

RELATIONSHIP FRAMEWORK

SPECIFIED BY

THE MINISTER FOR FINANCE

PURSUANT TO

SECTION 3 OF THE ANGLO IRISH BANK CORPORATION ACT 2009

IN RESPECT OF

THE RELATIONSHIP BETWEEN

THE MINISTER FOR FINANCE

AND

IRISH BANK RESOLUTION CORPORATION LIMITED

DATED 29 MARCH 2012

PREAMBLE

On 21 January 2009, the Bank was taken into public ownership pursuant to the Act and the Minister became the sole shareholder of the Bank.

In July 2011, the Bank acquired the assets and liabilities of INBS and the Minister's shareholding in INBS.

In the context of the financial crisis, the Bank has received and continues to receive significant support from the State to prevent potential serious damage to the financial system in the State. This support takes various forms, including capital injections, asset relief and various guarantees.

A Restructuring Plan provides for an orderly work-out of the assets of the Bank over a period of ten years.

The purpose of this Relationship Framework is to set out the basis on which the relationship between the Minister and the Bank shall be governed. This Relationship Framework recognises the separation of the Bank from the Minister and limits intervention by the Minister in the conduct of the Bank's business to the extent necessary to protect the public interest.

The Board has full responsibility and authority for all of the operations and business of the Bank in accordance with the Board's legal and fiduciary duties and has responsibility and authority for ensuring compliance with the regulatory and legal obligations of the Bank. It is recognised that the Bank is a licensed bank that is regulated by the Central Bank and this Relationship Framework will operate at all times in compliance with Regulatory Requirements.

This Relationship Framework provides for safeguards as to the separate management of each of the State's interests in Irish credit institutions (including in the Bank) in order to ensure that those interests, and the management of those interests, do not lead to a prevention, restriction or distortion of competition in contravention of merger control or competition law rules.

The Minister expects the Board and management team of the Bank to ensure that the Bank adheres to the State Agreements.

LEGAL BASIS OF THIS RELATIONSHIP FRAMEWORK

1. The meanings of defined terms used in this Relationship Framework are set out in Appendix I.
2. The Minister has, in the public interest, the functions provided for under the Act for the reasons set out in Section 2 of the Act. The Minister specifies this Relationship Framework under section 3(1) of the Act to govern the relationship between the Minister and the Bank.
3. This Relationship Framework may be amended or revoked by the Minister from time to time in accordance with section 3(1) of the Act. This Relationship Framework supersedes all prior relationship frameworks specified by the Minister in relation to the Bank under section 3(1) of the Act.
4. The Minister may delegate the exercise of his functions, and his engagements with the Bank, under this Relationship Framework to a nominee appointed by the Minister for those purposes. The Minister shall notify the Bank in writing of any such delegation and appointment.
5. This Relationship Framework is to be interpreted in accordance with the Act and with Irish law and European Union law. It is without prejudice to the statutory and other rights and

obligations of the Minister and the Bank respectively. This Relationship Framework will be operated at all times in compliance with Regulatory Requirements.

RELATIONSHIP BETWEEN THE MINISTER AND THE BANK

6. This Relationship Framework recognises the separation of the Bank from the Minister and limits intervention by the Minister in the conduct of the Bank's business to the extent necessary to protect the public interest as set out below in paragraph 7.
7. The purpose of this Relationship Framework is to provide the basis on which the relationship between the Minister and the Bank shall be governed. This shall be done in a manner which:
 - 7.1 aligns the activities of the Bank with the Objectives of the Minister as set out in Appendix II which are designed to protect the public interest;
 - 7.2 ensures that, subject to the terms of this Relationship Framework, the Bank remains a separate economic unit with independent powers of decision and that its Board and management team retain responsibility and authority for determining the Bank's strategy and commercial policies and conducting its day-to-day operations; and
 - 7.3 ensures compliance by the Bank with its legal and regulatory responsibilities, a function which remains the responsibility and within the authority of the Board.

