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ECB-CBI Swap Agreement

European Central Bank (ECB)

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EURO POUND SWAP FACILITY AGREEMENT

dated 10 December 2010

between

the European Central Bank (“ECB”)

and

Central Bank of Ireland (the “CBI”),

(together the “Parties”)

WHEREAS the Parties wish to agree a facility whereby they may enter into one or more swap transactions for the CBI to purchase and subsequently repurchase pounds sterling (“GBP”) with a simultaneous agreement by the ECB to purchase and subsequently repurchase euro (“EURO”) to facilitate the functioning of financial markets and provide liquidity in GBP.

NOW THEREFORE, the Parties agree to the following terms set out in this Euro Pound Swap Facility Agreement (this “**Agreement**”):

Article 1

Commitments by the Parties to Purchase and Repurchase Currency

- (a) The Parties agree that if the CBI wishes to draw under the facility it will agree (on the “**Trade Date**”) to sell EURO to the ECB and to purchase GBP from the ECB by means of one or more swap transactions (each a “**Transaction**”) on the respective start date of the Transaction, which shall be no later than 2 London business days after the Trade Date (the “**Value Date**”) as agreed by the Parties, with a simultaneous agreement by the CBI to sell back GBP to the ECB and to purchase EURO from the ECB on the maturity date of each respective Transaction (its respective “**Maturity Date**”).
- (b) All drawdowns must receive the prior approval of the ECB.
- (c) The Parties agree to co-ordinate the dissemination of any information to the general public regarding the entry into this Agreement and the entry into any Transactions under this Agreement.

- (d) The Parties agree to enter into Transactions in accordance with this Article 1, provided that ECB must receive notice 2 London business days before the proposed Value Date.
- (e) Each Transaction shall have a Maturity Date which shall not extend beyond the next day following the Value Date on which of the Bank of England's Monetary Policy Committee is scheduled to determine [REDACTED] (as defined below), or as otherwise agreed by the ECB.
- (f) All amounts in the same currency payable by each Party to the other under any Transaction or otherwise under this Agreement on the same date shall be combined in a single calculation of a net sum payable by one Party to the other and the obligation to pay that sum shall be the only obligation of either Party in respect of those amounts.

Article 2

Exchange Rates and Interest Rates Determination

- (a) The EURO/GBP exchange rate for each Transaction shall be [REDACTED]
[REDACTED] (the "Exchange Rate"), on the Trade Date. The same Exchange Rate shall, for each Transaction, apply to both the (i) initial purchase of GBP and EURO on the Value Date and (ii) the subsequent repurchase of GBP and EURO on the Maturity Date.
- (b) Interest will be payable by the CBI on the GBP part of each Transaction at the prevailing [REDACTED] for purchases by the CBI of GBP for the period corresponding to the period between the Value Date and the Maturity Date of the Transaction. The [REDACTED] is determined by the Bank of England's Monetary Policy Committee and published by the Bank of England from time to time. The interest due in respect of the applicable GBP Amount (the "Interest Rate Amount") shall be calculated on a 365-day basis and the actual number of days elapsed in the period from, and including, the Value Date to, but excluding, the Maturity Date. On the Maturity Date of each Transaction, the Interest Rate Amount shall be paid by the CBI to the ECB in accordance with Article 3(d)(i) below.
- (c) There shall be no interest payable by the ECB on the EURO part of any Transaction.

Article 3

Transaction Procedures

- (a) On the Trade Date, the Parties shall confer by telephone or by e-mail, to confirm the Official Bank Rate and agree on the following terms:
- (i) Amount of GBP to be purchased by the CBI and, based on the applicable Exchange Rate, the amount of EURO to be purchased by the ECB (subject to the limitation set out in Article 1(b) above);
 - (ii) Value Date;
 - (iii) Exchange Rate; and
 - (iv) Maturity Date.
- (b) Once the Parties have agreed on the terms described in Article 3(a), the parties shall confirm their agreement without delay by means of a SWIFT message in a format agreed by both parties (or in the event of SWIFT being unavailable, such other method agreed by the Parties).
- (c) On the Value Date:
- (i) the amount in EURO (the “**EURO Amount**”) shall be transferred via TARGET2 to the ECB’s account [REDACTED] (the “**ECB Account**”) by 11:00 am Frankfurt time, and following such credit;
 - (ii) the amount in GBP (the “**GBP Amount**”) shall be transferred to the CBI’s account on the books of the Bank of England [REDACTED] (the “**CBI Account**”).
- (d) On the Maturity Date:
- (i) the GBP Amount, together with the Interest Rate Amount, shall, unless otherwise agreed between the Parties, be repaid to the ECB by means of the CBI transferring by 11:00 am Frankfurt time such amount to the account of the ECB at the Bank of England [REDACTED] or to another account specified by the ECB to the CBI and following the relevant debit;
 - (ii) the EURO Amount, without any return thereon, shall be retransferred by the ECB to the CBI account in [REDACTED]

