



# Allied Irish Banks, p.l.c.

*(a company incorporated with limited liability in Ireland)*

**€30,000,000,000**

## **Euro Medium Term Note Programme**

*This Prospectus supersedes any previous Information Memorandum, Prospectus or supplement thereto. Any notes (the "Notes") issued under the Programme on or after the date of this Prospectus are issued subject to the provisions herein. This Prospectus does not affect any Notes issued prior to the date hereof.*

Allied Irish Banks, p.l.c., acting through its registered office in Dublin, its London branch or its Sydney branch as set out at the end of this Prospectus, ("AIB" or the "Issuer") may from time to time issue Notes denominated in such currencies as may be agreed with the Dealers specified in "Summary of Terms and Conditions of the Programme and the Notes" (each a "Dealer" and together the "Dealers", which expression shall include any additional Dealers appointed under the Programme (as defined below) from time to time, which appointment may be for a specific issue or on a continuing basis). The Notes may be issued as unsubordinated obligations of AIB ("Senior Notes") or as subordinated obligations of AIB ("Subordinated Notes"). The Notes may be issued on a continuing basis to one or more of the Dealers. Senior Notes and Subordinated Notes which have a stated maturity date ("Dated Subordinated Notes") will have maturities of not less than one month from the date of issue (except as set out herein). AIB may also issue Subordinated Notes which do not have any stated maturity ("Perpetual Subordinated Notes"). AIB will not issue Subordinated Notes through its Sydney branch. Subject as set out herein, the maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed €30,000,000,000 (or its equivalent in other currencies at the time of agreement to issue, subject as further set out 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 in "Risk Factors".

This Prospectus has been approved by the Irish Financial Services Regulatory Authority (the "Financial Regulator"), as competent authority under the Prospectus Directive 2003/71/EC. The Financial Regulator only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to the Notes which are to be admitted to trading on the regulated market of The Irish Stock Exchange (the "Irish Stock Exchange") or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area. Application has been made to the Irish Stock Exchange for Notes issued under the Programme for the period of 12 months from the date hereof to be admitted to the Official List and trading on its regulated market. No assurance can be given that such an application to list and trade the Notes will be accepted. Goodbody Stockbrokers (the "Listing Agent") is not seeking admission to listing of the Notes on the Irish Stock Exchange for the purposes of the Prospectus Directive (as defined herein) on its own behalf, but as an agent on behalf of the Issuer.

Notes which have been admitted to the Official List will be referred to as "Listed Notes". Notice of the aggregate principal amount of interest (if any) payable in respect of, the issue price of and any other terms and conditions not contained herein which are applicable to each Tranche (as defined in "Summary of Terms and Conditions of the Programme and the Notes") of Notes will be set forth in a set of final terms (the "Final Terms") which, with respect to the Listed Notes, will be delivered to the Irish Stock Exchange on or before the date of issue of such Tranche. As required by Prospectus (Directive 2003/71/EC) Regulations, 2005 (Statutory Instrument No. 324 of 2005) (the "Regulations"), a copy of this Prospectus has been filed with the Central Bank and Financial Services Authority in Ireland (the "Central Bank") and will be filed with the Registrar of Companies within 14 days after its publication. Unlisted Notes and Notes listed on other or additional stock exchanges may also be issued.

In the case of unlisted Notes, where the Final Terms so requires, each Dealer will be required to confirm that it will not knowingly offer to sell such unlisted Notes to Irish residents or persons, or to persons whose usual place of abode is Ireland and that it will not knowingly distribute or cause to be distributed in Ireland or to Irish residents or persons, any offering material in connection with such unlisted Notes.

**Arranger**  
**HSBC**

**Dealers**

**ALLIED IRISH BANKS, p.l.c.**  
**BOFA MERRILL LYNCH**  
**COMMERZBANK CORPORATES & MARKETS**  
**HSBC**  
**MORGAN STANLEY**

**BNP PARIBAS**  
**CREDIT SUISSE**  
**DEUTSCHE BANK**  
**J.P. MORGAN CAZENOVE**  
**UBS INVESTMENT BANK**

7 September 2009

This Prospectus constitutes a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the “Prospectus Directive”) and Regulation 23 of the Regulations.

*Persons Responsible*

AIB (the “Responsible Person”) accepts responsibility for the information contained in this Prospectus. To the best of AIB’s knowledge and belief (having taken all reasonable care to ensure that such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information. AIB hereby declares that the information contained in the “Information about the Guarantor” section and the risk factor under the heading Credit Institutions (Financial Support) Act 2008 has been sourced from third persons and has been accurately reproduced and that as far as AIB is aware and is able to ascertain from information published by those third persons, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This 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 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 and 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. 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.

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

To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Prospectus or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with AIB or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. The statements made in this paragraph are without prejudice to the responsibility of AIB under the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Prospectus or any other financial statements or further information supplied pursuant to the terms of the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by either AIB or any of the Dealers.

Neither this Prospectus nor any other financial statements nor any further information supplied pursuant to the terms of the Programme or the Notes, is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation, or constituting an invitation or offer, by or on behalf of either AIB or any of the Dealers, that any recipient of this Prospectus or any other financial statements or any further information supplied pursuant to the terms of the Programme or the Notes should subscribe for or purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of AIB.

The delivery of this Prospectus does not at any time imply that the information contained herein concerning AIB is correct at any time subsequent to the date hereof or that any other financial statements or any further information supplied pursuant to the terms of the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of AIB or any of its subsidiaries during the life of the Programme. Investors should review, *inter alia*, the most recent financial statements of AIB when deciding whether or not to purchase any Notes.

AIB and the Dealers do not represent that this Prospectus may be lawfully distributed, or that Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by AIB or the Dealers (save for the delivery of copies of this Prospectus to the Registrar of Companies in Ireland) which would permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms.

The distribution of this Prospectus and the offer or sale of any of the Notes may be restricted by law in certain jurisdictions. Persons into whose possession this Prospectus or any Notes come must inform themselves about, and observe, any such restrictions.

AIB is authorised as a foreign authorised deposit taking institution to carry on banking business in Australia under the Banking Act 1959 of the Commonwealth of Australia.

The specific protection provisions of Division 2 of Part II of the Banking Act 1959 of Australia do not apply to AIB.

However, under section 11F of the Banking Act 1959 of Australia, if AIB (whether in or outside Australia) suspends payment or becomes unable to meet its obligations, pursuant to the Banking Act 1959 of the Commonwealth of Australia the assets of AIB in Australia are to be available to meet AIB's liabilities in Australia in priority to all other liabilities of AIB.

Further under section 86 of the Reserve Bank Act 1959 of Australia, debts due by AIB to the Reserve Bank of Australia shall in a winding up of AIB have priority over all other debts of AIB other than debts to the Commonwealth of Australia.

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

In this Prospectus, references to "euro", "EUR" and "€" are to the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty

establishing the European Community, as amended, references to “US\$”, and “US dollars” are to the lawful currency of the United States, references to “£” and “sterling” are to the lawful currency of the United Kingdom, and references to “yen”, “Yen” and “¥” are to the lawful currency of Japan. References to the “U.S.”, “USA” and to the “United States” are to the United States of America, references to the “U.K.” and “United Kingdom” are to the United Kingdom of Great Britain and Northern Ireland.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may (outside Australia and on a market operated outside Australia) 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 is no assurance that the Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) 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 person(s) acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Any transaction under this Programme shall be carried out in accordance with all applicable laws and regulations.

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## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Prospectus:

- (1) the audited annual consolidated financial statements of AIB for each of the financial years ended 31 December 2007 and 31 December 2008, respectively, in each case together with the audit reports thereon;
- (2) the unaudited Half-Yearly Financial Report 2009 of AIB for the six months ended 30 June 2009; and
- (3) the information memorandum titled "Ireland – Information Memorandum April 2009" issued by the Irish National Treasury Management Agency,

which in each case have been previously published, or are published simultaneously with this Prospectus, or have been filed with the Irish Stock Exchange pursuant to Part 11 of the Regulations or for the purposes of Titles IV and V of Directive 2001/34/EC and in accordance with those Titles, save that any statement contained herein, or in a document all or the relative portion of which is incorporated by reference herein, shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any such document, all or the relative portion of which is deemed to be incorporated by reference herein, 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 Prospectus.

AIB will provide, without charge, to each person to whom a copy of this Prospectus has been delivered, upon the written request of any such person, a copy of any or all of the documents which, or portions of which, are incorporated herein by reference. Written requests for such documents should be directed to AIB at its registered office set out at the end of this Prospectus. In addition, such documents will be available from the principal office of the Listing Agent for the Listed Notes.

## SUPPLEMENTARY INFORMATION

AIB will agree to comply with any undertakings given by it from time to time to the Irish Stock Exchange in connection with Listed Notes and, without prejudice to the generality of the foregoing, AIB will, so long as any of its Notes remains outstanding and admitted to trading on a regulated market of the Irish Stock Exchange, if required by the Irish Stock Exchange listing guidelines (the "Listing Rules") or Irish prospectus law, prepare and make available an appropriate amendment or supplement to this Prospectus or a further prospectus as may be required by the Listing Rules or by that law which in respect of any subsequent issue of Notes to be listed on and admitted to trading on a regulated market of the Irish Stock Exchange constitutes a supplemental prospectus as required by Irish prospectus law.

AIB has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy arises or is noted relating to information included in this Prospectus which is capable of affecting the assessment by investors of any Notes and whose inclusion would reasonably be expected by them to be found in this Prospectus, for the purpose of enabling them to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of AIB, and the rights attaching to such Notes, AIB shall update or prepare an amendment or supplement to this Prospectus or publish a replacement base prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

## DESCRIPTION OF THE PROGRAMME

AIB may, from time to time, issue Notes denominated in such currencies as may be agreed with the relevant Dealer(s).

The issue price, issue date, maturity date, principal amount, interest rate (if any) applicable to any Notes and any other relevant provisions of such Notes will be agreed between AIB and the relevant Dealer(s) at the time of agreement to issue and will be specified in the Final Terms in respect of such Notes, as indicated under "Summary of Terms and Conditions of the Programme and the Notes". In accordance with the Prospectus Directive, all Final Terms will be submitted to the Irish Stock Exchange for transfer to the Financial Regulator for filing.

Subject as set out herein, this Prospectus and any supplement hereto will only be valid for listing Notes up to an aggregate principal amount of €30,000,000,000 (or its equivalent in the other currencies specified herein) outstanding at any one time calculated on the basis specified in "Summary of Terms and Conditions of the Programme and the Notes".

## SUMMARY OF TERMS AND CONDITIONS OF THE PROGRAMME AND THE NOTES

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

*The following summary does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Words and expressions defined or used in "Terms and Conditions of the Senior Notes" and "Terms and Conditions of the Subordinated Notes" shall have the same meaning in this summary.*

### Information relating to the Issuer:

**Issuer:** Allied Irish Banks, p.l.c. ("AIB"), a public limited company incorporated in Ireland in September 1966 under the Companies Act, 1963 with registration number 24173 and regulated by the Irish Financial Services Regulatory Authority (the "Financial Regulator"), was incorporated as a result of the amalgamation of three long established banks with assets aggregating €324 million (Munster & Leinster Bank Limited, the Provincial Bank of Ireland Limited and the Royal Bank of Ireland Limited). AIB was the holding company for the three banks until 1972, when it replaced those banks as the sole banking entity with limited exceptions.

AIB and its subsidiaries (together, the "AIB Group") provide a diverse range of banking, financial and related services, principally in Ireland, the United Kingdom, the United States and Poland. AIB's main activities, conducted principally through four operating divisions, comprise general retail and commercial banking, asset financing, investing, offshore banking (including offshore trust and corporate services through associated companies), financial market trading activities and corporate treasury banking activities.

At 31 December 2008, AIB Group had consolidated total assets of €182.1 billion and for the year ended 31 December 2008 employed an average of 25,815 people (on a full time equivalent basis).

The registered office of AIB is at Bankcentre, Ballsbridge, Dublin 4 (telephone number + 353 1 660 0311).

### Information relating to the Programme:

**Arranger:** HSBC Bank plc

**Dealers:** Allied Irish Banks, p.l.c.  
BNP PARIBAS  
Commerzbank Aktiengesellschaft  
Credit Suisse Securities (Europe) Limited  
Deutsche Bank AG, London Branch  
J.P. Morgan Securities Ltd.  
HSBC Bank plc  
Merrill Lynch International  
Morgan Stanley & Co. International plc  
UBS Limited  
and any other Dealer appointed from time to time by AIB.

The name(s) of the Dealer(s) for each Tranche will be stated in the applicable Final Terms.

**Trustee for Subordinated Notes:** JPMorgan Chase Bank

<b>Agent:</b>	Citibank, N.A.
<b>Amount:</b>	Up to €30,000,000,000 (or its equivalent in other currencies calculated as set out herein) outstanding at any one time. Under the Dealer Agreement, the nominal amount of Notes outstanding under the Programme may be increased, subject to the satisfaction of certain conditions set out therein.
	For the purpose of calculating the euro equivalent of the nominal amount of Notes outstanding under the Programme from time to time, the euro equivalent of Notes denominated in another currency shall be determined, at the discretion of AIB, either as of the date of agreement to issue such Notes (the “Agreement Date”) 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 Exchange Rate on such date. As used herein, the “Exchange Rate” against the euro for any currency means the spot rate for the sale of the euro against the purchase of such currency in the London foreign exchange market at any time on the relevant day of calculation, such spot rate being determined by AIB from whatever source it may reasonably select.
<b>Distribution:</b>	Notes may be distributed by way of private or public placement and in each case on a non-syndicated or a syndicated basis, as stated in the applicable Final Terms.
<b>Redenomination:</b>	AIB may specify in the applicable Final Terms that certain Notes will include a redenomination clause providing for the redenomination of the Specified Currency in euro, and, if so specified, the wording of the redenomination clause will be set out in full in the applicable Final Terms.
<b>Method of Issue:</b>	Notes will be issued on a continuous basis in series (each a “Series”). The Notes comprising each Series will have one or more issue dates, the same maturity date and will bear interest (if any) on the same basis and at the same rate (except in respect of the first payment of interest) and on terms otherwise identical. The Notes of each Series are intended to be interchangeable with all other Notes of that Series. The Notes of any Series with the same issue date will comprise a tranche (a “Tranche”). A set of Final Terms will be published in respect of each Tranche.
<b>Currencies:</b>	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between AIB and the relevant Dealers.
<b>Maturities:</b>	Subject to compliance with all relevant laws, regulations and directives, Senior Notes and Dated Subordinated Notes may have any maturity of not less than one month. Perpetual Subordinated Notes will have no scheduled maturity date. Under current requirements in the case of Dated Subordinated Notes which qualify as Lower Tier 2 or Tier 3 Capital in accordance with the requirements of the Financial Regulator, the minimum maturity will be five years (Lower Tier 2 Capital) or two years (Tier 3 Capital). Such minimum maturities may be subject to increase or decrease from time to time as a result of changes in Applicable Regulatory Capital Requirements.
<b>Issue Price:</b>	Notes may be issued at par or at a discount to, or premium over, par and either on a fully paid or partly paid basis.
<b>Form of Notes:</b>	Each Tranche of Notes with a maturity of more than 365 days will initially be represented by a temporary Global Note, unless the Agent is notified to the contrary by AIB, and each Tranche of Notes with a maturity of 365 days or less, or in relation to which AIB so notifies the Agent, will initially be represented by a permanent Global Note. In the case of a Tranche intended to be cleared through Euroclear Bank S.A./N.V. (“Euroclear”) and/or Clearstream Banking, <i>société anonyme</i> (“Clearstream, Luxembourg”), on or before the issue date, the Global Note will (a) if the relevant Global Note is a NGN, be delivered to a common safekeeper (the “Common Safekeeper”) for Euroclear and Clearstream, Luxembourg or (b) if the relevant Global Note is a CGN, be deposited with a common depository on behalf of Euroclear and Clearstream, Luxembourg. In the case of a Tranche intended to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg or delivered outside a clearing system, the Global Note will be deposited as agreed between AIB, the Agent and the relevant Dealer(s). No interest will be payable in respect of a temporary Global Note except as described under “Summary of Provisions Relating to the Notes while in Global Form”. Interests in temporary Global Notes will be exchangeable for interests in

permanent Global Notes or, if so stated in the relevant Final Terms, for definitive Notes, after the date falling 40 days after the issue date upon certification as to non-U.S. beneficial ownership. Interests in permanent Global Notes will be exchangeable for definitive Notes in the limited circumstances described under “Summary of Provisions Relating to the Notes while in Global Form”.

**Fixed Rate Notes:** Fixed rate interest will be payable in arrear on such day(s) as agreed between AIB and the relevant Dealer(s) (as indicated in the applicable Final Terms).

**Floating Rate Notes:** Floating Rate Notes will bear interest determined separately for each Series as follows:

(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 (ii) by reference to EURIBOR or LIBOR (or such other benchmark as may be specified in the applicable Final Terms) as adjusted for any applicable margin.

The Margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer(s) for each issue of Floating Rate Notes.

**Interest Periods for Floating Rate Notes:** Such period(s) as AIB and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

**Zero Coupon Notes:** Zero Coupon Notes may be offered and sold at their nominal amount or at a discount to it and will not bear interest other than in relation to interest due after the Maturity Date.

**Change of Interest Basis:** Notes may be converted from one interest basis to another in the manner set out in the applicable Final Terms.

**Dual Currency Notes:** Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based upon such rates of exchange, as AIB and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms).

**Index Linked Notes:** Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes may be calculated by reference to such index and/or formula or to changes in the prices of securities and/or commodities and/or to such other factors as AIB and the relevant Dealer(s) may agree (as indicated in the applicable Final Terms or, to the extent any relevant modifications required are significant for the purposes of the Listing Rules and the Irish prospectus law, in a replacement base prospectus or a supplement to this Prospectus).

**Range Accrual Notes:** The Issuer may issue Notes (“Range Accrual Notes”) in respect of which, any Range Accrual Rate of Interest and/or any Range Accrual Final Redemption Amount (as specified in the applicable Final Terms) is determined by reference to the number of days during a specified period (an “Observation Period”) that a predetermined event or events (each a “Fixing Event”) occurs or does not occur (as specified in the applicable Final Terms) as a proportion of the total number of days (each an “Observation Day”) within such Observation Period (such portion, the “Index Ratio”).

The Fixing Event may be, but is not limited to, the value or other function of, one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable or a combination thereof (the “Observable Rate”), exceeding and/or equalling and/or being lower than and/or equalling one or more predetermined criteria (the “Strike” or “Strikes”), as specified in the applicable Final Terms. The Strike may also be defined with reference to the value or other function of, one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable or a combination thereof. The Fixing Event may be observed on each Observation Date at a specified time or may be continually observed during the Observation Period or may be observed on such other date or time as specified in the applicable Final Terms.

The total number of days during the Observation Period in which the Fixing Event is observed may vary.

<b>Other Notes:</b>	<p>Terms applicable to High Interest Notes, Low Interest Notes, Step-up Notes, Step-down Notes, Partly Paid Notes, Instalment Notes and any other type of Notes which AIB and the relevant Dealer(s) may agree to issue under the Programme will be set out in the applicable Final Terms. If the applicable Final Terms specify any modifications to the Terms and Conditions of the Notes as described below, it is envisaged that, to the extent that such modifications are not significant for the purposes of the Listing Rules and Irish prospectus law, they will not necessitate the preparation of a supplement to this Prospectus. If the Terms and Conditions of the Notes are to be modified in any other respect, it is envisaged that a replacement base prospectus or a supplement to this Prospectus will be prepared and published.</p>
<b>Redemption:</b>	<p>The Final Terms applicable to each Tranche of Notes will indicate either that the Notes of that Tranche cannot be redeemed prior to their stated maturity (other than in specified instalments (see below) or for taxation reasons or following an Event of Default), or that such Notes will be redeemable prior to such stated maturity at the option of AIB and/or the holder(s) of such Notes upon giving irrevocable notice to the relevant Noteholders or AIB, as the case may be, within the time limits set out in the applicable Final Terms, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be indicated in the applicable Final Terms.</p> <p>The applicable Final Terms may provide that the Notes may be redeemed in two or more instalments in such amounts and on such dates and on such other terms as may be indicated in such Final Terms.</p>
<b>Denominations of Definitive Notes:</b>	<p>Such denominations as may be agreed between AIB and the relevant Dealer(s) and as indicated in the applicable Final Terms save that the minimum denomination will be such minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body (whatever called)) or any laws or regulations applicable to the currency in which the Notes are denominated 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 an EEA State 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 at the time of issue).</p>
<b>Taxation:</b>	<p>Payments of principal and interest by AIB in respect of the Notes will be made free of Irish, and, if AIB is acting through its London branch, UK withholding taxes or, if AIB is acting through its Sydney Branch, Australian withholding taxes, subject to the provisions of Condition 7. If any such payments become subject to Irish, and/or, if AIB is acting through its London branch, UK withholding taxes or, if AIB is acting through its Sydney Branch, Australian withholding taxes, AIB will pay such amount as may be necessary to ensure payment to the Noteholders of the full amount in respect of the Notes, subject to the provisions of Condition 7. The Irish Department of Finance has confirmed that, under current legislation, no withholding tax would apply to payments made by the Guarantor in respect of the Guarantee.</p>
<b>Status:</b>	<p>The Senior Notes will constitute unsecured and unsubordinated obligations of AIB. However, under section 11F of the Banking Act 1959 of Australia, if AIB (whether in or outside Australia) suspends payment or becomes unable to meet its obligations, pursuant to the Banking Act 1959 of the Commonwealth of Australia the assets of AIB in Australia are to be available to meet AIB's liabilities in Australia in priority to all other liabilities of AIB.</p> <p>The Dated Subordinated Notes will constitute obligations of AIB which are subordinated to all unsubordinated obligations of AIB and will rank at least equally with all other subordinated obligations of AIB. The Perpetual Subordinated Notes will constitute obligations of AIB which are subordinated to all unsubordinated obligations of AIB and certain subordinated obligations of AIB which will be specified in the applicable Final Terms. The status of the Notes is more fully set out in "Terms and Conditions of the Senior Notes" and "Terms and Conditions of the Subordinated Notes".</p> <p>In certain circumstances, payment of principal and interest due in respect of Dated Subordinated Notes qualifying as Tier 3 capital in accordance with the requirements of the Financial Regulator may be deferred.</p>

