

**THIS CIRCULAR AND THE ACCOMPANYING FORMS OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**THIS CIRCULAR AND THE ACCOMPANYING FORMS OF PROXY MAY NOT BE DISTRIBUTED, FORWARDED TO OR TRANSMITTED IN OR INTO ANY JURISDICTION IN WHICH THE DISTRIBUTION OR RELEASE OF THIS CIRCULAR AND THE ACCOMPANYING FORMS OF PROXY WOULD BE UNLAWFUL.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional financial adviser immediately (being, in the case of Ordinary Stockholders in Ireland, an organisation or firm authorised or exempted under the Investment Intermediaries Act, 1995 of Ireland (as amended) or the European Communities (Markets in Financial Instruments) Regulations (Nos. 1 to 3) 2007 or, in the case of Ordinary Stockholders in the United Kingdom, an adviser authorised pursuant to the Financial Services and Markets Act 2000, or from another appropriately authorised independent financial adviser if you are in a territory outside Ireland or the United Kingdom).**

If you sell or have sold or otherwise transferred your entire holding of Ordinary Stock, please send this Circular, together with the accompanying Forms of Proxy, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of Ordinary Stock, you should retain this Circular and the accompanying Forms of Proxy and immediately consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

A Prospectus relating to the Scheme prepared in accordance with the Prospectus Rules has been published on the Bank's website on or around the date of this Circular. This document should be read in conjunction with the Prospectus and the information incorporated by reference from the Prospectus.

**This Circular does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security, in any jurisdiction in which such an offer, an invitation or a solicitation is unlawful.**



***The Governor and Company of the Bank of Ireland***

*(Established in Ireland by Charter in 1783 and having limited liability with registered no. C-1)*

### **Scheme Circular**

**Recommended Proposals for a Group Reorganisation including the establishment of a new Irish incorporated group holding company Bank of Ireland Group plc ("BOIG plc") to be effected by a Scheme of Arrangement pursuant to Chapter 1 Part 9 of the Companies Act 2014**

**and**

**Notice of High Court Convened Stockholder Meeting to be held on 28 April 2017**

**and**

**Notice of Extraordinary General Court to be held on 28 April 2017**

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UBS Limited ("UBS"), which is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the FCA and PRA is acting exclusively for the Bank as joint UK Sponsor and no one else in relation to the matters contained in this Circular and will not be responsible to anyone other than the Bank and the Group for providing the protections afforded to its clients, for the contents of this Circular or for providing any advice in relation to this Circular. Apart from the responsibilities and liabilities, if any, which may be imposed by the CBI, the FCA or the FSMA, UBS, or any person affiliated with it, does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, in respect of the contents of this Circular including its accuracy or completeness or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Bank and nothing in this Circular is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. In addition, UBS does not accept responsibility for, nor authorise the contents of, this Circular or its issue. UBS accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have to any person, other than the Bank and the Group, in respect of this Circular.

J&E Davy ("Davy"), which is authorised and regulated in Ireland by the CBI, is acting exclusively for the Bank as Irish sponsor and joint UK sponsor and no one else in relation to the matters contained in this Circular and will not be responsible to anyone other than the Bank and the Group for providing the protections afforded to its clients, for the contents of this Circular or for providing any advice in relation to this Circular. Apart from the responsibilities and liabilities, if any, which may be imposed by the CBI, the FCA or the FSMA, Davy, or any person affiliated with it, does not accept any responsibility whatsoever and makes no representation or warranty, express or implied, in respect of the contents of this Circular including its accuracy or completeness or for any other statement made or purported to be made by any of them, or on behalf of them, in connection with the Bank or the Group and nothing in this Circular is or shall be relied upon as a promise or representation in this respect, whether as to the past or future. In addition, Davy does not accept responsibility for, nor authorise the contents of, this Circular or its issue. Davy accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have to any person, other than the Bank and the Group, in respect of this Circular.



**This Circular should be read as a whole. Your attention is drawn to the letter from the Governor of the Bank, which is set out in Part I (*Letter from the Governor of the Bank*) of this Circular and which recommends that you vote in favour of the Scheme and the Scheme Resolutions to be proposed at the High Court Convened Stockholder Meeting and the Extraordinary General Court referred to below. Your attention is also drawn in particular to the risks set out in Section 4 of Part I (*Risks and consequences if Scheme is not implemented*) of this Circular.**

Notice of (i) the High Court Convened Stockholder Meeting to be held in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland at 2.00 p.m. on 28 April 2017 and (ii) the Extraordinary General Court, to be held in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland 2017 at 2.15 p.m. on 28 April 2017 are set out at the end of this Circular. Forms of Proxy for use by Stockholders in connection with the High Court Convened Stockholder Meeting and the Extraordinary General Court are enclosed, other than for Ordinary Stockholders who have opted for the electronic communications service, who will receive an email notification rather than a Proxy Form. To be valid, Forms of Proxy, completed in accordance with the instructions printed thereon, must be received at the Bank's registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible but in any event by no later than 2.00 p.m. on 26 April 2017 in respect of the High Court Convened Stockholder Meeting and 2.15 p.m. on 26 April 2017 in respect of the Extraordinary General Court. Completion and return of the Forms of Proxy will not preclude Ordinary Stockholders from attending and voting at the Extraordinary General Court or any adjournment thereof should they wish to do so.

## **NOTICE TO OVERSEAS INVESTORS**

The distribution of this document and issue (pursuant to the Scheme or otherwise), delivery or transfer of BOIG plc Shares in certain jurisdictions other than Ireland and the United Kingdom may be restricted by law. No action has been taken by the Bank or Davy and UBS (together the "Sponsors") to permit a public offering of BOIG plc Shares or possession or distribution of this document (or any other offering or publicity materials relating to BOIG plc Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this document nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes are required by BOIG plc and the Sponsors to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document does not constitute or form part of an offer to sell or the solicitation of an offer to buy or subscribe for, BOIG plc Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. Further information on the restrictions to which the distribution of this document is subject is set out in Section 8 of Part I (*Letter from the Governor of the Bank*).

## **NOTICE TO INVESTORS IN JAPAN, SWITZERLAND, THE UNITED ARAB EMIRATES OR THE REPUBLIC OF SOUTH AFRICA**

The BOIG plc Shares have not been and will not be registered under the applicable securities laws of Japan, Switzerland, the United Arab Emirates or the Republic of South Africa. Accordingly, subject to certain exceptions, the BOIG plc Shares may not be issued (pursuant to the Scheme or otherwise), delivered, transferred, offered or sold in Japan, Switzerland, the United Arab Emirates or the Republic of South Africa or to, or for the account or benefit of, any resident of Japan, Switzerland, the United Arab Emirates or the Republic of South Africa.

## **NOTICE TO INVESTORS IN THE UNITED STATES**

The BOIG plc Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or under the securities laws of any state, district or other jurisdiction of the United States, and may not be offered, sold, delivered or transferred except pursuant to an available exemption from or in a transaction not subject to the registration requirements of the Securities Act and applicable US State securities laws. It is expected that the BOIG plc Shares will be issued in reliance on the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of the Securities Act.

## **Exemption from registration under the US Securities Act**

For the purposes of qualifying for the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) thereof with respect to the BOIG plc Shares to be issued pursuant to the Scheme, the Bank has apprised the High Court that, if sanctioned, its sanctioning of the Scheme will be relied upon by the Bank and BOIG plc as an approval of the Scheme following a High Court Hearing on its fairness to the Ordinary Stockholders at which High Court Hearing all Ordinary Stockholders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all Ordinary Stockholders. Ordinary Stockholders (whether or not US persons (as defined in the Securities Act)) who are affiliates of the Bank or will be affiliates of BOIG plc at the Effective Date will be subject to certain US resale restrictions relating to the BOIG plc Shares received pursuant to the Scheme.