COMPETITION AND COMMERCIAL INFORMATION

8. The Minister will ensure that the State:
 - 8.1 manages and maintains its interest in each credit institution separately from the management of its interests in other credit institutions;
 - 8.2 does not exercise its rights in the Bank and any rights held by the State in any other credit institution, or otherwise manage the State's interests in credit institutions, in a manner which would result in a prevention, restriction, distortion or significant lessening or impediment of effective competition or an abuse of dominance;
 - 8.3 exercises its rights in the Bank and any rights held in other credit institutions to seek to ensure that there are no cross-directorships between such institutions; and
 - 8.4 puts in place effective barriers to prevent sensitive commercial information passing via the State between the Bank and any other credit institution in which the State has an interest as a result of State intervention.
9. For the avoidance of doubt, the Bank continues to operate as an independent operator in the market, albeit on a work-out basis only, and sections 4 and 5 of the Competition Act 2002 and Articles 101 and 102 of the Treaty on the Functioning of the European Union continue to apply to the Bank.

MINISTERIAL CONSENT OR CONSULTATION

10. Where the consent of, or where consultation with, the Minister is required by the Bank pursuant to any Consent/Consultation Document or otherwise, the Bank shall submit its

Consent/Consultation Request or Consultation Briefing as appropriate in accordance with the Consent/Consultation Procedure. Only consent issued by or on behalf of the Minister in writing (including by email) pursuant to a Consent Request shall satisfy the requirement of the Bank to obtain a relevant consent under a Consent Document.

11. If the Bank is unclear as to whether an action is subject to consent or consultation in accordance with the Consent/Consultation Procedure, the Bank may write to the Minister informally and outside of the Consent/Consultation Procedure to seek confirmation from the Minister in this regard. If the Minister does not respond within three Business Days, the Bank may assume that the action is not subject to consent or consultation in accordance with the Consent/Consultation Procedure. No guidance given by the Minister in relation to whether consent or consultation is required in respect of a matter shall constitute a precedent for, or restrict the Minister from taking a different view on, another matter.

MATERIAL MATTERS

12. For the purposes of this Relationship Framework, a matter, issue, action, decision or event shall be deemed to be “**Material**” if, in the reasonable opinion of the Board or the Chief Executive Officer of the Bank:
 - 12.1 it is likely to significantly impact on the implementation of the Business Plan;
 - 12.2 it has a significant public interest dimension (including because it is likely to create significant reputational issues for the Bank, the Minister or the State or it has a significant bearing on identifying or addressing the Legacy Issues or implementing the Legacy Plan);
 - 12.3 it is outside of the Ordinary Course of Business; or
 - 12.4 it is deemed to be Material under the Operational Protocol (as amended from time to time).
13. The Minister may inform the Bank in writing from time to time of matters that are deemed to have a significant public interest dimension for the purposes of paragraph 12.2 above.
14. The Bank shall consult with the Minister in accordance with the Consent/Consultation Procedure in respect of any proposed decision or action that is within the Ordinary Course of Business but which meets certain financial thresholds as may be specified in the Operational Protocol.

ROLE OF THE BOARD

15. The Board has responsibility and necessary authority for:
 - 15.1 all of the operations and business of the Bank in accordance with its legal, fiduciary and prudential duties; and
 - 15.2 ensuring strict compliance with the regulatory and legal obligations of the Bank, including any obligations arising under the CIFS Scheme, the ELG Scheme, the Act, the NAMA Act, CISA (including any orders or requirements thereunder), CIRA (including any orders or requirements thereunder), the Competition Act 2002 and Regulatory Requirements;

