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AMENDED (THE “SECURITIES ACT”)

IMPORTANT: You must read the following before continuing. The following applies to the prospectus following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the prospectus. In accessing the prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE US SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE US OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE US OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, US PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY US PERSON OR TO ANY US ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this prospectus or make an investment decision with respect to the securities, investors must not be a US person (within the meaning of Regulation S under the Securities Act). This prospectus is being sent at your request and by accepting the e-mail and accessing this prospectus, you shall be deemed to have represented to us that you are not a US person; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the US, its territories and possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of such prospectus by electronic transmission.

You are reminded that this prospectus has been delivered to you on the basis that you are a person into whose possession this prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this prospectus to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law.

Under no circumstances shall this prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this prospectus who intend to subscribe for or purchase the CCNs are reminded that any subscription or purchase may only be made on the basis of the information contained in the final form prospectus. This prospectus may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

This prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer or any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and the hard copy version available to you on request from the Issuer.

The Governor and Company of the Bank of Ireland

(Established in Ireland by Charter in 1783 and having limited liability with registered no.C-1)

€1,000,000,000 10.00 per cent. convertible contingent capital tier 2 notes due 2016
(the “CCNs”)

<u>Principal Amount €</u>	<u>Issue Price</u>	<u>Interest rate</u>	<u>Maturity Date</u>
1,000,000,000	100%	10.00 per cent. per annum	2016

On 29 July 2011 (the “**Issue Date**”), The Governor and Company of the Bank of Ireland (the “**Issuer**”) issued the CCNs.

Interest will accrue on the CCNs from the Issue Date and will be payable annually in arrear on the 29th day of July in each year for the CCNs. See further the definition of Interest Payment Date below.

The CCNs were constituted on the Issue Date pursuant to an agency deed (the “**Agency Deed**”) between the Issuer and Citibank N.A., London Branch (as the “**Fiscal Agent**” and as the “**Registrar**”) dated 29 July 2011.

The CCNs constitute direct, unsecured and subordinated obligations of the Issuer and rank junior to unsubordinated obligations of the Issuer and will rank *pari passu* as payments of interest and principal without any preference among themselves and equally with all other dated subordinated obligations of the Issuer which qualify as consolidated Tier 2 capital of the Issuer for regulatory purposes and will rank senior to other obligations of the Issuer expressed to rank junior to the CCNs (if any) (other than any subordinated obligations of the Issuer).

The CCNs are obligations of the Issuer only. The CCNs are not obligations of and are not and will not be guaranteed by or be the responsibility of any other person.

This prospectus (“**Prospectus**”) has been approved by the Central Bank of Ireland (the “**Central Bank**”) as the competent authority under Directive 2003/71/EC (the “**Prospectus Directive**”). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange (the “**Irish Stock Exchange**”) for the CCNs to be admitted to the official list (the “**Official List**”) and trading on its regulated market. All references to “**listing**” herein should be read to mean an admission to trading. This document constitutes a prospectus for the purposes of the Prospectus Directive as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “**Prospectus Regulations**”).

The CCNs are not rated.

Before purchasing any CCNs, Holders should ensure that they understand the structure and the risks (see, in particular, the section herein entitled “*Risk Factors*”).

The CCNs have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold or delivered within the United States or to U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the CCNs are being offered, sold or delivered to persons (other than U.S. Persons) (each as defined in Regulation S) outside the United States in reliance on Regulation S (“**Regulation S**”) under the Securities Act.

The date of this Prospectus is 9 August 2011

IMPORTANT NOTICE

THE CCNS ARE OBLIGATIONS OF THE ISSUER ONLY. THE CCNS ARE NOT OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY, ANY PERSON OTHER THAN THE ISSUER. IN PARTICULAR, THE CCNS ARE NOT OBLIGATIONS OF, OR THE RESPONSIBILITY OF, OR GUARANTEED BY THE AGENTS (AS DEFINED HEREIN), ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY SUCH ENTITIES OR ANY OTHER PARTY TO THE TRANSACTION DOCUMENTS. NO LIABILITY WHATSOEVER IN RESPECT OF ANY FAILURE BY THE ISSUER TO PAY ANY AMOUNT DUE UNDER THE CCNS SHALL BE ACCEPTED BY ANY OF THE AGENTS OR BY ANY PERSON OTHER THAN THE ISSUER.

The CCNs are in registered form and are represented by definitive certificates (each a “**Certificate**”), without coupons or principal receipts attached.

The distribution of this Prospectus and the offering of the CCNs in certain jurisdictions may be restricted by law. No representation is made by the Issuer or the Agents that this Prospectus may be lawfully distributed, or that the CCNs may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, save for obtaining the approval of this Prospectus as a prospectus for the purposes of the Prospectus Directive by the Central Bank, no action has been or will be taken by the Issuer or the Agents which would permit a public offering of the CCNs or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the CCNs may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus comes are required by the Issuer to inform themselves about and to observe any such restrictions.

None of the Issuer or the Agents makes any representation to any prospective investor or purchaser of the CCNs regarding the legality of investment therein by such prospective investor or purchaser under applicable legal investment or similar laws or regulations.

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

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

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Deemed to be Incorporated by Reference*” below). This Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Prospectus.

This Prospectus has been filed with the Central Bank, as competent authority under the Prospectus Directive. This Prospectus, as approved by the Central Bank, will be filed with the registrar of companies in Ireland in accordance with regulation 38(1)(b) of the Prospectus Regulations.

No person is authorised to give any information or to make any representation in connection with the offering or sale of the CCNs other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Agents or any of their respective affiliates or advisers. Neither the delivery of this Prospectus nor any sale or allotment made in connection with the offering of the CCNs shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or in the other information contained herein since the date hereof. The information contained in this Prospectus was obtained from the Issuer and the other sources identified herein, but no assurance can be given by the Agents as to the accuracy or completeness of such information. None of the Agents makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. Neither this Prospectus nor any other information supplied in connection with the CCNs (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation or constituting an invitation or offer by or on behalf of the Issuer or the Agents that any recipient of this Prospectus or any other information supplied in connection with the CCNs should subscribe for or purchase any CCNs. In making an investment decision, investors must rely on their own examination of the terms of this offering, including the merits and risks involved. The contents of this Prospectus should not be construed as providing legal, business, accounting or tax advice. Each prospective investor should consult its own legal, business, accounting and tax advisers prior to making a decision to invest in the CCNs.

Neither the delivery of this Prospectus nor any subscription, sale or purchase of any CCNs shall at any time imply that there has been no change in the affairs of the Issuer or the Group (as defined below) since the date hereof or that the information contained herein concerning the Issuer or the Group is correct at any time subsequent to the date hereof or that any other information supplied in connection with the CCNs is correct as of any time subsequent to the date indicated in the document containing the same.

Any investment in the CCNs does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the Central Bank and the Issuer does not represent that the holder of any CCNs would be entitled to receive any payment in respect of such CCNs in the event of the insolvency of the Issuer under any depositors' protection scheme existing from time to time in Ireland.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer to subscribe for or purchase any of the CCNs in any jurisdiction where such action would be unlawful and neither this Prospectus, nor any part thereof, may be used for or in connection with any offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

The distribution of this Prospectus and the offer or sale of CCNs may be restricted by law in certain jurisdictions. The Bank does not represent that this document may be lawfully distributed, or that any CCNs may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Bank (save for the approval of this Prospectus by the Central Bank) which is intended to permit a public offering of any CCNs or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no CCNs may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any CCNs come must inform themselves about, and observe, any such restrictions.

The CCNs have not been and will not be registered under the United States Securities Act 1933, as amended (the "**Securities Act**"), and are subject to U.S. tax law requirements. Subject to certain exceptions, CCNs may not be offered, sold or delivered within the United States or to U.S. persons.

In this Prospectus all references to “**EURO**”, “**euro**” or “**€**” are to the lawful currency introduced at the start of the third stage of European economic and monetary union pursuant to the treaty establishing the European Community, as amended from time to time.

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DOCUMENTS DEEMED TO BE INCORPORATED BY REFERENCE

The following documents which have previously been published (or are published simultaneously with this Prospectus) and have been filed with the Irish Stock Exchange shall be deemed to be incorporated in, and to form part of, this Prospectus:

1. the base prospectus, dated 7 January, 2011, in respect of the Issuer's €25,000,000,000 euro medium term note programme (the "**Base Prospectus**");
2. the supplement to the Base Prospectus prepared by the Issuer dated 20 April 2011;
3. the audited consolidated annual financial statements for the financial years ended 31st March, 2008, 31st March, 2009, the nine months ended 31st December, 2009 and 31st December, 2010 of the Issuer and the auditor's reports dated 20th May, 2008, 18th May, 2009, 30th March, 2010 and 14th April, 2011 respectively by PricewaterhouseCoopers thereon; and
4. the prospectus, dated 18 June, 2011 (as supplemented by a supplementary prospectus of the Issuer on 8 July 2011), prepared by the Issuer in respect of the Issuer's:
 - (a) proposed rights issue of up to 43,500,000,000 units of new ordinary stock at €0.10 per unit of new ordinary stock; and
 - (b) proposed State placing of up to 794,912,043 units of new ordinary stock at €0.10 per unit of new ordinary stock.

(the "**Equity Prospectus**")

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus can be obtained from the Issuer. Written requests for such documents should be directed to the Issuer at the office set out at the end of this Prospectus.

Unless otherwise listed above, any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any CCNs, prepare a supplement to this Prospectus or publish a new Prospectus for use in connection with any subsequent issue of CCNs.

SUMMARY

The information set out below is a summary of the principal features of the issue of the CCNs. This summary is qualified in its entirety by, and should be read in conjunction with the more detailed information presented elsewhere in this Prospectus.

THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THIS PROSPECTUS. ANY DECISION TO INVEST IN THE CCNS SHOULD BE BASED ON CONSIDERATION BY THE INVESTOR OF THE PROSPECTUS AS A WHOLE, INCLUDING IN PARTICULAR THE RISK FACTORS.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff might, under the national legislation of EEA member states, have to bear the cost of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons responsible under law for the contents of this Prospectus, including this Summary and any translation of this Summary, but only if this Summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus.

You should read the entire Prospectus carefully, especially the risks of investing in the CCNs discussed under "*Risk Factors*".

Capitalised terms used, but not defined, in certain sections of this Prospectus, including this overview, may be found in other sections of this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.

1. THE PARTIES

Issuer:

The Issuer is the parent of a group of subsidiary companies (together with the Issuer, the "**Group**") operating in the financial services sector. The Issuer was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Group is one of the largest financial services groups in Ireland. The address of the registered office of the Issuer is 40 Mespil Road, Dublin 4.

Agents:

Citibank N.A., London Branch, has been appointed to act as fiscal agent and as registrar (the "**Fiscal Agent**" and the "**Registrar**" respectively, and together the "**Agents**") pursuant to an agency deed entered into on the Issue Date between the Issuer, the Fiscal Agent and the Registrar (the "**Agency Deed**").

2. KEY CHARACTERISTICS OF THE CCNS

	<u>The CCNs</u>
Principal Amount:	€1,000,000,000
Issue Price:	100 per cent.
Interest Rate:	10.00 per cent. per annum.
Interest Accrual Method:	Actual/Actual
Interest Payment Dates:	The 29 th of each July in each year.
First Interest Payment Date:	29 July 2012
Final Maturity Date:	30 July 2016
Application for Exchange Listing:	The regulated market of the Irish Stock Exchange
ISIN:	IE00B658RR60
Ratings:	None

3. DESCRIPTION OF THE CCNs

The information set out below in this paragraph 3 is a summary of the terms and conditions of the CCNs and should be read in conjunction with the section entitled “*Terms and Conditions of the CCNs*” below.

The CCNs are not guaranteed obligations of the Minister under the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (as amended) (the “ELG Scheme”)

Capitalised Terms used but not otherwise defined in this paragraph 3 shall have the meanings as set out in the section entitled “*Terms and Conditions of the CCNs*” below.

1. **Issuer** The Governor and Company of the Bank of Ireland
2. **The CCNs** €1,000,000,000 10.00 per cent. contingent capital tier 2 notes due 2016
3. **Status, subordination, form and denomination** The CCNs constitute direct, unsecured and subordinated obligations of the Issuer. In the event of an order being made, or an effective resolution being passed, for the liquidation, dissolution or winding-up of the Issuer by reason of insolvency, bankruptcy or otherwise, the rights and claims of the Holders against the Issuer in respect of or arising under (including any damages awarded for breach of any obligation under) the CCNs shall, subject to any obligations which are mandatorily preferred by law, rank (A) junior to the claims of all holders of unsubordinated obligations of the Issuer, (B) *pari passu* with the claims of holders of all other dated subordinated obligations of the Issuer which qualify as consolidated Tier 2 Capital of the Group for regulatory capital purposes, and (C) senior to the claims of holders of all other subordinated obligations of the Issuer expressed to rank junior to the subordinated obligations of the Issuer including any subordinated obligations of the Issuer which qualify as Tier 1 Capital of the Group for regulatory purposes or which are expressed to rank junior to the CCNs.

The CCNs are represented by definitive registered certificates (each, a “**Certificate**”).

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

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

4. **Holder** Each person in whose name a CCN is registered for the time being in the Register (being the Initial Holder on the Issue Date) and “**Holders**” shall be construed accordingly.
5. **Issue Date** 29 July 2011
6. **Maturity Date** 30 July 2016
7. **Business Day** A day on which the Trans-European Automated Real-Time Gross

Settlement Express Transfer (known as TARGET2) System, which was launched on 19 November 2007 or any successor thereto, is operating.