**None of the US Securities and Exchange Commission, any other US federal or US State securities commission or any US regulatory authority has approved or disapproved of the BOIG plc Shares offered by the Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of the Prospectus or any accompanying documents. Any representation to the contrary is a criminal offence in the United States.**

## **NOTICE TO INVESTORS IN CANADA**

The BOIG plc Shares to be issued pursuant to the Scheme will be delivered or transferred on a private placement basis in Canada and will be exempt from the requirement to prepare and file a prospectus with the relevant Canadian regulatory authorities. It is expected that the BOIG plc Shares will be issued in reliance on the exemption contained section 2.11 of National Instrument 45-106—Prospectus Exemptions. As a consequence of acquiring the BOIG plc Shares pursuant to this exemption, prospective BOIG plc Shareholders acknowledge that certain protections, rights and remedies provided by the applicable securities legislation, including statutory rights of rescission or damages, will not be available to prospective BOIG plc Shareholders. Any resale in Canada of the BOIG plc Shares to be issued pursuant to the Scheme may be subject to certain Canadian resale restrictions.

## **NOTICE TO INVESTORS IN AUSTRALIA**

This Circular and the offer is made available to persons in Australia without a disclosure document pursuant to an exemption and declaration made by the Australian Securities and Investments Commission that BOIG plc does not have to comply with Part 6D.1 or 6D.3 of the Australian Corporations Act 2001 (Cth) (the "**Corporations Act**") for an offer of BOIG plc Shares to Ordinary Stockholders in the Bank.

This Circular is not a prospectus, product disclosure statement or any other form of "disclosure document" for the purposes of the Corporations Act and is not required to, and does not contain all the information which would be required in a disclosure document under the Corporations Act.

This Circular has not been lodged with or been the subject of notification to the Australian Securities and Investments Commission or ASX or any other regulatory body or agency in Australia. Accordingly, the BOIG plc Shares may not be offered, issued, sold or distributed in Australia by any person other than by way of or pursuant to an offer or invitation made by BOIG plc of BOIG plc Shares to Ordinary Stockholders in the Bank. If you are in Australia, this document is made available to you provided you are an Ordinary Stockholder in the Bank.

The persons referred to in this document may not hold Australian financial services licences and may not be licensed to provide financial product advice in relation to the BOIG plc Shares. No "cooling-off" regime will apply to an acquisition of BOIG plc Shares. This document does not take into account the investment objectives, financial situation or needs of any particular person. Accordingly, before making any investment decision in relation to this document, you should assess whether the acquisition of BOIG plc Shares is appropriate in light of your own financial circumstances or seek professional advice.

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## **ACTION TO BE TAKEN**

### **1. MEETINGS TO BE HELD ON 28 APRIL 2017**

The Scheme requires approval by the Ordinary Stockholders at the High Court Convened Stockholder Meeting to be held in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland on 28 April 2017 at 2.00 p.m. In addition to approval at the High Court Convened Stockholder Meeting, implementation of the Scheme also requires various approvals by Ordinary Stockholders at the Extraordinary General Court to be held in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland at 2.15 p.m. on 28 April 2017 or, if later, immediately after the conclusion or adjournment of the High Court Convened Stockholder Meeting. Once effective, the Scheme will be binding on all Ordinary Stockholders, including those who did not vote, or who voted against it, at the High Court Convened Stockholder Meeting.

### **2. SIGN AND RETURN THE ACCOMPANYING FORMS OF PROXY**

**You will find enclosed with this Circular, Forms of Proxy as follows:**

- (a) a purple form for use at the High Court Convened Stockholder Meeting; and
- (b) a green form for use at the Extraordinary General Court.

**It is important that as many votes as possible are cast at the High Court Convened Stockholder Meeting so that the Court of Directors may be satisfied that there is a fair representation of Ordinary Stockholder opinion at the High Court Convened Stockholder Meeting. Whether or not you propose to attend the High Court Convened Stockholder Meeting or the Extraordinary General Court in person you are urged to complete and return the completed Forms of Proxy (or if you hold your shares in uncertificated form, submit your proxy via the CREST proxy voting service) in accordance with the instructions provided in the Meeting Notices included in this Circular.**

**The completion and return of a Form of Proxy either for the High Court Convened Stockholder Meeting or for the Extraordinary General Court will not prevent you from attending and voting at either meeting (or any adjournment thereof) in person if you wish to do so.**

**The Notice of the High Court Convened Stockholder Meeting and the Notice of the Extraordinary General Court are contained at pages 62 and 64 respectively of this document.**

#### **To vote by proxy at the High Court Convened Stockholder Meeting**

To be valid, a Form of Proxy and any power or other authority under which it is executed (or a duly certified copy of any such power or authority) must be lodged with the Bank's registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not later than 48 hours before the High Court Convened Stockholder Meeting or adjourned High Court Convened Stockholder Meeting or (in the case of a poll taken otherwise than at or on the same day as the High Court Convened Stockholder Meeting or adjourned High Court Convened Stockholder Meeting) at least 48 hours before the time appointed for the taking of a poll.

#### **To vote by proxy at the Extraordinary General Court**

To be valid, a Form of Proxy and any power or other authority under which it is executed (or a duly certified copy of any such power or authority) must be lodged with the Bank's registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not later than 48 hours before the Extraordinary General Court or adjourned Extraordinary General Court or (in the case of a poll taken otherwise than at or on the same day as the Extraordinary General Court or adjourned Extraordinary General Court) at least 48 hours before the time appointed for the taking of a poll.

#### **Electronic Participation**

Stockholders can appoint a proxy and give voting instructions electronically by logging on to the website of the Bank's registrar, Computershare Investor Services (Ireland) Limited: [www.eproxyappointment.com](http://www.eproxyappointment.com) Stockholders will need their 5-digit PIN Number, Stockholder Reference Number and Control Number, which you will receive on your Form of Proxy or via email if you have elected to receive Stockholder communications electronically.

## **Appointment of a proxy by a CREST Member**

CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by following the procedures laid down in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s) should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with EUI’s (Euroclear UK and Ireland) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by the Bank’s registrar, Computershare Investor Services (Ireland) Limited, (ID Number 3RA50) by the latest time(s) for receipt of proxy appointments specified in this Notice of Extraordinary General Court or adjourned Extraordinary General Court. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare Investor Services (Ireland) Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Personal Member or Sponsored Member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Bank may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations, 1996.

## **Helpline**

If you have any questions about this document or the action to be taken, please contact the Bank of Ireland EGC Helpline between 9.00 a.m. and 5.00 p.m. on any business day on freephone 1 800 719844 (if calling from within Ireland) or Freephone 0800 169 1252 (if calling from within Northern Ireland or the United Kingdom) or +353 1 2151100 (if calling from outside Ireland and the United Kingdom). You may also email the Bank of Ireland EGC Helpline at [egc2017questions@boi.com](mailto:egc2017questions@boi.com). All calls to the Helpline may be recorded and monitored for regulatory purposes. Please note that, for legal reasons, the Helpline cannot provide advice on the merits of the Scheme or give any legal, tax or financial advice. For personal financial, legal or taxation advice, you will need to consult an independent adviser.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Ordinary Stockholders should take note of the dates and times set forth in the schedule below in connection with the Scheme.

Each of the times and dates is subject to change without further notice. All references are to Dublin time.

