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ISMA

International Securities Market Association
Rigistrasse 60, P.O. Box, CH-8033, Zürich
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2000 VERSION

TBMA/ISMA

GLOBAL MASTER REPURCHASE AGREEMENT

Dated as of _____

Between:

THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND

and

IRISH BANK RESOLUTION CORPORATION LIMITED

1. Applicability

- (a) From time to time the parties hereto may enter into transactions in which one party, acting through a Designated Office, ("Seller") agrees to sell to the other, acting through a Designated Office, ("Buyer") securities and financial instruments ("Securities") (subject to paragraph 1(c), other than equities and Net Paying Securities) against the payment of the purchase price by Buyer to Seller, with a simultaneous agreement by Buyer to sell to Seller Securities equivalent to such Securities at a date certain or on demand against the payment of the repurchase price by Seller to Buyer.
- (b) Each such transaction (which may be a repurchase transaction ("Repurchase Transaction") or a buy and sell back transaction ("Buy/Sell Back Transaction")) shall be referred to herein as a "Transaction" and shall be governed by this Agreement, including any supplemental terms or conditions contained in Annex I hereto, unless otherwise agreed in writing.



- (c) If this Agreement may be applied to -
- (i) Buy/Sell Back Transactions, this shall be specified in Annex I hereto, and the provisions of the Buy/Sell Back Annex shall apply to such Buy/Sell Back Transactions;
 - (ii) Net Paying Securities, this shall be specified in Annex I hereto and the provisions of Annex I, paragraph 1(b) shall apply to Transactions involving Net Paying Securities.
- (d) If Transactions are to be effected under this Agreement by either party as an agent, this shall be specified in Annex I hereto, and the provisions of the Agency Annex shall apply to such Agency Transactions.

2. Definitions

- (a) "Act of Insolvency" shall occur with respect to any party hereto upon -
- (i) its making a general assignment for the benefit of, entering into a reorganisation, arrangement, or composition with creditors; or
 - (ii) its admitting in writing that it is unable to pay its debts as they become due; or
 - (iii) its seeking, consenting to or acquiescing in the appointment of any trustee, administrator, receiver or liquidator or analogous officer of it or any material part of its property; or
 - (iv) the presentation or filing of a petition in respect of it (other than by the counterparty to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition (except in the case of a petition for winding-up or any analogous proceeding, in respect of which no such 30 day period shall apply) not having been stayed or dismissed within 30 days of its filing; or
 - (v) the appointment of a receiver, administrator, liquidator or trustee or analogous officer of such party or over all or any material part of such party's property; or
 - (vi) the convening of any meeting of its creditors for the purposes of considering a voluntary arrangement as referred to in section 3 of the Insolvency Act 1986 (or any analogous proceeding);
- (b) "Agency Transaction", the meaning specified in paragraph 1 of the Agency Annex;
- (c) "Appropriate Market", the meaning specified in paragraph 10;



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- (d) "Base Currency", the currency indicated in Annex I hereto;
- (e) "Business Day" -
 - (i) in relation to the settlement of any Transaction which is to be settled through Clearstream or Euroclear, a day on which Clearstream or, as the case may be, Euroclear is open to settle business in the currency in which the Purchase Price and the Repurchase Price are denominated;
 - (ii) in relation to the settlement of any Transaction which is to be settled through a settlement system other than Clearstream or Euroclear, a day on which that settlement system is open to settle such Transaction;
 - (iii) in relation to any delivery of Securities not falling within (i) or (ii) above, a day on which banks are open for business in the place where delivery of the relevant Securities is to be effected; and
 - (iv) in relation to any obligation to make a payment not falling within (i) or (ii) above, a day other than a Saturday or a Sunday on which banks are open for business in the principal financial centre of the country of which the currency in which the payment is denominated is the official currency and, if different, in the place where any account designated by the parties for the making or receipt of the payment is situated (or, in the case of a payment in euro, a day on which TARGET operates);
- (f) "Cash Margin", a cash sum paid to Buyer or Seller in accordance with paragraph 4;
- (g) "Clearstream", Clearstream Banking, société anonyme, (previously Cedelbank) or any successor thereto;
- (h) "Confirmation", the meaning specified in paragraph 3(b);
- (i) "Contractual Currency", the meaning specified in paragraph 7(a);
- (j) "Defaulting Party", the meaning specified in paragraph 10;
- (k) "Default Market Value", the meaning specified in paragraph 10;
- (l) "Default Notice", a written notice served by the non-Defaulting Party on the Defaulting Party under paragraph 10 stating that an event shall be treated as an Event of Default for the purposes of this Agreement;
- (m) "Default Valuation Notice", the meaning specified in paragraph 10;
- (n) "Default Valuation Time", the meaning specified in paragraph 10;
- (o) "Deliverable Securities", the meaning specified in paragraph 10;
- (p) "Designated Office", with respect to a party, a branch or office of that party which is



specified as such in Annex I hereto or such other branch or office as may be agreed to by the parties;

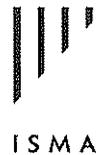
- (q) "Distributions", the meaning specified in sub-paragraph (w) below;
- (r) "Equivalent Margin Securities", Securities equivalent to Securities previously transferred as Margin Securities;
- (s) "Equivalent Securities", with respect to a Transaction, Securities equivalent to Purchased Securities under that Transaction. If and to the extent that such Purchased Securities have been redeemed, the expression shall mean a sum of money equivalent to the proceeds of the redemption;
- (t) Securities are "equivalent to" other Securities for the purposes of this Agreement if they are: (i) of the same issuer; (ii) part of the same issue; and (iii) of an identical type, nominal value, description and (except where otherwise stated) amount as those other Securities, provided that -
 - (A) Securities will be equivalent to other Securities notwithstanding that those Securities have been redenominated into euro or that the nominal value of those Securities has changed in connection with such redenomination; and
 - (B) where Securities have been converted, subdivided or consolidated or have become the subject of a takeover or the holders of Securities have become entitled to receive or acquire other Securities or other property or the Securities have become subject to any similar event, the expression "equivalent to" shall mean Securities equivalent to (as defined in the provisions of this definition preceding the proviso) the original Securities together with or replaced by a sum of money or Securities or other property equivalent to (as so defined) that receivable by holders of such original Securities resulting from such event;
- (u) "Euroclear", Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear System or any successor thereto;
- (v) "Event of Default", the meaning specified in paragraph 10;
- (w) "Income", with respect to any Security at any time, all interest, dividends or other distributions thereon, but excluding distributions which are a payment or repayment of principal in respect of the relevant securities ("Distributions");
- (x) "Income Payment Date", with respect to any Securities, the date on which Income is paid in respect of such Securities or, in the case of registered Securities, the date by reference to which particular registered holders are identified as being entitled to payment of Income;
- (y) "LIBOR", in relation to any sum in any currency, the one month London Inter Bank Offered Rate in respect of that currency as quoted on page 3750 on the Bridge



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Telerate Service (or such other page as may replace page 3750 on that service) as of 11:00 a.m., London time, on the date on which it is to be determined;

- (z) "Margin Ratio", with respect to a Transaction, the Market Value of the Purchased Securities at the time when the Transaction was entered into divided by the Purchase Price (and so that, where a Transaction relates to Securities of different descriptions and the Purchase Price is apportioned by the parties among Purchased Securities of each such description, a separate Margin Ratio shall apply in respect of Securities of each such description), or such other proportion as the parties may agree with respect to that Transaction;
- (aa) "Margin Securities", in relation to a Margin Transfer, Securities reasonably acceptable to the party calling for such Margin Transfer;
- (bb) "Margin Transfer", any, or any combination of, the payment or repayment of Cash Margin and the transfer of Margin Securities or Equivalent Margin Securities;
- (cc) "Market Value", with respect to any Securities as of any time on any date, the price for such Securities at such time on such date obtained from a generally recognised source agreed to by the parties (and where different prices are obtained for different delivery dates, the price so obtainable for the earliest available such delivery date) (provided that the price of Securities that are suspended shall (for the purposes of paragraph 4) be nil unless the parties otherwise agree and (for all other purposes) shall be the price of those Securities as of close of business on the dealing day in the relevant market last preceding the date of suspension) plus the aggregate amount of Income which, as of such date, has accrued but not yet been paid in respect of the Securities to the extent not included in such price as of such date, and for these purposes any sum in a currency other than the Contractual Currency for the Transaction in question shall be converted into such Contractual Currency at the Spot Rate prevailing at the relevant time;
- (dd) "Net Exposure", the meaning specified in paragraph 4(c);
- (ee) the "Net Margin" provided to a party at any time, the excess (if any) at that time of (i) the sum of the amount of Cash Margin paid to that party (including accrued interest on such Cash Margin which has not been paid to the other party) and the Market Value of Margin Securities transferred to that party under paragraph 4(a) (excluding any Cash Margin which has been repaid to the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred to the other party) over (ii) the sum of the amount of Cash Margin paid to the other party (including accrued interest on such Cash Margin which has not been paid by the other party) and the Market Value of Margin Securities transferred to the other party under paragraph 4(a) (excluding any Cash Margin which has been repaid by the other party and any Margin Securities in respect of which Equivalent Margin Securities have been transferred by the other party) and for this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate



- prevailing at the relevant time;
- (ff) "Net Paying Securities", Securities which are of a kind such that, were they to be the subject of a Transaction to which paragraph 5 applies, any payment made by Buyer under paragraph 5 would be one in respect of which either Buyer would or might be required to make a withholding or deduction for or on account of taxes or duties or Seller might be required to make or account for a payment for or on account of taxes or duties (in each case other than tax on overall net income) by reference to such payment;
 - (gg) "Net Value", the meaning specified in paragraph 10;
 - (hh) "New Purchased Securities", the meaning specified in paragraph 8(a);
 - (ii) "Price Differential", with respect to any Transaction as of any date, the aggregate amount obtained by daily application of the Pricing Rate for such Transaction to the Purchase Price for such Transaction (on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, unless otherwise agreed between the parties for the Transaction), for the actual number of days during the period commencing on (and including) the Purchase Date for such Transaction and ending on (but excluding) the date of calculation or, if earlier, the Repurchase Date;
 - (jj) "Pricing Rate", with respect to any Transaction, the per annum percentage rate for calculation of the Price Differential agreed to by Buyer and Seller in relation to that Transaction;
 - (kk) "Purchase Date", with respect to any Transaction, the date on which Purchased Securities are to be sold by Seller to Buyer in relation to that Transaction;
 - (ll) "Purchase Price", on the Purchase Date, the price at which Purchased Securities are sold or are to be sold by Seller to Buyer;
 - (mm) "Purchased Securities", with respect to any Transaction, the Securities sold or to be sold by Seller to Buyer under that Transaction, and any New Purchased Securities transferred by Seller to Buyer under paragraph 8 in respect of that Transaction;
 - (nn) "Receivable Securities", the meaning specified in paragraph 10;
 - (oo) "Repurchase Date", with respect to any Transaction, the date on which Buyer is to sell Equivalent Securities to Seller in relation to that Transaction;
 - (pp) "Repurchase Price", with respect to any Transaction and as of any date, the sum of the Purchase Price and the Price Differential as of such date;
 - (qq) "Special Default Notice", the meaning specified in paragraph 14;