8. ***Rate of Interest*** Interest in respect of each Interest Period is payable on each Interest Payment Date at a fixed rate of 10.00 per cent. per annum.
9. ***Interest Payment Dates*** The 29th day in each July in each year (unless such day is not a Business Day, in which case it will be the next Business Day) commencing on 29 July 2012.
10. ***Interest Period*** The period from and including the Interest Commencement Date to (but excluding) the first Interest Payment Date, and each successive period from and including an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date, or if earlier, the Maturity Date or the Conversion Date is called an “**Interest Period**”.
11. ***Interest*** Interest on the CCNs is payable by reference to successive Interest Periods and will be payable in arrears in euro and in respect of the principal amount outstanding of each CCN on the relevant Interest Payment Date.

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

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

The Issuer shall not be entitled to defer or cancel any payments of interest or any other amounts payable in respect of the CCNs.

12. ***Remarketing Option*** For as long as the Initial Holder is Holder of 100 per cent. of the CCNs, the Initial Holder may, at any time, increase the Rate of Interest to a new increased level (the “**New Interest Rate**”) determined by an independent investment bank appointed by the Initial Holder (the “**Remarketing Agent**”) but with effect only from the date that the CCNs are sold by the Initial Holder to any other person other than any State Entity (a “**Third Party Sale**”) provided that:

- (a) the New Interest Rate will not exceed 18.00 per cent. per annum.;
- (b) the Initial Holder will provide at least 15 Business Days notice to the Issuer of any proposed Third Party Sale or such longer period as may be approved in writing by the Initial Holder. During such period, the Issuer may solicit other third parties to whom the entire principal amount of the CCNs may be sold at an equivalent or higher price than the Initial Holder would receive for any proposed Third Party Sale.

Notwithstanding paragraph (b) above, the Initial Holder shall have absolute discretion as to whether to sell CCNs, to whom it may sell the CCNs and the terms of any such sale.

13. *Conversion*

Upon the occurrence of a Conversion Event whilst the CCNs are outstanding, each CCN will be immediately and mandatorily redeemed as of the Conversion Date and settled by the allotment, issue and delivery by the Issuer of fully paid Ordinary Stock to the Holders on the date specified in the Conversion Notice (as defined below), which date shall be no later than 20 Business Days following the Conversion Date (the “**Conversion Settlement Date**”). Such redemption and settlement being the “**Conversion**”. Receipt by the Holders of the Ordinary Stock and Accrued Conversion Interest (if any) shall be a good and complete discharge of the Issuer’s obligations in respect of the CCNs.

As soon as reasonably practicable following a Conversion Event, the Issuer shall give notice thereof to Holders (the “**Conversion Notice**”). The Conversion Notice shall specify the circumstances giving rise to the Conversion Event, the Conversion Price and the Conversion Settlement Date.

If a Conversion Event occurs, the CCNs will be converted in whole and not in part. CCNs so converted shall be automatically cancelled by the Issuer and may not be held, reissued or resold.

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

No Conversion shall occur following a Capital Deficiency Event if, notwithstanding the Capital Ratio being below the Trigger Ratio, the Competent Authority, at the request of the Issuer, has agreed, in its absolute discretion, that a Conversion shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have during the next 90 days following such Capital Deficiency Event, the effect of restoring the Capital Ratio to a level above the Trigger Ratio that the Competent Authority deems to be adequate at such time.

Notwithstanding the preceding paragraph, a Conversion Event will immediately occur if the Competent Authority determines, in its absolute discretion, that at any time after agreeing that no Conversion Event shall occur, the Issuer will not be able to restore

the Capital Ratio to a level above the Trigger Ratio that the Competent Authority deems to be adequate at such time.

13.1 ***Accrued Conversion Interest*** Upon Conversion, Accrued Conversion Interest shall become due and payable on the Conversion Date. The Issuer shall pay to the Holders the Accrued Conversion Interest (if any) in respect of the CCNs on the Conversion Settlement Date.

13.2 ***Conversion Price*** Upon Conversion, each Holder shall be deemed to have accepted the conversion of its CCNs into Ordinary Stock at the Conversion Price and that the Issuer shall effect such conversion on behalf of such Holder. Such Ordinary Stock shall be paid up and issued, allotted and delivered on the Conversion Date whereupon each Holder shall cease as a matter of Irish law to be treated for all purposes under Irish law as a Holder and shall instead as of such date be treated for all purposes under Irish law as a Stockholder.

The Issuer shall issue, allot and deliver such number of Ordinary Stock to the Holders on the Conversion Date in respect of each CCN as is determined by dividing the principal amount of a CCN by the Conversion Price in effect on the relevant Conversion Date.

The Conversion Price shall be subject to adjustment of the Floor Price (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Holders of the New Floor Price and of any such modifications and amendments thereafter.

13.3 ***Conversion and Takeover Event*** If a Qualifying Takeover Event shall occur then the CCNs shall, where the Conversion Date falls on or after the Non-Qualifying Takeover Event Date, be convertible into Approved Entity Shares upon the occurrence of a Conversion Event, *mutatis mutandis* at a Conversion Price that shall be the New Conversion Price.

The New Conversion Price shall be subject to adjustment in certain circumstances (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Holders of the New Conversion Price and of any such modifications and amendments thereafter.

If a Non-Qualifying Takeover Event shall occur then, with effect from the occurrence of such Non-Qualifying Takeover Event and unless a Conversion Event shall have occurred prior to such date, any outstanding CCNs shall remain the obligation of the Issuer and shall, upon the occurrence of a Conversion Event, be convertible into Ordinary Stock in accordance with the Conditions but shall not be convertible into Approved Entity Shares at any time notwithstanding that a Conversion Event may occur subsequently.

In the case of a Qualifying Takeover Event:

- (a) the Issuer shall on or prior to the Takeover Event Date, enter into such agreements and arrangements, (which may include deeds supplemental to the Conditions and

amendments and modifications to the Conditions) as may be required to ensure that, with effect from the Takeover Event Date, the CCNs shall remain obligations of the Issuer but that the CCNs be convertible into Approved Entity Shares, *mutatis mutandis* in accordance with the Conditions at the New Conversion Price; and

- (b) the Issuer shall, where the Conversion Date falls on or after the Takeover Event Date, procure the issue and/or delivery of the relevant number of Approved Entity Shares in the manner provided in the Conditions.

Within 10 Business Days following the occurrence of a Takeover Event, the Issuer shall give notice to the Holders (a “**Takeover Event Notice**”), which shall specify:

- (a) the identity of the Acquirer;
- (b) whether the Takeover Event is a Qualifying Takeover Event or a Non-Qualifying Takeover Event;
- (c) in the case of a Qualifying Takeover Event, if determined at such time, the New Conversion Price; and
- (d) in the case of a Qualifying Takeover Event, the Takeover Event Date.

13.4 **Floor Price Adjustments**

The Floor Price shall, subject to the events listed at 13.5 below, be adjusted in the following circumstances unless, for as long as the Initial Holder is a holder of 100 per cent. of the CCNs, the Initial Holder within six months of the Issue Date agrees that no adjustment is required, as follows:

- (a) In the event of a change in the Issuer’s share capital as a result of the capitalisation of reserves, profits or premia by means of the distribution of Ordinary Stock or as a result of the division or consolidation of the Ordinary Stock, the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such change by the result of the following formula:

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

where:

N_{old} is the number of units of Ordinary Stock existing before the change in share capital; and

N_{new} is the number of units of Ordinary Stock existing after the change in share capital;

provided, however, that no such adjustment shall be made if

Ordinary Stock are issued in lieu of the whole or any part of a Cash Dividend, or another cash distribution made in lieu of a dividend, which the Stockholders concerned would or could otherwise have received. Such adjustment shall become effective on the date on which such Ordinary Stock are traded ex-the relevant entitlement on the Primary Stock Exchange.

- (b) If (i) the Issuer issues or grants to Stockholders any rights or options, warrants or other rights to subscribe for or acquire Ordinary Stock, Other Securities or securities convertible or exchangeable into Ordinary Stock or Other Securities or (ii) any third party, with the agreement of the Issuer, issues to holders of Ordinary Stock any rights, options or warrants to purchase any Ordinary Stock, Other Securities or securities convertible or exchangeable into Ordinary Stock or Other Securities (the rights referred to in (i) and (ii) collectively and individually being the “**Purchase Rights**”), the Floor Price shall be adjusted by multiplying the Floor Price in force immediately prior to such issue or grant by the result of the following formula:

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

where:

P_{cum} is the VWAP of one unit of Ordinary Stock on whichever is the later of (x) the last dealing day immediately preceding the first date on which the Ordinary Stock are first traded ex-the relevant Purchase Rights on the Primary Stock Exchange or (y) the dealing day when the price for the relevant Purchase Rights is announced, or if the day the subscription or purchase price is announced is not a dealing day, the next following dealing day; and

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

- (1) if the Purchase Rights relate to Ordinary Stock

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

where:

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

and:

TERP is the theoretical ex-rights price; and

N_{old} is the number of units of Ordinary Stock existing before the change in share capital; and

N_{new} is the number of units of Ordinary Stock being newly issued; and

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

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

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

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

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

where:

N_{rights} is the number of Purchase Rights granted per unit of Ordinary Stock; and

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

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

R will be determined by an Independent Financial Adviser.

Such adjustment shall become effective:

(x) where the provisions of Condition 4(e)(ii)(1) apply, on the date on which the Ordinary Stock are trade ex-Purchase

Rights on the Primary Stock Exchange or, if the subscription or exercise price is announced only at a later time, one dealing day after the announcement of the price of the Purchase Right;

(y) where the provisions of Condition 4(e)(ii)(2) apply, five dealing days after (A) the end of the subscription or purchase period or (B) the tenth day of the subscription or purchase period, whichever is the sooner; and

(z) where the provisions of Condition 4(e)(ii)(3) apply, on the date determined by an Independent Financial Adviser.

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

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

where:

P_{cum} is the VWAP of one unit of Ordinary Stock on whichever is the later of (x) the last dealing day immediately preceding the Effective Date or (y) the dealing day when the relevant Dividend is announced (or, if the day on which the amount of the relevant Dividend is announced is not a dealing day, the next following dealing day); and

D is the portion of the Fair Market Value of the aggregate Capital Distribution attributable to one unit of Ordinary Stock, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution on the Effective Date by the number of Ordinary Stock entitled to receive the relevant Dividend (or, in the case of a purchase, redemption or buy back of Ordinary Stock (or any depositary or other receipts or certificates representing Ordinary Stock) by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of Ordinary Stock in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Stock (or any Ordinary Stock represented by depositary or other receipts or certificates) so purchased, redeemed or bought back).

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

- (d) In respect of a Non-Cash Dividend, the Floor Price shall be adjusted as follows:
- (1) where the Non-Cash Dividend in question (x) consists of securities that are traded on a regulated stock

exchange in the European Union, the United States of America, Canada or Japan or (y) has otherwise a value which is determinable by reference to a stock exchange quotation or otherwise, by multiplying the Floor Price in force immediately prior to such Non-Cash Dividend by the result of the following formula:

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

where:

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

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

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

$$P_{\text{after}} / P_{\text{before}}$$

where:

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

P_{before} is the arithmetic average of the VWAP of a unit of Ordinary Stock on the five consecutive dealing days ending on the dealing day immediately preceding the Distribution Date,

as determined by an Independent Financial Adviser.

Such adjustment shall become effective:

- (x) where the provisions of Condition 4(e)(iv)(1) apply, on the date on which the relevant Non-Cash

Dividend is made; and

- (y) where the provisions of Condition 4(e)(iv)(2) apply, five dealing days after the Distribution Date.
- (e) If the Issuer determines that, notwithstanding paragraphs (a) to (d) above, an adjustment should be made to the Floor Price as a result of one or more of the events or circumstances not referred to in (a) to (d) above or circumstances have arisen which might have an adverse effect on the right of the Holders upon Conversion of the CCNs and no adjustment of the Floor Price under (a) to (d) above would otherwise arise, the Issuer shall engage the advise or services of an Independent Financial Adviser to determine as soon as practicable what adjustment, if any, to the Floor Price or amendment, if any, to the terms of Condition 4 is fair and reasonable to take into account thereof and the date on which such adjustment should take effect. The Independent Financial Adviser shall have no responsibility to make any enquiries as to whether or not any event has occurred which might require an adjustment to the Floor Price or amendment, if any, to the terms of Condition 4. Notwithstanding the foregoing:
- (1) where the events or circumstances giving rise to any adjustment pursuant to (a) to (e) above have already resulted or will result in an adjustment to the Floor Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Floor Price or where more than one event which gives rise to an adjustment to the Floor Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;
 - (2) such modification shall be made to the operation of the CCNs as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate (x) to ensure that an adjustment to the Floor Price or the economic effect thereof shall not be taken into account more than once and (y) to ensure that the economic effect of a Dividend is not taken into account more than once;
 - (3) for the avoidance of doubt, the issue of Ordinary Stock upon a Conversion or upon any conversion or exchange in respect of any Other Securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Floor Price; and

- (4) at any time when the Ordinary Stock are not admitted to trading on a Recognised Stock Exchange, the Floor Price shall be adjusted as provided above save that for the purposes thereof the Current Market Price, the VWAP of a unit of Ordinary Stock and the date upon which any adjustment becomes effective shall be determined in good faith by an Independent Financial Adviser in such manner as it considers appropriate to ensure that an adjustment to the Floor Price is made which gives the intended same result as if the Ordinary Stock were so admitted to trading.

Notice of any adjustments to the Floor Price pursuant to the above shall be given by the Issuer, in accordance with Conditions, to Holders promptly after the determination thereof.

