



# Irish Life & Permanent plc

(formerly called Irish Permanent plc)

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

## €15,000,000,000 Euro Note Programme

On 10th January, 1997, Irish Permanent plc (subsequently renamed Irish Life & Permanent plc (the "Issuer"), following the merger on 21st April, 1999, between Irish Permanent plc and Irish Life plc) entered into a £1,000,000,000 Euro Note Programme (the "Programme") as subsequently increased. Any Notes (as defined herein) issued with the benefit of this Base Prospectus on or after the date hereof are issued subject to the provisions herein. This Base Prospectus does not affect any Notes already issued.

Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "Notes") denominated in any currency agreed between the Issuer and the relevant Dealer(s) (as defined below).

Notes issued by the Issuer may be (i) Ordinary Notes, (ii) Dated Subordinated Notes or (iii) Undated Subordinated Notes.

The maximum aggregate nominal amount (calculated as described herein) of all Notes from time to time outstanding under the Programme will not exceed €15,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as provided herein.

Factors which may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme and factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are set out on pages 11 to 29.

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 6 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers").

Where the applicable Final Terms of an issue of Notes indicates that an Eligible Liability Guarantee Certificate (as defined in the terms of the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (the "ELG Scheme 2009") as amended pursuant to the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme 2010 (S.I. No. 470 of 2010), the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) (No. 2) Scheme 2010 (S.I. No. 546 of 2010) and the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme 2011 (Statutory Instrument No. 634 of 2011) of Ireland (together the "Amending Instruments") (together, the "ELG Scheme") in respect of such Notes has been issued then, in respect of such Notes, the Minister for Finance of Ireland (the "Minister") has unconditionally and irrevocably guaranteed the payment when due of all sums of principal, interest (if any) and default interest (if any) due and payable by the Issuer under such Notes (the "Guaranteed Notes"). All such Guaranteed Notes will be exempt from Directive 2003/71/EC (the "Prospectus Directive") pursuant to Article 1.2(d) thereof and the Issuer will not and may not elect that any such Guaranteed Notes are treated as being within the scope of the Prospectus Directive. Accordingly, no prospectus approved by the UK Listing Authority (as defined below), as competent authority for the purposes of the Prospectus Directive, will be required or prepared in connection with such Guaranteed Notes. The purpose of this document in relation to Guaranteed Notes is to give information with respect to the issue of Guaranteed Notes. Guaranteed Notes may be offered to the public and applications may be made for Guaranteed Notes to be admitted to trading on the regulated market of the London Stock Exchange's regulated market and for Guaranteed Notes to be admitted to the Official List (as defined below). However, insofar as it relates to Guaranteed Notes, this Prospectus has not been, and will not be, approved by the UK Listing Authority as complying with the Prospectus Directive.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for Notes issued under the Programme to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes (other than Guaranteed Notes) to be admitted to trading on the London Stock Exchange's regulated market.

The London Stock Exchange's regulated market is a "regulated market" for the purposes of Directive 2004/39/EC (the "Markets in Financial Instruments Directive").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "Terms and Conditions of the Notes") of Notes will be set out in a Final Terms document (the "Final Terms") which, with respect to Notes to be listed on the London Stock Exchange will be delivered to the UK Listing Authority and the London Stock Exchange on or before the date of issue of the Notes of such Tranche.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event, other than in the case of Guaranteed Notes, a new Prospectus if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

The Issuer has a rating of Ba3 in respect of Senior Unsecured Debt and C in respect of Subordinated Debt by Moody's Investor Services Limited ("Moody's") and BB in respect of Long Term Issuer Credit and B in respect of Short Term Issuer Credit by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"). Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). Standard & Poor's is established in the European Union and is registered under the CRA Regulation.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

Any person (an "Investor") intending to acquire or acquiring any securities from any person (an "Offeror") should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 ("FSMA"), the Issuer may be responsible to the Investor for the Base Prospectus under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Base Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Base Prospectus and/or who is responsible for its contents it should take legal advice. Offer information will be provided at the time of any sub-offers.

### Arranger

**BofA Merrill Lynch**

### Dealers

**Bank of Ireland  
BofA Merrill Lynch  
HSBC  
J.P. Morgan Cazenove**

**Barclays Capital  
Commerzbank  
Irish Life & Permanent plc  
The Royal Bank of Scotland**

**UBS Investment Bank**

The date of this Base Prospectus is 16th December, 2011.

This Base Prospectus comprises, other than in the case of Guaranteed Notes, a base prospectus for the purposes of Article 5.4 of the Prospectus Directive.

None of the Minister for Finance of Ireland, 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 Base Prospectus or any document referred to in this Base 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.

The Issuer (the “Responsible Person”) accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The information contained in the section “Irish Life & Permanent plc” on page 92 includes extracts of information sourced from the Financial Regulator Insurance Statistical Review 2009. In addition, the information contained in the section “Risk Factors” on page 11 includes extracts of information sourced from the CSO Live Register Report, September 2011, the Central Statistics Office residential property price index ([www.cso.ie](http://www.cso.ie)), IBF/PwC Mortgage Market Profile ([www.ibf.ie](http://www.ibf.ie)) and the website of the Central Bank ([www.ibf.ie](http://www.ibf.ie)). We confirm that such information has been accurately reproduced and, as far as we are aware and are able to ascertain from information published by that source, no facts have been omitted that would render such information inaccurate or misleading.

The previous paragraph should be read in conjunction with the final paragraph on the first page of this Base Prospectus.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Base Prospectus and any Final Terms will not contain such information. The Investor must look to the Offeror at the time of such offer for the provision of such information. The Issuer has no responsibility to an Investor in respect of such information.

**Certain information relating to the terms of an offer by an Offeror to an Investor may not be available at the time of publication of this Base Prospectus. The Investor must look to the Offeror at the time of such offer for the provision of such information and it is the responsibility of the Offeror to ensure that information relating to the offer that has been omitted from this Base Prospectus is provided to the Investor at the time such offer is made. Neither the Issuer nor any of its affiliates shall have any responsibility to an Investor in respect of such information.**

Copies of Final Terms will be available from the registered office of the Issuer and the specified office set out below of each of the Paying Agents (as defined below).

This Base 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 Base Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Base Prospectus.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained in or as incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes or their distribution.

No person is or has been authorised to give any information or to make any representation not contained in this Base Prospectus or any other information supplied in connection with the Programme or the Notes (save, in the case of the Dealers, for oral statements which are consistent with the same) and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee or any of the Dealers.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (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, the Trustee or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should subscribe for or purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

The delivery of this Base Prospectus does not at any time imply that the information contained herein concerning the Issuer and/or its subsidiaries and associated undertakings (the “Group”) is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or any Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Group during the life of the Programme. Investors should review, *inter alia*, the most recently published annual report and accounts of the Group when deciding whether or not to purchase any Notes.

The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee and the Dealers do not represent that this document may be lawfully distributed, or that any Notes 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, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by the Issuer, the Trustee or the Dealers (save for the applications referred to on the cover of this Base Prospectus, other than in the case of Guaranteed Notes, in relation to the United Kingdom) which would permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base 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 and the Dealers have represented accordingly. Persons into whose possession this Base Prospectus or any Notes come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, within the European Economic Area (including the United Kingdom and Ireland) and in Japan (see “*Subscription and Sale*” below).

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the Relevant Dealer, the Managers or the Financial Intermediaries, as the case may be.

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

The Issuer does not represent that the holder of any Notes would be entitled to receive any payment in respect of such Notes in the event of the insolvency of the Issuer under any depositors’ protection scheme existing from time to time in Ireland or elsewhere.

Nothing in the Programme restricts the right of the Issuer to issue any form of subordinated or unsubordinated debt instrument at any time outside the Programme.

This Base Prospectus has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State, such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) 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.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments 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 Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

All references in this document to "U.S. dollars", "U.S.\$" and "\$" refer to United States dollars, those to "Yen" and "¥" refer to Japanese Yen, those to "£" and "Sterling" refer to pounds sterling and those to "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

The Issuer has a rating of Ba3 in respect of Senior Unsecured Debt and C in respect of Subordinated Debt by Moodys Investor Services Limited ("Moody's") and BB in respect of Long Term Issuer Credit and B in respect of Short Term Issuer Credit by Standard & Poor's Credit Market Services Europe Limited, Stockholm Branch ("Standard & Poor's"). Moody's is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). Standard & Poor's is established in the European Union and is registered under the CRA Regulation.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there may be no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.**

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## SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Base Prospectus and any decision to invest in any Notes should be based on a consideration of this Base Prospectus as a whole, including any documents incorporated by reference. Following the implementation of the relevant provisions of the Prospectus Directive in each Member State of the European Economic Area no civil liability will attach to the Responsible Persons in any such Member State in respect of this Summary, including any translation hereof by the Responsible Person, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Base Prospectus. Where a claim relating to information contained in this Base Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Base Prospectus before the legal proceedings are initiated.

Words and expressions defined in “Form of the Notes” and “Terms and Conditions of the Notes” below shall have the same meanings in this summary.

<b>Issuer:</b>	Irish Life & Permanent plc
<b>Guarantor:</b>	Minister for Finance of Ireland (the “Minister”) pursuant to the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 of Ireland as amended pursuant to the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme 2010 (S.I. No. 470 of 2010), the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) (No. 2) Scheme 2010 (S.I. No. 546 of 2010) and the Credit Institutions (Eligible Liabilities Guarantee) Amendment Scheme 2011 (S.I. No. 634 of 2011) of Ireland (together the “Amending Instruments”) (together, the “ELG Scheme”), in respect of Guaranteed Notes only.
<b>Risk Factors:</b>	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme. These are set out under “Risk Factors” below and include the fact that the Group’s results may be adversely affected by the general economic conditions and other business conditions or changes in interest rates, the Group conducts its businesses subject to regulation and associated regulatory risks and in highly competitive environments, downgrades in the Group’s ratings could significantly impact its competitive position, adverse experience in the operational risks inherent in the Group’s business could have a negative impact on the results of its operations, changes in mortality rates of policy holders could significantly affect the Group’s results of operations, systemic risk could adversely affect the Group’s business and treasury risk management. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “Risk Factors” and include certain risks relating to the structure of a particular series of Notes and certain market risks.
<b>Description:</b>	Euro Note Programme
<b>Arranger:</b>	Merrill Lynch International
<b>Dealers:</b>	Barclays Bank PLC Commerzbank Aktiengesellschaft HSBC Bank plc Irish Life & Permanent plc J.P. Morgan Securities Ltd. Merrill Lynch International The Governor and Company of the Bank of Ireland The Royal Bank of Scotland plc UBS Limited
<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.
<b>Issuing and Principal Paying Agent:</b>	Citibank, N.A., London Branch

<b>Size:</b>	Up to €15,000,000,000 aggregate nominal amount (or its equivalent in other currencies calculated as described herein on page 32) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
<b>Currencies:</b>	Euro, Sterling, U.S. dollars, Yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer, the relevant Dealer(s) and the Agent. Each issue of Guaranteed Notes will be denominated in a single currency only agreed between the Issuer, the relevant Dealer(s) and the Agent and approved by the Minister in accordance with the rules of the ELG Scheme.
<b>Redenomination:</b>	The applicable Final Terms may provide that certain Notes may (following consultation with the Agent and the giving of notice to the Trustee) be redenominated in euro in accordance with applicable laws and regulations and then current market practice. If so, the wording of the redenomination provisions will be set out in full in the applicable Final Terms.
<b>Maturities:</b>	Such maturities (including undated Notes with no fixed redemption date) as may be agreed between the Issuer and the relevant Dealer(s) and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. In the case of Dated Subordinated Notes, the minimum maturity will be such as will enable such Notes to qualify as capital for supervisory purposes from time to time. In the case of Guaranteed Notes, no Guaranteed Note shall have a maturity in excess of five years.
<b>Issue Price:</b>	Notes may be issued on a fully-paid or a partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
<b>Form of Notes:</b>	The Notes will be issued in bearer form as described in “Form of the Notes”.
<b>Fixed Rate Notes:</b>	Fixed rate interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer(s) and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer(s).
<b>Floating Rate Notes:</b>	<p>Floating Rate Notes will bear interest at a rate determined either:</p> <ul style="list-style-type: none"> <li>(i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or</li> <li>(ii) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or</li> <li>(iii) on such other basis as may be agreed between the Issuer and the relevant Dealer(s).</li> </ul> <p>The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each Series of Floating Rate Notes.</p>
<b>Index Linked Notes:</b>	Payments of principal in respect of Index Linked Redemption Amount Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer(s) may agree.

**Other provisions in relation to Floating Rate Notes and Index Linked Interest Notes:**

Floating Rate Notes and Index Linked Interest Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as selected prior to issue by the Issuer and the relevant Dealer(s) will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer(s).

**Change of interest or payment basis:**

Notes may be converted from one interest and/or payment basis to another if so agreed between the Issuer and the Relevant Dealer(s).

**Dual Currency Interest Notes:**

Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Interest Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer(s) may agree. Guaranteed Notes may not be Dual Currency Notes.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

**Redemption:**

The applicable Final Terms will indicate either that the Notes of such Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such terms as agreed between the Issuer and the relevant Dealer(s).

The Issuer will not redeem the principal amount of any Dated Subordinated Note prior to its stated maturity date without the prior written consent of the Central Bank of Ireland.

The Issuer will not redeem the principal amount of any Undated Subordinated Note without the prior written consent of the Central Bank of Ireland.

The applicable Final Terms may provide that Notes may be repayable in two or more instalments of such amounts and on such dates as are indicated in the applicable Final Terms.

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save (a) that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency); and (b) in the case of unlisted Notes, the minimum denomination shall be not less than €500,000 or US\$500,000 (or, if the Notes are denominated in a currency other than euro or US dollars, the equivalent amount of not less than €500,000 in such currency).

**Taxation:**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by Ireland, unless such deduction is required by law. See Condition 6.

**Cross Default:**

The terms of the Ordinary Notes (other than Guaranteed Notes) will contain a cross default provision as further described in Condition 8.

**No Negative Pledge:**

No Notes will contain a negative pledge provision.



<b>Status of the Ordinary Notes:</b>	The Ordinary Notes (which shall include the Guaranteed Notes) will constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and will rank <i>pari passu</i> , without any preference among themselves, with all other outstanding, unsecured and unsubordinated obligations of the Issuer subject to mandatory provisions of law affecting creditors' rights generally and statutorily preferred obligations.
<b>Status of the Dated Subordinated Notes:</b>	The Dated Subordinated Notes will constitute direct, unsecured obligations of the Issuer, subordinated as hereinafter referred to, and will rank <i>pari passu</i> without any preference among themselves. The claims of the holders of the Dated Subordinated Notes and the relative Receipts and Coupons (if any) will, in the event of the winding-up of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of all unsubordinated creditors of the Issuer and will rank, in the event of the winding-up of the Issuer, at least <i>pari passu</i> in right of payment with all other Subordinated Indebtedness, present and future, of the Issuer. Guaranteed Notes may not be Dated Subordinated Notes.
<b>Status of the Undated Subordinated Notes:</b>	The Undated Subordinated Notes will constitute direct, unsecured obligations of the Issuer, subordinated as hereinafter referred to, and will rank <i>pari passu</i> without any preference among themselves. The claims of the holders of the Undated Subordinated Notes and the relative Coupons (if any) will be subordinated to the claims of Senior Creditors of the Issuer in that payments of principal and interest in respect of the Undated Subordinated Notes will be conditional upon the Issuer being solvent at the time of payment by the Issuer and in that no principal or interest shall be payable in respect of the Undated Subordinated Notes or the relative Coupons (if any) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. Guaranteed Notes may not be Undated Subordinated Notes.
<b>The Guarantee:</b>	<p>The Minister has unconditionally and irrevocably guaranteed the payment when due of all sums of principal, interest (if any) and default interest (if any) due and payable by the Issuer under the Trust Deed and the Guaranteed Notes. The Minister's obligations in that respect are contained in the ELG Scheme. The ELG Scheme and associated documents are available from the Issuer on request and are also available on the website of the National Treasury Management Agency and on the website of the Department of Finance.</p> <p>Guaranteed Notes may not be Subordinated Notes or Dual Currency Notes (or otherwise denominated in more than one currency). Guaranteed Notes may not have a maturity in excess of five years.</p> <p>Under Article 1.2(d) of the Prospectus Directive, the issue of the Guaranteed Notes does not come within the scope of the Prospectus Directive and no prospectus approved by the UK Listing Authority will therefore be prepared in connection with Guaranteed Notes. Under Regulation 8(1)(d) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) (the "Regulations") (transposing into Irish law Article 1.2(d) of the Prospectus Directive (Directive 2003/71/EC)), the issue of the Guaranteed Notes does not come within the scope of the Regulations and no prospectus approved by the Central Bank of Ireland will therefore be prepared in connection with the Notes.</p>
<b>Rating:</b>	The Issuer has a rating of Ba3 in respect of Senior Unsecured Debt and C in respect of Subordinated Debt by Moodys Investor Services Limited ("Moody's") and BB in respect of Long Term Issuer Credit and B in respect of Short Term Issuer Credit by Standard & Poor's Credit Market Services Europe Limited, Stockholm Branch ("Standard & Poor's"). Moodys is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation").

Standard & Poor's is established in the European Union and is registered under the CRA Regulation. The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, such rating will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Listing:**

Application has been made to admit Notes (excluding the Guaranteed Notes) issued under the Programme to the UKLA Official List and to admit them to trading on the London Stock Exchange's regulated market. Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to each issue. It is expected that, in respect of Guaranteed Notes, applications may be made for such Guaranteed Notes to be admitted to trading on the regulated market of the London Stock Exchange and to listing on the UKLA Official List. Unlisted Notes may also be issued; however, the issue of unlisted Notes by the Issuer may lead to an obligation on the Issuer to apply a withholding tax or Deposit Interest Retention Tax as set out in "Irish Taxation" on page 108 below unless other exemptions apply. The Final Terms relating to each issue will state whether or not and, if so, on which stock exchange(s) and market(s) the Notes are to be listed and admitted to trading.

**Governing Law:**

The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law except that, in relation to Subordinated Notes, Conditions 2(b), 2(c) and 2(d) will be governed by, and construed in accordance with, Irish law.

The Trust Deed will be governed by, and construed in accordance with, English law except that, in relation to Subordinated Notes, clauses 6(B) and (C) and 7(C) and (D), will be governed by, and construed in accordance with, Irish law.

In respect of Guaranteed Notes, the guarantee provided by the Minister and any non-contractual obligations arising out of or in connection with that guarantee will be governed by, and shall be construed in accordance with, Irish law.

**Selling Restrictions:**

There are selling and other restrictions in relation to the offering and sale of Notes and the distribution of offering materials in certain jurisdictions. See "*Subscription and Sale*" below.

## RISK FACTORS

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

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

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

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

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

*The risk factors mentioned below should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties. The information given is as at the date of this Base Prospectus.*

### **Financial Measures Programme 2011**

Following the publication of the results of the Central Bank's Prudential Capital Assessment Review ("PCAR 2011") and Prudential Liquidity Assessment Review ("PLAR 2011") for the Group's banking business on 31st March, 2011, a restructuring of the Group commenced and will continue over the period 2011 to 2013 (see "Description of the Issuer"). The reviews identified a gross capital requirement of €4.0 billion for the Group's banking business operated by the Issuer in order to meet the capital and deleveraging requirements prescribed by the Central Bank of Ireland (the "Central Bank") by December 2013 to (i) achieve the target core equity Tier 1 capital ratio of 6 per cent. (plus an additional buffer) in a stress case scenario and (ii) to de-leverage the Issuer's balance sheet in order to achieve a loan to deposit ratio of approximately 122 per cent. by 31st December, 2013. The gross capital requirement of €4 billion includes the amount of €0.4 billion raised by the issuance of contingent capital tier 2 notes (the "CCNs") to the Minister in July 2011.

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

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

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

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

The High Court made a direction order on 26th July, 2011 pursuant to the Credit Institutions (Stabilisation Act) 2010 (the "Stabilisation Act") directing the Issuer and its parent, Irish Life & Permanent Group Holdings plc ("IL&P Group Holdings") to take certain steps in connection with the Issuer's regulatory capital requirements (the "Capitalisation Direction Order"). The following steps were completed on 27th July, 2011 in accordance with the terms of the Capitalisation Direction Order. The Minister subscribed €2.3 billion for approximately 36.2 billion new ordinary shares in the Issuer's parent, IL&P Group Holdings (the "Ordinary Shares") at a price of €0.06345 per Ordinary Share. The issue price of €0.06345 per Ordinary Share represented a discount of 10 per cent. to the middle market share price of an Ordinary Share on the Irish Stock Exchange (the "ISE") on 23rd June, 2011. The proceeds of the Minister's Ordinary Share subscription were invested in the Issuer to enhance the Issuer's Tier 1

regulatory capital. The Minister further subscribed €0.4 billion for the CCNs. The Minister's €2.3 billion investment in the Ordinary Shares and €0.4 billion investment in the CCNs are together referred to as the "Initial State Investment".

Following the Initial State Investment, the Minister holds over 99 per cent. of the Ordinary Shares currently in issue. The Ordinary Shares are now listed on the Enterprise Securities Market operated by the ISE.

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

The Capitalisation Direction Order has been challenged by a number of the shareholders of IL&P Group Holdings. The Issuer is not a party to the proceedings which have been instituted against the Minister. The Minister is contesting the legitimacy of the challenges. The application by the Minister for an order dismissing the challenges is listed for hearing in January 2012. If the High Court allows the challenges to proceed it is likely that they will be heard in the first half of 2012.