<u>Event</u>	<u>Time and/or Date<sup>1</sup></u>
Approval of the Prospectus by the CBI . . . . .	4 April 2017
Latest time for receipt of Forms of Proxy for the High Court Convened Stockholder Meeting . . . . .	2.00 p.m. on 26 April 2017
Latest time for receipt of Forms of Proxy for the Extraordinary General Court . . . . .	2.15 p.m. on 26 April 2017
Entitlement to Vote Record Time for the High Court Convened Stockholder Meeting and the Extraordinary General Court . . . . .	6.00 p.m. on 26 April 2017 <sup>2</sup>
<b>High Court Convened Stockholder Meeting . . . . .</b>	<b>2.00 p.m. on 28 April 2017</b>
<b>Extraordinary General Court . . . . .</b>	<b>2.15 p.m. on 28 April 2017<sup>3</sup></b>
High Court Hearing (to sanction the Scheme) . . . . .	A date expected to be in the second quarter of 2017 (“A”)
Scheme Record Time . . . . .	6.00 p.m. on D “D” <sup>4</sup>
<b>Filing of the High Court Order . . . . .</b>	<b>(no more than 21 days following A)</b>
<b>Last day of trading of Ordinary Stock . . . . .</b>	<b>D</b>
<b>Effective Date of the Scheme (including issue of BOIG plc Shares) . . . . .</b>	<b>D</b>
Expected Admission and commencement of trading in BOIG plc Shares on the Irish Stock Exchange and the London Stock Exchange . . . . .	D + 1
CREST accounts of holders of Ordinary Stock in uncertified form credited with BOIG plc Shares . . . . .	D + 1
Long Stop Date . . . . .	31 December 2017 <sup>5</sup>

**Notes:**

- 1 BOIG plc reserves the right to change any dates set out in the expected timetable. Dates relating to the High Court Convened Stockholder Meeting, the Extraordinary General Court and subsequent events are indicative only and are based on BOIG plc’s current expectation and will depend, among other things, on the date upon which:
  - (i) the Scheme Conditions are satisfied or, if capable of waiver, waived;
  - (ii) the High Court sanctions the Scheme; and
  - (iii) the Court Order and a copy of the minute required by section 86 of the Companies Act is delivered to the Registrar of Companies
 BOIG plc will give notice of any change to the dates in the expected timetable by issuing an announcement through a Regulatory Information Service and by publishing notice of the change on the Group’s website. In the case of dates set out in the expected timetable by reference to “D”, BOIG plc will give adequate notice of all of these dates, when known, by issuing an announcement through a Regulatory Information Service and by posting notice of these dates on the Group’s website. Further updates of changes to other times or dates indicated above shall be notified in the same way.
- 2 If either the High Court Convened Stockholder Meeting or the Extraordinary General Court is adjourned, the Entitlement to Vote Record Time for the relevant adjourned meeting will be 6.00 p.m. on the date which is two business days before the date fixed for the relevant adjourned meeting.
- 3 Or, if later, as soon thereafter as the High Court Convened Stockholder Meeting shall have concluded or been adjourned.
- 4 Any reference to a day before or after “D” is a reference to a business day.
- 5 This is the latest date by which the Scheme may become effective unless the Bank and BOIG plc agree, with the consent of the High Court (if required), a later date.



## PART I

### LETTER FROM THE GOVERNOR OF THE BANK

#### *The Governor and Company of the Bank of Ireland*

*(Established in Ireland by Charter in 1783 and having limited liability with registered no. C-1)*

#### *Directors*

Archie G Kane  
Kent Atkinson  
Richie Boucher  
Pat Butler  
Tom Considine  
Patrick Haren  
Andrew Keating  
Patrick Kennedy  
Davida Marston  
Brad Martin  
Fiona Muldoon  
Patrick Mulvihill

#### *Registered office*

40 Mespil Road  
Dublin 4

4 April 2017

#### **Recommended Proposals for a Group Reorganisation including the establishment of a new Irish incorporated group holding company Bank of Ireland Group plc to be effected by a Scheme of Arrangement pursuant to Chapter 1 Part 9 of the Companies Act 2014 (the “Scheme”)**

Dear Stockholder,

#### **1. Introduction**

The Group intends to implement a corporate reorganisation which would result in a new Irish-incorporated company, Bank of Ireland Group plc (“**BOIG plc**”), being introduced as the listed holding company of the Group. The purpose of the reorganisation is to implement the preferred resolution strategy for the Group determined by the Single Resolution Board (“**SRB**”) and the Bank of England (“**BOE**”). Under the reorganisation, BOIG plc will become the 100% owner of the Ordinary Stock in the Bank, and Ordinary Stockholders in the Bank will receive new ordinary shares in BOIG plc (“**BOIG plc Shares**”) in proportion to their current holding of Ordinary Stock in the Bank.

The reorganisation will be implemented by a scheme of arrangement under the Companies Act, with Ordinary Stockholders receiving one BOIG plc Share for every 30 units of Ordinary Stock. Ordinary Stockholders’ ownership in the Group will not change under the reorganisation (subject only to rounding for fractional entitlements which may arise pursuant to the proposed Consolidation, see Section 5.3 of this letter for further information on the Consolidation). The Scheme requires the approval of Scheme Stockholders and the High Court as set out in further detail below.

In addition, applications will be made by BOIG plc for admission of the entire issued ordinary share capital of BOIG plc to the primary listing segment of the Official List of the Irish Stock Exchange and the premium listing segment of the Official List of the FCA and to trading on the Irish Stock Exchange’s Main Securities Market and the London Stock Exchange’s main market for listed securities.

#### **2. Background to the Scheme**

The SRB is the banking resolution authority within the Banking Union of the European Union. It is the regulatory authority with responsibility to ensure that strategies and mechanisms are introduced to facilitate an orderly resolution of any failing bank that is under its jurisdiction, with minimum impact to the real economy and the public finances of the relevant Member State. In other words, the objective of the SRB is to ensure banks are structured in such a way that should the need arise for them to require additional capital this can be done without requiring contributions from taxpayers and without undermining the stability of the financial system.

The Group announced on 3 February 2017 that it had been notified by the SRB (in the context of its assessment of the resolvability of the Group) that the resolution authorities (being the SRB and the BOE working together within the Resolution College) had reached a joint decision on the group resolution plan for the Group and in that context had settled on a single point of entry (“**SPE**”) bail-in strategy at a holding

company level as the preferred resolution strategy (the “**Regulators’ Preferred Resolution Strategy**” or “**RPRS**”). This form of SPE strategy means that a holding company, which itself does not carry on any banking business, would become the listed parent company of a group. The holding company would be the primary issuer of the group’s capital instruments, including shares, equity instruments and debt instruments. It would in turn own subsidiaries (directly or indirectly) that would carry out the banking business of the group, including lending and taking deposits. Under the SPE strategy, if the banking group were to be recapitalised as part of a resolution event, it is expected that this would initially involve the restructuring of the capital at the holding company level (including the bail-in of holders of instruments issued by the holding company). If such a stabilisation phase were required, a restructuring phase would typically follow during which the resolution authorities would have scope to execute additional measures to address the root causes of the group’s failure with a view to returning it to profitability and long-term viability, such as the sale of subsidiaries, portfolios, business units and/or other measures.

### 3. **Reasons for the Scheme**

The purpose of the Scheme is to implement the RPRS by introducing a new Irish-incorporated company, BOIG plc, as the listed holding company of the Group. In the event of a resolution of the Group pursuant to an SPE bail-in strategy, BOIG plc would become the entity at which any bail-in would primarily be carried out, while the Bank, and its other subsidiaries, would, if the resolution strategy is successful, retain their current role as operational and retail deposit holding entities.

In making the decision to recommend that Scheme Stockholders approve the Scheme, the Directors of the Bank have considered, among other things, the following factors:

- *compliance with regulatory strategy*: it is in the interests of the Group that it is compliant with the RPRS, particularly taking into account the powers of enforcement that the resolution authorities have, including but not limited to, imposing their preferred resolution strategy on the Group;
- *enhanced ability to meet MREL targets*: implementing the Scheme in 2017 gives BOIG plc a longer period in which to achieve MREL targets to be set by the SRB, thereby maximising the opportunity of the Group to meet those targets as efficiently and as soon as possible;
- *market clarity*: the Scheme will give participants in the capital markets clarity at an early stage as to the RPRS and how it will be implemented by the Group;
- *improved resolvability*: implementation of the Scheme is intended to substantially improve the resolvability of the Group in a manner compatible with the RPRS for the Group and in accordance with the regulatory requirements of the jurisdictions in which the Group operates; and
- *enhanced flexibility in debt issuances and “bail-in”*: inserting a new holding company is expected to facilitate the issue of debt that can be “bailed-in” in a resolution while limiting the consequences of the bail-in on the operating entities of the Group and the creditors of those entities.

In the course of deliberations, the Directors also considered the risks and consequences if the Scheme is not implemented, the expected initial negative impact of the Scheme on the Group’s regulatory capital and the requirement to take further steps to create distributable reserves in BOIG plc following the implementation of the Scheme, which are discussed in more detail in this Part I.

