverage the Issuer's balance sheet in order to achieve a loan to deposit ratio of approximately 122 per cent. by 31 December 2013. The gross capital requirement of €4 billion includes the amount of €0.4 billion to be raised by the issuance of the CCNs to the Minister.

This €4.0 billion requirement includes a capital requirement of €0.2 billion, being the total incremental capital required by the Group arising from the 2010 PCAR exercise for the banking business, which was finalised in November 2010.

The Institutions and the Government have agreed that the total gross capital requirement of €4.0 billion is subject to appropriate adjustment for any capital generated through asset disposals (including the possible disposal of the Irish Life Group as outlined below and the Liability Management Exercise (see "*Liability Management Exercise*").

€2.7 billion of the total gross capital requirement was achieved on 27 July 2011 by way of the Initial State

Investment (as outlined below). A further €0.2 billion has been met from internal Group resources. The balance of the gross capital requirement (being €1.1 billion) is to follow by no later than the Final Investment Date.

The remaining capital requirement of €1.1 billion is expected to be met by a combination of:

- the Standby State Investment (as described below); and
- capital generated by the Group.

The High Court made the Capitalisation Direction Order on 26 July 2011 pursuant to the Stabilisation Act directing the Issuer and the Parent to take certain steps in connection with the Issuer's regulatory capital requirements. The following steps were completed on 27 July 2011 in accordance with the terms of the Capitalisation Direction Order. The Minister subscribed €2.3 billion for approximately 36.2 billion new Ordinary Shares in the Parent at a price of €0.06345 per Ordinary Share. The issue price of €0.06345 per Ordinary Share represented a discount of 10 per cent. to the middle market share price of an Ordinary Share on the ISE on 23 June 2011. The proceeds of the Ministers' Ordinary Share subscription were invested by the Parent in the Issuer to enhance the Issuer's Tier 1 regulatory capital. The Minister further subscribed €0.4 billion for the CCNs.

The Minister may at his option provide the Standby State Investment to the Parent in the event, or to the extent that, the proposed asset disposals (including the possible disposal of the Irish Life Group), the Liability Management Exercise, or otherwise, do not together generate €1.1 billion of Core Tier 1 Capital net of fees by the Final Investment Date. The Standby State Investment may be provided by way of capital contribution for no consideration, by subscription for Ordinary Shares at a price of €0.06345 per Ordinary Share or by a combination of both. The maximum number of Ordinary Shares that could be issued under the Standby State Investment is approximately 18.4 billion. The Standby State Investment is at the discretion of the Minister and therefore may be subject to such terms and conditions as the Minister deems appropriate at the time of investment.

The Standby State Investment may be reduced by capital generated from the combination of the Liability Management Exercise and future asset disposals including a possible disposal of the Irish Life Group. The Liability Management Exercise has completed (see *Liability Management Exercise*). However the full regulatory capital benefit generated from the Liability Management Exercise will only be realised on the disposal of the Irish Life Group. The Group announced on 31 March 2011 that it will attempt to meet an element of the €4 billion total gross capital requirement through asset sales, including the possible disposal of the Irish Life Group.

The Group also announced on 9 June 2011 that the High Court had granted the Irish Life Direction Order to the Minister pursuant to the provisions of Section 9 of the Stabilisation Act. The Irish Life Direction Order directs the Issuer to make preparations for the possible disposal of the business and assets of the Irish Life Group by either (i) a possible initial public offering of some or all of the Irish Life Group and/or (ii) a possible private disposal of some or all of the Irish Life Group. The Irish Life Direction Order allows the preparations for a possible disposal of the Irish Life Group to occur in an orderly manner, consistent with the timetable agreed with the Government and the Institutions. The Issuer will continue to review the options relating to the possible disposal of the Irish Life Group, with a view to maximising the value of the Irish Life Group to the Group. If it is decided that a disposal of the Irish Life Group is to proceed, the Minister at his discretion may apply for an additional Court order to effect any such disposal.

As a consequence of the State Investment, the Issuer prepared an EU Restructuring Plan in respect of the Group's banking business and delivered it to the Minister on 31 July 2011 for submission to the European Commission. Under EU State aid rules, the primary purpose of a restructuring plan is to demonstrate that the entity in receipt of State aid will be viable in the long-term without reliance on State support, that there is adequate burden sharing by the entity and its equity/debt capital holders and that measures are taken to limit distortions of competition arising from the State aid. While the Group prepared the EU Restructuring Plan on the basis of the procedures and criteria prescribed by the European Commission for such plans, the Group is unable to assess how long the EU review process will take or the terms under which the European Commission may approve the final EU Restructuring Plan.

### **Liability Management Exercise**

On 17 May 2011 the Issuer prepaid three upper tier 2 perpetual subordinated loans made to the Issuer in an original aggregate nominal amount of approximately €318,000,000. The loan prepayments were made at a

significant discount to the nominal amount in each case and without payment of accrued interest. The loan prepayments were made by agreement with the relevant lender in each case and with the consent of the Central Bank.

The Group announced on 31 March 2011 that, in addition to the capital expected to be generated by the Issuer through asset disposals, a liability management exercise relating to the Issuers' subordinated debt (the **Liability Management Exercise**) would be entered into by the Issuer in order to meet the Central Bank's total gross capital requirement of €4.0 billion for the Group's banking business operated by the Issuer. The Liability Management Exercise is a debt repurchase transaction whereby the Issuer seeks to buy back some or all of its subordinated debt at a discount to its nominal value with the difference between the price paid in the Liability Management Exercise and the nominal value of the subordinated notes being realised as a gain for the Issuer.

On 2 June 2011, the Issuer issued a tender offer memorandum (as amended, the **Tender Offer Memorandum**) as part of the Liability Management Exercise. The Tender Offer Memorandum contained cash tender offers to the holders of certain series of the Issuer's lower tier 2 subordinated notes as specified in the Tender Offer Memorandum in an aggregate nominal amount of approximately €875 million (together, the **Tender Offer Notes**). The Issuer offered to purchase the Tender Offer Notes for a cash payment equal to 19.999 per cent. of the nominal amount of the Tender Offer Notes (or in respect of one particular series of the Tender Offer Notes, 8.6355 per cent. of the nominal amount of the Tender Offer Notes). No payment in respect of accrued interest was made on any of the Tender Offer Notes. An aggregate nominal amount of approximately €854 million of the Tender Offer Notes was purchased or redeemed by the Issuer under the Liability Management Exercise.