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

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

The Group also announced on 9th June, 2011 that the High Court had granted a direction order to the Minister pursuant to the provisions of Section 9 of the Stabilisation Act (the "Irish Life Direction Order"). The Irish Life Direction Order directs the Issuer to make preparations for the possible disposal of the business and assets of the Irish Life Group by either (i) a possible initial public offering of some or all of the Irish Life Group and/or (ii) a possible private disposal of some or all of the Irish Life Group. The Irish Life Direction Order also directs the Issuer to formulate a plan for the separation of such business functions as are shared between the banking and associated businesses carried on by the Issuer and the business carried on by the Irish Life Group. The Irish Life Direction Order allows the preparations for a possible disposal of the Irish Life Group to occur in an orderly manner, consistent with the timetable agreed with the Government and the Institutions. As part of this preparation, the Issuer, after carrying out an impairment review, wrote down the carrying value of its investment in the Irish Life Group to €1.4 billion. The Issuer will continue to review the options relating to the possible disposal of the Irish Life Group, with a view to maximising the value of the Irish Life Group to the Group. If it is decided that a disposal of the Irish Life Group is to proceed, the Minister at his discretion may apply for an additional Court order to effect any such disposal.

IL&P Group Holdings announced on 25th November, 2011 that the Group has decided to suspend the disposal process relating to the Irish Life Group. On 25th November, 2011, the Minister stated that, "The Department of Finance has confirmed to IL&P that none of the bids received for Irish Life were acceptable at the present time. We note that the process attracted significant interest from a broad range of potential acquirers, however the current very challenging European market environment is not supportive to achieving a valuation that recognises the strength of the Irish Life business. The Department of Finance will work with IL&P to complete the PCAR recapitalisation in accordance with the requirements of the Central Bank."

As a result of the Initial State Investment, the Minister is the majority owner of the Group and has significant control over the Group. In exercising its voting rights as shareholder, the interests of the Government may not be aligned at all times, or at all, with the interests of the holders of the Notes (the "Holders") or the other holders of

Ordinary Shares in IL&P Group Holdings. The State Investment means that there is an increased risk of intervention by the State in relation to the operations and policies of the Group. Such interventions could have a material adverse effect on the operations of the Group and its business as outlined below.

### ***Government control and intervention***

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

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

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

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

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

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

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

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

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



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

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

**Subordinated Liabilities Orders:** The Minister can seek a subordinated liabilities order in relation to a Relevant Institution. Such an order can only be made with respect to subordinated liabilities and not senior liabilities. A subordinated liabilities order may contain provisions altering the terms of a subordinated liability. For instance, an order could provide for the postponement, termination or suspension of specific rights, such as the right to payment of interest or principal or the right to declare an event of default, or for the granting of a shareholding in the Relevant Institution. No proceedings can be initiated and no petition for winding up can be brought by a subordinated creditor against a Relevant Institution if a subordinated liabilities order has been made. In addition, subordinated creditors cannot exercise set off rights against a Relevant Institution to which a subordinated liabilities order has been made.

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

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

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

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

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

An Irish court may refuse to enforce a judgment against the Issuer obtained in a foreign jurisdiction due to an Order under the Stabilisation Act being in force in respect of the Issuer.

### ***Central Bank and Credit Institutions (Resolution) Act 2011***

The Central Bank and Credit Institutions (Resolution) Act 2011 (the “Resolution Act”) was passed on 20th October, 2011 and establishes a permanent framework to facilitate the orderly management and resolution of distressed credit institutions. The Resolution Act applies to banks, building societies and credit unions licensed in Ireland other than those which are Relevant Institutions under the Stabilisation Act. The liquidations powers under the Resolution Act also apply to Relevant Institutions under the Stabilisation Act.

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

Under the Credit Institutions (Financial Support) Act 2008 (the “Act”), the Minister has been given certain functions in relation to financial support for certain credit institutions and their subsidiaries (such as the Issuer). They can only be exercised in certain circumstances namely where: (i) there is a serious threat to the stability of credit institutions in the State generally, or would be such a threat if those functions were not performed; (ii) the performance of those functions is necessary, in the public interest, for maintaining the stability of the financial system in the State; and (iii) the performance of those functions is necessary to remedy a serious disturbance in the economy of the State. The functions are wide ranging and may entail the Minister subscribing for, taking an allotment of or purchasing shares and any other securities in a credit institution or subsidiary to which financial support is provided on such terms as the Minister sees fit. If the Minister were to exercise such a function it could have a material impact on the Issuer and its business.

### ***ELG Scheme***

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

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

On 8th December, 2011, the ELG Scheme was amended pursuant to the Credit Institutions (Eligible Liabilities Guarantee) (Amendment) Scheme 2011 (Statutory Instrument No. 634 of 2011) of Ireland (the “Amending Instrument”). Pursuant to the Amending Instrument, the issuance period in respect of the ELG Scheme has been extended (subject to continuing EU state aid approval) such that liabilities incurred by a participating institution (as defined in the ELG Scheme) such as the Issuer will, subject to meeting the other eligibility criteria described in the ELG Scheme, as amended, constitute eligible liabilities for the purposes of the ELG Scheme provided that they are incurred on or before 31st December, 2012.

The terms of the ELG Scheme were reviewed for compliance with EU state aid rules by the European Commission, and the European Commission issued a decision on 8th December, 2011 raising no objections to the ELG Scheme as notified. Whether or not the terms of the ELG Scheme as notified constitute unlawful state aid for the purposes of EC law is a question which can ultimately only be decided by the European Court of Justice.

### ***Reliance on customer deposits***

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

The ELG Scheme and the deposit guarantee scheme (the “Deposit Guarantee Scheme”), pursuant to which the customers of the Issuer benefit from a Government guarantee of the Issuer’s deposits, are of significant importance in retaining and growing deposits in the Group’s banking business which are key elements of its funding strategy. The ELG Scheme has been extended to 31st December, 2012. An assumption which was provided for in PCAR 2011 was that the ELG Scheme would remain in place to 31st December, 2013. Were the

ELG Scheme or the Deposit Guarantee Scheme to be withdrawn or not renewed, there is a significant risk that the resulting loss in confidence would cause a significant level of deposit withdrawals, particularly by corporate customers from the Issuer.

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

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

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

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

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

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

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

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

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

### ***Recent Developments relating to Ireland***

On 21st November, 2010, the Irish government announced that it had agreed to request financial support from the IMF, the European Union and the euro-area Member States. On 28th November, 2010, the Irish government announced that it had agreed in principle to the provision of up to €85 billion of financial support to Ireland by Member States through the European Financial Stability Fund (“EFSF”) and the European Financial Stability Mechanism (“ESFM”); bilateral loans from the UK, Sweden and Denmark; and the IMF’s Extended Fund Facility (“EFF”), in each case on the basis of specified conditions. It was agreed that €17.5 billion of the €85 billion package would be contributed by Ireland. A central element of the support relates to further restructuring and the restoration of the long-term viability and financial health of the Irish banking system, including addressing the potential future capital needs of the banking sector. A separate statement from the European Union Economic and Financial Affairs Council (“ECOFIN”) made on 21st November, 2010 stated that a comprehensive range of measures including deleveraging and restructuring of the banking sector in Ireland will contribute to ensuring that the Irish banking system performs its role in the functioning of the economy.

On 31st March, 2011, the Minister made a statement on banking matters in which he outlined the Irish government’s policy in relation to the restructuring of the Irish banking sector. (See “Recent Developments relating to the Irish Banking Sector”)

The ongoing restructuring of the banking sector could impact the Group and the Issuer in ways that cannot be predicted and such restructuring could adversely impact the Group’s members. Also, it is possible that the Group and/or the Issuer may become subject to further more stringent capital adequacy, liquidity ratio and other requirements relevant to its business.

This could result in an increase in the level of involvement of the Minister, the Central Bank or other third parties in the management and/or affairs of the Group and/or the Issuer or impact in other ways that cannot be predicted or foreseen.

In addition, current and future budgetary policy in Ireland and taxation and other measures adopted by Ireland to deal with the economic situation in Ireland may have an adverse impact on borrowers’ ability to repay.

### ***Macro-risks in the European Union***

Economic, monetary and political conditions and stability remain uncertain in the EU, in particular, in a number of the euro-zone members, including Ireland. If economic and financial conditions in the EU or the euro-zone component of the EU deteriorates, or if fears persist that one or more EU/euro-zone members will default or restructure its or their indebtedness, or in the case of euro-zone members be forced or choose to withdraw from the euro, the cost and availability of funding available to European banks, including the Group and the Issuer, may be affected, or such events could otherwise materially adversely affect the Group’s (including the Issuer’s) business, financial condition and results of operations, including the value of their assets, and in the case of the Issuer, have other unforeseen consequences relevant to holders of the Notes.

### ***Recent Developments relating to the Irish Banking Sector***

On 31st March, 2011 the Minister announced the future banking landscape in Ireland. The Minister stated that, “capital injections will be provided to create a banking system that has two universal full-service banks as its core pillars and a restructured Irish Life and Permanent. The first Pillar banks will be created from the already strong franchise of Bank of Ireland and it is our intention to combine the businesses and strengthen the franchises of Allied Irish Bank and the EBS Building Society to form the second Pillar bank.” The Minister also stated that, “It is important that, after going through the reorganisation, these three new banks are able to operate in the market place as strong banks with a positive future and ongoing positive relationships with counterparties of all kinds.”

The Capitalisation Direction Order (see “Financial Measures Programme 2011”) has met the capital and deleveraging requirements of the Issuer, as prescribed by the Central Bank.

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

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



breaches to the Central Bank. These breaches may lead to regulatory action and the imposition of sanctions by the Central Bank.

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

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

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

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

***The Issuer's business is subject to the general economic conditions of the markets in which it operates in Ireland***

The Group's and therefore the Issuer's Irish residential mortgage lending activities depend on the level of finance required by residential borrowers in Ireland. In particular, levels of borrowing depend on residential property prices, economic conditions, employment levels, interest rates, and other factors that affect the Irish economy.

Ireland is experiencing severe economic difficulties. These have led to, amongst other things, an historically high level of unemployment (14.3 per cent. in August 2011, down from a peak of 14.8 per cent. in November 2010 – Source: CSO Live Register Report, September 2011) and a significant decline in the demand for residential property. These difficulties have, and are expected to continue to have, an adverse impact on borrowers' ability to repay loans.

The Issuer's business, results of operations and financial condition could be adversely affected by a further worsening of general economic conditions, higher unemployment, any continued deterioration in residential property prices in Ireland, higher interest rates and government policy, regulatory or legal changes in Ireland.

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

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

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

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

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

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



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

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

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

Since the latter half of 2007, the global economy and the global financial system have been experiencing an ongoing period of significant turbulence and uncertainty. Credit markets worldwide have experienced a severe reduction in the level of liquidity and quantum of term-funding available in the wholesale markets. The terms on which funding is available remain more onerous and expensive than the terms available historically. In addition, corporate deposits held by the Issuer decreased from €3.7 billion to €2.5 billion between December 2010 and June 2011. As a result of these events the Group has focused on its core customer lending franchises in Ireland. In the event of severe curtailment of credit markets, the Group could be placed in a position where it has to significantly curtail growth in the balance sheet with a consequent negative impact on profitability. However, the low risk nature of the Group's loan book and the ability to collateralise these assets has provided some flexibility in meeting the Group's funding requirements.

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

The Annual Report and Financial Statements for 2010 of the Group includes the following statement by the auditors to the Group at page 230, "In forming our opinion on these financial statements, which is not qualified, we have considered the adequacy of the disclosures in Note 1 to the financial statements. These disclosures set out a number of material economic, political and market risks and uncertainties that impact the Irish banking system which may cast doubt upon the group's ability to continue as a going concern. These include the group's continuing ability to access funding from the Eurosystem and the Irish Central Bank to meet its liquidity requirements and its ability to raise additional capital to meet its required regulatory capital ratios. These matters, together with the options available to the group, have been considered by the directors in concluding that it is appropriate to prepare the financial statements on a going concern basis."

At page 77 of the Annual Report the directors state that, "The directors... are satisfied that it continues to be appropriate to prepare the financial statements of the group on a going concern basis" because "the group's access to liquidity and funding in particular the availability of Eurosystem funding and Central Bank liquidity facilities will enable it to meet its immediate and estimated funding requirements for the coming year."

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

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

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

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

Within the Group's life assurance business the risk discount rate used to calculate the embedded value of the business and the principal performance measure used by the Group in respect of its life assurance activities, will fluctuate in line with market interest rates and this can have a material impact on the reported results of this business. Also, guarantees included in certain insurance products of the Group's life assurance business, such as

those offering guaranteed minimum levels of return, may become more expensive during periods of low interest rates. Excluding this, there is no significant exposure to interest rates within the Group's life operations due to the asset/liability matching strategies which it follows.

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

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

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

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

***Irish housing/residential loan market***

Since the beginning of 2007, the Irish residential property market has undergone a material negative correction as regards mortgage lending activity and residential property prices. Following significant increases between 1995 and 2006, month on month residential property prices have fallen since early 2007. In the year to 30th September, 2011, residential property prices at a national level, fell by 14.3 per cent. Dublin residential property prices were 15.6 per cent. lower during this period, while prices outside Dublin were 13.2 per cent. lower than in September 2010. Residential property prices in Dublin are 52 per cent lower than at their highest level in February 2007. House prices in Dublin are 49 per cent. lower than their highest levels, with apartments 59 per cent. lower. The fall in the price of residential properties outside Dublin is somewhat lower at 40 per cent. Overall, the national index is 44 per cent. lower than its highest level in 2007. The above information has been sourced from the Central Statistics Office ("CSO") residential property price index published on the website of the CSO ([www.cso.ie](http://www.cso.ie)). Such information has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from that information, no facts have been omitted which would render the above information inaccurate or misleading.

There were 14,602 house completions in 2010. The low number of completions reflects an oversupply of property arising from excessive levels of house building which reached their peak in 2006. This oversupply is not uniform across the country and is less pronounced in Dublin and the major urban population centres in comparison to rural locations. In the medium term, housing supply will continue to remain depressed until such time as the imbalance of supply and demand is reduced. The volume of new Irish mortgage lending continued to fall in 2010. About 27,666 mortgage loans were drawn down in 2010 at a value of over €4.7 billion. The trend of declining mortgage activity continued in 2011, and according to the IBF/PwC Mortgage Market Profile Quarterly Report published in November 2011, as at Q3 2011, in total 10,417 mortgage loans were completed with a value of approximately €1.8bn. The first time buyer ("FTB") sector remains the largest segment of the market as regards number and value of loans completed. The above information has been sourced from the IBF/PwC Mortgage Market Profile published on the website of the Irish Bankers Federation ([www.ibf.ie](http://www.ibf.ie)). Such information has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from that information, no facts have been omitted which would render the above information inaccurate or misleading.

At the date of this Base Prospectus, mortgage arrears on residential properties are increasing. Figures published by the Central Bank on 18th November, 2011 show that, at the end of September, 2011, 62,970 or 8.1 per cent. of total private residential mortgages were in arrears for more than ninety days. This compares with 55,763 accounts, or 7.2 per cent. of the total, at the end of June, 2011. In addition, the numbers of performing and non performing loans which have been subject to restructuring has increased to a total of 69,735 at the end of September, 2011. This compares with 66,732 at the end of June, 2011. The above figures have been sourced from information published on the website of the Central Bank on 18th November, 2011 ([www.ibf.ie](http://www.ibf.ie)). Such information has been accurately reproduced and so far as the Issuer is aware and is able to ascertain from that information, no facts have been omitted which would render the above information inaccurate or misleading.

As at 30th June, 2011, the average indexed LTV of the Group's Irish mortgage portfolio, for residential mortgages and residential investment property loans, stood at 74 per cent. (31st December, 2010: 69 per cent.) with cases in negative equity accounting for 32 per cent. of the portfolio (31st December, 2010: 28 per cent.).

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

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

The trends of declining residential property values, increasing arrears and low levels of house completions and mortgage lending is forecast to continue given the weak macro-economic back-drop and poor consumer confidence levels and may materially adversely affect the Group's (including the Issuer's) business, financial condition and results of operations.

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

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

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

In *Start Mortgages v Gunn* [2011] IEHC 275, the High Court held that an order for possession in respect of many (typically residential) mortgages on registered land that (i) were created prior to 1st December, 2009 and (ii) where the demand for repayment of the mortgage loan was not made before 1st December, 2009, may not be obtained by the summary procedure under the Registration of Title Act 1964. The court ruled that the procedural anomaly arises from the drafting of the Land and Conveyancing Law Reform Act 2009. However, notwithstanding the unavailability of that summary procedure for such mortgages, a mortgagee may nonetheless obtain an order for possession by way of a plenary procedure.

In addition, the Irish government made a commitment under the EU-IMF Programme to publish a Personal Insolvency Bill by the end of March 2012 (the "Personal Insolvency Bill"). It is expected that the Personal Insolvency Bill will provide a new framework for the settlement and enforcement of debt (including residential mortgage debt) and for personal insolvency.

Separate to the Personal Insolvency Bill, the Debt Settlement and Mortgage Resolution Office Bill 2011 (a private members' bill which at the date of this Base Prospectus is not sponsored by the Irish government) (the "Debt Settlement Bill") has been introduced to the Dáil (the Irish parliament). The Debt Settlement Bill proposes to reform the law on personal insolvency and to provide for a non-judicial debt settlement arrangement process concerning personal debt (including the making of debt relief orders in relation to unsecured debt). It also provides for, amongst other things, non-judicial mortgage resolution orders concerning mortgages over family homes. A new body called the Debt Settlement and Mortgage Resolution Office (an independent unit within the 'Debt Enforcement Office' which the Debt Settlement Bill proposes to establish) would be empowered to make mortgage resolution orders in certain circumstances involving financially restricted mortgagors. The effect of a

mortgage resolution order would be that a mortgagee would be prevented from commencing any legal proceedings for the recovery of a debt or repayment included in a mortgage resolution order, or (depending on the circumstances) from commencing any legal proceedings seeking to eject a mortgagor from their tenancy in the family home.

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

Recently the credit environment has been adversely affected by significant instances of fraud and default. Concerns about, or a default by, one institution could lead to significant liquidity problems losses or defaults by other institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships between institutions. The Group has been exposed to increased risk as a result of failures of financial institutions during the global economic crisis. Defaults by, or even reductions in the perceived creditworthiness of, one or more corporate borrowers, or financial institutions, or the financial services industry generally have led to market-wide liquidity problems, losses and defaults. This risk is sometimes referred to as "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearinghouses, banks, securities firms and exchanges with which the Group interacts on a daily basis and therefore could adversely affect the Group.

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

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

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

#### ***Treasury Risk Management***

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



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

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

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

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

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

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

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

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

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

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

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

### **Basel Capital Requirements/Capital Requirements Directive**

The Bank of International Settlements capital adequacy framework issued in June 2004 and commonly known as Basel II (“Basel II”) places enhanced emphasis on market discipline and sensitivity to risk. The EU has implemented Basel II type standards for banks and other credit institutions in the EU in Directive 2006/48/EC of the European Parliament and of the Council of 14th June 2006 relating to the taking up and pursuit of the business

of credit institutions (recast) (the “Capital Requirements Directive” or “CRD”) and the related Directive 2006/49/EC of the European Parliament and of the Council of 14th June 2006 on the capital adequacy of investment firms and credit institutions (recast) (the “CAD Recast Directive”). In Ireland the legislation implementing the CRD/CAD Recast Directive is in force.

A set of reform measures, known as Basel III, has been developed by the Basel Committee on Banking Supervision to strengthen the regulation, supervision and risk management of the banking sector. In December 2010, the Basel Committee published “Basel III: A global regulatory framework for more resilient banks and banking systems” (as revised in June 2011) and “Basel III: International framework for liquidity risk measurement, standards and monitoring”, which together present the Basel Committee’s reforms to strengthen global capital and liquidity rules with the goal of promoting a more resilient banking sector. The Basel III measures have not at the date of this Base Prospectus been the subject of implementing measures at EU level although proposals for such measures have been published. Therefore, the Issuer is not in a position to determine how they may affect the Issuer’s business or that of the Group.

On 20 July 2011, the European Commission published a proposal, known as “CRD IV”, which would replace the CRD/CAD Recast Directive, and which is intended to supplement the provisions of Directive 2009/111/EC (“CRD II”) and Directive 2010/76/EU (“CRD III”). The proposal contains two parts: a directive governing the access to deposit-taking activities and a regulation establishing prudential requirements for credit institutions and investment firms. Amongst other things, CRD IV is intended to implement Basel III capital adequacy standards in the EU.

No assurance can be given that implementation of the Basel II/III proposals and CRD I-IV/CAD Recast Directive measures/proposals will not have an adverse effect on the value of Notes.

#### **BASEL III bail-in provisions:**

On 16th December, 2010 and on 13th January, 2011, the Basel Committee on Banking Supervision (the “Basel Committee”) issued guidance on the eligibility criteria for Tier 1 and Tier 2 capital instruments as part of a package of new capital and liquidity requirements intended to reinforce capital standards and to establish minimum liquidity standards for credit institutions (“Basel III”). The implementation of the Basel III reforms will begin on 1st January, 2013; however, the requirements are subject to a series of transitional arrangements and will be phased in over a period of time.

The Basel Committee’s press release dated 13th January, 2011 entitled “Minimum requirements to ensure loss absorbency at the point of non-viability” included the following statements:

“The terms and conditions of all non-common Tier 1 and Tier 2 instruments issued by an internationally active bank must have a provision that requires such instruments, at the option of the relevant authority, to either be written off or converted into common equity upon the occurrence of the trigger event unless:

- (a) the governing jurisdiction of the bank has in place laws that (i) require such Tier 1 and Tier 2 instruments to be written off upon such event, or (ii) otherwise require such instruments to fully absorb losses before tax payers are exposed to loss;
- (b) a peer group review confirms that the jurisdiction conforms with clause (a); and
- (c) it is disclosed by the relevant regulator and by the issuing bank, in issuance documents going forward, that such instruments are subject to loss under clause (a) in this paragraph.