- 15.3 ensuring that: (i) there are, at all times, a sufficient number of directors to convene and hold quorate Board meetings; and (ii) the Board includes a number of independent directors consistent with best practice in corporate governance; and
- 15.4 achieving the Business Plan and the Legacy Plan. For the avoidance of doubt, the Minister does not play any role in day-to-day operational and commercial matters relating to their achievement, except to the extent that the Minister believes it is strictly necessary to do so in the public interest in order to realise any of the Objectives.
16. In respect of the *Business Plan*, the Board will:
- 16.1 *review the Business Plan* on a continuous basis to determine if there are ways of further accelerating deleveraging (in a cost effective and efficient manner) while minimising capital impact; and
- 16.2 in consultation with the Minister in accordance with the Consent/Consultation Procedure, *update and adjust the Business Plan* as often, but at least annually, as it believes is necessary to reflect changed circumstances and any new significant deleveraging initiatives.
17. The Board will consult with the Minister in accordance with the Consent/Consultation Procedure in advance of the Bank taking any action that may have a *significant bearing on the implementation of the Business Plan*.
18. Whenever a *Material matter comes to the attention of the Board*, it will notify the Minister in writing of the Material matter promptly and in advance of taking any decision or action in respect of the Material matter. The Minister shall not be deemed to be on notice of a Material matter as a result of being in receipt of documentation, including Board papers, that relate to that matter.

GOVERNANCE AND APPOINTMENTS

19. The Bank will operate its corporate governance structure in a manner which supports the achievement of its obligations under this Relationship Framework and complies with the *Corporate Governance Code* and the *State Bodies Code*. In the unlikely event of a conflict between this Relationship Framework and the State Bodies Code, this Relationship Framework shall prevail. If the Bank is unclear as to whether there is a conflict between this Relationship Framework and the State Bodies Code in respect of a matter, the Bank may write to the Minister informally and outside of the Consent Procedure to seek confirmation from the Minister in this regard.
20. The Board will obtain the prior written consent of the Minister in accordance with the Consent/Consultation Procedure for any proposed appointment, re-appointment or removal of the *Chairman*, the *Chief Executive Officer*, any *member of the Board* or any *member of the GEXCO*.
21. The Board will notify the Minister in writing in advance of the proposed appointment of any employee or contractor as a *Senior Manager*. The Board will provide any information and documentation in respect of the Senior Manager concerned that is reasonably requested by the Minister.

22. Representatives of the Minister may from time to time attend Board meetings in an observer capacity. For the avoidance of doubt, any such representative will attend in a passive capacity only and will not play an active role in the meeting.

COMMUNICATIONS AND CO-OPERATION

23. Any *confidential, commercially sensitive or personal information* provided to the Minister under this Relationship Framework shall be clearly marked as such and will be treated accordingly by the Minister in accordance with the applicable law.
24. The Minister and the Bank will adopt arrangements from time to time to enable and require the Bank and the Key Advisers to provide the Minister, and his legal advisers, under the terms of this Relationship Framework with such information, documentation and advices which is subject to *legal privilege* on a basis which does not waive or limit such privilege as between the Bank and any person other than the Minister and/or his legal advisers.
25. The Bank shall provide the Minister:
- 25.1 promptly in writing with any *information or documentation* which has been reasonably requested by the Minister from time to time (including without limitation documentation generated for GEXCO meetings); and
 - 25.2 with all *documents generated for Board meetings* at the same time as they are provided to the Board. Documents provided to the Board outside of the normal process will be provided to the Minister at the same time as they are provided to the Board or as soon as reasonably practicable thereafter; and
 - 25.3 with the Business Plan Report on a monthly basis. The Minister may specify the nature of the content and the format of the Business Plan Report from time to time. The Business Plan Report will include, inter alia, details of any significant opportunities to increase the speed of deleveraging of the Bank and any significant obstacles to deleveraging that come to the attention of the Bank.
26. The Bank shall notify the Minister in writing in advance in respect of the proposed appointment of *auditors*.
27. In respect of *advisers*, the Bank shall:
- 27.1 notify the Minister in writing in advance of the *proposed appointment or engagement* by the Bank of any Key Adviser;
 - 27.2 if requested to do so by the Minister, provide the Minister with any substantive *written instructions* to and *substantive advice* by any Key Adviser (including drafts of same) either on a non-reliance basis or, subject to agreement with the Key Adviser, on a reliance basis;
 - 27.3 *cooperate* with the Minister and provide such information as the Minister may reasonably require from time to time and ensure that all Key Advisers shall agree to do the same;
 - 27.4 allow the Minister *full and direct access* without restriction to any Key Adviser and their work product at all times, which may include separate meetings or discussions between the Minister and the Key Adviser; and

27.5 be responsible for the *appropriate procurement* of advisers (including Key Advisers) in a manner which ensures value for money and minimises cost to the Bank and, indirectly, the Exchequer and the taxpayer.