- (rr) "Spot Rate", where an amount in one currency is to be converted into a second currency on any date, unless the parties otherwise agree, the spot rate of exchange quoted by Barclays Bank PLC in the London inter-bank market for the sale by it of such second currency against a purchase by it of such first currency;
- (ss) "TARGET", the Trans-European Automated Real-time Gross Settlement Express Transfer System;
- (tt) "Term", with respect to any Transaction, the interval of time commencing with the Purchase Date and ending with the Repurchase Date;
- (uu) "Termination", with respect to any Transaction, refers to the requirement with respect to such Transaction for Buyer to sell Equivalent Securities against payment by Seller of the Repurchase Price in accordance with paragraph 3(f), and reference to a Transaction having a "fixed term" or being "terminable upon demand" shall be construed accordingly;
- (vv) "Transaction Costs", the meaning specified in paragraph 10;
- (ww) "Transaction Exposure", with respect to any Transaction at any time during the period from the Purchase Date to the Repurchase Date (or, if later, the date on which Equivalent Securities are delivered to Seller or the Transaction is terminated under paragraph 10(g) or 10(h)), the difference between (i) the Repurchase Price at such time multiplied by the applicable Margin Ratio (or, where the Transaction relates to Securities of more than one description to which different Margin Ratios apply, the amount produced by multiplying the Repurchase Price attributable to Equivalent Securities of each such description by the applicable Margin Ratio and aggregating the resulting amounts, the Repurchase Price being for this purpose attributed to Equivalent Securities of each such description in the same proportions as those in which the Purchase Price was apportioned among the Purchased Securities) and (ii) the Market Value of Equivalent Securities at such time. If (i) is greater than (ii), Buyer has a Transaction Exposure for that Transaction equal to that excess. If (ii) is greater than (i), Seller has a Transaction Exposure for that Transaction equal to that excess; and
- (xx) except in paragraphs 14(b)(i) and 18, references in this Agreement to "written" communications and communications "in writing" include communications made through any electronic system agreed between the parties which is capable of reproducing such communication in hard copy form.

3. **Initiation; Confirmation; Termination**

- (a) A Transaction may be entered into orally or in writing at the initiation of either Buyer or Seller.
- (b) Upon agreeing to enter into a Transaction hereunder Buyer or Seller (or both), as shall have been agreed, shall promptly deliver to the other party written confirmation



of such Transaction (a "Confirmation").

The Confirmation shall describe the Purchased Securities (including CUSIP or ISIN or other identifying number or numbers, if any), identify Buyer and Seller and set forth -

- (i) the Purchase Date;
- (ii) the Purchase Price;
- (iii) the Repurchase Date, unless the Transaction is to be terminable on demand (in which case the Confirmation shall state that it is terminable on demand);
- (iv) the Pricing Rate applicable to the Transaction;
- (v) in respect of each party the details of the bank account[s] to which payments to be made hereunder are to be credited;
- (vi) where the Buy/Sell Back Annex applies, whether the Transaction is a Repurchase Transaction or a Buy/Sell Back Transaction;
- (vii) where the Agency Annex applies, whether the Transaction is an Agency Transaction and, if so, the identity of the party which is acting as agent and the name, code or identifier of the Principal; and
- (viii) any additional terms or conditions of the Transaction;

and may be in the form of Annex II hereto or may be in any other form to which the parties agree.

The Confirmation relating to a Transaction shall, together with this Agreement, constitute prima facie evidence of the terms agreed between Buyer and Seller for that Transaction, unless objection is made with respect to the Confirmation promptly after receipt thereof. In the event of any conflict between the terms of such Confirmation and this Agreement, the Confirmation shall prevail in respect of that Transaction and those terms only.

- (c) On the Purchase Date for a Transaction, Seller shall transfer the Purchased Securities to Buyer or its agent against the payment of the Purchase Price by Buyer.
- (d) Termination of a Transaction will be effected, in the case of on demand Transactions, on the date specified for Termination in such demand, and, in the case of fixed term Transactions, on the date fixed for Termination.
- (e) In the case of on demand Transactions, demand for Termination shall be made by Buyer or Seller, by telephone or otherwise, and shall provide for Termination to occur after not less than the minimum period as is customarily required for the settlement or delivery of money or Equivalent Securities of the relevant kind.
- (f) On the Repurchase Date, Buyer shall transfer to Seller or its agent Equivalent



Securities against the payment of the Repurchase Price by Seller (less any amount then payable and unpaid by Buyer to Seller pursuant to paragraph 5).

4. Margin Maintenance

- (a) If at any time either party has a Net Exposure in respect of the other party it may by notice to the other party require the other party to make a Margin Transfer to it of an aggregate amount or value at least equal to that Net Exposure.
- (b) A notice under sub-paragraph (a) above may be given orally or in writing.
- (c) For the purposes of this Agreement a party has a Net Exposure in respect of the other party if the aggregate of all the first party's Transaction Exposures plus any amount payable to the first party under paragraph 5 but unpaid less the amount of any Net Margin provided to the first party exceeds the aggregate of all the other party's Transaction Exposures plus any amount payable to the other party under paragraph 5 but unpaid less the amount of any Net Margin provided to the other party; and the amount of the Net Exposure is the amount of the excess. For this purpose any amounts not denominated in the Base Currency shall be converted into the Base Currency at the Spot Rate prevailing at the relevant time.
- (d) To the extent that a party calling for a Margin Transfer has previously paid Cash Margin which has not been repaid or delivered Margin Securities in respect of which Equivalent Margin Securities have not been delivered to it, that party shall be entitled to require that such Margin Transfer be satisfied first by the repayment of such Cash Margin or the delivery of Equivalent Margin Securities but, subject to this, the composition of a Margin Transfer shall be at the option of the party making such Margin Transfer.
- (e) Any Cash Margin transferred shall be in the Base Currency or such other currency as the parties may agree.
- (f) A payment of Cash Margin shall give rise to a debt owing from the party receiving such payment to the party making such payment. Such debt shall bear interest at such rate, payable at such times, as may be specified in Annex I hereto in respect of the relevant currency or otherwise agreed between the parties, and shall be repayable subject to the terms of this Agreement.
- (g) Where Seller or Buyer becomes obliged under sub-paragraph (a) above to make a Margin Transfer, it shall transfer Cash Margin or Margin Securities or Equivalent Margin Securities within the minimum period specified in Annex I hereto or, if no period is there specified, such minimum period as is customarily required for the settlement or delivery of money, Margin Securities or Equivalent Margin Securities of the relevant kind.
- (h) The parties may agree that, with respect to any Transaction, the provisions of sub-paragraphs (a) to (g) above shall not apply but instead that margin may be provided



separately in respect of that Transaction in which case -

- (i) that Transaction shall not be taken into account when calculating whether either party has a Net Exposure;
 - (ii) margin shall be provided in respect of that Transaction in such manner as the parties may agree; and
 - (iii) margin provided in respect of that Transaction shall not be taken into account for the purposes of sub-paragraphs (a) to (g) above.
- (i) The parties may agree that any Net Exposure which may arise shall be eliminated not by Margin Transfers under the preceding provisions of this paragraph but by the repricing of Transactions under sub-paragraph (j) below, the adjustment of Transactions under sub-paragraph (k) below or a combination of both these methods.
- (j) Where the parties agree that a Transaction is to be repriced under this sub-paragraph, such repricing shall be effected as follows -
- (i) the Repurchase Date under the relevant Transaction (the "Original Transaction") shall be deemed to occur on the date on which the repricing is to be effected (the "Repricing Date");
 - (ii) the parties shall be deemed to have entered into a new Transaction (the "Repriced Transaction") on the terms set out in (iii) to (vi) below;
 - (iii) the Purchased Securities under the Repriced Transaction shall be Securities equivalent to the Purchased Securities under the Original Transaction;
 - (iv) the Purchase Date under the Repriced Transaction shall be the Repricing Date;
 - (v) the Purchase Price under the Repriced Transaction shall be such amount as shall, when multiplied by the Margin Ratio applicable to the Original Transaction, be equal to the Market Value of such Securities on the Repricing Date;
 - (vi) the Repurchase Date, the Pricing Rate, the Margin Ratio and, subject as aforesaid, the other terms of the Repriced Transaction shall be identical to those of the Original Transaction;
 - (vii) the obligations of the parties with respect to the delivery of the Purchased Securities and the payment of the Purchase Price under the Repriced Transaction shall be set off against their obligations with respect to the delivery of Equivalent Securities and payment of the Repurchase Price under the Original Transaction and accordingly only a net cash sum shall be paid by one party to the other. Such net cash sum shall be paid within the period specified in sub-paragraph (g) above.



- (k) The adjustment of a Transaction (the "Original Transaction") under this sub-paragraph shall be effected by the parties agreeing that on the date on which the adjustment is to be made (the "Adjustment Date") the Original Transaction shall be terminated and they shall enter into a new Transaction (the "Replacement Transaction") in accordance with the following provisions -
- (i) the Original Transaction shall be terminated on the Adjustment Date on such terms as the parties shall agree on or before the Adjustment Date;
 - (ii) the Purchased Securities under the Replacement Transaction shall be such Securities as the parties shall agree on or before the Adjustment Date (being Securities the aggregate Market Value of which at the Adjustment Date is substantially equal to the Repurchase Price under the Original Transaction at the Adjustment Date multiplied by the Margin Ratio applicable to the Original Transaction);
 - (iii) the Purchase Date under the Replacement Transaction shall be the Adjustment Date;
 - (iv) the other terms of the Replacement Transaction shall be such as the parties shall agree on or before the Adjustment Date; and
 - (v) the obligations of the parties with respect to payment and delivery of Securities on the Adjustment Date under the Original Transaction and the Replacement Transaction shall be settled in accordance with paragraph 6 within the minimum period specified in sub-paragraph (g) above.

5. **Income Payments**

Unless otherwise agreed -

- (i) where the Term of a particular Transaction extends over an Income Payment Date in respect of any Securities subject to that Transaction, Buyer shall on the date such Income is paid by the issuer transfer to or credit to the account of Seller an amount equal to (and in the same currency as) the amount paid by the issuer;
- (ii) where Margin Securities are transferred from one party ("the first party") to the other party ("the second party") and an Income Payment Date in respect of such Securities occurs before Equivalent Margin Securities are transferred by the second party to the first party, the second party shall on the date such Income is paid by the issuer transfer to or credit to the account of the first party an amount equal to (and in the same currency as) the amount paid by the issuer;

and for the avoidance of doubt references in this paragraph to the amount of any Income paid by the issuer of any Securities shall be to an amount paid without any



withholding or deduction for or on account of taxes or duties notwithstanding that a payment of such Income made in certain circumstances may be subject to such a withholding or deduction.