<b>Cross Default:</b>	The terms and conditions of Senior Notes will contain a cross default in respect of indebtedness for borrowed money of AIB or any Material Subsidiary or any guarantee or indemnity given by AIB or any Material Subsidiary in respect of any borrowed money provided that the indebtedness for borrowed money or the liability under the guarantee or indemnity exceeds the Cross Default Amount (as defined in Condition 9).
<b>Rating:</b>	The Programme is rated (i) A- by Fitch Ratings Ltd. (“Fitch”), A1 by Moody's Investors Service Ltd. (“Moody's”) and A (credit watch negative) by Standard & Poor's Rating Services (“S&P”) in respect of Senior Notes with a tenor of more than one year, (ii) F1+ by Fitch and A-1 (credit watch negative) by S&P in respect of Senior Notes with a tenor of less than one year and P-1 by Moody's in respect of Notes with a tenor of one year or less, (iii) BBB+ by Fitch, A2 by Moody's and A- (credit watch negative) by S&P in respect of Dated Subordinated Notes, (iv) Baa3 by Moody's, B+ (rating watch negative) by Fitch and B by S&P in respect of Perpetual Subordinated Notes. Any Notes issued under the Programme may be rated or unrated. Notes issued with a maturity on or before 29 September 2010 guaranteed by the Irish government are rated (a) AA+ by Fitch, Aa1 Moody's and AA by S&P in respect of Senior Notes with a tenor of more than one year and (b) F1+ by Fitch and A-1+ by S&P in respect of Senior Notes with a tenor of less than one year and P-1 by Moody's in respect of Notes with a tenor of one year or less. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.
<b>Listing:</b>	Application has been made to list the Notes and admit them to trading on the regulated market of the Irish Stock Exchange. Unlisted Notes and Notes listed on other or additional stock exchanges may also be issued. The applicable Final Terms will state whether or not the Notes are to be listed and if they are to be listed, the stock exchange(s) on which they are to be listed.
<b>Governing Law:</b>	English except that in relation to the Subordinated Notes, the provisions of the Trust Deed and the Notes relating to postponement of the claims of Noteholders and Couponholders on a winding-up of the Issuer shall be construed in accordance with the laws of Ireland.
<b>Selling Restrictions:</b>	There are restrictions on the sale of Notes and the distribution of offering material. In the case of unlisted Notes, where the Final Terms so requires, each Dealer will be required to confirm that it will not knowingly offer to sell such unlisted Notes to Irish residents or persons, or to persons whose usual place of abode is Ireland and that it will not knowingly distribute or cause to be distributed in Ireland or to Irish residents or persons, any offering material in connection with such unlisted Notes. See “Subscription and Sale”.
<b>Risk Factors:</b>	A description of certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme is set out under “Risk Factors” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme (see “Risk Factors” below).
<b>Use of Proceeds:</b>	The net proceeds of the sale of any Tranche of Notes will be used for the general funding purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## RISK FACTORS

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. 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 all or any of such contingencies occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the 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 the Notes, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents deemed to be incorporated in it by reference) and reach their own views prior to making any investment decision.*

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

The AIB Group's activities are subject to risk factors that could impact its future performance, or its ability to continue as a going concern. Certain of these risks can be mitigated by the use of safeguards and appropriate systems and actions. Some risks, however, are outside the AIB Group's control and cannot be mitigated. The principal factors that may affect the AIB Group's performance are set out below:

#### *Uncertain economic conditions/current market conditions*

AIB's businesses, earnings and financial condition have been and will continue to be affected by the current crisis in the global financial markets and the deterioration in the global economic outlook.

The global financial system has been experiencing difficulties since August 2007 and the financial markets have deteriorated dramatically since the bankruptcy filing by Lehman Brothers in September 2008. This has led to the severe dislocation of financial markets around the world and unprecedented levels of illiquidity, resulting in the development of significant problems at a number of the world's largest commercial banks, investment banks and insurance companies, many of which are AIB's counterparties in the ordinary course of its business. In response to market instability and illiquidity, a number of governments have intervened in order to inject liquidity and capital into, and to stabilise, financial markets, and, in some cases, to prevent the failure of these financial institutions.

Despite such measures, the volatility and disruption of the capital and credit markets have continued at unprecedented levels. In addition, recessionary conditions are present in Ireland, the United Kingdom and the United States, as well as in some other countries where AIB operates. These conditions have adversely impacted the availability and cost of credit for financial institutions, including AIB, and other corporations, and have had a negative effect on AIB's business activities, which are dependent on the level of banking, finance and financial services required by its customers, and on the overall economic and business environment in the markets in which it operates. In particular, levels of borrowing are heavily dependent on customer confidence, market interest rates and other factors that affect the economy. The profitability of AIB has been adversely affected by the worsening of general economic conditions in its markets, as well as by ongoing financial market volatility. Demand for housing and commercial and other property has also fallen considerably. Any continued deterioration in property prices in Ireland and/or the United Kingdom could further adversely affect AIB's financial condition and the results of its operations.

AIB is exposed to increased counterparty risk as a result of recent financial institution failures and will continue to be exposed to the risk of loss if counterparty financial institutions or corporate borrowers fail or are otherwise unable to meet their obligations. Furthermore, AIB's performance may be affected by future recovery rates on assets and the historical assumptions underlying asset recovery rates, which may no longer be accurate given the unprecedented market disruption. Moreover, even if the current market disruption and volatility abates, a global recession or an ongoing recession in one or more countries significant to AIB's business will further adversely affect AIB's earnings and financial condition. The precise nature of all the risks and uncertainties AIB faces as a result of the current global financial crisis and global economic outlook cannot be predicted and many of these risks are outside AIB's control.

On 8 April 2009, the Minister for Finance announced that a National Assets Management Agency ("NAMA") would be established on a statutory basis under the aegis of the National Treasury Management Agency. ("NTMA"). It is expected that assets, principally land and development loans, will be transferred from covered institutions as appropriate, including AIB

Group, to NAMA, with the purpose of strengthening the Irish financial system as a whole. The draft legislation for the establishment of NAMA was published on 30 July 2009 and is expected to be enacted in October 2009.

Notwithstanding publication of the draft legislation, significant uncertainty still surrounds the establishment of NAMA, in particular around the timing of the transfer of assets and critically on the level of haircut/discount to book value applied. The size of the discount could have a material impact on AIB's capital position. The transfer of assets to NAMA will also affect the credit, funding and liquidity and business and strategic risk position of the AIB Group.

#### *Liquidity risk*

Liquidity risk is the risk that the AIB Group will be unable to meet its obligations when they fall due and to replace funds when they are withdrawn, with a consequent failure to repay depositors and fulfil commitments to lend.

Markets worldwide are experiencing severe tightening in the availability and duration of unsecured liquidity and term-funding in the aftermath of events in the US sub-prime residential mortgage market and the current severe market dislocation. Perception of counterparty and country risk has also increased significantly which has led to further reductions in inter-bank lending, and hence, in common with many other banks, AIB's access to traditional sources of liquidity has been, and may continue to be, constrained.

AIB's liquidity management focuses on maintaining a diverse and appropriate funding strategy for its operations, active management of its maturity profile, maintaining a sufficient stock of high quality liquid assets to meet obligations as they fall due and carefully monitoring its undrawn commitments and contingent liabilities. However, AIB's ability to access sources of liquidity (for example, through the issue or sale of financial and other instruments) during the recent period of global liquidity stress has been impacted to the point where AIB, like other banks, has had to source more short term funding, and increase its use of collateralised funding sources, both within the market and, through the multiple liquidity schemes provided by central banks.

In addition, there is also a risk that corporate and institutional counterparties with credit exposures may look to reduce all credit exposures to banks, given current risk aversion trends. It is possible that credit market dislocation becomes so severe that overnight funding from non-government sources ceases to be available.

Furthermore, like many banks, AIB relies on customer deposits to meet a considerable portion of its funding requirements and such deposits are subject to fluctuation due to certain factors outside AIB's control, such as a loss of confidence, or competitive pressures which could result in a significant outflow of deposits within a short period of time. Any material decrease in AIB's deposits could, particularly if accompanied by one of the other factors described above, have a negative impact on AIB's liquidity unless corresponding actions are taken to improve the liquidity profile of other deposits or to reduce less liquid assets.

The Irish government has taken measures to improve liquidity to Irish banks, which in respect of AIB includes a €3.5 billion preference share capital injection, and a guarantee in respect of covered liabilities until September 2010. The Irish government also intends to put a State guarantee in place for the future issuance of debt with a maturity of up to five years, subject to parliamentary approval and EU state aid approval. While any such extension would serve to ameliorate ongoing concerns over funding and liquidity risk, such an action on the part of the Irish government would be subject to review by the European Commission under rules concerning the provision of state aid. This could entail the imposition of certain requirements and conditions on the beneficiaries of any such support.

#### *Credit risk*

Credit risk is defined as the risk that a customer or counterparty will be unable or unwilling to meet a commitment that it has entered into and that pledged collateral does not fully cover the AIB Group's claims.

Risks arising from changes in credit quality and the recoverability of loans and amounts due from counterparties are inherent in a wide range of AIB's businesses. AIB's most significant credit risks arise from lending activities to customers and banks, trading portfolio, available for sale and held to maturity financial investments, derivatives and 'off-balance sheet' guarantees and commitments.

As at 30 June 2009, the AIB Group's asset quality had deteriorated, most notably in property portfolios. In comparison with the half-year period to 30 June 2008, the overall bad debt provision increased from €137 million, or 0.21% of average loans to €2.37 billion or 3.58% of average loans (the overall bad debt provision for the year ended 31 December 2008 was €1.82 billion, or 1.37% of average loans). Criticised loans increased from €15.47 billion or 11.7% of total gross loans as at 31 December 2008 to €33.39 billion or 25% of total gross loans as at 30 June 2009, of which €2.99 billion or 2.3% were impaired

as at 31 December 2008 and €10.8 billion or 8.1% were impaired as at 30 June 2009. Asset quality and risk management remain under intense focus and the establishment of NAMA will be a material event that will influence the future outlook of AIB.

The Irish economy, together with other economies in which we operate, is in a very challenging phase with continuing uncertainty as to the depth of the slowdown in the global economy, uncertainty in relation to interest and currency exchange rates, unemployment and the direction of property markets. There are increasing signs from leading indicators that the global economic downturn is bottoming out, but any recovery is expected to be slow. As a result, AIB has seen and expects to continue to see adverse changes in the credit quality of its borrowers and counterparties, with increasing delinquencies and defaults across a range of sectors. Ultimately, this trend will lead to higher impairment charges, higher costs, additional write-downs and lower profitability for AIB.

AIB's ability to engage in routine funding transactions may be adversely affected by the actual or perceived failure or worsening credit of other financial institutions. Financial services institutions are inter-related as a result of trading, clearing, counterparty and other relationships. AIB has exposure to many different industries and counterparties and routinely executes transactions with counterparties in the financial industry, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds and other institutional clients. As a result, defaults by, or even the perceived creditworthiness of, or questions about, one or more financial services institutions, or the financial services industry generally, have led to market-wide liquidity problems. Many transactions expose AIB to credit risk in the event of default of its counterparty or client. In addition, AIB's exposure to credit loss is exacerbated when the collateral it holds cannot be realised or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure that is due to AIB, which is most likely to occur during periods of illiquidity and depressed asset valuations, such as those currently experienced. Any such losses could have a material adverse effect on AIB's future performance. Furthermore, exposure to particularly vulnerable sectors in the Irish or United Kingdom economy such as property could adversely impact on earnings.

It is envisaged that the transfer of certain land and development loans to NAMA will serve to limit the AIB Group's exposure to further losses from these assets. However, some uncertainty remains in respect of the extent to which NAMA will seek to recover from the bank any losses which may be incurred on assets so transferred.

#### *Financial asset valuations*

Financial markets are currently experiencing significant stress conditions, where steep falls in perceived or actual asset values have been accompanied by a severe reduction in market liquidity. These stress conditions have resulted in AIB recording significant fair value write-downs on its credit market exposures in 2008 and further fair value write-downs in 2009. AIB expects that a prolonged deterioration in economic and financial market conditions could lead to a rise in impairment charges and further fair value write-downs during the second half of 2009. Valuations in future periods, reflecting then-prevailing market conditions, may result in significant changes in the fair values of AIB's exposures, even in respect of exposures, such as credit market exposures, for which AIB has previously recorded fair value write-downs. In addition, the value ultimately realised by AIB may be materially different from the current or estimated fair value. Any of these factors could require AIB to recognise further fair value write-downs or realise impairment charges, any of which may adversely affect its financial condition and the results of its operations.

#### *Borrowing costs, liquidity and credit ratings*

The cost of borrowing to AIB is influenced by, *inter alia*, its credit ratings. Any reductions in its credit ratings could adversely affect its access to liquidity, increase its funding costs and have a negative impact on AIB's earnings, competitive position and financial condition.

#### *Capital Adequacy*

The capital position of the AIB Group has been impacted by rising levels of write-offs across its credit portfolios. These have been offset by the €3.5 billion injection of core tier 1 capital in the form of preference shares in May 2009. The AIB has committed to raising an additional €1.5 billion tier 1 capital by the end of 2009, €1.1 billion of which has already been sourced through a capital exchange process completed in June 2009. Going forward, the principal risk to the capital position of the AIB Group is the uncertainty over the discount/haircut to be applied on the transfer of assets to NAMA - this could lead to a requirement to raise additional capital either later this year or in 2010.

#### *Market risk: interest rates, foreign exchange rates, and other market factors*

Market risk is defined as the risk to AIB's earnings and shareholder value resulting from adverse movements in the level or volatility of market prices of debt instruments, equities and currencies. The market risk associated with AIB's trading

activities is predominantly the result of the facilitation of client business and secondarily, the discretionary positioning activities of the AIB Group in debt instruments, foreign exchange and equity products.

Some of the most significant market risks AIB faces are interest rate, foreign exchange, bond and equity price risks. Changes in interest rate levels, yield curves and spreads may affect the interest rate margin realised between lending and borrowing costs, the effect of which may be heightened during periods of liquidity stress, such as those experienced in recent months.

Changes in currency rates, particularly in the euro-sterling, euro-US dollar and the euro-Polish zloty exchange rates, affect the value of assets and liabilities denominated in foreign currencies and the reported earnings of AIB's non-Irish subsidiaries and associates and may affect income from foreign exchange dealing. The performance of financial markets may affect bond and equity prices and, therefore, cause changes in the value of AIB's investment and trading portfolios. While AIB has implemented risk management methods to mitigate and control these and other market risks to which it is exposed, it is difficult, particularly in the current environment, to predict with accuracy changes in economic or market conditions and to anticipate the effects that such changes could have on AIB's financial performance and business operations.

#### *Non-trading interest rate risk*

Non-trading interest rate risk is defined as AIB's sensitivity to earnings volatility in its non-trading activity arising from movements in interest rates. AIB's non-trading interest rate risk reflects a combination of non-trading treasury activity and interest rate risk arising in its retail, commercial and corporate operations. AIB's treasury activity includes its money market business and management of internal funds flows with AIB's businesses. Non-trading interest rate risk in retail, commercial and corporate banking activities can arise from a variety of sources, including when the relevant assets and liabilities and off-balance sheet instruments have different repricing dates. While AIB has implemented risk management methods to mitigate and control non-trading interest rate risk, it is difficult, particularly in the current environment, to predict the effects that movements in interest rates could have on AIB's financial performance and business operations.

#### *Goodwill impairment*

The AIB Group capitalises goodwill, which is calculated as the excess of the cost of an acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. The AIB Group tests goodwill for impairment annually or more frequently, at external reporting dates, when events or circumstances indicate that it might be impaired. An impairment test involves comparing the recoverable amount (the higher of value in use and fair value less cost to sell) of an individual cash generating unit with its carrying value. The value in use and fair value of the AIB Group's cash generating units are affected by market conditions and the performance of the economies in which the AIB Group operates. AIB recorded an impairment charge of €200 million on its investment in M&T and €45 million in respect of its investment in Bulgarian American Credit Bank in the half-year ended 30 June 2009. The AIB Group considers that current market conditions and the deteriorating economic outlook in Ireland, the United Kingdom, the United States and Eastern Europe could impact the value of goodwill held in the accounts which, in turn, could result in the recognition of impairment losses.

#### *Increased regulation and supervision/regulatory risk*

AIB is subject to financial services laws, regulations, regulatory oversight, administrative actions and policies in each jurisdiction in which it operates, and failure to comply with any or all of these constitute a risk in the financial services industry. Laws, regulations, regulatory oversight, administrative actions and policies are subject to change, particularly in the current market environment, where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions.

Measures such as the Irish government's covered liabilities guarantee and recapitalisation strategy have assisted AIB in meeting the economic and financial challenges it has faced. Consequent measures such as the appointment of government approved non-Executive Directors to the AIB Group board and increased regulatory reporting and oversight are fast becoming mandatory requirements in exchange for such support world-wide.

Both the Irish government guarantee and the subscription agreement for the €3.5 billion preference shares have imposed upon the AIB Group a significant number of additional conditions and requirements. Failure to meet these conditions and requirements could lead to the guarantee being withdrawn or demand for the repayment of the preference shares, either of which would have a material adverse impact on the AIB Group.

Increased regulatory and supervisory oversight could increase AIB's capital requirements and certain costs, and potentially have some negative impact on its business in the short term, as well as on the nature and composition of its

products and services. The nature and impact of future changes are not predictable and to some extent are beyond AIB's control.

#### *Litigation and regulatory investigations*

AIB operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory risks. Disputes and legal proceedings in which AIB may be involved are 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 or adverse judgements in litigation could result in restrictions or limitations on AIB's operations or result in a material adverse effect on AIB's reputation or results of operations.

#### *Operational risk*

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Operational losses can result from fraud, errors by employees, errors by third-party contractors, failure to document transactions properly or to obtain proper authorisation, failure to comply with regulatory requirements and conduct of business rules, equipment failures, natural disasters or the failure of external systems and controls, including those of AIB's suppliers or counterparties. AIB has implemented risk controls and loss-mitigation actions, and substantial resources are devoted to developing efficient procedures and to staff training, however any weakness in these systems could have a negative impact on AIB's results and its market reputation.

#### *Risks resulting from geographical expansion*

AIB, as part of its strategic growth plans, has sought opportunities for further incremental growth in Central and Eastern Europe. In 2008, it acquired interests in Latvia, Lithuania, Estonia and Bulgaria and may in the future acquire additional interests in this region. Although these investments have been very small to date, investments in developing Eastern European economies involve risks that are quite different to the risks that AIB faces in more traditional markets. Such risks result from significant political, legal and economic changes and liberalisation during the last two decades of transition from communist rule and a planned economy to independence and a market economy. As a result, businesses in which AIB chooses to invest may still be in the process of adapting to the business standards and practices of the European Union, and the legislation and regulation with which such businesses must comply may remain largely untested in the courts. Should AIB fail to manage the legal, economic or political risks associated with investing in businesses in emerging markets, it could have a negative impact on AIB's results of operations.

#### *Competition*

AIB faces strong competition across all its markets from local and international financial institutions including banks, building societies, life insurance companies and mutual insurance organisations. This competition in the deposit markets has intensified in recent months. In 2005, the Irish Competition Authority published a report on competition in the non-investment banking sector in Ireland, which is currently being evaluated by the Government, the Financial Regulator and other stakeholders. There can be no assurance that any resulting regulatory changes or actions and/or increased competition will not adversely affect the Issuer in one or more of the markets in which it operates.

#### *Relationship with M&T Bank Corporation ("M&T")*

The disposal of Allfirst in 2003 and the consequent acquisition of a 22.5% shareholding in M&T (30 June 2009: 22.8%) changed the nature of AIB's main operations in the United States from a wholly-owned subsidiary to that of an investment in an associated undertaking, with a resulting reduction in control. Although AIB is represented on M&T's board, it does not exercise a controlling influence on M&T's operations, and therefore AIB is affected by lending and other activities undertaken by M&T in the United States with little input on how M&T conducts such activities. Additionally, although AIB has only a minority shareholding in M&T, it continues to have responsibilities to regulators as a source of financial strength and support in respect of M&T. M&T may take action that is not in accordance with AIB's policies and objectives. Should M&T act contrary to the interest of AIB it could have a material adverse effect upon its business and results of operations.

#### *Contributions to pension schemes*

AIB maintains a number of both defined benefit and defined contribution pension schemes for past and current employees. Pensions risk is the risk that the liabilities of AIB's various defined benefit pension schemes, which are long term in nature, will exceed the schemes' assets. The risk arises from the schemes because the value of the asset portfolios and returns from them may be less than expected increases in the estimated value of the schemes' liabilities. In these circumstances, AIB could be obliged, or may choose, to make additional contributions to the schemes, and during recent

periods, AIB has voluntarily made such contributions. Given the current economic and financial market difficulties and the prospects for them to continue over the near and medium term, AIB may be required or elect to make further contributions to the pension schemes and such contributions could be significant and have a negative impact on AIB's regulatory capital position and its results of operations.

#### *Reputational risk*

Reputational risk, meaning the risk to earnings and capital from negative public opinion, is inherent in AIB's business. Negative public opinion can result from the actual or perceived manner in which AIB conducts its business activities or from actual or perceived practices in the banking industry, such as money laundering or mis-selling of financial products. Negative public opinion may adversely affect AIB's ability to keep and attract customers and, in particular, corporate and retail depositors. AIB cannot ensure that it will be successful in avoiding damage to its business from reputational risk.

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

Under the Credit Institutions (Financial Support) Act 2008, the Minister for Finance of Ireland (the "Minister") has been given certain functions in relation to financial support for certain credit institutions and their subsidiaries (such as AIB). The functions can 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.

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

##### *Notes may not be a suitable investment for all investors*

Each potential investor in any 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 relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this 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 relevant Notes and the impact such investment 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 relevant Notes, including where principal or interest is 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 relevant 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 generally purchase such 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 the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

##### *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 certain such features: *Notes subject to optional redemption by the Issuer*

An optional redemption feature is likely to limit the market value of Notes. 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 may also 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 would generally 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 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) the amount of principal payable at redemption may be less than the nominal amount of such Notes or even zero;
- (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 will likely be magnified;
- (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; and
- (viii) such Notes may contain provisions allowing the Calculation Agent broad discretions to interpret, change or adjust various provisions and such discretion may not be required to be exercised in the best interests of Noteholders.