The trigger event is the earlier of: (1) a decision that a write-off, without which the firm would become non-viable, is necessary, as determined by the relevant authority; and (2) the decision to make a public sector injection of capital, or equivalent support, without which the firm would have become non-viable, as determined by the relevant authority.”

The terms of the Notes do not contain any such provision. There can be no assurance that current English and Irish legislation or any amendment or supplementary legislation will be confirmed in due course by a peer group review (as referred to in clause (b) above) to conform with clause (a) above so that the Notes would be subject to being written down or fully loss absorbing as set out in clause (a) in the above paragraph. If the relevant regulator at the relevant time (i) discloses that a peer group review has confirmed that the English and Irish legislation conforms with clause (a) above and (ii) discloses that it does not require a change to the terms and conditions of any non-common Tier 1 and Tier 2 instruments to include a provision that requires either that they be written off or converted into equity upon the occurrence of a trigger event (which they may require even if the English and Irish legislation is deemed by a peer group review to conform with clause (a) in the above paragraph), then from that time forward, such instruments will be subject to loss as set out in clause (a) in the above paragraph.

## **Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme**

### ***Risks related to the structure of a particular issue of Notes***

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

#### *Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

#### *Index Linked Notes and Dual Currency Interest Notes*

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a “Relevant Factor”). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) they may receive no interest;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) they may lose all or a substantial portion of their principal;
- (v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;
- (vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and
- (vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

#### *Partly-paid Notes*

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

#### *Variable rate Notes with a multiplier or other leverage factor*

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

#### *Inverse Floating Rate Notes*

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

### *Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

### *Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

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

The Issuer's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior in priority of payment to Ordinary Notes and other unsecured unsubordinated obligations of the Issuer. The Issuer's obligations in respect of Undated Subordinated Notes will also be unsecured but will be further subordinated and will rank junior in priority to Dated Subordinated Notes.

### *Under certain conditions, interest payments under Undated Subordinated Notes must be deferred*

If no dividend or other distribution has been declared paid or made on any class of the stock or share capital of the Issuer in the immediately preceding Interest Period, then the Issuer may defer the payment of interest on the Subordinated Notes. Such deferral may last until the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of the issuer, (ii) the date set for any repayment permitted under Condition 5 and (iii) the commencement of winding-up of the Issuer.

After the Issuer has fully paid all deferred interest on any issue of Subordinated Notes and if that issue of Subordinated Notes remains outstanding, future interest payments on that issue of Subordinated Notes will be subject to further deferral as described above.

Any deferral of interest payments will likely have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer's financial condition.

### ***Risks related to Notes generally***

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

#### *Modification, waivers and substitution*

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

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 14 of the conditions of the Notes.

#### *EU Savings Directive*

Under EC Council Directive 2003/48/EC (the "EU Savings Directive") on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional

period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

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

If payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. 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 EU Savings Directive.

#### *Notes where denominations involve integral multiples: definitive Notes*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

#### ***Risks related to Guaranteed Notes generally***

##### *Withholding tax*

The Irish Department of Finance has confirmed that, under current legislation, no withholding tax would apply to guarantee payments made by the Minister under the ELG Scheme. However, there can be no assurance that the tax treatment of such payments will not change in the future and the ELG Scheme does not impose an obligation on the Minister to pay additional amounts in the event that deduction or withholding for or on account of any taxes, duties or charges is made with respect to guarantee payments under the ELG Scheme. The withholding tax position in relation to payments made on the Notes by the Issuer is addressed in the Irish Taxation Section on page 108.

##### *Governing law*

The guarantee provided by the Minister pursuant to the ELG Scheme, and any non-contractual obligations arising out of or in connection with that guarantee, is governed by, and shall be construed in accordance with, the laws of Ireland.

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

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

##### *The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

##### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the



Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

#### *Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (the "CRA Regulation") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

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

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

#### *U.S. Foreign Account Tax Compliance Withholding*

The Issuer and other non-U.S. financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30 per cent. on all, or a portion of, payments made after 31st December, 2014 in respect of any Notes issued after 18th March, 2012 pursuant to the U.S. Foreign Account Tax Compliance Act ("FATCA"). This withholding tax may be triggered if (i) the Issuer is a foreign financial institution ("FFI") (as defined in FATCA) which enters into and complies with an agreement with the U.S. Internal Revenue Service ("IRS") to provide certain information on its account holders (a term which includes the holders of its debt or equity interests that are not regularly traded on an established securities market) (making the Issuer a "participating FFI"), (ii) the Issuer has a positive "passthru percentage" (as defined in FATCA), and (iii)(a) an investor does not provide information sufficient for the participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Issuer, or (b) any FFI through which payment on such Notes is made is not a participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes as a result of a holder's failure to comply with these rules or as a result of the presence in the payment chain of a non-participating FFI, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS, receive less interest or principal than expected. Holders of Notes should consult their own tax advisers on how these rules may apply to payments they receive under the Notes.

The application of FATCA to Notes issued after 18th March, 2012 may be addressed in the relevant Final Terms or a supplement to the Base Prospectus, as applicable.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published (or are published simultaneously with this Base Prospectus) and have been approved by the Financial Services Authority or filed with it shall be deemed to be incorporated in, and to form part of, this Base Prospectus:

- (a) unaudited condensed consolidated financial statements of the Group for the six months ended 30th June, 2011 including:
  - (i) condensed consolidated statement of financial position (page 31);
  - (ii) condensed consolidated income statement (page 32);
  - (iii) condensed consolidated statement of cash flows (page 36);
  - (iv) explanatory notes (pages 37 to 115);
  - (v) significant accounting policies, estimates and judgements (pages 38 to 41); and
  - (vi) auditor's independent review report (pages 117 to 118).
- (b) audited consolidated financial statements of the Group for the financial year ended 31st December, 2010 including:
  - (i) consolidated statement of financial position (page 63);
  - (ii) consolidated income statement (page 64);
  - (iii) consolidated statement of cash flows (pages 68 to 69);
  - (iv) explanatory notes (pages 75 to 217);
  - (v) significant accounting policies (pages 76 to 89); and
  - (vi) auditor's report (pages 61 to 62).
- (c) audited consolidated financial statements of the Group for the financial year ended 31st December, 2009 including:
  - (i) consolidated statement of financial position (page 68);
  - (ii) consolidated income statement (page 69);
  - (iii) consolidated statement of cash flows (pages 73 to 74);
  - (iv) explanatory notes (pages 81 to 208);
  - (v) significant accounting policies (pages 82 to 95); and
  - (vi) auditor's report (pages 66 to 67).
- (d) the Terms and Conditions of the Notes contained in the previous Base Prospectuses or Information Memoranda, as applicable, prepared by the Issuer in connection with the Programme as follows:
  - (i) from the Base Prospectus dated 24th February, 2010 the Terms and Conditions of the Notes on pages 53 to 74 (inclusive);
  - (ii) from the Base Prospectus dated 6th May, 2008 the Terms and Conditions on pages 42 to 63 (inclusive);
  - (iii) from the Base Prospectus dated 28th March, 2007 the Terms and Conditions on pages 31 to 51 (inclusive);
  - (iv) from the Base Prospectus dated 17th July, 2006 the Terms and Conditions on pages 28 to 48 (inclusive);
  - (v) from the Base Prospectus dated 18th July, 2005 the Terms and Conditions on pages 28 to 49 (inclusive);
  - (vi) from the Information Memorandum dated 16th July, 2004 the Terms and Conditions on pages 22 to 43 (inclusive); and
  - (vii) from the Information Memorandum dated 17th July, 2003 the Terms and Conditions on pages 21 to 42 (inclusive),

save that any statement contained herein or in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Dublin. Written requests for such documents should be directed to the Issuer at its principal office set out at the end of this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes. The Issuer has undertaken to the Dealers in the Programme Agreement (as defined in “Subscription and Sale”) that it will, comply with section 87G of the Financial Services and Markets Act 2000 but in the case of Guaranteed Notes, the Issuer will not be required to prepare a supplement in accordance with section 87G of the Financial Services and Markets Act 2000.

Any documents themselves incorporated by reference in the documents deemed to be incorporated by reference herein shall not form part of this Base Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

## GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in any currency and having a minimum maturity of one month, subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the Issuer and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or endorsed on, such Notes, as more fully described under “*Form of the Notes*” below. Each such Final Terms in respect of Notes to be listed on the Official List (and admitted to trading on the London Stock Exchange’s regulated market) will be delivered to the UK Listing Authority and the London Stock Exchange prior to the date of issue of such Notes.

This Base Prospectus and any supplement will only be valid for issues of Notes in an aggregate nominal amount which, when added to the aggregate nominal amount then outstanding of all Notes previously or simultaneously issued under the Programme, does not exceed €15,000,000,000 or its equivalent in other currencies. For the purpose of calculating the euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time:

- (a) the euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes and described under “Form of the Notes”) shall be determined, at the discretion of the Issuer, either as of the date on which agreement is reached for the issue of Notes or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of euro against the purchase of such Specified Currency in the London foreign exchange market quoted by any leading bank selected by the Issuer on the relevant day of calculation;
- (b) the euro equivalent of Dual Currency Notes, Index Linked Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes and described under “Form of the Notes”) shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the purchase price paid); and
- (c) the euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes and described under “Form of the Notes”) and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the relevant issue.

## FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will be initially issued in the form of a temporary global note (a “Temporary Global Note”) or, if so specified in the applicable Final Terms, a permanent global note (a “Permanent Global Note”) which, in either case, will:

- (i) if the Global Notes are intended to be issued in new global note (“NGN”) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking, *société anonyme* (“Clearstream, Luxembourg”); and
- (ii) if the Global Notes are not intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common depositary (the “Common Depositary”) for, Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made (against presentation of the temporary global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in the form provided for in such Temporary Global Note) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent (as defined under “*Terms and Conditions of the Notes*” below).

On and after the Exchange Date, interests in such Temporary Global Note will be exchangeable free of charge upon a request as described therein either for interests in a Permanent Global Note without receipts, interest coupons or talons or for definitive Notes with, where applicable, receipts, interest coupons and talons attached. In each case the exchange will be against certification of beneficial ownership as described in the second sentence of the immediately preceding paragraph unless such certification has already been given. The Distribution Compliance Period expires on the Exchange Date.

The “Exchange Date” means the day that is the later of 40 days after the Temporary Global Note is issued and 40 days after completion of the distribution of the relevant Tranche. Completion of distribution of the relevant Tranche will be certified by the relevant Dealer, in the case of a non-syndicated issue, or the relevant Lead Manager, in the case of a syndicated issue. In the case of Partly Paid Notes, it is a precondition to exchange of the Temporary Global Note that all instalments of the purchase moneys due before the Exchange Date have been paid. The holder of a Temporary Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note is improperly withheld or refused.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Notes*” below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned a common code and ISIN by Euroclear and Clearstream, Luxembourg which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to the Notes of such Tranche.

Payments of principal and interest (if any) on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (provided, in the case of a Partly Paid Note, that all instalments of the purchase moneys due before the date of such exchange have been paid) (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon either (a) not less than 60 days’ written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein or (b) only upon the occurrence of an Exchange Event. A Permanent Global Note representing Notes having denominations consisting of a minimum Specified Denomination and integral multiples of a smaller amount thereabove may only be exchanged for definitive Notes upon an Exchange Event.

For these purposes, “Exchange Event” means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor or alternative clearing system satisfactory to the Trustee is available. The Issuer will



promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note or the Trustee) may give notice to the Agent requesting exchange.

Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

Temporary Global Notes, Permanent Global Notes and definitive Notes will be authenticated and delivered by the Agent on behalf of the relevant Issuer.

The following legend will appear on all global Notes and definitive Notes which have an original maturity of more than 365 days and on all receipts, interest coupons and talons relating to such Notes:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts, interest coupons or talons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts, interest coupons or talons.

Notes which are represented by a Temporary Global Note or a Permanent Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Agent and the Trustee.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer and any relevant Dealer and the Trustee may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which case if appropriate, other than in the case of Guaranteed Notes, a new Prospectus will be published.

## APPLICABLE FINAL TERMS

### RETAIL FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of the Notes (other than Guaranteed Notes) issued under the Programme with a denomination of less than [€50,000]/[€100,000]<sup>1</sup> (or its equivalent in another currency).

[Date]

#### IRISH LIFE & PERMANENT plc

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €15,000,000,000  
Euro Note Programme**

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>2</sup>

[The Base Prospectus referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances].<sup>3</sup>

### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [ ] [and the supplement to the Base Prospectus dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [address] and [website] and copies may be obtained from [address].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [original date] which are incorporated by reference in the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for

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1 Consider implementation of Directive 2010/73/EU

2 Consider including this legend where a non-exempt offer of Notes is anticipated.

3 Consider including this legend where only an exempt offer of Notes is anticipated.

the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [current date], which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [current date] [and the supplements to the Base Prospectuses dated [ ] and [ ]]. Copies of such Base Prospectuses [and the supplements to such Base Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the final terms.]*

*[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]*

1. Issuer: Irish Life & Permanent plc
2. [(i)] Series Number: [ ]  
 [(ii)] Tranche Number: [ ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:  
 — Tranche: [ ]  
 — Series: [ ]
5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [insert date] (if applicable)]
6. Specified Denominations: [ ]  
 [ ]

*(N. B. If an Issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €1,000 minimum denomination is not required, provided always that in the case of unlisted Notes, the minimum denomination shall be €500,000 or US\$500,000 or the equivalent of €500,000 in any other currency.)*

*(N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State. Below this denomination the Notes will not benefit from the wholesale exemption.)*

[(ii) Calculation Amount [ ]

*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*

7. (i) Issue Date: [ ]  
(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate — specify date/  
Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption Amount]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]  
*(N. B. If the Final Redemption Amount of each Note is less than 100 per cent. of the Note's nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation will apply and a supplemental Prospectus will be prepared.)*
11. Change of Interest Basis or Redemption/  
Payment Basis: [Specify details of any provision for change of Notes into  
another Interest Basis or Redemption/ Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: [Ordinary/[Dated/Undated] Subordinated]
14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending Condition 3)*
- (ii) Interest Payment Dates(s): [[ ] in each year and up to and including the Maturity Date]/[Specify other]  
*(NB: This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date [in/on] [ ]  
*(Applicable to Notes in definitive form)*

- (v) Day Count Fraction (subject to paragraph 30): [Actual/Actual (ICMA) or 30/360 or *specify other*]
- (vi) Determination Date(s): [ ] in each year  
[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or shortfirst or last coupon.] (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
(Either LIBOR, EURIBOR or other, although additional information is required if other — including any amendment to fallback provisions in the Agency Agreement)
- Interest Determination Date(s): [ ]  
(Second day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)



- (vii) ISDA Determination:
- Floating Rate Option: [       ]
  - Designated Maturity: [       ]
  - Reset Date: [       ]
- (viii) Margin(s): [ +/- ] [ • ] per cent. per annum
- (ix) Minimum Rate of Interest: [       ] per cent. per annum
- (x) Maximum Rate of Interest: [       ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
other]  
(see Condition 3 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [       ]
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [       ] per cent. per annum
  - (ii) Reference Price: [       ] per cent. of the Aggregate Nominal Amount
  - (iii) Any other formula/basis of determining amount payable: [       ]  
(Consider applicable day count fraction if euro denominated)
  - (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 5(e) (iv) and 5(j) apply/specify other]
18. Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
(N. B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [give or annex details]
  - (ii) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
  - (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [       ]
  - (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]

- (v) Specified Period(s)/ Specified Interest Payment Dates: [       ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/ *specify other*/No adjustment]
- (vii) Additional Business Centre(s): [       ]
- (viii) Minimum Rate of Interest: [       ] per cent. per annum
- (ix) Maximum Rate of Interest: [       ] per cent. per annum
- (x) Day Count Fraction: [       ]
19. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*(N. B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [       ]
- (iii) Provision applicable where calculation by reference to Rate of Exchange impossible or impracticable: *[Need to include a description of market disruption or settlement disruption events and adjustment provisions]*
- (iv) Person at whose option Specified Currency(ies) is/are payable: [       ]

## PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[       ] per Calculation Amount/ *specify other*/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [       ]
- (b) Higher Redemption Amount: [       ]
- (iv) Notice period (if other than as set out in the Conditions): [       ]
21. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]

- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[        ] per Calculation Amount/specify other/see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [        ]
22. Final Redemption Amount of each Note: [Par/specify other/see Appendix]  
(N. B. If the Final Redemption Amount of each Note is less than 100 per cent. of the Note's nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation will apply and a supplemental Prospectus will be prepared.)
23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Conditions 5(e)): [        ] per Calculation Amount/specify other/see Appendix]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]  
  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]  
  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]
- (ii) New Global Note: [Yes]/[No]  
  
*[N.B. The exchange upon notice/at any time/on or after the Exchange Date options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[        ] and integral multiples of [        ] in excess thereof up to and including [        ]."]*
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iii) and 18 (vii) relate)
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No., If yes, give details]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details.,  
NB: a new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues]

28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: [Yes/No]  
*(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)*
30. Other final terms: [Not Applicable/give details]  
*(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors ”and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

31. (i) If syndicated, names and addresses of Managers and underwriting commitments: [Not Applicable/give names and addresses and underwriting commitments]  
*(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a “best efforts ”basis if such entities are not the same as the Managers.)*
- (ii) Date of [Subscription] Agreement: [       ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name and address of relevant Dealer: [Not Applicable/give name and address]
33. Total commission and concession: [       ] per cent. of the Aggregate Nominal Amount
34. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
35. Non exempt Offer: [Not Applicable] [An offer of the Notes may be made by the Managers [and [specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. “other parties authorized by the Managers”) or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known]] (together with the Managers, the “Financial Intermediaries”) other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) — which must be jurisdictions where the Base Prospectus and any supplements have been passported (in addition to the jurisdiction where approved and published)] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date or a formula such as “the Issue Date” or “the date which falls [       ] Business Days thereafter”] (“Offer Period”). See further Paragraph 3 of Part B below.

*(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*

36. Additional selling restrictions:

[Not Applicable/give details]

## **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on *[specify relevant regulated market [the London Stock Exchange's regulated market] and, if relevant, listing on an official list [the Official List of the UK Listing Authority]]*] of Notes described herein] pursuant to the €15,000,000,000 Euro Note Programme of Irish Life & Permanent plc.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. *[[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components]* has been extracted from *[specify source]*. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by *[specify source]*, no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: .....

*Duly authorised*



## PART B — OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market [the London Stock Exchange's regulated market] and, if relevant, listing on an official list [the Official List of the UK Listing Authority]]* with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market [the London Stock Exchange's regulated market]] and, if relevant, listing on an official list [the Official List of the UK Listing Authority]* with effect from [ ].] [Not Applicable.]

*(where documenting a fungible issue, indicate if applicable, that original Notes are already admitted to trading)*

*(NB – notes must be listed on a recognised stock exchange (such as the London Stock Exchange) to be able to avail of the Irish “quoted Eurobond” withholding tax exemption)*

### 2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*[[Insert the legal name of the relevant credit rating agency entity]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). *[As such [insert the legal name of the relevant credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

*[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the

“CRA Regulation”). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union and is registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency entity]*. While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that ratings issued in third countries may continue to be used in the EU by relevant market participants for a transitional period ending on 31 January 2012 (which may be extended to 30 April 2012.)

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings *[[have been]/[are expected to be]]* endorsed by *[insert the legal name of the relevant EU-registered credit rating agency entity]* in accordance with the CRA Regulation. *[Insert the legal name of the relevant EU-registered credit rating agency entity]* is established in the European Union and registered under the CRA Regulation. *[As such [insert the legal name of the relevant EU credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”), but it *[is]/[has applied to be]* certified in accordance with the CRA Regulation *[[ EITHER:]* and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] *[ OR:]* although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant non-EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]]*[Insert the legal name of the relevant credit rating agency entity]* is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration decision has not yet been provided by the relevant

competent authority[ and *[insert the legal name of the relevant credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation]. ]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency entity]*, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

### 3. TERMS AND CONDITIONS OF THE OFFER

Offer Price:	[Issue Price/Not Applicable/specify]
[Conditions to which the offer is subject:]	[Not Applicable/give details]
[Description of the application process:]	[Not Applicable/give details]
[Details of the minimum and/or maximum amount of application:]	[Not Applicable/give details]
[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:]	[Not Applicable/give details]
[Details of the method and time limits for paying up and delivering the Notes:]	[Not Applicable/give details]
[Manner in and date on which results of the offer are to be made public:]	[Not Applicable/give details]
[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not Applicable/give details]
[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not Applicable/give details]
[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not Applicable/give details]
[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not Applicable/give details]
[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[Not Applicable/give details]

#### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. - Amend as appropriate if there are other interests]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

#### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- (i) Reasons for the offer: [ ]  
*(See [“Use of Proceeds”] wording in Prospectus — if reasons for offer different from making profit and/or hedging certain risks will need to include those reasons here.)]*
- (ii) Estimated net proceeds: [ ]  
*(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds insufficient to fund all proposed uses state amount and sources of other funding.)*
- (iii) Estimated total expenses: [ ]. *[Include breakdown of expenses]*  
*(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies it is only necessary to include disclosure of net proceeds and total expenses at (ii) and (iii) above where disclosure is included at (i) above.)*

#### 6. YIELD (Fixed Rate Notes only)

- Indication of yield: [ ]  
[Calculated as *[include details of method of calculation in summary form]* on the Issue Date.]
- The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

#### 7. HISTORIC INTEREST RATES (Floating Rate Notes only)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].]

#### 8. PERFORMANCE OF INDEX/FORMULA AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-Linked Notes only)

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information *[specify what information will be reported and where it can be obtained]*] [does not intend to provide post-issuance information].