The Liability Management Exercise has completed. However the full regulatory capital benefit generated from the Liability Management Exercise will only be realised on the disposal of the Irish Life Group.

## **Litigation**

### *The Anglo Irish Transactions*

The Group received negative public comment in respect of certain transactions between the Group and Anglo Irish Bank Corporation Limited (the **Anglo Transactions**) which came to the attention of the board of the Issuer and were made public in February 2009. The then chief executive, the then Group finance director and the then head of group treasury offered their resignation at that time and their resignations were accepted by the board of the Issuer.

The board of the Issuer has stated that the Anglo Transactions should not have occurred. The board of the Issuer also stated that it was not made aware of the Anglo Transactions and had permission been sought for the Anglo Transactions, such permission would not have been given. Following the coming to light of the Anglo Transactions, the board of the Issuer commissioned international risk management and strategy consultants Oliver Wyman to review the Group's corporate governance framework and to advise on any changes necessary to ensure the Group was operating in line with the emerging international best practice.

The board of the Issuer accepted the recommendations made in the Oliver Wyman report in this regard and measures are being, or have been, taken in line with that report.

In addition to the ongoing investigation by the Central Bank, the coming to light of the Anglo Transactions in February 2009 prompted a number of enquiries from other government, regulatory and supervisory authorities. The Group has co-operated fully with the Central Bank in its investigation of the Anglo Transactions and has engaged with, and promptly responded to, each such other body. In the opinion of the directors it is likely that the resolution of those enquiries will be dependent on the outcome of the investigation of the Central Bank on the involvement of the Group in the Anglo Transactions and any related activities.

## **Activities of the Issuer**

The objects for which the Issuer is established include, but are not limited to, carrying on the business of banking in all its forms, providing any services carried on or provided by building societies, and carrying on all or any of the business of investment managers, fund managers, and providers of financial, investment, management, business and other advice, assistance and services of all kinds. Further details may be found in Section 3 of the Memorandum of Association of the Issuer.

### *Life Assurance activities*

Irish Life is Ireland's leading life and pensions company with a domestic market share of approximately 27 per

cent. (source: Milliman (formerly Life Strategies). It provides a wide range of risk protection, pension, savings and investment products for both the individual and group markets in Ireland.

Individual products are distributed by the Retail Division through a variety of distribution channels including a network of supporting independent intermediaries, a direct sales force of over 200 and the branch network of **permanent tsb**. In addition its products are provided on a wholesale basis into the branch network of a number of other financial institutions.

The Corporate Business Division provides group pension and risk products to employers and affinity groups.

Asset management for the life operations is provided by ILIM which was established as a separate company in 1997. ILIM provides a wide range of active and passive investment funds across all asset categories.

On 31 August 2011 the Group completed the sale of its wholly owned subsidiary, Irish Life International Limited (ILI), to SEB Trygg Liv Holding AB (SEB Life). SEB Life is incorporated in Sweden and a subsidiary of the SEB Group, a leading Nordic financial services provider.

Cornmarket Group Financial Services Limited, which specialises in the provision of financial advice and products to affinity groups in the public sector, is a 100 per cent. subsidiary.

The operating loss before tax for life assurance and fund management business on an IFRS basis was €9 million for the six month period ended 30 June, 2011.

	<i>Year Ended 31 December 2010</i>		<i>Six Months Ended 30 June 2011</i>	
<i>New life assurance business Annual premium equivalent</i>	<i>EUR millions</i>	<i>Percentage (%)</i>	<i>EUR millions</i>	<i>Percentage (%)</i>
Retail Life . . . . .	146	26	68	24
Corporate Life . . . . .	137	24	66	23
Irish Life International . . . . .	37	6	15	5
	<hr/>	<hr/>	<hr/>	<hr/>
	320	56	149	52
Investment (ILIM). . . . .	252	44	137	48
	<hr/>	<hr/>	<hr/>	<hr/>
Total . . . . .	572	100	286	100
	<hr/>	<hr/>	<hr/>	<hr/>

#### *Banking activities*

**permanent tsb** is a significant provider of residential mortgage finance in Ireland. At 30 June 2011, residential mortgages account for 91 per cent. of the loan book with the balance consisting of personal finance — mainly secured auto finance — and commercial mortgages. At 30 June, 2011 the Issuer had approximately 180,000 mortgage accounts.

The personal finance business is transacted through permanent tsb Finance Limited.

In addition to mortgage products **permanent tsb** provides a range of savings and other banking products including current accounts.

**permanent tsb** operates a nationwide network of 92 branches. In addition its products are distributed through independent mortgage brokers and by the direct sales force of Irish Life.

In the U.K. **permanent tsb** operates through the Group's subsidiary Capital Home Loans Limited (**CHL**). CHL specialises in secured residential investment property lending and has been closed to any new business since March, 2008.



In Ireland, Springboard Mortgages Limited is an intermediated specialist mortgage lender which commenced trading in the beginning of 2007. It is a wholly owned directly held subsidiary of the Issuer and was closed to new business in 2009.

The Issuer's treasury activities are carried out through the Group Treasury based in St. Stephen's Green, Dublin.

Total loans outstanding at 30 June, 2011 were €35.0 billion (31 December 2010: €36.6 billion) (net of impairment provisions).