6. Payment and Transfer

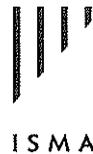
- (a) Unless otherwise agreed, all money paid hereunder shall be in immediately available freely convertible funds of the relevant currency. All Securities to be transferred hereunder (i) shall be in suitable form for transfer and shall be accompanied by duly executed instruments of transfer or assignment in blank (where required for transfer) and such other documentation as the transferee may reasonably request, or (ii) shall be transferred through the book entry system of Euroclear or Clearstream, or (iii) shall be transferred through any other agreed securities clearance system or (iv) shall be transferred by any other method mutually acceptable to Seller and Buyer.
- (b) Unless otherwise agreed, all money payable by one party to the other in respect of any Transaction shall be paid free and clear of, and without withholding or deduction for, any taxes or duties of whatsoever nature imposed, levied, collected, withheld or assessed by any authority having power to tax, unless the withholding or deduction of such taxes or duties is required by law. In that event, unless otherwise agreed, the paying party shall pay such additional amounts as will result in the net amounts receivable by the other party (after taking account of such withholding or deduction) being equal to such amounts as would have been received by it had no such taxes or duties been required to be withheld or deducted.
- (c) Unless otherwise agreed in writing between the parties, under each Transaction transfer of Purchased Securities by Seller and payment of Purchase Price by Buyer against the transfer of such Purchased Securities shall be made simultaneously and transfer of Equivalent Securities by Buyer and payment of Repurchase Price payable by Seller against the transfer of such Equivalent Securities shall be made simultaneously.
- (d) Subject to and without prejudice to the provisions of sub-paragraph 6(c), either party may from time to time in accordance with market practice and in recognition of the practical difficulties in arranging simultaneous delivery of Securities and money waive in relation to any Transaction its rights under this Agreement to receive simultaneous transfer and/or payment provided that transfer and/or payment shall, notwithstanding such waiver, be made on the same day and provided also that no such waiver in respect of one Transaction shall affect or bind it in respect of any other Transaction.
- (e) The parties shall execute and deliver all necessary documents and take all necessary steps to procure that all right, title and interest in any Purchased Securities, any Equivalent Securities, any Margin Securities and any Equivalent Margin Securities shall pass to the party to which transfer is being made upon transfer of the same in accordance with this Agreement, free from all liens, claims, charges and encumbrances.



- (f) Notwithstanding the use of expressions such as "*Repurchase Date*", "*Repurchase Price*", "*margin*", "*Net Margin*", "*Margin Ratio*" and "*substitution*", which are used to reflect terminology used in the market for transactions of the kind provided for in this Agreement, all right, title and interest in and to Securities and money transferred or paid under this Agreement shall pass to the transferee upon transfer or payment, the obligation of the party receiving Purchased Securities or Margin Securities being an obligation to transfer Equivalent Securities or Equivalent Margin Securities.
- (g) Time shall be of the essence in this Agreement.
- (h) Subject to paragraph 10, all amounts in the same currency payable by each party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single calculation of a net sum payable by one party to the other and the obligation to pay that sum shall be the only obligation of either party in respect of those amounts.
- (i) Subject to paragraph 10, all Securities of the same issue, denomination, currency and series, transferable by each party to the other under any Transaction or hereunder on the same date shall be combined in a single calculation of a net quantity of Securities transferable by one party to the other and the obligation to transfer the net quantity of Securities shall be the only obligation of either party in respect of the Securities so transferable and receivable.
- (j) If the parties have specified in Annex I hereto that this paragraph 6(j) shall apply, each obligation of a party under this Agreement (other than an obligation arising under paragraph 10) is subject to the condition precedent that none of those events specified in paragraph 10(a) which are identified in Annex I hereto for the purposes of this paragraph 6(j) (being events which, upon the serving of a Default Notice, would be an Event of Default with respect to the other party) shall have occurred and be continuing with respect to the other party.

7. **Contractual Currency**

- (a) All the payments made in respect of the Purchase Price or the Repurchase Price of any Transaction shall be made in the currency of the Purchase Price (the "Contractual Currency") save as provided in paragraph 10(c)(ii). Notwithstanding the foregoing, the payee of any money may, at its option, accept tender thereof in any other currency, provided, however, that, to the extent permitted by applicable law, the obligation of the payer to pay such money will be discharged only to the extent of the amount of the Contractual Currency that such payee may, consistent with normal banking procedures, purchase with such other currency (after deduction of any premium and costs of exchange) for delivery within the customary delivery period for spot transactions in respect of the relevant currency.
- (b) If for any reason the amount in the Contractual Currency received by a party, including amounts received after conversion of any recovery under any judgment or

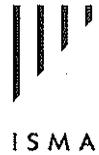


order expressed in a currency other than the Contractual Currency, falls short of the amount in the Contractual Currency due and payable, the party required to make the payment will, as a separate and independent obligation, to the extent permitted by applicable law, immediately transfer such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall.

- (c) If for any reason the amount in the Contractual Currency received by a party exceeds the amount of the Contractual Currency due and payable, the party receiving the transfer will refund promptly the amount of such excess.

8. **Substitution**

- (a) A Transaction may at any time between the Purchase Date and Repurchase Date, if Seller so requests and Buyer so agrees, be varied by the transfer by Buyer to Seller of Securities equivalent to the Purchased Securities, or to such of the Purchased Securities as shall be agreed, in exchange for the transfer by Seller to Buyer of other Securities of such amount and description as shall be agreed ("New Purchased Securities") (being Securities having a Market Value at the date of the variation at least equal to the Market Value of the Equivalent Securities transferred to Seller).
- (b) Any variation under sub-paragraph (a) above shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Securities and New Purchased Securities concerned.
- (c) A Transaction which is varied under sub-paragraph (a) above shall thereafter continue in effect as though the Purchased Securities under that Transaction consisted of or included the New Purchased Securities instead of the Securities in respect of which Equivalent Securities have been transferred to Seller.
- (d) Where either party has transferred Margin Securities to the other party it may at any time before Equivalent Margin Securities are transferred to it under paragraph 4 request the other party to transfer Equivalent Margin Securities to it in exchange for the transfer to the other party of new Margin Securities having a Market Value at the time of transfer at least equal to that of such Equivalent Margin Securities. If the other party agrees to the request, the exchange shall be effected, subject to paragraph 6(d), by the simultaneous transfer of the Equivalent Margin Securities and new Margin Securities concerned. Where either or both of such transfers is or are effected through a settlement system in circumstances which under the rules and procedures of that settlement system give rise to a payment by or for the account of one party to or for the account of the other party, the parties shall cause such payment or payments to be made outside that settlement system, for value the same day as the payments made through that settlement system, as shall ensure that the exchange of Equivalent Margin Securities and new Margin Securities effected under this sub-paragraph does not give rise to any net payment of cash by either party to the other.



9. Representations

Each party represents and warrants to the other that -

- (a) it is duly authorised to execute and deliver this Agreement, to enter into the Transactions contemplated hereunder and to perform its obligations hereunder and thereunder and has taken all necessary action to authorise such execution, delivery and performance;
- (b) it will engage in this Agreement and the Transactions contemplated hereunder (other than Agency Transactions) as principal;
- (c) the person signing this Agreement on its behalf is, and any person representing it in entering into a Transaction will be, duly authorised to do so on its behalf;
- (d) it has obtained all authorisations of any governmental or regulatory body required in connection with this Agreement and the Transactions contemplated hereunder and such authorisations are in full force and effect;
- (e) the execution, delivery and performance of this Agreement and the Transactions contemplated hereunder will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected;
- (f) it has satisfied itself and will continue to satisfy itself as to the tax implications of the Transactions contemplated hereunder;
- (g) in connection with this Agreement and each Transaction -
 - (i) unless there is a written agreement with the other party to the contrary, it is not relying on any advice (whether written or oral) of the other party, other than the representations expressly set out in this Agreement;
 - (ii) it has made and will make its own decisions regarding the entering into of any Transaction based upon its own judgment and upon advice from such professional advisers as it has deemed it necessary to consult;
 - (iii) it understands the terms, conditions and risks of each Transaction and is willing to assume (financially and otherwise) those risks; and
- (h) at the time of transfer to the other party of any Securities it will have the full and unqualified right to make such transfer and that upon such transfer of Securities the other party will receive all right, title and interest in and to those Securities free of any lien, claim, charge or encumbrance.

On the date on which any Transaction is entered into pursuant hereto, and on each day on which Securities, Equivalent Securities, Margin Securities or Equivalent Margin Securities are to be transferred under any Transaction, Buyer and Seller shall each be



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deemed to repeat all the foregoing representations. For the avoidance of doubt and notwithstanding any arrangements which Seller or Buyer may have with any third party, each party will be liable as a principal for its obligations under this Agreement and each Transaction.

10. Events of Default

(a) If any of the following events (each an "Event of Default") occurs in relation to either party (the "Defaulting Party", the other party being the "non-Defaulting Party") whether acting as Seller or Buyer -

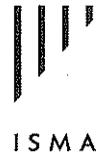
- (i) Buyer fails to pay the Purchase Price upon the applicable Purchase Date or Seller fails to pay the Repurchase Price upon the applicable Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (ii) if the parties have specified in Annex I hereto that this sub-paragraph shall apply, Seller fails to deliver Purchased Securities on the Purchase Date or Buyer fails to deliver Equivalent Securities on the Repurchase Date, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (iii) Seller or Buyer fails to pay when due any sum payable under sub-paragraph (g) or (h) below, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (iv) Seller or Buyer fails to comply with paragraph 4 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (v) Seller or Buyer fails to comply with paragraph 5 and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (vi) an Act of Insolvency occurs with respect to Seller or Buyer and (except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or analogous officer of the Defaulting Party in which case no such notice shall be required) the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (vii) any representations made by Seller or Buyer are incorrect or untrue in any material respect when made or repeated or deemed to have been made or repeated, and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (viii) Seller or Buyer admits to the other that it is unable to, or intends not to, perform any of its obligations hereunder and/or in respect of any Transaction and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or



- (ix) Seller or Buyer is suspended or expelled from membership of or participation in any securities exchange or association or other self regulating organisation, or suspended from dealing in securities by any government agency, or any of the assets of either Seller or Buyer or the assets of investors held by, or to the order of, Seller or Buyer are transferred or ordered to be transferred to a trustee by a regulatory authority pursuant to any securities regulating legislation and the non-Defaulting Party serves a Default Notice on the Defaulting Party; or
- (x) Seller or Buyer fails to perform any other of its obligations hereunder and does not remedy such failure within 30 days after notice is given by the non-Defaulting Party requiring it to do so, and the non-Defaulting Party serves a Default Notice on the Defaulting Party;

then sub-paragraphs (b) to (f) below shall apply.