**9. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** *(Dual Currency Notes only)*

*[If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.]*

*(N.B. The requirement below only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors ”and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

**10. OPERATIONAL INFORMATION**

- |   |  |
|---|--|
| (i) ISIN Code:  | [       ]  |
| (ii) Common Code:   | [       ]  |
| (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)]  |
| (iv) Delivery:  | Delivery [against/free of] payment   |
| (v) Names and addresses of additional Paying Agent(s) (if any):   | [       ]  |
| (vi) Intended to be held in a manner which would allow Eurosystem eligibility:  | [Yes] [No]<br><br>[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] <i>[include this text if “yes”selected in which case the Notes must be issued in NGN form]</i> |



## APPLICABLE FINAL TERMS

## WHOLESALE FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of the Notes (other than Guaranteed Notes) issued under the Programme with a denomination of at least [€50,000]/[€100,000]<sup>1</sup> (or its equivalent in another currency).

[Date]

### IRISH LIFE & PERMANENT plc

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €15,000,000,000  
Euro Note Programme**

### PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated [ ] [and the supplement to the Base Prospectus dated [ ]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the “Prospectus Directive”) and must be read in conjunction with the Base Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectus [as so supplemented]. The Base Prospectus [and the supplement to the Base Prospectus] [is/are] available for viewing at [address] and [website] and copies may be obtained from [address].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Base Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) set forth in the Base Prospectus dated [original date] which are incorporated by reference in the Base Prospectus dated [current date]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Base Prospectus dated [current date] [and the supplement to the Base Prospectus dated [ ]]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Base Prospectuses dated [current date] [and the supplements to the Base Prospectuses dated [ ] and [ ]]. Copies of such Base Prospectuses [and the supplements to such Base Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the final terms.]

[When completing any final terms, or adding any other final terms or information, consideration should be given as to whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive.]

- |                                      |  |
|--------------------------------------|--|
| 1. Issuer:                           | Irish Life & Permanent plc   |
| 2. [(i)] Series Number:              | [ ]  |
| [(ii)] Tranche Number:               | [ ]  |
|                                      | <i>(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]</i> |
| 3. Specified Currency or Currencies: | [ ]  |
| 4. Aggregate Nominal Amount:         |  |
| — Tranche:                           | [ ]  |
| — Series:                            | [ ]  |

---

<sup>1</sup> Consider implementation of Directive 2010/73/EU

5. Issue Price: [ ] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from *[insert date]* (if applicable)]
6. Specified Denominations: [ ]  
[ ]  
*(Note where multiple denominations above [€50,000] or equivalent are being used the following sample wording should be followed: “[€50,000] and integral multiples of [€1,000] in excess thereof up to and including [€99,000]. No Notes in definitive form will be issued with a denomination above [€99,000].”)*  
  
*(N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of €100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of €100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)*  
  
*(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*  
*“[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].”)*  
  
*(N.B. If an Issue of Notes is (i) NOT admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €50,000 [€100,000] minimum denomination is not required, provided always that in the case of unlisted Notes, the minimum denomination shall be €500,000/ US\$500,000/equivalent of €500,000 in any other currency.)*
- [(ii) Calculation Amount [ ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [ ]
- (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
  
*(N. B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*

8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month]]
9. Interest Basis: [[ ] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[specify other]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption Amount]  
[Dual Currency Redemption]  
[Partly Paid]  
[Instalment]  
[specify other]  
  
(N. B. If the Final Redemption Amount of each Note is less than 100 per cent. of the Note's nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation will apply and a supplemental Prospectus will be prepared.)
11. Change of Interest Basis or Redemption/ Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis]
12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: [Ordinary/[Dated/Undated] Subordinated]
14. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (specify)] in arrear] *(If payable other than annually, consider amending Condition 3)*
- (ii) Interest Payment Dates(s): [[ ] in each year and up to and including the Maturity Date]/[Specify other]  
*(NB: This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date [in/on] [ ]  
*(Applicable to Notes in definitive form)*
- (v) Day Count Fraction (subject to paragraph 30): [Actual/Actual (ICMA) or 30/360 or specify other]

- (vi) Determination Date(s): [ ] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.] (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/ Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*[specify other]*]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]
- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ]
- (vi) Screen Rate Determination:
- Reference Rate: [ ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other — including any amendment to fallback provisions in the Agency Agreement)*
- Interest Determination Date(s): [ ]  
*(Second day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [ ]  
*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]

- (viii) Margin(s): [ +/ - ] [ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
other]  
(see Condition 3 for alternatives)
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Accrual Yield: [ ] per cent. per annum
- (ii) Reference Price: [ ] per cent. of the Aggregate Nominal Amount
- (iii) Any other formula/basis of determining amount payable: [ ]  
(Consider applicable day count fraction if euro denominated)
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 5(e) (iv) and 5(j) apply/specify other]
18. Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)  
(N. B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent: [give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)]
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (v) Specified Period(s)/Specified Interest Payment Dates: [ ]



- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*/No adjustment]
- (vii) Additional Business Centre(s): [       ]
- (viii) Minimum Rate of Interest: [       ] per cent. per annum
- (ix) Maximum Rate of Interest: [       ] per cent. per annum
- (x) Day Count Fraction: [       ]
19. Dual Currency Interest Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*  
*(N. B. If the Final Redemption Amount is other than 100 per cent. of the nominal value the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]
- (ii) Party, if any, responsible for calculating the principal and/or interest due (if not the Agent): [       ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [       ]
- PROVISIONS RELATING TO REDEMPTION**
20. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[       ] per Calculation Amount/*specify other*/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [       ]
- (b) Higher Redemption Amount: [       ]
- (iv) Notice period (if other than as set out in the Conditions): [       ]
21. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[       ] per Calculation Amount/*specify other*/see Appendix]

- (iii) Notice period (if other than as set out in the Conditions): [            ]
22. Final Redemption Amount of each Note: [Par/specify other/see Appendix]  
*(N. B. If the Final Redemption Amount of each Note is less than 100 per cent. of the Note's nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII of the Prospectus Directive Regulation will apply and a supplemental Prospectus will be prepared.)*
23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)): [[            ] per Calculation Amount/specify other/see Appendix]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]
- (ii) New Global Note: [Yes]/[No]  
*[N.B. The exchange upon notice/at any time/on or after the Exchange Date options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[            ] and integral multiples of [            ] in excess thereof up to and including [            ]."]*
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iii) and 18(vii) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details.]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note required for Partly Paid issues]
28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]

29. Redenomination applicable: [Yes/No]  
(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)
30. Other final terms: [Not Applicable/give details]  
(When adding any other final terms consideration should be given as to whether such terms constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)

## DISTRIBUTION

31. (i) If syndicated, names of Managers: [Not Applicable/give names]  
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a “best efforts” basis if such entities are not the same as the Managers.)
- (ii) Date of [Subscription] Agreement: [ ]  
(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies)
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
33. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/give details]

## PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and admission to trading on [specify relevant regulated market [the London Stock Exchange’s regulated market] and, if relevant, listing on an official list [the Official List of the UK Listing Authority]] of Notes described herein] pursuant to the €15,000,000,000 Euro Note Programme of Irish Life & Permanent plc.

## RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms. [[Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index or its components] has been extracted from [specify source]]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [specify source], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: .....

*Duly authorised*

## PART B — OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

(i) Listing and Admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [specify relevant regulated market *[the London Stock Exchange's regulated market]* and, if relevant, listing on an official list *[the Official List of the UK Listing Authority]* with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market [the London Stock Exchange's regulated market]* and, if relevant, listing on an official list *[the Official List of the UK Listing Authority]*] with effect from [ ].] [Not Applicable.]

*(where documenting a fungible issue, indicate if applicable, that original Notes are already admitted to trading)*

*(NB – Notes must be listed on a recognised stock exchange (such as the London Stock Exchange) to be able to avail of the Irish “quoted Eurobond” withholding tax exemption)*

(ii) Estimate of total expenses related to admission to trading:

[ ]

### 2. RATINGS

Ratings:

[The Notes to be issued [[have been]/[are expected to be]] rated *[insert details]* by *[insert the legal name of the relevant credit rating agency entity(ies)]*.]

*[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]*

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

*[[Insert the legal name of the relevant credit rating agency entity]* is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended). [As such *[insert the legal name of the relevant credit rating agency entity]* is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended). *[Insert the legal name of the relevant non-EU credit rating agency entity]* is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

*[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under

Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of [*insert the legal name of the relevant EU credit rating agency entity that applied for registration*], which is established in the European Union and is registered under the CRA Regulation [(and, as such is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation)], disclosed the intention to endorse credit ratings of [*insert the legal name of the relevant non-EU credit rating agency entity*]. While notification of the corresponding final endorsement decision has not yet been provided by the relevant competent authority, the European Securities and Markets Authority has indicated that ratings issued in third countries may continue to be used in the EU by relevant market participants for a transitional period ending on 31 January 2012 (which may be extended to 30 April 2012).]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). The ratings [[have been]/[are expected to be]] endorsed by [*insert the legal name of the relevant EU-registered credit rating agency entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU-registered credit rating agency entity*] is established in the European Union and registered under the CRA Regulation. [As such [*insert the legal name of the relevant EU credit rating agency entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.]]

[[*Insert the legal name of the relevant non-EU credit rating agency entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”), but it [is]/[has applied to be] certified in accordance with the CRA Regulation [[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [ [OR:] although notification of the corresponding certification decision has not yet been provided by the relevant competent authority and [*insert the legal name of the relevant non-EU credit rating agency entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].][[*Insert the legal name of the relevant credit rating agency entity*] is established in the European Union and has applied for registration under Regulation (EC) No. 1060/2009 (as amended), although notification of the corresponding registration



decision has not yet been provided by the relevant competent authority[ and *[insert the legal name of the relevant credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation]. ]

*[[Insert the legal name of the relevant non-EU credit rating agency entity]* is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the “CRA Regulation”). However, the application for registration under the CRA Regulation of *[insert the legal name of the relevant EU credit rating agency entity that applied for registration]*, which is established in the European Union, disclosed the intention to endorse credit ratings of *[insert the legal name of the relevant non-EU credit rating agency entity]*[, although notification of the corresponding registration decision has not yet been provided by the relevant competent authority and *[insert the legal name of the relevant EU credit rating agency entity]* is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

### 3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

*[(When adding any other description, consideration should be given as to whether such matters described constitute “significant new factors ”and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

### 4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: [ ]]

[(ii)] Estimated net proceeds: [ ]]

[(iii)] Estimated total expenses: [ ]].

*(N.B.: Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks and, where such reasons are inserted in (i), disclosure of net proceeds and total expenses at (ii) and (iii) above are also required.)]*

### 5. YIELD (Fixed Rate Notes only)

Indication of yield: [ ]]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### 6. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING (Index-Linked Notes only)

*[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]*

*[Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.]*

*[Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.]*

*[(When completing the above paragraphs, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

The Issuer [intends to provide post-issuance information [specify what information will be reported and where it can be obtained]] [does not intend to provide post-issuance information].

*(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

## **7. PERFORMANCE OF RATE[S] OF EXCHANGE**

*[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]*

*[(When completing this paragraph, consideration should be given as to whether such matters described constitute “significant new factors” and consequently trigger the need for a supplement to the Base Prospectus under Article 16 of the Prospectus Directive.)]*

*(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)*

## **8. OPERATIONAL INFORMATION**

- |   |   |
|---|---|
| (i) ISIN Code:  | [            ]                              |
| (ii) Common Code:   | [            ]                              |
| (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> and the relevant identification number(s): | [Not Applicable/give name(s) and number(s)] |
| (iv) Delivery:  | Delivery [against/free of] payment          |
| (v) Names and addresses of additional Paying Agent(s) (if any):   | [            ]                              |
| (vi) Intended to be held in a manner which would allow Eurosystem eligibility:  | [Yes] [No]                                  |
- [Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] *[include this text if “yes” selected in which case the Notes must be issued in NGN form]*

**FORM OF FINAL TERMS IN RESPECT OF EACH GOVERNMENT GUARANTEED  
TRANCHE OF NOTES ISSUED UNDER THE PROGRAMME**

[Date]

**IRISH LIFE & PERMANENT plc**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €15,000,000,000  
Euro Note Programme**

**THE MINISTER FOR FINANCE OF IRELAND HAS UNCONDITIONALLY AND IRREVOCABLY GUARANTEED THE PAYMENT WHEN DUE OF ALL SUMS OF PRINCIPAL, INTEREST (IF ANY) AND DEFAULT INTEREST (IF ANY) DUE AND PAYABLE BY THE ISSUER UNDER THE TRUST DEED AND THE GUARANTEED NOTES.**

The Minister for Finance's obligations in that respect are contained in the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (the "ELG Scheme"). The ELG Scheme and associated documents are available from the Issuer on request and are also available on the website of the National Treasury Management Agency and on the website of the Department of Finance.

Under Regulation 8(1)(d) of the Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) (the "Regulations") (transposing into Irish law Article 1.2(d) of the Prospectus Directive (Directive 2003/71/EC)), the issue of the Guaranteed Notes does not come within the scope of the Regulations and no prospectus approved by the Central Bank of Ireland will therefore be prepared in connection with the Notes.

**PART A — CONTRACTUAL TERMS**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated [original date] as supplemented by [date] an information supplement dated [date] (together, the "Exempt Prospectus", which for the purposes of this issue of Notes does not constitute a prospectus for the purposes of the Prospectus Directive). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Exempt Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Exempt Prospectus. The Exempt Prospectus is available for viewing at [address] and [website] and copies may be obtained from [address].

*The following alternative language applies if the first tranche of an issue which is being increased was issued under a Exempt Prospectus with an earlier date.*

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the prospectus dated [original date] as supplemented by an information supplement dated [date] (together, the "Exempt Prospectus", which for the purposes of this issue of Notes does not constitute a prospectus for the purposes of the Prospectus Directive). This document constitutes the Final Terms of the Notes described herein and must be read in conjunction with the Exempt Prospectus dated [current date] [and the supplement to the Exempt Prospectus dated [date]], save in respect of the Conditions which are extracted from the Exempt Prospectus dated [original date] [and the supplement to the Exempt Prospectus dated [date]] and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Exempt Prospectuses dated [current date] and [original date] [and the supplements to the Exempt Prospectuses dated [date] and [date]]. Copies of such Exempt Prospectuses [and the supplements to such Exempt Prospectuses] are available for viewing at [address] [and] [website] and copies may be obtained from [address].

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.]*

1. (a) Issuer: Irish Life & Permanent plc
- (b) Guarantor: Minister for Finance of Ireland

2. [(i)] Series Number: [       ]  
 [(ii)] Tranche Number: [       ]  
*(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)]*
3. Specified Currency: [       ]  
*(Guaranteed Notes must be issued in a single currency approved by the Guarantor)*
4. Aggregate Nominal Amount:  
 — Tranche: [       ]  
 — Series: [       ]
5. Issue Price: [       ] per cent. of the Aggregate Nominal Amount  
*[plus accrued interest from [insert date] (if applicable)]*
6. Specified Denominations: [       ]  
 [       ]  
 [(ii)] Calculation Amount [       ]  
*(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7. (i) Issue Date: [       ]  
*(N.B. Guaranteed Notes may only be issued during the Issuance Period (as defined in the ELG Scheme))*  
 (ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]  
*(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8. Maturity Date: [Fixed rate — specify date/Floating rate — Interest Payment Date falling in or nearest to [specify month]]  
*(N.B. Guaranteed Notes cannot have a maturity in excess of five years from the Issue Date)*
9. Interest Basis: [[       ] per cent. Fixed Rate]  
 [[LIBOR/EURIBOR] [       ] per cent. Floating Rate]  
 [Zero Coupon]  
 [Index Linked Interest]  
 [specify other]  
 (further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
 [Index Linked Redemption Amount]  
 [Partly Paid]  
 [Instalment]  
 [specify other]
11. Change of Interest Basis or Redemption/  
 Payment Basis: [Specify details of any provision for change of Notes into another Interest Basis or Redemption/ Payment Basis]

12. Put/Call Options: [Investor Put]  
[Issuer Call]  
[(further particulars specified below)]
13. Status of the Notes: Ordinary
14. Method of distribution: [Syndicated/Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. Fixed Rate Note Provisions: [Applicable/Not Applicable]  
*If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear]  
*(If payable other than annually, consider amending Condition 3)*
- (ii) Interest Payment Date(s): [[ ] in each year and up to and including the Maturity Date]/[*Specify other*]  
*(NB: This will need to be amended in the case of long or short coupons)*
- (iii) Fixed Coupon Amount(s): [ ] per Calculation Amount  
*(Applicable to Notes in definitive form)*
- (iv) Broken Amount(s): [ ] per Calculation Amount, payable on the Interest Payment Date [in/on] [ ]  
*(Applicable to Notes in definitive form)*
- (v) Day Count Fraction (subject to paragraph 30): [Actual/Actual (ICMA) or 30/360 or *specify other*]
- (vi) Determination Date(s): [ ] in each year  
*[Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon.] (NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration) (NB: only relevant where Day Count Fraction is Actual/Actual (ICMA))*
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [None/Give details]
16. Floating Rate Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
- (iii) Additional Business Centre(s): [ ]
- (iv) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination/*specify other*]



- (v) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [       ]
- (vi) Screen Rate Determination:
- Reference Rate: [       ]  
*(Either LIBOR, EURIBOR or other, although additional information is required if other — including any amendment to fallback provisions in the Agency Agreement)*
- Interest Determination Date(s): [       ]  
*(Second day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London prior to the start of each Interest Period if LIBOR (other than euro LIBOR or Sterling LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
- Relevant Screen Page: [       ]  
*(In the case of EURIBOR, if not Reuters EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
- (vii) ISDA Determination:
- Floating Rate Option: [       ]
- Designated Maturity: [       ]
- Reset Date: [       ]
- (viii) Margin(s): [       ] [       ] per cent. per annum
- (ix) Minimum Rate of Interest: [       ] per cent. per annum
- (x) Maximum Rate of Interest: [       ] per cent. per annum
- (xi) Day Count Fraction: [Actual/Actual (ISDA)  
Actual/365 (Fixed)  
Actual/365 (Sterling)  
Actual/360  
30/360  
30E/360  
30E/360 (ISDA)  
other]  
*(see Condition 3 for alternatives)*
- (xii) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [       ]
17. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Accrual Yield: [       ] per cent. per annum

- (ii) Reference Price: [ ] per cent. of the Aggregate Nominal Amount
- (iii) [ ]  
(Consider applicable day count fraction if euro denominated)
- (iv) Day Count Fraction in relation to Early Redemption Amounts and late payment: [Condition 5(e) (iv) and 5(j) apply/specify other]
18. Index Linked Interest Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula: [give or annex details]
- (ii) Calculation Agent:
- (iii) Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent): [ ]
- (iv) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable: [Need to include a description of market disruption or settlement disruption events and adjustment provisions]
- (v) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (vi) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/specify other/No adjustment]
- (vii) Additional Business Centre(s): [ ]
- (viii) Minimum Rate of Interest: [ ] per cent. per annum
- (ix) Maximum Rate of Interest: [ ] per cent. per annum
- (x) Day Count Fraction: [ ]
19. Dual Currency Interest Note Provisions: Not Applicable  
(Guaranteed Notes cannot be Dual Currency Notes)

## PROVISIONS RELATING TO REDEMPTION

20. Issuer Call: [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[ ] per Calculation Amount/specify other/see Appendix]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [ ]
- (b) Higher Redemption Amount: [ ]

- (iv) Notice period (if other than as set out in the Conditions): [       ]
21. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [       ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [[       ] per Calculation Amount/specify other/ see Appendix]
- (iii) Notice period (if other than as set out in the Conditions): [       ]
22. Final Redemption Amount of each Note: [Par/specify other/see Appendix]
23. Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 5(e)): [[       ] per Calculation Amount/specify other/see Appendix]

#### GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. (i) Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]  
  
[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date.]  
  
[Permanent Global Note exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event].]
- (ii) New Global Note: [Yes]/[No]  
*[N.B. The exchange upon notice/at any time/on or after the Exchange Date options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[       ] and integral multiples of [       ] in excess thereof up to and including [       ]."]*
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details]  
*(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraphs 16(iii) and 18(vii) relate)*
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details.]
27. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and, if different from those specified in the Temporary Global Note, consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: [Not Applicable/give details. NB: a new form of Temporary Global Note and/or Permanent Global Note required for Partly Paid issues]

28. Details relating to Instalment Notes:
- (i) Instalment Amount(s): [Not Applicable/give details]
- (ii) Instalment Date(s): [Not Applicable/give details]
29. Redenomination applicable: [Yes/No]  
*(if Redenomination is applicable, specify the terms of the redenomination in an Annex to the Final Terms)*
30. Other final terms: [Not Applicable/give details]

#### **DISTRIBUTION**

31. (i) If syndicated, names of Managers: [Not Applicable/give names]
- (ii) Date of [Subscription] Agreement: [ ]
- (iii) Stabilising Manager(s) (if any): [Not Applicable/give name]
32. If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
33. U.S. Selling Restrictions: [Reg. S Compliance Category; TEFRA D/TEFRA C/TEFRA not applicable]
34. Additional selling restrictions: [Not Applicable/give details]

#### **PURPOSE OF FINAL TERMS**

These Final Terms comprise the final terms required for issue [and admission to trading on *[specify relevant regulated [the London Stock Exchange's regulated market] and, if relevant, listing on an official list [the Official List of the UK Listing Authority]* of Notes described herein] pursuant to the €15,000,000,000 Euro Note Programme of Irish Life & Permanent plc.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: .....