Taking these factors into account, the Directors believe that timely establishment of a holding company is the most prudent course of action for the Group and its stockholders.

### 4. **Risks and Consequences if the Scheme is not Implemented**

If the Group does not comply with the RPRS in a timely manner and fails to implement a holding company (through failure to obtain either the required level of stockholder approval for the Scheme Resolutions or High Court approval of the Scheme), the Group could ultimately face a number of adverse consequences, including the following:

- the Group may not have in place a structure to enable orderly resolution in a failed scenario;
- the regulatory authorities relevant to the Group, including the CBI, the ECB, the PRA, and the BOE (the “**Regulatory Authorities**”) could impose obligations on the Group, including but not limited to, imposing the RPRS in a manner that is not optimal for the Group’s interests, either in terms of structure or timing, or which could otherwise have uncertain outcomes for the Group;
- the Group may have difficulty in meeting MREL requirements in a timely manner;

- in the absence of an implemented SPE strategy, the Regulatory Authorities could exercise other regulatory powers in relation to the Group, including imposing increased capital requirements; and
- enforcement action could be taken against the Group by the Regulatory Authorities (including ultimately the risk of sanctions, fines or penalties) and/or, ultimately, it may result in a withdrawal of the Group's relevant banking licences in Ireland and/or the UK which it requires to continue in business.

Such consequences could adversely affect the reputation, business and financial condition of the Group and/or the value of the Ordinary Stock and, ultimately, threaten the ability of the Group to continue its operations.

## 5. Principal Features of the Scheme

### 5.1 *Structure of the Scheme*

The reorganisation will be implemented by way of a High Court-sanctioned scheme of arrangement under Part 9 of the Companies Act. Under the Scheme, BOIG plc will become the holder of the entire issued and to be issued Ordinary Stock of the Bank. This is to be achieved by the cancellation or transfer of the Ordinary Stock in consideration for which Scheme Stockholders will receive BOIG plc Shares.

Under the Scheme, the capital stock of the Bank will be reduced by the cancellation of all of the Cancellation Stock. The cancellation of the Cancellation Stock will result in a reserve arising in the books of account of the Bank. This reserve, together with the entire amount standing to the credit of the Bank's stock premium account as at Scheme Record Time, will be used by the Bank to issue Ordinary Stock to BOIG plc which will be fully paid up as to par and at an aggregate premium equivalent to the entire amount standing to the credit of the Bank's stock premium account as at the Scheme Record Time. In addition, any Transfer Stock in issue at the Scheme Record Time will be transferred to BOIG plc in accordance with the terms of the Scheme. The Cancellation Stock and the Transfer Stock together constitute the Scheme Stock for the purposes of the Scheme. As a result of the Scheme, the Bank will become a subsidiary of BOIG plc.

In consideration for the cancellation or transfer of the Scheme Stock, Scheme Stockholders on the Register of Members at the Scheme Record Time will receive BOIG plc Shares on the basis of the Exchange Ratio. Unless the Directors of the Bank determine otherwise (as discussed in more detail in Section 5.3 below), the Exchange Ratio will entitle Scheme Stockholders to receive one BOIG plc Share for each individual holding of 30 units of Scheme Stock held by them at the Scheme Record Time (calculated in accordance with the Consolidation Basis set out in Section 5.3 below). The Scheme will result in Scheme Stockholders owning 100% of the share capital of BOIG plc. Ordinary Stockholders' ownership in the Group will remain the same (subject only to the rounding contemplated by the Consolidation Basis). Immediately following the Scheme becoming Effective, BOIG plc will own no material assets other than the New Ordinary Stock issued by the Bank. BOIG plc will have a similar governance structure to that of the Bank.

Neither the Treasury Stock nor the Designated Stock form part of the Scheme Stock and neither will be subject to cancellation or transfer under the terms of the Scheme. It is anticipated that the Treasury Stock, all of which is held by the Bank, will be left in situ in the Bank immediately following effectiveness of the Scheme and may be cancelled in due course. The Designated Stock, which constitutes a single unit of Ordinary Stock issued in favour of BOIG plc, will be excluded from the Scheme to ensure that the Bank continues to meet minimum shareholding requirements prescribed under the Companies Act during implementation of the Scheme. As the Designated Stock will be held by BOIG plc, it will be retained in issue following implementation of the Scheme and will be held by BOIG plc on the same basis as the New Ordinary Stock issued to BOIG plc (or its nominee) pursuant to the terms of the Scheme.

The Scheme is subject to the conditions set out at Section 5.2 of this letter and will require approval by Scheme Stockholders at the High Court Convened Stockholder Meeting and Ordinary Stockholders at the Extraordinary General Court.

The sole purpose of the High Court Convened Stockholder Meeting is to seek approval for the Scheme. The subsequent Extraordinary General Court, which will be held immediately after the High Court Convened Stockholder Meeting, is being called to enable Ordinary Stockholders to approve elements of the Scheme and various matters in connection with the Scheme, including the Scheme Resolutions. The Scheme will also require the sanction of the High Court at the High Court Hearing. Further details on these meetings are included at Section 5.4 of this letter and notices for each of these meetings are included at pages 62 and 64 of this Circular.

Upon the Scheme becoming Effective, it will be binding on all Ordinary Stockholders, irrespective of whether or not they attended (in person or by proxy) or voted at the High Court Convened Stockholder Meeting or the

Extraordinary General Court (and if they attended (in person or by proxy) and voted, whether or not they voted in favour). Share certificates in respect of Ordinary Stock will cease to be valid and entitlements to Ordinary Stock held within the CREST system will be cancelled.

The BOIG plc Shares issued to Scheme Stockholders pursuant to the Scheme will be issued credited as fully paid and will carry the right to receive dividends and other distributions declared, made or paid analogous to those currently applicable to the Ordinary Stock.

Fractions of BOIG plc Shares will not be allotted or issued to Scheme Stockholders. As explained in more detail in Section 5.3 of this letter, the Scheme has been structured to include a round up mechanism such that fractional entitlements to BOIG plc Shares which would otherwise arise as a result of the Consolidation will be rounded up and all Scheme Stockholders will have an entitlement to at least one BOIG plc Share upon implementation of the Scheme.

If the Scheme does not become Effective on or before 31 December 2017 (the “**Long Stop Date**”) (or such later date as the Bank and BOIG plc may agree and (if required) the High Court may allow), it will lapse and the Scheme will not proceed.

## 5.2 *Conditions to the Scheme*

The implementation of the Scheme is conditional upon the following:

- the approval of the Scheme by a majority in number representing not less than 75% in value of the Scheme Stockholders who are on the Register of Members of the Bank at the Entitlement to Vote Record Time, present and voting, either in person or by proxy, at the High Court Convened Stockholder Meeting (or at any adjournment of such meeting);
- the approval of, amongst other things, such of the Scheme Resolutions as are necessary to implement the Scheme by the requisite majorities of the Ordinary Stockholders at the Extraordinary General Court (or at any adjournment thereof);
- the Scheme being sanctioned by the High Court (with or without modification, on terms agreed by the Bank and BOIG plc) pursuant to section 453 of the Companies Act;
- the delivery of the office copy of the High Court Order and a copy of the minute required by section 86 of the Companies Act to the Registrar of Companies;
- all regulatory approvals necessary to implement the Scheme having been obtained; and
- the Irish Stock Exchange, the UK Listing Authority and the London Stock Exchange having acknowledged to the Bank or its agent (and such acknowledgement not having been withdrawn) that the application for the Admission of the BOIG plc Shares has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject) will become effective as soon as a dealing notice has been issued by the Irish Stock Exchange, the UK Listing Authority and the London Stock Exchange acknowledging to BOIG plc or its agent (and such acknowledgement not having been withdrawn) that the BOIG plc Shares will be admitted to (i) listing on the primary listing segment of the Official List of the Irish Stock Exchange and on the premium listing segment of the Official List of the FCA; and (ii) trading on the Irish Stock Exchange’s Main Securities Market and on the London Stock Exchange’s main market for listed securities.