The historical experience of an index should not be viewed as an indication of the future performance of such index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

#### *Range Accrual Notes*

The indices, formulae, currency exchange rates, rates and other factors or combination thereof used to determine the Fixing Event and, consequently, the Index Ratio for Range Accrual Notes may be different from the rate of interest specified in the applicable Final Terms which is calculated by multiplying a rate, currency exchange rate, index, formula or other factor or combination thereof (a “Reference Rate”) and may therefore fluctuate independently of such rate. This may result in the market value of the Notes falling even when the Reference Rate in respect of an Interest Period is rising. If, during the relevant Observation Period, the Fixing Event occurs only on a small number of days or does not occur at all, the Index Ratio may be very low or, as the case may be, zero and, as a result, the rate of interest payable on the Notes in respect of such Interest Period may be very low, or, as the case may be, zero (save for any minimum rate of interest specified in the applicable Final Terms). This will have a detrimental effect on the market value of the Notes.

Where the Observation Days fall in a different chronological period from the Interest Period, the indices, formulae, currency exchange rates, rates or combination thereof which were used to determine the Index Ratio may be different from those which prevail at the time at which the interest amount is being paid. This may have a detrimental effect on the market value of the Notes.

#### *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 some or all of its 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 such features.

#### *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 such 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 Notes issued at a substantial discount or premium to their nominal 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*

The Issuer's obligations under Dated Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of Senior Creditors (as defined in "Terms and Conditions of the Subordinated Notes"). The Issuer's obligations under Perpetual Subordinated Notes will be unsecured and subordinated and will rank junior in priority to the claims of Senior Creditors and Senior Subordinated Creditors (each term as defined in "Terms and Conditions of the Subordinated Notes").

#### *Under certain conditions, interest payments under Perpetual 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 the Conditions of the Perpetual Subordinated Notes and (iii) the commencement of winding-up of the Issuer.

In addition, if the Issuer is unable to satisfy the solvency condition as set out in Condition 2(e) of the Subordinated Notes, then the Issuer must defer the payment of interest on Perpetual Subordinated Notes until such time as the Issuer is able to make payment of principal or interest and still be solvent immediately thereafter.

The Issuer will pay all deferred interest, and interest on that deferred interest, on all Perpetual Subordinated Notes as soon as, after giving effect to such payments, it no longer would be required to defer interest under the terms described above. The Issuer will make this payment in respect of all Perpetual Subordinated Notes on the next scheduled Interest Payment Date that occurs in respect of any issue of Perpetual Subordinated Notes, unless it elects to make the payment earlier.

In no event will holders of Perpetual Subordinated Notes be able to accelerate the maturity of their Perpetual Subordinated Notes; such holders will have claims only for amounts then due and payable on their Perpetual Subordinated Notes. After the Issuer has fully paid all deferred interest on any issue of Perpetual Subordinated Notes and if that issue of Perpetual Subordinated Notes remains outstanding, future interest payments on that issue of Perpetual 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 Perpetual Subordinated Notes. In addition, as a result of the interest deferral provision of the Perpetual Subordinated Notes, the market price of the Perpetual 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 Terms and 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 Terms and Conditions of the Subordinated 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) the substitution of another company as principal debtor under any Subordinated Notes in place of the Issuer, in the circumstances described in Condition 10(c) of the Terms and Conditions of the Subordinated Notes.

*European Monetary Union*

If the United Kingdom joins the European Monetary Union prior to the maturity of the Notes, there is no assurance that this would not adversely affect investors in the Notes. It is possible that prior to the maturity of the Notes the United Kingdom may become a participating Member State and that the euro may become the lawful currency of the United Kingdom. In that event (i) all amounts payable in respect of any Notes denominated in sterling may become payable in euro; (ii) the law may allow or require such Notes to be re-denominated into euro and additional measures to be taken in respect of such Notes; and (iii) there may no longer be available published or displayed rates for deposits in sterling used to determine the rates of interest on such Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment, which could adversely affect investors in the Notes.

*EU Savings Directive*

The EU has adopted European Council Directive 2003/48/EC (the “Directive”) regarding the taxation of savings income. The Directive requires Member States 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 or certain other persons in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate instead 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 territories). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

If a 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, 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 Directive.

*Change of law*

The Terms and Conditions of the Notes are based on English law, other than the provisions relating to the postponement of the claims of Noteholders and Couponholders on a winding-up of the Issuer, which are based on Irish law, in each case in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or Irish law or administrative practice after the date of issue of the relevant Notes.

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

Set out below is a brief description of certain 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 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 (i) the equivalent yield on the Notes in the Investor's Currency, (ii) the equivalent value of the principal payable on the Notes in the Investor's Currency and (iii) the equivalent market value of the Notes in the Investor's Currency.

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 Fixed Rate Notes.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to an issue of 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.

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

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) 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 advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## TERMS AND CONDITIONS OF THE SENIOR NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, will be applicable to the Senior Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series of Senior Notes and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Notes, details of the relevant Series being shown on the relevant Notes and in Part A of the relevant Final Terms:*

The Notes are issued pursuant to an amended and restated Agency Agreement dated 7 September, 2009 (the “Agency Agreement” as amended or supplemented as at the date of issue of the Notes (the “Issue Date”)), between the Issuer, Citibank, N.A. as issuing agent and principal paying agent (the “Agent” which expression shall include any successor agent) and the other paying agents named in it (together with the Agent and any additional or other paying agents in respect of the Notes from time to time appointed, (the “Paying Agents”). The initial Calculation Agent (if any) is specified on the Notes. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) relating to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of instalment receipts (the “Receipts”) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used in these Conditions, “Tranche” means Notes which are identical in all respects.

Copies of the Agency Agreement are available for inspection free of charge at the specified offices of each of the Paying Agents.

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

The Notes are issued in bearer form in the Specified Denomination(s) (as defined in the Final Terms) and shall be serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. The Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a Range Accrual Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

Title to the Notes, Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person shall be liable for so treating the holder.

In these Conditions, “Noteholder” means the bearer of any Note and the Receipts relating to it, “holder” (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon (as the case may be) and capitalised terms have the meanings given to them on the Notes, the absence of any such meaning indicating that such term is not applicable to the Notes.

### **2. Status**

The Notes, Receipts and Coupons constitute unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes, Receipts and Coupons shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.

However, under section 11F of the Banking Act 1959 of Australia, if AIB (whether in or outside Australia) suspends payment or becomes unable to meet its obligations, pursuant to the Banking Act 1959 of the Commonwealth of Australia the assets of AIB in Australia are to be available to meet AIB’s liabilities in Australia in priority to all other liabilities of AIB.

### 3. Interest and other Calculations

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

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 3(h).

#### (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 on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 3(h). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

##### (ii) Business Day Convention

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day (as defined below), then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such 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 (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen, (B) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (C) the Modified Following Business Day Convention, such 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 date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

##### (iii) Rate of Interest for Floating Rate Notes

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

#### (A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

#### (B) Screen Rate Determination for Floating Rate Notes

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
  - (1) the offered quotation; or
  - (2) the arithmetic mean 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 as determined by the Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

*(iv) Rate of Interest for Index Linked Interest Notes*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined on the Interest Determination Date in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

**(c) Zero Coupon Notes**

Where a Note, the Interest Basis of which is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 4(d)).

***(d) Dual Currency Notes***

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

***(e) 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 hereon.

***(f) Accrual of Interest***

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 3 to the Relevant Date (as defined in Condition 7).

***(g) Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding***

- (i) If any Rate of Interest is expressed to be as adjusted by a Margin, such adjustment shall be made by adding (if a positive number) or subtracting (if a negative number) the absolute value of any Margin specified on the Notes, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified on the Notes, then such Rate of Interest, Instalment Amount or Redemption Amount shall in no event exceed the maximum or be less than the minimum.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency which is available as legal tender in the countries of such currency.

***(h) Calculations***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period will equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period will be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

***(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts***

The Calculation Agent shall, as soon as practicable on such date as it may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Agent, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and such exchange so requires, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall

nevertheless continue to be calculated as previously nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

**(j) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”) and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual — ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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;

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360

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

where:

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

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation 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 Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation 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 Calculation Period falls;

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

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

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

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation 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 Calculation 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; and

- (vii) if “Actual/Actual — ICMA” is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Determination Date” means each date specified hereon or, if none is so specified, each Interest Payment Date.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and the Treaty of Amsterdam.

“Interest Accrual Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, and in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Relevant Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Relevant Currency is euro.

“Interest Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

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

***(k) Calculation Agent***

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate the Interest Amounts

or any other requirements, the Issuer will appoint the London office of a leading bank engaged in the London interbank market to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

#### **4. Redemption, Purchase and Options**

##### **(a) Final Redemption**

Unless previously redeemed, purchased and cancelled as provided below, each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) on the Maturity Date specified on each Note.

##### **(b) Redemption for taxation reasons**

If, as a result of any amendment to or change in the laws or regulations of Ireland and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom and/or in the case of Notes issued through the Sydney branch of the Issuer, the Commonwealth of Australia, or, in any case, any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the officially published application or interpretation of any such laws or regulations which becomes effective on or after the Issue Date, the Issuer would, on the occasion of the next payment date in respect of the Notes, be required to pay additional amounts as provided in Condition 7 the Issuer may, at its option, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note) on giving not more than 45 nor less than 30 days notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 13 redeem all, but not some only, of the Notes at their Early Redemption Amount (as described in Condition 4(d)) together with interest accrued to the date fixed for redemption, 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 4(b), the Issuer shall deliver to the Agent a certificate signed by two persons each of whom is a Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred.

##### **(c) Purchases**

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

##### **(d) Early Redemption**

###### **(i) Zero Coupon Notes**

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to paragraph (b) above or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 4(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (both before and after judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note together with any interest which may accrue in accordance with Condition 3(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

*(ii) Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 4(b) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

***(e) Redemption at the Option of the Issuer***

If Call Option is specified on the Notes, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified on the Notes) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Redemption Amount together with interest accrued to the date fixed for redemption.

Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

***(f) Redemption at the Option of Noteholders***

If Put Option is specified on this Note, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit such Note with any Paying Agent at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent within the notice period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

***(g) Redemption by Instalments***

Unless previously redeemed, purchased and cancelled as provided in this Condition 4, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

***(h) Partly Paid Notes***

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

***(i) Cancellation***

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered to the Agent for cancellation and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

## 5. Range Accrual Notes

The Issuer may issue Notes (“Range Accrual Notes”) in respect of which, any Range Accrual Rate of Interest and/or any Range Accrual Final Redemption Amount (as specified in the applicable Final Terms) is determined by reference to the number of days during a specified period (an “Observation Period”) that a predetermined event or events (each a “Fixing Event”) occurs or does not occur (as specified in the applicable Final Terms) as a proportion of the total number of days (each an “Observation Day”) within such Observation Period (such portion, the “Index Ratio”). Amounts payable under Range Accrual Notes may also be determined by multiplying the Index Ratio by one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable, option or combination thereof (each an “Underlying Coupon”).

The calculation of the numerator component of the Index Ratio may be determined by reference to:

- (i) the number of days during an Observation Period that a Fixing Event occurs;
- (ii) the number of days during an Observation Period before a Fixing Event occurs;
- (iii) the number of days during an Observation Period before a Fixing Event does not occur;
- (iv) the number of days during an Observation Period that no Fixing Event occurs;
- (v) the number of days during an Observation Period before a Fixing Event occurs for a specified number of times; or
- (vi) a multiple of the number of days during an Observation Period that a Fixing Event occurs minus a multiple of the number of days that the Fixing Event does not occur in that Observation Period.

The above sets out just some of the methodologies that may be used to determine the numerator component of the Index Ratio. It is not intended to be an exhaustive list and other calculation methodologies may be used to determine such ratio as set out in the applicable Final Terms.

The Fixing Event may be, but is not limited to, the value or other function of, one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable or a combination thereof (the “Observable Rate”), exceeding and/or equalling and/or being lower than and/or equalling one or more predetermined criteria (the “Strike” or “Strikes”), as specified in the applicable Final Terms. The Strike may also be defined with reference to the value or other function of, one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable or a combination thereof.

The Fixing Event may be observed on each Observation Date at a specified time or may be continually observed during the Observation Period or may be observed on such other date or time as specified in the applicable Final Terms.

The total number of days during the Observation Period in which the Fixing Event is observed may vary. For example, if a Fixing Event:

- (i) occurs on an Observation Date during the Observation Period, observation of the Fixing Event may continue to be observed on each subsequent Observation Date during the Observation Period; or
- (ii) does not occur on an Observation Date, the observation of the Fixing Event (and the number of days on which a Fixing Event is determined to have occurred) may cease on such date, notwithstanding the total number of Observation Days left in such Observation Period. Such Notes are referred to as “Knock-Out Range Accrual Notes”; or
- (iii) does not occur on an Observation Date for a specified number of times, the observation of the Fixing Event (and the number of days on which a Fixing Event is determined not to have occurred) may cease on such date, notwithstanding the total number of Observation Days left in such Observation Period. Such Notes are referred to (also known as Knock-Out Range Accrual Notes).

The Observation Period and the period in which the interest payable and/or any amount payable on redemption of the Notes are determined maybe the same or they may relate to different chronological periods and may be of different lengths. For the avoidance of doubt, the days upon which the Fixing Event is observed could be any subset of days within such period or any other period or periods, including, but not limited to, a period of one day only.

## **6. Payments and Talons**

### **(a) Payments**

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holders, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

### **(b) Payments in the United States**

Notwithstanding the foregoing, if any Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, adverse tax consequence to the Issuer.

### **(c) Payments subject to law etc.**

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

### **(d) Appointment of Agents**

The Agent, the other Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agent, the other Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time to vary or terminate the appointment of the Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) an Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) a Paying Agent having a specified office in at least two major European cities and (iv) a Paying Agent having a specified office in a European Union member state that is not obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

### **(e) Unmatured Coupons and Receipts and unexchanged Talons**

- (i) Upon the due date for redemption of Notes, Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes) should be surrendered for payment together with all unexpired Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Upon the due date for redemption of any Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unexpired Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

- (iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- (v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.
- (vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

**(f) Talons**

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

**(g) Non-Business Days**

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

**7. Taxation**

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom and/or in the case of Notes issued through the Sydney branch of the Issuer, the Commonwealth of Australia, or, in any case, any authority therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or, as the case may be, the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Ireland and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom and/or in the case of Notes issued through the Sydney branch of the Issuer, the Commonwealth of Australia, other than the mere holding of such Note, Receipt or Coupon or the receipt of the relevant payment in respect thereof; or
- (ii) 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 such thirtieth day; or
- (iii) presented by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory

requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note, Receipt or Coupon is presented for payment; or

- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note and/or Receipt and/or Coupon to another Paying Agent in a Member State of the European Union; or
- (vi) in respect of a payment by the Sydney branch of the Issuer, by, or by a party on behalf of, a holder who is liable to such taxes, duties or charges in respect of such Note, Receipt or Coupon by reason of their being an “associate” of the Issuer for the purposes of section 128F(6) of the Income Tax Assessment Act 1936 of Australia.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 4 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 3 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition.

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## **9. Events of Default**

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Note may give written notice to the Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) *Non-Payment*: default is made for more than 15 days (in the case of interest) or seven days (in the case of principal) after the due date for payment of interest or principal in respect of any of the Notes provided that it shall not be an Event of Default if the non-payment is due solely to administrative error (whether by the Issuer or a bank involved in transferring funds to the Agent) and payment is made within three Relevant Business Days in London after notice of that non-payment has been given to the Agent by any Noteholder; or
- (b) *Breach of Other Obligations*: the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 60 days after notice of such default shall have been given to the Agent at its specified office by any Noteholder; or
- (c) *Cross-Default*: (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds the Cross Default Amount (as defined below); or
- (d) *Enforcement Proceedings*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 60 days; or

- (e) *Security Enforced*: any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of its Material Subsidiaries becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- (f) *Insolvency*: the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or is unable or deemed to be unable to pay its debts (within the meaning of section 214 Companies Act, 1963 – 2006 of Ireland as amended by section 123 of the Companies Act, 1990 of Ireland or section 21 or 28 of the Central Bank Act, 1971 of Ireland), as the same may be amended, modified or re-enacted, or admits in writing its inability to pay its debts as they mature; or
- (g) *Winding-up*: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or a material part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders, or (ii) in the case of a winding-up or dissolution of a Material Subsidiary, whereby the undertaking and assets of the Material Subsidiary are transferred to or otherwise vested in the Issuer or one or more of its Subsidiaries.

Any such notice by a Noteholder to the Agent shall specify the serial number(s) of the Note(s) concerned. For the purposes of this Condition:

“Cross Default Amount” means the greater of (i) €25,000,000 or its equivalent in any other currency or currencies (on the basis of the middle spot rate for such currency or currencies against the euro as quoted by any leading bank on the day on which this paragraph operates) and (ii) such amount in euro as is equal to one per cent. of the aggregate of (a) the nominal amount of the share capital of the Issuer for the time being issued and paid up or credited as paid up, (b) the amounts standing to the credit of the reserves (including any share premium account and profit and loss account) of the Issuer and its Subsidiaries and (c) any amount attributable to minority interests in Subsidiaries, all as shown in the latest audited consolidated balance sheet of the Issuer and its Subsidiaries prepared in accordance with generally accepted accounting principles in Ireland less (d) any amounts, determined in accordance with generally accepted accounting principles in Ireland, representing distribution of cash or tangible assets declared, recommended or made by the Issuer or any of its Subsidiaries (other than any distribution attribution to the Issuer or another Subsidiary) out of profits accrued prior to the date of, and not provided for in, the latest audited consolidated balance sheet of the Issuer and its Subsidiaries and less (e) any amounts shown in such latest audited consolidated balance sheet (1) attributable to intangible assets and (2) of any debt on profit and loss account.

A certificate of the auditors for the time being of the Issuer as to the Cross Default Amount shall, in the absence of manifest error, be conclusive and binding on all parties.

“Material Subsidiary” means any Subsidiary of the Issuer the amount of whose gross assets (being the sum of fixed assets and current assets but excluding any assets of such Subsidiary which are excluded in the latest audited consolidated accounts of the Issuer referred to in (i) and (ii) below) are equal to or exceed 10 per cent. of the consolidated gross assets of the Issuer and its Subsidiaries, where:

- (i) the gross assets of such Subsidiary have been ascertained by reference to:
  - (a) the accounts (consolidated in the case of a company which itself has Subsidiaries and which, in the normal course, prepares consolidated accounts) of such Subsidiary based upon which the latest audited consolidated accounts of the Issuer have been made up; or
  - (b) if such Subsidiary becomes a Subsidiary of the Issuer after the end of the financial period to which these latest audited consolidated accounts of the Issuer relate, the latest accounts (consolidated in the case of a company which itself has Subsidiaries and which, in the normal course, prepares consolidated accounts) of such Subsidiary;
- (iii) the consolidated gross assets of the Issuer and its Subsidiaries shall be ascertained by reference to the latest audited consolidated accounts of the Issuer; and

“Subsidiary” means a subsidiary for the purposes of Section 155 of the Companies Act, 1963 – 2006 of Ireland.

A report of the auditors for the time being of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or any specified period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding.

## **10. Meetings of Noteholders and Modifications**

### **(a) Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts thereon, (ii) to reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect thereof, (iv) if there is shown on the face of the Notes a Minimum Rate of Interest and/or a Maximum Rate of Interest, to reduce such Minimum Rate of Interest and/or such Maximum Rate of Interest, (v) to change any method of calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Amortised Face Amount of any Note, (vi) to change the currency or currencies of payment of the Notes (other than upon the country of such currency adopting the euro as its currency) or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment thereof or the majority required to pass an Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Agency Agreement) is present.

*These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.*

### **(b) Modification of Agency Agreement**

The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

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

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13 on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "Notes" shall be construed accordingly.

## **13. Notices**

Notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in London and Dublin or if such publication is not practicable, in another leading daily English language newspaper of general circulation in Europe approved by the Agent. It is expected that such publication will be made in the *Financial Times* in London and in *The Irish Times* in Dublin. Notices, will, if published more than once, be deemed to have been given on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Notes in accordance with this Condition.

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

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

## **15. Governing Law and Jurisdiction**

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

The Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

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

The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings 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).

### ***(c) Service of Process***

The Issuer agrees that the process by which any proceedings in England are begun may be served on it by being delivered to the London branch of the Issuer at Bankcentre-Britain, Belmont Road, Uxbridge, Middlesex UB8 1SA or at any other address for the time being at which process may be served on it in accordance with Part XXIII of the Companies Act 1985 (as modified or re-enacted from time to time). If for any reason service of process cannot be made in accordance with the above, the Issuer must immediately appoint an agent for service of process and notify the Noteholders of such appointment. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This Condition does not affect any other method of service allowed by law.

## TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of Part A of the relevant Final Terms, will be applicable to the Subordinated Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series of Subordinated Notes and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on such Notes, details of the relevant Series being shown on the relevant Notes and in Part A of the relevant Final Terms:*

The Notes are constituted by an amended and restated Trust Deed dated 7 September, 2009 (the "Trust Deed" as amended or supplemented as at the date of issue of the Notes (the "Issue Date") between the Issuer and JPMorgan Chase Bank (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and the Coupons, Talons and Receipts (as defined below). Copies of the Trust Deed and the amended and restated Agency Agreement (as amended or supplemented from time to time, the "Agency Agreement") dated 7 September, 2009 between the Issuer, the Trustee, Citibank N.A., as issuing agent and principal paying agent (the "Agent" which expression shall include any successor agent) and the other paying agents named in it (together with the Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the "Paying Agents") are available for inspection free of charge at the London office of the Trustee, currently at c/o Citibank, N.A., Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB and at the specified offices of each of the Paying Agents. The initial Calculation Agent (if any) is specified on the Notes. The Noteholders, the holders of the interest coupons (the "Coupons") relating to interest bearing Notes and, where applicable in the case of such Notes, talons for further Coupons (the "Talons") (the "Couponholders") and the holders of the instalment receipts (the "Receipts") appertaining to the payment of principal by instalments are entitled to the benefit of, are bound by, and are deemed to have notice of all the provisions of the Trust Deed and are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

### 1. Form, Denomination and Title

The Notes are issued in bearer form in the Specified Denomination(s) (as defined in the Final Terms) and shall be serially numbered. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, an Index Linked Redemption Note, an Instalment Note, a Dual Currency Note, a Partly Paid Note or a Range Accrual Note, a combination of any of the foregoing or any other kind of Note, depending upon the Interest and Redemption/Payment Basis shown hereon.

The Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Instalment Notes are issued with one or more Receipts attached.

Title to the Notes, Receipts, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone and no person shall be liable for so treating the holder.

In these Conditions, "Noteholder" means the bearer of any Note and the Receipts relating to it, "holder" (in relation to a Note, Receipt, Coupon or Talon) means the bearer of any Note, Receipt, Coupon or Talon (as the case may be) and capitalised terms have the meanings given to them on the Notes, the absence of any such meaning indicating that such term is not applicable to the Notes.

### 2. Status and Subordination

#### (a) Dated Subordinated Notes: Status

If the Notes are specified to be Dated Subordinated Notes, then the Notes, Receipts and Coupons constitute unsecured obligations of the Issuer, subordinated in the manner set out in paragraph (c) below and shall at all times rank *pari passu* without any preference among themselves.

**(b) Perpetual Subordinated Notes: Status**

If the Notes are specified to be Perpetual Subordinated Notes, then the Notes, Receipts and Coupons constitute unsecured obligations of the Issuer subordinated in the manner set out in paragraph (e) below and shall at all times rank *pari passu* without any preference among themselves and *pari passu* with the *Pari Passu* Subordinated Creditors (as specified in the Final Terms).

**(c) Dated Subordinated Notes: Subordination**

If the Notes are specified to be Dated Subordinated Notes, this Condition 2(c) shall apply and the rights and claims against the Issuer of the holders of the Notes, Receipts and Coupons and of the Trustee in respect of principal of, and interest on, the Notes will be subordinated, in the event of the winding-up of the Issuer, to the claims of Senior Creditors (as defined below), so that amounts due and payable under such Notes, Receipts and Coupons shall be due and payable by the Issuer in such winding-up only if, and to the extent that, the Issuer could make payment thereof rateably with the claims of all other creditors of the Issuer ranking equally with the Notes and still be solvent immediately thereafter. For this purpose, the Issuer shall be considered to be solvent if it is able to pay its debts to Senior Creditors in full.

A report in writing as to the solvency of the Issuer by its liquidator in winding up shall, in the absence of proven error, be treated and accepted by the Issuer, the Trustee and the holders of the Notes, Receipts and Coupons as correct and sufficient evidence thereof.

“Senior Creditors” means all of the creditors of the Issuer who are depositors or other unsubordinated creditors of the Issuer. The subordination provisions apply to amounts payable under the Notes, Receipts and Coupons and nothing contained therein or in the Trust Deed shall affect or prejudice any claim by the Trustee against the Issuer in respect of the costs, charges, expenses, liabilities or remuneration of the Trustee.

**(d) Dated Subordinated Notes: Deferral of Payments**

In the case of Dated Subordinated Notes which are specified in the relevant Final Terms as being Tier 3 Notes, the Issuer shall be entitled in the circumstances described below, by notice in writing to the Trustee (a “Deferral Notice”), to defer the due date for payment of any principal or interest in respect of such Tier 3 Notes, and, accordingly, on the giving of such notice the due date for payment of such principal or interest (the “Deferred Payment”) shall be so deferred and the Issuer shall not be obliged to make payment thereof on the date the same would otherwise have become due and payable, and such deferral of payment shall not constitute a default by the Issuer for any purpose. Accordingly, the applicable provisions of these Conditions in relation to such Notes shall in all respects have effect subject to this Condition 2(d). The Issuer (A) shall give a Deferral Notice in circumstances where its Own Funds (as defined below) would be less than its overall Capital Requirements (as defined below) after payment of any such principal or interest in whole or in part and (B) may give a Deferral Notice where the Financial Regulator (as defined below) has required or requested the Issuer to defer payment of the relevant Deferred Payment. Interest will accrue on principal deferred as aforesaid in accordance with the provisions of these Conditions and the Trust Deed, save that such interest shall only become due and payable at such time as the principal in respect of which it has accrued becomes due and payable under the following sentence. Promptly upon being satisfied that (x) (in the case of (A) above) its Own Funds would not be less than its overall Capital Requirements after payment of the whole or any part of any Deferred Payment plus accrued interest or (y) (in the case of (B) above) that the Financial Regulator will not object to the payment of the whole or any part of any Deferred Payment plus accrued interest, the Issuer shall give to the Trustee written notice thereof (a “Payment Notice”) and the relevant Deferred Payment (or the appropriate part of it) and any accrued interest as aforesaid shall become due and payable on the seventh day after the date of such Payment Notice. In addition, all Deferred Payments which remain unpaid shall become due and payable in full on the commencement of a winding up (as defined below) or administration of the Issuer. Where more than one Deferred Payment remains unpaid, any payment less than the total amount of all such Deferred Payments shall be made *pro rata* according to such total amounts of all such Deferred Payments together with any accrued interest as aforesaid remaining unpaid. The Issuer shall promptly give notice to the holders of the relevant Series of Notes in accordance with Condition 13 of any Deferral Notice or Payment Notice.

In these Terms and Conditions:

“Applicable Regulatory Capital Requirements” means, at any time, any requirements contained in the regulations, requirements, guidelines and policies relating to capital adequacy of the Financial Regulator or any successor thereto then in effect from time to time applicable to either the Issuer or the Issuer and its subsidiaries taken as a whole.

“Capital Requirements” has the meaning given to such term in the Applicable Regulatory Capital Requirements and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee.

“Commencement of a winding up” means, in the case of a voluntary winding up, the time of the passing of the winding up resolution, and, in the case of a compulsory winding up, the time of the making of the winding up order or, where preceded by a voluntary winding up, the time of passing of the winding up resolution.

“Financial Regulator” means the Irish Financial Services Regulatory Authority.

“Own Funds” has the meaning given to such term in the Applicable Regulatory Capital Requirements and shall include any successor term from time to time equivalent thereto as agreed between the Issuer and the Trustee.

In the case of Dated Subordinated Notes which constitute Tier 3 Capital, the Financial Regulator only permits payments of principal and interest to be made in respect of such Dated Subordinated Notes in circumstances where, after such payment is made, the Issuer’s Own Funds would not be less than its overall Capital Requirements.

**(e) Perpetual Subordinated Notes: Subordination**

If the Notes are specified to be Perpetual Subordinated Notes, this Condition 2(e) shall apply and the rights and claims against the Issuer of the holders of the Notes, Receipts and Coupons and of the Trustee in respect of principal of, and interest on, the Notes will be subordinated to the claims of Senior Creditors and Senior Subordinated Creditors (both as defined below) and, accordingly, payments of principal and interest will be conditional upon the Issuer being solvent at the time of payment by the Issuer, and no payment of principal or interest shall be payable in respect of such Notes, Receipts or Coupons except to the extent that the Issuer could make such payment and still be solvent immediately thereafter. For the purposes of this Condition, the Issuer shall be solvent if both (i) it is able to pay its debts as they fall due and (ii) its Assets (as defined below) exceed its Liabilities (as defined below) (other than its Liabilities to persons who are not Senior Creditors or Senior Subordinated Creditors). A report as to the solvency of the Issuer by two Directors of the Issuer or (in certain circumstances as provided in the Trust Deed) the auditors of the Issuer or (if the Issuer is winding up in Ireland) its liquidator shall, in the absence of proven error, be treated and accepted by the Issuer, the Trustee and the holders of the Notes, Receipts and Coupons as correct and sufficient evidence thereof. Amounts representing interest in respect of which the condition set out in this paragraph is not satisfied on the due date for the payment thereof shall, so long as the same remains unpaid, constitute “Arrears of Interest”.

If at any time an order is made or an effective resolution is passed for the winding-up in Ireland of the Issuer, there shall be payable on each Note (in lieu of any other payment) but subject to the condition set out above, such amount, if any, as would have been payable to the holder thereof if, on the day prior to the commencement of the winding-up and thereafter, such holder was the holder of a preference share in the capital of the Issuer having a preferential right to a return of assets in the winding-up over the holders of all issued shares for the time being in the capital of the Issuer, on the assumption that such preference share was entitled to receive on a return of assets in such winding-up an amount equal to the principal amount of such Note together with interest accrued to the date of repayment (as provided in the Trust Deed) and any Arrears of Interest (as defined in Condition 3(m) below), if any, in respect thereof.

For the purposes of this Condition, “Senior Creditors” means, subject as provided above, creditors of the Issuer who are depositors or other unsubordinated creditors of the Issuer.

“Senior Subordinated Creditors” means (i) creditors of the Issuer whose claims against the Issuer are, or are expressed to be, subordinated (whether only in the event of the winding-up of the Issuer or otherwise) to the claims of depositors and other unsubordinated creditors of the Issuer but excluding *Pari Passu* Subordinated Creditors and those creditors of the Issuer (if any) whose claims rank, or are expressed to rank, junior to the claims of the Noteholders.

“Assets” means the total unconsolidated gross tangible assets of the Issuer; and “Liabilities” means the total unconsolidated 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, all valued in such manner as such Directors, the auditors or the liquidator (as the case may be) may determine.

The subordination provisions apply to amounts payable under the Notes, Receipts and Coupons and nothing contained therein or in the Trust Deed shall affect or prejudice any claim by the Trustee against the Issuer in respect of the costs, charges, expenses, liabilities or remuneration of the Trustee.

*N.B. If the Issuer would not otherwise be solvent (having taken into account liabilities to both Senior Creditors and creditors other than Senior Creditors), the amount of principal and of sums which would otherwise be payable as interest in respect of the Notes will be available to meet the losses of the Issuer.*

**3. Interest and Other Calculations**

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

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date in the case of Dated Subordinated Notes and on each Compulsory Interest Payment Date in the case of Perpetual Subordinated Notes. The amount of interest payable shall be determined in accordance with Condition 3(h).

**(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 on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrears on each Interest Payment Date (or Compulsory Interest Payment Date, as the case may be). The amount of interest payable shall be determined in accordance with Condition 3(h). Such Interest Payment Date(s) (or Compulsory Interest Payment Date(s), as the case may be) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date (or Compulsory Interest Payment Date, as the case may be) shall mean each date which falls the number of months or other period shown hereon as the Specified Period after the preceding Interest Payment Date (or Compulsory Interest Payment Date, as the case may be) or, in the case of the first Interest Payment Date (or the first Compulsory Interest Payment Date, as the case may be), after the Interest Commencement Date.

*(ii) Business Day Convention*

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such 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 (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen, (B) the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day, (C) the Modified Following Business Day Convention, such 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 date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

*(iii) Rate of Interest for Floating Rate Notes*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

**(A) ISDA Determination for Floating Rate Notes**

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "ISDA Rate" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon;
- (y) the Designated Maturity is a period specified hereon; and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

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

**(B) Screen Rate Determination for Floating Rate Notes**

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:
  - (1) the offered quotation; or
  - (2) the arithmetic mean 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 as determined by the Calculation 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 Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

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.

- (y) If the Relevant Screen Page is not available or if sub-paragraph (x)(1) above applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent.
- (z) If paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Trustee and the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(iv) *Rate of Interest for Index Linked Interest Notes:*

The Rate of Interest in respect of Index Linked Interest Notes for each Interest Accrual Period shall be determined on the Interest Determination Date in the manner specified hereon and interest will accrue by reference to an Index or Formula as specified hereon.

**(c) Zero Coupon Notes:**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 4(d)(i)).

**(d) Dual Currency Notes:**

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified hereon.

**(e) 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 hereon.

**(f) Accrual of Interest:**

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (as well after as before judgment) at the Rate of Interest in the manner provided in this Condition 3 to the Relevant Date (as defined in Condition 7).

**(g) Maximum/Minimum Rates of Interest, Instalment Amounts and Redemption Amounts and Rounding**

- (i) If any Rate of Interest is expressed to be as adjusted by a Margin, such adjustment shall be made by adding (if a positive number) or subtracting (if a negative number) the absolute value of any Margin specified on the Notes, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest, Instalment Amount or Redemption Amount is specified on the Notes, then such Interest Rate, Instalment Amount or Redemption Amount shall in no event exceed the maximum or be less than the minimum.
- (iii) or the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes "unit" means the lowest amount of such currency which is available as legal tender in the countries of such currency.

**(h) Calculations**

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period will equal such Interest Amount. Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable in respect of such Interest Period will be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

**(i) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts**

The Calculation Agent shall, as soon as practicable on each Interest Determination Date or such other time on such date as it may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or Instalment Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early

Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Agent, the Issuer, the Trustee, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and such exchange so requires, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

**(j) Determination or calculation by Trustee**

If the Calculation Agent does not at any time for any reason so determine any Rate of Interest, Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount or Instalment Amount, the Trustee shall do so and such determination or calculation shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

**(k) Definitions**

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Business Day” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET System is operating (a “TARGET Business Day”) and/or
- (iii) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“Compulsory Interest Payment Date” means any Interest Payment Date in relation to which any dividend has been declared or paid on any class of share capital of the Issuer in the immediately preceding Interest Period.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

- (i) if “Actual/Actual” or “Actual/Actual-ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365;
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360;
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation 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:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation 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:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D2 will be 30;

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation 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:

“Y1” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y2” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M1” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M2” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D1” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of

February or (ii) such number would be 31, in which case D1 will be 30; and

“D2” is the calendar day, expressed as a number, immediately following the last day included in the Calculation 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 D2 will be 30; and

- (vi) if “Actual/Actual-ICMA” is specified hereon, (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and (b) if the Calculation Period is longer than one Determination Period, the sum of: (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date.

“Determination Date” means each date specified hereon or, if none is so specified, each Interest Payment Date.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union and the Treaty of Amsterdam.

“Interest Accrual Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Period Date and each successive period beginning on an Interest Period Date and ending on the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified hereon.

“ISDA Definitions” means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Optional Interest Payment Date” means any Interest Payment Date other than a Compulsory Interest Payment Date.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

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

**(l) Calculation Agents**

The Issuer will procure that there shall at all times be one or more Calculation Agents if provision is made for them in the Conditions applicable to this Note and for so long as it is outstanding. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate the Interest Amounts or any other required amounts, the Issuer will (with the prior approval of the Trustee) appoint the London office of a leading bank engaged in the London interbank market to act as such in its place subject as provided in paragraph (j) above. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

**(m) Perpetual Subordinated Notes: Optional Payment of Interest and Arrears of Interest**

This Condition 3(m) shall only apply if the Notes are specified to be Perpetual Subordinated Notes. Subject as provided below, on any Optional Interest Payment Date (as defined above) there may be paid (if the Issuer so elects and gives not less than 30 days notice of such election to the Noteholders in accordance with Condition 13 below) 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. Any interest not paid on an Interest Payment Date shall, so long as the same remains unpaid, constitute “Arrears of Interest”. Arrears of Interest may, subject to the provisions of the following sentence, at the option of the Issuer be paid in whole or in part (being, if in part only, the whole of the interest accrued on all of the Notes during any one or more Accrual Periods) at any time upon the expiration of not less than seven days notice to such effect given to the Noteholders in accordance with Condition 13 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. If any other Pari Passu Subordinated Creditors exist, then the Issuer may not pay all or any part of the Arrears of Interest in respect of the Notes (or any equivalent optional payment under the terms of indebtedness to Pari Passu Subordinated Creditors) unless it pays all or (as near as practicable) an equivalent proportion of the Arrears of Interest and/or all other equivalent optional payments under the terms of indebtedness to Pari Passu Subordinated Creditors. All Arrears of Interest shall (subject to Condition 2) become due in full on whichever is the earliest of (i) the date upon which a dividend is next paid on any class of share capital of the Issuer, (ii) the date set for any redemption pursuant to Condition 4 below or (iii) the commencement of a winding-up of the Issuer. If notice is given by the Issuer of its intention to pay the whole or part of Arrears of Interest, the Issuer shall be obliged (subject to Condition 2(c)) to do so upon the expiration of such notice. Arrears of Interest shall not themselves bear interest.

Notwithstanding the foregoing, the Issuer shall be obliged to make payment of interest accrued in respect of any Accrual Period (or any period preceding such Accrual Period) if on the Optional Interest Payment Date on which such Accrual Period ends a Capital Disqualification Event (as defined below) has occurred and is continuing, unless the Issuer is in breach of Applicable Regulatory Capital Requirements (as defined below) in which case it may elect not to make payment of any such interest in accordance with the foregoing provisions of this paragraph (m).

A “Capital Disqualification Event” will be deemed to have occurred if at any time the Notes would no longer be eligible to qualify for inclusion as “other items” within the meaning of Regulation 8 of the European Communities (Capital Adequacy of Credit Institutions) Regulations 2006 of Ireland (transposing Article 63 of Directive 2006/48/EC) in the calculation of the own funds of the Issuer on a solo and/or consolidated basis.

If a Capital Disqualification Event occurs, the Issuer shall promptly give notice to Noteholders in accordance with Condition 13.

#### **4. Redemption, Purchase and Options**

##### ***(a) Final Redemption***

Unless previously redeemed or purchased and cancelled and subject as provided in Condition 2(d), each Dated Subordinated Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided, is its nominal amount) on the Maturity Date specified on each Note. Each Perpetual 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 4 or Condition 9 below.

##### ***(b) Redemption for taxation reasons***

If the Issuer at any time satisfies the Trustee that, as a result of any amendment to or change in the laws or regulations of Ireland and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom or, in either case, any political subdivision thereof or any authority or agency therein or thereof having power to tax or in the officially published application or interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date, (i) the Issuer would, on the occasion of the next payment date in respect of the Notes, be required to pay additional amounts as provided in Condition 7, or (ii) any relief from tax in respect of interest paid on the Notes would be withdrawn by Ireland and/or (in the case of Notes issued through the London Branch of the Issuer) the United Kingdom or (iii) any payment of interest would be treated as a distribution by Ireland and/or (in the case of Notes issued through the London Branch of the Issuer) the United Kingdom, the Issuer may, at its option, with the prior consent of the Financial Regulator, on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Note) or at any time (if this Note is neither a Floating Rate Note nor an Index Linked Note) on giving not more than 45 nor less than 30 days notice to the Noteholders (which notice shall be irrevocable) in accordance with Condition 13 (subject to Condition 2) redeem all, but not some only, of the Notes at their Redemption Amount together with interest accrued to the date fixed for redemption and, in the case of Tier 3 Notes, shall also pay Deferred Payments (if any), 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 4(b), the Issuer shall deliver to the Trustee a certificate signed by two persons each of whom is a Director of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of the facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent referred to above, in which event it shall be conclusive and binding on the holders of the Notes, Receipts and Coupons.

##### ***(c) Purchases***

The Issuer and any of its subsidiaries may at any time purchase Notes (provided that all unmatured Receipts and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

##### ***(d) Early Redemption***

###### ***(i) Zero Coupon Notes***

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 4(b) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of such Note upon its redemption pursuant to Condition 4(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 3(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

*(ii) Other Notes*

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 4(b) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified hereon.

***(e) Redemption at the Option of the Issuer***

If Call Option is specified on the Notes, subject to the prior consent of the Financial Regulator, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be described on the Notes) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall (subject to Condition 2) be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, in the case of Tier 3 Notes, shall also pay Deferred Payments (if any). Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements.

***(f) Redemption by Instalments***

Unless previously redeemed, purchased and cancelled as provided in this Condition 4, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

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

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the provisions specified hereon.

***(h) Cancellation***

All Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered to the Agent for cancellation and, if so surrendered, will, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

**5. Range Accrual Notes**

The Issuer may issue Notes ("Range Accrual Notes") in respect of which, any Range Accrual Rate of Interest and/or any Range Accrual Final Redemption Amount (as specified in the applicable Final Terms) is determined by reference to the number of days during a specified period (an "Observation Period") that a predetermined event or events (each a "Fixing Event") occurs or does not occur (as specified in the applicable Final Terms) as a proportion of the total number of days (each an "Observation Day") within such Observation Period (such portion, the "Index Ratio"). Amounts payable under Range Accrual Notes may also be determined by multiplying the Index Ratio by one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable, option or combination thereof (each an "Underlying Coupon").

The calculation of the numerator component of the Index Ratio may be determined by reference to:

- (i) the number of days during an Observation Period that a Fixing Event occurs;

- (ii) the number of days during an Observation Period before a Fixing Event occurs;
- (iii) the number of days during an Observation Period before a Fixing Event does not occur;
- (iv) the number of days during an Observation Period that no Fixing Event occurs;
- (v) the number of days during an Observation Period before a Fixing Event occurs for a specified number of times; or
- (vi) a multiple of the number of days during an Observation Period that a Fixing Event occurs minus a multiple of the number of days that the Fixing Event does not occur in that Observation Period.

The above sets out just some of the methodologies that may be used to determine the numerator component of the Index Ratio. It is not intended to be an exhaustive list and other calculation methodologies may be used to determine such ratio as set out in the applicable Final Terms.

The Fixing Event may be, but is not limited to, the value or other function of, one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable or a combination thereof (the “Observable Rate”), exceeding and/or equalling and/or being lower than and/or equalling one or more predetermined criteria (the “Strike” or “Strikes”), as specified in the applicable Final Terms. The Strike may also be defined with reference to the value or other function of, one or more indices, formulae, currency exchange rates, rates, commodities, debt securities, equities or other variable or a combination thereof.

The Fixing Event may be observed on each Observation Date at a specified time or may be continually observed during the Observation Period or may be observed on such other date or time as specified in the applicable Final Terms.