If Minister is of the opinion that an adviser is a Key Adviser within the meaning of this paragraph and notifies the Bank accordingly, that adviser shall be deemed to be Key Adviser for the purposes of this paragraph.

28. In respect of *public statements*, the Bank (including, for the avoidance of doubt, all directors, officers, employees, contractors and consultants of the Bank):
- 28.1 shall seek to ensure that all public statements are *consistent with the Objectives*;
- 28.2 may provide public comment in relation to matters arising in the *Ordinary Course of Business* of the Bank where it is necessary in the commercial interests of the Bank to do so; and
- 28.3 shall only make a public statement in relation to government policy concerning the banking sector or otherwise, or where the statement otherwise has a significant public interest dimension, with the prior consultation with the Minister, except where the Bank is required to make the public statement in advance of such consultation in order to meet the Bank's legal or regulatory requirements and the contents of the statement are confined to what is strictly required to comply with the Bank's legal or regulatory requirements.
29. In respect of *meetings and reporting*:
- 29.1 the Minister and the Board or the GEXCO shall agree to such schedule and structure of meetings and reporting between any or all of them from time to time as may be required for the purposes of this Relationship Framework and the Act or to achieve any of the Objectives;
- 29.2 the Board and/or the GEXCO shall meet the Minister (or his nominee) at his reasonable request;
- 29.3 the Minister (or his nominee) shall meet with the Board and/or the GEXCO at their reasonable request to discuss any important matters relating to this Relationship Framework or the achievement of the Objectives; and
- 29.4 the Board may request to meet the Minister personally in relation to matters of appropriate importance or sensitivity.
30. The Bank shall maintain a Transaction Review Committee. The Minister may from time to time appoint one or more representatives to attend Transaction Review Committee meetings in an observer capacity. For the avoidance of doubt, any such representative will attend in a passive capacity only and will not play an active role in the meeting.
31. Following consultation with the Bank, the Minister may specify under this Relationship Framework an *Operational Protocol* to provide further guidance to the Bank with respect to certain matters under this Relationship Framework. The Operational Protocol may be amended from time to time by the Minister, following consultation with the Bank.

REMUNERATION, INCENTIVISATION, PENSION, REDUNDANCY AND SEVERANCE ARRANGEMENTS

32. In general, the Minister's objectives in relation to remuneration, incentivisation, pension, redundancy and severance arrangements are:
- 32.1 to support remuneration levels which, having regard to the capital and financial position of the Bank and the Objectives, are balanced and sufficient in the current market to attract, motivate and retain the type of experience and talent which is required to achieve the Business Plan and the Objectives;
 - 32.2 to require that any incentive arrangements for directors, members of the GEXCO and Senior Managers are closely related to their performance, measured by the achievement of relevant targets, such targets having regard to the achievement of the Business Plan and the Objectives; and
 - 32.3 the Bank adheres to the CIROC guidelines and any other applicable obligations arising under the CIFS Scheme and the ELG Scheme in relation to remuneration, incentivisation, pension, redundancy and severance arrangements.
33. The prior written consent of the Minister will be required in accordance with the Consent/Consultation Procedure for:
- 33.1 all new or revised remuneration arrangements (including benefits in kind or any other non-salary payments), incentivisation arrangements, pension arrangements, redundancy arrangements and severance arrangements for any *director* or member of the *GEXCO* and for all changes to the terms of employment for any director or member of the *GEXCO*, except where the Bank is under a legal obligation to make any such new or revised arrangements or to change the terms of employment as proposed;
 - 33.2 all proposals to increase remuneration or make provision for incentivisation, pension, redundancy or severance arrangements for *employees generally* or for any *group of employees*, except where the Bank is under a legal obligation to increase remuneration as proposed or make provision for any such arrangements as proposed;
 - 33.3 any proposed *new or revised incentivisation arrangements* for any member of IBRC Personnel; and
 - 33.4 any proposed new or revised remuneration arrangements (including benefits in kind, allowances, ancillary payments, expenses and any other non-salary payments) for any member of IBRC Personnel which do not comply with the CIROC guidelines and any other applicable obligations arising under the CIFS Scheme and the ELG Scheme.
34. The Board will notify the Minister in writing in advance of any proposed new or revised remuneration arrangements (including benefits in kind or any other non-salary payments), pension arrangements, redundancy arrangements or severance arrangements for any *Senior Manager* and provide any information and documentation in respect of the Senior Manager concerned that is reasonably requested by the Minister.
35. The Minister may provide in the Operational Protocol for *more detailed requirements* regarding remuneration, incentivisation, pension, redundancy and severance arrangements for directors, members of the GEXCO, Senior Managers, employees, consultants and/or contractors of the Bank. Such requirements when issued may supplant, amend or vary the provisions of paragraphs 33 and 34 of this Relationship Framework.