- (b) The Repurchase Date for each Transaction hereunder shall be deemed immediately to occur and, subject to the following provisions, all Cash Margin (including interest accrued) shall be immediately repayable and Equivalent Margin Securities shall be immediately deliverable (and so that, where this sub-paragraph applies, performance of the respective obligations of the parties with respect to the delivery of Securities, the payment of the Repurchase Prices for any Equivalent Securities and the repayment of any Cash Margin shall be effected only in accordance with the provisions of sub-paragraph (c) below).
- (c)
 - (i) The Default Market Values of the Equivalent Securities and any Equivalent Margin Securities to be transferred, the amount of any Cash Margin (including the amount of interest accrued) to be transferred and the Repurchase Prices to be paid by each party shall be established by the non-Defaulting Party for all Transactions as at the Repurchase Date; and
 - (ii) on the basis of the sums so established, an account shall be taken (as at the Repurchase Date) of what is due from each party to the other under this Agreement (on the basis that each party's claim against the other in respect of the transfer to it of Equivalent Securities or Equivalent Margin Securities under this Agreement equals the Default Market Value therefor) and the sums due from one party shall be set off against the sums due from the other and only the balance of the account shall be payable (by the party having the claim valued at the lower amount pursuant to the foregoing) and such balance shall be due and payable on the next following Business Day. For the purposes of this calculation, all sums not denominated in the Base Currency shall be converted into the Base Currency on the relevant date at the Spot Rate prevailing at the relevant time.
- (d) For the purposes of this Agreement, the "Default Market Value" of any Equivalent Securities or Equivalent Margin Securities shall be determined in accordance with



sub-paragraph (e) below, and for this purpose -

- (i) the "Appropriate Market" means, in relation to Securities of any description, the market which is the most appropriate market for Securities of that description, as determined by the non-Defaulting Party;
 - (ii) the "Default Valuation Time" means, in relation to an Event of Default, the close of business in the Appropriate Market on the fifth dealing day after the day on which that Event of Default occurs or, where that Event of Default is the occurrence of an Act of Insolvency in respect of which under paragraph 10(a) no notice is required from the non-Defaulting Party in order for such event to constitute an Event of Default, the close of business on the fifth dealing day after the day on which the non-Defaulting Party first became aware of the occurrence of such Event of Default;
 - (iii) "Deliverable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered by the Defaulting Party;
 - (iv) "Net Value" means at any time, in relation to any Deliverable Securities or Receivable Securities, the amount which, in the reasonable opinion of the non-Defaulting Party, represents their fair market value, having regard to such pricing sources and methods (which may include, without limitation, available prices for Securities with similar maturities, terms and credit characteristics as the relevant Equivalent Securities or Equivalent Margin Securities) as the non-Defaulting Party considers appropriate, less, in the case of Receivable Securities, or plus, in the case of Deliverable Securities, all Transaction Costs which would be incurred in connection with the purchase or sale of such Securities;
 - (v) "Receivable Securities" means Equivalent Securities or Equivalent Margin Securities to be delivered to the Defaulting Party; and
 - (vi) "Transaction Costs" in relation to any transaction contemplated in paragraph 10(d) or (e) means the reasonable costs, commission, fees and expenses (including any mark-up or mark-down) that would be incurred in connection with the purchase of Deliverable Securities or sale of Receivable Securities, calculated on the assumption that the aggregate thereof is the least that could reasonably be expected to be paid in order to carry out the transaction;
- (e) (i) If between the occurrence of the relevant Event of Default and the Default Valuation Time the non-Defaulting Party gives to the Defaulting Party a written notice (a "Default Valuation Notice") which –
- (A) states that, since the occurrence of the relevant Event of Default, the non-Defaulting Party has sold, in the case of Receivable Securities, or purchased, in the case of Deliverable Securities, Securities which form



part of the same issue and are of an identical type and description as those Equivalent Securities or Equivalent Margin Securities, and that the non-Defaulting Party elects to treat as the Default Market Value -

- (aa) in the case of Receivable Securities, the net proceeds of such sale after deducting all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities sold are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such net proceeds of sale divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat such net proceeds of sale of the Equivalent Securities or Equivalent Margin Securities actually sold as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i)); or
 - (bb) in the case of Deliverable Securities, the aggregate cost of such purchase, including all reasonable costs, fees and expenses incurred in connection therewith (provided that, where the Securities purchased are not identical in amount to the Equivalent Securities or Equivalent Margin Securities, the non-Defaulting Party may either (x) elect to treat such aggregate cost divided by the amount of Securities sold and multiplied by the amount of the Equivalent Securities or Equivalent Margin Securities as the Default Market Value or (y) elect to treat the aggregate cost of purchasing the Equivalent Securities or Equivalent Margin Securities actually purchased as the Default Market Value of that proportion of the Equivalent Securities or Equivalent Margin Securities, and, in the case of (y), the Default Market Value of the balance of the Equivalent Securities or Equivalent Margin Securities shall be determined separately in accordance with the provisions of this paragraph 10(e) and accordingly may be the subject of a separate notice (or notices) under this paragraph 10(e)(i));
- (B) states that the non-Defaulting Party has received, in the case of Deliverable Securities, offer quotations or, in the case of Receivable



Securities, bid quotations in respect of Securities of the relevant description from two or more market makers or regular dealers in the Appropriate Market in a commercially reasonable size (as determined by the non-Defaulting Party) and specifies -

- (aa) the price or prices quoted by each of them for, in the case of Deliverable Securities, the sale by the relevant market maker or dealer of such Securities or, in the case of Receivable Securities, the purchase by the relevant market maker or dealer of such Securities;
- (bb) the Transaction Costs which would be incurred in connection with such a transaction; and
- (cc) that the non-Defaulting Party elects to treat the price so quoted (or, where more than one price is so quoted, the arithmetic mean of the prices so quoted), after deducting, in the case of Receivable Securities, or adding, in the case of Deliverable Securities, such Transaction Costs, as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities; or

(C) states -

- (aa) that either (x) acting in good faith, the non-Defaulting Party has endeavoured but been unable to sell or purchase Securities in accordance with sub-paragraph (i)(A) above or to obtain quotations in accordance with sub-paragraph (i)(B) above (or both) or (y) the non-Defaulting Party has determined that it would not be commercially reasonable to obtain such quotations, or that it would not be commercially reasonable to use any quotations which it has obtained under sub-paragraph (i)(B) above; and
- (bb) that the non-Defaulting Party has determined the Net Value of the relevant Equivalent Securities or Equivalent Margin Securities (which shall be specified) and that the non-Defaulting Party elects to treat such Net Value as the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities,

then the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to the Default Market Value specified in accordance with (A), (B)(cc) or, as the case may be, (C)(bb) above.



- (ii) If by the Default Valuation Time the non-Defaulting Party has not given a Default Valuation Notice, the Default Market Value of the relevant Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value at the Default Valuation Time; provided that, if at the Default Valuation Time the non-Defaulting Party reasonably determines that, owing to circumstances affecting the market in the Equivalent Securities or Equivalent Margin Securities in question, it is not possible for the non-Defaulting Party to determine a Net Value of such Equivalent Securities or Equivalent Margin Securities which is commercially reasonable, the Default Market Value of such Equivalent Securities or Equivalent Margin Securities shall be an amount equal to their Net Value as determined by the non-Defaulting Party as soon as reasonably practicable after the Default Valuation Time.
- (f) The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at LIBOR or, in the case of an expense attributable to a particular Transaction, the Pricing Rate for the relevant Transaction if that Pricing Rate is greater than LIBOR.
- (g) If Seller fails to deliver Purchased Securities to Buyer on the applicable Purchase Date Buyer may -
 - (i) if it has paid the Purchase Price to Seller, require Seller immediately to repay the sum so paid;
 - (ii) if Buyer has a Transaction Exposure to Seller in respect of the relevant Transaction, require Seller from time to time to pay Cash Margin at least equal to such Transaction Exposure;
 - (iii) at any time while such failure continues, terminate the Transaction by giving written notice to Seller. On such termination the obligations of Seller and Buyer with respect to delivery of Purchased Securities and Equivalent Securities shall terminate and Seller shall pay to Buyer an amount equal to the excess of the Repurchase Price at the date of Termination over the Purchase Price.
- (h) If Buyer fails to deliver Equivalent Securities to Seller on the applicable Repurchase Date Seller may -
 - (i) if it has paid the Repurchase Price to Buyer, require Buyer immediately to repay the sum so paid;
 - (ii) if Seller has a Transaction Exposure to Buyer in respect of the relevant Transaction, require Buyer from time to time to pay Cash Margin at least equal to such Transaction Exposure;



- (iii) at any time while such failure continues, by written notice to Buyer declare that that Transaction (but only that Transaction) shall be terminated immediately in accordance with sub-paragraph (c) above (disregarding for this purpose references in that sub-paragraph to transfer of Cash Margin and delivery of Equivalent Margin Securities and as if references to the Repurchase Date were to the date on which notice was given under this sub-paragraph).
- (i) The provisions of this Agreement constitute a complete statement of the remedies available to each party in respect of any Event of Default.
- (j) Subject to paragraph 10(k), neither party may claim any sum by way of consequential loss or damage in the event of a failure by the other party to perform any of its obligations under this Agreement.
- (k)
 - (i) Subject to sub-paragraph (ii) below, if as a result of a Transaction terminating before its agreed Repurchase Date under paragraphs 10(b), 10(g)(iii) or 10(h)(iii), the non-Defaulting Party, in the case of paragraph 10(b), Buyer, in the case of paragraph 10(g)(iii), or Seller, in the case of paragraph 10(h)(iii), (in each case the "first party") incurs any loss or expense in entering into replacement transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with such replacement transactions (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement transactions; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
 - (ii) If the first party reasonably decides, instead of entering into such replacement transactions, to replace or unwind any hedging transactions which the first party entered into in connection with the Transaction so terminating, or to enter into any replacement hedging transactions, the other party shall be required to pay to the first party the amount determined by the first party in good faith to be equal to the loss or expense incurred in connection with entering into such replacement or unwinding (including all fees, costs and other expenses) less the amount of any profit or gain made by that party in connection with such replacement or unwinding; provided that if that calculation results in a negative number, an amount equal to that number shall be payable by the first party to the other party.
- (l) Each party shall immediately notify the other if an Event of Default, or an event which, upon the serving of a Default Notice, would be an Event of Default, occurs in relation to it.



11. Tax Event

- (a) This paragraph shall apply if either party notifies the other that -
- (i) any action taken by a taxing authority or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to this Agreement); or
 - (ii) a change in the fiscal or regulatory regime (including, but not limited to, a change in law or in the general interpretation of law but excluding any change in any rate of tax),

has or will, in the notifying party's reasonable opinion, have a material adverse effect on that party in the context of a Transaction.

- (b) If so requested by the other party, the notifying party will furnish the other with an opinion of a suitably qualified adviser that an event referred to in sub-paragraph (a)(i) or (ii) above has occurred and affects the notifying party.
- (c) Where this paragraph applies, the party giving the notice referred to in sub-paragraph (a) may, subject to sub-paragraph (d) below, terminate the Transaction with effect from a date specified in the notice, not being earlier (unless so agreed by the other party) than 30 days after the date of the notice, by nominating that date as the Repurchase Date.
- (d) If the party receiving the notice referred to in sub-paragraph (a) so elects, it may override that notice by giving a counter-notice to the other party. If a counter-notice is given, the party which gives the counter-notice will be deemed to have agreed to indemnify the other party against the adverse effect referred to in sub-paragraph (a) so far as relates to the relevant Transaction and the original Repurchase Date will continue to apply.
- (e) Where a Transaction is terminated as described in this paragraph, the party which has given the notice to terminate shall indemnify the other party against any reasonable legal and other professional expenses incurred by the other party by reason of the termination, but the other party may not claim any sum by way of consequential loss or damage in respect of a termination in accordance with this paragraph.
- (f) This paragraph is without prejudice to paragraph 6(b) (obligation to pay additional amounts if withholding or deduction required); but an obligation to pay such additional amounts may, where appropriate, be a circumstance which causes this paragraph to apply.

12. Interest

To the extent permitted by applicable law, if any sum of money payable hereunder or under any Transaction is not paid when due, interest shall accrue on the unpaid sum



as a separate debt at the greater of the Pricing Rate for the Transaction to which such sum relates (where such sum is referable to a Transaction) and LIBOR on a 360 day basis or 365 day basis in accordance with the applicable ISMA convention, for the actual number of days during the period from and including the date on which payment was due to, but excluding, the date of payment.

13. Single Agreement

Each party acknowledges that, and has entered into this Agreement and will enter into each Transaction hereunder in consideration of and in reliance upon the fact that all Transactions hereunder constitute a single business and contractual relationship and are made in consideration of each other. Accordingly, each party agrees (i) to perform all of its obligations in respect of each Transaction hereunder, and that a default in the performance of any such obligations shall constitute a default by it in respect of all Transactions hereunder, and (ii) that payments, deliveries and other transfers made by either of them in respect of any Transaction shall be deemed to have been made in consideration of payments, deliveries and other transfers in respect of any other Transactions hereunder.