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

13.5 *Events not giving rise to Floor Price Adjustment*

No adjustment to the Floor Price will be made:

- (a) as a result of any issue or distribution of new Ordinary Stock or Other Securities if the pre-emptive right in respect thereof has been validly excluded by a non-routine resolution of the general meeting of Stockholders unless a pre-emptive right in respect thereof is granted indirectly to the Stockholders by a third party with the agreement of the Issuer. The annual disapplication of pre-emption rights conferred by way of special resolution proposed at each annual general meeting of the Issuer shall not constitute a non-routine resolution; or
- (b) as a result of any public issue of bonds convertible into Ordinary Stock or bonds with options to subscribe for Ordinary Stock, such issue being in connection with a conditional increase of the share capital of the Issuer, irrespective of whether in respect of such issue the advance subscription rights to acquire such bonds have been excluded or not, unless advance subscription rights have been granted and are traded on the Primary Stock Exchange; or
- (c) if, as a result of any Non-Cash Dividend by the Issuer, the Issuer sells any share, right, warrant or other security representing the same (an “**Interest**”) in any of its subsidiaries to holders of the Ordinary Stock at fair value, and for this purpose:
 - (1) where such Interest is listed on, traded on, or dealt in any stock exchange, the fair value of such Interest shall be at least 95 per cent. of the average of the last paid prices therefor on such stock exchange (or, if more than one, the principal such stock exchange) on each of

the ten dealing days commencing on the twentieth dealing day before the day on which the Issuer officially announces the terms and conditions for such sale, as determined by an Independent Financial Adviser; and

(2) where such Interest is not so listed, traded or dealt in, the fair value of such Interest shall be at least 95 per cent. of the Fair Market Value thereof; or

(d) if an increase in the Floor Price would result from such adjustment, except in case of an exchange of the Ordinary Stock for Other Securities or a consolidation of Ordinary Stock.

13.6 *Ordinary Stock*

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

14. *Redemption Cancellation*

and Unless previously converted in accordance with the Conditions, the CCNs shall only be redeemed on the Maturity Date at their principal amount plus accrued interest.

None of the Issuer, any Group Company or its Subsidiaries may purchase, redeem, buy back or otherwise acquire any of the CCNs prior to the Maturity Date.

All CCNs redeemed by the Issuer will be cancelled

15. *Payments*

Payments of principal to be made to Holders and payments of accrued interest payable on a redemption of CCNs (other than on an Interest Payment Date) and payment of any Accrued Conversion Interest that is to be paid shall, in each case, be made against presentation and surrender of the relevant Certificates at the specified office of any of the CCN Agents or the Registrar.

Payments of interest to be made to Holders due on an Interest Payment Date shall be paid to the person shown on the Register at the close of business on the fifteenth day before the Relevant Date for payment thereof (the “**Record Date**”).

Payments of all other amounts will be made as provided in the Conditions.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives in the place of payment. No commission or expenses shall be charged to the Holders in respect of

such payments.

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

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

16. ***Taxation***

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

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

Directive; or

- (e) (where presentation and surrender is required pursuant to these Conditions) in respect of any CCN presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant CCN to another Fiscal Agent in a member state of the European Union; or
- (f) where such withholding or deduction arises by reason of the Holder having some connection with Ireland other than the mere holding or ownership of the CCNs.

17. ***Variation Following a Tax Event*** If a Tax Event has occurred and is continuing, the Issuer may at any time upon not less than 30 nor more than 60 days' notice to the Holders, without any requirement for the consent of approval of the Holders, vary the terms of the CCNs on the condition that they remain or, as appropriate, become, Qualifying CCNs. In connection with any such variation, the Issuer shall comply with the rules of any stock exchange on which the CCNs are for the time being listed or admitted to trading. For the avoidance of doubt, a variation may include a substitution of the Issuer.

Any variation of the terms of the CCNs shall be solely for the purposes of curing a Tax Event and any such variation must not be materially prejudicial to the interests of the Holders (as determined in good faith by an Independent Financial Adviser) nor modify or vary any of the terms of the CCNs as contemplated by Condition 14(a).

For so long as the Initial Holder is a holder of 100 per cent of the CCNs any such variation must be approved in writing by the Initial Holder.

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

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

20. ***Listing and Trading*** Application has been made to the Irish Stock Exchange for the CCNs to be admitted to the Official List and trading on its regulated market.

RISK FACTORS

The following is a summary of the principal risks associated with an investment in the CCNs. These risk factors are material to an investment in the CCNs and in the Issuer. Prospective Holders should carefully read and consider all the information contained in this Prospectus, including the risk factors set out in this section, prior to making any investment decision.

1. RISK RELATED TO THE ISSUER AND THE GROUP

Further downgrades to the Irish sovereign credit ratings or outlook or the restructuring of, or inability to meet Irish sovereign liabilities could further impair the Group's access to funding, trigger additional collateral requirements and weaken its competitive position.

As at 5 August 2011, the last practicable date prior to the publication of this Prospectus, the long-term (outlook)/short-term sovereign credit ratings for Ireland were BBB+ (Stable)/A-2 from Standard & Poor's, Ba1 (Negative)/N-P from Moody's Investor Service, BBB+ (Negative)/F2 from Fitch Ratings, A (Negative Trend)/R-1(low) from DBRS and BBB+ (Negative)/(A-2) from Ratings and Investment Information Inc. These current ratings are the result of a number of ratings downgrades of the sovereign credit ratings since early 2009 which have seen the long-term (outlook) sovereign ratings for Ireland reduced from: AAA (CreditWatch Stable) from Standard & Poor's, Aaa (Stable) from Moody's Investor Services, AAA (Stable) from Fitch Ratings, AA (Stable) from DBRS (in July 2010 when DBRS commenced rating the sovereign credit rating for Ireland) and AAA (Stable) from Ratings and Investment Information Inc.¹

Further downgrades would be likely to further delay a return to normal market funding for the State. As the guarantor of certain liabilities of the Group under the ELG Scheme, further sovereign downgrades are also likely to impact adversely on the Group's credit rating (see the risk factor entitled "*Further downgrades to the Group's credit ratings or credit outlook could impair the Group's access to funding, either by borrowing or through access to capital or deposits markets, trigger additional collateral requirements, further withdrawals of deposits and/or weaken its competitive position.*" in the Equity Prospectus for further information) and cost of funding for certain securities guaranteed under this scheme and could restrict refinancing of wholesale funding and also result in further withdrawals of deposits from the Group.

In addition, as a "participating institution" in the National Asset Management Agency ("**NAMA**"), the Group has received Government guaranteed bonds and non-guaranteed subordinated bonds issued by NAMA as consideration for the transfer of assets to NAMA. In the normal course of business, the Group also has holdings in Irish Government bonds separate from those issued under NAMA. A downgrade or series of downgrades in the credit rating of the Government debt or the Government guaranteed bonds could adversely impact the extent to which the Group can use these bonds as collateral for the purposes of accessing the liquidity provision operations offered by the ECB, the Central Bank, the Bank of England, the US Federal Reserve (together the "**Monetary Authorities**") or secured borrowing from wholesale markets; for example, if these bonds ceased to meet the eligibility criteria set by Monetary Authorities (see the risk factor entitled "*The Group has a continuous need for liquidity to fund its business activities. It may suffer periods of market-wide and/or firm-specific liquidity constraints and is exposed to the risk that liquidity is not made available to it even if its underlying business remains strong*" in the Equity Prospectus). On 31 March 2011, the European Central Bank (the "**ECB**") announced (the "**ECB Announcement**") the suspension of the minimum credit rating threshold in the collateral eligibility requirements for the purposes of the eurozone's credit operations in marketable debt instruments issued or guaranteed by the Irish Government. The ECB stated that the suspension applies to all outstanding and new marketable debt instruments and it will be maintained until further notice.

¹ Each of Standard & Poor's, Moody's Investor Service, Fitch Ratings, DBRS and Ratings and Investment Information Inc is established in the European Union and have each applied for registration under Regulation (EC) No. 1060/2009 although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

In November 2010, €85 billion of funding was made available to the State pursuant to the Programme of Financial Support for Ireland as announced by the EU and the International Monetary Fund (the “IMF”) on 1 December 2010 and, where the context so permits, as updated and supplemented on 28 April 2011 (the “EU/IMF Programme”). In April 2011, the Minister for Finance confirmed that Ireland would “fully honour all its legal obligations to its creditors” (Source: Written Dáil Answers, 12 April 2011). However the Minister also stated on 31 March 2011, in the context of the recapitalisation of the banks, that “we will seek direct contributions to solving the capital issues of the banking system by looking for a further significant contributions from subordinated debt holders” (Source: Minister for Finance’s Statement on Banking Matters on 31 March 2011). If, notwithstanding the availability of the funds under the EU/IMF Programme and other sources, Irish sovereign liabilities are restructured, or the State is otherwise unable to meet these liabilities, such an event would materially impair the Group’s access to funding, trigger additional collateral requirements and weaken its competitive position.

As such (subject to the terms of the ECB Announcement and its continuance), further downgrades or series of downgrades in the sovereign rating of Ireland, or the restructuring of, or an inability to meet Irish sovereign liabilities, may have a systemic effect on the Irish banking sector, may have adverse effects for the Irish economy and may also affect the marketability of the State guaranteed bonds held by the Group and the Group’s ability to use the bonds as collateral or sell them, or make it more difficult and/or more expensive for the Group to access private sources of capital and funding. These circumstances would negatively impact on the Group’s ability to fund its operations and, in extreme circumstances, if the Group’s ability to access the liquidity provision operations offered by Monetary Authorities were to be restricted, the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access.

Further downgrades to the Group’s credit ratings or credit outlook could impair the Group’s access to funding, either by borrowing or through access to capital or deposits markets, trigger additional collateral requirements, further withdrawals of deposits and/or weaken its competitive position.

As at 5 August 2011, the last practicable date prior to publication of this Prospectus, the long-term (outlook)/short-term (outlook) credit ratings for the Group were BB+(negative)/B from Standard & Poor’s, Ba2 (Deposit rating Ba1) (Negative)/N-P (Not Prime) (Deposit Rating N-P)(N/A) from Moody’s Investor Service, BBB (Negative)/F2 from Fitch Ratings and BBB high (Negative)/R-2 high (Negative) from DBRS. These current ratings are the result of a number of downgrades, the most recent of which having occurred in April 2011. Further downgrades in the credit ratings of the Group could have a negative impact on the volume and pricing of its funding and its financial position, further limit the Group’s access to the capital and funding markets, trigger material collateral requirements or associated obligations in derivative contracts or other secured-funding arrangements, make ineligible or lower the liquidity value of pledged securities and weaken the Group’s competitive position in certain markets. In addition, the availability of deposits is often dependent on credit ratings and further downgrades for the Group could lead to further withdrawals of corporate or retail deposits which could result in a deterioration in the Group’s funding and liquidity position.²

Further, the Risk factors listed under the heading of “Risks Related to the Bank of Ireland” set out on pages 31 to 50 of Part II of the Equity Prospectus are incorporated by reference into this Prospectus.

2. RISK RELATED TO THE CCNS

Capitalised terms used but not otherwise defined in this section 2 (“Risks relating to the CCNs”) shall have the meanings as set out in the section entitled “Terms and Conditions of the CCNs” below.

2.1 The CCNs may not be a suitable investment for all investors

² Each of Standard & Poor’s, Moody’s Investor Service, Fitch Ratings, DBRS and Ratings and Investment Information Inc is established in the European Union and have each applied for registration under Regulation (EC) No. 1060/2009 although notification of the corresponding registration decision has not yet been provided by the relevant competent authority.

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the CCNs, the merits and risks of investing in the CCNs and the information contained or incorporated by reference in this document or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the CCNs and the impact such investment will have on its overall investment portfolio;
- (c) understand thoroughly the terms of the CCNs and be familiar with the behaviour of financial markets in which they participate; and
- (d) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The CCNs are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in CCNs unless it has the expertise (either alone or with a financial adviser) to evaluate how the CCNs will perform under changing conditions, the resulting effects on the value of the CCNs and the impact this investment will have on the potential investor's overall investment portfolio.

2.2 ***CCNs are mandatorily convertible into Ordinary Stock in certain prescribed circumstances***

If at any time a Conversion Event occurs, the CCNs will mandatorily convert at the prevailing Conversion Price into Ordinary Stock. As a result, investors in the CCNs will become Stockholders in the Issuer on the relevant Conversion Date. The deterioration in the Issuers capital ratio may be accompanied by a deterioration in the trading price of the Ordinary Stock, such that investors would receive Ordinary Stock at a time when both the capital ratios and the share price of the Issuer are diminished. The CCNs are not convertible into Ordinary Stock at the option of the Holders at any time. Because of the nature of the Conversion Event, it will be very difficult to predict with any certainty when or if Conversion will occur. Accordingly, trading behaviour in respect of the CCNs is not necessarily expected to follow trading behaviour associated with other types of convertible or exchangeable securities.

If in the future the Issuer were to be the subject of a takeover, depending on the nature of the acquirer and whether or not certain conditions are satisfied, any conversion following such takeover may be into ordinary shares of the acquirer, all as more fully described in "*Terms and Conditions of the CCNs*".

2.3 ***Risks attached to Conversion***

If Conversion of the CCNs is triggered at a time when the prevailing price of the Ordinary Stock is below the relevant Conversion Price, a Holder will be obliged to accept delivery of the Ordinary Stock at that Conversion Price, which might be substantially higher than the prevailing price of the Ordinary Stock and a Holder would thereby receive Ordinary Stock with a market value substantially less than the principal amount of that Holder's CCNs. The further the Ordinary Stock price falls below the relevant Conversion Price, the greater the risk of a material decline in the market price of the CCNs.

