

Client Derivative Agreement

1 Product Features and Risk Disclosure Statement

This notice does not disclose all of the risks and other significant aspects of Derivative Transactions (as defined overleaf) such as options and contingent liability products. You should not deal in Derivative Transactions unless you understand the nature of the contract you are entering into and the extent of your exposure to risk. You should also be satisfied that the Derivative Transaction is suitable for you in the light of your circumstances and financial position.

Whilst Derivative Transactions can be utilised for the management of investment risk, some types of Derivative Transactions are unsuitable for many investors. Different Derivative Transactions involve different levels of exposure to risk, and in deciding whether to trade in such transactions you should be aware of the content of paragraphs 2 to 5 below.

2 Options

There are many different types of options with different characteristics subject to different conditions.

2.1 Buying and Selling Options

Buying an option involves less risk than selling an option because, if the price of the underlying asset moves against you, you can simply allow the option to lapse. The maximum loss is limited to the premium you paid in obtaining the option, plus any commission or other transaction charges.

The purchaser of an option may exercise the option or allow the option to lapse. The exercise of an option results either in a cash settlement or in the purchaser acquiring or delivering the underlying asset. If the purchased option expires worthless, you will suffer a total loss of your investment which will consist of the option premium plus transaction costs. If you are contemplating purchasing a deep-out-of-the-money option, you should be aware that the chance of such an option becoming profitable is remote.

If you sell an option, the risk involved is considerably greater than in buying an option. You may sustain a loss well in excess of any premium received. By writing (selling) an option, you accept a legal obligation to purchase or sell the underlying asset if the option is exercised against you, however far the market price has moved away from the exercise price. If you already own the underlying asset which you have contracted to sell (known as a "covered call option") the risk is reduced. If you do not own the underlying asset (known as an "uncovered call option") the risk can be unlimited. Only experienced persons should contemplate writing (selling) uncovered options.

2.2 Contingent liability products

Contingent liability products can be options, as well as currency and interest rate swaps. However, unlike other options, these contracts can only be settled in cash. Investing in a contingent liability product carries the same risks as investing in an option and you should be aware of these as set out in paragraph 2.1. Transactions in contingent liability products may also involve further liability on your part and you should be aware that they may still carry an obligation to make further payments in certain circumstances over and above any amount paid when you entered the contract.

3 Derivative Transactions

All Derivative Transactions are subject to our standard Treasury Terms and Conditions as in force from time to time. These terms and conditions may be viewed on our website (www.angloirishbank.com) or you may obtain copies of them from any of our branches during normal working hours.

4 Off-exchange Transactions

Any Derivative Transactions that you deal in with us will be an off-exchange transaction. While some off-exchange markets are highly liquid, transactions in off-exchange or "non transferable" derivatives may involve greater risk than investing in on-exchange derivatives because there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of the position arising from an off-exchange transaction or to assess the exposure to risk. Bid and offer prices need not be quoted, and, even where they are, they will be established by dealers in these instruments and consequently it may be difficult to establish what is a fair price.

5 Risk

The use of Derivative Transactions for the management of financial risks may lead to some form of basis risk. Basis risk occurs when the hedging instrument does not exactly neutralise the risks on the underlying exposure. For example, basis risk may occur due to mismatches in dates or exposure tenors. The specific risks attached to our hedging products are outlined in the 'Letter of Confirmation/Product Profile' documents.

6 Client Classification

Under the requirements of the Markets in Financial Instruments Directive (MiFID) effective from 1 November 2007, we propose to classify you as a Retail* Client in respect of all the investment services we provide to you under MiFID.

We will accord you the relevant protections associated with this categorisation.

You have the right to request categorisation as a Professional* Client and if you so request and Anglo agrees to such categorisation, protections afforded by the rules relevant to Professional Clients will apply to you. Please note as a Professional Client you receive less protection per regulatory requirements than you receive as a Retail client.

* See Appendix 1 for the definition of Retail and Professional clients.

7 Best Execution Policy

We act as Principle (selling our own bespoke products) and not as Agent for Treasury services. Best execution will be determined by the particular requirements of the individual client which the client is free to accept or reject on a deal by deal basis.

8 Conflicts of Interest Policy

In summary our Conflicts of Interest Policy aims to examine, control and manage possible conflicts that may arise within Anglo; between Anglo and any third parties; between a client of Anglo and one or more of the other clients of Anglo; between Anglo (and/or its subsidiaries) and clients and between the private affairs of employees and that of either Anglo or its clients. We endeavour to avoid potential conflicts of interest but there are inevitably different scenarios where potential conflicts of interest may occur. In the event of a conflict, we will use all reasonable endeavours to ensure that clients are treated fairly and we will advise clients of its existence. Further details of our Policy are available on request.

9 Information about Anglo and the Services to be Provided

All our documents and communications with you in connection with services we provide will be in the English language. The methods we use to communicate with you are phone, fax, email and letter. We accept instructions in writing (by letter, fax or email). Where we accept instructions by telephone, we may record calls as a way of verifying transactions and to monitor the level of service we are providing to our clients. By signing this agreement you authorise us to record telephone calls. If your instructions relate to third party cash or cheque payments, we require written confirmation of instructions before we can act, although we reserve the right to waive the requirement for written instructions at our discretion. We are entitled to rely on instructions or purported instructions however received including by telephone, letter, fax or e-mail. We may verify clients over the phone by asking them for their address, account numbers or by the client's knowledge of previous account transactions or knowledge of current holdings.