Article 4

Rollover and setoff

- (a) In the event a Party (the “**non-performing party**”) fails to perform any of its obligations under this Agreement, the other Party (the “**performing party**”) is authorised to set off any amounts the non-performing party may owe the performing party pursuant to this Agreement against any amounts the performing party may owe the non-performing party under this Agreement. The amount owing as between the non-performing party and the performing party shall be the net amount owing after giving effect to such set off. To determine such amount, the Parties shall use the Exchange Rate at the time any set-off calculation is to be performed.
- (b) If the CBI does not repay the GBP Amount due under any Transaction on the Maturity Date, any shortfall of the GBP Amount and any shortfall of the Interest Rate Amount under such Transactions shall be rolled over into a new single overnight swap transaction (“**Rollover Swap Transaction**”), and the CBI shall transfer the EURO amount equivalent to the amount of any such shortfall to the ECB Account as soon as possible. The CBI shall authorise the ECB to invoke a Rollover Swap Transaction on its behalf to cover any shortfall of maturity payments on any given day. The additional drawdown for the Rollover Swap Transaction shall not exceed the GBP Amounts and any associated Interest Rate Amounts under the Transactions it replaces. The [REDACTED] and Exchange Rate on any Rollover Swap Transaction shall be determined as for a new Transaction. All amounts due under a Rollover Swap Transaction will be paid on the maturity of the Rollover Swap Transaction.
- (c) If the CBI does not repay the Interest Rate Amount on the Maturity Date, if the ECB agrees, the CBI shall transfer an amount of EURO equivalent to the Interest Rate Amount at the Exchange Rate in effect at the time of the ECB’s agreement, to the ECB Account.

Article 5

Warranties

- (a) Authority. Except as otherwise provided herein, each of the Parties warrants and represents that it has the power and authority to execute this Agreement and any other documentation relating to this Agreement, to deliver this Agreement and any other documentation relating to this Agreement and to perform its obligations under this Agreement and each Transaction

hereunder. On each occasion that a Transaction is entered into under this Agreement, the warranties set out in this Article 5 shall be deemed to be repeated.

- (b) Covenant to Inform. In the event there is any change in law, act or other change of fact or circumstance as a result of which one of the Parties is unable to make the warranties in, or perform its obligations under, this Agreement, such Party shall inform the other Party of such change in law, act or other change of fact or circumstance and the steps that it plans to take in response thereto.
- (c) Emergency. In case any emergency or exceptional circumstance arises affecting one or both Parties, then the Party or Parties affected shall, to the extent possible, take all necessary measures in order to ensure the implementation of this Agreement and the execution of any Transaction entered into under this Agreement.

Article 6

Termination

- (a) The Parties may, at any time, agree to terminate any Transaction entered into under this Agreement. In case of any such early termination of a Transaction, the amounts payable at the early maturity of the Transaction shall be adjusted, as agreed between the Parties on the telephone, and such adjusted amounts shall be confirmed without delay by means of a SWIFT message and Article 3(d) and Article 4 shall apply to such early maturity.
- (b) Unless otherwise agreed to by the Parties, this Agreement will terminate on 30 September 2011 (the “**Termination Date**”).
- (c) The Parties may, at any time, mutually agree to terminate this Agreement and either Party may unilaterally terminate this Agreement with one month’s prior notice.
- (d) At such time that this Agreement is terminated for any reason, the terms and conditions of this Agreement shall continue to apply until amounts owed by either Party to the other Party under this Agreement have been repaid in full.

Article 7

Communications

(a) All communications in relation to matters concerning this Agreement shall be in English. Subject to Articles 3(a) and 3(b) above, any notice, request, document or other communication submitted by the Parties under this Agreement shall, unless otherwise agreed by the Parties, be in writing and must be delivered to the other Party through the following means and using the following delivery details:

To the CBI:

- facsimile:
- SWIFT:
- e-mail:
- attention:

[Redacted contact details for CBI]

and with a second copy (for information purposes only) to

- e-mail:
- attention:

[Redacted contact details for CBI]

To the ECB:

- facsimile:
- SWIFT:
- e-mail:

[Redacted contact details for ECB]

- attention:

and with a second copy (for information purposes only) to

- facsimile:
- email:
- attention:

[Redacted contact details for ECB]

(b) These contact details may be changed by a Party upon written notice to the other Party.

Article 8

Recording

The Parties agree that each may electronically record all telephone conversations between them with respect to Transactions entered into under this Agreement.

Article 9

Survival of Covenants

All covenants, agreements, warranties and representations made herein shall survive the execution and delivery of this Agreement and shall remain in full force and effect until repayment in full of all amounts owed pursuant to this Agreement.

Article 10

Governing Law and Jurisdiction

This Agreement shall be governed by and construed in accordance with English law. The Parties agree that any dispute arising in connection to the Agreement shall be settled in accordance with the Memorandum of Understanding on an intra-ESCB Dispute Settlement Procedure. Failing such settlement of a dispute or if either of the Parties disagrees with the recommendation of the panel formed under the Memorandum of Understanding on an intra-ESCB Dispute Settlement Procedure, all questions related to the Agreement shall fall within the exclusive jurisdiction of the European Court of Justice in accordance with Article 35.4 of the Statute of the ESCB and of the ECB.

Article 11

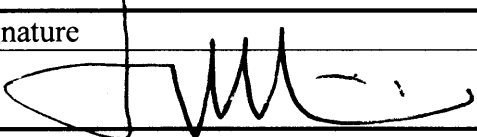
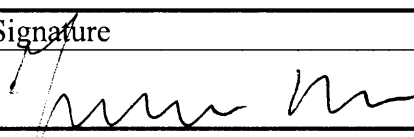
Counterparts

This Agreement may be executed in counterparts, each of which when so executed and delivered shall be an original, but all of which together shall constitute but one and the same instrument. This Agreement shall become effective upon the date of the last signature hereto.

IN WITNESS WHEREOF, this Agreement is signed and executed by the authorised representatives of the Parties.

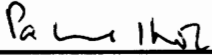
On behalf of the

EUROPEAN CENTRAL BANK

Signature 	Signature 
Name	Name
Vítor Constâncio	Francesco Papadia
Title	Title
Vice-President	Director-General
Date 10 December 2010	Date 10 December 2010

On behalf of

CENTRAL BANK OF IRELAND

Signature

Name
Patrick Honohan
Title
Governor, Central Bank of Ireland
Date