2.4 *Holders will bear the risk of fluctuation in the price of the Ordinary Stock and or the Issuer's Core Tier 1 Ratio or Common Equity Tier 1, as the case may be*

The market price of the CCNs is expected to be affected by fluctuations in the market price of the Ordinary Stock, in particular if at any time there is a significant deterioration in the Issuer's Core Tier 1 Ratio (or the Issuer's CET 1 Ratio following the implementation of CRD IV), and it is impossible to predict whether the price of the Ordinary Stock will rise or fall. Trading prices of the Ordinary Stock will be influenced by, among other things, the financial position of the Issuer, the results of operations and political, economic, financial and other factors. Any decline in the price of the Ordinary Stock or any indication that the Issuer's Core Tier 1 Ratio (or the Issuer's CET 1 Ratio following the implementation of CRD IV) is trending towards the relevant Trigger Ratio may have an adverse effect on the market price of the CCNs. The level of the Issuer's Core Tier 1 Ratio (or the Issuer's CET 1 Ratio following the implementation of CRD IV) may significantly affect the trading price of the CCNs and/or the Ordinary Stock.

2.5 *Holders have limited anti-dilution protection*

The Conversion Price at which the CCNs may be converted into Ordinary Stock will be adjusted in the event that there is a consolidation, reclassification or subdivision of the Ordinary Stock, capitalisation of profits, capital distributions or cash dividends, rights issues or grant of other subscription rights or other adjustment which affects the Ordinary Stock but only in the situations and only to the extent provided in ("*Terms and Conditions of the CCNs*") below. There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Ordinary Stock. Events in respect of which no adjustment is made may adversely affect the value of the Ordinary Stock and, therefore, adversely affect the value of the CCNs.

2.6 *The obligations of the Issuer under the CCNs are subordinated*

The rights and claims of the Holders will be subordinated to the claims of all senior creditors of the Issuer. There is a material risk that a holder of CCNs will lose all or some of its investment should the Issuer become insolvent. In particular, Holders should be aware that the CCNs will comprise Lower Tier 2 regulatory capital of the Group. However, in the event that the CCNs are converted into Ordinary Stock, Holders will be effectively further subordinated due to the conversion from a debt instrument to ordinary shares and there is an enhanced risk that Holders will lose all or some of their investment should the Issuer (or, if applicable, the relevant Acquirer) become insolvent.

2.7 *Redemption risk*

The CCNs shall only be redeemed on the Maturity Date. The Issuer have no right to call for redemption at any time prior to the stated Maturity Date and the Holders shall have no right to call for their redemption at any time.

2.8 *No limitation on issuing securities*

There is no restriction on the amount of securities or indebtedness which the Issuer may issue or incur which rank senior to or *pari passu* with the CCNs. The issue of any such securities or indebtedness may reduce the amount recoverable by Holders on a winding-up of the Issuer. In addition, the CCNs do not contain any restriction on the Issuer or the Group issuing equity securities that may have preferential rights to the Ordinary Stock, and any such issuance would not result in an adjustment to the Conversion Price.

2.9 *There is no active trading market for the CCNs and potentially one may not develop*

The CCNs are new securities which may not be widely distributed and for which there is currently no active trading market. If the CCNs are traded after their initial issuance, they may trade at a discount to their issue price, depending upon prevailing interest rates, the market for similar securities, general economic conditions, the Group's results of operations, fluctuations in the Issuer's Core Tier 1 Ratio and the market price of the Ordinary Stock. Although application has been made for the CCNs to be listed on the Official List of the Irish Stock Exchange and trading on its regulated market, there is no assurance that such applications will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the CCNs.

2.10 ***Restricted remedies for non-payment***

The sole remedy against the Issuer available to a Holder to recover any amounts owing in respect of the principal of, or interest on, the CCNs will be to institute proceedings for, or prove in the winding-up or claim in the liquidation of the Issuer for such payment.

2.11 ***Burden Sharing by holders of subordinated debt***

The Credit Institutions (Stabilisation) Act 2010 (the "**Stabilisation Act**"), which provides the legislative basis for the restructuring of the Irish banking system agreed in the joint EU-IMF Programme, gives the Minister very significant powers of intervention in respect of a relevant institution (which would include the Issuer). These include intervention by way of making a direction order (to take or refrain from any action); special management order (appoint a person as special manager of the relevant institution); a subordinated liabilities order modifying the rights of subordinated bondholders in a relevant institution which could include the CCNs, (including rights to interest and the repayment of principal, events of default, timing of obligations and may facilitate potential debt for equity swap restructuring of subordinated liabilities) or a transfer order (transfer of assets or liabilities of relevant institutions).

The Stabilisation Act restricts subordinated creditors from instituting a petition to wind up an institution on the basis of failure to honour the terms of a subordinated liability where the institution in question is in compliance with the terms of an Order. In addition once an Order is made, no subordinated creditor of the relevant institution may exercise any right of set-off in respect of any amount in connection with the subordinated liabilities owed to the subordinated creditor by the relevant institution. The term of the Stabilisation Act is to 31st December, 2012, or a later date substituted by resolution of both houses of the Oireachtas (parliament of Ireland). It is anticipated that the Central Bank and Credit Institutions (Resolution) (No.2) Bill 2011, (the "**Resolution Bill**") will have been enacted and commenced by that time. The Resolution Bill is intended to replace the Stabilisation Act and provide for a mechanism for State intervention in the banking sector through a long term special resolution regime.

The potential impact of the introduction of the Resolution Bill is discussed in more detail in the risk factor entitled "*The Irish banking system is required to restructure and change significantly which could have a material adverse effect on the Group's results, financial condition and prospects*" on pages 36 and 37 of the Equity Prospectus.

2.12 ***Modification and waivers***

The Agency Deed contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Holders who voted in a manner contrary to the majority.

2.13 ***Change of law***

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

2.14 ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, each Member State of the European Economic Area, including Belgium from 1 January 2010, is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain other persons in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria may instead operate a withholding system in relation to such payments, deducting tax at rates rising over time to 35 per cent. The transitional period is to terminate at the end of the full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland) with effect from the same date. On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. If a payment were to be made or collected through a Member State which has opted for a withholding system, or through another country that has adopted similar measures, and an amount of or in respect of tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any CCN as a result of the imposition of such withholding tax.

However, the Issuer is required to maintain a paying agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Directive.

2.15 ***Minimum Specified Denominations***

In relation to any CCNs which have a denomination consisting of the minimum specified denomination plus a higher integral multiple of another smaller amount, it is possible that the CCNs may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of the minimum Specified Denomination. In such case, a Holder who, as a result of such trading amounts, holds a principal amount of less than the minimum specified denomination will not receive a Certificate in respect of such holding and would need to purchase a principal amount of CCNs such that it holds an amount equal to one or more specified denomination.

2.16 ***Liabilities Under the CCNs***

The CCNs will not be obligations of, or the responsibility of, or guaranteed by, any person other than the Issuer. No liability whatsoever in respect of any failure by the Issuer to pay any amount due under the CCNs shall be accepted by any of the Agents, any company in the same group of companies as such entities, or any other party to the Transaction Documents or by any person other than the Issuer.

2.17 ***Legal considerations may restrict certain investments***

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

(2) CCNs can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any CCNs. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of CCNs under any applicable risk-based capital or similar rules.

3. **RISK RELATED TO THE ORDINARY STOCK**

The Risk factors listed under the heading of “*Risks Relating to the Ordinary Stock*” set out on pages 50 to 51 of Part II of the Equity Prospectus are incorporated by reference into this Prospectus.

SUMMARY OF THE AGENCY DEED

The Agency Deed

On 29 July 2011, the Issuer and the Agents entered into the Agency Deed pursuant to which the Issuer appointed each of the Fiscal Agent and the Registrar.

The CCNs are constituted by the Agency Deed and the Conditions are set out therein. The form of Certificate (including the form of transfer and the Conditions) is set out in the Agency Deed.

In accordance with the terms of the Agency Deed, the Issuer will pay a fee to each Agent for its services under the Agency Deed at the rate and times agreed between the Issuer and each Agent together with payment of any liabilities incurred by each Agent in relation to such Agent's performance of its obligations under or in connection with the Agency Deed and the CCNs.

Termination of Appointment

The Issuer (subject to the prior consent of the Holders) may terminate the appointment of any Agent by either (i) agreement between the parties to the Agency Deed, or (ii) giving at least 90 calendar days written notice to the relevant Agent.

If an Agent: (i) becomes incapable of acting, or is adjudged bankrupt or insolvent, or files a voluntary petition in bankruptcy or makes an assignment for the benefit of its creditors or consents to the appointment of an administrator, liquidator or administrative or other receiver of all or any substantial part of its property, or if an administrator, liquidator or administrative or other receiver of it or of all or a substantial part of its property is appointed, or it admits in writing its inability to pay or meet its debts as they may mature or suspends payment of its debts, or if an order of any court is entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law or if a public officer takes charge or control of such Agent or of its property or affairs for the purpose of rehabilitation, administration or liquidation; or (ii) in the case of the Fiscal Agent, it fails to determine the Interest Amount in respect of any Interest Period as provided in the Conditions and the Agency Deed; the Issuer may without notice terminate the appointment of such Agent.

An Agent may resign at any time by giving to the Issuer and the Fiscal Agent at least 60 days' prior written notice to that effect provided that, so long as any of the CCNs are outstanding, the notice shall not expire less than 45 days before any due date for the payment of interest.

If the Fiscal Agent shall resign or be removed, the Issuer shall promptly and in any event within 30 days appoint a successor (being a leading bank acting through its office in London). If the Issuer fails to appoint a successor within such period, the Fiscal Agent may select a leading bank acting through its office in London to act as Fiscal Agent hereunder and the Issuer shall appoint that bank as the successor Fiscal Agent.

Notwithstanding the above, if the Fiscal Agent changes its specified office or its euro clearing account to an office or a euro clearing account, as the case may be, located in Ireland, the Issuer may terminate the appointment of the Fiscal Agent at any time from the date of receipt of notice from the Fiscal Agent. In such circumstances, the termination of the appointment of the Fiscal Agent shall be effective from the date that the Issuer appoints a replacement fiscal agent in respect of the CCNs.

Governing Law

The Agency Deed, and any non-contractual obligations arising out of or in connection therewith, are governed by Irish law.

GOVERNOR AND COMPANY OF THE BANK OF IRELAND

The Issuer is the parent of a group of subsidiary companies (together with the Bank, the “**Group**”) operating in the financial services sector.

The Bank was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Group is one of the largest financial services groups in Ireland. The address of the registered office of the Bank is 40 Mespil Road, Dublin 4 (Telephone No.: +353 1 661 5933).

The Group provides an extensive range of banking and other financial services. All of these services are provided by the Group in Ireland, with selected services being offered in the UK and internationally. These services include current and deposit accounts, overdrafts, term loans, mortgages, business and corporate lending, international asset financing, leasing, instalment credit, debt factoring, foreign exchange facilities, interest and exchange rate hedging instruments, executor, trustee, life assurance and pension and investment fund management, fund administration and custodial services and financial advisory services, including mergers and acquisitions and underwriting. The Group provides services in euro and other currencies. The Group markets and sells its products on a domestic basis through its extensive nationwide distribution network in Ireland, which consists of 254 full service bank branches, its direct telephone banking service, direct sales forces and its online services.

For further information on the Issuer, please see the sections entitled “*Description of the Bank*” in the Base Prospectus and Part X (*Information on the Group*) to Part XV (*Unaudited pro-form Financial Information*) (inclusive) of the Equity Prospectus.

On 25 July 2011, the Minister announced that he had agreed to sell a significant share of the State’s holding of ordinary stock in the Issuer (up to €1.123 billion) to a group of significant institutional investors and fund managers (the “**Investors**”). The full extent of the investment in the Issuer will be subject to the receipt of certain regulatory consents by the Investors and to the extent that the resultant combined stockholdings of the Investors exceed 29.9 per cent. of the Issuer’s then fully diluted ordinary stock, prior approval by independent stockholders. The Issuer has been advised that each of the Investors will manage their individual stockholdings independently. The Issuer has been advised that, should the regulatory and other conditions to all of the above transactions be satisfied and the transactions concluded, the State’s stockholding in the Issuer would not fall below 15.0 per cent. The combined maximum stockholding in the Issuer of the Investors would be 34.9 per cent. of the fully diluted ordinary stock. The precise stockholdings can only be determined after all regulatory and other approvals necessary for the investment are obtained.

In order to facilitate this investment, the Issuer has given certain commitments to the Investors including to assist them obtain the regulatory approvals required for their investment, to conduct business in the ordinary course and to ensure pre-emption. The overall costs of the capital raising, including certain expenses of these investors, will remain within the costs figure previously advised to stockholders.

TERMS AND CONDITIONS OF THE CCNS

TERMS AND CONDITIONS OF THE CONTINGENT CAPITAL TIER 2 NOTES

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

The €1,000,000,000 10.00 per cent. Contingent Capital Tier 2 Notes due 30 July 2016 (“**CCNs**”) issued by The Governor and Company of the Bank of Ireland (the “**Issuer**”), which expression shall in these Conditions include any further CCNs issued pursuant to Condition 10 and forming a single series with the CCNs, are subject to these Conditions and were issued pursuant to an agency deed dated the Issue Date (the “**Agency Deed**”) made between the Issuer and Citibank N.A., London Branch as fiscal agent (the “**Fiscal Agent**”) and registrar (the “**Registrar**”) (together with any other agent or agents appointed from time to time with respect to the CCNs, the “**CCN Agents**” and each a “**CCN Agent**”). Copies of the Agency Deed will be available during usual business hours at the specified offices of the Fiscal Agent.

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

1. **Form, Denomination and Title**

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

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

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

2. **Status and Subordination of the CCNs**

(a) **Status**

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

(b) **Subordination**

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

3. **Interest**

(a) **Interest Payment Dates**

Each CCN bears interest on its principal amount from time to time from (and including) the Issue Date (the “**Interest Commencement Date**”) and interest will be payable in arrears at the Rate of Interest (as defined below) on 29 July in each year (each an “**Interest Payment Date**”) up to (but excluding) the Maturity Date in accordance with Condition 7.