The total number of days during the Observation Period in which the Fixing Event is observed may vary. For example, if a Fixing Event:

- (i) occurs on an Observation Date during the Observation Period, observation of the Fixing Event may continue to be observed on each subsequent Observation Date during the Observation Period; or
- (ii) does not occur on an Observation Date, the observation of the Fixing Event (and the number of days on which a Fixing Event is determined to have occurred) may cease on such date, notwithstanding the total number of Observation Days left in such Observation Period. Such Notes are referred to as “Knock-Out Range Accrual Notes”; or
- (iii) does not occur on an Observation Date for a specified number of times, the observation of the Fixing Event (and the number of days on which a Fixing Event is determined not to have occurred) may cease on such date, notwithstanding the total number of Observation Days left in such Observation Period. Such Notes are referred to (also known as Knock-Out Range Accrual Notes).

The Observation Period and the period in which the interest payable and/or any amount payable on redemption of the Notes are determined maybe the same or they may relate to different chronological periods and may be of different lengths. For the avoidance of doubt, the days upon which the Fixing Event is observed could be any subset of days within such period or any other period or periods, including, but not limited to, a period of one day only.

## **6. Payments and Talons**

### ***(a) Payments***

Payments of principal and interest in respect of Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(e)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(e)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holders, by transfer to an account denominated in such currency with, a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

***(b) Payments in the United States***

Notwithstanding the foregoing, if any Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, adverse tax consequence to the Issuer.

***(c) Payments subject to law etc***

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

***(d) Appointment of Agents***

The Agent, the other Paying Agents and the Calculation Agent initially appointed by the Issuer and their respective specified offices are listed below. The Agent, the other Paying Agents and the Calculation Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Agent, any other Paying Agent or the Calculation Agent and to appoint additional or other Paying Agents, provided that the Issuer will at all times maintain (i) an Agent, (ii) a Calculation Agent where the Conditions so require one, (iii) a Paying Agent having a specified office in at least two major European cities and (iv) a Paying Agent having a specified office in a European Union member state that is not obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting 26-27 November 2000.

In addition, the Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (b) above.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

***(e) Unmatured Coupons and Receipts and unexchanged Talons***

(i) Upon the due date for redemption of Notes, Notes which comprise Fixed Rate Notes (other than Dual Currency Notes or Index Linked Notes) should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Upon the due date for redemption of any Note comprising a Floating Rate Note, Dual Currency Note or Index Linked Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation thereof.

***(f) Talons***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

***(g) Non-Business Days***

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "business day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "Financial Centres" hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency or
- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

**7. Taxation**

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Ireland and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom or, in either case, any authority therein or thereof having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in receipt by the Noteholders or, as the case may be, the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

- (i) presented for payment by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Ireland and/or, in the case of Notes issued through the London branch of the Issuer, the United Kingdom, other than the mere holding of such Note, Receipt or Coupon or the receipt of the relevant payment in respect thereof; or
- (ii) 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 such thirtieth day; or
- (iii) presented by, or by a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note, Receipt or Coupon is presented for payment; or
- (iv) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the tax savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (v) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note and/or Receipt and/or Coupon to another Paying Agent in a Member State of the European Union.

As used in these Conditions, “Relevant Date” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note, Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 4 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 3 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition to or substitution for it under the Trust Deed.

## **8. Prescription**

Claims against the Issuer for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

## **9. Events of Default and Enforcement**

### ***(a) Events of Default***

If the Issuer shall not make payment in respect of the Notes (in the case of any payment of principal) for a period of seven days or more after the due date for the same or (in the case of any payment of interest) for a period of 14 days or more after a date upon which the payment of interest is due and compulsory, the Trustee may institute proceedings in Ireland (but not elsewhere) for the winding-up of the Issuer. For the purpose of this paragraph a payment shall be deemed to be due or compulsory even if the condition set out in Condition 2 above is not satisfied.

### ***(b) Enforcement***

The Trustee shall not be bound to take the action referred to above to enforce the obligations of the Issuer in respect of the Notes unless (i) it shall have been so requested by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least one-fifth in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified to its satisfaction.

No Noteholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so in which case the Noteholder shall have only such rights against the Issuer as those which the Trustee is entitled to exercise. No Noteholder shall be entitled to institute proceedings for the winding-up of the Issuer, or to prove in any winding-up of the Issuer, except that if the Trustee, having become bound to proceed against the Issuer as aforesaid, fails to do so or, being able to prove in any winding-up of the Issuer, fails to do so, 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 in Ireland (but not elsewhere) of the Issuer and/or prove in any winding-up of the Issuer to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do in respect of his Notes. No remedy against the Issuer, other than the institution of proceedings for the winding-up in Ireland of the Issuer or the proving or claiming in any winding-up of the Issuer, shall be available to the Trustee or the Noteholders whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed or in respect of any breach by the Issuer of any of its obligations under the Trust Deed or the Notes (other than for recovery of the Trustees remuneration or expenses).

## **10. Meetings of Noteholders, Modifications, Waiver and Substitution**

### ***(a) Meetings of Noteholders***

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes) or any provisions of the Trust Deed. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest or Interest Amounts thereon, (ii) to reduce or cancel the nominal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect thereof, (iv) if there is shown on the face of the Notes a

Minimum Rate of Interest and/or a Maximum Rate of Interest, to reduce such Minimum Rate of Interest and/or such Maximum Rate of Interest, (v) to change any method of calculating the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or the Amortised Face Amount of any Note, (vi) to change the currency or currencies of payment of the Notes (other than upon the country of such currency adopting the euro as its currency), (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or any adjournment thereof or the majority required to pass an Extraordinary Resolution or (viii) to amend the provisions as to Subordination referred to in Condition 3, will only be binding if passed at a meeting of the Noteholders (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

*These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.*

**(b) Modification and Waiver**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of these Conditions or the provisions of the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

**(c) Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to the substitution of a successor in business of the Issuer, a subsidiary of the Issuer or a successor in business thereof in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Notes provided that, unless such substituted company is a successor in business of the Issuer, the Issuer irrevocably guarantees, on a subordinated basis, the payment of all moneys payable by the substituted company as principal debtor under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders, to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

**(d) Entitlement of the Trustee**

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

**(e) Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit. The Trustee may rely without liability to the Noteholders or Couponholders on any certificate or report by the auditors of the Issuer pursuant to the Conditions and/or the Trust Deed whether or not addressed to the Trustee and whether or not it, or any engagement letter entered into in connection therewith, contains any limitation or restrictions on the liability of the auditors of the Issuer.

**11. Replacement of Notes, Receipts, Coupons and Talons**

If a Note, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Agent or such other Paying Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13 on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Receipts, Coupons or further Coupons) and otherwise as the Issuer may require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Further Issues**

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

## **13. Notices**

Notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in London and Dublin or if in the opinion of the Trustee such publication is not practicable, in another leading daily English language newspaper of general circulation in Europe approved by the Trustee. It is expected that such publication will be made in the *Financial Times* in London and in *The Irish Times* in Dublin. Notices, will, if published more than once, be deemed to have been given on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Notes in accordance with this Condition.

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

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

## **15. Governing Law and Jurisdiction**

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

The Trust Deed, the Notes, the Receipts, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that the provisions of the Trust Deed and the Notes relating to the postponement of the claims of the Noteholders and Couponholders on a winding-up of the Issuer shall be construed in accordance with the laws of Ireland.

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

The Courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, any Notes, Receipts, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Receipts, Coupons or Talons (“Proceedings”) may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is made for the benefit of each of the holders of the Notes, Receipts, Coupons and Talons and shall not affect the right of any of them to take Proceedings 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).

### ***(c) Service of Process***

The Issuer agrees that the process by which any proceedings in England are begun may be served on it by being delivered to the London branch of the Issuer at Bankcentre-Britain, Belmont Road, Uxbridge, Middlesex UB8 1SA or at any other address for the time being at which process may be served on it in accordance with Part XXIII of the Companies Act 1985 (as modified or re-enacted from time to time). If for any reason service of process cannot be made in accordance with the above, the Issuer must immediately appoint an agent for service of process and notify the Noteholders of such appointment. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate the relevant proceedings. This Condition does not affect any other method of service allowed by law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Tranche of Notes with a maturity of more than 365 days will initially be represented by a temporary Global Note, unless the Agent is notified to the contrary by AIB, and each Tranche of Notes with a maturity of 365 days or less, or in relation to which AIB so notifies the Agent, will be initially represented by a permanent Global Note, each in bearer form without Coupons, Talons or Receipts.

If the Global Notes are stated in the applicable Final Terms to be issued in new global note (“NGN”) form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper. Depositing the Global Notes with the Common Safekeeper 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.

Global Notes which are not issued in NGN form (each a “CGN” and together, the “CGNs”) may 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.

If the Global Note is a CGN, upon the initial deposit of a Global Note with the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a principal amount of Notes equal to the principal amount thereof for which it has subscribed and paid. If the Global Note is an NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

In the case of a Tranche intended to be cleared through a clearing system other than Euroclear or Clearstream, Luxembourg or delivered outside a clearing system, the Global Note will be deposited as agreed between AIB, the Agent, the Trustee (in the case of Subordinated Notes) and the relevant Dealer(s). No interest will be payable in respect of a temporary Global Note, except as provided below.

Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg (or any other clearing system) as the holder of a Note represented by a Global Note must look solely to Euroclear or Clearstream, Luxembourg (or any other clearing system) (as the case may be) for his share of each payment made by AIB to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear and Clearstream, Luxembourg (or any other clearing system). Such persons shall have no claim directly against AIB in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of AIB will be discharged by payment to the bearer of such Global Note in respect of each amount so paid. The temporary Global Notes and the permanent Global Notes contain provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

### 1. Exchange

Each temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or, if so provided in a temporary Global Note, for Definitive Notes after the date falling 40 days after the issue date of the Notes upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. Each permanent Global Note is exchangeable in whole, or in the case of Partly Paid Notes only, in part, for Definitive Notes on or after the Exchange Date specified in the notices referred to hereafter by the holder thereof giving notice to the Agent at the cost and expense of AIB (i) if the permanent Global Note is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if an Event of Default occurs in relation to the Notes represented by such permanent Global Note.

If the Global Note is a CGN, on or after any Exchange Date (as defined below) the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Agent. In exchange for any Global Note, or the part thereof to be exchanged, AIB will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts which have not already been paid on the Global Note and a Talon) or if the Global Note is an NGN, AIB will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 5 to the Agency Agreement (in the case of Senior Notes) or Schedule 2 to the Trust Deed (in the case of Subordinated Notes). On exchange in full of each Global Note, AIB will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

“Exchange Date” means a day falling not less than 60 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Agent is located and in the cities in which the relevant clearing system is located.

## **2. Payments**

No payment falling due more than 40 days after its issue date will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note during the period up to 40 days after its issue date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of CGNs represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Condition 6(d)(iv) and Condition 7(v) will apply to the Definitive Notes only. If the Global Note is an NGN, AIB shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Each payment so made will discharge AIB’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

## **3. Notices**

So long as all the Notes of any Series are represented by a permanent Global Note and such permanent Global Note is held on behalf of a clearing system, notices to Noteholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions.

## **4. Prescription**

Claims against AIB in respect of Notes which are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

## **5. Meetings**

The holder of a permanent Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of Notes for which such Global Note may be exchanged.

## **6. Purchase and Cancellation**

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the principal amount of the relevant Global Note.

## **7. Trustee’s Powers**

In considering the interests of Noteholders while any Global Note representing Subordinated Notes is held on behalf of a clearing system the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note and may consider such interests as if such accountholders were the holder of such Global Note.

## **8. Default**

Each Global Note representing Senior Notes provides that the holder may cause such Global Note, or a portion of it, to become due and repayable in the circumstances described in Condition 9 by stating in the notice to the Agent the nominal amount of such Global Note which is becoming due and repayable. Upon such notice being given by or through a common depositary for Euroclear and Clearstream, Luxembourg or if so specified by the holder giving such notice, the Global Note will become void as to the relevant amount and the persons entitled to such amount as accountholders with a clearing system will acquire direct enforcement rights against AIB under the terms of a Deed of Covenant originally executed as a deed by AIB on 30 November 1993, as amended and restated on 22 August 2003 and subsequently amended and restated on 7 September 2009 (the “Deed of Covenant”).

#### **9. AIB's Option**

No drawing of Notes will be required under Condition 4 in the event that AIB exercises any option relating to those Notes while all such Notes which are outstanding are represented by a permanent Global Note. In the event that any option of AIB is exercised in respect of some but not all of the Notes of any series, the rights of accountholders with Euroclear and Clearstream, Luxembourg in respect of the Notes will be governed by the standard procedures 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) or any other clearing system (as the case may be).

#### **10. Noteholders' Option**

Any Noteholders' option may be exercised by the holder of a permanent Global Note giving notice to the Agent of the nominal amount of Notes in respect of which the option is exercised and, where the permanent Global Note is a CGN, presenting such permanent Global Note for endorsement of exercise within the time limits specified in the Conditions. Where the Global Note is an NGN, AIB shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

#### **11. NGN nominal amount**

Where the Global Note is an NGN, AIB shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

#### **12. Partly Paid Notes**

The provisions relating to Partly Paid Notes will be contained in the Global Notes. For so long as any instalments of the subscription moneys due from the holder of Partly Paid Notes are due, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for Definitive Notes (as the case may be). In the event that any Noteholder fails to pay any instalment due on any Partly Paid Notes within the time specified, AIB will be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

## **USE OF PROCEEDS**

The net proceeds of the sale of any Tranche of Notes will be used for the general funding purposes of the Issuer. If, in respect of any particular issue, there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

## ALLIED IRISH BANKS, p.l.c.

### General

AIB and its subsidiaries (together, the “AIB Group”) provides a diverse range of banking, financial and related services, principally in Ireland, the United Kingdom (“UK”), the United States (“US”) and Poland.

AIB has some 280 branches and outlets in Ireland, where, according to Central Bank data, its share of the total market for both Irish resident loans and deposits is in excess of 20%.

In Northern Ireland, through its wholly-owned subsidiary AIB Group (UK) p.l.c., which trades there as First Trust Bank, AIB Group operates from some 48 branches and outlets.

In Britain, AIB Group (UK) p.l.c., which trades there as Allied Irish Bank (GB), provides a range of banking services through 31 branches and 5 business development offices.

Since 1 April 2003, AIB’s main involvement in the US has been carried on through its interest in M&T Bank Corporation (“M&T”). M&T has its headquarters in Buffalo, New York and has a branch network of approximately 700 branches in six States and the District of Columbia. AIB’s direct presence in the US consists of corporate banking, treasury and financial services for not-for-profit businesses based in New York, with offices in a number of other principal US cities.

In Poland, the AIB Group operates from 514 branches and 51 outlets, primarily in Western Poland, through its 70.4% owned subsidiary Bank Zachodni WBK S.A.

AIB is the holding company of all the companies in the AIB Group. It also engages in business in its own right. Its assets are therefore comprised both of shares in those companies; and assets and liabilities acquired in the conduct of its own business. It is thus partly dependent on the members of the AIB Group and the revenues received by them.

### Background

AIB, originally named Allied Irish Banks Limited, is a public limited company incorporated in Ireland on 22 September 1966 under the Companies Act, 1963 with registration number 24173 as a result of the amalgamation of three long established banks (the “constituent banks”) with assets aggregating €324 million. At that time, the shares of the Munster and Leinster Bank Limited (established 1885), the Provincial Bank of Ireland Limited (established 1825) and the Royal Bank of Ireland Limited (established 1836) were acquired by and were transferred to AIB as a holding company. In 1972, AIB became the sole banking entity in place of the three constituent banks, other than with regard to the currency note issue of the Provincial Bank of Ireland Limited in Northern Ireland, which was transferred to AIB in 1982. This power to issue bank notes in Northern Ireland was transferred to AIB Group (UK) p.l.c. (formerly AIB Group Northern Ireland p.l.c.) with effect from 10 January 1994. AIB is regulated by the Financial Regulator in Ireland (the “Financial Regulator”).

In December 1970, AIB commenced the expansion of its network of branches in Britain. Since 1972, the AIB Group has overseas branches in the United States, Canada, Germany, France and Australia, among other locations and subsidiary companies in the Isle of Man and Jersey (Channel Islands). It also has representative offices in a number of States in the US. In September 2003 AIB sold its retail business in New York to Atlantic Bank of New York.

Between 1983 and 1989, AIB acquired 100% of the outstanding shares of First Maryland Bancorp. Additional acquisitions were subsequently completed including Dauphin Deposit Bank and Trust Company, a Pennsylvania chartered commercial bank, which was acquired in 1997. Subsequently all banking operations in the US were merged into Allfirst Bank. On 1 April 2003, AIB completed the integration of Allfirst Financial Inc. into M&T in which AIB holds a 22.8% interest.

In July 1991, AIB acquired TSB Bank Northern Ireland p.l.c. (“TSB NI”), a bank with 56 branches in Northern Ireland. With effect from 10 January 1994 and 1 October 1996, respectively, AIB’s business in Northern Ireland and its retail operations in Great Britain have been merged into TSB NI. The enlarged entity is renamed “AIB Group (UK) plc” and carries on business under two distinct trading names – “First Trust Bank” in Northern Ireland and “Allied Irish Bank (GB)” in Great Britain.

Between February 1995 and May 1997, the AIB Group increased its shareholding in the Polish bank Wielkopolski Bank Kredytowy S.A. (“WBK”) to 60.14%. On 16 September 1999, AIB completed the acquisition of an 80% shareholding in Bank Zachodni S.A. (“BZ”) from the State Treasury of the Republic of Poland. In accordance with the acquisition agreement, AIB invested in additional shares of BZ on 15 October 1999, bringing the total shareholding to 81% at 31 December 1999. Further investments during 2000 brought AIB’s shareholding to 83% at 31 December 2000. On 13 June 2001, AIB completed the

merger of WBK and BZ. The new entity was renamed Bank Zachodni WBK S.A., in which the AIB Group has a 70.4% shareholding.

On 30 January 2006, AIB entered into a venture with Aviva Group p.l.c. for the manufacture and distribution of life and pensions products in Ireland. This transaction brings together Hibernian Life & Pensions Limited and Ark Life Assurance Company Ltd., which was a subsidiary of AIB Group prior to this transaction, under a holding company Hibernian Life Holdings Limited of which AIB owns 24.99%. Under the terms of the agreement, AIB has entered into an exclusive agreement to distribute the life and pensions products of the venture.

On 22 February 2008, the AIB Group entered into an agreement to acquire a 49.99% interest in Bulgarian American Credit Bank (“BACB”) from its majority stockholder, the Bulgarian – American Enterprise Fund (“BAEF”). BACB is a specialist provider of secured finance to small and medium sized companies in Bulgaria. BAEF is a private US corporation established in 1991 under legislation enacted by the US Congress to promote active participation in the development and expansion of the economy in Bulgaria.

## Divisions

AIB Group’s activities are conducted through four major operating divisions – AIB Bank ROI; AIB Bank UK; Capital Markets; and Central & Eastern Europe. At 31 December 2008, AIB Group had consolidated total assets of €182.1 billion and for the year ended 31 December 2008, employed 25,815 people on an average full time equivalent basis. The distribution of assets and the number of employees between those major operating divisions was as follows:

Division	Assets		Employees	
	<i>(Euros in millions)</i>	%		%
AIB Bank ROI	80,788	44	7,746	30
Capital Markets	60,477	33	2,562	10
AIB Bank UK	22,036	12	2,689	10
Central & Eastern Europe	12,368	7	9,776	38
Group	6,474	4	3,042	12
Total	182,143	100	25,815	100

## Summary Division Activities

A summary of the activities conducted by each of the principal companies in each division is set out below.

### AIB BANK ROI DIVISION

Allied Irish Banks, p.l.c.	General retail and commercial banking through some 280 branches, outlets and business centres in Ireland.
AIB Leasing Limited	Asset financing company providing leasing products.
AIB Insurance Services Limited	Provision of general insurance services. Acts as an insurance intermediary.
AIB Bank (CI) Limited	Jersey (Channel Islands) based company providing a full range of offshore banking services including lending and internet banking facilities and also offering offshore trust and corporate services through a subsidiary company. It maintains a branch in the Isle of Man.
AIB Mortgage Bank	The Company’s principal activity is the issue of mortgage covered securities for the purpose of financing loans secured on residential property or commercial property, in accordance with the Asset Covered Securities Act 2001.

## CAPITAL MARKETS DIVISION

Allied Irish Banks, p.l.c.	Management of liquidity and funding needs; interest and exchange rate exposures; financial market trading activities; provision of lending; trade finance and commercial treasury services; provision of corporate banking and not-for-profit activities.
AIB Capital Markets plc	Provision of asset management, fund management and corporate advisory services including equity investment and corporate finance.
AIB Corporate Finance Limited	Provision of corporate advisory services to companies including merger, acquisition, capital raising and strategic financial advice.
Goodbody Holdings Limited	Provision of a broad range of stockbroking services, and corporate advisory services through its subsidiaries, Goodbody Stockbrokers and Goodbody Corporate Finance respectively.
AIB International Financial Services Limited	Provider of outsourced financial services to international banks and corporations.
AIB Asset Management Holdings (Ireland) Limited	Provides asset management and funds services management for institutional and retail clients through its subsidiary companies AIB Investment Managers Ltd. and AIB Fund Management Ltd.

## AIB BANK UK DIVISION

AIB Group (UK) p.l.c.	31 branches and 5 business development offices in Britain, trading as <i>Allied Irish Bank (GB)</i> , focused primarily on the mid-corporate business sector.  48 branches and outlets in Northern Ireland, trading as <i>First Trust Bank</i> , focused on general retail and commercial banking and also asset finance and leasing.
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## CENTRAL & EASTERN EUROPE DIVISION

Bank Zachodni WBK S.A.	A commercial and retail bank which operates through 514 branches and 51 outlets in Poland.
Investment in Bulgarian-American Credit Bank AD	A 49.99% interest in a commercial bank which operates through branches in Bulgaria.
AmCredit	A mortgage lender which operates through three branches in Lithuania, Latvia and Estonia.

## GROUP DIVISION

Investment in M&T	A 22.8% interest in a retail and commercial bank, with its headquarters in Buffalo, New York, which operates through approximately 700 branches.
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The above subsidiary undertakings are wholly-owned with the exception of Bank Zachodni WBK S.A. (70.4%). The registered office of each is located in the principal country of operations. For divisional reporting purposes, AIB's minority investment in M&T is recorded under the Group division.