If the Scheme is sanctioned by the High Court and the other conditions to the Scheme are satisfied (or waived), the Scheme is expected to become Effective in July 2017 and dealings in BOIG plc Shares to be issued pursuant to the Scheme are expected to commence on or around the business day following the Effective Date.

If the Scheme has not become Effective by the Long Stop Date (or such later date as the Bank and BOIG plc agree and (if required) the High Court allows), it will lapse, in which event the Scheme will not proceed. If the Scheme does not proceed, there will not be a new holding company of the Bank, the Scheme Stockholders will remain stockholders of the Bank and the Ordinary Stock will continue to be admitted to trading on the Irish Stock Exchange and the London Stock Exchange. In these circumstances, the risks and consequences for the Group set out in Section 4 of this letter could arise.

The Directors will not take the necessary steps to implement the Scheme unless the above conditions have been satisfied and, at the relevant time, they consider that it continues to be in the Group’s best interests and that of its Stockholders that the Scheme should be implemented.

### 5.3 Consolidation and Exchange Ratio

The Bank currently has approximately 32 billion units of Ordinary Stock in issue. The Directors believe that a consolidation of the issued share capital of the Bank would position the share price in a range that is more appropriate to the size of the Group and may assist in reducing share price volatility.

In light of the above, it is proposed to implement the Consolidation as part of the Scheme. The Scheme has been structured to include a round up mechanism such that fractional entitlements to BOIG plc Shares which would otherwise arise as a result of the Consolidation will be rounded up and all Scheme Stockholders will have an entitlement to at least one BOIG plc Share upon implementation of the Scheme.

Under the Consolidation, upon the Scheme becoming Effective, Scheme Stockholders on the Register of Members at the Scheme Record Time will receive BOIG plc Shares in consideration for the cancellation of the Cancellation Stock and the transfer of any Transfer Stock held by them on the basis of the Exchange Ratio. Unless the Directors of the Bank determine otherwise, the Exchange Ratio will entitle Scheme Stockholders to receive one BOIG plc Share for each individual holding of 30 units of Scheme Stock held by them at the Scheme Record Time (calculated in accordance with the Consolidation Basis).

The Exchange Ratio will be calculated on the following basis (the “**Consolidation Basis**”):

- (a) each Scheme Stockholder’s aggregate holding of 30 units of Scheme Stock shall be consolidated and cancelled in exchange for the allotment and issue of one BOIG plc Share;
- (b) unless a Scheme Stockholder’s aggregate holding of Scheme Stock is exactly divisible by 30, the Scheme Stockholder will have a fractional entitlement to a BOIG plc Share;
- (c) fractions of BOIG plc Shares will not be issued to Scheme Stockholders and fractional entitlements to BOIG plc Shares which remain following the consolidation referred to in paragraph (a) above (including those arising by reason of there being fewer than 30 units of Scheme Stock in any Scheme Stockholder’s individual holding or fewer than 30 such units remaining following consolidation) shall be dealt with under paragraph (d) below; and
- (d) fractional entitlements to BOIG plc Shares will be rounded up to the nearest whole BOIG plc Share, such that any Scheme Stockholder with a fractional entitlement shall be allotted and issued one BOIG plc Share, credited as fully paid, in respect of such fractional entitlement.

For purely illustrative purposes, an example of the effect of the Consolidation for an individual Stockholder is set out below, on the assumption that the Directors do not exercise their discretion under the terms of the Scheme to amend the Exchange Ratio:

<b>Holding of Existing Ordinary Stock at the Scheme Record Time</b>	<b>Number of BOIG plc Shares resulting from the Consolidation (ignoring fractional entitlements)</b>	<b>Remaining fractional entitlement</b>	<b>Number of additional BOIG plc Shares to be issued in respect of fractional entitlement</b>	<b>Total number of BOIG plc Shares resulting from the Consolidation</b>
1	0	1/30	1	1
29	0	29/30	1	1
30	1	0	0	1
100	3	10/30	1	4
3,001	100	1/30	1	101

The Directors may, at any time prior to the Scheme Record Time, in their absolute discretion, determine that the Exchange Ratio shall be revised such that each Scheme Stockholder would be entitled to one BOIG plc Share for each unit of Scheme Stock held by them.

While the Consolidation is not a required aspect of a scheme of arrangement, the Directors have decided to implement the Consolidation as part of the structure of the Scheme, as doing so eliminates a substantial part of the costs of carrying out a Consolidation on a stand-alone basis.

### 5.4 Meetings and Resolutions

#### *The High Court Convened Stockholder Meeting*

The High Court Convened Stockholder Meeting, which has been convened for 2.00 p.m. on 28 April 2017 at the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland, is being held at the direction of the High Court to seek the approval of the Scheme Stockholders for the Scheme.

At the High Court Convened Stockholder Meeting, notice of which is included at page 62 of this Circular, voting will be by poll and not a show of hands and each member present, either in person or by proxy, will be entitled to one vote for each unit of Scheme Stock held. The approval required at the High Court Convened Stockholder Meeting is a majority in number of those Scheme Stockholders, representing three-fourths (75%) or more in value of the Scheme Stock held by such holders at the Entitlement to Vote Record Time, present and voting either in person or by proxy.

#### *The Extraordinary General Court*

In addition to the High Court Convened Stockholder Meeting, the Extraordinary General Court has been convened for 2.15 p.m. on 28 April 2017 in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland, or as soon thereafter as the High Court Convened Stockholder Meeting has concluded or been adjourned, to consider and, if thought fit, pass the Scheme Resolutions.

The special resolutions set out in the notice of Extraordinary General Court (which is included at page 64 of this Circular) each require the approval of Ordinary Stockholders, representing not less than three-fourths (75%) of the votes cast by the Ordinary Stockholders, present and voting either in person or by proxy to be passed. The ordinary resolutions set out in the notice of Extraordinary General Court each require a simple majority of votes (i.e. greater than 50%) cast by stockholders voting in person or by proxy to be passed.

#### *The Scheme Resolutions*

The following is a description of the resolutions proposed at the Extraordinary General Court. The full text of the resolutions is in the Notice of the Extraordinary General Court which accompanies this Circular.

In the event that any of Resolutions 1, 2 and 3 are not passed, the Scheme will not proceed. Resolutions 4 and 5 are not a condition to the Scheme.

#### **Resolution 1: To approve the Scheme of Arrangement**

Resolution 1, which will be proposed as an ordinary resolution, proposes that, subject to the requisite majorities of Ordinary Stockholders approving the Scheme at the High Court Convened Stockholder meeting, the Scheme be approved and that the Directors be authorised to take all steps and enter all agreements and arrangements necessary to implement the Scheme.

#### **Resolution 2: Cancellation of Cancellation Stock pursuant to the Scheme**

Resolution 2, which will be proposed as a special resolution, proposes that, subject to the passing of Resolutions 1 and 3, and the confirmation of the High Court, the issued capital stock of the Bank be reduced pursuant to the Scheme by cancelling and extinguishing the Cancellation Stock without reducing the authorised share capital of the Bank.

#### **Resolution 3: Authority to allot Securities and Application of Reserves**

Resolution 3, which will be proposed as an ordinary resolution, proposes, subject to the passing of Resolutions 1 and 2, that upon the capital reduction to be approved under Resolution 2 taking place, the Directors are generally authorised to issue Ordinary Stock pursuant to the Scheme up to a maximum of the aggregate nominal value of the Cancellation Stock (representing approximately 100% of the existing issued Ordinary Stock of the Bank, excluding treasury stock, as at the Latest Practicable Date).

It is also proposed that both the reserve arising in the books of account of the Bank as a result of the cancellation of the Cancellation Stock and the entire amount standing to the credit of the Bank's stock premium account at the Scheme Record Time be used in paying up in full units of New Ordinary Stock to be allotted and issued to BOIG plc equal to the aggregate of the number of units of the Cancellation Stock cancelled pursuant to the Scheme.