14. Notices and Other Communications

- (a) Any notice or other communication to be given under this Agreement -
- (i) shall be in the English language, and except where expressly otherwise provided in this Agreement, shall be in writing;
 - (ii) may be given in any manner described in sub-paragraphs (b) and (c) below;
 - (iii) shall be sent to the party to whom it is to be given at the address or number, or in accordance with the electronic messaging details, set out in Annex I hereto.
- (b) Subject to sub-paragraph (c) below, any such notice or other communication shall be effective -
- (i) if in writing and delivered in person or by courier, at the time when it is delivered;
 - (ii) if sent by telex, at the time when the recipient's answerback is received;
 - (iii) if sent by facsimile transmission, at the time when the transmission is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);
 - (iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), at the time when that mail is delivered or its delivery is attempted;



- (v) if sent by electronic messaging system, at the time that electronic message is received;

except that any notice or communication which is received, or delivery of which is attempted, after close of business on the date of receipt or attempted delivery or on a day which is not a day on which commercial banks are open for business in the place where that notice or other communication is to be given shall be treated as given at the opening of business on the next following day which is such a day.

(c) If -

- (i) there occurs in relation to either party an event which, upon the service of a Default Notice, would be an Event of Default; and
- (ii) the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub-paragraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party),

the non-Defaulting Party may sign a written notice (a "Special Default Notice") which -

- (aa) specifies the relevant event referred to in paragraph 10(a) which has occurred in relation to the Defaulting Party;
- (bb) states that the non-Defaulting Party, having made all practicable efforts to do so, including having attempted to use at least two of the methods specified in sub-paragraph (b)(ii), (iii) or (v), has been unable to serve a Default Notice by one of the methods specified in those sub-paragraphs (or such of those methods as are normally used by the non-Defaulting Party when communicating with the Defaulting Party);
- (cc) specifies the date on which, and the time at which, the Special Default Notice is signed by the non-Defaulting Party; and
- (dd) states that the event specified in accordance with sub-paragraph (aa) above shall be treated as an Event of Default with effect from the date and time so specified.

On the signature of a Special Default Notice the relevant event shall be treated with effect from the date and time so specified as an Event of Default in relation to the Defaulting Party, and accordingly references in paragraph 10 to a Default Notice shall be treated as including a Special Default Notice. A Special Default Notice shall be given to the Defaulting Party as soon as practicable after it is signed.



- (d) Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system details at which notices or other communications are to be given to it.

15. Entire Agreement; Severability

This Agreement shall supersede any existing agreements between the parties containing general terms and conditions for Transactions. Each provision and agreement herein shall be treated as separate from any other provision or agreement herein and shall be enforceable notwithstanding the unenforceability of any such other provision or agreement.

16. Non-assignability; Termination

- (a) Subject to sub-paragraph (b) below, neither party may assign, charge or otherwise deal with (including without limitation any dealing with any interest in or the creation of any interest in) its rights or obligations under this Agreement or under any Transaction without the prior written consent of the other party. Subject to the foregoing, this Agreement and any Transactions shall be binding upon and shall inure to the benefit of the parties and their respective successors and assigns.
- (b) Sub-paragraph (a) above shall not preclude a party from assigning, charging or otherwise dealing with all or any part of its interest in any sum payable to it under paragraph 10(c) or (f) above.
- (c) Either party may terminate this Agreement by giving written notice to the other, except that this Agreement shall, notwithstanding such notice, remain applicable to any Transactions then outstanding.
- (d) All remedies hereunder shall survive Termination in respect of the relevant Transaction and termination of this Agreement.
- (e) The participation of any additional member State of the European Union in economic and monetary union after 1 January 1999 shall not have the effect of altering any term of the Agreement or any Transaction, nor give a party the right unilaterally to alter or terminate the Agreement or any Transaction.

17. Governing Law

This Agreement shall be governed by and construed in accordance with the laws of England. Buyer and Seller hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction to the jurisdiction of the Courts of England.

Party A hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent,



Party A shall promptly appoint, and notify Party B of the identity of, a new agent in England.

Party B hereby appoints the person identified in Annex I hereto as its agent to receive on its behalf service of process in such courts. If such agent ceases to be its agent, Party B shall promptly appoint, and notify Party A of the identity of, a new agent in England.

Each party shall deliver to the other, within 30 days of the date of this Agreement in the case of the appointment of a person identified in Annex I or of the date of the appointment of the relevant agent in any other case, evidence of the acceptance by the agent appointed by it pursuant to this paragraph of such appointment.

Nothing in this paragraph shall limit the right of any party to take proceedings in the courts of any other country of competent jurisdiction.

18. No Waivers, etc.

No express or implied waiver of any Event of Default by either party shall constitute a waiver of any other Event of Default and no exercise of any remedy hereunder by any party shall constitute a waiver of its right to exercise any other remedy hereunder. No modification or waiver of any provision of this Agreement and no consent by any party to a departure herefrom shall be effective unless and until such modification, waiver or consent shall be in writing and duly executed by both of the parties hereto. Without limitation on any of the foregoing, the failure to give a notice pursuant to paragraph 4(a) hereof will not constitute a waiver of any right to do so at a later date.

19. Waiver of Immunity

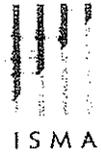
Each party hereto hereby waives, to the fullest extent permitted by applicable law, all immunity (whether on the basis of sovereignty or otherwise) from jurisdiction, attachment (both before and after judgment) and execution to which it might otherwise be entitled in any action or proceeding in the Courts of England or of any other country or jurisdiction, relating in any way to this Agreement or any Transaction, and agrees that it will not raise, claim or cause to be pleaded any such immunity at or in respect of any such action or proceeding.

20. Recording

The parties agree that each may electronically record all telephone conversations between them.

21. Third Party Rights

No person shall have any right to enforce any provision of this Agreement under the Contracts (Rights of Third Parties) Act 1999.



**THE GOVERNOR AND COMPANY
OF THE BANK OF IRELAND**

By _____

Title _____

Date _____

**IRISH BANK RESOLUTION
CORPORATION LIMITED**

By _____

Title _____

Date _____

ANNEX I

Supplemental Terms and Conditions

References to “**Paragraphs**” are to paragraphs of the Agreement and references to “**Sections**” are to sections of this Annex I.

1. **Elections and Amendments**

The following elections and amendments shall apply:

- 1.1 **Paragraph 1(c)(i).** Buy/Sell Back Transactions may **not** be effected under this Agreement, and accordingly the Buy/Sell Back Annex shall **not** apply.
- 1.2 **Paragraph 1(c)(ii).** Transactions in Net Paying Securities may **not** be effected under this Agreement.
- 1.3 **Paragraph 1(d).** Agency Transactions may **not** be effected under this Agreement, and accordingly the Agency Annex shall **not** apply.
- 1.4 **Paragraph 2** Paragraph 2 shall be amended as set out in this Annex, including, without limitation, Section 30 (*Definitions*).
- 1.5 **Paragraph 3.** Paragraph 3(a) shall **not** apply. The Buyer shall, subject to the satisfaction of the Conditions, deliver the Confirmation in connection with the Transaction.
- 1.6 **Paragraph 4(f):** See Section 14.6 (*Cash Margin*).
- 1.7 **Paragraph 4(g):** See Section 14.5 (*Notification and Delivery*).
- 1.8 **Paragraph 5:** The following sentence shall be inserted at the end of Paragraph 5:

“The Buyer shall not be required to gross up or pay any additional amounts should any amount payable under this paragraph be subject to any withholding or deduction for or on account of taxes or duties howsoever occurring.”
- 1.9 **Paragraph 6(b):** Paragraph 6(b) of the Agreement is amended by inserting the following wording after the words “withheld or deducted.”:

“However, notwithstanding anything to the contrary in this Agreement, the Buyer shall not be required to pay any additional amount, howsoever described or occurring, referred to in this Paragraph.”
- 1.10 **Paragraph 6(j):** Paragraph 6(j) shall apply and the events specified in paragraph 10(a) identified for the purposes of paragraph 6(j) shall be those set out in subparagraphs 10(a)(i) to 10(a)(xi) of the Agreement. The words “payment or transfer” shall be inserted before the words “obligation of a party” in paragraph 6(j).
- 1.11 **Paragraph 10:** Paragraph 10(a)(ii) shall **not** apply.

Paragraph 10(a)(iv) shall be amended by the insertion of the words “or Section 14 (*Margin*)” after the words paragraph 4.

The word “or” shall be inserted after the semi-colon at the end of paragraph 10(a)(x).

The following provision shall be inserted into paragraph 10(a) of the Agreement:

“(xi) any Financial Indebtedness of the Seller in aggregate in excess of €50,000,000 (or its equivalent in any other currency) is (A) not paid when due after giving effect to any applicable grace period or (B) has become due prior to the date when it would otherwise have become due as a result of the occurrence of a default, event of default or other similar condition or event (howsoever described) in respect of the Seller under any agreements or instruments relating thereto (provided that, in the case of Financial Indebtedness under paragraphs (f) and (g) of that definition, such default, event of default or other similar condition or event results in the liquidation of, an acceleration of obligations under, or an early termination of such Financial Indebtedness), and the non-Defaulting Party serves a Default Notice on the Defaulting Party.”

Paragraph 2(a)(iv) shall be deleted and replaced with the following::

- “(iv) the presentation or filing of a petition in respect of it (other than by the counterparty to this Agreement in respect of any obligation under this Agreement) in any court or before any agency alleging or for the bankruptcy, winding-up or insolvency of such party (or any analogous proceeding) or seeking any reorganisation, arrangement, composition, re-adjustment, administration, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such petition not having been stayed or dismissed within 30 days of its filing except:
- (A) in the case of a petition for winding-up made in Ireland or any analogous proceeding made in Ireland in respect of which no such 30 day period shall apply;
 - (B) in the case of a petition for winding-up made outside of Ireland or any analogous proceeding made outside of Ireland, not having been agreed between the Parties within 5 days of its filing as being frivolous or vexatious in respect of which no such 30 day period shall apply; and
 - (C) in the case of a petition for winding-up made outside of Ireland or any analogous proceeding made outside of Ireland, having been agreed between the Parties within 5 days of its filing as being frivolous or vexatious and which is not subsequently stayed or dismissed within 30 days of the Parties so agreeing; or”

Paragraph 10(a)(vi) is amended by deleting the words:

“(except in the case of an Act of Insolvency which is the presentation of a petition for winding-up or any analogous proceeding or the appointment of a liquidator or any analogous officer of the Defaulting Party in which case no such notice shall be required)”

The words “the most” in Paragraph 10(d)(i) shall be deleted and replaced by the word “an”.

The words “dealing day” in paragraph 10(d)(ii) shall be deleted and replaced by the words “Business Day”.

In paragraph 10(d)(ii), the words, “the close of business” shall be deleted and replaced by the words “any time”, the words “the fifth” shall be deleted and replaced by the word “any”, the words “(as selected by the non-Defaulting Party);” shall be inserted after the words “that Event of Default occurs” and the part of the Paragraph from and including “or, where that Event of Default” to and including “occurrence of such Event of Default” shall be deleted.

Paragraph 10(f) shall be deleted in its entirety and replaced by the following paragraph:

“The Defaulting Party shall be liable to the non-Defaulting Party for the amount of all reasonable legal and other professional expenses reasonably and properly incurred by the non-Defaulting Party in connection with or as a consequence of an Event of Default, together with interest thereon at a rate equal to the Transaction Fee Rate, on a 360 day basis, for the actual number of days during the period from (and including) the date on which payment was due to (but excluding) the date of payment.”