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

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

(b) ***Interest Accrual***

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

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

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

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

(d) ***Calculations***

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

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

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions by the Fiscal Agent will, in the absence of wilful default, bad faith or manifest error, be binding on the Issuer, the Fiscal Agent and the Holders and in the absence of wilful default, bad faith or manifest error, no liability to the Issuer or the Holders shall attach to the

Fiscal Agent in connection with exercise or non-exercise by it of its powers, duties and discretions under these Conditions.

(f) ***No Deferral***

The Issuer shall not be entitled to defer or cancel any payments of interest or any other amounts payable in respect of the CCNs.

(g) ***Remarketing Option***

(i) For as long as the Initial Holder is Holder of 100 per cent. of the CCNs, the Initial Holder may, at any time, increase the Rate of Interest on the CCNs (such increased rate, the “**New Interest Rate**”) as determined by an independent investment bank appointed by the Initial Holder (the “**Remarketing Agent**”) but with effect only from the date that the CCNs are sold by the Initial Holder to any other person other than any State Entity (a “**Third Party Sale**”).

(ii) For the purposes of this Condition 3(g), the New Interest Rate will not exceed 18.00 per cent. per annum.

(iii) The Initial Holder will provide at least 15 Business Days notice in writing to the Issuer of any proposed Third Party Sale or such longer period as may be approved in writing by the Initial Holder. During such period, the Issuer may solicit other third party investors, at a potentially lower interest rate than the rate described in Condition 3(g)(ii), to whom the entire principal amount of the CCNs may be sold at an equivalent or higher price than the Initial Holder would receive for any proposed Third Party Sale.

(iv) Notwithstanding any other provision of these Conditions or the Agency Deed to the contrary, the Initial Holder shall have absolute discretion as to whether to sell the CCNs, to whom it may sell the CCNs and the terms of any such sale.

(v) The Issuer shall, if required by the Initial Holder: (a) disclose to the Initial Holder the identity of any third party investors solicited or to be solicited by the Issuer pursuant to Condition 3(g)(ii) and (b) provide and/or disclose all such information necessary, as determined by the Initial Holder in its absolute discretion, to facilitate the effecting of a Third Party Sale.

(h) ***Maintenance of Agents***

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

4. **Conversion**

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

(i) If a Conversion Event occurs at any time while the CCNs are outstanding, each CCN shall, subject to and as provided in this Condition 4, be immediately and mandatorily redeemed as of the Conversion Date and settled (such redemption and settlement

being the “**Conversion**” and the term “**converted**” shall be construed accordingly) by the allotment, issue and delivery by the Issuer of fully paid Ordinary Stock to the Holders on the date specified in the Conversion Notice (as defined below), which date shall be no later than 20 Business Days following the Conversion Date (the “**Conversion Settlement Date**”). Subject to Condition 4(c), receipt by the Holders of the Ordinary Stock and Accrued Conversion Interest (if any) shall be a good and complete discharge of the Issuer’s obligations in respect of the CCNs.

- (ii) As soon as reasonably practicable following the occurrence of the Conversion Event, the Issuer shall give notice thereof to Holders (the “**Conversion Notice**”) in accordance with Condition 13. The Conversion Notice shall specify the circumstances giving rise to the Conversion Event, the Conversion Price and the Conversion Settlement Date.
- (iii) If a Conversion Event occurs, the CCNs will be converted in whole and not in part as provided in accordance with this Condition 4(a). CCNs so converted shall be automatically cancelled by the Issuer and may not be held, reissued or resold.
- (iv) Except on the occurrence of a Conversion Event, the CCNs are not convertible into Ordinary Stock at the option of Holders at any time and are not redeemable in cash as a result of a Conversion Event.
- (v) No Conversion Notice shall be given and no Conversion shall occur following a Capital Deficiency Event if, notwithstanding the Capital Ratio being below the Trigger Ratio, the Competent Authority, at the request of the Issuer, has agreed, in its absolute discretion, that a Conversion shall not occur because it is satisfied that actions, circumstances or events have had, or imminently will have during the next 90 days following such Capital Deficiency Event, the effect of restoring the Capital Ratio to a level above the Trigger Ratio that the Competent Authority deems to be adequate at such time.
- (vi) Notwithstanding Condition 4(a)(v), a Conversion Event will immediately occur if the Competent Authority determines, in its absolute discretion, that at any time after agreeing under Condition 4(a)(v) that no Conversion Event shall occur, the Issuer will not be able to restore the Capital Ratio to a level above the Trigger Ratio that the Competent Authority deems to be adequate at such time.

(b) ***Accrued Conversion Interest***

- (i) Upon Conversion, Accrued Conversion Interest shall become due and payable on the Conversion Date and the Issuer shall pay to the Holders the Accrued Conversion Interest (if any) in respect of the CCNs on the Conversion Settlement Date.
- (ii) Payment of any Accrued Conversion Interest will be made in cash by transfer to an account with a bank in a city in which banks have access to the TARGET System, as specified by the relevant Holder.

(c) ***Conversion Price***

- (i) Upon Conversion, each Holder shall be deemed to have accepted the conversion of its holding of CCNs into Ordinary Stock at the Conversion Price and that the Issuer shall effect such Conversion on behalf of such Holder. Such Ordinary Stock will be deemed to be credited as fully paid up and allotted, issued and delivered as of the Conversion Date, whereupon each Holder shall cease as a matter of Irish law to be

treated for all purposes under Irish law as a Holder and shall instead as of such date be treated for all purposes under Irish law as a Stockholder.

- (ii) The Issuer shall, not later than the Conversion Settlement Date, allot, issue and deliver such number of units of Ordinary Stock to the Holders in respect of each CCN as is determined by dividing the principal amount of such CCN by the Conversion Price in effect on the Conversion Date.
- (iii) The Conversion Price shall be subject to adjustment in the circumstances provided in Condition 4(e) for the adjustment of the Floor Price (with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Holders of the New Floor Price and of any such modifications and amendments thereafter.

(d) ***Conversion on a Takeover Event***

- (i) If a Qualifying Takeover Event occurs then the CCNs shall, where the Conversion Date falls on or after the Takeover Event Date, be convertible into Approved Entity Shares upon the occurrence of a Conversion Event, *mutatis mutandis* as provided in accordance with this Condition 4, at a Conversion Price that shall be the New Conversion Price.
- (ii) The New Conversion Price shall be subject to adjustment in the circumstances provided in Condition 4(e) for the adjustment of the Floor Price (if necessary with such modifications and amendments as an Independent Financial Adviser acting in good faith shall determine to be appropriate) and the Issuer shall give notice to Holders of the New Conversion Price and of any such modifications and amendments thereafter.
- (iii) If a Non-Qualifying Takeover Event occurs then, with effect from the occurrence of such Non-Qualifying Takeover Event and unless a Conversion Event shall have occurred prior to such date, any outstanding CCNs shall remain the obligation of the Issuer and shall, upon the occurrence of a Conversion Event, be convertible into Ordinary Stock in accordance with this Condition 4 but shall not be convertible into Approved Entity Shares at any time notwithstanding that a Conversion Event may occur subsequently.
- (iv) In the case of a Qualifying Takeover Event:
 - (1) the Issuer shall, on or prior to the Takeover Event Date, enter into such agreements and arrangements, (which may include deeds supplemental to these Conditions and amendments and modifications to these Conditions) as may be required to ensure that, with effect from the Takeover Event Date, the CCNs will be convertible into Approved Entity Shares, *mutatis mutandis* in accordance with, and subject to, this Condition 4 (as may be so supplemented, amended or modified) at a price equal to the New Conversion Price and that subject to such Conversion the CCNs shall remain the obligations of the Issuer; and
 - (2) the Issuer shall, where the Conversion Date falls on or after the Takeover Event Date, procure the allotment and issue and/or delivery of the relevant number of Approved Entity Shares in the manner provided in this Condition 4, as may be amended or modified as provided above.

- (v) Within 10 Business Days following the occurrence of a Takeover Event, the Issuer shall give notice thereof in accordance with Condition 13 to the Holders (a “**Takeover Event Notice**”), which shall specify.
- (1) the identity of the Acquirer;
 - (2) whether the Takeover Event is a Qualifying Takeover Event or a Non-Qualifying Takeover Event;
 - (3) in the case of a Qualifying Takeover Event, if determined at such time, the New Conversion Price; and
 - (4) in the case of a Qualifying Takeover Event, the Takeover Event Date.

(e) ***Adjustments to the Floor Price***

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

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

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

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

where:

N_{old} is the number of units of Ordinary Stock existing before the change in share capital; and

N_{new} is the number of units of Ordinary Stock existing after the change in share capital;

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

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

Subject to Condition 4(f), if (a) the Issuer issues or grants to Stockholders any rights or options, warrants or other rights to subscribe for or acquire Ordinary Stock, Other Securities or securities convertible or exchangeable into Ordinary Stock or Other Securities or (b) any third party, with the agreement of the Issuer, issues to holders of Ordinary Stock any rights, options or warrants to purchase any Ordinary Stock, Other Securities or securities convertible or exchangeable into Ordinary Stock or Other Securities (the rights referred to in (a) and (b) collectively and individually being the “**Purchase Rights**”), the Floor Price shall be adjusted by multiplying the

Floor Price in force immediately prior to such issue or grant by the result of the following formula:

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

where:

P_{cum} is the VWAP of one unit of Ordinary Stock on whichever is the later of (x) the last dealing day immediately preceding the first date on which the Ordinary Stock is first traded ex-the relevant Purchase Rights on the Primary Stock Exchange or (y) the dealing day when the price for the relevant Purchase Rights is announced, or if the day the subscription or purchase price is announced is not a dealing day, the next following dealing day; and

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

- (1) if the Purchase Rights relate to Ordinary Stock

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

where:

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

and:

TERP is the theoretical ex-rights price; and

N_{old} is the number of units of Ordinary Stock existing before the change in share capital; and

N_{new} is the number of units of Ordinary Stock being newly issued; and

P_{rights} is the price at which one new unit of Ordinary Stock can be subscribed, exercised or purchased for; and

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

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

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

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

where:

N_{rights} is the number of Purchase Rights granted per unit of Ordinary Stock; and

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

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

R will be determined by an Independent Financial Adviser.

Such adjustment shall become effective:

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

(iii) *Capital Distributions*

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

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

where:

P_{cum} is the VWAP of one unit of Ordinary Stock on whichever is the later of (x) the last dealing day immediately preceding the Effective Date or (y) the dealing day when the relevant Dividend is announced (or, if the day on which the amount of the relevant Dividend is announced is not a dealing day, the next following dealing day); and

D is the portion of the Fair Market Value of the aggregate Capital Distribution attributable to one unit of Ordinary Stock, with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution on the Effective Date by the number of units of Ordinary Stock entitled to receive the relevant Dividend (or, in the case of a purchase,

redemption or buy back of Ordinary Stock (or any depositary or other receipts or certificates representing Ordinary Stock) by or on behalf of the Issuer or any Subsidiary of the Issuer, by the number of units of Ordinary Stock in issue immediately following such purchase, redemption or buy back, and treating as not being in issue any Ordinary Stock (or any Ordinary Stock represented by depositary or other receipts or certificates) so purchased, redeemed or bought back).

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

(iv) *Non-Cash Dividends*

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

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

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

where:

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

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

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

$$P_{\text{after}} / P_{\text{before}}$$

where:

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

P_{before} is arithmetic average of the VWAP of a unit of Ordinary Stock on the five consecutive dealing days ending on the dealing day immediately preceding the Distribution Date,

as determined by an Independent Financial Adviser.

Such adjustment shall become effective:

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

(v) *Other Events*

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

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

- (1) where the events or circumstances giving rise to any adjustment pursuant to this Condition 4(e) have already resulted or will result in an adjustment to the Floor Price or where the events or circumstances giving rise to any adjustment arise by virtue of any other events or circumstances which have already given or will give rise to an adjustment to the Floor Price or where more than one event which gives rise to an adjustment to the Floor Price occurs within such a short period of time that, in the opinion of the Issuer, a modification to the operation of the adjustment provisions is required to give the intended result, such modification shall be made to the operation of the adjustment provisions as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate to give the intended result;
- (2) such modification shall be made to the operation of the CCNs as may be determined in good faith by an Independent Financial Adviser to be in its opinion appropriate (i) to ensure that an adjustment to the Floor Price or the economic effect thereof shall not be taken into account more than once and (ii) to ensure that the economic effect of a Dividend is not taken into account more than once;
- (3) for the avoidance of doubt, the issue of Ordinary Stock upon a Conversion or upon any conversion or exchange in respect of any Other Securities or the exercise of any other options, warrants or other rights shall not result in an adjustment to the Floor Price; and

- (4) at any time when the Ordinary Stock are not admitted to trading on a Recognised Stock Exchange, the Floor Price shall be adjusted as provided above save that for the purposes thereof the Current Market Price, the VWAP of a unit of Ordinary Stock and the date upon which any adjustment becomes effective shall be determined in good faith by an Independent Financial Adviser in such manner as it considers appropriate to ensure that an adjustment to the Floor Price is made which gives the intended same result as if the Ordinary Stock were so admitted to trading.