MATERIAL LITIGATION

36. The Bank shall keep the Minister informed promptly in writing of developments in relation to Material Litigation.
37. Unless prohibited by law, the Bank shall promptly provide the Minister with any *documents or information* related to any Material Litigation that is reasonably requested by the Minister.
38. Prior to:
- 38.1 making any concession or admission in relation to any Material Litigation that could be Material;
 - 38.2 agreeing to the terms of any settlement in relation to any Material Litigation; and/or
 - 38.3 the conclusion of any Material Litigation,
- the Bank shall consult with the Minister in accordance with the Consent/Consultation Procedure.

COMPLIANCE WITH REQUIREMENTS, COMMITMENTS AND UNDERTAKINGS

39. The Bank shall comply fully with all requirements, commitments and undertakings (including all commercial restrictions and obligations) under the State Agreements. In the event of a conflict between this Relationship Framework and any of the State Agreements, the latter shall prevail.

RESTRUCTURING PLAN

40. Subject at all times to regulatory approvals and Regulatory Requirements, the Bank shall:
- 40.1 implement the Restructuring Plan;
 - 40.2 ensure full compliance with the Commitments; and
 - 40.3 co-operate fully, and consult where required, with the Minister, the European Commission and the Monitoring Trustee (including by promptly providing such assistance and information as is requested by the Minister, the European Commission and/or the Monitoring Trustee) in connection with the Restructuring Plan, the Approval Decision and the Commitments.
41. The Bank shall confirm in writing to the Minister three months from the date of the Approval Decision and every three months thereafter that:
- 41.1 the Bank has taken the necessary measures during the relevant period to implement the Restructuring Plan;
 - 41.2 the Bank is in full compliance with the Commitments; and
 - 41.3 all Legacy Issues of which the Board are aware have been identified in the Legacy Plan.

RESERVED MATTERS

42. The Reserved Matters (which are set out in Appendix III) will be reserved to the Minister and the Board shall only conclude on them with the prior written consent of the Minister. The Minister may amend the list of Reserved Matters from time to time by notification in writing to the Bank where necessary to realise any of the Objectives. The Minister may, from time to time, issue, amend or revoke general or specific consents, instructions or policies to the Bank in relation to any of the Reserved Matters.

APPENDIX I

INTERPRETATION

In this Relationship Framework:

“**Act**” means the Anglo Irish Bank Corporation Act 2009.

“**Approval Decision**” means the European Commission Decision dated 29 June 2011 on the State aids Nos SA.32504 (2011/N) and C 11/2010 (ex N 667/2009) implemented by Ireland for Anglo Irish Bank and Irish Nationwide Building Society, which approved the Restructuring Plan.

“**Bank**” means Irish Bank Resolution Corporation Limited (formerly Anglo Irish Bank Corporation Limited) including INBS and all direct and indirect subsidiaries of Irish Bank Resolution Corporation Limited and INBS.

“**Board**” means the board of directors of the Bank.

“**Business Day**” means any day other than a Saturday, a Sunday or a public holiday in Ireland.