## Recapitalisation

On 21 December 2008 the Minister for Finance (the "Minister") announced that, subject to shareholder and regulatory approval, the Irish government had agreed to provide a recapitalisation package for AIB. That statement was superseded on 11 February 2009 when the Minister announced revised details of a recapitalisation package (which was subject to shareholder, regulatory and EU State aid approval).

The main features of the Irish government's Announcement of 11 February 2009 (the "Announcement"), so far as it related to AIB, were as follows:

- (i) The Irish government would provide €3.5 billion (€3,500,000,000) in Core Tier 1 capital by way of preference shares (the "Preference Shares");
- (ii) The Preference Shares would carry a fixed dividend of 8 per cent payable in cash or ordinary shares in lieu. The Preference Shares could be repurchased at par up to the fifth anniversary of the issue and at 125 per cent of face value thereafter.
- (iii) The Minister could appoint, in total, 25 per cent of the directors of AIB (inclusive of the directors appointed under the Irish Government Guarantee Scheme).
- (iv) The Minister would also be entitled to 25 per cent of total voting rights on proposals in respect of change of control and on board appointments.
- (v) Warrants (the "Warrants") attached to the Preference Shares would give an option to purchase up to 25 per cent of the ordinary share capital of AIB existing on the date of issue of the new Preference Shares. The strike price of the first 15 per cent of the Warrants exercised by the State would be €0.975 and, for the balance of the Warrants, would be €0.375.
- (vi) If AIB were to redeem up to €1.5 billion (€1,500,000,000) of the State investment in the Preference Shares from privately sourced Core Tier 1 capital prior to 31 December 2009, then the Warrants would be reduced, pro rata to that redemption, to an amount representing not less than 15 per cent of the ordinary shares of the bank.

The recapitalisation was stated to be subject to regulatory approvals and the approval of the ordinary shareholders in a general meeting.

In the Announcement the Minister also set out information in relation to other initiatives.

On 20 April 2009 AIB issued a statement (the "Capital Statement") to the Irish Stock Exchange on its capital position stating that since the agreement announced with the Irish government in the Announcement in relation to the recapitalisation of AIB, market and public uncertainty in relation to AIB's capital adequacy had persisted despite the proposed government injection of €3.5 billion in core tier 1 capital.

The Capital Statement announced that following discussions with the Minister for Finance of Ireland (the "Minister") AIB had decided to take further action to strengthen its capital position. In co-operation with AIB, the Minister had been conducting due diligence and stress test scenarios. Arising from these stress tests the Minister and AIB had formed a view that to strengthen AIB's capital position a total amount of €5.0 billion new core tier 1 capital was appropriate.

As a consequence, in addition to the proposed €3.5 billion injection by the Irish government, AIB aims to increase core tier 1 capital by a further €1.5 billion before the end of 2009. Potential sources of this capital include the disposal of assets and marketable assets will be considered as part of this process; €1.1 billion of which has already been sourced through a capital exchange process completed in June 2009. This commitment represents a reappraisal of AIB's previous view in relation to asset disposal. In the Capital Statement AIB acknowledged that the Minister had said that if any further capital injections are required from the State that these would be in the form of equity capital.

AIB also expressed its support for the Irish government's recent decision to create a National Asset Management Agency ("NAMA") and signalled its intention to participate in this initiative. NAMA is currently at an initial planning stage. AIB will work closely with the authorities to achieve its implementation.

At an Extraordinary General Meeting ("EGM") of shareholders of AIB held on 13 May 2009 all the resolutions recommended by the Board at the EGM of the Issuer were duly passed. Following the EGM, the Preference Shares were issued and warrants to subscribe for up to 294,251,819 ordinary shares were granted to the National Pensions Reserve Fund Commission.

## BOARD OF DIRECTORS AND EXECUTIVE OFFICERS

Certain information in respect of Board of Directors and Executive Officers as of the date of this Prospectus is set out below.

<b>Name</b>	<b>Function within AIB Group/Principal Outside Activities</b>
<b>Chairman</b>	
#†○ Dan O'Connor	Chairman of AIB, Director of CRH
<b>Group Chief Executive</b>	
† Eugene J. Sheehy	Group Chief Executive, Director of M&T Bank Corporation
<b>Executive Directors</b>	
Colm Doherty	Managing Director, AIB Capital Markets plc, Director of M&T Bank Corporation
<b>Non-Executive Directors</b>	
○ Declan Collier	Nominee of the Minister for Finance under the Irish Government's Credit Institutions (Financial Support) Scheme 2008. Chief Executive of the Dublin Airport Authority, Director of Dublin Airport Authority plc. Chairman of Aer Rianta International cpt and DAA Finance plc.
#• Kieran Crowley	Corporate Social Responsibility Committee Chairman. Consultant, Founder of Crowley Services Dublin Ltd., which operates the Dyno-Rod franchise in Ireland. Director of AIB Group (UK) p.l.c.
#• Stephen Kingon	Chairman of Invest Northern Ireland and of the Northern Ireland Centre for Competitiveness. Member of the Economic Development Forum, and co-chair of the North/South Roundtable Group. Director of AIB Group (UK) p.l.c., Mivan (UK) Limited, the Baird Group Limited and Anderson Spratt Group (Holdings) Limited. Member of the BT Ireland Advisory Board.
# Anne Maher	Chairman of the Medical Professional Competence Steering Committee. Member of the Professional Oversight Board (UK), (an operating body of the UK Financial Reporting Council); the FTSE Policy Group; the Actuarial Stakeholder Interests Working Group (UK); and a Governor of the Pensions Policy Institute (UK). Board member of the Retirement Planning Council of Ireland.
•○ Sean O'Driscoll	Group Chief Executive, Glen Dimplex. Member of the University College Cork President's Consultative Board.
○#† David Pritchard	Deputy Chairman, Senior Independent Non-Executive Director, and Chairman, AIB Group (UK) p.l.c.
† Dick Spring	Nominee of the Minister for Finance under the Irish Government's Credit Institutions (Financial Support) Scheme 2008. Executive Vice Chairman, Fexco Holdings Ltd., Chairman of International Development Ireland Ltd., Altobridge Ltd., and Alder Capital Ltd. Director of Repak Ltd. and The Realta Global Aids Foundation Ltd.
Robert Wilmers	Chairman and Chief Executive Officer of M&T Bank Corporation, Serves as Chairman of the Empire State Development Corporation. Director of The Business Council of New York State, Inc.
○ Jennifer Winter	Vice-President, Corporate Reputation and Government Affairs, AstraZeneca plc.
†	<i>Nomination and Corporate Governance Committee</i>
#	<i>Indicates member of the Audit Committee</i>

- *Indicates member of the Corporate Social Responsibility Committee*

- *Indicates member of the Remuneration Committee*

The business address of each of the above Directors is c/o Bankcentre, Ballsbridge, Dublin 4.

AIB is not aware of any potential conflicts of interest between the duties to AIB of the Directors listed above and their private interests or other duties.

#### **Executive Committee**

Eugene J. Sheehy	Group Chief Executive
Gerry Byrne	Managing Director, AIB Central and Eastern Europe Division
Colm Doherty	Managing Director, AIB Capital Markets
Robbie Henneberry	Managing Director, AIB Bank ROI
Steve Meadows	Director, of Operations and Technology
Mary Toomey	Head of Group Strategic Human Resources
Nick Treble	Managing Director, AIB Group (UK) p.l.c.

Maeliosa O'Hogartaigh was appointed Acting Chief Finance Officer with effect from 7 August 2009.

#### **Appointment of new Chief Executive**

On 30 April 2009 AIB announced that Eugene Sheehy, Group Chief Executive, had informed the Board of his intention to retire. A process to identify and appoint his successor is underway and Mr Sheehy will continue as Group Chief Executive until his successor is appointed.

## INFORMATION ABOUT THE GUARANTOR

### ***PERSONS RESPONSIBLE***

The Issuer hereby declares that the information contained in the “Information about the Guarantor” section and the risk factor under the heading Credit Institutions (Financial Support) Act 2008 has been sourced from third persons and has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by those third persons, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### ***The Guarantee***

Under the Credit Institutions (Financial Support) Act 2008 (the “Act”), the Minister has the power to provide guarantees to credit institutions and their subsidiaries.

The Credit Institutions (Financial Support) Scheme 2008 (Statutory Instrument No. 411 of 2008) (the “Scheme”) was approved by both Houses of the Oireachtas (i.e. the Irish Parliament) on 17 October 2008 and was made by the Minister on 20 October 2008.

The Act, the Scheme and associated Ministerial orders made under section 6(1) of the Act provide the statutory basis for the credit institution guarantee arrangement announced by the Minister on 30 September 2008 and 9 October 2008.

The Scheme has been approved by the European Commission as being compatible with EC Treaty state aid rules.

The covered liabilities (as defined below) of participating covered institutions for the period 30 September 2008 to 29 September 2010 inclusive are guaranteed under the laws of Ireland by the Minister (the “Guarantor”).

In the event of any default of a covered institution in respect of a covered liability, the Guarantor will pay to the relevant creditor, on demand, an amount equal to the unpaid covered liabilities (the “Guarantee”). The guarantee is unconditional and irrevocable and ensures timely payment of the covered liabilities of the covered institutions.

Should a covered institution be removed from the Scheme, all of its fixed term covered liabilities outstanding at that time will continue to have the full benefit of the Guarantee to 29 September 2010 or their maturity, whichever is the earlier. All covered liabilities, including on-demand deposits, will be protected by notice of at least 90 days prior to any covered institution being removed from the Scheme.

No call can be made under the Guarantee after 29 September 2010.

The Guarantee does not affect any other rights or claims of creditors.

The following liabilities are covered by the Scheme (“covered liabilities”):

- (i) all retail and corporate deposits (to the extent not covered by existing deposit protection schemes in Ireland or any other jurisdiction);
- (ii) interbank deposits;
- (iii) senior unsecured debt;
- (iv) covered bonds (including asset covered securities); and
- (v) dated subordinated debt (Lower Tier 2),

excluding any intra-group borrowing and any debt due to the European Central Bank arising from Eurosystem monetary operations.

*Source: The Department of Finance*

### ***The Guarantor***

The Guarantor is the Minister for Finance of Ireland.

The contact address and telephone number for the Guarantor is set out below:

Minister for Finance  
Department of Finance  
Government Buildings  
Upper Merrion Street  
Dublin 2 Ireland

Telephone: +353 1 676 7571

Source: *The Department of Finance*

The following information about Ireland can be found in “*Ireland – Information Memorandum April 2009*” issued by the National Treasury Management Agency, which is incorporated by reference in its entirety into this Prospectus:

- A description of Ireland’s economy including: (a) the structure of the economy with details of the main sectors of the economy; and (b) gross domestic product (GDP) information – see pages 11, 17 to 25 and Appendix 3 of “*Ireland – Information Memorandum April 2009*”
- A general description of Ireland’s political system – see pages 9 to 10 of “*Ireland – Information Memorandum April 2009*”

#### **Public Finance and Trade**

The following information about Ireland can be found in “*Ireland – Information Memorandum April 2009*” issued by the National Treasury Management Agency, which is incorporated by reference in its entirety into this Prospectus:

- Gross public debt – see pages 13 to 16 and pages 31 to 48 of “*Ireland – Information Memorandum April 2009*”
- Foreign trade and balance of payment figures – see pages 23 to 24 and Appendix 4 of “*Ireland – Information Memorandum April 2009*”
- Financial position and resources – see Appendix 4 of “*Ireland – Information Memorandum April 2009*”
- Income and expenditure figures – see Appendix 5 of “*Ireland – Information Memorandum April 2009*”

#### **Tax and budgetary systems**

The main taxes in Ireland are: Income Tax, PRSI and Levies, Corporation Tax, Capital Gains Tax, Capital Acquisitions Tax, Stamp Duty, Value-Added Tax (“VAT”) and Customs and Excise. Details of the basis for charging and applicable rates of taxation can be found on the website of the Office of the Revenue Commissioners, who are responsible for the assessment, collection and management of taxes and duties in Ireland.

The fiscal year for the Budget is the calendar year. The Budget, or Financial Statement of the Minister for Finance, which is usually published in the December before the year to which it relates, is the focal point of the financial cycle.

The Budget sets out the Government’s budgetary targets for the following three years. The Budget documentation normally contains the following:

- Financial Statement – the Minister for Finance’s speech to the Dáil Eireann (Irish House of Representatives in the National Parliament) on Budget day.
- Budget Measures – detailed list of changes announced in the Budget together with the estimated cost or yield arising.
- Budget Statistics and Tables – gives aggregate budgetary projections for the next three years.
- Financial Resolutions – give temporary legislative backing for immediate budgetary changes.
- Stability Programme Update – outlines the economic background to the Budget and sets out Government economic strategy over the following three years. It is produced in compliance with the EU Stability and Growth Pact.
- White Paper on Receipts & Expenditure – the opening position for the Budget. Published the Saturday before the Budget.
- Estimates for Public Services and Summary of Public Capital Programme.

The annual Finance Act gives statutory effect to the taxation measures announced in the Budget and to other miscellaneous financial provisions. If there are Financial Resolutions under the Provisional Collection of Taxes Act 1927 in the Budget, the Second Stage of the Finance Bill must be passed in the Dáil within 84 days of Budget Day and the President must sign the Finance Bill within 4 months of Budget Day.

Source: *The Department of Finance*

#### **Composition of public debt**

At the end of 2008, 100% of the (net) national debt was denominated in, or swapped into, euro.

Source: *The Department of Finance/NTMA*

#### **Debt payment record**

Ireland always promptly pays the full amount of the principal of, and any interest on, any obligation when due and payable.

Source: *The Department of Finance*

#### *Details of the foreign exchange reserves of Ireland*

<b>Official External Reserves (EUR millions)</b>					
<b>Month ending</b>	<b>Gold</b>	<b>SDRs</b>	<b>Reserve Position in IMF</b>	<b>Foreign Exchange</b>	<b>Total</b>
Dec. 2006	92	72	103	429	695
Mar. 2007	96	73	69	427	665
June 2007	93	74	73	392	631
Sept. 2007	100	73	60	420	653
Dec. 2007	110	77	51	401	639
Mar. 2008	114	79	44	361	598
June 2008	114	79	51	362	608
Sept. 2008	121	76	62	394	653
Dec. 2008	120	77	111	438	746
Feb. 2009	120	77	111	368	676

*All the figures are quoted in millions of euro. It should be noted that some of the totals are not equal to the sum of parts. This is because of rounding.*

*Source: Table A1 – Statistical Appendix, Central Bank Quarterly Bulletin April 2009*

The State's FX reserves are sold forward on a rolling basis in order to mitigate FX risk.

*Source: The Department of Finance*

#### **Liquid deposits available in domestic currency**

Liquid assets as at 31 December 2007 were EUR 4.487 billion. Liquid assets as at 31 December 2006 were EUR 3.588 billion.

*Source: Note 10 to the Financial Statements – NTMA Annual Report 2007 and Note 10 to the Financial Statements – NTMA Annual Report 2006 (page 46 in both cases)*

#### **Auditing/independent review procedures on accounts**

The financial statements of the Exchequer for each financial year are audited by the Comptroller and Auditor General pursuant to the Comptroller and Auditor General (Amendment) Act 1993.

*Source: The Department of Finance*

#### **Legal and Arbitration Proceedings**

There have been no significant governmental, legal or arbitration proceedings (including proceedings which are pending or threatened) during the last 12 months that may affect the ability of the Guarantor to fulfil its financial obligations under the Guarantee.

Pursuant to section 15 of the Financial Measures (Miscellaneous Provisions) Act 2009, the Guarantor does not have liability for the accuracy of information contained in this Prospectus.

*Source: The Department of Finance.*

#### **Documents on Display**

The Act, the Scheme and associated Ministerial orders are available from the Issuer on request and are also available on the website of the Department of Finance.

For the lifetime of this document the audited financial statements of the Exchequer covering the last two fiscal years and the budget for the current fiscal year may be inspected in electronic form on the website of the Department of Finance.

## TAXATION

The following discussion is a summary of certain Irish, United Kingdom and, in relation to Notes issued by the Sydney branch of AIB (“AIB Sydney”), Australian tax considerations relating to Notes issued under the Programme. The discussion is based on Irish, UK and Australian taxation law and practice in effect on the date of this Prospectus, relates only to the position of persons who are the absolute beneficial owners of their Notes, Coupons, Talons and Receipts and is for general information only. It does not constitute taxation or legal advice. In particular the discussion does not address the tax consequences for certain classes of person such as dealers and does not necessarily apply where the income is deemed for tax purposes to be the income of any other person. Prospective investors in Notes are urged to consult their tax advisers regarding the applicable tax consequences of acquiring, holding and disposing of Notes based on their particular circumstances.

The Irish Department of Finance has confirmed that, under current legislation, no withholding tax would apply to payments made by the Guarantor in respect of the Guarantee.

### IRISH TAXATION

#### 1. Notes Issued by the registered office in Dublin

##### **(a)(I) Interest - certain exemptions**

Subject to the encashment tax rules set out in paragraph (b) below and to the Deposit Interest Retention Tax (“DIRT”) rules set out in paragraph (e) below, all payments of principal and interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of Irish income tax in circumstances where:

- (i) the Notes carry a right to interest which is not yearly interest; or
- (ii) interest on the Notes is paid by the Issuer in the ordinary course of the Issuer carrying on its bona fide banking business in Ireland; or
- (iii) other specific exemptions from interest withholding tax apply.

The Issuer has agreed with the Dealers that it will not issue any Subordinated Notes or Senior Notes where interest is not paid by the Issuer in the ordinary course of its bona fide banking business, unless, at the time of issue, (i) Irish tax law permits or (ii) the Issuer has obtained specific approval from the Irish Revenue Commissioners that all payments of principal and interest on such Notes may be made by the Issuer without withholding or deduction for or on account of Irish income tax or any other Irish taxes or duties of whatever nature, subject to the encashment tax rules set out in paragraph (b) below.

##### **(a)(II) Interest - Commercial Paper Exemption**

For the purpose of this exemption, “commercial paper” is a Note denominated in amounts of not less than €500,000 or US\$500,000 (or another currency equivalent to €500,000 as defined in Section 246A Taxes Consolidation Act 1997 (as amended)) in physical or electronic form which recognises an obligation to pay a stated amount, carries a right to interest or is issued at a premium or discount, and matures within 2 years.

##### *Conditions for exemption*

Subject to the encashment tax provisions as summarised in paragraph (b) below, so long as any Note constitutes commercial paper (as outlined above) it shall be exempt from interest withholding tax in the following circumstances:

- (i) if the person by whom or through whom the payment is made is not an Irish resident person and the payment is not made by or through an Irish branch or agency of a non-Irish resident company through which it carries on a trade or business in Ireland and the Note is held in a “recognised clearing system” (within the meaning of Section 246A Taxes Consolidation Act 1997 (as amended)), which includes Euroclear, Clearstream Banking SA and Clearstream Banking AG; or
- (ii) if the person by whom or through whom the payment is made is an Irish resident person or if the payment is made by or through an Irish branch or agency of a non-Irish resident company through which it carries a trade or business in Ireland and either:
  - (x) the Note is held in a “recognised clearing system” (see above); or

- (y) the person who is beneficially entitled to the interest is Irish resident and has provided their Irish tax registration number to the Issuer or paying agent in advance of the payment; or
- (z) the person who is the beneficial owner of the Note and who is beneficially entitled to the interest is not Irish resident and has provided the Issuer or paying agent with a completed non resident declaration in the approved format in advance of the payment.

DIRT will not apply to Notes which qualify for the commercial paper exemption.

**(a)(III) Quoted Eurobonds**

Subject to the encashment tax and DIRT provisions as summarised in paragraphs (b) and (e) below, so long as Notes are, and continue to be, quoted on a recognised stock exchange (the London Stock Exchange and the Irish Stock Exchange are recognised stock exchanges) (“Quoted Eurobonds”), payments of interest may be made without withholding or deduction for or on account of Irish income tax where:

- (i) the payment of interest is not made by or through a person in Ireland; or
- (ii) the payment is made by or through a person in Ireland and:
  - (x) an appropriate form of declaration of non-residence is provided to the paying agent by or on behalf of the person who is the beneficial owner of the Notes and beneficially entitled to the interest (or, where the provisions of Irish tax legislation deem the interest to be that of some other person, that person); or
  - (y) the Notes and related coupons are held in a “recognised clearing system” (see above).

Where the exemptions referred to in paragraphs (a)(I), (a)(II) and/or (a)(III) above do not apply then yearly interest will be paid under deduction of income tax at the standard rate (currently 20%) subject to any other exemptions that may be available and any direction to the contrary from the Irish Revenue Commissioners in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

**(b) Encashment Tax**

Subject to the “banker clearing exemption” outlined below, a collecting agent in Ireland obtaining payment of interest whether in Ireland or elsewhere on a Quoted Eurobond in circumstances where no withholding or deduction for or on account of Irish income tax has been made by the person paying the interest, or realising in Ireland any interest on behalf of a holder of a Note or Coupon, must withhold income/encashment tax (at the standard rate—currently 20%) unless the person who is the beneficial owner of the Note and beneficially entitled to the interest is not resident in Ireland and has made a declaration in the prescribed form and has provided that declaration to the collecting agent and the interest is not deemed under the provisions of Irish tax legislation to be that of some other person. The “banker clearing exemption” provides that encashment tax shall not apply to a banker by virtue only of the clearing of a cheque, or the arranging for the clearing of a cheque, by the banker.

Holders should note that appointment of an Irish collecting agent may (as outlined above) bring them within the charge to encashment tax.

**(c) Taxation of Interest/Discount or Premium**

Interest/discount or premium on the Notes may have an Irish source and consequently may be chargeable to Irish income tax or corporation tax, as the case may be. However, such income should not be taxable in the hands of the recipient in the following circumstances:

- (i) The income will not be chargeable to Irish income or corporation tax in the hands of a company who is resident for tax purposes in an EU Member State other than Ireland or in a territory with which Ireland has a double taxation treaty and who is not resident in Ireland and the interest is paid by the Issuer in the ordinary course of its trade or business; or
- (ii) The income will not be chargeable to Irish income or corporation tax in the hands of a person (including a company) who is resident, for tax purposes, in an EU Member State other than Ireland or in a territory with which Ireland has a double taxation treaty and who is not resident in Ireland if the Notes and any interest payments satisfy the conditions, set out in paragraph (a)(II) or in paragraph (a)(III) above, for exemption from withholding or deduction of tax.