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

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

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

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

- (i) as a result of any issue or distribution of new Ordinary Stock or Other Securities if the pre-emptive right in respect thereof has been validly excluded by a non-routine resolution of the general meeting of Stockholders unless a pre-emptive right in respect thereof is granted indirectly to the Stockholders by a third party with the agreement of the Issuer. For the purpose of these Conditions, the annual disapplication of pre-emption rights conferred by way of special resolution proposed at each annual general meeting of the Issuer shall not constitute a non-routine resolution; or
- (ii) as a result of any public issue of bonds convertible into Ordinary Stock or bonds with options to subscribe for Ordinary Stock, such issue being in connection with a conditional increase of the share capital of the Issuer, irrespective of whether in respect of such issue the advance subscription rights to acquire such bonds have been excluded or not, unless advance subscription rights have been granted and are traded on the Primary Stock Exchange; or
- (iii) if, as a result of any Non-Cash Dividend by the Issuer, the Issuer sells any share, right, warrant or other security representing the same (an “**Interest**”) in any of its subsidiaries to holders of the Ordinary Stock at fair value, and for this purpose:
- (1) where such Interest is listed on, traded on, or dealt in any stock exchange, the fair value of such Interest shall be at least 95 per cent. of the average of the last paid prices therefor on such stock exchange (or, if more than one, the principal such stock exchange) on each of the ten dealing days commencing on the twentieth dealing day before the day on which the Issuer officially announces the terms and conditions for such sale, as determined by an Independent Financial Adviser; and
- (2) where such Interest is not so listed, traded or dealt in, the fair value of such Interest shall be at least 95 per cent. of the Fair Market Value thereof; or

- (iv) if an increase in the Floor Price would result from such adjustment, except in case of an exchange of the Ordinary Stock for Other Securities or a consolidation of Ordinary Stock.

(g) ***Decision of an Independent Financial Adviser***

- (i) If any doubt shall arise as to whether an adjustment falls to be made to the Floor Price or the Conversion Price or as to the appropriate adjustment to the Floor Price, and following consultation between the Issuer and an Independent Financial Adviser, a written opinion of such Independent Financial Adviser in respect thereof shall be conclusive and binding on the Issuer and the Holders, save in the case of manifest error.
- (ii) If the Independent Financial Adviser does not at any time for any reason make any determination or calculate any adjustment in the circumstances provided for in this Condition 4 then the Holders shall, at the expense of the Issuer, be entitled to appoint an agent to do so, and such determination or calculation shall be deemed to have been made by the Independent Financial Adviser. In doing so, the Holders' agent shall apply the foregoing provisions of Condition 4, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(h) ***Share Option Schemes***

No adjustment will be made to the Floor Price if Ordinary Stock or Other Securities (including pre-emptive rights, options or warrants in relation to Ordinary Stock or Other Securities) are issued, offered or granted to, or for the benefit of, directors or employees, or former directors or employees, of the Issuer or any of its Subsidiaries or any associated company or to trustees to be held for the benefit of any such person in any such case pursuant to any employee share or option scheme which, if required, has been approved by Stockholders.

(i) ***Rounding Down***

On any adjustment, the resultant Floor Price, if a number that is of more decimal places than the initial Floor Price, shall be rounded to such decimal place. No adjustment shall be made to the Floor Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Floor Price then in effect. Any adjustment not required to be made, and/or any amount by which the Floor Price has been rounded down, shall be carried forward and taken into account in any subsequent adjustment, and such subsequent adjustment shall be made on the basis that the adjustment not required to be made had been made at the relevant time and/or, as the case may be, that the relevant rounding down had not been made.

(j) ***No other Conversion Events***

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

(k) ***Procedure for Settlement and Delivery of Ordinary Stock on Conversion***

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

(l) ***Fractions***

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

(m) ***Delivery of Ordinary Stock***

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

(n) ***Taxes and Duties***

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

(o) ***Ordinary Stock***

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

5. **Covenants**

For so long as any CCN remains outstanding, the Issuer shall (in each case save with the prior written approval of the Holders):

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

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

- (c) not modify the rights attaching to the Ordinary Stock with respect to voting, dividends or liquidation but so that nothing in this Condition 5(c) shall prevent:
 - (i) any consolidation, reclassification or subdivision of the Ordinary Stock; or
 - (ii) any modification of such rights which is not materially prejudicial to the interests of the Holders as determined in good faith by an Independent Financial Adviser;
- (d) procure that no Ordinary Stock or Other Securities issued without rights to convert into, or exchange or subscribe for, Ordinary Stock shall subsequently be granted such rights and that at no time shall there be in issue Ordinary Stock of differing nominal values unless the same gives rise (or would, but for the provisions of Condition 4(i) relating to roundings and minimum adjustments or the carry forward of adjustments, give rise) to an adjustment to the

Floor Price and that at no time shall there be in issue Ordinary Stock or Other Securities of differing nominal values, save where such Ordinary Stock or Other Securities have the same economic rights;

- (e) not reduce its issued ordinary share capital, share premium account, capital redemption reserve, or any uncalled liability in respect thereof, or any non-distributable reserves, except where the reduction is permitted by applicable law and results in (or would, but for the provisions of Condition 4(i) relating to roundings or the carry forward of adjustments, result in) an adjustment to the Floor Price or is otherwise taken into account for the purposes of determining whether or not such an adjustment should be made, provided that, for the avoidance of doubt, this Condition 5(e) shall not operate to restrict the Issuer from reducing its preference share capital and share premium amounts in respect of its preference share capital;
- (f) issue, allot and/or deliver Ordinary Stock upon Conversion subject to and as provided in Condition 4;
- (g) use all reasonable endeavours to ensure that any Ordinary Stock issued upon a Conversion Event will, as soon as is practicable, be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market or will be listed, quoted or dealt in, as soon as is practicable, on any other stock exchange or securities market on which the Ordinary Stock are then listed or quoted or dealt in;
- (h) use all reasonable endeavours to ensure that its issued and outstanding Ordinary Stock continue to be admitted to the Official List of the Irish Stock Exchange and trading on its regulated market, or listed, admitted to trading, quoted or dealt in on such other principal stock exchange or securities market on which the Ordinary Stock are currently listed, admitted to trading or quoted or dealt in;
- (i) in the event of a Reorganisation, take (or shall procure that there is taken) all necessary action to ensure that, immediately after completion of the relevant proceedings, such amendments are made to these Conditions as are necessary to ensure that the CCNs may be converted into or exchanged for ordinary shares or stock or units or the equivalent in Newco *mutatis mutandis* in accordance with and subject to these Conditions and the ordinary shares or stock or units or the equivalent of Newco are listed and admitted to trading on a Recognised Stock Exchange;
- (j) if an offer is made to all (or a majority) of the holders of the Ordinary Stock other than the offeror and/or any associates of the offeror to acquire all or a majority of the issued ordinary share capital of the Issuer, or if a scheme (other than a Reorganisation) or merger is proposed with regard to such acquisition or merger with the undertaking of the Issuer, give notice in writing of such offer or scheme or merger to the Holders, in their capacity as the Holders, as soon as practicable upon becoming aware of such offer;
- (k) give notice in writing to the Holders, in their capacity as the Holders, if an offer is made to all (or a majority) of the holders of the Ordinary Stock other than the offeror and/or any associate of the offeror to acquire all or a majority of the issued ordinary share capital of the Issuer or if any person proposes a scheme or merger with regard to such acquisition or merger with the undertaking of the Issuer and such offer or scheme or merger having become or been declared unconditional in all respects, the right to cast more than 50 per cent. of the votes which may ordinarily be cast on a poll at a general meeting of the Issuer has or will become unconditionally vested in the offeror and/or an associate. Such notice shall specify all information relevant to Holders concerning such offer or scheme or merger;
- (l) notwithstanding that no voting rights shall attach to the CCNs in respect of the Ordinary Stock, provide to the Holders, in their capacity as Holders, notice of every general meeting

of the Stockholders of the Issuer and a copy of every circular or like document sent out by the Issuer to the Stockholders;

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

6. **Redemption and Cancellation**

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

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

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

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

(c) ***Cancellation***

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

7. **Payments**

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

- (i) Payments of principal to be made to Holders in respect of CCNs and payments of accrued interest payable on a redemption of CCNs (other than on an Interest Payment Date) and payment of any Accrued Conversion Interest that is to be paid in accordance with this Condition 7 shall, in each case, be made against presentation and surrender of the relevant Certificates at the specified office of any of the CCN Agents or of the Registrar.
- (ii) Payments of interest to be made to Holders in respect of CCNs due on an Interest Payment Date shall be paid to the person shown on the Register at the close of business on the fifteenth day before the Relevant Date for payment thereof (the “**Record Date**”).
- (iii) Payments of any other amounts in respect of CCNs other than as referred to in (i) and (ii) will be made as provided in these Conditions.

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

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

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

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

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

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

8. **Taxation**

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

- (a) to, or to a third party on behalf of, a Holder if such withholding or deduction may be avoided by complying with any statutory requirement or by making a declaration of non-residence or other similar claim for exemption to any authority of or in Ireland, unless such Holder proves that he is not entitled so to comply or to make such declaration or claim; or
- (b) to, or to a third party on behalf of, a Holder that is a partnership, or a holder that is not the sole beneficial owner of the CCN, or which holds the CCN in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settlor or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settlor

or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment; or

- (c) (where presentation and surrender is required pursuant to these Conditions) presented for payment more than 30 days after the Relevant Date except to the extent that the Holder thereof would have been entitled to such Additional Amounts on presenting the same for payment at the expiry of such period of 30 days; or
- (d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC, or any other European Union Directive implementing the conclusions of the ECOFIN Council Meeting of 26-27 November 2000, on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) (where presentation and surrender is required pursuant to these Conditions) in respect of any CCN presented for payment by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting the relevant CCN to another Fiscal Agent in a member state of the European Union; or
- (f) where such withholding or deduction arises by reason of the Holder having some connection with Ireland other than the mere holding or ownership of the CCNs.

9. **Variation following Tax Event**

(a) ***Tax Event***

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

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

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

10. **Replacement of Certificates**

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

11. **Further Issues**

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

12. **Event of Default**

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

13. **Notices**

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

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

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

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

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

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

(a) *Meetings of Holders*

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

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

(b) ***Modification***

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

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

(c) ***Consent***

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

15. **Transfers of CCNs**

(a) ***Transfer of CCNs***

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

(b) ***Delivery of New Certificates***

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

(c) ***Transfers Free of Charge***

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

16. **Definitions and Interpretation**

16.1 The following capitalised terms shall have the following meanings:

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

“**Acquirer**” means the person which, following a Takeover Event, controls the Issuer;

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

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

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

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

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

“**Capital Distribution**” means:

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

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

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

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

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

“**CET1 Ratio**” means, in respect of any Semi-Annual Reporting Period, the ratio (expressed as a percentage) of the CET1 Amount divided by the RWA Amount, as at the date of the financial

statements contained in the relevant Semi-Annual Financial Report, as calculated by the Issuer and appearing in its relevant Semi-Annual Financial Report;

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

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

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

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

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

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

“Conversion Price” means: (i) at any time when the Ordinary Stock are admitted to trading on a Recognised Stock Exchange, in respect of any Conversion Date, the greater of:

- (a) the VWAP of a unit of Ordinary Stock of the Issuer over the 30 Business Days prior to the date of the relevant Conversion Event, and
- (b) the Floor Price of unit of Ordinary Stock on the date of the relevant Conversion Event (being, at the Issue Date, €0.05 (five cent))

or (ii) at any time when the Ordinary Stock are not admitted to trading on a Recognised Stock Exchange, the Floor Price;

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

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

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

“CRD IV” means a proposal for a Directive of the European Parliament and of the Council which will amend Directives 2006/48/EC and 2006/49/EC, principally in order to implement in the EU, the reforms agreed by the Basel Committee on Banking Supervision in December 2010 (Basel III), including reforms to the definition of capital and counterparty credit risk and the introduction of a leverage ratio and liquidity requirements;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (i) the Fair Market Value of any cash amount shall be the amount of such cash;
- (ii) where Ordinary Stock or Other Securities are publicly traded on a stock exchange or securities market of adequate liquidity (as determined in good faith by an Independent Financial Adviser), the Fair Market Value of such Ordinary Stock or Other Securities shall equal the arithmetic mean of the daily VWAP of such Ordinary Stock or Other Securities (or the arithmetic mean of the daily closing prices should daily VWAP not be available), during the period of five dealing days on the relevant stock exchange or securities market commencing on such date (or, if later, the first such dealing day such Ordinary Stock or Other Securities) or such shorter period as such Ordinary Stock or Other Securities are publicly traded;
- (iii) where Ordinary Stock or Other Securities are not publicly traded on a stock exchange or securities market of adequate liquidity (as aforesaid), the Fair Market Value of such Ordinary Stock or Other Securities shall be determined in good faith by an Independent Financial Adviser, on the basis of a commonly accepted market valuation method and taking account of such factors as it considers appropriate, including the market price per unit of Ordinary Stock, the dividend yield of a unit of Ordinary Stock, the volatility of such market price, prevailing interest rates and the terms of such Ordinary Stock or Other Securities, including as to the expiry date and exercise price (if any) thereof; and
- (iv) the Fair Market Value shall be determined on a gross basis and disregarding any withholding or deduction required to be made on account of tax, and disregarding any associated tax credit;

“Floor Price” means €0.05 (five cent), subject to adjustment thereafter in accordance with Condition 4(e). For the avoidance of doubt, the Floor Price shall not be subject to adjustment in respect of Ordinary Stock or Other Securities issued pursuant to or associated with the Liability Management Exercise and the Issuer Recapitalisation;

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

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

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

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

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

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

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

“Issue Date” means 29 July 2011 or such other date agreed between the Issuer and the Initial Holder;

“Issuer Recapitalisation” means the generation by the Issuer of Core Tier 1 Amount pursuant to any placement of Ordinary Stock with the State and a rights issue in respect of Ordinary Stock which is fully underwritten by the National Pension Reserve Fund Commission as set out in a prospectus of the Issuer dated 18 June 2011 (as supplemented);

“Liability Management Exercise” means any purchase, repurchase, redemption or liability reduction exercise commenced by the Issuer or any member of the Group within six months of the Issue Date, in respect of any of the Group’s securities (other than units of Ordinary Stock and Other Securities) where such exercise has been approved by the Competent Authority including, but not limited to: (i) the exchange offers of the Issuer launched on 8 June 2011; (ii) the CAD138,721,000 Fixed/Floating Dated Subordinated Notes due September 2015 (ISIN: CA062786AA67); and (iii) the GBP75,000,000 13.375 per cent. Unsecured Perpetual Subordinated Bonds (ISIN: GB0000510312);