Total loans and receivables to customers at 30 June, 2011:

	<i>Eur Millions</i>	<i>2011 Percentage %</i>
Residential Mortgage Loans . . . . .	32,896	91
Commercial Mortgage Loans . . . . .	2,301	6
Finance Lease, Instalment finance and Term Loans . . . . .	1,148	3
	<hr/>	<hr/>
	36,345	100
Deferred Fees, Discounts and Fair value Adjustment . . . . .	272	
	<hr/>	
	36,617	
Provision for impairment of loans & receivables. . . . .	(1,204)	
Inter-group loans & receivables . . . . .	(431)	
	<hr/>	
Total . . . . .	34,982	
	<hr/>	

## Principal Subsidiary and Associated Companies

Irish Life & Permanent plc was the publicly quoted holding company for the Group until 15 January, 2010 (see "2010 Restructuring of the Group") and is a licensed bank which trades as **permanent tsb**. Its principal subsidiary and associated undertakings are:

### (A) Principal subsidiary undertakings

<i>Name and Registered Office</i>	<i>Incorporated in</i>	<i>% of ordinary shares held</i>
<b>Banking:</b>		
permanent tsb Finance Limited. . . . .	Ireland	100
56-59 St. Stephens Green, Dublin 2		
Capital Home Loans Limited . . . . .	England	100
Admiral House, Harlington Way, Fleet, Hampshire, GU13 8YA		
Springboard Mortgages Limited . . . . .	Ireland	100
100 Lower Mount Street, Dublin 2		
<b>Life assurance:</b>		
Irish Life Assurance plc . . . . .	Ireland	100
Irish Life Centre, Lower Abbey Street, Dublin 1		
<b>Other:</b>		
Irish Progressive Services International Limited . . . . .	Ireland	100
100 Lower Mount Street, Dublin 2		
Cornmarket Group Financial Services Limited . . . . .	Ireland	100
Liberties House, Christchurch Square, Dublin 8		
<b>Fund Management:</b>		
Irish Life Investment Managers Limited . . . . .	Ireland	100

Beresford Court, Beresford Place, Dublin 1

The principal country of operation of each company is the country in which it is incorporated.

<i>(B) Principal associated undertaking</i>	<i>Total issued Equity/debt Capital</i>	<i>% holding</i>
Allianz – Irish Life Holdings plc . . . . .	23,053,408 ordinary €1.25 shares	30.43
Incorporated, registered and operating as a general insurance company in Ireland (Held by a subsidiary undertaking)		

As of 15 January 2010 the Issuer became a wholly owned subsidiary of Irish Life & Permanent Group Holdings plc (see “2010 Restructuring of the Group”).

### **Authorised and Issued Share Capital**

The authorised and issued share capital of the Issuer for the years ended 31 December 2009 and 31 December 2010 set out below have been extracted without material adjustment from the Annual Reports and Financial Statements of the Issuer for the year ended 31 December 2009 and 31 December 2010.

As at 31 December 2010 the authorised share capital of the Issuer was €713 million which comprised of 400 million euro ordinary shares (of 32 cents each), 300 million euro preference shares, 200 million U.S. dollar preference shares and 100 million sterling preference shares and issued share capital was approximately €89 million which was comprised of 276.8 million fully paid ordinary shares.

As at 31 December 2009 the authorised share capital of the Issuer was €680 million which comprised of 400 million euro ordinary shares (of 32 cents each), 300 million euro preference shares, 200 million U.S. dollar preference shares and 100 million sterling preference shares and issued share capital was approximately €89 million which was comprised of 276.8 million fully paid ordinary shares.

The authorised and issued share capital of the Issuer was amended and restructured as of 15 January, 2010 in the manner as set out in “2010 Restructuring of the Group”.

There has been no material change in the authorised and issued share capital of the Issuer since 31 December 2010.

## MANAGEMENT

### Board of Directors

The business of Irish Life & Permanent plc is managed by its directors, each of whose business address is Irish Life & Permanent plc, Irish Life Centre, Abbey Street, Dublin 1. The names of the directors, their functions within the Issuer and principal outside activities as of the date of these Listing Particulars are given below:

Name	Function within the Issuer	Principal Outside Activity
Kevin Murphy	Group Chief Executive	Member of the board of the Irish Stock Exchange and Director of associated company Allianz-Irish Life Holdings plc.
Alan Cook	Chairman	Chairman of the UK Highways Agency and a non-executive director of the UK Department of Transport. He is also Chairman of Action for ME.
David McCarthy	Group Finance Director	Director of associated company Allianz-Irish Life Holdings plc.
Roy Keenan	Non-Executive Director	Non-executive director of Met Life Europe.
Ray MacSharry	Non-Executive Director	None.
Margaret Hayes	Non-Executive Director	None.
Pat Ryan	Non-Executive Director	Director of AXA Life Europe Limited and J&E Davy.
Bernard Collins	Non-Executive Director	Non-executive Director of IDA Ireland and a number of other companies in the medical device/life science sectors. He is also chairman of the VHI.
Sandy Kinney	Non-Executive Director	Non-executive director of the Skipton Building Society in the UK and the UK Financial Services Compensation Scheme
Emer Daly	Non-Executive Director	Non-executive director of Dublin Dental Hospital and Friends Provident International Limited.

### Conflicts of Interest

There are no potential conflicts of interest between the duties to the Issuer of the persons listed under “Board of Directors” above and their private interests and/or other duties.

### Corporate Governance

The directors endorse the UK Corporate Governance Code (the **Code**) issued by the Financial Reporting Council which sets out Principles of Good Governance and a Code of Best Practice. The directors have reviewed the Issuer’s corporate governance arrangements in the light of the Code and believe that they are fully in compliance.

The directors have developed a code of practice, which deals with, among other matters, issues of corporate governance. This code of practice is designed to ensure that the main principles and the supporting principles of good governance set out in Section 1 of the Code are applied within the group.

In November 2010 the Central Bank issued a Corporate Governance Code for Credit Institutions and Insurance Undertakings (the **CBI Code**). The CBI Code imposes minimum standards upon all credit institutions and insurance undertakings with additional requirements upon entities which are designated as major institutions. The Issuer has been designated as a major institution under the CBI Code.

Further details, and any subsequent developments, may be found on the Issuer’s website

([www.irishlifepermanent.ie](http://www.irishlifepermanent.ie)).

## **Board Committees**

The board has established a number of committees which operate within defined terms of reference. These committees are the Audit Committee, the Remuneration and Compensation Committee, the Nomination Committee and the Risk and Compliance Committee all of which are committees of the board. All of these committees are composed of non-executive directors all of whom are considered by the board to be independent. Membership and chairmanship of each committee is reviewed annually.

### ***Remuneration and Compensation Committee***

The Remuneration and Compensation Committee comprises Bernard Collins (Chairman), Alan Cook, Pat Ryan and Ray MacSharry. This committee considers all aspects of the performance and remuneration of executive directors and senior executives and sets the remuneration of these executives, having consulted with the Chairman and Group Chief Executive, under advice to other non-executive directors. The committee also has responsibility for setting the remuneration of the Chairman (without the Chairman being present) and the Group Chief Executive. Senior management succession issues are also addressed by this committee.