“**Business Plan**” means the business and operating plan approved by the Board on 25 July 2011 to realise the Objectives, including the implementation of the principles set out in the Restructuring Plan, and any updated or adjusted version of the Business Plan.

“**Business Plan Report**” means the monthly consolidated report of the results of the Business Plan prepared by the Bank and submitted to the Minister on a monthly basis.

“**Central Bank**” means the Central Bank of Ireland.

“**CIFS Scheme**” means the Credit Institutions (Financial Support) Scheme 2008.

“**CIRA**” means the Central Bank and Credit Institutions (Resolution) Act 2011.

“**CIROC**” means the Credit Institutions Remuneration Oversight Committee.

“**CISA**” means the Credit Institutions (Stabilisation) Act 2010.

“**Commitments**” means the commitments in Annex I to the Approval Decision.

“**Corporate Governance Code**” means the Central Bank’s Corporate Governance Code for Credit Institutions and Insurance Undertakings (as amended from time to time).

“**Consent/Consultation Documents**” means this Relationship Framework, the Articles of the Bank, any of the State Agreements, the CIFS Scheme, the ELG Scheme, the NAMA Act, CISA and CIRA, and “**Consent/Consultation Document**” shall be any one of them.

“**Consent/Consultation Procedure**” means the procedure set out in Appendix IV.

“**Consent Request**” means a request for consent submitted in accordance with the Consent/Consultation Procedure pursuant to paragraph 10 of this Relationship Framework.

“**Consultation Briefing**” means a consultation briefing submitted in accordance with the Consent/Consultation Procedure pursuant to paragraph 10 of this Relationship Framework.

“**Department**” means the Department of Finance of Ireland.

“**ELG Scheme**” means the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009.

“**Emergency Action**” has the meaning given in paragraph 5 of Appendix IV.

“**EU**” means the European Union.

“**GEXCO**” means the Bank's Group Executive Committee.

“**IBRC Personnel**” means all directors, officers, employees, contractors, servants, agents and/or consultants of IBRC.

“**INBS**” means Irish Nationwide Building Society.

“**Key Adviser**” means any third party financial adviser, legal adviser or other adviser appointed or engaged in relation to a Material matter or any Personnel Matters.

“**Key Person**” means a director, a former director, a member of the GEXCO, a former member of the GEXCO, a Senior Manager or a former Senior Manager.

“**Legacy Issues**” means the legacy issues which arose in the Bank prior to its nationalisation and in INBS prior to the acquisition by the Bank of the Minister’s shareholding in INBS.

“**Legacy Plan**” means the legacy plan agreed between the Minister and the Bank to identify and address all Legacy Issues (as may be amended by agreement between the Minister and the Bank from time to time).

“**Material**” has the meaning given in paragraph 12 of this Relationship Framework.

“**Material Litigation**” means any litigation, whether commenced or contemplated, involving the Bank and relating to a Material matter.

“**Minister**” means the Minister for Finance of Ireland and any nominee of the Minister.

“**Monitoring Trustee**” means any monitoring trustee appointed under the Approval Decision.

“**NAMA Act**” means the National Asset Management Agency Act 2009.

“**Objectives**” means the objectives of the Minister in protecting the public interest, having regard to the Act, set out in Appendix II.

“**Ordinary Course of Business**” means actions within the usual transactions, customs and practices in the areas of banking business in which the Bank is commercially active, including the recovery of debt, the enforcement of security and the restructuring of credit facilities/security but excluding significant deleveraging actions.

“**Operational Protocol**” means the operational protocol specified by the Minister under this Relationship Framework, following consultation with the Bank, to provide further guidance to the Bank with respect to certain matters under this Relationship Framework (as amended from time to time).

“**Personnel Matters**” means matters relating to: (i) the appointment or removal of the Chairman, Chief Executive Officer or members of the Board or the GEXCO; or (ii) remuneration arrangements,

incentivisation arrangements, pension arrangements, redundancy arrangements or severance arrangements at the Bank.

“Programme of Support” means the EU/International Monetary Fund Programme of Financial Support for Ireland.