Anglo Irish Bank Corporation Limited is authorised and licensed by the Irish Financial Services Regulatory Authority under the Central Bank Act 1971 as a Credit Institution and is regulated by the Financial Regulator.

The Irish Financial Regulator contact details are:

Financial Regulator
P.O. Box 9138, College Green, Dublin 2.
Phone: +353 1 4104000
Fax: +353 1 4104900

10 Governing Law

These terms and conditions are governed by the laws of Ireland. We the parties to this document hereby submit to the exclusive jurisdiction of the Courts of Ireland.

To: [Name and address of client]

11 Derivative Transactions

In this Agreement "Derivative Transaction" means (i) any foreign exchange transaction including any currency swap, currency option, forward foreign exchange transaction and any other transaction as is similar to or derived from any of the foregoing; and (ii) any interest rate transaction including any interest rate swap, interest rate option, forward rate and spot transaction, cap, collar, floor and any other transaction as is similar to or derived from any of the foregoing.

12 Advice and Suitability

- 12.1** You confirm that, notwithstanding any information that we may give you in respect of Derivative Transactions, you will obtain sufficient professional advice as you feel is necessary to make your own legal, tax, accounting and financial evaluation of the merits and risks of each Derivative Transaction before you enter into it and to satisfy yourself as to the suitability of such Derivative Transaction in the light of your then current circumstances and financial condition. Anglo will not assess the suitability of the investment for you. Our obligation is to assess your knowledge and experience as the transaction is on an execution only basis.
- 12.2** You acknowledge that any generic information we give you about any Derivative Transaction does not constitute advice on the merits, or suitability for you, of any Derivative Transaction you enter into with us.

We will provide you with revaluation information on a request basis. As a bank our systems are designed to segregate and protect client's financial instruments and funds.

13 Representations and Warranties

You represent and warrant that:-

- (i) You have read and understood the Risk Disclosure Statement overleaf.
- (ii) Any Derivative Transaction that you enter into with us shall be for the purpose of reducing the risk associated with fluctuating currency rates and/or interest rates and not with a view to profit or for the purpose of speculation.
- (iii) In entering into any Derivative Transaction with us you are acting in the course and for the purposes of your trade, business or profession and that, accordingly you acknowledge that you do not have the rights of a consumer under the Consumer Credit Act, 1995 or the European Communities (Unfair Terms in Consumer Contracts) Regulations, 1995.
- (iv) Where you are a Company, you will have all the necessary corporate power and authority to enter into the Derivative transaction and are duly so authorised.

14 Terms and Conditions

You acknowledge that all dealings between you and us in relation to any Derivative Transaction shall be subject to our standard Treasury Terms and Conditions as in force from time to time. Those terms and conditions may be viewed on our website (www.angloirishbank.com) or you may obtain copies of them from any of our branches during normal working hours.

Please acknowledge your agreement to the above by signing the two copies of this Agreement and returning one copy to us. You should retain the other copy for your own records.

SIGNED FOR and on behalf of (name of client)*:

Signature One:
Signature Two:
Date:

* A minimum of two signatories are required for all entities other than individuals.

SIGNED FOR and on behalf of Anglo Irish Bank Corporation Limited:

Date:

- Large undertakings meeting two of the following size requirements on a company basis:
 - Balance sheet total of €20m,
 - Net turnover of €40m, and
 - Own funds of €2m.
- National and regional governments, public bodies that manage public debt central banks and international and supranational institutions.
- Other institutional investors whose main activity is to invest in financial instruments, including entities dedicated to the securitisation of assets or other financing transactions.
- A client (individual/entity) who satisfies two out of three of the following criteria may also opt to be considered professional:-
 1. The client has carried out transactions, in significant size, on the relevant market at an average frequency of 10 per quarter over the previous four quarters.
 2. The size of the client's financial instrument portfolio, defined as including cash deposits and financial instruments, exceeds €500,000.
 3. The client works or has worked in the financial sector for at least one year in a professional position, which requires knowledge of the transactions or services envisaged.

Appendix 1 - Definitions

Retail Clients:

Any clients not falling within the list of Professional Clients are, by default, Retail Clients.

Professional Clients:

MiFID defines Professional Clients as clients who are considered to possess the experience, knowledge and expertise to make their own investment decisions and assess the risks inherent in these decisions. MiFID recognises certain persons as having these qualifications and automatically classifies them as professional clients:-

- Entities which are required to be authorised or regulated to operate in the financial markets. The list below should be understood as including all authorised entities carrying out the characteristic activities of the entities mentioned: entities authorised by a Member State under a Directive, entities authorised or regulated by a Member State without reference to a Directive, and entities authorised and regulated by a non-Member State:
 - Credit institutions;
 - Investment firms;
 - Other authorised or regulated financial institutions;
 - Insurance companies;
 - Collective investment schemes and their management companies;
 - Pension funds and their management companies;
 - Commodity and commodity derivative dealers;
 - Locals; and
 - Other institutional investors.

Anglo Irish Bank 

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