During 2010 the committee used the Executive Compensation Practice of Towers Watson for advice on executive director and senior management remuneration. Services provided to the group by other Tower Watson practices include the valuation of the Irish Progressive Staff Pension Scheme and the tsb Staff Pension Scheme by its actuarial practice.

### ***Nomination Committee***

This committee comprises Alan Cook (Chairman), Roy Keenan and Ray MacSharry. The committee is charged with responsibility for bringing recommendations to the board regarding the appointment of new directors and of a new Chairman. The Chairman does not attend the committee when it is dealing with the appointment of a successor to the Chairman. Decisions on board appointments are taken by the full board. The committee uses external consultants to assist in identifying and considering candidates from a wide range of backgrounds in the context of a description of the role and capabilities required for a particular appointment. All directors are subject to re-appointment by election by the shareholders at the first opportunity after their appointment. The committee keeps under review the leadership needs of the Group, both executive and non-executive, with a view to ensuring the continued ability of the Group to compete effectively in the marketplace. This committee is also responsible for reviewing the effectiveness of the board's operations, including the chairmanship and composition of board committees.

Subject to satisfactory performance, non-executive directors are typically expected to serve two three-year terms, although the board may extend an invitation to serve a further three-year term. The form of appointment letter for non-executive directors is available for inspection and is also included on the group's website ([www.irishlifepermanent.ie](http://www.irishlifepermanent.ie)). The remuneration of the non-executive directors is determined by the board within the parameters decided by the shareholders and on the advice of the Chairman and the Group Chief Executive. The term of office of the Chairman is six years regardless of any previous term as a director. Under the Articles of Association directors are required to submit themselves to shareholders for re-election to the board every three years. However, the board has adopted a practice of all directors submitting themselves for re-appointment by election at each annual general meeting.

### ***Audit Committee***

The Audit Committee comprises Roy Keenan (Chairman), Pat Ryan and Margaret Hayes. The board ensures that the Chairman of the committee has recent and relevant financial experience.

The Audit Committee provides a link between the board and the external auditor, is independent of the Group's management and is responsible for making recommendations in respect of the appointment of the external auditor and for reviewing the scope of the external audit. It also has responsibility for reviewing the Group's annual report and financial statements, preliminary announcement, half yearly accounts, interim management statements and the effectiveness of the Group's internal control systems and risk management process.

The committee monitors the Group's internal audit, compliance and risk management procedures and considers issues raised and recommendations made by the external auditor and by the Group Internal Audit function. The committee meets at least annually with the external auditor in confidential session without management being present. The committee reviews the arrangements by which staff of the Group may, in

confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

The Audit Committee reviews the non-audit services provided by the external auditor based on the policy approved by the board in relation to the provision of such services. Other assurance services are services carried out by the auditor by virtue of their role as auditor and include assurance related work, regulatory returns and accounting advice. In line with best practice, the auditor does not provide services such as financial information system design and valuation work which could be considered to be inconsistent with the audit role.

### ***Risk and Compliance Committee***

The Risk and Compliance Committee comprises Pat Ryan (Chairman), Roy Keenan and Sandy Kinney. The board ensures that the chairman of the committee has relevant risk management and/or compliance experience.

The Risk and Compliance Committee has responsibility for oversight and advice to the board on risk governance, the current risk exposure of the Group and future risk strategy, including strategy for capital and liquidity management, the setting of compliance policies and principles and the embedding and maintenance throughout the Group of a supportive culture in relation to the management of risk and compliance. The Risk and Compliance Committee supports the board in carrying out its responsibilities for ensuring that risks are properly identified, reported, assessed and controlled, and that the Group's strategy is consistent with the Group's risk appetite.

The Risk and Compliance Committee is responsible for monitoring adherence to the Group's risk appetite statement. Where exposures exceed levels established in the appetite statement, the Risk and Compliance Committee is responsible for developing appropriate responses. This is facilitated by the periodic review of a key risk indicators report calibrated to the risk appetite statement.

The Risk and Compliance Committee, in turn, delegates responsibility for the monitoring and management of specific risks to committees accountable to it. These committees are the Group Credit Committee, the Banking Assets & Liabilities Committee, the Life Assurance Assets & Liabilities Committee, the Group Operational Risk Committee, the Group Counterparty Credit and Market Risk Committee and the Group Compliance Committee. The terms of reference for each committee, whose members include members of Group senior management, are reviewed regularly by the Risk and Compliance Committee.

## DESCRIPTION OF THE CONTINGENT CAPITAL NOTES

*The following summary description of the CCNs presents an overview of the principal rights and obligations attaching to the CCNs and does not purport to be complete. For a full description of the CCNs Conditions, Holders should refer to: "Terms and Conditions of the Contingent Capital Tier 2 Notes". Defined terms have the meanings given in the Conditions of the CCNs.*

The CCNs will be issued by the Issuer and will comprise €400 million subordinated unsecured Tier 2 debt instruments due 2016. The CCNs will be issued in definitive registered form in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Title to the CCNs will pass by registration in the register kept by Citibank, N.A., London Branch of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB as Registrar in accordance with the provisions of the Agency Deed. The Fiscal Agent for the CCNs (who will also act as the paying agent for the CCNs) will be Citibank, N.A., London Branch of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB. The International Security Identification Number (ISIN) for the CCNs is IE 00B712BB11. The Minister will be the initial Holder of the CCNs.

The CCNs will rank junior to unsubordinated obligations of the Issuer and pari passu with all other dated subordinated obligations of the Issuer which qualify as Tier 2 Capital for regulatory purposes (if any) and senior to the claims of Holders of all other subordinated obligations of the Issuer expressed to rank junior to the subordinated obligations of the Issuer including any subordinated obligations of the Issuer which qualify as Tier 1 Capital of the Issuer for regulatory purposes or which are expressed to rank junior to the CCNs.