*Duly authorised*

## PART B — OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading:

[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market [the London Stock Exchange's regulated market] and, if relevant, listing on an official list [the Official List of the UK Listing Authority]* with effect from [•].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on *[specify relevant regulated market [the London Stock Exchange's regulated market] and, if relevant, listing on an official list [the Official List of the UK Listing Authority]*] with effect from [•].] [Not Applicable.]

*(where documenting a fungible issue, indicate if applicable, that original Notes are already admitted to trading)*

- (ii) Estimate of total expenses related to admission to trading:

[       ]

### 2. RATINGS

Ratings:

The Notes to be issued have been rated:

[S & P:       ]

[Moody's:    ]

[[Other]:    ]

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. OPERATIONAL INFORMATION

- (i) ISIN Code:

[       ]

- (ii) Common Code:

[       ]

- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme* and the relevant identification number(s):

[Not Applicable/give name(s) and number(s)]

- (iv) Delivery:

Delivery [against/free of] payment

- (v) Names and addresses of additional Paying Agent(s) (if any):

[       ]

- (vi) Intended to be held in a manner which would allow Eurosystem eligibility:

[Yes] [No]

[Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [include this text if “yes” selected in which case the Notes must be issued in NGN form]



## TERMS AND CONDITIONS OF THE NOTES

*The following are the Terms and Conditions of the Notes which (subject to amendment) will be incorporated by reference into each global Note and each definitive Note if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer(s) at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (as defined below) in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each temporary global Note, permanent global Note and definitive Note. Reference should be made to “Form of the Notes” above for the form of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions or specify which of such terms are to apply in relation to the relevant Notes.*

This Note is one of a series of Notes issued by Irish Life & Permanent plc (the “Issuer”), constituted by a Trust Deed (as modified and/or supplemented and/or restated from time to time, the “Trust Deed”) dated 10th January, 1997 made between the Issuer, Irish Permanent Treasury plc and The Law Debenture Trust Corporation p.l.c. (the “Trustee”, which expression shall include any successor as trustee). Irish Permanent Treasury plc ceased to be an issuer under the Programme with effect from 3rd July, 2001.

**References herein to the “Notes” shall be references to the Notes of this Series (as defined below) and shall mean (i) in relation to any Notes represented by a global Note, units of each Specified Denomination in the Specified Currency, (ii) definitive Notes issued in exchange (or part exchange) for a global Note and (iii) any global Note.**

The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an amended and restated Agency Agreement (as amended and/or supplemented and/or restated from time to time, the “Agency Agreement”) dated 28th March, 2007 and made among the Issuer, the Trustee, Citibank, N.A., London office, as issuing and principal paying agent and agent bank (the “Agent”, which expression shall include any successor agent specified in the applicable Final Terms) and the other paying agents named therein (together with the Agent, the “Paying Agents”, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes (unless otherwise indicated in the applicable Final Terms) have interest coupons (“Coupons”) and, if indicated in the applicable Final Terms, talons for further Coupons (“Talons”) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Notes repayable in instalments have receipts (“Receipts”) for the payment of the instalments of principal (other than the final instalment) attached on issue.

The Final Terms for this Note (or the relevant provisions thereof) is attached hereto or endorsed hereon and supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References herein to the “applicable Final Terms” are to the Final Terms (or the relevant provisions thereof) attached hereto or endorsed hereon. Unless the context otherwise requires, terms defined in the applicable Final Terms have the same meanings where used in these Terms and Conditions.

The Trustee acts for the benefit of the holders for the time being of the Notes (the “Noteholders”, which expression shall, in relation to any Notes represented by a global Note, be construed as provided below), the holders of the Receipts (the “Receiptholders”) and the holders of the Coupons (the “Couponholders”, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, “Tranche” means Notes which are identical in all respects (including as to listing and admission to trading) and “Series” means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement, the form of the Final Terms and each Final Terms are available for inspection during normal business hours at the registered office of each of the Trustee (being at 24th February, 2010 at Fifth Floor, 100 Wood Street, London EC2V 7EX), the Agent and the other Paying Agents save that a Final Terms relating to an unlisted Note of any Series will only be available for inspection by a Noteholder holding one or more unlisted Notes of that Series and such Noteholder must produce evidence satisfactory to the Trustee or the relevant Paying Agent as to identity. The Noteholders, the Receiptholders and the

Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are binding on them.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms the applicable Final Terms will prevail.

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

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the Specified Currency and the Specified Denomination(s). Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is an Ordinary Note or a Subordinated Note, as indicated in the applicable Final Terms. If this Note is a Subordinated Note, it is either a Dated Subordinated Note or an Undated Subordinated Note, as also so indicated.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note a Dual Currency Interest Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. This Note may be an Index Linked Redemption Amount Note an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Final Terms. In each such case, the appropriate provisions of these Terms and Conditions will apply accordingly.

Notes in definitive form are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to the Notes, Receipts and Coupons will pass by delivery. The Issuer, the Trustee and any Paying Agent may to the fullest extent permitted by applicable law deem and treat the bearer of any Note, Receipt or Coupon as the absolute owner thereof (whether or not the same are overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a global Note held on behalf of Euroclear Bank S.A./N.V. ("Euroclear") and/or Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be and shall be treated by the Issuer, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on the Notes, for which purpose the bearer of the relevant global Note (or the Trustee in accordance with the Trust Deed) shall be treated by the Issuer, the Trustee, the Agent and any other Paying Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note (and the expressions "Noteholder", "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or of Clearstream, Luxembourg, as the case may be.

References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearance system specified in the applicable Final Terms or as may otherwise be approved by the Issuer, the Trustee and the Agent.

## **2. Status and Subordination**

### **(a) Ordinary Notes**

#### *Status of the Ordinary Notes*

The Ordinary Notes (which shall include Notes guaranteed by the Minister for Finance of Ireland (the "Guaranteed Notes")) and the Receipts and Coupons relating thereto (if any) constitute direct, unsubordinated, unconditional and unsecured obligations of the Issuer and rank *pari passu*, without any preference among

themselves, with all other outstanding, unsecured and unsubordinated obligations of the Issuer, present and future, subject to mandatory provisions of law affecting creditors' rights generally and statutorily preferred obligations.

**(b) Dated Subordinated Notes**

**(1) Status of Dated Subordinated Notes**

- (A) The Dated Subordinated Notes and the Receipts and Coupons relating thereto (if any) constitute direct, unsecured and, in accordance with sub-paragraph (B) below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves.
- (B) The claims of the holders of Dated Subordinated Notes and the Receipts and Coupons relating thereto (if any) will, in the event of the winding-up of the Issuer, be subordinated in right of payment in the manner provided in the Trust Deed to the claims of depositors and all other unsubordinated creditors of the Issuer and will rank, in the event of the winding-up of the Issuer, at least *pari passu* in right of payment with all other Subordinated Indebtedness, present and future, of the Issuer.

**(2) Definition**

For the purposes of this paragraph (b), "Subordinated Indebtedness" means all indebtedness of the Issuer which is subordinated, in the event of the winding-up of the Issuer, in right of payment to the claims of depositors and other unsubordinated creditors of the Issuer and for this purpose indebtedness shall include all liabilities, whether actual or contingent.

**(c) Undated Subordinated Notes**

**(1) Status of the Undated Subordinated Notes**

- (A) The Undated Subordinated Notes and the Coupons relating thereto (if any) constitute direct, unsecured and, in accordance with the paragraphs below, subordinated obligations of the Issuer and rank *pari passu* without any preference among themselves.
- (B) The claims of the holders of Undated Subordinated Notes and the Coupons relating thereto (if any) are subordinated to the claims of Senior Creditors (as defined below) of the Issuer in that payments of principal and interest in respect of the Undated Subordinated Notes and the Coupons relating thereto (if any) are conditional upon the Issuer being solvent (as defined below) at the time of payment by the Issuer and in that no principal or interest shall be payable in respect of Undated Subordinated Notes or the Coupons relating thereto (if any) except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if:
  - (i) it is able to pay its debts to Senior Creditors as they fall due; and
  - (ii) its Assets exceed its Liabilities (each as defined below) to Senior Creditors.

A report as to the solvency of the Issuer by (a) two directors of the Issuer or, in certain circumstances as provided in the Trust Deed, the auditors of the Issuer or (b) if the Issuer is being wound up, its liquidator or (c) if the Issuer is under examination as provided for by the Companies (Amendment) Act, 1990 of Ireland, its examiner shall, in each case in the absence of manifest error, be treated and accepted by the Issuer, the Trustee and the holders of Undated Subordinated Notes and the Coupons relating thereto (if any) as correct and sufficient evidence thereof.

For the purpose of this sub-paragraph (B), "Senior Creditors" means creditors of the Issuer (a) who are depositors or other unsubordinated creditors of the Issuer; or (b) who are subordinated creditors of the Issuer (including the holders of Dated Subordinated Notes and/or the Receipts and Coupons relating thereto (if any)) other than those whose claims rank, or are expressed to rank, *pari passu* with or junior to the claims of the holders of Undated Subordinated Notes and the Coupons relating thereto (if any) (whether only in the event of a winding-up of the Issuer or otherwise); "Assets" means the total consolidated gross assets of the Issuer and "Liabilities" means the total consolidated gross liabilities of the Issuer, all as shown by the latest published audited balance sheet of the Issuer but adjusted for contingencies and for subsequent events in such manner and to such extent as such directors, auditors, liquidator or examiner, as the case may be, may determine to be appropriate.

- (C) Interest on Undated Subordinated Notes shall accrue from day to day and shall (subject to sub-paragraph (B) above) be payable on each Compulsory Interest Payment Date (as defined below) in respect of the interest accrued in the interest period ending on (but excluding) such Compulsory Interest Payment Date. On any Optional Interest Payment Date (as defined below) there may be paid

(if the Issuer so elects and gives not less than 30 days' notice of such election to the holders of Undated Subordinated Notes in accordance with Condition 13 but subject to sub-paragraph (B) above) the interest accrued in the interest period ending on (but excluding) such Optional Interest Payment Date (an "Accrual Period") but the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose; and any interest not so paid shall, so long as the same remains unpaid, constitute "Arrears of Interest". The Issuer may at its option (after giving notice to the holders of Undated Subordinated Notes in accordance with Condition 13 but subject to sub-paragraph (B) above) at any time pay all or part of the Arrears of Interest (being, if part only, the whole of the interest accrued on all the Undated Subordinated Notes during any one or more Accrual Period(s)) but so that, in the case of any such partial payment, the interest accrued during any Accrual Period shall not be paid prior to that accrued during any earlier Accrual Period. All Arrears of Interest shall (subject to sub-paragraphs (B) and (D) of this Condition 2(c)), become due in full on whichever is the earliest of (i) the date on which any dividend or other distribution is next declared, paid or made on any class of stock or share capital of the Issuer, (ii) the date set for any repayment permitted under paragraph (b) or (c) of Condition 5 and (iii) the commencement of winding-up of the Issuer. If notice is given by the Issuer of its intention to pay all or part of the Arrears of Interest, the Issuer shall be obliged (subject to sub-paragraph (B) above) to do so upon the expiry of such notice. Interest in respect of which the condition referred to in sub-paragraph (B) above is not satisfied on the Interest Date relating thereto shall, so long as the same remains unpaid, also constitute Arrears of Interest for the purposes of the remainder of these Terms and Conditions. Neither Arrears of Interest nor any interest due but unpaid shall bear interest.

- (D) If, otherwise than for the purposes of a Permitted Reorganisation (as defined in Condition 8) or for the purpose of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding-up in Ireland of the Issuer, the Issuer shall, in lieu of any other payment on the Undated Subordinated Notes and the Coupons relating thereto (if any) representing principal, accrued interest, Arrears of Interest and/or interest due but unpaid, but subject to the condition set out in sub-paragraph (B) above, be obliged to pay, in respect of the Undated Subordinated Notes and such Coupons, such amounts as would have been payable if the holders of the Undated Subordinated Notes and such Coupons had, on the day preceding the commencement of such winding-up, become holders of preference stock or shares in the capital of the Issuer forming or being part of a class having a preferential right in the winding-up over the holders of all other classes of stock or shares in the capital of the Issuer and entitled to receive in such winding-up an amount equal to the Early Redemption Amount (as defined in Condition 5(e)) of the Undated Subordinated Notes together with interest (if any) accrued since the Interest Date next preceding or coinciding with the commencement of such winding-up, such Arrears of Interest and/or, as the case may be, such interest due but unpaid.

(2) *Definitions*

For the purposes of this paragraph (c):

"Compulsory Interest Payment Date" means any Interest Date in relation to which any dividend or other distribution (as defined in the Trust Deed) has been declared, paid or made on any class of the stock or share capital of the Issuer in the immediately preceding interest period;

"Interest Date" means an Interest Payment Date;

"interest period" means the period from (and including) one Interest Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Date; and

"Optional Interest Payment Date" means any Interest Date other than a Compulsory Interest Payment Date.

*N. B. The obligations of the Issuer in respect of Undated Subordinated Notes and the Coupons relating thereto (if any) are conditional upon the Issuer being solvent immediately before and after payment by the Issuer. If this condition is not satisfied, any amounts which might otherwise have been allocated in or towards payment of principal and interest in respect of the Undated Subordinated Notes and the Coupons relating thereto (if any) may be used to absorb losses.*

(d) *Set-off*

Subject to applicable law, no holder of a Subordinated Note, or a Receipt or Coupon relating thereto (if any) may exercise or claim any right of set-off in respect of any amount owed by it to the Issuer or arising under or in connection with the Subordinated Notes and the Receipts and Coupons relating thereto (if any) and each holder

of a Subordinated Note or a Receipt or Coupon relating thereto (if any) shall, by virtue of its subscription, purchase or holding of any such Note, Receipt or Coupon, be deemed to have waived all such rights of set-off.

### **3. Interest**

#### **(a) Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c)) on the Interest Payment Date(s) in each year and (except in the case of an Undated Subordinated Note) on the Maturity Date if that does not fall on an Interest Payment Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in these Terms and Conditions, “Fixed Interest Period” means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Terms and Conditions: “Day Count Fraction” means in respect of the calculation of an amount of interest in accordance with this Condition 3(a):

- (i) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
  - (a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
    - (2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (ii) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but



excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

“Determination Period” means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

“sub-unit” means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

**(b) Interest on Floating Rate Notes and Index Linked Interest Notes**

**(i) Interest Payment Dates**

Each Floating Rate Note and Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c)) on either:

- (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an “Interest Payment Date”) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

If a business day convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month on which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

- (1) in any case where Specified Periods are specified in accordance with Condition 3(b) (i) (B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below should apply *mutatis mutandis* or (ii) in the case of (y) above shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (2) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (3) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (4) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, “Business Day” means a day which is both:

- (A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre specified in the applicable Final Terms; and
- (B) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business



Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open.

(ii) *Rate of Interest*

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. and amended and updated as at the Issue Date of the first Tranche of the Notes (the "ISDA Definitions") and under which:

- (1) the Floating Rate Option is as specified in the applicable Final Terms;
- (2) the Designated Maturity is as specified in the applicable Final Terms; and
- (3) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("LIBOR") or on the Euro-zone inter-bank offered rate ("EURIBOR") for a currency, the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

For the purposes of this sub-paragraph (A), "Floating Rate", "Calculation Agent", "Floating Rate Option", "Designated Maturity", "Euro-zone" and "Reset Date" have the meanings given to those terms in the ISDA Definitions.

When this sub-paragraph (A) applies, in respect of each relevant Interest Period the Agent will be deemed to have discharged its obligations under Condition 4(b) (iv) in respect of the determination of the Rate of Interest if it has determined the Rate of Interest in respect of such Interest Period in the manner provided in this sub-paragraph (A).

Unless otherwise stated in the applicable Final Terms the Minimum Rate of Interest shall be deemed to be zero.

(B) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

- (1) the offered quotation (if there is only one quotation on the Relevant Screen Page); or
- (2) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (1) above, no such quotation appears or, in the case of (2) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

*(iii) Minimum and/or Maximum Interest Rate*

If the applicable Final Terms specifies a Minimum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is less than such Minimum Interest Rate, the Rate of Interest for such Interest Period shall be such Minimum Interest Rate. If the applicable Final Terms specifies a Maximum Interest Rate for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (ii) above is greater than such Maximum Interest Rate, the Rate of Interest for such Interest Period shall be such Maximum Interest Rate.

*(iv) Determination of Rate of Interest and Calculation of Interest Amounts*

The Agent, in the case of Floating Rate Notes, or the Calculation Agent, in the case of Index Linked Interest Notes, will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

The Agent will calculate the amount of interest (the “Interest Amount”) payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or
- (B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case,

multiplying such sum by the applicable Day Count Fraction and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

“Day Count Fraction” means, in respect of the calculation of an amount of interest for any Interest Period:

- (i) if “Actual/Actual” or “Actual/Actual (ISDA)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366.
- (iv) if “Actual/360” is specified in the applicable Final Terms the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30; and

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(v) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange or other relevant authority

on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined in this Condition 3(b)) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment (or alternative arrangements) will be promptly notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

*(vi) Determination or calculation by Trustee*

If for any reason at any time the Agent or, as the case may be, the Calculation Agent defaults in its obligation to determine the Rate of Interest or the Agent defaults in its obligation to calculate any Interest Amount in accordance with sub-paragraph (ii) (A) or (B) above, as the case may be, and, in each case, (iv) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any minimum or maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent or the Calculation Agent, as applicable.

*(vii) Certificates to be Final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3(b), whether by the Agent or, if applicable, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Trustee, the Agent, the Calculation Agent (if applicable), the other Paying Agents and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Noteholders, the Receiptholders or the Couponholders shall attach to the Agent or the Calculation Agent (if applicable) or the Trustee in connection with the exercise or non-exercise by it of any of its powers, duties and discretions pursuant to such provisions.

*(c) Dual Currency Interest Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the applicable Final Terms.

*(d) Partly Paid Notes*

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

*(e) Accrual of Interest*

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused or is not made by reason of Condition 2(b) or (c). In such event, interest will continue to accrue as provided in the Trust Deed.

## **4. Payments**

*(a) Method of Payment*

Subject as provided below:

- (i) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

- (ii) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by euro cheque.

Notwithstanding any provision hereof (other than the final paragraph of Condition 4(b)), payments in respect of any Note will not be made at an office of a Paying Agent in the United States by transfer to an account maintained by the payee with a bank located in the United States or by cheque mailed to an address in the United States. For the purposes of this Condition and Condition 12, the “United States” means the United States of America (including the States and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands).

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 6.

**(b) *Presentation of Notes, Receipts and Coupons***

Payments of principal in respect of definitive Notes will (subject as provided below and, in the case of Undated Subordinated Notes, to Condition 2(c)) be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest, including Arrears of Interest (if any), in respect of definitive Notes will (subject as provided below and, in the case of Undated Subordinated Notes, to Condition 2(c)) be made as aforesaid only against presentation and surrender of Coupons (or, in the case of part payment of any sum due, endorsement), in each case at the specified office of any Paying Agent outside the United States.

Payments of instalments of principal (if any) in respect of definitive Notes other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph (a) above against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt. Payment of the final instalment will be made in the manner provided in paragraph (a) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant definitive Note. Each Receipt must be presented for payment of the relevant instalment together with the definitive Note to which it appertains. Receipts presented without the definitive Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive form (other than Dual Currency Notes or Index Linked Notes) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 12 years after the Relevant Date (as defined in Condition 6) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 7) or, if later, six years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note or Index Linked Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c)) be payable only against surrender of the relevant definitive Note.

Payments of principal and interest (including Arrears of Interest (if any)) in respect of Notes represented by any global Note will (subject as provided below and, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c)) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant global Note against presentation or surrender, as the case may be, of such global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against



presentation or surrender of such global Note, distinguishing between any payment of principal and any payment of interest, will be made on such global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

The holder of a global Note (or as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such global Note or the Trustee, as the case may be, in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such global Note or the Trustee, as the case may be. No person other than the holder of such global Note or the Trustee, as the case may be, shall have any claim against the Issuer in respect of any payments due on that global Note.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of Notes denominated and payable in U.S. dollars will be made at the specified office of a Paying Agent in the United States if:

- (i) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (ii) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (iii) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

**(c) *Payment Day***

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these

purposes, (unless otherwise specified in the applicable Final Terms) “Payment Day” means any day which subject to Condition 7 is:

- (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (A) the relevant place of presentation; and
  - (B) each Additional Financial Centre specified in the applicable Final Terms; and
- (ii) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, any Additional Financial Centre and which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

**(d) *Interpretation of Principal and Interest***

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (i) any additional amounts which may be payable with respect to principal under Condition 6 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;
- (ii) the Final Redemption Amount of the Notes;
- (iii) the Early Redemption Amount of the Notes;
- (iv) the Optional Redemption Amount(s) (if any) of the Notes;
- (v) in relation to Notes redeemable in instalments, the Instalment Amounts;



- (vi) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (vii) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 6 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## **5. Redemption and Purchase**

### **(a) At Maturity**

Unless previously redeemed or purchased and cancelled as provided below, each Ordinary Note (which shall include Guaranteed Notes) and each Dated Subordinated Note will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date. Each Undated Subordinated Note is undated and accordingly has no final maturity date and is only redeemable or repayable in accordance with the following provisions of this Condition or Condition 9.