Paragraph 10(k) shall not apply.

- 1.12 **Paragraph 12:** Paragraph 12 shall be deleted in its entirety and replaced by the following:

“To the extent permitted by applicable law, if any sum of money payable hereunder or under the Transaction is not paid when due, interest shall accrue on the unpaid sum as a separate debt in respect of each day at a rate equal to the Transaction Fee Rate, on a 360 day basis, for the actual number of days during the period from (and including) the date on which payment was due to (but excluding) the date of payment.”

- 1.13 **Paragraph 14:**

- (a) Paragraph 14 of this Agreement shall be amended by:

- (i) the addition of the following paragraph 14(b)(vi):

“(vi) if sent by e-mail, at the time that e-mail is received;”

- (ii) the deletion of the reference to “sub-paragraph (b)(ii), (iii) or (v)” in the third line of paragraph 14(c)(ii), and its replacement with “sub-paragraph (b)(ii), (iii), (v) or (vi)”;

- (iii) the deletion of the reference to “sub-paragraph (b)(ii), (iii) or (v)” in the third line of paragraph 14(c)(ii)(bb), and its replacement with “sub-paragraph (b)(ii), (iii), (v) or (vi).

- (b) The Parties agree that the Confirmation and all notices under Section 14.4 (*Additional Margin*) and Section 14.5 (*Notification and Delivery*) may be delivered by e-mail to each of the email addresses listed below in respect of each Party. All other notices under this Agreement will, subject to Paragraph 14(d), be sent to the postal address specified in respect of that Party below.

- (c) For the purposes of Paragraph 14 of the Agreement:

Address for notices and other communications for the Buyer:

Bank of Ireland
Head Office
40 Mespil Road
Dublin 4
Attention- Group Secretary

Email: Bonds_Admin@boigm.com
collateral@boigm.com
Funding@boigm.com
LiquidityDesk@boigm.com

Address for notices and other communications for the Seller:

Irish Bank Resolution Corporation Ltd
Stephen Court
18-21 St Stephens Green
Dublin 2
Attention - Ian O'Driscoll and Caoimhe Donnelly

Email: treasurysettlements@ibrc.ie
cashbookmanagement@ibrc.ie

1.14 **Paragraph 17:**

The first paragraph of paragraph 17 shall be deleted in its entirety and replaced with the following:

“This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with the laws of England. Buyer and Seller hereby irrevocably submit for all purposes of or in connection with this Agreement and each Transaction (including any non-contractual obligations arising out of or in connection with this Agreement and each Transaction) to the jurisdiction of the Courts of England.”

For the purposes of Paragraph 17:

- (a) The Buyer appoints as its agent for service of process:

Bank of Ireland
Bow Bells House
1 Bread Street
London EC4M 9BE
England
Attention: Sinead Mac Lua

- (b) The Seller appoints as its agent for service of process:

Irish Bank Resolution Corporation Limited
10 Old Jewry
London EC2R 8DN
England

2. **Transaction**

Subject to:

- (a) satisfaction of the Conditions;
- (b) payment of the Purchase Price (as envisaged in Section 8.2 (*Purchase Price*)); and
- (c) no event which, upon the service of a Default Notice, would be an Event of Default or Early Termination Event having occurred on or before the Purchase Date,

the Seller will sell, and the Buyer will buy, the Purchased Securities on the Purchase Date (the “**Transaction**”).

3. **Conditions**

3.1 The Transaction will be subject to the following conditions (the “**Conditions**”):

- (a) Confirmations and Approvals

The Buyer having obtained the following approvals and/or confirmations in connection with its proposed participation in the Transaction (in each case in form and substance reasonably satisfactory to the Buyer):

- (i) the approval of a requisite majority of the Stockholders of the Buyer;
- (ii) the approval of the Central Bank;
- (iii) confirmation from the Central Bank that the Purchased Securities will constitute Eligible Assets;
- (iv) the Buyer having obtained a legal opinion from English counsel in form and substance reasonably satisfactory to it confirming that the Seller’s obligations under the Transaction are valid and enforceable; and
- (v) confirmation from the Department of Finance that the Guarantee and its application to the Transaction will not be in contravention of EU laws and regulations relating to state aid.

- (b) Documentation

Each Party having received the relevant documentation to be delivered to it by the other Party as specified in Section 22 (*Documents to be Delivered*).

3.2 If the Conditions are not satisfied on or before 30 June 2012, the Buyer may not deliver the Confirmation to the Seller and the Transaction will not take effect.

4. **Confirmation**

The Parties intend that the specific commercial terms of the Transaction will be reflected in a confirmation (the “**Confirmation**”) to be prepared by the Buyer in accordance with the principles set out in this Agreement.

5. **Purchased Securities**

The “**Purchased Securities**” the subject of the Transaction will be as follows:

Issuer:	Ireland
ISIN:	IE00B4TV0D44
Nominal Amount:	€3,461,307,822.11
Maturity Date:	13 March 2025
Interest Rate:	5.40%

Prior to the Purchase Date, the Parties may agree in writing that the Nominal Amount of the Purchased Securities will be lower. Subject to the terms of this Agreement, the Purchased Securities will be transferred by the Seller to the Buyer on the Purchase Date inclusive of accrued but unpaid interest.

6. **Purchase Date**

The “**Purchase Date**” of the Transaction will be specified in the Confirmation and will be a date falling not later than fourteen Business Days after the approval referred to at Section 3.1(a)(i) above has been obtained.

7. **Repurchase Date**

Subject to Paragraph 10 and 11, the “**Repurchase Date**” will be the earliest to occur of the following:

- (a) (i) the date falling 364 days after the Purchase Date, provided that such date is a Refinancing Date; or (ii) if that date would not be a Refinancing Date, the Refinancing Date falling in the period not more than 7 days and immediately prior to the date falling 364 days after the Purchase Date;
- (b) an Early Termination Date; or
- (c) an Optional Termination Date.

Unless otherwise agreed between the Parties, and subject to Section 11 (*Termination*), the Buyer will deliver the Equivalent Securities to the Seller on the Repurchase Date immediately after the Buyer has received the Repurchase Price from the Seller.

8. **Purchase Price**

8.1 The Purchase Price will be €3,060,000,000.00.

8.2 Notwithstanding Paragraph 6(h), if, through the operation of the margining provisions set out in Section 14 (*Margin*), the Seller has an obligation to make a Margin Transfer

to the Buyer on the Purchase Date while the Buyer also has an obligation to pay the Purchase Price to the Seller on such date, the obligations will, for convenience only, be dealt with as follows (which each Party agrees and acknowledges will constitute sufficient discharge of the other Party's obligation):

- (a) the Buyer will calculate the relevant amount of the Margin Transfer in accordance with Section 14.2 (*Minimum Margining Requirement*) (such amount being the "**Initial Margin Amount**") and subtract the Initial Margin Amount from the Purchase Price (the remainder being the "**Net Settlement Amount**");
- (b) the Buyer will (acting on the instructions of the Seller, which the Seller hereby confirms) pay the Initial Margin Amount to the Buyer's account described in Section 23.1 (*Accounts*) where it will be recorded as Cash Margin provided by the Seller; and
- (c) the Buyer's obligation to pay the Purchase Price to the Seller on the Purchase Date will be satisfied by paying the Net Settlement Amount to the Seller's account described in Section 23.2 (*Accounts*).

9. **Repurchase Price**

The Repurchase Price will be €3,060,000,000.00.

10. **Guarantee**

- 10.1 The Seller's obligations in connection with the Transaction will be guaranteed by the Minister pursuant to the Guarantee.
- 10.2 The Seller undertakes to notify the Buyer immediately if it receives notice that the Minister intends to withdraw or amend the Guarantee.

11. **Termination**

11.1 Subject to Paragraph 10 and 11, the Transaction shall terminate on the Repurchase Date.

11.2 Subject to Paragraph 6(h) and 6(i), on the Repurchase Date, the Buyer shall:

- (a) transfer to the Seller Equivalent Securities; and
- (b) if on such day the Seller is the Margin Transferor, transfer to the Seller Eligible Margin in respect of the Net Margin,

against:

- (i) the payment by the Seller to the Buyer of the Repurchase Price (plus any amount then payable and unpaid by the Seller to the Buyer pursuant to Section 18 (*Fees*) (after deducting the amount (if any) representing accrued but unpaid interest on Cash Margin, as notified by the Buyer to the Seller) and minus any amount then payable and unpaid by the Buyer pursuant to Paragraph 5 of the Agreement);
- (ii) if on such day Buyer is the Margin Transferor, the transfer by the Seller to the Buyer of Eligible Margin in respect of the Net Margin; and

- (iii) in relation to a termination on an Early Termination Date or an Optional Termination Date only, payment by the Seller to the Buyer of any applicable Make-Whole Amount.

11.3 This Section 11 (*Termination*) shall apply in lieu of Paragraph 3(f) of the Agreement.

12. Early Termination

12.1 The occurrence at any time after the date of this Agreement of any of the following will constitute an “**Early Termination Event**”:

- (a) Material Adverse Effect

any event or circumstance occurs which the Buyer, acting in good faith and in a commercially reasonable manner, believes has a Material Adverse Effect. For these purposes, “**Material Adverse Effect**” means a material adverse effect on the market (including credit ratings), regulatory, accounting, funding or capital implications of the Transaction for the Buyer;

- (b) Eligibility of the Purchased Securities

if the Purchased Securities cease to qualify as Eligible Assets for the purposes of the OMO Facility;

- (c) Bank Counterparty

the Seller ceases to be the holder of a banking licence issued by the Central Bank under the Central Bank Act 1971;

- (d) Regulatory Capital

if the Buyer would be required to allocate incremental capital as a result of its participation in the Transaction;

- (e) Force Majeure

if, since the date of the Transaction there has been, in the reasonable opinion of the Buyer, after such consultation with the Seller as is practicable in the circumstances, such a change in national or international financial, political or economic conditions or currency exchange rates or exchange controls as would, in its view, be likely to materially adversely affect its continued participation in the Transaction;

- (f) Guarantee

if the Minister announces that the Guarantee is to be withdrawn or amended or the Guarantee expires or otherwise ceases to be in full force and effect;

- (g) State Aid

if an investigation is commenced to enquire whether the Guarantee or the Transaction is in compliance with EU laws and regulations relating to state aid; or

(h) Funding

if it is not possible for the Buyer to obtain funding in connection with the Purchased Securities in accordance with Section 15 (*Funding*).

- 12.2 If an Early Termination Event occurs under Section 12.1(a) to (g) (inclusive), the Buyer may, at its sole discretion, by written notice to the Seller, designate a day not earlier than one Business Day after the date of the notice as the Early Termination Date.
- 12.3 If an Early Termination Event under Section 12.1(h) occurs, an Early Termination Date will occur automatically on the relevant Refinancing Date.
- 12.4 If an Early Termination Date occurs, the Seller will pay to the Buyer on the Early Termination Date, in addition to any other amounts then owing to the Buyer, an amount equal to the Make-Whole Amount.

13. **Optional Termination**

- 13.1 On any date falling not less than three months after the Purchase Date, the Seller may by not less than ten Business Day's written notice to the Buyer designate a date (the "**Optional Termination Date**") as the date on which the Transaction is to terminate. The Optional Termination Date so designated must be a Refinancing Date.
- 13.2 If the Seller opts to designate an Optional Termination Date, it will pay to the Buyer on the Optional Termination Date, in addition to any other amounts then owing to the Buyer, an amount equal to the Make-Whole Amount.