“Maturity Date” means 30 July 2016;

“Minister” means the Minister for Finance of Ireland;

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

“New Conversion Condition” means, if by no later than seven Business Days following the occurrence of a Takeover Event where the Acquirer is an Approved Entity, the Issuer shall have entered into such agreements and arrangements, to the satisfaction of the Initial Holder for so long as the Initial Holder is a holder of 100 per cent. of the CCNs, with the Approved Entity to procure the delivery of the Approved Entity Shares to the Holders upon the occurrence of a Conversion Event on terms *mutatis mutandis* identical to the provisions of Condition 4;

“New Conversion Price” means, in respect of any Conversion Date falling on or after the Takeover Event Date, where the Takeover Event is a Qualifying Takeover Event, the greater of;

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

“New Floor Price” means the amount determined in accordance with the following formula:

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

where:

“NFP” is the New Floor Price;

“EFP” is the Floor Price in effect on the dealing day immediately prior to the Takeover Event Date;

“VWAPAES” means the average of the VWAP of the Approved Entity Shares on each of the five dealing days ending on the dealing day prior to the closing date of the Takeover Event (and where references in the definition of “VWAP” to “Ordinary Stock” shall be construed as a reference to the Approved Entity Shares

and in the definition of “dealing day”, references to the “Primary Stock Exchange” shall be to the relevant Recognised Stock Exchange); and

“**VWAP**” is the average of the VWAP of the Ordinary Stock on each of the five dealing days ending on the dealing day immediately prior to the Takeover Event Date;

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

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

“**Non-Viability Event**” means the earliest of the following:

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

“**Ordinary Stock**” means ordinary stock of the Issuer of €0.05 (five cent) nominal value (Bloomberg Code: BKIR) which are listed on the Irish Stock Exchange. The Ordinary Stock deliverable upon Conversion of the CCNs will be shares newly issued from the authorised capital of the Issuer. Ordinary Stock will rank *pari passu* with all other ordinary registered shares of the Issuer for any and all distributions payable on them on or after the Conversion Date;

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

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

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

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

capital are at least equivalent to the terms of the CCNs prior to the Tax Event occurring, as determined by the Competent Authority in its absolute discretion;

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

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

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

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

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

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

(i) provided that:

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

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

(II) if the Ordinary Stock to be issued or delivered (if applicable) do rank for the Dividend (or entitlement) in question, the VWAP on the date(s) on which the Ordinary Stock shall have been based on a price ex-Dividend (or ex-any other entitlement) shall, for the purposes of this definition, be deemed to be the amount thereof increased by an amount equal to the fair market value (as determined by an Independent Financial Adviser) of any such Dividend or entitlement per unit of Ordinary Stock as at the date of first public announcement relating to such Dividend or entitlement,

(B) if on any of the dealing days in the Reference Period the VWAP shall have been based on a price cum-Dividend (or cum- any other entitlement) in respect of a Dividend (or other entitlement) which has been declared or announced but the Ordinary Stock to be issued or delivered do not rank for that Dividend (or other entitlement), the VWAP on each of such dates shall, for the purposes of this definition, be deemed to be the amount thereof reduced by an amount equal to the

fair market value (as determined by an Independent Financial Adviser) of any such Dividend or entitlement per unit of Ordinary Stock as at the date of first public announcement relating to such Dividend or entitlement, and

- (C) if the VWAP of a unit of Ordinary Stock is not available on one or more of the dealing days in the Reference Period (disregarding for this purpose the proviso to the definition of VWAP), then the average of such VWAPs which are available in the Reference Period shall be used (subject to there being a daily VWAP available for a minimum of two such days) and if only one, or no, such VWAP is available in the Reference Period, the Reference Market Price shall be determined in good faith by an Independent Financial Adviser appointed in good faith by the Issuer, and

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

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

- (i) only ordinary shares or stock or units or equivalent of Newco (or depositary or other receipts or certificates representing ordinary shares or stock or units or equivalent of Newco) are issued to Existing Stockholders;
- (ii) immediately after completion of such proceedings the only holders of ordinary shares or stock or units or equivalent of Newco (or, as the case may be, the only holders of depositary or other receipts or certificates representing ordinary shares or stock or units or equivalent of Newco) are Existing Stockholders holding in the same proportions as immediately prior to completion of such proceedings;
- (iii) immediately after completion of such proceedings, Newco is (or one or more wholly-owned Subsidiaries of Newco are) the only Stockholder;
- (iv) all Subsidiaries immediately prior to such proceedings (other than Newco, if Newco is then a Subsidiary of the Issuer) are Subsidiaries of the Issuer (or of Newco) immediately after completion of such proceedings; and
- (v) immediately after completion of such proceedings, the Issuer (or Newco) holds, directly or indirectly, the same percentage of the ordinary share capital and equity share capital of those Subsidiaries as was held by the Issuer immediately prior to such proceedings;

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

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

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

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

“**Stockholders**” means the holders of Ordinary Stock for the time being (and “**Stockholder**” shall be construed accordingly);

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

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

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

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

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

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

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

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

“**Tier 1 Instruments**” means any and all shares, securities or other obligations issued by the Group, each of which shares, securities or other obligations qualify, or are issued in respect of a security that qualifies, as Tier 1 Capital of the Group (without regard to quantitative limits on such capital) on a consolidated or on an unconsolidated basis;

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

“**Tier 2 Instruments**” means any and all securities or other obligations issued by the Group, each of which securities or other obligations qualify, or are issued in respect of a security that is eligible to qualify, as Tier 2 Capital of the Group on a consolidated or on an unconsolidated basis; and

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

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

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

17. **Governing Law and Jurisdiction**

(a) ***Governing Law***

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

(b) ***Jurisdiction***

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

CONVERSION TO ORDINARY STOCK OF THE ISSUER

A. Resolutions of the Ordinary Stockholders of the Issuer

With respect to the CCNs and the issue of Ordinary Stock pursuant to the terms and conditions of the CCNS, the following resolutions (the “**Resolutions**”) of the ordinary shareholders were passed at an Extraordinary General Court of the Issuer held on 11 July 2011. The Resolutions updated the Directors’ authorities to allot ordinary Stock generally and on a non-pre-emptive basis, to effect a Conversion of the CCNs in accordance with the terms and conditions thereof. The Resolutions are set out below.

Terms defined in any of the Resolutions shall have the same meanings in the other Resolutions.

Resolution 1

As an Ordinary Resolution:

*“That, subject to Resolutions 2 to 6 in the Notice of this Extraordinary General Court being duly passed, the entry into the Government Transaction (as defined in the circular issued by the Governor and Company of the Bank of Ireland (the “**Bank**”) [the Issuer] dated 18 June 2011 (the “**Circular**”)), comprising the Transaction Agreement to be entered into between the Bank [the Issuer], the National Pensions Reserve Fund Commission (the “**NPRFC**”) the National Treasury Management Agency (“**NTMA**”), the Minister for Finance, and the issue of the Contingent Capital Instrument [the CCNs] by the Bank [the Issuer] or by an issuing subsidiary guaranteed by the Bank (each as defined in the Circular) to the Irish State, or a nominated agency of the Irish State, being a related party transaction for the purposes of the Listing Rules of the Irish Stock Exchange Limited and the Listing Rules of the UK Listing Authority, be and is hereby approved and that the Court of Directors and any member of the Bank of Ireland Group (the “**Group**”) be and is hereby authorised to implement the provisions of the Transaction Agreement and the Contingent Capital Instrument [the CCNs] and to perform the obligations of the Group arising under the Transaction Agreement and the Contingent Capital Instrument [the CCNs] and to do all such other acts and execute such other documents arising from the entry into the Transaction Agreement and/or the Contingent Capital Instrument [the CCNs].”*

Resolution 2

As a Special Resolution:

“That, subject to Resolutions 1, 3, 4, 5 and 6 in the Notice of this Extraordinary General Court being duly passed, each of the units of Deferred Stock (as defined in the Circular) of €0.54 each be sub-divided into 54 units of Deferred Stock of €0.01 each and each of the units of Ordinary Stock of €0.10 each in the capital of the Bank [the Issuer] be sub-divided and converted into one unit of Ordinary Stock of €0.05 and five units of Deferred Stock of €0.01 and the Ordinary Stockholders hereby approve such sub-divisions and conversions for all purposes, including to the extent they constitute the amendment of the rights attaching to the Ordinary Stock, and Bye-Laws 3(a) and 3(e) of the Bye-Laws of the Bank [the Issuer] are amended accordingly.”

Resolution 3

As an Ordinary Resolution:

“That, subject to Resolutions 1, 2, 4, 5 and 6, in the Notice of this Extraordinary General Court being duly passed, the authorised capital stock of the Bank [the Issuer] be and is hereby enlarged by €3.3 billion comprising 66 billion units of Ordinary Stock of €0.05 each, each ranking pari passu with the existing units of Ordinary Stock of €0.05 (as sub-divided by Resolution 2) and 226 billion units of Deferred Stock of €0.01 each, each ranking pari passu with the existing units of Deferred Stock (as sub-divided by Resolution 2).”

Resolution 4

As an Ordinary Resolution:

“That, subject to Resolutions 1, 2, 3, 5 and 6 in the Notice of this Extraordinary General Court being duly passed, the Directors be and are hereby generally empowered to issue, allot, grant options over or otherwise dispose of Ordinary Stock of the Bank [the Issuer] pursuant to the State Placing, the Rights Issue, the conversion of the Contingent Capital Instrument [the CCNs], the issue of Ordinary Stock pursuant to the Allotment Instrument, each as defined in the Circular, for cash, or non-cash consideration, on a non-pre-emptive basis (including the issue of the Contingent Capital Instrument [the CCNs] and other securities convertible into Ordinary Stock) or to agree to do any of the foregoing acts, up to and including 100% of the nominal amount of the Ordinary Stock of the Bank [the Issuer] as created by Resolution 3 and not previously allotted, provided that this authority is without prejudice to and in addition to the authority granted pursuant to resolutions 5, 7 or 8 passed at the Annual General Court of the Bank [the Issuer] held on 15 June 2011. This authority shall lapse on 31 December 2011.”

Resolution 5

As an Ordinary Resolution:

“That, subject to Resolutions 1, 2, 3, 4 and 6 in the Notice of this Extraordinary General Court being duly passed, the entry by the Bank into the allotment instrument deed whereby allotment rights in respect of units of Ordinary Stock will be granted to eligible participants who elect to accept the Debt for Equity Offers (as defined in the Circular) (being the Allotment Instrument, as defined in the Circular) and opt to receive new units of Ordinary Stock be and is hereby approved and the Directors be and are hereby generally empowered and authorised to issue, allot or otherwise dispose of allotment rights in respect of the new units of Ordinary Stock pursuant to the Allotment Instrument on a non-pre-emptive basis for cash or non-cash consideration.”

Resolution 6

As an Ordinary Resolution:

“That, subject to all of Resolutions 1, 2, 3, 4 and 5 in the Notice of this Extraordinary General Court being duly passed, the issue of Ordinary Stock pursuant to the State Placing (as defined in the Circular) at a price of €0.10 per unit of Ordinary Stock (including where such issue price is at a discount of more than 10% to the middle market price (within the meaning of Rule 6.5.10(1) of the Listing Rules of the Irish Stock Exchange and Rule 9.5.10(1) of the Listing Rules of the UK Listing Authority (the “middle market price”)) per unit of Ordinary Stock at the date the State elects to proceed with the State Placing) and the issue of Ordinary Stock pursuant to the Debt for Equity Offers (as defined in the Circular) at a price within the range of €0.1130 to €0.1176 per unit of Ordinary Stock (including where such issue price is at a discount of more than 10% to the middle market price per unit of Ordinary Stock at the date the issue price under the Debt for Equity Offers is determined) be and is hereby approved.”

B. Impact of Conversion

The CCNs will only convert into new Ordinary Stock in the event that:

1. (a) that the Group’s published consolidated core tier 1 capital ratio (or following the implementation of CRD IV (as defined in the Conditions) the Group’s consolidated common equity tier 1 capital ratio) falls below 8.25 per cent.), or (b) the Central Bank (as the competent authority) notifying the Issuer that it has determined, in its absolute discretion, that the Group’s financial and solvency condition is deteriorating in such a way that the relevant capital ratio is likely to be below 8.25 per cent. in the short term; or

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

In the event of the conversion of the CCNs, the number of units of new Ordinary Stock to be issued would be equal to €1.0 billion divided by the CCN Conversion Price. The Group expects to publish its core tier 1 capital ratio twice yearly, and additionally, as otherwise required by the Central Bank or in order to meet all applicable disclosure requirements.

While the Board does not anticipate that the Group's published core tier 1 capital ratio will fall to less than 8.25 per cent. and therefore trigger the automatic conversion of the CCNs into new Ordinary Stock, if circumstances were to change such that the Board considered this to be a more likely outcome, then the Board could implement a number of actions that it believes are readily actionable and would seek to generate such additional core tier 1 capital as would avoid the conversion of the CCNs.

USE OF PROCEEDS

The Issuer will use the net proceeds of the CCNs for the day-to-day operations of the Issuer.

FEES

The following table sets out the on-going fees to be paid by the Issuer to the transaction parties.

<u>Type of Fee</u>	<u>Amount of Fee</u>
Commissions	1.5 per cent. on the aggregate principal amount of the CCNs as at the Issue Date
Upfront fees and expenses of the Issuer	Approximately €46,000
Ongoing fees and expenses of the Issuer	Approximately €2,000 per annum.
Where applicable, VAT is currently chargeable at 21%	

EXPENSE OF THE ADMISSION TO TRADING

The estimated total expenses related to the admission to trading of the CCNs will be approximately €5000 (exclusive of VAT).