“Regulatory Requirements” means applicable regulatory requirements and guidance as specified by the Central Bank or other relevant regulatory authorities as appropriate.

“Relationship Framework” means this relationship framework specified by the Minister under section 3(1) of the Act to govern the relationship between the Minister and the Bank, and any amended version of same.

“Relevant Information” means all information that in the reasonable opinion of the Minister is necessary and sufficient to permit the Minister to form an opinion on the Consent Request or a Consultation Briefing as appropriate.

“Reserved Matters” means certain key issues set out in Appendix III which are reserved to the Minister.

“Restructuring Plan” means the joint restructuring and work out plan for the Bank and INBS dated 31 January, 2011 which has been approved by the European Commission under the Approval Decision and by the Minister and any amended version of same that is approved by the European Commission and the Minister.

“Senior Manager” means any person who is deemed to be a Senior Manager under the Operational Protocol from time to time.

“State” means Ireland.

“State Agreements” means the agreements and arrangements entered into between the Bank and the Minister and/or any other State agency or entity, including without limitation the subscription agreement dated 29 June 2009, the promissory notes issued by the Minister on 22 December 2010 to the Bank and INBS respectively, the deed of covenant dated 22 December 2010 between the Minister and the Bank, and the Minister’s deed of guarantee dated 29 November 2010 in relation to the Bank (and any amendments of those agreements or arrangements made in accordance with their terms).

“State Bodies Code” means the Code of Practice for the Governance of State Bodies (as may be amended from time to time).

“Transaction Review Committee” means a committee charged with oversight in respect of asset work-out/deleveraging in accordance with the Restructuring Plan and the Business Plan.

In this Relationship Framework, any reference to a statute, statutory instrument or statutory provision shall be construed to include any statute, statutory instrument or statutory provision which modifies, consolidates, re-enacts or supersedes it.

APPENDIX II

OBJECTIVES

1. The Objectives of the Minister in protecting the public interest, having regard to the Act, are:
 - 1.1 to accelerate deleveraging of the Bank through disposal of assets to the extent possible while minimising capital impact;
 - 1.2 to preserve the capacity of the Bank to continue its operations as a going concern in accordance with the Restructuring Plan;
 - 1.3 to minimise cost and other risk to the Exchequer and the taxpayer;
 - 1.4 to remedy a serious disturbance in the Irish economy by helping to restore the reputation and enhance the stability of the financial system in the State;
 - 1.5 to ensure that all Legacy Issues are efficiently and comprehensively identified and addressed in accordance with the Legacy Plan;
 - 1.6 to ensure compliance with: (i) any conditions or commitments attaching to any decision of the European Commission in relation to EU State aid, competition law or other requirements which may arise, including without limitation the Approval Decision; and (ii) the Programme of Support insofar as it relates to the financial sector; and
 - 1.7 otherwise to ensure that the Bank operates in accordance with the public interest and in a manner consistent with Section 2 of the NAMA Act.

APPENDIX III

RESERVED MATTERS

1. Any Material acquisitions, disposals, investments, realisations, reorganisations, restructurings or other transactions.
2. The declaration or payment of dividends or distributions in respect of any classes of shares or securities.
3. The redemption or repurchase of any classes of shares or securities save in respect of securities where such redemption or repurchase is undertaken at a redemption date or repurchase date in accordance with the terms of such securities.
4. The initiation by the Bank of any liquidation, receivership, examinership or analogous statutory process in respect of the Bank or any part of the Bank.
5. The entry into or variation of any transaction or arrangement between the Bank and any Key Person or any connected person of a Key Person on terms other than normal commercial arm's-length terms. The Minister and the Bank shall agree a list of specified individuals for the purposes of this paragraph, and the Bank will keep the list updated on an ongoing basis.
6. All important actions in respect of the commencement, defence, conduct or settlement of legal proceedings to which a Key Person or any connected person of a Key Person is a party. The Minister and the Bank shall agree a list of specified individuals for the purposes of this paragraph, and the Bank will keep the list updated on an ongoing basis.
7. Any decision to take any significant action, step or proceeding connected with the implementation of the Legacy Plan.