### **(b) Redemption for Tax Reasons**

The Notes may be redeemed at the option of the Issuer (subject, if this Note is an Undated Subordinated Note, to the provisions of Condition 2(c)) in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice in accordance with Condition 13 (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that:

- (i) on the occasion of the next payment due under the Notes, the Issuer would be required to pay additional amounts as provided in Condition 6 as a result of any change in, or amendment to, the laws or regulations of Ireland or any political subdivision or any authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and
- (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it (such measures not involving any material additional payments by, or expense for, the Issuer),

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the relevant obligation referred to in (i) above will apply on the occasion of the next payment due under the Notes and cannot be avoided by the Issuer taking reasonable measures available to it and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 5(b) will be redeemed at their Early Redemption Amount referred to in paragraph (e) below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

### **(c) Redemption at the Option of the Issuer (Issuer Call)**

If Issuer Call is specified in the applicable Final Terms, the Issuer may (subject, if this Note is an Undated Subordinated Note, to the provisions of Condition 2(c)), having (unless otherwise specified in the applicable Final Terms) given:

- (i) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 14; and
- (ii) not less than 15 days before the giving of the notice referred to in (i), notice to the Trustee;

(which notices shall be irrevocable), redeem all or some only (as specified in the applicable Final Terms) of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with

interest accrued to (but excluding) the relevant Optional Redemption Date(s). The Issuer will not redeem the principal amount of any Dated Subordinated Note prior to its stated maturity date without the prior written consent of the Irish Financial Regulator. The Issuer will not redeem the principal amount of any Undated Subordinated Note without the prior written consent of the Irish Financial Regulator. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount or not more than the Higher Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (“Redeemed Notes”) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the “Selection Date”). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of all the Notes outstanding, in each case on the Selection Date, provided that such first-mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from and including the Selection Date to and including the date fixed for redemption pursuant to this sub-paragraph (c) and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least 15 days prior to the Selection Date.

***(d) Redemption at the Option of the Noteholders other than holders of Subordinated Notes (Investor Put)***

If Investor Put is specified in the applicable Final Terms upon the holder of any Note (other than a Subordinated Note) giving to the Issuer in accordance with Condition 13 not less than 15 nor more than 30 days’ notice (which notice shall be irrevocable) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. The Issuer will not redeem the principal amount of any Dated Subordinated Note prior to its stated maturity date without the prior written consent of the Irish Financial Regulator. The Issuer will not redeem the principal amount of any Undated Subordinated Note without the prior written consent of the Irish Financial Regulator. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

If this Note is in definitive form, to exercise the right to require redemption of this Note the holder of this Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, accompanied by a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a “Put Notice”) and in which the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 5(d) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 8, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 5(d).

***(e) Early Redemption Amounts***

For the purpose of paragraph (b) above and Condition 8 (if this Note is an Ordinary Note) or Condition 9 (if this Note is a Subordinated Note), the Notes will (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c)) be redeemed at the Early Redemption Amount calculated as follows:

- (i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or
- (ii) in the case of Undated Subordinated Notes, at their nominal amount; or
- (iii) in the case of Notes (other than Zero Coupon Notes but including Instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or
- (iv) in the case of Zero Coupon Notes, at an amount (the “Amortised Face Amount”) equal to the sum of:
  - (A) the Reference Price; and
  - (B) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (i) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each or (ii) in the case of a Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365) or (in either case) on such other calculation basis as may be specified in the applicable Final Terms.

***(f) Instalments***

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph (e) above. In the case of Definitive Notes, all instalments (other than the final instalment) will be paid against surrender of the relevant Receipt (which must be presented with the Note to which it appertains) and in the case of the final instalment against surrender of the relevant Note, all as more fully described in Condition 4.

***(g) Partly Paid Notes***

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition but subject as provided in the applicable Final Terms.

***(h) Purchases***

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes at any price and in any manner provided that, in the case of definitive Notes, all unmatured Receipts, Coupons and Talons are attached thereto or surrendered therewith.

***(i) Cancellation***

All Notes which are (a) redeemed or (b) purchased as aforesaid (except purchases made in the ordinary course of business of a dealer in securities) will forthwith be cancelled (together with, in the case of definitive Notes, all unmatured Receipts and Coupons attached thereto or surrendered therewith) and accordingly may not be reissued or resold.

***(j) Late payment on Zero Coupon Notes***

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph (a), (b), (c) or (d) above or upon its becoming due and repayable as provided in Condition 8 (if this Note is an Ordinary Note) or Condition 9 (if this Note is a Subordinated Note) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall (subject, in the case of Undated Subordinated Notes, to the provisions of Condition 2(c)) be the amount calculated as provided in paragraph (e) (iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (i) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

- (ii) five days after the date on which the full amount of the moneys payable has been received by the Agent and notice to that effect has been given to the Noteholders either in accordance with Condition 13 or individually.

## **6. Taxation**

All payments of principal and interest in respect of the Notes, Receipts and Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Ireland or any political sub-division thereof or by any authority therein or thereof having power to tax unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders, Receiptholders and Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (a) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges by reason of his being connected with Ireland otherwise than by reason only of his ownership of such Note, Receipt or Coupon; or
- (b) presented for payment in Ireland; or
- (c) 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 on the thirtieth such day; 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 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (e) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union.

As used herein, the “relevant date” means the date on which such payment first becomes due, but, if the full amount of the money payable has not been received in London by the Agent or the Trustee on or prior to such due date, it means the date on which, the full amount of such money having been so received, notice to that effect shall have been duly published in accordance with Condition 13.

## **7. Prescription**

The Notes, Receipts and Coupons will become void unless presented for payment within a period of 12 years (in the case of principal) and six years (in the case of interest) after the relevant date (as defined in Condition 6) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon, any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 4(b) or any Talon which would be void pursuant to Condition 4(b).

## **8. Events of Default for, and Enforcement of, Ordinary Notes**

This Condition shall apply only to Ordinary Notes (which shall include Guaranteed Notes unless otherwise specified).

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), (but, in the case of the happening of any of the events mentioned in paragraphs (ii) to (viii) below (inclusive), only if the Trustee shall have certified that, in its opinion, such event is materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 5(e), together with accrued interest as provided in the Trust Deed, if any of the following events (“Events of Default”) shall have occurred and be continuing:

- (i) 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 Notes or any of them when and as the same ought to be paid; or
- (ii) there is default by the Issuer in the performance or observance of any covenant, condition or provision contained in the Trust Deed or the Notes, Receipts or Coupons and on its part to be performed or observed (other than the covenant to pay the principal or interest in respect of any of the Notes) and (except where the Trustee determines that such default is not capable of remedy when no such notice or continuation as is hereinafter mentioned shall be required) such default continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) a distress or execution or other legal process in respect of a claim for €650,000 (or its equivalent in any other currency or currencies) or more is levied or enforced or sued out upon or against any part of the property, assets or revenues of the Issuer or any of its Subsidiaries (other than an SPC Subsidiary or SPC Subsidiaries) and is not discharged or stayed within 30 days of having been so levied, enforced or sued out except that, in the case of Guaranteed Notes only, this condition 8 (iii) shall not apply; or
- (iv) save in the case of a Permitted Reorganisation (as defined below), the Issuer or any Principal Subsidiary (as defined below) becomes insolvent or stops or threatens to stop payment of or is unable to pay its debts as they mature or applies for or consents to or suffers the appointment of a liquidator or an administrative or other receiver or an examiner (under the Companies (Amendment) Act, 1990 of Ireland) or an administrator of itself or the whole or any substantial part of its undertaking, property, assets or revenues or takes any proceeding under any law for a readjustment or deferment of its obligations or any part thereof or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors or, except in any case for the purposes of a reconstruction, merger or amalgamation effected with the consent of the Trustee, ceases or threatens to cease to carry on its business or any substantial part of its business; or
- (v) an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any Principal Subsidiary or anything analogous or similar to any of the foregoing occurs (except in any case for the purposes of a reconstruction, merger or amalgamation effected with the consent of the Trustee or, in any case concerning the Issuer as a result of a Permitted Reorganisation); or
- (vi) the licence granted to the Issuer pursuant to the Central Bank Act, 1971 of Ireland (“the Act of 1971”) is or is proposed by the Issuer to be cancelled, suspended or revoked or the Irish Financial Services Regulatory Authority (or such other national or supranational regulatory authority as may at the relevant time have responsibility for the regulation and supervision of banks in Ireland (the “Regulatory Authority”)) announces its intention to cancel, suspend or revoke the licence of the Issuer under the Act of 1971; or
- (vii)
  - (a) if any other present or future indebtedness of the Issuer or any of its Subsidiaries to a Third Party (other than indebtedness in respect of any Limited Recourse Transaction) becomes due and repayable prior to its stated maturity pursuant to a default (however described) by the Issuer or any of its Subsidiaries and demand is made therefor; or
  - (b) if any other present or future indebtedness of the Issuer or any of its Subsidiaries to a Third Party (other than indebtedness in respect of any Limited Recourse Transaction) is not paid when due or (as the case may be) within any applicable grace period therefor and demand is made therefor; or
  - (c) if the Issuer or any of its Subsidiaries within any applicable grace period therefor any amount payable by it to any Third Party under any present or future guarantee or indemnity (other than any guarantee or indemnity given in the ordinary course of its business) in respect of any present or future indebtedness (other than indebtedness in respect of any Limited Recourse Transaction) and demand is made therefor; or
  - (d) if any mortgage, charge, pledge, lien or other encumbrance present or future securing any present or future indebtedness (other than indebtedness in respect of any Limited Recourse Transaction), guarantee or indemnity created or assumed by the Issuer or any of its Subsidiaries becomes enforceable and the holder thereof (being a Third Party) takes any steps to enforce the same,



Provided however that:

- (I) the aggregate of the principal amounts of all such indebtedness (other than indebtedness in respect of any Limited Recourse Transaction) of the Issuer and its Subsidiaries to Third Parties and/or the amounts payable by the Issuer or any of its Subsidiaries to Third Parties under any such guarantee and/or indemnity (other than any guarantee and/or indemnity in respect of any Limited Recourse Transaction) shall at that time exceed €15,000,000 (or its equivalent in any other currency or currencies) or, if higher, a sum equal to 0.33 per cent. of the Total Assets (as defined below) of the Issuer and its Subsidiaries; and
- (II) (for the purpose only of paragraphs (vii)(a) to (d) above) “Subsidiary” does not include an SPC Subsidiary and “Subsidiaries” does not include SPC Subsidiaries,

except that, in the case of Guaranteed Notes only, this Condition 8(vii) shall not apply.

In these Terms and Conditions:

“Limited Recourse Transaction” means a transaction entered into or to be entered into by the Issuer or any of its Subsidiaries where the sole recourse, insofar as the Issuer or any of its Subsidiaries is concerned, of the provider of funds is to an asset financed by those funds or to an SPC Subsidiary or to SPC Subsidiaries acquired, formed or used in connection with such transaction, such provider having no recourse to the general assets or undertaking of, as the case may be, the Issuer or any of its Subsidiaries. A report by the Auditors (as defined in the Trust Deed) that in their opinion a transaction is or is not or was or was not a Limited Recourse Transaction shall, in the absence of manifest error, be conclusive and binding on all parties.

“Permitted Reorganisation” means an amalgamation, merger, consolidation, reorganisation or other similar arrangement entered into by the Issuer under which:

- (a) the whole of the business, undertaking and assets of the Issuer are transferred to and all the liabilities and obligations of the Issuer are assumed by the new or surviving entity either:
  - (i) automatically by operation of the laws of Ireland; or
  - (ii) upon terms and subject to the satisfaction of such conditions as the Trustee shall have previously approved in writing in order to satisfy the Trustee that the new or surviving entity will be bound by the terms of the Trust Deed and the Notes as fully as if it had been named in the Trust Deed and the Notes in place of the Issuer; and
- (b) the new or surviving entity will immediately after such amalgamation, merger, consolidation, reorganisation or other similar arrangement be subject to the same regulation and supervision by the Regulatory Authority as the Issuer was subject immediately prior thereto.

“Principal Subsidiary” means a Subsidiary of the Issuer (other than an SPC Subsidiary) whose total assets represent 10 per cent. or more of the Total Assets of the Issuer and its Subsidiaries (all as more particularly described in the Trust Deed). A report by the Auditors that in their opinion a Subsidiary is or is not or was or was not at any particular time or throughout any specified period an SPC Subsidiary or a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

“SPC Subsidiary” means a Subsidiary of the Issuer acquired or formed or used by the Issuer or any Subsidiary of Issuer for the sole purpose of a Limited Recourse Transaction where, insofar as, as the case may be, the Issuer or any other Subsidiary of the Issuer is concerned the sole recourse of a provider of funds in relation to such Limited Recourse Transaction is to such first-mentioned Subsidiary or the assets of such first-mentioned Subsidiary or the shares in, or the securities, debentures, loan instruments, debts or other covenants of, such first-mentioned Subsidiary and neither such provider of funds nor any other party will have any recourse to, as the case may be, the Issuer or any of its other Subsidiaries or its other assets for the liabilities of such first-mentioned Subsidiary and “SPC Subsidiaries” shall be construed accordingly.

“Third Party” means any person not being the Issuer or a Subsidiary of the Issuer and “Third Parties” shall be construed accordingly.

“Total Assets” means the consolidated total assets of the Issuer and its Subsidiaries as shown by the latest audited consolidated balance sheet of the Issuer and its Subsidiaries.

The Trustee may, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce the obligations of the Issuer under the Trust Deed and the Notes, Receipts and Coupons, but it shall not be bound to take any such proceedings or any other action unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by holders of at least 25 per cent. in nominal amount of the Notes outstanding and (ii) it shall have been indemnified to its satisfaction. No Noteholder,



Receipholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure is continuing.

#### **9. Events of Default for, and Enforcement of, Subordinated Notes**

This Condition shall apply only to Subordinated Notes.

- (A) If default is made in the payment of any principal or interest due in respect of the Notes and such default continues for a period of seven days (in the case of principal) or 14 days (in the case of interest) after the due date for the same or, as the case may be, after any other date upon which the payment of interest is compulsory, the Trustee may, subject as provided below, at its discretion and without further notice, institute proceedings for the winding-up of the Issuer in Ireland (but not elsewhere), but may take no further action in respect of such default. For the purposes of this paragraph and in relation to Undated Subordinated Notes only, (i) a payment shall be deemed to be due or compulsory even if the condition set out in Condition 2(c) (1) (B) or, as the case may be, Condition 2(c) (2) (B) is not satisfied, and (ii) for the avoidance of doubt, the exercise by the relevant Issuer of its right, pursuant to Condition 2(c) (1)(C), not to make any payment(s) of interest in respect of Undated Subordinated Notes shall not constitute failure to make payment of interest.
- (B) If, otherwise than for the purposes of a Permitted Reorganisation or for the purposes of a reconstruction or amalgamation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, an order is made or an effective resolution is passed for the winding-up of the Issuer in Ireland (but not elsewhere), the Trustee may, subject as provided below, at its discretion, give notice to the Issuer that the Dated Subordinated Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount as defined in Condition 5(e), plus accrued interest as provided in the Trust Deed.
- (C) Without prejudice to paragraphs (A) and (B) above, the Trustee may, subject as provided below, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any obligation, condition or provision binding on the Issuer under the Notes, the Receipts, the Coupons or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes), provided that the Issuer shall not as a consequence of such proceedings be obliged to pay any sum or sums representing or measured by reference to principal or interest in respect of the Notes sooner than the same would otherwise have been payable by it or any damages.
- (D) The Trustee shall be bound to take action as referred to in paragraph (A), (B) or (C) above if (i) it shall have been so requested in writing by Noteholders holding at least 25 per cent. in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders and (ii) it shall have been indemnified to its satisfaction.
- (E) No Noteholder, Receipholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing. No Noteholder, Receipholder or Couponholder shall be entitled either to institute proceedings in Ireland (or elsewhere) for the winding-up of the Issuer or to submit a claim in such winding-up, except that if the Trustee, having become bound to institute such proceedings as aforesaid, fails to do so, or, being able and bound to submit a claim in such winding-up, fails to do so, in each case within a reasonable period and such failure is continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself institute proceedings for the winding-up of the Issuer in Ireland (but not elsewhere) and/or submit a claim in such winding-up to the same extent (but not further or otherwise) that the Trustee would have been entitled to do.

#### **10. Replacement of Notes, Receipts, Coupons and Talons**

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may, subject to all applicable laws and stock exchange requirements, be replaced at the specified office of the Agent, or any other place approved by the Trustee of which notice shall have been published in accordance with Condition 13, upon payment by the claimant of such costs, expenses, taxes and duties as may be incurred in connection therewith and on such terms as to evidence, security and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **11. Agent and Paying Agents**

The names of the initial Agent and the other initial Paying Agents and their initial specified offices are set out below.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents, provided that:

- (i) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority;
- (ii) there will at all times be an Agent;
- (iii) there will at all times be a Paying Agent in a Member State of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (iv) there will at all times be an Agent and a Paying Agent with its specified office in a city in continental Europe approved by the Trustee outside Ireland.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 4(b). Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 30 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

## **12. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent outside the United States in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 7. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

## **13. Notices**

All notices regarding the Notes will be valid if published in a leading English language daily newspaper of general circulation in London or, if in any case this is not in the opinion of the Trustee practicable, in at least one daily English language newspaper with general circulation in Europe approved by the Trustee. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange or other relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication in all the required newspapers. Receiptholders and Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

Until such time as any definitive Notes are issued, there may (provided that, in the case of Notes listed on a stock exchange, the rules of that stock exchange or other relevant authority so permit), so long as the global Note(s) is or are held in its/their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by them to the holders of the Notes. Such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any holder of the Notes shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a global Note, such notice may be given by any holder of a Note to the Agent via Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

#### **14. Meetings of Noteholders, Modification and Waiver**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including modification by an Extraordinary Resolution of the Notes, the Receipts, the Coupons or the Trust Deed, provided that the modification of certain provisions of the Notes, Receipts or Coupons (concerning *inter alia* the date of maturity of the Notes or any date for payment of interest thereof, the amount of principal or the rate of interest payable in respect of the Notes, the currency of payment of the Notes, Receipts or Coupons or the status and, if applicable, subordination of the Notes or certain provisions of the Trust Deed) may only be made at a meeting at which the necessary quorum will be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether present or not, and on all Receiptholders and Couponholders.

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification (subject to certain exceptions), or to any waiver or authorisation of any breach or proposed breach, of any of these Terms and Conditions or any provision of the Trust Deed or the Notes, Receipts or Coupons or determine that any Event of Default or potential Event of Default which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders shall not be treated as such. The Trustee may also agree without such consent to any modification of any of these Terms and Conditions or any provision of the Trust Deed or the Notes, Receipts or Coupons which is made to correct a manifest error or which is of a formal, minor or technical nature.

If the Issuer shall undergo a Permitted Reorganisation, the new or surviving entity in any such case will be substituted in place of the Issuer as principal debtor under the Trust Deed, the Notes, the Receipts and the Coupons without any prior approval thereof being required of the Noteholders, the Receiptholders or the Couponholders or any further consent thereto being required of the Trustee.

Without prejudice to the immediately preceding paragraph and subject as provided in the Trust Deed, the Trustee may at any time agree, without the consent of the Noteholders, the Receiptholders or the Couponholders, to the substitution in place of the Issuer (or any previous substitute under this Condition) as the principal debtor under the Trust Deed of (i) any successor in business of the Issuer (as defined in the Trust Deed), (ii) any wholly-owned Subsidiary of the Issuer and (iii) any wholly-owned Subsidiary of a successor in business of the Issuer subject to the Trustee being satisfied that the substitution will not breach any applicable law or regulation and that all necessary governmental, regulatory and other approvals, consents and licences in respect of the substitution shall have been obtained and are in full force and effect.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or substitution), the Trustee shall have regard to the interests of the Noteholders as a class and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders and Couponholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 6 and/or any undertaking given in addition to, or in substitution for, Condition 6 pursuant to the Trust Deed.

Any such modification, waiver, authorisation or substitution shall be binding on the Noteholders, Receiptholders and Couponholders and, unless, in the case of a modification, the Trustee agrees otherwise, any such modification or substitution shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

#### **15. Further Issues**

The Issuer shall be at liberty from time to time without the consent of the Noteholders, Receiptholders or Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

#### **16. Indemnification**

The Trust Deed contains provisions governing the responsibility of the Trustee and providing for its indemnification in certain circumstances including provisions relieving it, unless indemnified to its satisfaction,

from taking proceedings to enforce repayment. The Trustee shall be entitled to enter into business transactions with the Issuer and/or any Subsidiary of it without accounting for any profit resulting therefrom.

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

The Trust Deed, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law except that Conditions 2(b), 2(c) and 2(d) and the equivalent provisions of the Trust Deed are governed by, and shall be construed in accordance with, the laws of Ireland.

The Issuer has in the Trust Deed irrevocably agreed for the benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) and that accordingly any suit, action or proceedings arising out of or in connection therewith (together referred to as “Proceedings”) may be brought in such courts.

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

The Issuer has in the Trust Deed appointed the Secretary for the time being of Capital Home Loans Limited at Admiral House, Harlington Way, Fleet, Hampshire GU51 4YA (the “Process Agent”) as the agent of the Issuer for the service of process on the Issuer to accept on its behalf service of process in England in connection with any Proceedings, and has undertaken that, in the event of Process Agent ceasing so to act, it will appoint such other person as the Trustee may approve as its agent for that purpose. The Issuer has also agreed in the Trust Deed to procure that, so long as any of the Notes remains outstanding, there shall be in force an appointment of such a person approved by the Trustee with an office in London with authority to accept service as aforesaid. Nothing herein shall affect the right to serve process in any other manner permitted by law.