14. **Margin**

14.1 **General**

In accordance with Paragraph 4(h) of the Agreement, the Parties agree that the provisions of Paragraphs 4(a) to (g) (inclusive) of the Agreement will not apply in respect of the Transaction and that, instead, Eligible Margin will be provided separately in accordance with the provisions of this Section 14 (*Margin*).

14.2 **Minimum Margining Requirement**

If, on any Business Day (including, for the avoidance of doubt, the Purchase Date), the Securities Net Asset Value, as determined by the Buyer:

- (a) exceeds the Minimum Margining Requirement, the Buyer shall make a Margin Transfer of Eligible Margin to the Seller in such amount as will eliminate the excess; or
- (b) falls below the Minimum Margining Requirement, the Seller shall make a Margin Transfer of Eligible Margin to the Buyer in such amount as will eliminate the deficiency,

provided that the excess or the deficiency, as the case may be, is no less than the Minimum Transfer Amount.

For the purposes of this Agreement:

“**Applicable Haircut**” means the discount to Market Value attributed by the ECB to the Purchased Securities on the relevant Business Day, as determined by the Buyer and notified to the Seller;

“**Eligible Margin**” means Cash and Eligible Securities;

“**Minimum Margining Requirement**” means, at any time, an amount equal to the sum of: (i) the Repurchase Price and (ii) an amount equal to the accrued Fee Amount in respect of the period from, and including the immediately preceding Fee Payment Date (or, in respect of the first Fee Period, the Purchase Date) to, but excluding, the relevant Business Day;

“**Minimum Transfer Amount**” means €1,000,000;

“**Net Margin**” means at any time, the Eligible Margin, if any, which has been transferred as a Margin Transfer by one Party (the “**Margin Transferor**”) to the other Party (the “**Margin Transferee**”) in respect of which Eligible Margin equivalent to such Eligible Margin has not been transferred by the Margin Transferee to the Margin Transferor;

“**Net Margin Amount**” means at any time the Market Value of the Net Margin at such time;

“**Securities Net Asset Value**” means at any time, an amount equal to the Market Value of the Equivalent Securities *minus* the Applicable Haircut *minus* the Variation Allowance and:

- (a) if Seller is the Margin Transferor, *plus* the Net Margin Amount; or
- (b) if Buyer is the Margin Transferor, *minus* the Net Margin Amount,

in each case at such time; and

“**Variation Allowance**” means the level of discount determined by the Buyer (in consultation with the Seller) to reflect the potential mismatch in valuations of the Equivalent Securities between the Buyer and the ECB.

14.3 **Restrictions on Margin Transfers**

The composition of a Margin Transfer will be at the option of the Party making the Margin Transfer, save as follows:

- (a) if the Seller has an obligation to make a Margin Transfer to the Buyer on the Purchase Date, any such Margin Transfer must be made by way of Cash Margin and the Seller hereby irrevocably instructs the Buyer to satisfy any such requirement in accordance with Section 8.2 (*Purchase Price*); and
- (b) each Margin Transfer to be made by the Seller in connection with the Transaction will be made by way of Cash Margin unless the Buyer has transferred Margin Securities to the Seller in which case the Seller will transfer Equivalent Margin Securities to the Buyer to satisfy any Margin Transfer obligations then outstanding up to a maximum amount of such Equivalent Margin Securities then constituting the Net Margin. Any further amounts of Eligible Margin required to be delivered by the Seller on that Business Day must be made by way of Cash Margin.

14.4 **Additional Margin**

If, at any time, the Seller has received Margin Securities from the Buyer, and the Buyer certifies to the Seller that it requires Equivalent Margin Securities in order to obtain funding under the OMO Facility, the Seller will transfer such Equivalent Margin Securities to the Buyer in accordance with Section 14.5 (*Notification and Delivery*), provided that, not later than the next following Business Day after the date of transfer, the Buyer transfers to the Seller Cash Margin in an amount equal to those Equivalent Margin Securities if so required under Section 14.2(a) (*Minimum Margining Requirement*). The Parties agree that the Buyer will be entitled to call for additional Equivalent Margin Securities from the Seller under this Section 14.4 only if the procedures pursuant to which the Parties transfer Eligible Margin as between themselves changes from the procedures in place as at the date of this Agreement.

14.5 **Notification and Delivery**

The Buyer will at or before 1.30 p.m. (Dublin time) on each Business Day during the term of the Transaction notify the Seller of its determinations in respect of the Minimum Margining Requirement, the Securities Net Asset Value and the Margin Transfer amount. Any Margin Transfer required following notification of the determination made in accordance with the preceding sentence must be made on the Business Day that it is requested.

14.6 **Cash Margin**

- (a) Cash Margin transferred shall be in the Base Currency.
- (b) A payment of Cash Margin shall give rise to a debt obligation owing from the Party receiving such payment to the party making such payment.
- (c) Cash Margin will accrue interest at the Transaction Fee Rate. Interest will accrue daily and be payable on each Fee Payment Date.

15. **Funding**

15.1 The Seller acknowledges that the Buyer intends to fund the Purchase Price by accessing the OMO Facility, which funding arrangements are, at the date of this Agreement, determined by Fixed Rate Full Allotment.

15.2 If, after the date of this Agreement, the manner in which the ECB operates the OMO Facility switches from Fixed Rate Full Allotment to Variable Rate Tender (the occurrence of such a change being an “**Allotment Event**”), then, not later than 10 a.m. on the date two Business Days prior to the next Refinancing Date:

- (a) the Buyer will consult with the Seller and agree appropriate pricing for the bid(s); and
- (b) the Buyer and the Seller, acting in good faith and in a commercially reasonable manner, will consult with a view to agreeing a contingency plan for Alternative Funding Arrangements on a temporary basis should the Buyer be unsuccessful in funding all or a portion of them through the OMO Facility on the next Refinancing Date. Any such Alternative Funding Arrangements must be in place not later than 4 p.m. (Dublin time) two Business Days prior to the next Refinancing Date.

- 15.3 If, following the occurrence of an Allotment Event:
- (a) the Buyer is unsuccessful in obtaining funding for all or a portion of the Purchased Securities through the OMO Facility; and
 - (b) Alternative Funding Arrangements are then in place,

then the Parties agree, acting in good faith and in a commercially reasonable manner, to make such amendments to this Agreement and the Confirmation as may be reasonably necessary to reflect any such revised funding arrangements. The Parties agree that:

- (i) if a portion only of the Purchased Securities are accepted for funding through the OMO Facility, then the Cost of Funds in respect of that portion funded under the OMO Facility will be as determined by the Variable Rate Tender process and the cost of funds in respect of that portion funded under the Alternative Funding Arrangements will be as agreed between the Parties; and
 - (ii) it is intended that all of the Purchased Securities would subsequently be financed under the OMO Facility, following the termination of any of the foregoing alternative funding arrangements.
- 15.4 If, following the occurrence of an Allotment Event, Alternative Funding Arrangements are not in place by 4 p.m. (Dublin time) two Business Days prior to the next Refinancing Date, then an Early Termination Event under Section 12.1(h) will have occurred and the next following Refinancing Date shall be the Early Termination Date in respect of the Transaction.

16. **Additional Representations**

The Seller will, in addition to the representations comprised at Paragraph 9 of the Agreement, make the following representations to the Buyer on the date that it enters into the Transaction:

- 16.1 it is entering into the Transaction for its own account, it has made its own independent decisions to enter into the Transaction and as to whether the Transaction is appropriate or proper for it based upon its own judgment and upon advice from such legal, regulatory, tax, financial, accounting and other advisers as it has deemed necessary and it is not relying on any communication (written or oral) of the Buyer except those expressly set forth in the Agreement;
- 16.2 it is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts, the terms, conditions and risks of the Transaction, and is also capable of assuming, and assumes, the risks of the Transaction;
- 16.3 having made all necessary enquiries with relevant authorities, its entry into the Transaction will not contravene any applicable law, decree, regulation, regulatory guidance, regulatory request, regulatory briefing or order of any government or governmental body (including any court or tribunal);
- 16.4 there is no intent on the part of the Seller to defraud any of its creditors or to prefer any of its creditors over any other of its creditors in a manner contrary to law;
- 16.5 none of the grounds for winding-up the Seller as set out in sub-sections (c) and (d) of Section 77 of the Central Bank and Credit Institutions (Resolution) Act 2011 (as

amended) has occurred and it has not been notified of the occurrence of any of the grounds entitling the Central Bank of Ireland to petition for the winding-up of the Seller under sub-sections (a), (b) and (e) of Section 77 (and there is no reason to believe such grounds exist);

- 16.6 no direction has been given by the Central Bank of Ireland under Section 27 of the Investor Compensation Act 1998 (as amended);
- 16.7 no conditions apply to the banking licence granted by the Central Bank to the Seller (save as disclosed by the Seller to the Buyer) and it has not been revoked;
- 16.8 no direction has been given by the Central Bank under Section 21 of the Central Bank Act, 1971 (as amended) and none of the prescribed circumstances set out in Section 21 of the Central Bank Act, 1971 (as amended) have occurred;
- 16.9 it is not a party to, nor is it aware of any (nor any pending or threatened) actions, suits or proceedings which are reasonably likely to be adversely determined and, if so adversely determined, would materially adversely affect its ability to perform its obligations under this Agreement;
- 16.10 no event of default nor any other event which, whether with the giving of notice or the lapse of time or other condition or any combination thereof, would constitute an event of default has occurred under any document to which it is a party or in connection with any other obligation of the Seller, which in each case would have a material adverse effect on the ability of the Seller to perform its obligations under this Agreement; and
- 16.11 the performance by the Seller of its obligations under this Agreement does not breach any negative pledge, non-disposal covenant or other restriction binding on the Seller.

17. **Change of Currency**

If during the term of the Transaction, the euro ceases to be the lawful currency of Ireland, the Repurchase Price shall continued to be denominated in euro until paid, unless the Buyer elects otherwise.

18. **Fees**

18.1 **Payment of Fee**

The Seller will pay to the Buyer in arrears on each Fee Payment Date the Fee Amount.

18.2 **Fee Amount**

The “**Fee Amount**” in respect of a Fee Period will be an amount in EUR equal to the product of (i) the Purchase Price, (ii) the Transaction Fee Rate and (iii) the Day Count Fraction, as calculated by the Buyer, where:

“**Day Count Fraction**” means the quotient of (a) the actual number of days in such Fee Period and (b) 360; and

“**Transaction Fee Rate**” means a percentage per annum equal to the sum of (i) the Cost of Funds and (ii) the Spread.

18.3 **Fee Payment Dates**

The fourth Business Day of each month following the Purchase Date and the Repurchase Date will be a “**Fee Payment Date**”.

18.4 **Fee Period**

A “**Fee Period**” will comprise the period from, and including, one Fee Payment Date (or, in the case of the first Fee Period, the Purchase Date) to, but excluding, the next Fee Payment Date.

19. **Interest on Repurchase Price**

Without double counting, the Parties agree that interest shall accrue on an amount equal to the Repurchase Price as a separate debt in respect of each day at a rate equal to the Transaction Fee Rate on a 360 day basis for the actual number of days during the period from, and including, the date on which the Repurchase Date is deemed to occur under Paragraph 10(b) to, but excluding, the day on which the final sum due determined in accordance with Paragraph 10(c)(ii), is paid. Such interest shall be paid by a party on the day on which the final sum referred to in the preceding sentence is paid.