These exemptions will not apply if that person is chargeable to Irish corporation tax on the income of an Irish branch or agency to which the interest is attributable.

In addition, the Irish Revenue Commissioners generally do not seek to assess such interest/discount or premium on Notes to Irish tax in the hands of persons who are neither resident nor ordinarily resident in Ireland, except where such persons:

- (i) are chargeable in the name of a person (including a trustee) or in the name of an agent or a branch in Ireland which has the management or control of the interest/discount or premium; or
- (ii) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (iii) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to Irish income tax on the profits of a trade or business carried on in Ireland to which the interest/discount or premium is attributable.

The Issuer is not aware of any change or intended change in this practice of the Irish Revenue Commissioners. However, there can be no assurance that this practice will continue to apply.

**(d) Discount or Premium**

Notes may be issued at a discount or be redeemable at a premium whether or not periodic interest payments are due on the Notes. No Irish withholding tax will apply to the payment of such discount or premium so long as it does not constitute yearly interest or an annual payment for tax purposes and subject, in the case of Notes not listed on a recognised stock exchange, to paragraph (e) below.

**(e) Deposit Interest Retention Tax**

Interest/discount or premium paid on Notes which are listed on a stock exchange will not be subject to DIRT. Interest/discount or premium on Notes which are not so listed will be liable to DIRT unless either the beneficial owner is a non resident and the appropriate declaration of non residence in the required format has been completed and provided to the Issuer in advance of each payment or the beneficial owner is an Irish resident company/charity or pension scheme and the appropriate tax reference number has been provided to the Issuer in advance of each payment. Certain other Irish resident bodies may also qualify for exemption from DIRT in certain circumstances. DIRT will not apply to Notes which qualify for the commercial paper exemption as outlined at paragraph (a)(II) above.

By virtue of Revenue practice, interest/discount or premium paid on unlisted Notes can qualify for exemption from DIRT in the circumstances where:

- (i) the Issuer does not sell the Notes to Irish residents and does not offer the Notes for sale in Ireland;
- (ii) Dealers as a matter of contract undertake to the Issuer that their action in any jurisdiction will comply with applicable laws and regulations and that they will not knowingly make primary sales (or knowingly offer to do so, or distribute any material in that connection in Ireland) to any Irish residents or persons;
- (iii) the Notes are cleared through a “recognised clearing system”;
- (iv) the Notes are denominated in amounts of not less than £300,000 sterling or its equivalent; and
- (v) the Prospectus includes wording to the effect that each Dealer has confirmed that, with respect to the Notes, it will not knowingly offer to sell the 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.

The rate of DIRT is currently 25%. However, DIRT at a rate of 28% can apply where interest is not payable annually or at more frequent intervals.

**(f) Capital Gains Tax**

A gain realised on disposal/redemption of Notes by a Noteholder who is resident or ordinarily resident in Ireland may be liable to Irish capital gains tax. A Noteholder who is neither resident nor ordinarily resident in Ireland for Irish tax purposes is not subject to Irish capital gains tax unless the Notes are or were held in connection with a trade or business carried on by such holder in Ireland through a branch or agency to which the Notes are or were attributable.

**(g) Capital Acquisitions Tax**

Where a gift or inheritance is taken under a disposition and the date of the disposition is on or after 1 December 1999, gifts or bequests of Notes may be liable to Irish capital acquisitions tax if the disponer or the beneficiary is resident or ordinarily resident in Ireland for Irish tax purposes or if the Notes which are the subject of the disposition are located in Ireland. Different rules apply where the gift or inheritance is taken under a disposition where the date of the disposition is before 1st December, 1999.

**(h) Miscellaneous**

The provisions relating to additional payments referred to in “Terms and Conditions of the Senior Notes-Taxation” and “Terms and Conditions of the Subordinated Notes-Taxation” would not apply if the Irish Revenue Commissioners sought to assess the person entitled to the relevant interest, discount or premium directly to Irish tax. However, exemption from or reduction of such Irish tax liability might be available under an applicable double tax treaty.

**(i) Stamp Duty**

The issue of Notes will not give rise to a charge to Irish stamp duty. The transfer of interests in the Notes can, in certain circumstances, result in a charge to Irish stamp duty. However, the Irish Revenue Commissioners have confirmed to AIB that, where the Notes are deposited with a depository or safekeeper on behalf of Euroclear or Clearstream, transfers of equitable interests in the Notes through such electronic clearing systems will (as a concession) be treated as being exempt from a charge to Irish stamp duty.

**(j) Anti-avoidance**

In all cases, holders of Notes may be subject to Irish taxation on their disposal. The nature of the tax charge would depend on the terms of the Notes in question and the particular circumstances of the holder. In particular, holders should have regard, where appropriate, to the provisions relating to the taxation of income deemed to arise on certain sales of securities and other provisions contained in the Taxes Acts of Ireland relating to the purchase and sale of securities.

**(k) Reporting**

Persons in Ireland paying interest to or receiving interest on behalf of another person may be required to provide certain information to the Irish Revenue regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

**2. Notes issued by the London Branch or the Sydney Branch**

While the matter is not completely free from doubt, any interest, discount or premium on Notes issued by the London Branch or the Sydney Branch may constitute Irish source income. Assuming they do constitute Irish source income, the Irish tax treatment of Notes issued by the London Branch or the Sydney Branch is set out below.

Section 1 (“Notes Issued by the registered office in Dublin”) also applies to Notes issued by the London Branch or the Sydney Branch subject to the following exceptions:

- (i) The exemption from Irish withholding tax on interest paid by the Issuer in the ordinary course of its bona fide banking business in Ireland (as outlined in paragraph 1(a)(I)(ii)) may not be taken to apply to Notes issued by the London Branch or the Sydney Branch as such interest is paid by the Issuer in the course of its business in the United Kingdom or Australia.
- (ii) Interest/discount or premium on the Notes issued by the London Branch or the Sydney Branch will not be subject to DIRT.

## UNITED KINGDOM TAXATION

### 1. Notes issued by the London Branch

*The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs practice and are not intended to be exhaustive. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.*

- (a) When Notes carry a right to interest which is not yearly interest, or, while the Notes are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 of the Income Tax Act 2007 (“ITA”) or in the case of Senior Notes, while the London Branch continues to be a bank for the purposes of Section 991 of ITA and interest on the Senior Notes is paid in the ordinary course of the Issuer’s bona fide banking business in the United Kingdom, the interest may be paid without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange and the Irish Stock Exchange Limited are recognised stock exchanges for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.
- (b) In other cases, interest will generally be paid under deduction of United Kingdom Income Tax at the basic rate (currently 20 per cent.) subject to the availability of other exemptions or reliefs or any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.
- (c) Persons in the United Kingdom (i) paying interest to or receiving interest on behalf of another person who is an individual or (ii) paying amounts due on the redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries. However, in relation to amounts payable on redemption of such Notes, HM Revenue & Customs’ published practice indicates that HM Revenue & Customs will not exercise its power to obtain information where such amounts are paid or received on or before 5 April 2010.
- (d) Notes may be issued at a discount or be redeemable at a premium whether or not periodic interest payments are due on the Notes. No United Kingdom withholding tax will apply to the payment of such discount or premium so long as it does not constitute yearly interest for tax purposes. Payments which do fall to be treated as yearly interest for United Kingdom tax purposes will also be subject to the withholding tax rules described above. A premium payable on redemption of a Note may fall to be treated as yearly interest for United Kingdom tax purposes.
- (e) Interest and any discount or premium on the Notes issued by the London Branch have a United Kingdom source and accordingly will be chargeable to income tax by direct assessment. Where that income is paid without deduction or withholding, the income will not be assessed to United Kingdom tax in the hands of a holder of a Note who is not resident for tax purposes in the United Kingdom unless that holder of a Note carries on a trade, profession or vocation in the United Kingdom through a branch, agency or, in the case of a corporate Noteholder, a permanent establishment, in the United Kingdom in connection with which the income is received or to which the Notes are attributable, in which case, tax may be levied on the United Kingdom branch, agency or permanent establishment. There are certain exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Noteholders should note that the provisions relating to additional amounts referred to in Condition 7 above would not apply if HM Revenue & Customs sought to assess directly the person entitled to the relevant income to United Kingdom tax. However, exemption from, or reduction of, such United Kingdom tax liability might be available under an applicable double tax treaty.

- (f) Holders of Notes who are neither resident nor ordinary resident in the United Kingdom will have no United Kingdom tax liability on a disposal of Notes unless the Notes are attributable to a United Kingdom branch or agency through which the non-resident carries on a trade, profession or vocation in the United Kingdom or (in the case of a corporate Noteholder) a permanent establishment. Holders of Notes who are resident or ordinarily resident in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch, agency or permanent establishment to which the Notes are attributable may be subject to United

Kingdom taxation on their disposal. The nature of the tax charge will depend on the terms of the Notes in question and the particular circumstances of the holder.

## **2. Notes issued by the registered office in Dublin or the Sydney branch**

- (a) Payments of principal and/or interest on the Notes may be made without withholding on account of United Kingdom income tax, unless the interest has a United Kingdom source.
- (b) Paragraph 1(c) above also applies to Notes issued by the registered office in Dublin or the Sydney branch.
- (c) Interest and any discount or premium on, and profits or gains on disposal of the Notes may (depending on the terms of the Notes in question and the particular circumstances of the holder) be chargeable to United Kingdom tax by direct assessment where the Notes are held by persons resident in the United Kingdom for United Kingdom tax purposes or by persons who carry on a trade, profession or vocation in the United Kingdom through a branch, agency or (in the case of a corporate Noteholder) a permanent establishment to which the Notes are attributable.

## **AUSTRALIAN TAXATION**

The following is a summary of the taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, “Australian Tax Act”), at the date of this Prospectus, of payments of interest (as defined in the Australian Tax Act) on the Notes to be issued by the Sydney branch of AIB under the Programme (the “AIB Sydney Notes”) and certain other matters. It is not exhaustive and, in particular, does not deal with the position of holders of AIB Sydney Notes who are Australian residents or non-residents who hold the AIB Sydney Notes in the course of carrying on business at or through a permanent establishment in Australia and certain other classes of holders of AIB Sydney Notes (including, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons) or Notes issued other than by the Sydney branch of AIB under the Programme.

Prospective holders of AIB Sydney Notes should also be aware that particular terms of issue of any Series of AIB Sydney Notes may affect the tax treatment of that and other Series of AIB Sydney Notes. The following is a general guide and should be treated with appropriate caution. Prospective holders of AIB Sydney Notes who are in any doubt as to their tax position should consult their professional advisers on the tax implications of an investment in the AIB Sydney Notes for their particular circumstances.

### **Interest withholding tax**

An exemption from Australian interest withholding tax (“IWT”) is available in respect of the AIB Sydney Notes under section 128F of the Australian Tax Act if the following conditions are met:

- (a) AIB Sydney is a non-resident of Australia carrying on business at or through a permanent establishment in Australia when it issues those AIB Sydney Notes and when interest (as defined in section 128A(1AB) of the Australian Tax Act) is paid. Interest is defined to include amounts in the nature of, or in substitution for, interest and certain other amounts;
- (b) those AIB Sydney Notes are issued in a manner which satisfies one of the public offer tests set out in section 128F(3) of the Australian Tax Act. Unless otherwise specified in any relevant Final Terms (or another relevant supplement to this Prospectus), it is intended that AIB Sydney will issue AIB Sydney Notes in a manner which will satisfy the public offer test and the other requirements of section 128F of the Australian Tax Act.
- (c) AIB does not know, or have reasonable grounds to suspect, at the time of issue, that those AIB Sydney Notes or interests in those AIB Sydney Notes were being, or would later be, acquired, directly or indirectly, by an “associate” of AIB, except as permitted by section 128F(5) of the Australian Tax Act; and
- (d) at the time of the payment of interest, AIB does not know, or have reasonable grounds to suspect, that the payee is an “associate” of AIB, except as permitted by section 128F(6) of the Australian Tax Act.

An “associate” of AIB for the purposes of section 128F of the Australian Tax Act (when the issuer is not a trustee) includes (i) a person or entity which holds more than 50% of the voting shares in, or otherwise controls, AIB, (ii) an entity in which more than 50% of the voting shares are held by, or which is otherwise controlled by, AIB, (iii) a trustee of a trust where AIB is capable of benefiting (whether directly or indirectly) under that trust, and (iv) a person or entity which is an “associate” of another person or entity which is an “associate” of AIB under any of the foregoing. However, “associate” does not include (A) Australian resident associates or non-resident associates who hold the AIB Sydney Notes in the course of carrying on business at or through a permanent establishment in Australia, (B) associates acting in the capacity of a clearing house, custodian, funds manager or responsible entity of a registered managed investment scheme, (C) in the case of section 128F(5),

a dealer, manager or underwriter in relation to the placement of the relevant AIB Sydney Notes, or (D) in the case of section 128F(6), a paying agent.

#### *Exemptions from IWT under recent tax treaties*

The Australian government has signed new or amended double tax conventions (“New Treaties”) with a number of countries (each a “Specified Country”) which contain certain exemptions from IWT. In broad terms, once implemented the New Treaties effectively prevent IWT applying to interest derived by:

- (a) the government of the relevant Specified Country and certain governmental authorities and agencies in the Specified Country; or
- (b) a “financial institution” which is a resident of the Specified Country and which is unrelated to and dealing wholly independently with the Issuer. The term “financial institution” refers to either a bank or any other form of enterprise which substantially derives its profits by carrying on a business of raising and providing finance. (However, interest under a back-to-back loan or an economically equivalent arrangement will not qualify for this exemption).

The Australian Federal Treasury maintains a listing of Australia’s double tax conventions which provides details of country, status, withholding tax rate limits and Australian domestic implementation which is available to the public at the Federal Treasury’s Department’s website at: <http://www.treasury.gov.au/contentitem.asp?NavId=052&ContentID=625>.

#### *Section 126 withholding on bearer debentures*

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45% on the payment of interest on the AIB Sydney Notes if AIB Sydney fails to disclose the names and addresses of the holders of AIB Sydney Notes to the Australian Taxation Office. No such withholding is required if the AIB Sydney Notes are held by non-resident holders who do not carry on business at or through a permanent establishment in Australia where the issue of those AIB Sydney Notes satisfied the requirements of section 128F of the Australian Tax Act or Australian IWT is payable. In addition, the Australian Taxation Office has confirmed that for the purpose of section 126 of the Australian Tax Act, the holder of debentures (such as the AIB Sydney Notes) means the person in possession of the debentures. Therefore, section 126 is limited in its application to persons in possession of AIB Sydney Notes who are residents of Australia or non-residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia. Where interests in AIB Sydney Notes are held through Euroclear or Clearstream, Luxembourg, AIB Sydney intends to treat the operators of those clearing systems as the holders of those Notes for the purposes of section 126 of the Australian Tax Act.

#### **Other tax matters**

##### *Income and capital gains taxes*

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the AIB Sydney Notes, payments of principal and interest to a non-resident of Australia who, during the taxable year, does not hold the AIB Sydney Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income taxes. Such a holder will not be subject to Australian income tax on gains realized during that year on sale or redemption of the AIB Sydney Notes, provided such gains do not have an Australian source. A gain arising on the sale of the AIB Sydney Notes by a non-Australian resident holder to another non-Australian resident where the AIB Sydney Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia would not be regarded as having an Australian source.

##### *Death duties, stamp duty and similar taxes*

The AIB Sydney Notes will not be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death and no ad valorem stamp, issue, registration or similar taxes are payable in Australia on the issue or transfer of any AIB Sydney Notes.

Payments of principal or interest in respect of the AIB Sydney Notes will not be subject to the “supply withholding tax” imposed under section 12-190 of Schedule 1 to the Administration Act 1953 of Australia nor goods and services tax (GST).

##### *Recent developments – Taxation of financial arrangements*

The Tax Laws Amendment (Taxation of Financial Arrangements) Act 2009 (“TOFA Act”) has recently been enacted.

The TOFA Act contains new rules which represent a new code for the taxation of receipts and payments in relation to financial arrangements. The new rules contemplate a number of different methods for bringing to account gains and losses in relation to “financial arrangements” (including fair value, accruals, retranslation, realisation, hedging and financial records).

The new rules apply from the commencement of the first tax year beginning on or after 1 July 2010 (although taxpayers may be able to make an election to apply the rules for a tax year commencing on or after 1 July 2009 if they wish to do so). Further, the new rules are not to apply to “financial arrangements” which are current as at the commencement date. In relation to current “financial arrangements” at that time, taxpayers may elect to apply the new rules if they wish, but certain tax adjustments would need to be made if such an election is made.

The TOFA Act does not alter the rules relating to the imposition of Australian IWT. The new TOFA rules do not override the IWT exemption available under section 128F of the Australian Tax Act.

#### **EU DIRECTIVE ON THE TAXATION OF SAVINGS INCOME**

The EU has adopted European Council Directive 2003/48/EC (the “Directive”) regarding the taxation of savings income. The Directive requires Member States to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to or for the benefit of, an individual or to certain other persons in that other Member State, except that Belgium, Luxembourg and Austria are instead required (unless during such period they elect otherwise) to operate a withholding system for a transitional period 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 territories). A number of non-EU countries and territories, including Switzerland, have adopted similar measures (a withholding system in the case of Switzerland).

## SUBSCRIPTION AND SALE

The Dealers have in an amended and restated Dealer Agreement dated 7 September 2009 (the “Dealer Agreement”) agreed with AIB a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement for any particular purchase will extend to those matters stated under “Summary of Terms and Conditions of the Programme and the Notes”, “Terms and Conditions of the Senior Notes” and “Terms and Conditions of the Subordinated Notes” above.

AIB has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by AIB or, in relation to itself, by any Dealer, at any time on giving not less than 15 days’ written notice.

### United States

The Notes 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 U.S. 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 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 except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the relevant Dealer(s) and AIB, by the Agent, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells 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.

In addition, until 40 days after the commencement of the offering, 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.

Each issuance of Dual Currency Notes or Indexed Notes will be subject to such additional United States selling restrictions as AIB and the relevant Dealer or Dealers may agree, as indicated in the applicable Final Terms. Each Dealer has agreed, and each further Dealer appointed under the Programme, will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional United States selling restrictions.

### 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 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:

- (i) 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 those 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 which are 12 months after the date of such publication;
- (ii) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

- (iii) at any time to any legal entity which has two or more of (a) an average of at least 250 employees during the last financial year; (b) a total balance sheet of more than €43,000,000 and (c) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (iv) at any time to fewer than 100 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
- (v) 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 (ii) to (v) 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 and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

#### **United Kingdom**

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “FSMA”) received by it in connection with the issue or sale 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
- (ii) 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.

#### **Ireland**

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will not underwrite the issue of, or place the Notes otherwise than in conformity with the provisions of:

- (i) to the extent applicable, the Investment Intermediaries Act, 1995 (as amended) of Ireland, including, without limitation, sections 9 and 50 and any codes of conduct made under section 37;
- (ii) the European Communities (Markets in Financial Instruments) Regulations 2007 (as amended) of Ireland and it will conduct itself in accordance with any rules or codes of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Financial Regulator; and
- (iii) the Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued by the Financial Regulator under section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland (as amended).

Where the terms of a particular issue so require, each Dealer has confirmed that, with respect to that issue, it will not knowingly offer to sell the relevant Notes to Irish residents or persons whose usual place of abode is Ireland and that it will not knowingly distribute or cause to be distributed in Ireland or to Irish residents or persons, any offering material in connection with such Notes.

#### **Australia**

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the “Corporations Act”)) in relation to the Programme or any Notes has been or will be or is required to be lodged with the Australian Securities and Investments Commission (“ASIC”). Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that unless the relevant Final Terms provides otherwise, it:

- (i) has not (directly or indirectly) offered, and will not offer for issue or sale, and has not invited and will not invite applications for issue or offers to purchase, any Notes in, to or from Australia (including an offer or invitation which is received by a person in Australia); and

(ii) has not distributed or published, and will not distribute or publish, this Prospectus or any other offering material or advertisement relating to the Notes in Australia,

unless

- (i) the minimum aggregate consideration payable by each offeree is at least A\$500,000 (or its equivalent in other currencies) but disregarding moneys lent by the offeror or its associates, or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act and complies with the terms of any authorities granted under the Banking Act 1959 of the Commonwealth of Australia; and
- (ii) such action complies with all applicable laws, regulations and directives and does not require any document to be lodged with ASIC.

In addition, and unless the applicable Final Terms otherwise provide, each Dealer has agreed that, in connection with the primary distribution of Notes to be issued by the Sydney branch of AIB, it will not offer or invite any offer for the issue or sale of such Notes to any person if, at the time of such issue or sale, the employees of the Dealer aware of, or involved in, the issue or sale knew or had reasonable grounds to suspect that, as a result of such issue or sale, any such Notes or an interest in any such Notes were being, or would later be, acquired (directly or indirectly) by an associate of the Sydney branch of AIB within the meaning of section 128F(9) of the Income Tax Assessment Act 1936 of Australia (“Tax Act”), except as permitted by section 128F(5) of the Tax Act.

### **Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“CONSOB”, the Italian Securities Regulator) pursuant to Italian securities legislation and, accordingly, 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 sold or distributed, and will not offer, sell or distribute, directly or indirectly, any Notes or any copy of this Prospectus or any other document relating to the Notes in the Republic of Italy (“Italy”) except:

- (i) to qualified investors, pursuant to Article 100 of Legislative Decree no. 58 of 24 February 1998 (the “Consolidated Financial Services Act”) and Article 34-*ter*, paragraph 1, letter (b) of CONSOB regulation No. 11971 of 14 May 1999 (the “CONSOB Regulation”), all as amended; or
- (ii) in any other circumstances where an express exemption from compliance with the restrictions on offers to the public applies, as provided under Article 100 of the Consolidated Financial Act and Article 34-*ter* of the CONSOB Regulation.