As at the Latest Practicable Date, 22,008,690 units of Ordinary Stock were held by the Bank in treasury, representing, in aggregate 0.068% of the Bank's issued capital stock (excluding treasury stock) as at the Latest Practicable Date.

The Directors intend to use this authority to issue Ordinary Stock in connection with the Scheme. The authority being sought, if granted, will remain in force until the Long Stop Date and is without prejudice to any other authority granted under section 1021 of the Companies Act before the date the resolution is passed.

#### **Resolution 4: Amendment to Bye-Laws**

Resolution 4, which will be proposed as a special resolution, is to amend the Bye-Laws of the Bank. The following are the main changes proposed to be made to the Bye-Laws:

- *Scheme provisions:* (new Bye-Law 3(h)): The new Bye-Law will provide a mechanism for new stock to be bound by the Scheme;
- *Reduction in quorum* (Bye-Law 50): The quorum reduction is to reflect the fact that following the Scheme, the Bank will have one Ordinary Stockholder and all the voting rights will be held by BOIG plc. The current quorum requirement in the Bye-Laws is ten Stockholders;
- *Removal of director stock qualification:* (Bye-Law 75): The stock qualification requirement for Directors of the Bank is being removed so that it does not interfere with the implementation of the Scheme. The share qualification requirement is included in the BOIG plc Constitution; and
- *Inclusion of written resolution provision:* (Bye-Law 59(d)): As with the reduction in quorum, the written resolution procedure is being included to enable the Bank to pass resolutions more easily on the implementation of the Scheme.

A copy of the Bye-Laws in the form amended by this resolution is available on the Bank's website <https://investorrelations.bankofireland.com> and will also be available for inspection at the registered office of the Bank during business hours on any business day from the date of the notice of Extraordinary General Court up to and including the date of the Extraordinary General Court as well as being available at the Extraordinary General Court, on 28 April 2017.

#### **Resolution 5: Advisory Resolution in relation to Creation of Distributable Reserves in BOIG plc (the "Distributable Reserves Resolution")**

Resolution 5, which will be proposed as an ordinary advisory and non-binding resolution, proposes to approve the creation of distributable reserves (within the meaning of section 117 of the Companies Act) in BOIG plc, by:

- (i) the reduction, pursuant to sections 84 and 85 of the Companies Act, of up to the entire amount standing to the credit of the share premium account of BOIG plc arising as a result of the issuance of the BOIG plc Shares pursuant to of the Scheme; and/or
- (ii) the capitalisation of any merger reserve account of BOIG plc resulting from the issuance of the BOIG plc Shares pursuant to the Scheme (the "**Capitalisation**") and the subsequent reduction, pursuant to sections 84 and 85 of the Companies Act, of up to the entire amount standing to the credit of the share capital and share premium accounts of BOIG plc arising as a result of the Capitalisation; and/or
- (iii) the reduction, pursuant to sections 84 and 85 of the Companies Act, of up to the entire amount standing to the credit of the undenominated capital account of BOIG plc as a result of the creation of undenominated capital following the effectiveness of a resolution, pursuant to section 83(1)(d) of the Companies Act, to reduce the nominal value of the BOIG plc Shares issued pursuant to the Scheme.

Under Irish company law, any dividends on BOIG plc Shares must be funded from distributable reserves and any redemption of Ordinary Shares or repurchase of Ordinary Shares by BOIG plc must be funded from the distributable reserves of BOIG plc or from the proceeds of a fresh issue of shares for that purpose. Section 84 of the Companies Act enables a company, subject to shareholder approval and the confirmation of the High Court, to create distributable reserves through a reduction of company capital. BOIG plc wishes to ensure that it is not constrained from paying dividends, redeeming or repurchasing Ordinary Shares by a lack of distributable reserves in circumstances where BOIG plc is otherwise in a position to pay dividends, redeem or repurchase Ordinary Shares (in compliance with applicable regulatory capital and Company law requirements) and this resolution is intended to maximise BOIG plc's flexibility to do so.

The Government of Ireland has proposed a number of amendments to the Companies Act in the form of the Companies (Accounting) Bill 2016 (the "**2016 Bill**"), including a proposed amendment to section 72 of the Companies Act which would, if effective on or prior to the Effective Date, result in the application of section 72 of the Companies Act to the acquisition of the Bank by BOIG plc pursuant to the terms of the Scheme. As at the Latest Practicable Date prior to the publication of this Circular, there is no certainty as to whether or not the 2016 Bill will be enacted on or before the Effective Date, or at all. If section 72 of the Companies Act is amended in the manner set out in the most recent draft of the 2016 Bill on the Latest Practicable Date prior to the publication of this Circular, such that it applies to the acquisition of the Bank by BOIG plc pursuant to the

Scheme, the implementation of the transactions contemplated by the Scheme would result in the creation of a merger reserve in BOIG plc in an amount equal to the difference between the nominal value of the BOIG plc Shares issued pursuant to the terms of the Scheme and the net asset value of the Bank on the Effective Date. As a merger reserve does not form part of the distributable reserves of a company, it is proposed that any merger reserve arising in the accounts of BOIG plc as a result of the implementation of the Scheme would be capitalised and the share capital and share premium arising as a result of such capitalisation be reduced pursuant to section 84 of the Companies Act to create distributable reserves in BOIG plc.

In addition, if the 2016 Bill is enacted on or prior to the Effective Date of the Scheme, the nominal value of the BOIG plc Shares may be increased by BOIG plc pursuant to section 83(1)(c) of the Companies Act by an ordinary resolution (including by way of written resolution) of BOIG plc passed on or prior to the Effective Date. The purpose of any such increase in the nominal value of the BOIG plc Shares would be to increase the aggregate nominal value of the BOIG plc Shares issued pursuant to the Scheme and to reduce the amount of the merger reserve arising pursuant to section 72 by a corresponding amount. The amount by which the nominal value of the BOIG plc Shares would be increased in such circumstances will be determined by the Directors of BOIG plc in advance of the Effective Date by reference to the anticipated net asset value of the Bank on the Effective Date. If the nominal value of the BOIG plc Shares is increased as set out above, that nominal value will, by an ordinary resolution (including by way of written resolution) of BOIG plc passed on or prior to the Effective Date, with effect from immediately following the allotment and issue of the BOIG plc Shares pursuant to the terms of the Scheme, be reduced pursuant to section 83(1)(d) of the Companies Act, with any amounts so deducted being credited to the undenominated capital of BOIG plc. While the amount by which the nominal value of the BOIG plc Shares would be reduced will be determined by the BOIG plc Directors prior to the Effective Date, it is currently anticipated that the nominal value of the BOIG plc Shares on Admission will be €1.00 per ordinary share, being the nominal value of the BOIG plc Shares on the date of this Circular. If the nominal value of the BOIG plc Shares is reduced in this manner, up to the entire amount of the resulting undenominated capital will (pursuant to the BOIG plc Shareholder resolution passed on 31 March 2017) subsequently be reduced, subject to High Court approval, and converted into distributable reserves of BOIG plc.

If the 2016 Bill is not enacted prior to the Effective Date of the Scheme, section 72 of the Companies Act will not apply to the transactions contemplated by the Scheme and, as a result, no merger reserve will arise in the accounts of BOIG plc on implementation of the Scheme. In those circumstances it is not anticipated that the nominal value of the BOIG plc Shares will be renominalised as set out above.

In addition, if the Directors exercise their discretion to change the Exchange Ratio to a 1:1 Exchange Ratio, it is anticipated that the nominal value of the BOIG plc Shares will be reduced pursuant to section 83(1)(d) of the Companies Act to €0.05 per ordinary share prior to the Effective Date of the Scheme. The purpose of such a reduction in nominal value would be to ensure that the BOIG plc Shares issued pursuant to the Scheme are fully paid up on issue.