The CCNs carry a fixed mandatory coupon of 10 per cent. per annum, payable annually. The Minister may, where he remains the holder of 100 per cent. of the CCNs, in order to facilitate the sale of the CCNs to third party investors, at any time (but with effect only from the date of such sale being completed and settled) increase the interest rate of the CCNs as determined by an independent remarketing agent nominated by the Minister, to a new rate which shall not exceed 18 per cent. per annum.

The Issuer will have the option, prior to any such sale of the CCNs being completed and settled, to source third party investors, at a potentially lower interest rate to that described above, to whom the entire principal amount of the CCNs may be sold at an equivalent or higher price agreed by the Minister with any third party investors. The Minister shall have discretion as to whether to sell the CCNs, to whom the Minister may sell the CCNs and the terms of any such sale.

Claims for principal and interest in respect of the CCNs shall become void unless presented for payment within a period of 6 years from the date on which payment in respect thereof first becomes due.

### **Conversion**

The CCNs are immediately and mandatorily convertible into new fully paid Ordinary Shares with a nominal value of €0.031 each in the capital of the Parent on the occurrence of a Conversion Event (as defined below). Accrued Conversion Interest (if any) will also be paid in cash to the Holders on the Conversion Settlement Date. Conversion shall be at the Conversion Price (as determined from time to time in accordance with the Conditions) as of the date of these Listing Particulars. The Conversion Price shall be the nominal value of the Ordinary Shares with the maximum number of Ordinary Shares that could be issued on conversion at this price, being approximately 12.9 billion.

**Conversion Event** means the occurrence of a Capital Deficiency Event or Non-Viability Event.

**Capital Deficiency Event** means the occurrence of (i) the Issuer giving notice to the Holders that the Capital Ratio is below 8.25 per cent, or (ii) the Central Bank notifying the Issuer that it has determined, in its sole discretion, that the Issuer's financial and solvency condition is deteriorating in such a way that the relevant Capital Ratio is likely to be below the Trigger Ratio in the short term;

**Capital Ratio** means, prior to the CRD IV Implementation Date, the Core Tier 1 Ratio and, on or after the CRD IV Implementation Date, the CET1 Ratio.

**Core Tier 1 Ratio** means, in respect of any Semi-Annual Reporting Period of the Issuer, the ratio (expressed as a percentage) of the Core Tier 1 Amount divided by the RWA Amount, as at the date of the financial statements contained in the Semi-Annual Reporting Period of the Issuer, as calculated by the Issuer and appearing in its relevant Semi-Annual Financial Report as "Core Tier 1 Ratio" or such other term having the same meaning.

**CET1 Ratio** means, in respect of any Semi-Annual Reporting Period of the Issuer, the ratio (expressed as a percentage) of CET1 Amount divided by the RWA Amount, as at the date of the financial statements contained in the relevant Semi-Annual Financial Report of the Issuer, as calculated by the Issuer and appearing in its relevant Semi-Annual Financial Report.

**RWA Amount** means, as at any date, the aggregate amount of all risk-weighted assets of the Issuer calculated on a consolidated basis pursuant to the Capital Requirements Directive, each applicable at such time, expressed in the Issuer's reporting currency.

The CCNs are not convertible into Ordinary Shares at the option of Holders and are not redeemable in cash as a result of a Conversion Event.

No Conversion shall occur following a Capital Deficiency Event if, notwithstanding the Capital Ratio being below 8.25 per cent, the Central Bank, at the request of the Issuer, has agreed, in its absolute discretion, that a Conversion shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have during the next 90 days following such Capital Deficiency Event, the effect of restoring the Capital Ratio to a level above 8.25 per cent that the Central Bank deems to be adequate at such time. However, a Conversion Event will immediately occur if the Central Bank determines, in its absolute discretion, that at any time after agreeing that no Conversion shall occur, the Issuer will not be able to restore the Capital Ratio to a level above 8.25 per cent that the Central Bank deems to be adequate at such time.

### **Conversion Price**

Upon Conversion, each Holder shall be deemed to have accepted the conversion of its holding of CCNs into Ordinary Shares at the Conversion Price and that the Issuer and the Parent shall effect such conversion on behalf of such Holder.

In the Deed of Covenant dated the Issue Date by the Parent by way of deed poll, the Parent and the Fiscal Agent, the Parent has covenanted to allot, issue or deliver such number of Ordinary Shares to the Holders on the Conversion Settlement Date in respect of each CCN as determined by dividing the principal amount of each CCN by the Conversion Price in effect on the Conversion Date.

The Conversion Price shall be subject to adjustment in the circumstances provided in Condition 4(e) of the CCNs and the Issuer shall give notice to Holders of the adjusted Conversion Price and of any such modifications and amendments thereafter.

Upon the happening of any of the events specified below with respect to the share capital of the Parent, the Conversion Price shall be proportionally adjusted as detailed in Condition 4(e) of the CCNs:

- (i) Increase of share capital by means of capitalisation of reserves, profits or premia by distribution of Ordinary Shares, or division or consolidation of Ordinary Shares;
- (ii) Issues of Ordinary Shares or Other Securities to Shareholders by way of conferring subscription or purchase rights;
- (iii) Cash Distributions;
- (iv) Non-Cash Dividends;
- (v) Other events as described in Condition 4(e) of the CCNs.

The Conversion Price shall not in any event be reduced to below the prevailing nominal value of the Ordinary Shares at the effective date of such adjustment. The Issuer and the Parent have covenanted not to take any action, and procure that no action is taken, that would otherwise result in an adjustment to the Conversion Price to an amount below such nominal value.

### **Conversion on a Takeover Event**

If a Qualifying Takeover Event shall occur then the CCNs shall, where the Conversion Date falls on or after the Takeover Event Date, be convertible into Approved Entity Shares of the Approved Entity upon the occurrence of a Conversion Event, *mutatis mutandis* as provided in accordance with Condition 4 of the CCNs, at a Conversion

Price that shall be the New Conversion Price. The New Conversion Price shall be subject to adjustment in the circumstances outlined in Condition 4(e) of the CCNs (See “*Terms and Conditions of the Contingent Capital Tier 2 Notes*”).



## DESCRIPTION OF THE PARENT

Irish Life & Permanent Group Holdings plc (the **Parent**) is the 100% parent of the Issuer.