APPENDIX IV

CONSENT/CONSULTATION PROCEDURE

1. The Bank shall address a Consent Request or a Consultation Briefing in writing to the Minister clearly marked as a “Consent Request” or a “Consultation Briefing” as appropriate with a copy to the Shareholding Management Unit within the Department or as otherwise directed in writing by the Minister from time to time.
2. Consent Requests and Consultation Briefings shall be made by the Bank as soon as reasonably practicable by the Bank and an Emergency Action may not be taken if this obligation has not been complied with by the Bank in respect of the relevant Consent Request/Consultation Briefing. In its Consent Request or Consultation Briefing, or in any submission of further Relevant Information requested by the Minister, the Bank shall clearly state, in its opinion, the date by which the Minister is required to respond under the time-frame provisions set out in paragraph 4 of this Appendix.
3. The Bank shall furnish the Minister with all Relevant Information in the Bank's power or possession at the same time as it submits a Consent Request or Consultation Briefing. Any insufficiency in the information submitted by the Bank shall be notified to the Bank in writing by the Minister (or the Shareholding Management Unit) within five Business Days of receipt of the Consent Request, the Consultation Briefing or the submission of information as appropriate to the extent that this is reasonably practicable. Exceptionally, the Minister may require Relevant Information from a third party, such as the Central Bank, other State bodies or advisers. The Minister will notify the Bank in writing when he requires Relevant Information from a third party and indicate the expected time-frame for receipt of the Relevant Information from the third party.
4. The Minister shall respond in writing to a Consent Request or a Consultation Briefing as soon as reasonably practicable but in any event no later than:
 - 4.1 twenty Business Days following receipt of the Consent Request or the Consultation Briefing and all Relevant Information for Consent Requests/Consultation Briefings relating to the Business Plan or Personnel Matters; or
 - 4.2 ten Business Days following receipt of the Consent Request or the Consultation Briefing and all Relevant Information in all other cases.

If the Minister does not respond to a Consent Request within the applicable time-frame under this paragraph, consent will be deemed to have issued on the expiry of the applicable time-frame. If the Minister responds to a Consultation Briefing within the applicable time-frame under this paragraph, the Bank shall give due consideration to the Minister's response prior to taking any further action in relation to the matter. If the Minister does not respond to a Consultation Briefing within the applicable time-frame under this paragraph, the Bank may proceed on the basis that the Minister has no formal views on the matter.

5. Where exceptional emergency circumstances apply in which urgent action is required by the Bank in relation to the subject of a Consent Request/Consultation Briefing in order to meet the Bank's legal, regulatory or prudential requirements (“**Emergency Action**”), the Board shall inform the Minister immediately of the circumstances and provide the Minister with an opportunity to respond. If the Minister does not respond in a timely manner in the circumstances, the Bank may proceed with the Emergency Action provided the Board has:
 - 5.1 approved the Emergency Action;

- 5.2 confirmed in writing to the Minister that in its opinion the Emergency Action is required by the Bank to meet the Bank's legal, regulatory or prudential requirements; and
 - 5.3 minuted the basis on which the Board satisfied itself that the relevant action was classified as an Emergency Action.
6. Any consent issued by or on behalf of the Minister pursuant to a Consent Request shall satisfy the requirement of the Bank to obtain a relevant consent under each Consent/Consultation Document.
7. Where consent or consultation is required by the Minister under a Consent/Consultation Document, it shall not be deemed to have been given merely by virtue of attendance by the Minister (or his nominee or representative, including any observer) at Board, committee or other meetings.
8. Where:
 - 8.1 the establishment or acquisition of subsidiaries;
 - 8.2 the participation in joint ventures; or
 - 8.3 the acquisition of shares or warrants,by the Bank, its subsidiaries or joint ventures in which the Bank or its subsidiaries participates is deemed to fall within the Bank's ordinary course of business or is consented to by the Minister under this Relationship Framework, the prior written consent of the Minister under the State Bodies Code shall not be required.