#### *The High Court Hearing and sanction of the Scheme*

The Scheme also requires the approval of the High Court. As an initial step, on 3 April 2017, the Bank sought directions from the High Court to convene the High Court Convened Stockholder Meeting on 28 April 2017. If the Scheme is approved at the High Court Convened Stockholder Meeting and the Scheme Resolutions are approved at the Extraordinary General Court, the Bank intends to issue an application to the High Court to set a date for the substantive High Court Hearing (at which it is proposed that the High Court sanction the Scheme). It is expected that the substantive High Court Hearing will take place in June 2017. The date ultimately set by the High Court for approval of the Scheme will depend on a number of factors, including availability of the High Court. Once a date is fixed for the High Court Hearing, it will be advertised in the manner directed by the High Court.

The Directors of the Bank have the discretion to determine whether to proceed with seeking the sanction of the High Court for the Scheme and the timing of such an application, and the Directors of the Bank have the right to delay or not to seek the sanction of the High Court if they consider doing so is in the best interests of the Bank and the Ordinary Stockholders.

#### *Announcement of Results*

As soon as practicable following the Extraordinary General Court, the Bank will make a public announcement stating whether or not the Scheme Resolutions were passed by the requisite majorities and provide voting results in relation to the Extraordinary General Court.



As soon as practicable following the High Court Hearing, the Bank will make a public announcement stating whether or not the Scheme was approved by the High Court.

For further information on the expected timetable of principal events, including the meetings described above, see page 4 (*Expected Timetable of Principal Events*) of this Circular.

### **5.5 *Modification to the Scheme***

The Scheme contains a provision for the Bank and BOIG plc jointly to consent, on behalf of all persons concerned, to any modification of or addition to the Scheme, or to any condition that the High Court may think fit to approve or impose. BOIG plc has been advised by its legal advisors that the High Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be materially prejudicial to the interests of the Scheme Stockholders unless the Scheme Stockholders were informed of any such modification, addition or condition. It will be a matter for the High Court to decide, in its discretion, whether or not further meetings of Ordinary Stockholders should be held to consider such modification, addition or condition. If the High Court does approve or impose a modification of, or addition or condition to, the Scheme that, in the opinion of the Directors, is such as to require the consent of Ordinary Stockholders, the Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained.

### **5.6 *Timetable for the Scheme***

If the Scheme is sanctioned by the High Court and the other conditions to the Scheme are satisfied (or waived), the Scheme is expected to become Effective in July 2017 and dealings in BOIG plc Shares to be issued pursuant to the Scheme are expected to commence on or around the business day following the Effective Date.

If the Scheme has not become Effective by the Long Stop Date (or such later date as the Bank and BOIG plc agree and the High Court allows (if required)), it will lapse. In the event that the Directors of the Bank are not satisfied that the Scheme is reasonably certain to become Effective in time to proceed with the capital reduction of BOIG plc in 2017 to create distributable reserves for BOIG plc, the Directors will not proceed with the Scheme.

The Scheme will become Effective as soon as an office copy of the High Court Order and a copy of the minute required by section 86 of the Companies Act have been duly delivered by the Bank to the Registrar of Companies for registration and have been registered by the Registrar of Companies.

If the Scheme becomes Effective, it will be binding on all Ordinary Stockholders irrespective of whether or not they attended or voted in favour of the Scheme at the High Court Convened Stockholder Meeting or in favour of the Scheme Resolutions to be proposed at the Extraordinary General Court. The Scheme cannot be revoked or suspended once it has become Effective.

### **5.7 *Corporate Governance and Court of Directors***

With the exception of Brad Martin (who is a Non-Executive Director on the Court of Directors) who will be retiring from the Court of Directors at the Bank's next Annual General Court on 28 April 2017 and so has not been appointed as a Director of BOIG plc, it is expected that BOIG plc will have the same Board of Directors, committee structures and management as the Bank. On 24 March 2017, the Group announced that Richie Boucher had informed the Group that he intends to step down as Group Chief Executive Officer and to resign as a Director later in 2017. As part of the Group's ongoing succession planning, a selection process is underway to appoint a new Group Chief Executive Officer and Richie Boucher will continue in his role pending completion of this process. With the exception of the above mentioned retiring Bank Director, all Non-Executive Directors of the Bank have been appointed to the Board of BOIG plc and with effect from the Effective Date, on similar terms as those which are currently in place with respect to their appointments to the Court of Directors of the Bank. There will be no changes to the remuneration or benefits of Non-Executive Directors appointed to the Board of BOIG plc as a result of the Scheme. Executive Directors will continue to have service contracts with the Bank and their terms will be unchanged as a result of the Scheme, other than to acknowledge that, with effect from the Effective Date, their role will include the same executive functions in respect of BOIG plc.

### **5.8 *Changes to the rights and obligations of Stockholders under the BOIG plc Constitution***

From the Effective Date, Ordinary Stockholders will no longer hold Ordinary Stock and will no longer be subject to the Bank's Bye-Laws. Instead, they will become BOIG plc Shareholders and will be subject to the

BOIG plc Constitution. A BOIG plc Shareholder will, in all material respects, have the same voting rights and the same proportionate interest in the profits, net assets and dividends of the Group as he or she currently has as an Ordinary Stockholder. The BOIG plc Constitution is substantially consistent with the Bank's Bye-Laws. Certain changes have been made to the BOIG plc Constitution (as compared to the Bank's Bye-Laws) to account for the fact that BOIG plc is a public limited company incorporated under the Companies Act 2014 (as distinct from the Bank's status as a corporation incorporated by royal charter). The BOIG plc Constitution is in a form that reflects best practice for an Irish company whose shares trade on the Irish Stock Exchange's Main Securities Market and the London Stock Exchange's main market for listed securities. For further information in this respect see Part V (*Comparison of the Rights of Holders of the Bank's Ordinary Stock and the Holders of BOIG plc Shares*) of this Circular.

### **5.9 Irish Takeover Rules**

The Panel has, pursuant to its powers under the Irish Takeover Panel Act, provided a derogation from the application of the Irish Takeover Rules to the Scheme.

## **6. Impact of the Scheme on the Group's Regulatory Capital Ratios**

While the Group does not expect it to impact on the Group's reported CET 1 ratios, a holding company structure may adversely impact the consolidated Group's reported Total Capital, Tier 1 Capital and leverage ratios. The impact will depend on the timing of the holding company establishment, absolute capital levels and capital structure at the time of establishment, and any mitigating actions the Group may take. Had the Scheme been implemented as of 1 January 2017, it is estimated that the Group's transitional Tier 1 Capital ratio would reduce by approximately 0.7%, transitional Total Capital ratio by approximately 1.8%, and transitional leverage ratio by approximately 0.3%. This reduction arises as a consequence of the regulatory application of Articles 85 and 87 of the Capital Requirements Regulation, whereby relevant existing regulatory capital instruments issued by the Bank and its subsidiaries will not be recognised in full in the prudential consolidation following the establishment of a new holding company. Whilst a certain amount of these capital instruments will not count towards the calculation of the Group's regulatory capital ratios going forward, the instruments remain available to absorb losses and are expected to count as MREL. The impact on regulatory capital ratios will reduce when existing regulatory capital instruments issued by the Bank and its subsidiaries are redeemed. Future issuance of regulatory capital instruments is expected to be by BOIG plc. If the principal existing instruments were called at their first call dates, subject to regulatory approval, the impact of any remaining reductions is expected to be substantially eliminated by the end of June 2020. If the impact of these reductions had been applied as at 1 January 2017, it is estimated that the Group's pro forma transitional Tier 1 Capital, Total Capital and leverage ratios would have been 14.8%, 16.4% and 6.9% respectively compared to the Group's 2017 Tier 1 and Total Capital regulatory capital requirements of 9.5% and 11.5% respectively. The Group is not currently subject to any regulatory requirements in respect of the leverage ratio.

## **7. Distributable Reserves and Dividend Policy**

The Group's aim is to have a sustainable dividend. The Group expects dividend payments to recommence at a modest level, prudently and progressively building, over time, towards a payout ratio of around 50% of sustainable earnings. The dividend level and the rate of progression will reflect, amongst other things, the strength of the Group's capital and capital generation, the Group's assessment of the growth and investment opportunities available, any capital the Group retains to cover uncertainties and any impact from the evolving regulatory and accounting environments. As additional clarity emerges on the impact of the UK's decision to leave the European Union, and as the more recent improvement in the IAS 19 accounting pension deficit is sustained, the Group expects to recommence dividend payments in respect of financial year 2017, with the initial payment being made in the first half of 2018.