The Parent was incorporated on 24 August 2009 and is registered at the Companies Registration Office Dublin, under the laws of Ireland, as a public limited company, with registration number 474438. The Parent's principal executive offices are located at Irish Life Centre, Lower Abbey Street, Dublin 1, Ireland, with telephone number +353 1 704 2000.

The Parent was established to facilitate the restructuring of the Group which took place in 2010 (See "*2010 Restructuring of the Group*"). The Parent acts as the holding company for the Group and does not carry on any other business. The directors of the Parent are the same as the directors of the Issuer.

## DESCRIPTION OF THE ORDINARY SHARES

The Ordinary Shares are shares of €0.031 each in the capital of the Parent. The International Security Identification Code (ISIN) for the Ordinary Shares is IE 00B59NXW72.

Any Ordinary Shares issued on Conversion will be fully paid and non-assessable, free from any encumbrance and will in all respects rank *pari passu* with the fully paid Ordinary Shares in issue on the relevant Conversion Settlement Date except for any right excluded by mandatory provisions of applicable law and except that any Ordinary Shares so issued will not rank for any rights, distributions or payments the record date or other due date for the establishment of entitlement for which falls prior to the relevant Conversion Settlement Date.

The Ordinary Shares are quoted and admitted to trading on the Enterprise Securities Market (the **ESM**) of the ISE. Any Conversion of the CCNs to Ordinary Shares will result in the Holders receiving Ordinary Shares quoted and trading on the ESM. Further information on the past and the further performance of the Ordinary Shares can be found at [www.irishlifepermanent.ie](http://www.irishlifepermanent.ie) and on the website of the ISE at [www.ise.ie](http://www.ise.ie).

The ESM was launched on 12 April 2005 and is regulated by the ISE. The ESM is the junior market of the ISE. The ESM is the market for smaller, growth companies and has been specifically designed to meet the funding needs of companies at earlier stages in their development. Daily trading volumes on the ESM are available on the website of the ISE. Price information in relation to the ESM is published on the ISEQ ESM Index (the **ESM Index**). The ESM Index is available on the website of the ISE and is updated on an hourly basis.

Liquidity on the ESM is provided by market makers who are member firms of the ISE and are obliged to quote a share price for each company for which they make a market between 8.00 a.m. and 4.30 p.m. on Business Days.

While the obligations of a company whose shares are traded on the ESM are similar to the listing rules of the ISE for companies whose shares are listed or trading on the Main Securities Market (the **Listing Rules**), there are certain exceptions, including those referred to below:

- (i) Under the rules of the ESM (the **ESM Rules**) prior shareholder approval is required only for (i) reverse takeovers (being an acquisition or acquisitions in a twelve month period which either (a) exceed 100 per cent. in any of the class tests or (b) result in a fundamental change in the Group's business, board or voting control); and (ii) disposals, which when aggregated with any other disposal or disposals over the previous twelve months, exceed 75 per cent. in any of the class tests and are deemed to result in a fundamental change of business. Under the Listing Rules, prior shareholder approval is required for a transaction exceeding the 25 per cent. threshold under any class test unless an exemption applies or the Listing Rules specifically provide otherwise. It should also be noted that under the ESM Rules any related party transaction greater than 5 per cent. under any class test requires notification to shareholders rather than shareholder approval.
- (ii) There is no requirement under the ESM Rules for a prospectus or an admission document to be published for further issues of securities to institutional investors, except when seeking admission for a new class of securities or as otherwise required by law.
- (iii) Unlike the Listing Rules, the ESM Rules do not specify any required structures or discount limits in relation to further issues of securities.
- (iv) Under the Listing Rules, a company is required to appoint a sponsor. The responsibilities of the sponsor include providing assurance to the Central Bank and/or the ISE, when required, that the responsibilities of the listed company have been met. The ESM Rules require that ESM companies retain at all times a nominated adviser, that has ongoing responsibilities to both the Parent and the ISE. J&E Davy has agreed to act as ESM adviser and broker to the Parent. The directors do not envisage that there will be any alteration in the standards of reporting and governance which the Parent currently maintains.
- (v) Under the ESM Rules, there is no requirement for a minimum number of shares to be maintained in public hands, whereas on the Main Securities Market a minimum of 25 per cent. of a company's issued ordinary share capital should be maintained in public hands at all times.
- (vi) Neither the UK Corporate Governance Code nor the Irish Corporate Governance Annex issued by the ISE applies directly to companies who are admitted to trading on the ESM. The directors recognise, however, the importance of high standards of corporate governance and intend that the Parent should

observe the requirements of the UK Corporate Governance Code and the Irish Corporate Governance Annex to the extent the directors consider appropriate having regard to the size, nature and resources of the Group.

- (vii) A company listed on the ESM is not required to comply with the Prospectus (Directive 2003/71/EC) Regulations 2005 (except where there is an offer of transferable securities to the public) or with the Market Abuse (Directive 2003/6/EC) Regulations 2005. However, it should also be noted that Part V of the Companies Act, 1990 which relates to insider dealing still applies to securities quoted on the ESM. Shares quoted on the ESM are monitored by the ISE and the Office of the Irish Director of Corporate Enforcement has an enforcement role.

The Minister holds over 99% of the Ordinary Shares currently in issue. In certain circumstances, the Minister may also invest up to an additional €1.1 billion in the capital of the Parent, either by way of Ordinary Shares, by way of capital contribution or by a combination of both (See "*Financial Measures Programme 2011*").

## TAXATION

The following is a summary based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their CCNs or, as the case may be, Ordinary Shares issued upon Conversion and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding CCNs or Ordinary Shares. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the CCNs or Ordinary Shares should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the CCNs or Ordinary Shares and the receipt of interest or dividends thereon under the laws of their country of residence, citizenship or domicile.

### Withholding Tax

#### 1. CCNs

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest.

However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the **1997 Act**) for certain interest bearing securities issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the ISE) (**quoted Eurobonds**).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

- (i) the person by or through whom the payment is made is not in Ireland; or
- (ii) the payment is made by or through a person in Ireland, and the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

Alternatively, interest paid by a bank (such as the Issuer) in the ordinary course of its banking business is exempt from withholding tax under section 246(3)(b) of the 1997 Act.

### Deposit Interest Retention Tax

The Issuer will not be required to operate Deposit Interest Retention Tax (**DIRT**) in respect of interest paid on interest bearing securities issued by a body corporate (such as the Issuer) which are listed on a stock exchange.