Moreover and subject to the foregoing, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any such offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in Italy under (i) or (ii) above must be:

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Consolidated Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended (the “Banking Act”), CONSOB Regulation No. 16190 of 29 October 2007, all as amended;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines pursuant to which the Bank of Italy may request post-offering information on the issue or the offer of securities in Italy; and
- (iii) in compliance with any securities, tax, exchange control and other applicable requirement or limitation which may be imposed from time to time, inter alia, by CONSOB or the Bank of Italy.

See also “Transfer Restrictions in Italy” below.

#### *Transfer Restrictions in Italy*

Article 100-bis of the Consolidated Financial Services Act affects the transferability of the Notes in Italy to the extent that any placing of Notes is made solely with qualified investors and such Notes are then systematically resold to non-qualified investors on the secondary market at any time in the 12 months following such placing. Where this occurs, if a prospectus compliant with Directive 2003/71/EC has not been published, purchasers of Notes who are acting outside of the course of their business or profession may be entitled to declare such purchase void and to claim damages from any authorised person at whose premises the Notes were purchased, unless an exemption provided for under the Consolidated Financial Act applies.

### **Japan**

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (the “Financial Instruments and Exchange Act”). Accordingly, each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

#### **General**

These selling restrictions may be modified by the agreement of AIB and the relevant Dealer(s) following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Prospectus, any other offering material or any Final Terms.

## APPLICABLE FINAL TERMS

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued the Programme.*

### Final Terms dated [●]

#### Allied Irish Banks, p.l.c.

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €30,000,000,000

#### Euro Medium Term 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 Prospectus dated 7 September 2009 [and the supplemental Prospectus dated [●]] which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (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 and must be read in conjunction with such 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 Prospectus. The Prospectus [and the supplemental Prospectus] [is/are] available for inspection at the London office of the Agent and the offices in Dublin and London of the Issuer.

*[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus (or equivalent) 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 [Information Memorandum]<sup>1</sup> [Prospectus] dated [original date] [and the supplemental Prospectus dated [●]]. 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 Prospectus dated [current date] [and the supplemental Prospectus dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the [Information Memorandum]<sup>1</sup>[Prospectus] dated [original date] [and the supplemental Prospectus dated [●]] 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 [Information Memorandum dated [original date] and the Prospectus dated [current date]<sup>1</sup>[Prospectuses dated [original date] and [current date]] [and the supplemental Prospectus dated [●] and [●]]. The [Information Memorandum dated [original date] and the Prospectus dated [current date]<sup>1</sup>[Prospectuses] [and the supplemental Prospectus] are available for inspection at the London office of the Agent and the offices in Dublin and London of the Issuer.]

*[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 guidance 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. (a) Issuer: Allied Irish Banks, p.l.c. acting through its [registered office in Dublin/London Branch/Sydney Branch]
- (b) [Guarantor: Minister for Finance of Ireland<sup>1</sup>]

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<sup>1</sup> Section (b) should only be completed for Securities which are “covered liabilities” for the purpose of the Scheme.

No call can be made under the Guarantee after 29 September 2010.  
The Maturity Date of the Securities is a date falling after 29  
September 2010

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: [•]  
[(i)] Series: [•]  
[(ii)] Tranche: [•]
5. Issue Price: [•] per cent. of the Aggregate Nominal Amount [plus accrued  
interest from [insert date] (in the case of fungible issues only, if  
applicable)]
6. (i) Specified Denominations: [•] [where paragraph 37(i) applies to an issue, the unlisted Notes  
have a minimum denomination of €500,000 (or its equivalent in  
other currencies)]  
  
(ii) Calculation Amount [•]
7. (i) Issue Date: [•]  
  
(ii) Interest Commencement Date: [specify/Issue Date/Not Applicable]
8. Maturity Date: [specify date or (for Floating Rate Notes or any other rate where  
the Interest Period end date(s) are adjusted) Interest Payment Date  
falling in or nearest to the relevant month and year]
9. Interest Basis: [[•] per cent. Fixed Rate]  
[[LIBOR/EURIBOR] +/- [•] per cent. Floating Rate]  
[Zero Coupon]  
[Index Linked Interest]  
[Dual Currency Interest]  
[Other (specify)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (specify)]

*If the Final Redemption Amount is less 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 and the Issuer*

will prepare and publish a supplement to the Prospectus

11. Change of Interest or Redemption/Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis]
12. Put/Call Options: [Put]  
[Call]  
[(further particulars specified below)]
13. [(i)] Status of the Notes: [Senior/[Dated/Perpetual]/Subordinated][If Dated Subordinated Notes state whether they will qualify as Lower Tier 2 or Tier 3 Notes]<sup>2</sup>
- [(ii)] [Date [Board] approval for issuance of Notes obtained: [•] [and [•], respectively]]  
(N.B Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)]
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/monthly/other (specify)] in arrear]
- (ii) Interest Payment Date(s): [•] in each year [adjusted in accordance with [specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [•] per Calculation Amount
- (iv) Broken Amount(s): [•] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [•]
- (v) Day Count Fraction (Condition 3 [(j)/(k)]): [30/360/Actual/Actual ([ICMA]/ISDA)/other]
- (vi) Determination Dates: [•] 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. N.B. only relevant where Day Count Fraction is Actual/Actual ([ICMA]))
- (vii) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/give details]
16. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Interest Period(s): [•]
- (ii) Specified Interest Payment Dates: [•]
- (iii) First Interest Payment Date: [•]

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<sup>2</sup> AIB will not issue Subordinated Notes through its Sydney branch.

- (iv) Interest Period Date: [•]  
(Not applicable unless different from Interest Payment Date)
- (v) Business Day Convention (Condition 3[(j)/(k)]): [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Business Centre(s) (Condition 3(k)): [•]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent): [•]
- (ix) Screen Rate Determination (Condition 3(b)(iii)(B)):
- Reference Rate: [•]
  - Interest Determination Date(s): [•]
  - Relevant Screen Page: [•]
- (x) ISDA Determination (Condition 3(b)(iii)(A)):
- Floating Rate Option: [•]
  - Designated Maturity: [•]
  - Reset Date: [•]
  - ISDA Definitions: 2006
- (xi) Margin(s): [+/-][•] per cent. per annum
- (xii) Minimum Rate of Interest: [•] per cent. per annum
- (xiii) Maximum Rate of Interest: [•] per cent. per annum
- (xiv) Day Count Fraction (Condition 3[(j)/(k)]): [•]
- (xv) Fall back provisions, rounding provisions, denominator 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) Amortisation Yield: [•] per cent. per annum

- (ii) Any other formula/basis of determining amount payable: [•]
18. **Index Linked Interest Note/other variable-linked interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Index/Formula/other variable: [give or annex details]
- (ii) Calculation Agent: [give name and address]
- (iii) Party responsible for calculating the Rates(s) of Interest and/or Interest Amount(s) (if not the [Calculation Agent]): [•]
- (iv) Provisions for determining Coupon where calculated by reference to Index and/or Formula and/or other variable: [•]
- (v) Interest Determination Date(s): [•]
- (vi) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:
- (vii) Interest Period(s): [•]
- (viii) Specified Interest Payment Dates: [•]
- (ix) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (x) Business Centre(s): [•]
- (xi) Minimum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
- (xii) Maximum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
- (xiii) Day Count Fraction (Condition 3[(j)/(k)]): [•]
19. **Range Accrual Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula for determining the Range Accrual Rate of Interest: [•]
- (ii) Fixing Event: [•]
- (iii) Observation Period: [•]
- (iv) Index Ratio: [•]
- (v) Strike/Strikes: [•]

- (vi) Underlying Coupon: [•]
  - (vii) Party responsible for calculating the Range Accrual Rate(s) of Interest and/or Interest Amount(s) (if not the [Calculation Agent]): [•]
  - (viii) Interest Determination Date(s): [•]
  - (ix) Provisions for determining the Range Accrual Rate of Interest where calculation by reference to Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
  - (x) Interests Period(s): [•]
  - (xi) Specified Interest Payment Dates: [•]
  - (xii) Business Day Convention: [Floating Rate Conversion/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/Other (*give details*)]
  - (xiii) Business Centre(s): [•]
  - (xiv) Minimum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
  - (xv) Maximum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
  - (xvi) Day Count Fraction (Condition 3[(j)/(k)]): [•]
20. **Dual Currency Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (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: [•]
  - (iv) Person at whose option Specified Currency(ies) is/are payable: [•]

**PROVISIONS RELATING TO REDEMPTION**

21. **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Optional Redemption Date(s): [•]

- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] Specified Denomination
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [●] per Calculation Amount
  - (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●] *If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent or Trustee*

**22. Put Option**

[Applicable/Not Applicable]

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Note of [●] Specified Denomination
- (iii) Notice period: [●] *If setting notice periods which are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and Agent or Trustee*

**23. Final Redemption Amount of each Note**

[●] per Calculation Amount

In cases where the Final Redemption Amount is Index Linked or other variable-linked:

- (i) Index/Formula/variable: [give or annex details]
- (ii) Party responsible for calculating the Final Redemption Amount (if not the [Agent]): [●]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: [●]
- (iv) Determination Date(s): [●]
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: [●]
- (vi) Payment date: [●] per Calculation Amount

- (vii) Minimum Final Redemption Amount: [•] per Calculation Amount
- (viii) Maximum Final Redemption Amount: [•]
24. **Range Accrual Final Redemption Amount** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Formula for determining the Range Accrual Final Redemption Amount: [•]
- (ii) Fixing Event: [•]
- (iii) Observation Period: [•]
- (iv) Index Ratio: [•]
- (v) Strike/Strikes: [•]
- (vi) Underlying Coupon: [•]
- (vii) Party responsible for calculating the Range Accrual Final Redemption Amount (if not the [Agent]): [•]
- (viii) Determination Date(s): [•]
- (ix) Provisions for determining the Range Accrual Final Redemption Amount where calculation by reference to Formula and/or other variable is impossible or impracticable or otherwise disrupted: [•]
- (x) Payment date: [•] per Calculation Amount
- (xi) Minimum Range Accrual Final Redemption Amount: [•] per Calculation Amount
- (xii) Maximum Range Accrual Final Redemption Amount: [•]
25. **Early Redemption Amount**
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons (Condition 4(b)) or on event of default (Condition 9) or other early redemption and/or the method of calculating the same (if required or if different from that set out in the Conditions): [•]

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

26. Form of Notes: [Bearer Notes/Exchangeable Bearer Notes]  
 [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]  
 [Temporary Global Note exchangeable for Definitive Notes on []]

- days' notice]
- [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
27. New Global Note: [Yes] [No]
28. Financial Centre(s) (Condition 6(g)) or other special provisions relating to payment dates: [Not Applicable/give details. *Note that this paragraph relates to the date and place of payment, and not interest period end dates, to which subparagraphs 16 (iv) and 18(ix) relate*]
29. 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*]
30. 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 consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment]: [Not Applicable/give details]
31. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
32. Redenomination, renominatisation and reconventioning provisions: [Not Applicable/The provisions [in Condition •] apply]
33. Consolidation provisions: [Not Applicable/The provisions [in Condition •] apply]
34. 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 Prospectus under Article 16 of the Prospectus Directive.)*

## DISTRIBUTION

35. (i) If syndicated, names [and addresses]<sup>2</sup> of Managers [and underwriting commitments]:<sup>2</sup> [Not Applicable/give names, 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 Syndication Agreement: [•]]<sup>2</sup>
- [(iii) Stabilising Manager(s) (if any): [Not Applicable/give names]
36. If non-syndicated, name and address of Dealer: [Not Applicable/give name and address]
37. Total commission and concession: [•] per cent. of the Aggregate Nominal Amount
38. U.S. Selling Restrictions: Reg. S Compliance Category: 2; TEFRA C/TEFRA D/TEFRA not applicable
39. (i) Each Dealer has confirmed that, it will not knowingly offer to sell the unlisted Notes to Irish residents or [Applicable/Not Applicable]
- Note this marketing restriction does not apply to listed Notes. It applies to certain series of unlisted Notes where it is intended that*

persons, or to persons whose usual place of abode is Ireland and that it will not knowingly distribute or cause to be distributed in Ireland or to Irish residents or persons, any offering material in connection with such unlisted Notes:

*applies to certain series of unlisted Notes where it is intended that the Notes will qualify for exemption from Deposit Interest Retention Tax by virtue of Revenue Practice as outlined in paragraph (g) on page [●] of the Prospectus*

(ii) Non-exempt Offer:

[Not Applicable] [An offer of the Notes may be made by the Managers [and [specify, if applicable]] other than pursuant to Article 3(2) of the Prospectus Directive in [specify relevant Member State(s) - which must be jurisdictions where the Prospectus and any supplements have been passported] (“Public Offer Jurisdictions”) during the period from [specify date] until [specify date] (“Offer Period”). See further Paragraph 11 of Part B below.

(iii) Additional Selling Restrictions:

[Not Applicable/give details]

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

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €30,000,000,000 Euro Medium Term Note Programme of Allied Irish Banks, p.l.c.

#### **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. [[●] has been extracted from [●]. 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 [●], no facts have been omitted which would render the reproduced information inaccurate or misleading]

The previous paragraph should be read in conjunction with the [●] paragraph on the first page of the Prospectus.

Signed on behalf of the Issuer:

By: .....

Duly authorised

## PART B – OTHER INFORMATION\*

### 1. LISTING

- (i) Listing: [Irish Stock Exchange/other (*specify*)/None]
- (ii) Admission to trading: [Application has been made for the Notes to be admitted to trading on [●] with effect from [●].] [Not Applicable.]
- (Where documenting a fungible issue need to indicate that the original notes are already admitted to trading.)*
- [(iii) Estimate of total expenses related to admission to trading: [●]]

### 2. RATINGS

- Ratings: The following ratings reflect the ratings allocated to Notes of this type issued under the Programme generally:
- [Fitch: [●]]  
[S & P: [●]]  
[Moody's: [●]]  
[[Other]: [●]]
- [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.)*

### 3. [NOTIFICATION]

The Irish Financial Services Regulatory Authority (the Financial Regulator) [has been requested to provide/has provided - include first alternative for an issue which is contemporaneous with the establishment or update of the Programme and the second alternative for subsequent issues] the [include names of competent authorities of host Member States] with a certificate of approval attesting that the Prospectus has been drawn up in accordance with the Prospectus Directive.]

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

“So far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.” – *Amend as appropriate.*

### 5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES<sup>3</sup>

- [(i) Reasons for the offer: [●]]
- (See “Use of Proceeds” wording in Prospectus – if reasons for offer different from general funding purposes of the Issuer, 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. [Fixed Rate Notes only – YIELD**

Indication of yield: [•]

Calculated as [include details of method of calculation in summary form] on the Issue Date.

As set out above, the yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. ]

**7. [Floating Rate Notes only - HISTORIC INTEREST RATES<sup>2</sup>**

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

**8. [Index Linked or other variable-linked Notes only – PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING<sup>3</sup>**

*Need to include details of where past and future performance and volatility of the index/formula/other variable can be obtained and a 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. [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. Where the underlying is not an index need to include equivalent information.]*

**9. [Dual Currency Notes only – PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT<sup>3</sup>**

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

**10. OPERATIONAL INFORMATION**

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 the above text if “yes” is selected in which case the Notes must be issued in NGN form]*

ISIN Code: [•]

Common Code: [•]

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)[ and address(es)]]

Delivery: Delivery [against/free of] payment

Names and addresses of initial Paying Agent(s) (if any): [•]

Name and address of additional Paying Agent(s) (if any): [•]

#### 11. TERMS AND CONDITIONS OF THE OFFER

Applicable TEFRA exemption: [C Rules/D Rules/ Not Applicable]

Offer Price: [Issue Price] [*specify*]

Conditions to which the offer is subject: [Not Applicable/*give details*]

Description of the application process: [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 minimum and/or maximum amount of application: [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: [None/*give details*]

## **Notes**

*\* If an issue of Notes is (i) NOT admitted to trading on a regulated market within the European Economic area 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 Issuer may elect to amend and/or delete certain of the above paragraphs of Part B.*

*<sup>1</sup> Delete unless the Issue Date of the first tranche of an issue which is being increased was prior to 25 August 2005.*

*<sup>2</sup> Delete if the minimum Specified Denomination is at least €50,000 or its equivalent in other currencies.*

*<sup>3</sup> Required for derivative securities to which Annex XII to the Prospectus Directive applies.*

## GENERAL INFORMATION

1. The listing of the Notes on the Irish Stock Exchange will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that listing of the Programme in respect of such Notes will be granted on or before 7 September 2009 subject only to the issue of a temporary Global Note in respect of each Tranche. Prior to official listing, however, dealings will be permitted by the Irish Stock Exchange in accordance with the Listing Rules. Transactions will normally be effected for delivery on the third working day after the day of the transaction. However, Notes may be issued pursuant to the Programme which will not be listed on any stock exchange. The Listing Agent is not seeking admission to listing of the Notes on the Irish Stock Exchange for the purposes of the Prospectus Directive on its own behalf, but as agent on behalf of the Issuer.

2. The issue of the Notes and the establishment of the Programme was authorised by a resolution of the Board of Directors of AIB passed on 2 November 1993. Increases in the Programme size were authorised by resolutions of the Board of Directors of AIB passed on 10 December 1996, 18 May 1999, 26 June 2002, 31 August 2004 and 7 September 2006.

3. Each Bearer Note, Receipt, Coupon and Talon will bear the following legend: "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".

4. Save as disclosed herein, there are no, and there have not been any, governmental, legal or arbitration actions, suits or proceedings (including any such proceedings which are pending or threatened of which AIB is aware) involving AIB or any of its subsidiaries during the 12 months preceding the date of this Prospectus, which may have, or have had in recent past significant effects on the financial position or profitability of AIB and/or the AIB Group taken as a whole.

5. Save as set out or referred to in paragraphs (i) to (vi) below, since 31 December 2008 there has been no material adverse change in the prospects of AIB and since 30 June 2009, there has been no significant change in the financial or trading position of the AIB Group.

- (i) The half-year to June 2009 represented a very challenging period for AIB during which market and economic conditions were unprecedented. The economic environment and conditions across our markets worsened with a consequent deterioration in the lending portfolios particularly in the property portfolios in Ireland and the United Kingdom.
- (ii) In the half-year to June 2009, the Minister for Finance and AIB formed a view that to strengthen AIB's capital position, a total amount of €5 billion in new core tier 1 capital was appropriate. As a result, AIB received €3.5 billion of core tier 1 capital from the Irish government having received shareholder approval on 13 May 2009. In addition, a capital exchange offering process was completed in June 2009, generating €1.1 billion of core tier 1 capital.
- (iii) The continued volatility and uncertainty in world financial markets and the rapid deterioration in global economic conditions resulted in a very challenging time for the banking industry generally. Many financial institutions incurred substantial losses, received state aid or were nationalised. Against the backdrop of these global economic and market conditions, in its Half-Yearly Financial Report 2009 (incorporated by reference herein), AIB reported operating profit before provisions of €1.7 billion, a pre-tax loss of €0.9 billion and an adjusted loss per share of EUR 164.4c. Asset quality deteriorated further, most notably in the property portfolios, with the overall bad debt charge increasing to 358 basis points and criticised loans increasing to 25.0% of customer loans of which 8.1% were impaired. Customer loans decreased by 2% and customer deposits reduced by 12% with the loan to deposit ratio increasing from 140% at 31 December 2008 to 156% at 30 June 2009. In response to the slower revenue generation, active management of the cost base yielded a 7% reduction in costs generating a neutral income/cost growth rate gap and a reduction in the underlying cost income ratio of 0.9% to 48.3% with operating profit before provisions reducing by 6%.
- (iv) The operating environment continues to be extremely difficult, with ongoing deterioration in economic conditions evident in the markets in which we operate coupled with higher funding costs. Significant uncertainty remains in markets generally, with the Irish economy still in a very challenging phase.
- (v) The establishment of the NAMA will seek to address problems relating to the property, building and construction sector. The creation and rollout of NAMA will be a key event for AIB and the industry. AIB supports this Government initiative and are working with the Irish government and NAMA to expedite its implementation; however it is premature at this point to estimate the effect of NAMA on AIB's capital.

- (vi) AIB's funding comprises of broadly based resilient customer deposits, capital and debt. The AIB Group's liquidity levels continue to represent a surplus over the regulatory requirement. The €3.5 billion of core tier 1 capital from the Irish government and the core tier 1 capital gain of €1.1 billion from the recent capital exchange offering underpins our capital position. At 30 June 2009 the core tier 1 ratio was 8.5% and a total capital ratio was 10.7%.

6. The issue price and the amount of the relevant Notes will be determined before filing of the relevant Final Terms of each Tranche, based on then prevailing market conditions. AIB does not intend to provide any post-issuance information in relation to any issues of Notes.

7. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The Common Code and ISIN (and any other relevant identification number for any alternative clearing system) for each Series of Notes be set out 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 JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

8. Copies of the following documents (in physical form) will be available for inspection during usual business hours on any weekday (Saturday and Public Holidays excepted) from the date hereof for so long as the Programme remains in effect or any Notes remain outstanding at the London office of the Agent and the offices in Dublin and London of AIB specified at the end of this Prospectus:

- (i) the Memorandum and Articles of Association of AIB;
- (ii) the Trust Deed (which includes the form of the Global Notes, the Definitive Notes, the Coupons, Receipts and Talons for Subordinated Notes);
- (iii) the Agency Agreement (which includes the form of the Global Notes, the Definitive Notes, the Coupons, Receipts and Talons for Senior Notes);
- (iv) the Dealer Agreement;
- (v) the Deed of Covenant;
- (vi) the audited annual consolidated financial statements of AIB for the financial years ended 31 December 2007 and 31 December 2008, respectively, in each case together with the audit reports thereon;
- (vii) the unaudited interim Half-Yearly Financial Report 2009 of AIB for the six months ended 30 June 2009;
- (viii) each Final Terms for Notes which are listed on the Irish Stock Exchange or any other stock exchange;
- (ix) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and
- (x) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in any supplement to this Prospectus or further Prospectus.

9. KPMG Chartered Accountants (a member of the Institute of Chartered Accountants of Ireland) have audited, without qualifications, the annual consolidated financial statements of AIB for the financial years ended 31 December 2007 and 31 December 2008, in accordance with Auditing Standards issued by the Auditing Practices Board.

## DEALERS

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**AGENT**

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Cedex 36

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