TAXATION

IRELAND

Introduction

The following is a summary of the principal Irish tax consequences for individuals and companies of ownership of the CCNs based on the laws and practice of the Irish Revenue Commissioners currently in force in Ireland and may be subject to change. It deals with Holders who beneficially own their CCNs thereon as an investment. Particular rules not discussed below may apply to certain classes of taxpayers holding CCNs, such as dealers in securities, trusts etc. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the CCNs should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the CCNs and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Withholding Tax on Interest

In general, withholding tax at the standard rate of income tax (currently 20 per cent.) must be deducted from Irish source yearly interest payments made by an Irish company. In this case the Irish Revenue Commissioners have confirmed that the interest is within a statutory exemption such that no withholding tax will apply.

(See the section below dealing with Deposit Interest Retention Tax and Encashment Tax for further information on different forms of withholding taxes).

Encashment Tax

Encashment tax may arise in respect of CCNs issued by the Issuer which constitute quoted Eurobonds. CCNs which are quoted on a recognised stock exchange and carry a right to interest will constitute quoted Eurobonds under Section 64 of the Irish Taxes Consolidation Act, 1997 (the "TCA"). Where interest payments made in respect of such CCNs are collected or realised by an Irish collection agent acting on behalf of a Holder encashment tax will arise and so withholding tax will be deducted from such payments at the standard rate of tax (which is currently 20 per cent.). Encashment tax will not arise where a bank acts solely in the clearing of a cheque and has no other relationship with the Holder. If the person owning the CCN and entitled to the interest is not resident in Ireland and has provided the appropriate declaration to the relevant person specified by Section 64 of the TCA, encashment tax will not arise. It is also necessary, to avoid withholding, that such interest is not deemed under the provisions of Irish tax legislation to be income of another person that is resident in Ireland.

In the case of interest payments made by or through a paying agent outside Ireland, no encashment tax arises provided the interest is not received by, or presented to, a banker (subject to the above) or any other person in Ireland for encashment.

Deposit Interest Retention Tax (DIRT)

DIRT which is a form of Irish withholding tax can apply, the current rate is 27 per cent. (30 per cent. where the interest, discount or premium is not payable annually or more frequently). However, there will be no withholding on account for DIRT on interest paid in respect of the CCNs in either of the following circumstances:

- (A) where the CCNs are and continue to be listed on a stock exchange; or
- (B) in cases where the CCNs are not listed on a stock exchange, where the person beneficially entitled to the interest thereon is:

- (i) not resident in Ireland; or
- (ii) a company within the charge to corporation tax in Ireland on such interest, discount or premium; or
- (iii) a pension scheme or charity of the kind mentioned in the definition of “relevant deposit” in paragraphs (f) or (h) of section 256(1) of the TCA,

and in each case has provided to the Issuer an appropriate declaration in the case of (i) above, and an appropriate reference number in the case of (ii) and (iii) above, as referred to in Section 256 of the TCA.

Taxation of Interest

Notwithstanding the fact that the Holder may receive interest on the CCNs free from Irish withholding tax, as any interest paid on the CCNs issued in Ireland is Irish source income, such income is within the charge to Irish income tax (and the universal social charge and/or pay related social insurance in the case of Holders that are individuals). However, interest paid by the Issuer in accordance with the terms and conditions of Section 198 (1)(c)(ii) TCA is exempt from income tax where the recipient is a company and either (i) it is not resident in Ireland and is resident in either a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double tax treaty (collectively a “**Relevant Territory**”) which imposes a tax that generally applies to interest receivable in that relevant territory by companies from sources outside that relevant territory or (ii) the interest is exempted from the charge to Irish income tax under the terms of a double tax agreement which is either in force or which will come into force once all ratification procedures have been completed.

A company that carries on a trade or business in Ireland and which receives interest on the CCNs through a branch or agency in Ireland to which the CCNs are attributed may be liable to Irish corporation tax on such interest.

Ireland operates a self-assessment system in respect of income and corporation taxes, pay related social insurances and the universal social charge, and any person with Irish source income chargeable to tax comes within its scope, including a person who is neither resident nor ordinarily resident. However, to date, it has been the practice of the Irish Revenue Commissioners not to seek to collect the liability from such nonresident persons unless the recipient of the income has any some other tax connection with Ireland such as a claim for repayment of Irish tax deducted at source, an Irish agency, branch, trustee or trade. There can be no guarantee that the Irish Revenue will continue this practice in the future.

Withholding tax on Distributions made on Ordinary Stock

Distributions made by the Issuer are generally subject to dividend withholding tax (“**DWT**”) at the standard rate of income tax (currently 20%) unless the stockholder is within one of the categories of exempt stockholders referred to below. Where DWT applies, the Issuer is responsible for withholding DWT at source and forwarding the relevant payment to the Irish Revenue Commissioners. For DWT purposes, a dividend includes any distribution made by the Issuer to its stockholders, including cash dividends, non-cash dividends and additional stock or units taken in lieu of a cash dividend.

Certain stockholders (both individual and corporate) are entitled to an exemption from DWT provided that the Issuer or a relevant qualifying intermediary (the qualifying intermediary from whom the dividend is received (“**Relevant Qualifying Intermediary**”)) has received all of the necessary documentation required by the relevant legislation from the stockholder prior to payment of the dividend.

In particular, certain categories of Irish resident stockholders are entitled to an exemption from DWT, including (but not limited to) Irish resident companies, qualifying employee stock ownership trusts, collective investment undertakings, charities and pension funds so long as the stockholder has provided its broker, for onward transmission to the Relevant Qualifying Intermediary (or other designated agent) (in the case of Stocks held beneficially), or the Issuer (in the case of stocks held directly), with all the necessary

documentation prior to payment of the dividend. Except in very limited circumstances, distributions to Irish resident stockholders who are individuals are not exempt from DWT.

A stockholder who is neither resident nor ordinarily resident in Ireland for Irish tax purposes is not subject to DWT on dividends received from the Issuer if the stockholder is:

- an individual stockholder resident for tax purposes in a Relevant Territory and the individual is neither resident nor ordinarily resident in Ireland;
- a corporate stockholder that is resident for tax purposes in a Relevant Territory provided that the corporate stockholder is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland;
- a corporate stockholder that is not resident for tax purposes in Ireland and which is ultimately controlled, directly or indirectly, by persons resident in a Relevant Territory;
- a corporate stockholder that is not resident for tax purposes in Ireland and whose principal class of shares (or those of its 75% parent) is substantially and regularly traded on a recognised stock exchange either in a Relevant Territory, Ireland or on such other stock exchange approved by the Minister; or
- a corporate stockholder that is not resident for tax purposes in Ireland and is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a recognised stock exchange in a Relevant Territory, Ireland or on such other stock exchange approved by the Minister,

and provided that, in all cases the stockholder has completed prescribed forms to such stockholder's broker for onward transmission to the Issuer or to the Relevant Qualifying Intermediary (or other designated agent) (in the case of stocks held beneficially), or to the Issuer or its transfer agent (in the case of stocks held directly) prior to payment of the dividend.

Taxation on Dividends

Irish Holders of Ordinary Stock that are individuals are subject to Irish income tax, universal social charges and in some circumstances pay related social insurance on the gross dividend at their marginal rate of tax. The gross dividend is the dividend received plus DWT withheld by the Issuer. Irish Holders that are individual stockholders are generally entitled to a credit for the DWT deducted against their income tax liability and to have refunded to them any amount by which DWT exceeds such income tax liability provided that they furnish the statement of DWT suffered to the Irish Revenue.

Irish Holders that are corporates are generally exempt from Irish tax on dividends received from the Issuer. If an Irish resident corporate stockholder is a close company, as defined under Irish legislation, it may, in certain circumstances, be liable to investment income surcharge.

Non-Irish resident stockholders are, unless entitled to exemption from DWT, liable to Irish income tax on dividends received from the Issuer. However, the DWT deducted by the Issuer discharges such liability to Irish income tax provided that they furnish the statement of DWT suffered to the Irish Revenue. Where a non-resident stockholder is entitled to exemption from DWT, then no Irish income tax arises, and where DWT has been deducted, the Holder may be entitled to seek a refund of the DWT withheld.

Capital Gains Tax

A Holder will be subject to Irish taxes (currently 25 per cent.) on capital gains on a disposal of a CCN unless such Holder is a person neither resident nor ordinarily resident in Ireland who does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the CCNs are attributable.

A conversion of the CCNs into Ordinary Stock of the Issuer should not give rise to an Irish capital gains tax charge for the Holder who receives the Ordinary Stock in exchange for the CCNs held by them immediately prior to the conversion. The Ordinary Stock received on the conversion of the CCNs should be deemed, for Irish capital gains tax purposes, to be the same asset as the CCNs with the same base cost and acquisition date as the CCNs.

A Holder will be subject to Irish taxes (currently 25 per cent.) on capital gains on a disposal of Ordinary Stock unless such Holder is a person neither resident nor ordinarily resident in Ireland who does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency or a permanent representative to which or to whom the CCNs are attributable and provided such Ordinary Stock is listed on the Irish Stock Exchange at the time of disposal.

Stamp Duty

No Irish stamp duty is payable on the issue of the CCNs or the Ordinary Stock. A subsequent transfer of the CCNs or Ordinary Stock will attract Irish stamp duty at 1% on the consideration paid, or market value if greater. Stamp duty is payable within thirty days of any such transfer, and is generally payable by the transferee, except in the case of a voluntary disposition, where both the transferor and transferee are jointly liable for the duty.

Capital Acquisitions Tax

A gift or inheritance consisting of CCNs or Ordinary Stock will generally be within the charge to Irish Capital Acquisitions tax (currently 25 per cent.) if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or in case of gifts/inheritances taken under a discretionary trust, capital acquisitions tax will apply where the disponent is resident, ordinarily resident (and in the case of discretionary trusts established before 1st December, 1999, domiciled) in Ireland irrespective of the residence or ordinary residence of the donee/successor) on the relevant date or (ii) if the CCNs or Ordinary Stock, as the case may be, are Irish situated property. CCNs and Ordinary Stock which are in registered form are regarded as Irish property where the principal register is maintained in Ireland or is required to be maintained in Ireland. At the date of issue of the CCNs to the Initial Holder, they will not be Irish situated property as the principal register will be located outside Ireland at that date, while if Ordinary Stock was issued on that date it would be Irish situated property as the principal register will be located in Ireland at that date. It is possible that the location of the relevant register for both the CCNs and Ordinary Stock could subsequently change.

EU Savings Directive

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

Ireland has implemented the EC Council Directive 2003/48/EC on the taxation of savings income into national law. Accordingly, any Irish paying agent making an interest payment on behalf of the Bank to an individual or certain residual entities resident in another Member State of the European Union or certain associated and dependent territories of a Member State will have to provide details of the payment and certain details relating to the Holder (including the Holder's name and address) to the Irish Revenue Commissioners who in turn are obliged to provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

The Issuer or its agents shall be entitled to require a Holder to provide any information regarding their tax status, identity or residency in order to satisfy the disclosure requirements in Directive 2003/48/EC and a Holder will be deemed by their subscription for CCNs to have authorised the automatic disclosure of such information by the Issuer or its appropriate agents to the relevant tax authorities.

On 15th September, 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13th November, 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24th April, 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

GENERAL INFORMATION

1. The issue of the CCNs was authorised by resolutions of (i) the court of directors of the Issuer passed on 8 July 2011; and (ii) a committee of the directors of the Issuer passed on 26 July 2011.
2. Application has been made to the Irish Stock Exchange for the CCNs to be admitted to the Official List and trading on its regulated market, subject to the approval of the Irish Stock Exchange. The Issuer will pay a fee of approximately €5,000 for the admission to trading of the CCNs. Davy is acting solely in its capacity as listing agent for the Issuer in connection with the CCNs and is not itself seeking admission of the CCNs to the Official List or trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.
3. The listing of the CCNs on the Irish Stock Exchange will be expressed in euro. Transactions will normally be effected for settlement in euro and for delivery on the third Business Day after the day of the transaction. It is expected that listing of the CCNs on the Irish Stock Exchange will be granted on or before the Issue Date subject only to issue of the Certificates which will take place subject only to satisfaction of certain conditions precedent contained in the CCN Purchase Agreement. If such conditions precedent are not so satisfied on or before the Issue Date there will be no issue and listing of the CCNs as aforesaid.
4. The ISIN for CCNs is IE00B658RR60.
5. The financial year end of the Issuer is 31 December.
6. The Issuer is not involved in any governmental, legal or arbitration proceedings which may have or have had since its date of incorporation a significant effect on its financial position or profitability nor is the Issuer aware that any such proceedings are pending or threatened other than as disclosed in the Equity Prospectus.
7. In relation to this transaction, the Issuer has entered into the CCN Purchase Agreement, referred to under the section entitled “*Purchase and Sale*” above, which agreement may be material.
8. Save as disclosed in Part I, Part VII, Part X, Part XI, Part XIV, Part XV and Part XVIII of the Equity Prospectus and in the section entitled “*The Governor & Company of the Bank of Ireland*” of this Prospectus, there has been (i) no material adverse change in the financial position or prospects of the Issuer; and (ii) no significant change in the trading or financial position of the Issuer since 31 December 2010 the date of the latest audited financial statements.
9. The auditors of the Issuer are PricewaterhouseCoopers which is a member of the Institute of Chartered Accountants of Ireland.
10. Copies of the following documents may be inspected in electronic format, during usual business hours at the registered office of the Issuer for the life of this Prospectus:
 - (a) the charter and bye laws of the Issuer; and
 - (b) the Agency Deed

Any reference to websites in this Prospectus is for information purposes only and such websites shall not form part of this document.

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