### Encashment tax

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest, where such interest is collected by a bank or other agent in Ireland on behalf of any Holder who is Irish resident.

#### 2. Ordinary Shares

Distributions made in respect of the Ordinary Shares issued upon Conversion will generally be subject to Dividend Withholding Tax (**DWT**) at the standard rate of income tax (currently 20 per cent.) unless the holder of the Ordinary Shares is within one of the categories of exempt shareholders referred to below. Where DWT applies, the Parent will be responsible for withholding DWT at source. For DWT purposes, a dividend includes any distribution made by the Parent to holders of Ordinary Shares, including cash dividends, non-cash dividends and additional shares taken in lieu of a cash dividend.

DWT is not payable where an exemption applies provided that the Parent has received all necessary documentation required by the relevant legislation from the relevant holder of Ordinary Shares prior to payment of the dividend. In this regard, the holder of Ordinary Shares must file the requisite declaration and certification(s) with the Parent to substantiate entitlement to receive the dividend or other distribution without deduction of DWT. If dividends are paid through an intermediary, the intermediary will have to fulfil certain

requirements with the first tax authorities to enable the Parent to pay dividends without deduction of DWT and the exempt shareholder will have to provide the intermediary with the appropriate declarations and certificates.

Certain categories of Irish resident holders of Ordinary Shares are entitled to an exemption from DWT, including (but not limited to) Irish resident companies, qualifying employee share ownership trusts, charities and pension funds. Except in very limited circumstances, distributions by the Parent to Irish resident holders of Ordinary Shares who are individuals are not exempt from DWT.

Certain non-Irish resident holders of Ordinary Shares (both individual and corporate) are also entitled to an exemption from DWT. In particular, a holder of Ordinary Shares who is not resident for tax purposes in Ireland, is beneficially entitled to the dividend and who is:

- (i) An individual who by virtue of the laws of the relevant country is resident for tax purposes in either a Member State of the EU (apart from Ireland) or a country with which Ireland has signed a double tax treaty (such as the United States) and the individual is neither resident nor ordinarily resident in Ireland; or
- (ii) A company ultimately controlled, directly or indirectly, by persons who by virtue of the laws of the relevant territory are resident in either a Member State of the EU (apart from Ireland) or in a country with which Ireland has signed a double tax treaty (such as the United States); or
- (iii) A company not ultimately controlled by persons resident in Ireland and which by virtue of the laws of the relevant territory is resident for tax purposes in either a Member State of the EU (apart from Ireland) or a country with which Ireland has signed a double tax treaty (such as the United States); or
- (iv) A company whose principal class of shares is substantially and regularly traded on a recognised stock exchange in (i) Ireland (ii) a Member State of the EU (apart from Ireland) (iii) a country with which Ireland has signed a double tax treaty (such as the United States) or (iv) on an exchange approved by the Minister; or
- (v) A company which is at least a 75 per cent. subsidiary, direct or indirect, of another company whose principal class of shares is substantially and regularly traded on a recognised stock exchange in (i) Ireland (ii) a Member State of the EU (apart from Ireland) (iii) a country with which Ireland has signed a double tax treaty or (iv) on an exchange approved by the Minister; or
- (vi) A company that is wholly owned, directly or indirectly, by two or more companies, the principal class of shares of each of which is substantially and regularly traded on a recognised stock exchange in (i) Ireland (ii) a Member State of the EU (apart from Ireland) (iii) a country with which Ireland has signed a double tax treaty (such as the United States) or (iv) on an exchange approved by the Minister;

is not subject to DWT on dividends received from the Parent provided that, in all cases noted above, the holder of Ordinary Shares has made the appropriate declaration to the Parent prior to the payment of the dividend.

## **Taxation of holders**

### **A. Taxation of interest / dividends**

#### **1. CCNs**

Notwithstanding that a Holder may receive interest on the CCNs free of withholding tax, the Holder may still be liable to pay Irish income tax. Interest paid on the CCNs may have an Irish source and therefore be within the charge to Irish income tax and the universal social charge. Ireland operates a self assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the CCNs will be exempt from Irish income tax if the recipient of the interest is resident in either (i) a member state of the European Union (other than Ireland) or (ii) a country with which Ireland has signed a double taxation agreement (such a country mentioned in either (i) or (ii) being a **Relevant Territory**); provided either (x) the CCNs are quoted Eurobonds and are exempt from withholding tax as set out above; or (y) in the event of the CCNs not being or ceasing to be quoted Eurobonds exempt from withholding tax, the

recipient of the interest is a company and the Relevant Territory concerned imposes a tax that generally applies to interest receivable in that jurisdiction by companies from sources outside that jurisdiction.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the CCNs are held or attributed, may have a liability to Irish corporation tax on the interest.

Holders receiving interest on the CCNs which does not fall within any of the above exemptions may be liable to Irish income tax, the universal social charge and, in certain circumstances, PRSI (pay related social insurance) on such interest.

## **2. Ordinary Shares**

An Irish resident or ordinarily resident individual holder of Ordinary Shares will be subject to Irish income tax on the gross dividend at his or her marginal rate of tax plus the universal social charge and, in certain circumstances, PRSI. The gross dividend is the dividend received plus DWT withheld. Irish resident individual holders of Ordinary Shares are generally entitled to a credit for the DWT deduction against their income tax liability and to have refunded to them any amount by which DWT exceeds such income tax liability.

Irish resident corporate holders of Ordinary Shares are generally exempt from Irish tax on dividends received on the Ordinary Shares. If an Irish resident corporate shareholder is a close company, however, it may, in certain circumstances, be liable to a 20 per cent. investment income surcharge in respect of dividends received on the Ordinary Shares.

Non-Irish resident holders of Ordinary Shares are, unless entitled to exemption from DWT, liable to Irish income tax on dividends received on the Ordinary Shares. However, the DWT deducted by Parent discharges such liability to Irish income tax. Where a non-resident holder of Ordinary Shares is entitled to exemption from DWT, then no Irish income tax arises and, where Parent deducted DWT, a claim may be made for a refund of the DWT.