#### **18. The Contracts (Rights of Third Parties) Act 1999**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

#### **USE OF PROCEEDS**

The net proceeds from each issue of Notes will be used by the Group in the ordinary course of its business which includes making a profit. If in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## IRISH LIFE & PERMANENT PLC

### Profile of Irish Life & Permanent plc

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

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

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

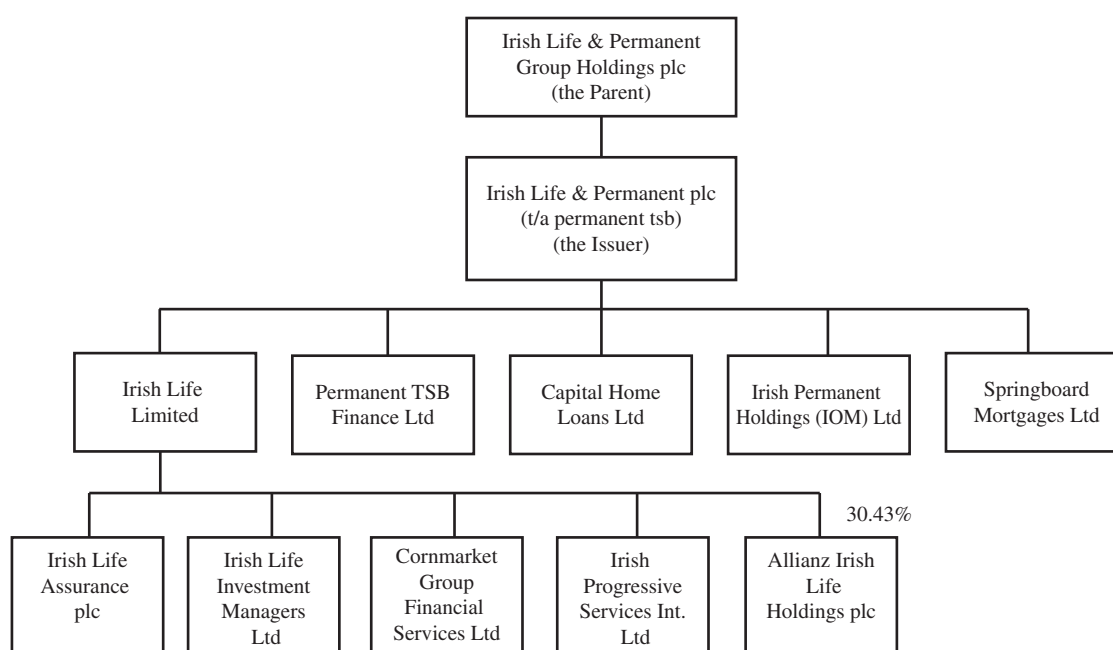
Irish Life Assurance plc is Ireland's largest life assurance company and the market leader in the provision of life, pension and investment products (based on market share — source: Financial Regulator Insurance Statistical Review 2009). Its products and services are distributed through a wide range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

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

The Issuer has a 30 per cent. stake in Allianz Ireland plc (previously known as Church & General). Allianz Ireland plc is one of Ireland's top three non-life insurance companies (source: Financial Regulator Insurance Statistical Review 2009).

The chart below summarises the structure of the Irish Life & Permanent Group ("the Group") and its principal subsidiary and associated undertakings all of which are 100 per cent. owned unless indicated otherwise:

### GROUP STRUCTURE



The acquisition of Irish Life plc in 1999 involved Irish Permanent ("IP") issuing ordinary shares to acquire the entire share capital of Irish Life plc. IP was renamed Irish Life & Permanent plc being the publicly quoted holding company of the Irish Life Group and a licensed bank. In January 2010 a new quoted group holding company was put in place and the Issuer became a wholly owned subsidiary of Irish Life & Permanent Group Holdings plc (see "2010 Restructuring of the Group").



The Issuer carries on the principal banking activities of the Group and trades under the brand name of **permanent tsb** reflecting the acquisition of TSB Bank in 2001 and its subsequent merger with IL&P's banking operations. Permanent tsb Finance is an auto finance subsidiary and Capital Home Loans Ltd is a specialist residential mortgage lending business in the UK, focused on the UK buy-to-let market.

To contribute to the recapitalisation requirement of the Issuer, arising from the PCAR and PLAR exercises undertaken by the Central Bank in March 2011 (see "Financial Measures Programme 2011"), the High Court granted a direction order in June 2011 for the preparation for the disposal of the business and assets of the Irish Life Group.

## ACTIVITIES OF THE ISSUER

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

### *Life Assurance activities*

Irish Life is Ireland's leading life and pensions company with a domestic market share of approximately 28 per cent. (source: Milliman 2010). It provides a wide range of risk protection, pension, savings and investment products for both the individual and group markets in Ireland.

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

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

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

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

Cornmarket Group Financial Services Limited specialises in the provision of financial advice and products to affinity groups in the public sector.

As of 31st December, 2010, the Irish business had approximately 750,000 policies in force and premium income arising for the year ended 31st December, 2010 amounted to €4.3 billion.

The operating profit before tax for the life and fund management business on an IFRS basis for the year ended 31st December, 2010 was €166 million. This figure on an IFRS basis for the six month period ended 30th June, 2011 was a loss of €9 million.

### *New life assurance business*

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

### *Banking activities*

**permanent tsb** is a significant provider of residential mortgage finance in Ireland. At 30th June, 2011 residential mortgages account for 91 per cent. of the loan book with the balance consisting of personal finance —

mainly secured auto finance — and commercial mortgages. At 30th June, 2011 the Issuer had approximately 180,000 mortgage accounts.

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

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

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

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

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

Total loans outstanding at 30th June, 2011 were €35.0 billion (31st December, 2010:

€36.6 billion) (net of impairment provisions).

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

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

## SUMMARY FINANCIALS

For the year ended 31st December 2010, the pre-tax consolidated operating loss of the Group on an IFRS basis was €170 million shown by divisions as follows:

- life assurance and fund management: €166 million profit
- banking: €364 million loss
- general insurance (associate): €9 million profit
- other: €19 million profit

For the six month period ended 30th June, 2011, pre-tax consolidated operating profit of the Group on an IFRS basis was €409 million, shown by divisions as follows:

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

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

On an IFRS basis, the Group had consolidated total assets of €75,251 million and consolidated shareholders' equity of €1,954 million as at 30th June, 2011 (as compared to €75,705 million and €1,622 million as at 31st December, 2010).

### *Capital Ratios*

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

## **HISTORY AND DEVELOPMENT OF THE ISSUER**

### *Irish Permanent plc ("IL&P")*

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

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

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

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

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

### *Irish Life & Permanent plc ("IL&P" or "the Issuer")*

The creation of the Group in 1999 involved IL&P issuing ordinary shares to acquire the entire share capital of Irish Life plc. The Irish Life plc listing was cancelled and IP was renamed Irish Life & Permanent plc, being the publicly quoted holding company of the group and a licensed bank. In 2001 TSB Bank was acquired from the Irish Government and the business merged with that of Irish Permanent and the new enlarged bank was rebranded permanent tsb. In January 2010 a new quoted holding company for the group was put in place.

### *Irish Life & Permanent Group Holdings plc ("IL&P Group Holdings" or "the Parent")*

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

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

The cancelled Existing Shares were delisted and the issued share capital of IL&P Group Holdings was admitted to trading on the Official List of the Irish Stock Exchange Limited and the Official List of the Financial Services Authority with effect from commencement of business on 18th January, 2010.

The Retained Shares are held by, or on trust for, IL&P Group Holdings.

### *Acquisition of INBS deposits*

On 25th February, 2011 the Issuer acquired the €3.6 billion deposit book and selected assets of Irish Nationwide Building Society ("INBS") pursuant to a Transfer Order issued by the High Court under the

Stabilisation Act. The Issuer also acquired pursuant to the Transfer Order senior NAMA bonds with a nominal value of €2.9 billion and Irish Government and Irish financial institutions Government guaranteed bonds with a nominal value of approximately €0.7 billion.

#### *Acquisition of Northern Rock's Irish business*

On 30th August, 2011 the Issuer announced that it had entered into an agreement with Northern Rock to acquire the deposit taking business carried on by Northern Rock in Ireland (the "Northern Rock Transaction"). The transfer of the business was approved and ordered by the Minister pursuant to the Central Bank Act 1971 (Approval of Scheme of Transfer Between Northern Rock and Irish Life & Permanent plc (Trading as Permanent TSB)) Order 2011 on 1st November, 2011. The Issuer is expected to acquire an estimated €500m of deposits when the acquisition completes at the end of 2011.

#### **FINANCIAL MEASURES PROGRAMME – MARCH 2011**

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

The reviews identified a total gross capital requirement of €4.0 billion for the banking business operated by the Issuer in order to meet the capital and deleveraging requirements prescribed by the Central Bank of Ireland to by 31st December, 2013:

- (i) achieve the target core equity Tier 1 capital ratio of 6 per cent. (plus an additional buffer) in a stress case scenario; and
- (ii) to de-leverage the Issuer's balance sheet in order to achieve a loan to deposit ratio of approximately 122 per cent.

The Institutions and the Government have agreed that the total gross capital requirement of €4.0 billion would be met from a number of sources including internal Group resources (including asset disposals), equity issuance and gains from liability management in respect of the Issuer's Tier 2 subordinated debt. These sources were to meet €3.6 billion of the total capital requirement with the balance of €0.4 billion to be satisfied through the issue of the CCNs in July 2011.

#### *Initial State Investment*

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

The Minister further subscribed €0.4 billion for the CCNs. The combined €2.3 billion investment in ordinary shares and the €0.4 billion of Tier 2 Notes comprise the "Initial State Investment".

Together with €0.2bn of capital generated internally within the Group these sources met approximately €2.9 billion out of the total of €4.0 billion capital requirement.

Following the Initial State Investment, the Minister holds over 99 per cent. of the Ordinary Shares currently in issue. The Ordinary Shares are now listed on the Enterprise Securities Market operated by the ISE.

#### *Standby State Investment*

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

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

#### *Liability Management Exercise*

Liability management in this context is a debt repurchase transaction whereby the Issuer seeks to buy back some or all of its subordinated debt at a discount to its nominal value with the difference between the price paid and the nominal value of the subordinated notes being realised as a gain for the Issuer. This gain represents an increment to the Issuer’s Tier 1 capital.

The first phase of the liability management exercise relating to the Issuers’ subordinated debt (the “Liability Management Exercise”) started on 17th May, 2011 when the Issuer prepaid three upper tier 2 perpetual subordinated loans made to the Issuer in an original aggregate nominal amount of approximately €318 million. The loan prepayments were made at a significant discount to the nominal amount in each case and without payment of accrued interest. The loan prepayments were made by agreement with the relevant lender in each case and with the consent of the Central Bank.

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

The Liability Management Exercise has completed and realised an accounting gain of €1 billion. However the full regulatory capital benefit generated from the Liability Management Exercise will only be realised on the disposal of the Irish Life Group.

#### *Disposal of Irish Life Group*

On 9th June, 2011 the High Court granted to the Minister a Direction Order, pursuant to the provisions of Section 9 of the Stabilisation Act, for the disposal of the Irish Life Group. The order directs the Issuer to make preparations for the possible disposal of the business and assets of the Irish Life Group by either (i) a possible initial public offering of some or all of the Irish Life Group and/or (ii) a possible private disposal of some or all of the Irish Life Group. The Irish Life Direction Order also directs the Issuer to formulate a plan for the separation of such business functions as are shared between the banking and associated businesses carried on by the Issuer and the business carried on by the Irish Life Group. The Irish Life Direction Order allows the preparations for a possible disposal of the Irish Life Group to occur in an orderly manner, consistent with the timetable agreed with the Government and the Institutions. As part of this preparation, the Issuer, after carrying out an impairment review, wrote down the carrying value of its investment in the Irish Life Group to €1.4 billion. The Issuer will continue to review the options relating to the disposal of the Irish Life Group, with a view to maximising the value of the Irish Life Group to the Group. If it is decided that a disposal of the Irish Life Group is to proceed, the Minister at his discretion may apply for an additional Court order to effect any such disposal.

IL&P Group Holdings announced on 25th November, 2011 that the Group has decided to suspend the disposal process relating to the Irish Life Group. On 25th November, 2011, the Minister stated that, “The Department of Finance has confirmed to IL&P that none of the bids received for Irish Life were acceptable at the present time. We note that the process attracted significant interest from a broad range of potential acquirers, however the current very challenging European market environment is not supportive to achieving a valuation that recognises the strength of the Irish Life business. The Department of Finance will work with IL&P to complete the PCAR recapitalisation in accordance with the requirements of the Central Bank.”

#### *EU Restructuring Plan*

As a consequence of the State Investment, the Issuer prepared an EU Restructuring Plan in respect of the Group’s banking business and delivered it to the Minister on 31st July, 2011 for submission to the European Commission. Under EU State aid rules, the primary purpose of a restructuring plan is to demonstrate that the entity in receipt of State aid will be viable in the long-term without reliance on State support, that there is adequate burden sharing by the entity and its equity/debt capital holders and that measures are taken to limit distortions of



competition arising from the State aid. While the Group prepared the EU Restructuring Plan on the basis of the procedures and criteria prescribed by the European Commission for such plans, the Group is unable to assess how long the EU review process will take or the terms under which the European Commission may approve the final EU Restructuring Plan.

## MANAGEMENT

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

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

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

## LITIGATION

### *The Anglo Irish Transactions*

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

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

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

In addition to the ongoing investigation by the Central Bank of Ireland, the coming to light of the Anglo Transactions in February 2009 prompted a number of enquiries from other government, regulatory and supervisory authorities. The Group has co-operated fully with the Central Bank of Ireland in its investigation of the Anglo Transactions and has engaged with, and promptly responded to, each such other body. In the opinion of



the Directors it is likely that the resolution of those enquiries will be dependent on the outcome of the investigation by the Central Bank of Ireland on the involvement of the Group in the Anglo Transactions and any related activities.

The subject matter of these investigations could give rise to claims against the Group and, depending on the outcome of any investigations, enforcement authorities may seek to impose substantial fines (with a maximum fine of €5 million) and penalties on the Group.

## **CORPORATE GOVERNANCE**

### *UK Corporate Governance Code & Regulatory Standards*

The Issuer, as a company whose parent, IL&P Group Holdings holds an equity listing on the Enterprise Securities Market operated by the ISE, is not required to comply with the provisions of the UK Corporate Governance Code issued by the Financial Reporting Council or the Irish Corporate Governance Annex issued by the ISE (together, the “Code”).

The directors have however, developed a code of practice, which deals with, among other matters, issues of corporate governance. The directors recognise the importance of high standards of corporate governance and intend that the Issuer should observe the requirements of the Code on a voluntary basis. Further details, and any subsequent developments, may be found on the Issuer’s website ([www.irishlifepermanent.ie](http://www.irishlifepermanent.ie)).

In November 2010 the Central Bank issued a Corporate Governance Code for Credit Institutions and Insurance Undertakings (the “CBI Code”). The CBI Code imposes minimum standards upon all credit institutions and insurance undertakings with additional requirements upon entities which are designated as major institutions. The Issuer has been designated as a major institution under the CBI Code. Further details, and any subsequent developments, may be found on the Issuer’s website ([www.irishlifepermanent.ie](http://www.irishlifepermanent.ie)).

### **Board Committees**

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

#### *Remuneration and Compensation Committee*

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

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

#### *Nomination Committee*

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

This committee is also responsible for reviewing the effectiveness of the board’s operations, including the chairmanship and composition of board committees. Subject to satisfactory performance, non-executive directors are typically expected to serve two three year terms, although the board may extend an invitation to serve a further three-year term. The form of appointment letter for non-executive directors is available for inspection and is also

included on the group's website ([www.irishlifepermanent.ie](http://www.irishlifepermanent.ie)). The remuneration of the non-executive directors is determined by the board within the parameters decided by the shareholders and on the advice of the Chairman and the Group Chief Executive. The term of office of the Chairman is six years regardless of any previous term as a director. Under the Articles of Association directors are required to submit themselves to shareholders for re-election to the board every three years.

However, the board has adopted a practice of all directors submitting themselves for re-appointment by election at each annual general meeting.

#### ***Audit Committee***

The Audit Committee comprises Emer Daly (Chairman), Pat Ryan and Margaret Hayes. The board ensures that the Chairman of the committee has recent and relevant financial experience. The Audit Committee provides a link between the board and the external auditor is independent of the Group's management and is responsible for making recommendations in respect of the appointment of the external auditor and for reviewing the scope of the external audit. It also has responsibility for reviewing the Group's annual report and financial statements, preliminary announcement, half yearly accounts, interim management statements and the effectiveness of the Group's internal control systems and risk management process.

The committee monitors the Group's internal audit, compliance and risk management procedures and considers issues raised and recommendations made by the external auditors and by the Group Internal Audit function. The committee meets at least annually with the external auditors in confidential session without management being present. The committee reviews the arrangements by which staff of the group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

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

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

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

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

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

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

## PRINCIPAL SUBSIDIARY AND ASSOCIATED COMPANIES

Irish Life & Permanent plc was the publicly quoted holding company for the Group until 15th January, 2010 and as of this date the Issuer became a wholly owned subsidiary of Irish Life & Permanent Group Holdings plc. The Issuer is a licensed bank which trades as **permanent tsb**. Its principal subsidiary and associated undertakings are:

### (A) Principal subsidiary undertakings

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

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

### (B) Principal associated undertaking

	<i>Total issued equity/debt capital</i>	<i>% holding</i>
Allianz — Irish Life Holdings plc . . . . .	23.053.108 ordinary	30.43
Incorporated, registered and operating as a general insurance. . . . .	€1.25 shares	

## Authorised and Issued Share Capital

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

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

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

In accordance with the terms of the Capitalisation Direction Order, the Minister subscribed €2.3 billion for approximately 36.2 billion new Ordinary Shares at a price of €0.06345 per Ordinary Share. The proceeds of the Ministers' Ordinary Share subscription were invested by the Parent in the Issuer to enhance the Issuer's Tier 1 regulatory capital. The Minister further subscribed €0.4 billion for the CCNs which were issued by the Issuer.

## SUMMARY FINANCIAL STATEMENTS

### Condensed Consolidated Income Statement (Unaudited) For the six months ended 30 June 2011

	<i>Unaudited 6 months to 30 June 2011 €m</i>	<i>Unaudited 6 months to 30 June 2010 €m</i>
<b>Continuing operations</b>		
Interest receivable . . . . .	688	571
Interest payable . . . . .	(570)	(412)
	<u>118</u>	<u>159</u>
Fees and commission income . . . . .	29	27
Fees and commission expenses . . . . .	(7)	(17)
Trading income . . . . .	(1)	(4)
Other operating income . . . . .	(23)	4
Gain on subordinated liability management exercise . . . . .	763	–
	<u>879</u>	<u>169</u>
<b>Total operating income</b> . . . . .		
Administrative expenses . . . . .	(160)	(141)
Depreciation and amortisation		
Property and equipment . . . . .	(7)	(7)
Intangible assets . . . . .	(9)	(3)
Impairment		
Loss on the disposal of property and equipment . . . . .	–	(1)
	<u>(176)</u>	<u>(152)</u>
<b>Total operating expenses</b> . . . . .		
<b>Operating profit before provisions</b> . . . . .	<u>703</u>	<u>17</u>
<b>Provisions for impairment</b>		
Loans and receivables . . . . .	(333)	(150)
	<u>(333)</u>	<u>(150)</u>
<b>Operating profit/(loss)</b> . . . . .	<u><u>370</u></u>	<u><u>(133)</u></u>
Profit/(loss) before taxation . . . . .	370	(133)
Taxation . . . . .	43	19
	<u>413</u>	<u>(114)</u>
<b>Profit/(loss) for the period from continuing operations</b> . . . . .		
<b>Discontinued operations</b>		
Profit/(loss) for the period from discontinued operations . . . . .	42	77
	<u>455</u>	<u>(37)</u>
<b>Profit/(loss) for the period</b> . . . . .	<u><u>455</u></u>	<u><u>(37)</u></u>
<b>Attributable to:</b>		
Owners of the parent		
Continuing operations . . . . .	413	(114)
Discontinued operations . . . . .	42	77
	<u>455</u>	<u>(37)</u>

**Condensed Consolidated Statement of Financial Position (Unaudited)**  
**As at 30 June 2011**

	<i>Unaudited</i> 30 June 2011 €m	<i>Audited</i> 31 December 2010 €m
<b>Assets</b>		
Cash and balances with central banks . . . . .	631	312
Items in course of collection . . . . .	102	124
Assets classified as held for sale . . . . .	31,725	2,089
Debt securities . . . . .	6,254	12,098
Equity shares and units in unit trusts . . . . .	–	13,783
Derivative assets . . . . .	264	1,255
Loans and receivables to customers . . . . .	34,982	36,581
Loans and receivables to banks . . . . .	675	3,565
Investment properties . . . . .	–	1,825
Reinsurance assets . . . . .	–	2,011
Interest in associated undertaking . . . . .	–	124
Prepayments and accrued income . . . . .	124	385
Property and equipment . . . . .	105	200
Shareholder value of in-force business . . . . .	–	699
Intangible assets . . . . .	108	30
Goodwill . . . . .	–	70
Deferred tax assets . . . . .	169	112
Other assets . . . . .	102	150
Deferred acquisition costs . . . . .	–	188
Retirement benefit assets . . . . .	10	104
<b>Total assets</b> . . . . .	<u>75,251</u>	<u>75,705</u>
<b>Liabilities</b>		
Deposits by banks (including central banks)* . . . . .	18,417	17,146
Liabilities classified as held for sale . . . . .	30,622	2,041
Customer accounts . . . . .	14,968	13,382
Debt securities in issue . . . . .	8,245	10,034
Derivative liabilities . . . . .	242	503
Investment contract liabilities . . . . .	–	24,067
Insurance contract liabilities . . . . .	–	4,238
Outstanding insurance and investment claims . . . . .	–	108
Accruals . . . . .	119	158
Other liabilities . . . . .	212	321
Provisions . . . . .	39	17
Current tax liabilities . . . . .	–	9
Deferred front end fees . . . . .	–	48
Deferred tax liabilities . . . . .	–	172
Retirement benefit liabilities . . . . .	129	153
Subordinated liabilities . . . . .	304	1,686
<b>Total liabilities</b> . . . . .	<u>73,297</u>	<u>74,083</u>
<b>Equity</b>		
Share capital . . . . .	89	89
Share premium . . . . .	135	135
Other reserves . . . . .	(309)	(185)
Retained earnings . . . . .	2,039	1,583
<b>Total equity</b> . . . . .	<u>1,954</u>	<u>1,622</u>
<b>Total liabilities and equity</b> . . . . .	<u>75,251</u>	<u>75,705</u>

\* Deposits by banks (including central banks) includes both €12.6 billion (31st December, 2010: €13.8 billion) and €2.1 billion (31st December, 2010: nil) of ECB and Irish Central Bank funding respectively. Also includes a deposit of €3 billion (31st December, €nil) made by the NTMA.