20. **Tax**

20.1 The Seller will make all payments to be made by it under this Agreement without deduction of any taxes or duties, unless required by law.

20.2 If the Seller is required by law to deduct any amount from a payment due by it under this Agreement, the amount of the payment due by the Seller will be increased to an amount which (after making the deduction) leaves an amount equal to the payment which would have been due if no deduction had been required.

21. **Costs and Expenses**

The Seller shall on demand pay the Buyer the amount of all vouched costs and expenses reasonably incurred by it in relation to the negotiation, entry into, approval of (including shareholder approval) and enforcement of its rights under this Agreement.

22. **Documents to be Delivered**

22.1 **Seller**

The Seller agrees that it will deliver to the Buyer the following documents on or prior to Purchase Date:

- (a) a legal opinion from Irish counsel in form and substance reasonably satisfactory to the Buyer confirming that the Guarantor’s obligations under the Transaction are guaranteed obligations under the Guarantee; and
- (b) a legal opinion from Irish counsel in form and substance reasonably satisfactory to the Buyer as to capacity, authority and due execution of the Seller in connection with this Agreement.

22.2 **Buyer**

The Buyer agrees that it will promptly notify the Seller following satisfaction of the Conditions set out at Section 3.1(a)(i) to (v) (inclusive) (*Conditions*).

23. Account Details

23.1 Buyer

On each date on which this Agreement requires an amount to be paid by the Seller, the Seller will make the same available to the Buyer, by payment in EUR and in immediately available, freely transferable, cleared funds to:

BIGTIE2D

or such other account as the Buyer may specify by not less than 3 Business Days notice.

For the purposes of any transfer of securities to the Buyer, such transfer should be made to the following securities account:

Euroclear 10996

or such other account as the Buyer may specify by not less than 3 Business Days notice.

23.2 Seller

On each date on which this Agreement requires an amount to be paid by the Buyer, the Buyer will make the same available to the Seller, by payment in EUR and in immediately available, freely transferable, cleared funds to:

ANGOIE2D

or such other account as the Seller may specify by not less than 3 Business Days notice.

For the purposes of any transfer of securities to the Seller, such transfer should be made to the following securities account:

Euroclear 90739

or such other account as the Seller may specify by not less than 3 Business Days notice.

24. Indemnity

24.1 The Seller agrees to indemnify and hold harmless the Buyer in full against: (i) any losses, expenses, liabilities, obligations, damages, penalties, judgements, actions or costs (including, without limitation, regulatory levies or penalties) (“**Purchase Date Indemnity Costs**”) howsoever imposed on or incurred by it as a result of the failure of IBRC to deliver the Purchased Securities to the Bank on the Purchase Date; and (ii) any regulatory levies or penalties imposed on it by the Central Bank of Ireland and/or the European Central Bank and related costs (the “**Other Costs**”) incurred by it as a result of the failure of IBRC to deliver any Equivalent Margin Securities in accordance with Section 14.4 (*Additional Margin*) provided, however, that the Buyer shall not be indemnified for its wilful misfeasance, fraud, bad faith, gross negligence or reckless disregard.

24.2 The Buyer shall take such steps which the Buyer (in its sole discretion) considers are reasonable to mitigate any circumstances which arise and which would result in any

amount becoming payable under or pursuant to this Section 24 (*Indemnity*). The Buyer shall:

- (a) not be obliged to incur any costs or expenses in taking such steps; and
- (b) consult with the Seller where, in the opinion of the Buyer, it is reasonable and practicable to do so concerning such steps and provided that any such consultation would not be in breach of any confidentiality obligations or contrary to any applicable law or regulation or require the Buyer to disclose any privileged information. For the avoidance of doubt the Seller acknowledges that any decision on the conduct of any proceedings, negotiations, and/or settlements in respect of any Purchase Date Costs and any Other Costs is for the Buyer alone notwithstanding the provisions of this Section 24.2.

24.3 Any amounts payable by the Seller under this Section 24 (*Indemnity*) shall be payable immediately on written demand by the Buyer. The Buyer shall provide documentation to the Seller to substantiate any amounts claimed under this Section 24 (*Indemnity*).

24.4 For the avoidance of doubt, the Seller acknowledges and agrees that the remedies provided under this Section 24 (*Indemnity*) are not exhaustive.

25. **Calculations and Determinations**

If a Party is required to make a calculation or determination hereunder, it must do so acting in good faith and in a commercially reasonable manner and promptly notify the other Party accordingly.

26. **Counterparts**

This Agreement may be signed or executed in any number of counterparts, and by each Party on separate counterparts. Each counterpart is an original but shall not be effective until each Party has executed and delivered at least one counterpart. All counterparts together shall constitute one and the same instrument. This has the same effect as if the signatures on the counterparts were on a single original of this Agreement. Delivery of an executed counterpart signature page of this Agreement by email (portable document format ("pdf")) or facsimile copy shall be as effective as delivery of a manually executed counterpart of this Agreement.

27. **Scope of Agreement**

Notwithstanding anything contained in this Agreement to the contrary, this Agreement shall only apply to the Transaction (for this purpose, the **'Relevant Transaction'**) and, in the absence of a specific disapplication of this Section 27 (*Scope of Agreement*) and, notwithstanding the provisions of Paragraph 1(b) of this Agreement, any statement contained in a confirmation (an **'Excluded Confirmation'**) of a transaction other than the Relevant Transaction which, but for this Section 27 (*Scope of Agreement*), would be capable of comprising a Transaction within the meaning of this Agreement (an **'Excluded Transaction'**), that such:

- (a) Excluded Transaction is a Transaction under; and/or
- (b) Excluded Confirmation supplements, forms part of and/or is subject to,

this Agreement, or any Global Master Repurchase Agreement or master repurchase agreement between the parties,

shall be deemed not to result in such:

- (i) Excluded Confirmation constituting a Confirmation; or
- (ii) Excluded Transaction constituting a Transaction,

for the purposes of this Agreement.

28. **Form of Agreement**

The Parties agree that it is their intention that, save for such modifications thereto as are effected pursuant to this Annex I, that the text of this Agreement (other than this Annex I) conforms exactly to the text of the standard form TBMA/ISMA Global Master Repurchase Agreement (2000 version) as published by the Securities Industry and Financial Markets Association (formerly, The Bond Market Association) and the International Capital Market Association (formerly, the International Securities Market Association).

29. **Inconsistency**

29.1 This Annex is supplemental to the Agreement. Except to the extent that it is varied by this Annex, the Agreement remains in full force and effect.

29.2 This Annex and the Agreement should be read and construed as one document. To the extent that the provisions of this Annex conflict with or are inconsistent with the provisions of the Agreement, the terms and provisions of these Supplemental Terms and Conditions shall prevail.

30. **Definitions**

The definitions contained in this Section 30 (*Definitions*) replace, where relevant, the corresponding definitions in Paragraph 2 of the Agreement.

“**Alternative Funding Arrangements**” means funding arrangements that:

- (a) are in an amount which, when taken together with the funding arrangements (if any) available under the OMO Facility on the same date, will be sufficient to provide funding in respect of all of the Purchased Securities;
- (b) are committed and available for drawing on a Refinancing Date; and
- (c) are satisfactory to the Buyer but not necessarily provided by the Buyer;

“**Base Currency**” means EUR;

“**Business Day**” means any day on which banks are open for business in Dublin and on which TARGET2 is open;

“**Buyer**” means The Governor and Company of the Bank of Ireland (registered number C-1);

“**Central Bank**” means the Central Bank of Ireland or any successor thereto;

“**Conditions**” means the conditions specified in Section 3.1 (a)(i) to (v) (*Conditions*) (inclusive);

“Contractual Currency” means EUR;

“Cost of Funds” means the rate certified by the Buyer as the average rate at which the ECB has provided funding to it in connection with the Purchased Securities under the OMO Facility:

- (a) for the purposes of Section 18.2 (*Fee Amount*), for the relevant Fee Period; and
- (b) for the purposes of Section 12.3 (*Early Termination*) and 13.2 (*Optional Termination*), from the Early Termination Date or the Optional Termination Date, as applicable, to the next Refinancing Date;

“Early Termination Date” the date on which the Transaction terminates following the occurrence of an Early Termination Event, as more particularly described in Section 12.2 and Section 12.3;

“Early Termination Events” the events described in Section 12.1(a) to (h) inclusive and each an **“Early Termination Event”**;

“ECB” means the European Central Bank;

“Eligible Assets” means assets acceptable as collateral in Eurosystem credit operations and complying with the criteria set down in Annex I to Guideline ECB/2011/14 of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem (OJ L 331, 14.12.2011) (as may be amended or replaced);

“Eligible Securities” means Margin Securities and Equivalent Margin Securities;

“Financial Indebtedness” means any indebtedness for or on account of:

- (a) moneys borrowed (other than moneys borrowed, the repayment of which is subordinated to the senior unsecured obligations of that Party);
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument (other than amounts, the repayment of which is subordinated to the senior unsecured obligations of that Party);
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with IFRS, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement, any repurchase or buy/sell transaction) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value, or “principal amount”, of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction that amount) shall be taken into account);

- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- (i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above (other than a guarantee or indemnity the payments under which are subordinated to the senior unsecured obligations of that Party);

“Fixed Rate Full Allotment” means an operation under the OMO Facility pursuant to which the ECB specifies the interest rate in advance and participating counterparties bid the amount of money they want to transact at the fixed interest rate;

“Guarantee” means the Deed of Guarantee of the Minister for Finance of Ireland (the **“Minister”**) dated 29 November 2010;

“Make-Whole Amount” means an amount calculated by the Buyer (and notified to the Seller) as the aggregate of the Buyer’s Cost of Funds from the Early Termination Date or Optional Termination Date, as applicable, to the next Refinancing Date;

“Margin Securities” means the securities issued by Ireland having ISIN number IE00B4TV0D44 and a maturity date of 13 March 2025;

“Market Value” means in relation to:

- (a) the valuation of Securities (including the Purchased Securities), such value as is determined by the ECB and communicated to the Buyer (and notified by the Buyer to the Seller) on each Business Day during the term of the Transaction; and
- (b) a transfer of currency, the amount of the currency;

“OMO Facility” means the main refinancing operations of the Eurosystem conducted in accordance with Guideline (ECB/2011/14) of the European Central Bank of 20 September 2011 on monetary policy instruments and procedures of the Eurosystem;

“Parties” means the Buyer and the Seller and each a **“Party”**;

“Purchased Securities” means the securities described in Section 5 (*Purchased Securities*);

“Refinancing Date” means each date on which the Buyer obtains funding in respect of the Purchased Securities under the OMO Facility or each date on which such funding made available under the OMO Facility must be repaid by the Buyer;

“Seller” means Irish Bank Resolution Corporation Limited (registered number 22045);

“Spread” means 1.35%;

“Stockholders” means the holders of units of ordinary stock having a nominal value of €0.05 in the capital stock of the Buyer;

“TARGET2” means the Trans-European Automated Real-time Gross Settlement Express Transfer system; and

“Variable Rate Tenders” means an operation under the OMO Facility whereby counterparties are required to bid the amounts of money and the interest rates at which they want to enter into transactions.

THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND

By _____

Name _____

Title _____

IRISH BANK RESOLUTION CORPORATION LIMITED

By _____

Name _____

Title _____

By _____

Name _____

Title _____