## **B. Capital Gains Tax on disposals**

### **1. CCNs**

A holder of CCNs will be subject to Irish tax on capital gains on a disposal of CCNs unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the CCNs are used or held.

No liability to capital gains tax should arise on conversion, provided that Parent issues the Ordinary Shares in exchange for the CCNs and that Parent has control of the Issuer at that time.

### **2. Ordinary Shares**

A holder of Ordinary Shares will be subject to Irish tax on capital gains on a disposal of CCNs unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the CCNs are used or held and provided that the Ordinary Shares are quoted on the ISE at the time of disposal.

## **Capital Acquisitions Tax**

A gift or inheritance comprising of CCNs or Ordinary Shares will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the CCNs or Ordinary Shares are regarded as property situate in Ireland. Registered CCNs are generally regarded as situated where the principal register of the Holders is maintained or is required to be maintained, but the CCNs may be regarded as situated in Ireland regardless of the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. The Ordinary Shares will be regarded as situate in Ireland as the share register of the Parent is held in Ireland. Accordingly, if the CCNs or Ordinary Shares are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

**Stamp Duty**

No Irish stamp duty will be payable on the issue of the CCNs or Ordinary Shares.

The transfer of a CCN or Ordinary Share will be subject to stamp duty at the rate of 1% of the consideration paid in respect of the transfer (or, if greater, the market value thereof), which must be paid in Euro by the transferee (assuming an arm's length transfer) within 30 days of the date on which the transfer of the CCN or Ordinary Share is executed.

**EU Savings Directive**

The Council of the European Union has adopted the Directive (as defined above).

Ireland has implemented the Directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the 1997 Act, resident in another EU Member State and certain associated and dependent territories of a Member State will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

In November 2008 the European Commission proposed that a number of changes be made to the Directive following a report on its operation since adoption. If any of these proposed changes are adopted they are likely to broaden the scope of the Directive.

## SUBSCRIPTION AND SALE

The Minister (the **Initial Holder**) has, pursuant to a Note Purchase Agreement (the **Note Purchase Agreement**) dated the Issue Date, subscribed for the CCNs at the issue price of 100 per cent. of the principal amount of CCNs.

No action has been taken by the Issuer or the Initial Holder which would or is intended to permit a public offer of CCNs in any country or jurisdiction where action for that purpose is required, save for having obtained the approval of these Listing Particulars by the ISE. Accordingly, the CCNs may not be offered or sold directly or indirectly, in any country or jurisdiction where further action for that purpose is required and neither these Listing Particulars nor any other circular, prospectus, form of application, advertisement or other material may be distributed in or from or published in any country or jurisdiction, except under circumstances which will result in compliance with applicable laws and regulations.



## GENERAL INFORMATION

### Authorisation

1. The issue of the CCNs was duly authorised by a resolution of the Board of Directors of the Issuer dated 26 July 2011.

### Listing

2. Application has been made to the ISE for these Listing Particulars to be approved and for the CCNs to be admitted to the Official List and to trading on the GEM. The total expenses relating to the listing of the CCNs are approximately €5,100.

### No material adverse change

3. From 31 December 2010 (being the date to which the last audited consolidated financial statements of the Issuer were prepared) to the date of these Listing Particulars, there has been no material adverse change in the prospects of the Issuer and its subsidiaries, save for changes relating to the State Investment (see "*Financial Measures Programme 2011*"), an increase in government guarantee costs which was driven by the funding mix and application of higher ELG charges, the impact of persistency experience in the Irish Life Group (see "*Risk Factors*"), the INBS Transaction (see "*INBS Transaction*"), the Northern Rock Transaction (see "*Northern Rock Transaction*"), the Liability Management Exercise undertaken by the Issuer (see "*Liability Management Exercise*") and continued loan impairment losses (see "*Risk Factors*").

### Litigation

4. Neither the Issuer nor any other member of the Group is involved in any governmental, legal or arbitration proceedings (including any proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the Issuer or the Group other than as set out under the heading "*The Anglo Irish Transactions*".

### Accounts

5. The auditor of the Issuer is KPMG,<sup>1</sup> Harbourmaster Place, International Financial Services Centre, Dublin 1 (members of the Institute of Chartered Accountants in Ireland) who have audited the Issuer's consolidated financial statements, without qualification, in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union for the financial years ended on 31 December 2009 and 31 December 2010.

The reports of the auditor of the Issuer are included or incorporated in the form and context in which they are included or incorporated, with the consent of the auditor, who has authorised the contents of that part of these Listing Particulars.

### Documents Available

6. Hard copies of the following documents will be available for inspection at the registered office of the Issuer and at the specified offices of the Fiscal Agent for the life of these Listing Particulars:
  - (i) the Memorandum and Articles of Association of the Issuer and the Parent;
  - (ii) the audited consolidated financial statements of the Issuer and the Parent in respect of the financial years ended 31 December 2009 and 31 December 2010 and the unaudited condensed consolidated half year report of the Issuer and the Parent for the six months ended 30 June 2011. The Issuer currently prepares audited accounts on an annual basis; and
  - (iii) the Note Purchase Agreement, Agency Deed and Deed of Covenant.

**Fiscal Agent**

7. The Fiscal Agent for the CCNs shall act as the paying agent for the CCNs and shall act solely for and as agent of the Issuer and shall not have any obligations towards or relationship of agency or trust for any Holder and shall be responsible only for the performance of the duties and obligations expressly imposed upon them in the Agency Deed and the Conditions, and any duties necessarily incidental to them.

## **ISSUER**

**Irish Life & Permanent plc**  
Irish Life Centre  
Lower Abbey Street  
Dublin 1

## **PARENT**

**Irish Life & Permanent Group Holdings plc**  
Irish Life Centre  
Lower Abbey Street  
Dublin 1

## **FISCAL AGENT AND REGISTRAR**

**Citibank N.A., London Branch**  
Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

## **LEGAL ADVISERS**

*To the Issuer and the Parent as to Irish law*  
**A&L Goodbody**  
25/28 North Wall Quay  
I.F.S.C.  
Dublin 1

## **AUDITOR**

*To the Issuer*

**KPMG**  
Chartered Accountants  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1

## **LISTING AGENT**

**A&L Listing Limited**  
25/28 North Wall Quay  
I.F.S.C.  
Dublin 1