## Consolidated Income Statement

The audited consolidated Income Statement for the Group for the years ended 31st December, 2009 and 31st December 2010 set out below have been extracted without material adjustment from the Annual Report of the Group for the year ended 31st December, 2010.

	<i>31st December</i>	
	<i>2010</i>	<i>2009</i>
	<i>€m</i>	<i>€m</i>
Interest receivable . . . . .	1,131	1,281
Interest payable . . . . .	(822)	(918)
	309	363
Fees and commission income . . . . .	79	77
Fees and commission expenses . . . . .	(126)	(157)
Trading income . . . . .	(3)	(4)
Premiums on insurance contracts . . . . .	719	709
Reinsurers' share of premium on insurance contracts . . . . .	(124)	(116)
Investment return . . . . .	2,139	2,585
Fees from investment contracts and fund management . . . . .	219	225
Change in shareholder value of in-force business . . . . .	(31)	(57)
<b>Operating Income . . . . .</b>	<b>3,181</b>	<b>3,625</b>
Claims on insurance contracts . . . . .	(473)	(489)
Reinsurers' share of claims on insurance contracts . . . . .	169	160
Change in insurance contracts liabilities . . . . .	(204)	(27)
Change in reinsurers' share of insurance contracts liabilities . . . . .	72	(103)
Change in investment contract liabilities, net of reinsurance . . . . .	(1,943)	(2,484)
Investment expenses . . . . .	(49)	(35)
Administrative expenses . . . . .	(464)	(518)
Depreciation and amortisation		
– Property and equipment . . . . .	(27)	(30)
– Intangible assets . . . . .	(16)	(20)
Impairment		
– Property and equipment . . . . .	(3)	(9)
– Intangible assets . . . . .	–	(2)
– Assets and liabilities classified as held for sale . . . . .	(1)	–
Loss on the disposal of property and equipment . . . . .	(1)	–
<b>Operating expenses . . . . .</b>	<b>(2,940)</b>	<b>(3,557)</b>
Operating profit before provisions . . . . .	241	68
Provision for impairment . . . . .	(420)	(376)
Operating loss . . . . .	(179)	(308)
Share of profits/(losses) of associated undertaking . . . . .	9	(2)
<b>Loss before taxation . . . . .</b>	<b>(170)</b>	<b>(310)</b>
Taxation . . . . .	29	(3)
<b>Loss for the year . . . . .</b>	<b>(141)</b>	<b>(313)</b>
<b>Attributable to:</b>		
Owners of the parent . . . . .	(141)	(313)



## Consolidated Balance Sheets

The audited consolidated balance sheets of the Group for the two years ended 31st December, 2009 and 31st December, 2010 set out below have been extracted without material adjustment from the Annual Report of the Group for the year ended 31st December, 2010.

	<i>31st December</i>	
	<i>2010</i>	<i>2009</i>
	<i>€m</i>	<i>€m</i>
<b>Assets</b>		
Cash and balance with central banks . . . . .	312	218
Items in course of collection . . . . .	124	108
Debt securities . . . . .	12,098	15,780
Assets classified as held for sale . . . . .	2,089	–
Equity shares and units in unit trusts . . . . .	13,783	13,510
Derivative assets . . . . .	1,255	1,169
Loans and receivables to customers . . . . .	36,581	38,592
Loans and receivables to banks . . . . .	3,565	4,925
Investment properties . . . . .	1,825	1,769
Reinsurance assets . . . . .	2,011	1,979
Prepayments and accrued income . . . . .	385	294
Interest in associated undertakings . . . . .	124	122
Property and equipment . . . . .	200	238
Shareholder value of in-force business . . . . .	699	730
Intangible assets . . . . .	30	42
Goodwill . . . . .	70	75
Deferred tax assets . . . . .	112	–
Other assets . . . . .	150	129
Deferred acquisition costs . . . . .	188	245
Retirement benefit assets . . . . .	104	96
<b>Total assets</b> . . . . .	<b>75,705</b>	<b>80,021</b>
<b>Liabilities</b>		
Deposits by banks (including central bank) . . . . .	17,146	18,713
Liabilities classified as held for sale . . . . .	2,041	–
Customer accounts . . . . .	13,382	14,562
Debt securities in issue . . . . .	10,034	13,262
Derivative liabilities . . . . .	503	665
Investment contract liabilities . . . . .	24,067	24,032
Insurance contract liabilities . . . . .	4,238	4,034
Outstanding insurance and investment claims . . . . .	108	115
Accruals . . . . .	158	220
Other liabilities . . . . .	321	306
Provisions . . . . .	17	63
Current tax liabilities . . . . .	9	9
Deferred front end fees . . . . .	48	102
Deferred tax liabilities . . . . .	172	129
Retirement benefit liability . . . . .	153	159
Subordinated liabilities . . . . .	1,686	1,644
<b>Total Liabilities</b> . . . . .	<b>74,083</b>	<b>78,015</b>

	<i>31st December</i>	
	<i>2010</i>	<i>2009</i>
	<i>€m</i>	<i>€m</i>
<b>Equity</b>		
Share capital . . . . .	89	89
Share premium. . . . .	135	135
Other reserves . . . . .	(185)	87
Retained earnings . . . . .	1,583	1,695
<b>Total equity</b> . . . . .	<b>1,622</b>	<b>2,006</b>
<b>Total liabilities and equity</b> . . . . .	<b>75,705</b>	<b>80,021</b>

## Consolidated Income Statement — Embedded Value Basis

The Directors of Irish Life & Permanent plc have chosen to prepare supplementary information in accordance with the European Embedded Value (EEV) principles. The audited consolidated Income Statement – Embedded Value Basis for the two years ended 31st December, 2009 and 31st December, 2010 set out below have been extracted without material adjustment from the Annual Report of the Group for the year ended 31st December, 2010

	<i>31st December</i>	
	<i>2010</i>	<i>2009</i>
	<i>€m</i>	<i>€m</i>
<b>Operating profit</b>		
Life assurance and fund management business. . . . .	160	102
Banking . . . . .	(364)	(270)
Other . . . . .	(2)	(26)
	<u>(206)</u>	<u>(194)</u>
Share of associate . . . . .	9	(2)
<b>Operating loss before tax . . . . .</b>	<b><u>(197)</u></b>	<b><u>(196)</u></b>
Short-term investment fluctuations . . . . .	49	(68)
Effect of economic assumption changes . . . . .	(51)	(38)
VIF loan (financing costs) . . . . .	(22)	–
Impairment of assets held for disposal . . . . .	(11)	–
Adjustment on inter-operating segments . . . . .	(5)	(17)
<b>Loss before tax . . . . .</b>	<b><u>(237)</u></b>	<b><u>(319)</u></b>
Taxation . . . . .	39	40
<b>Loss for the year . . . . .</b>	<b><u>(198)</u></b>	<b><u>(279)</u></b>
<b>Attributable to:</b>		
Owners of the parent . . . . .	(198)	(279)

## IRISH TAXATION

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

### Withholding Tax

#### General withholding tax

In general, tax at the standard rate of income tax (currently 20 per cent.), is required to be withheld from payments of Irish source interest. However, there are two main potential withholding tax exemptions which may be available, depending on the circumstances. Note that certain other exemptions may also be available where the interest is paid to an individual (which generally requires certification of tax residence in a treaty partner jurisdiction and entitlement to exemption from Irish withholding tax under the terms of the relevant double tax treaty) or to a company resident in an EU member state (other than Ireland) or a country with which Ireland has signed a double tax treaty and that country imposes a tax that would generally apply to such interest income.

#### (a) *Quoted Eurobond withholding tax exemption*

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

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

1. the person by or through whom the payment is made is not in Ireland; or
2. the payment is made by or through a person in Ireland, and either:
  - 2.1 the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear, Clearstream Banking SA and DTC are so recognised), or
  - 2.2 the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to the person by or through whom the payment is made in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear, Clearstream Banking SA or DTC, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

#### (b) *Wholesale debt instrument exemption*

Alternatively, if the conditions of the quoted Eurobond exemption are not met (e.g. if the notes are not quoted on a recognised stock exchange), interest can be paid free of withholding tax on certain securities (“wholesale debt instruments”) issued by an Irish company, being debt instruments recognising an obligation to pay a stated amount, which are interest bearing (or issued at a discount or premium) and which mature within 2 years of issue.

Any interest paid on a wholesale debt instrument can be paid free of withholding tax provided:

- (a) the wholesale debt instrument is held in a recognised clearing system (Euroclear, Clearstream, Luxembourg and DTC are so recognised) and is of an approved denomination (minimum of €500,000, US\$500,000 or the equivalent of €500,000 in any other currency); or
- (b) the person who is beneficially entitled to the interest is resident in Ireland for tax purposes and has provided that person’s tax reference number to the Issuer; or
- (c) the beneficial owner of the wholesale debt instrument and the interest paid thereon is not resident in Ireland for tax purposes and has made the requisite declaration to the Issuer.

### Deposit Interest Retention Tax (DIRT)

The Issuer will not be required to operate Deposit Interest Retention Tax (DIRT) in respect of interest paid on a quoted Eurobond as described above on the basis that the quoted Eurobond constitutes a “debt on a security” which is listed on a stock exchange.

Similarly, the Issuer will not be required to operate DIRT if the requirements of the wholesale debt instrument exemption are met.

Note that certain other statutory and concessional exemptions from DIRT (which generally relate to payments to non-residents and require non-resident declarations to be completed) may also be available.

Under the Budget 2012 announcement (made on 6th December, 2011), with effect from 1st January, 2012 the normal rate of DIRT applied to certain interest, discount or premium payable annually or more frequently will be 30 per cent. and the rate applicable to interest, discount or premium payable less frequently than annually is will be 33 per cent.

### **Encashment tax**

In certain circumstances, Irish tax will be required to be withheld at the standard rate of income tax (currently 20 per cent.) from interest on any quoted Eurobond or wholesale debt instrument, where such interest is collected by a bank or other agent in Ireland on behalf of any Noteholder who is Irish resident.

Where the noteholder is not resident for tax purposes in Ireland, encashment tax will not be deducted provided the bank or agent in Ireland has been furnished with the appropriate non-resident declaration.

### **Withholding tax on payments made pursuant to the Guarantee**

The Irish Department of Finance has confirmed that, under current legislation, no withholding tax would apply to payments made by the Minister for Finance pursuant to the statutory guarantee previously described in this Information Memorandum.

The ELG Scheme does not impose an obligation on the Minister to pay additional amounts in the event that deduction or withholding for or on account of any taxes, duties or charges is made with respect to guarantee payments under the ELG Scheme.

### **Taxation of Noteholders**

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

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a member state of the European Union (other than Ireland) or a country with which Ireland has signed a double taxation agreement (which would include the US), provided in each case that the Notes are (a) quoted Eurobonds which are exempt from withholding tax or (b) wholesale debt instruments which are exempt from withholding tax, in each case as set out above. Note that other exemptions from Irish income tax may also be available where the recipient is resident in an EU member state (other than Ireland) or in a country with which Ireland has signed a double taxation agreement (and certain conditions are satisfied).

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

Noteholders receiving interest on the Notes which do not fall within the foregoing exemptions may be liable to Irish income tax on such interest.

### **Capital Gains Tax**

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

Under the Budget 2012 announcement (made on 6th December, 2011), with effect from 7th December, 2011, the rate of capital gains tax is 30 per cent.

### **Capital Acquisitions Tax**

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponent or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or,

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<sup>1</sup> The "Public Offer Selling Restriction under the Prospectus Directive" shall not apply to Guaranteed Notes.

in certain circumstances, if the disponent is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Bearer notes are generally regarded as situated where they are physically located at any particular time. Registered notes are generally regarded as situated where the principal register of noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of their physical location or the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponent or the donee/successor.

However, to the extent that the Notes are subject to inheritance tax in another jurisdiction, a measure of double taxation relief may be available if Ireland has a double taxation agreement with that country governing inheritance tax. Ireland has two such agreements, one with the US and the other with the UK.

Under the Budget 2012 announcements (made on 6th December, 2011) with effect from 7th December, 2011, the rate of capital acquisitions tax is 30 per cent.

### **Stamp Duty**

No Irish stamp duty will be payable on the issue of the Notes.

The transfer of a bearer instrument which is passed by delivery should not give rise to stamp duty.

Alternatively, the transfer of the Notes will be exempt from Irish stamp duty under the “loan capital” exemption, provided that the Notes:

- (i) do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;
- (ii) do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus on liquidation;
- (iii) are issued for a price which is not less than 90 per cent. of its nominal value (i.e. at a discount of not greater than 10 per cent.); and
- (iv) do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices (based wholly or partly and directly or indirectly on stocks or marketable securities).

Where the above exemptions (or any other available exemption) do not apply, the transfer of a Note will be subject to stamp duty at the rate of 1 per cent. of the consideration paid in respect of the transfer (or, if greater, the market value thereof), which must be paid in Euro by the transferee (assuming an arm’s length transfer) within 30 days of the date on which the transfer of the Note is executed.

### **EU Savings Directive**

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

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

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



## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated programme agreement (as amended and/or supplemented and/or restated from time to time, the “Programme Agreement”) dated 16th December, 2011, agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### United States

The Notes and any guarantee thereof pursuant to the ELG Scheme, have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (i) as part of their distribution at any time and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under Securities Act.

Each issue of Index Linked Notes and Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer or Dealers may agree as a term of the issue and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Final Terms.

### United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that

Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “Non-exempt Offer”), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

## **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “FIEA”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## **Ireland**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that, in the case of unlisted Notes, it will not knowingly offer to sell such Notes to an Irish resident, or to persons whose usual place of abode is Ireland, and that it will not knowingly distribute or cause to be distributed in Ireland any offering material in connection with such Notes. However, the foregoing shall not prohibit the Dealers (i) from selling, or offering to sell, to an Irish resident or ordinarily resident person, unlisted Notes where that person is either the Irish National Treasury Management Agency or a “relevant deposit taker” within the meaning of Section 256 of the Irish Taxes Consolidation Act, 1997, and is acquiring the unlisted Notes beneficially for its own account; or (ii) from selling or offering to sell, unlisted Notes to an Irish resident company where that company makes a valid declaration pursuant to Section 265 of the Irish Taxes Consolidation Act, 1997.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that:

- (a) it will not underwrite the issue of, or place the Notes, otherwise than in conformity with the provisions of the European Communities (Markets in Financial Instruments) (Nos. 1 to 3) Regulations 2007, including, without limitation, Parts 6, 7, and 12 thereof;

- (b) it will not underwrite the issue of, or place, the Notes otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942-2011 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989;
- (c) it will not underwrite the issue of, or place, or do anything in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland; and
- (d) it will not underwrite the issue of, place or otherwise act in Ireland in respect of the Notes otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/ EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by the Central Bank of Ireland.

## **General**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer and any other Dealer shall have any responsibility therefor.

None of the Issuer and any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other additional restrictions as the Issuer and the relevant Dealer(s) shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The establishment or subsequent update of the Programme and the issue of Notes under the Programme have been duly authorised pursuant to resolutions of (i) the Board of Directors of the Issuer passed on 24th October, 1996, 24th April, 1998, 21st June, 2001 and 29th April, 2008; and (ii) a duly authorised Committee of the Board of Directors of the Issuer passed on 9th January, 1997, 11th May, 1998, 4th June, 1999, 7th June, 2000, 28th June, 2001, 15th July, 2002, 15th July, 2003, 15th July, 2004, 7th July, 2005, 13th July, 2006, 14th March, 2007, 26th March, 2008, 28th April, 2008, 17th February, 2010 and 22nd June, 2011.

### Listing of Notes on the UKLA Official List

It is expected that each Tranche of Notes which is to be admitted to the UKLA Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of a global Note representing the Notes of such Tranche. Application has been made to the UK Listing Authority for notes issued under the Programme (except in respect of Guaranteed Notes) to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or about 21st December, 2011.

### Documents Available

For a period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available from the registered office of the Issuer and from the specified offices of the Paying Agent in London:

- (i) the Memorandum and Articles of Association of the Issuer;
- (ii) the consolidated audited accounts and the annual report of the Group for the years ended 31st December, 2009 and 31st December, 2010 and the subsequent interim reports including the unaudited condensed consolidated half year report of the Group for the six months ended 30 June, 2011;
- (iii) the most recently published consolidated audited accounts and annual report of the Group and the Group's most recently published unaudited interim financial statement (if published more recently than the audited report and accounts just referred to);
- (iv) the Agency Agreement and the Trust Deed (which contains the forms of the Temporary Global Notes, Permanent Global Notes, the Definitive Notes, the Receipts, the Coupons and the Talons);
- (v) a copy of this Base Prospectus;
- (vi) any future Base Prospectuses, supplements and Final Terms (save that a Final Terms relating to an unlisted Note will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer or the Agent, as the case may be, as to the identity of such holder) to this Base Prospectus and any other documents incorporated herein or therein by reference; and
- (vii) in the case of each issue of listed Notes subscribed pursuant to a subscription agreement, the subscription agreement (or equivalent document).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and ISIN for each Tranche allocated by Euroclear and Clearstream, Luxembourg will be specified in the relevant Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B. 1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue J. F. Kennedy, L-1 855 Luxembourg.

### Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

## **Significant or Material Change**

Save for changes relating to the State Investment (see “*Financial Measures Programme 2011*” on page 11), an increase in government guarantee costs which was driven by the funding mix and application of higher ELG charges (see “*Risk Factors*” under the heading “*The Group’s banking business*” on page 19), the impact of persistency experience in the Irish Life Group (see “*Risk Factors*” under the heading “*Life assurance risk and other inherent risks affecting its life assurance business including persistency may impact the Group’s results*” on pages 22-23), the INBS Transaction (see “*Acquisition of INBS Deposits*” on pages 95-96), the Northern Rock Transaction (see “*Acquisition of Northern Rock’s Irish business*” on page 96), the Liability Management Exercise undertaken by the Issuer (see “*Liability Management Exercise*” on page 97), impairment of investments (see “*Risk Factors*” under the heading “*Financial Measures Programme 2011*” on pages 11-13) and continued loan impairment losses (see “*Risk Factors*” under the heading “*Irish housing/residential loan market*” on pages 20-21), there has been no significant change in the financial or trading position of the Group since 30th June, 2011 and there has been no material adverse change in the financial position or prospects of the Issuer since 31st December, 2010.

## **Profit forecasts or estimates**

Irish Life & Permanent plc has not made any profit forecasts or profit estimates in this Base Prospectus. No statement contained in this Base Prospectus constitutes a forecast or estimate.

## **Litigation**

Except as described on pages 98-99 under “*Litigation*”, there are no, nor have there been any, governmental, legal or arbitration proceedings involving the Issuer (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had, during the 12 months prior to the date hereof, significant effects on the Issuer and/or Group’s financial position or profitability.

## **Auditors**

KPMG, Chartered Accountants, 1 Harbourmaster Place, International Financial Services Centre, Dublin 1, are auditors to the Issuer and have audited, without qualification, in accordance with International Standards on Auditing (UK and Ireland), the consolidated financial statements of the Group for the years ended 31st December, 2009 and 2010.

## **Trustee**

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors (as defined therein) or any other person in accordance with the provisions of the Trust Deed whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors or any other person in connection therewith contains any limit on the liability of the Auditors or any other person.

## **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its affiliates and have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. If any of the Dealers or their affiliates has a lending relationship with the Issuer, certain of those Dealers or their affiliates routinely hedge, and certain other of those Dealers or their affiliates may hedge, their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer’s securities, including potentially the Notes. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Websites**

No websites referred to in this Base Prospectus form part of this Base Prospectus.

**REGISTERED AND HEAD OFFICE OF IRISH LIFE & PERMANENT PLC**

Irish Life Centre  
Lower Abbey Street  
Dublin 1

**TRUSTEE**

**The Law Debenture Trust Corporation p.l.c.**

Fifth Floor  
100 Wood Street  
London EC2V 7EX

**AGENT**

**Citibank, N.A., London Branch**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**PAYING AGENT**

**Citibank International plc**

1 North Wall Quay  
Dublin 1

**LEGAL ADVISERS**

*To the Issuer as to Irish law*

**A & L Goodbody**  
International Financial Services Centre  
North Wall Quay  
Dublin 1

*To the Dealers and the Trustee as to English law*

**Allen & Overy LLP**  
One Bishops Square  
London E1 6AD



## **DEALERS**

### **The Governor and Company of the Bank of Ireland**

Head Office  
Lower Baggot Street  
Dublin 2

### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB

### **Commerzbank Aktiengesellschaft**

Kaiserstraße 16 (Kaiserplatz)  
60311 Frankfurt am Main  
Federal Republic of Germany

### **HSBC Bank plc**

8 Canada Square  
London E14 5HQ

### **Irish Life & Permanent plc**

Irish Life Centre  
Abbey Street  
Dublin 1

### **J.P. Morgan Securities Ltd.**

125 London Wall  
London EC2Y 5AJ

### **Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ

### **The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR

### **UBS Limited**

1 Finsbury Avenue  
London EC2M 2PP

## **AUDITORS TO THE ISSUER**

### **KPMG**

Chartered Accountants  
1 Harbourmaster Place  
International Financial Services Centre  
Dublin 1