Since BOIG plc is a newly incorporated company, it will not initially have distributable reserves. It is proposed that following implementation of the Scheme, BOIG plc will create distributable reserves by way of a High Court approved capital reduction of BOIG plc. As included in the Scheme Resolutions which are set out and explained in Section 5.4 of this letter, the Ordinary Stockholders of the Bank will vote on this creation of distributable reserves by BOIG plc on an advisory and non-binding basis (see Resolution 5, the Distributable Reserves Resolution). The current BOIG plc Shareholders will approve this action before the Scheme becomes effective. The approval of the Distributable Reserves Resolution by the Ordinary Stockholders of the Bank is not a condition to the Scheme. If, as the Group expects, the capital reduction is completed in 2017, the Scheme is not expected to have any negative impact on distributable reserves, distributable items or the ability of BOIG plc to make distributions in the future. In the event distributable reserves of BOIG plc are not created

pursuant to the capital reduction process, BOIG plc would have to generate distributable reserves from realised profits earned after the Scheme, before making distributions by way of dividends, share repurchases or otherwise. Although the Group is not aware of any reason why the High Court would not approve the creation of the distributable reserves, the issuance of the required order is ultimately a matter for the discretion of the High Court.

Implementing the Scheme in 2017 should allow the Group to maintain control over the timing of the implementation of the RPRS so that there should, the Group believes, be sufficient time for BOIG plc to apply to the High Court for approval of a capital reduction to create distributable reserves which would be available for 2018.

## **8. Overseas Stockholders**

### **8.1 General**

The Scheme may have implications for Overseas Stockholders under the laws of the relevant overseas jurisdictions. Overseas Stockholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Stockholder to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document does not constitute an offer to purchase, sell, subscribe for or exchange or the solicitation of an offer to purchase, sell, subscribe for or exchange any securities or the solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.

This document has been prepared for the purposes of complying with Irish law and information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

The BOIG plc Shares will not be registered under the US Securities Act but are expected to be issued pursuant to an exemption from registration under section 3(a)(10) of the US Securities Act which exempts from registration securities exchanged for other securities in a transaction in which, amongst other things, a court or authorised governmental entity approves the fairness of the terms and conditions of the exchange after having found, before approving the transaction, that the terms and conditions of the exchange are fair to those to whom the new securities will be issued.

Ordinary Stockholders who are citizens or residents of other jurisdictions outside Ireland should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

### **8.2 Restricted Jurisdictions**

The Directors may determine that the Circular and other Scheme documentation shall not be distributed into Restricted Jurisdictions.

### **8.3 Restricted Stockholders**

If, in respect of any Overseas Stockholders, the Bank considers that the allotment and issue of BOIG plc Shares may infringe the laws of any jurisdiction outside Ireland or the UK or that to seek legal advice in relation to same would be unduly onerous having regard (without limitation) to the cost and inconvenience of obtaining such advice and complying with any requirements that might be contained in such advice, or if such allotment and issue of BOIG plc Shares in any such jurisdiction might require BOIG plc to observe any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of BOIG plc, it would be unable to comply with or which it regards as unduly onerous (as aforesaid), then the Scheme provides that the Bank may in its sole discretion determine that no BOIG plc Shares shall be allotted and issued to such shareholders (“**Restricted Stockholders**”) but instead that those BOIG plc Shares (the “**Restricted Shares**”) shall be issued and allotted directly to a Share Sale Facility Agent appointed by BOIG plc as trustee for such Restricted Stockholder, on terms that the Restricted Shares shall be sold on behalf of such shareholder as soon as reasonably practicable after the Scheme becomes Effective at the best price that can be reasonably obtained at the time of sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon), with the net proceeds of sale being remitted to the Restricted Stockholder concerned at the risk of such shareholder who shall have no further claim or right of action in respect of such

Restricted Shares. The Bank retains the right to permit the release, publication or distribution of the Circular or the Forms of Proxy or the allotment and issue of any BOIG plc Shares pursuant to the terms of the Scheme to any Restricted Stockholder who satisfies the Bank (in its sole discretion) that doing so will not infringe the laws of the relevant Restricted Jurisdiction or require compliance with any government or other consent or any registration, filing or other formality that the Bank is unable to comply with or regards as unduly onerous to comply with.

## **9. Further Information**

Your attention is drawn to the further information set out in this Circular. Ordinary Stockholders should read the whole of this Circular and not just rely on the summarised information set out in this letter.

Further details relating to BOIG plc are contained in the Prospectus dated on or around 4 April 2017 (which has been published and approved and filed with the CBI in accordance with the Prospectus Directive and Prospectus Regulations and which may be downloaded at <https://investorrelations.bankofireland.com> and may be inspected at the registered office of the Bank and BOIG plc at 40 Mespil Road, Dublin 4 and at the offices of Arthur Cox Solicitors at Ten Earlsfort Terrace, Dublin 2).

## **10. Admission and Settlement**

Applications will be made to the Irish Stock Exchange and to the UK Listing Authority for all of the BOIG plc Shares to be admitted to (i) listing on the primary listing segment of the Official List of the Irish Stock Exchange and to the premium listing segment of the Official List of the FCA; and (ii) trading on the Irish Stock Exchange Main Securities Market and the London Stock Exchange's main market for listed securities.

If the Scheme proceeds as currently envisaged, it is expected that the last day of trading in Ordinary Stock on the Irish Stock Exchange and London Stock Exchange will be the Effective Date and that the admissions to trading on the Irish Stock Exchange and London Stock Exchange of the Ordinary Stock will be cancelled at close of business on the Effective Date. Admission will become effective, and trading in BOIG plc Shares will commence, at 08:00 am on or around the business day following the Effective Date.

These dates may be deferred if it is necessary to adjourn any meeting required to approve the arrangements described in this document or if there is any delay in obtaining the High Court's sanction of the Scheme. In the event of a delay, the applications for cancellation of trading from the Irish Stock Exchange and London Stock Exchange of the Ordinary Stock will be deferred, so that the listings will not be cancelled until the Scheme becomes Effective.

With effect from (and including) the Effective Time, all stock certificates representing Ordinary Stock will cease to be valid and should, if so requested by BOIG plc or its agents, be sent to BOIG plc for cancellation. BOIG plc does not currently intend to issue any such request.

BOIG plc Shares can be held in certificated or uncertificated form. Definitive share certificates for the BOIG plc Shares of Scheme Stockholders who held their Ordinary Stock in certificated form are expected to be despatched no later than 14 days following the Effective Date. In the case of joint holders, share certificates will be despatched to all joint holders as they appear in the register. All share certificates will be sent at the risk of the person entitled thereto. Pending the despatch of such certificates, transfers of BOIG plc Shares in certificated form will be certified against the register of BOIG plc. Temporary documents of title have not been, and will not be, issued in respect of such shares.

Ordinary Stock held in uncertificated form will be disabled in CREST on the Effective Date. For Ordinary Stockholders who hold their Ordinary Stock in a CREST account, BOIG plc Shares are expected to be credited to the relevant CREST member account on or around Admission. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The BOIG plc Constitution permits the holding of BOIG plc Shares under the CREST system. Application will be made for the BOIG plc Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in BOIG plc Shares following Admission may take place within the CREST system. CREST is a voluntary system and holders of BOIG plc Shares who wish to receive and retain share certificates will be able to remove their BOIG plc Shares from the CREST system following the Scheme becoming Effective.

BOIG plc will have the right to issue BOIG plc Shares to all shareholders in certificated form if, for any reason, it wishes to do so.

All instructions, mandates, elections and communication preferences then in force on the Effective Date relating to notices and other communications will, unless and until varied or revoked, be deemed from the Effective Date to be valid and effective mandates or instructions to BOIG plc in relation to the corresponding holding of BOIG plc Shares.

All documents, certificates, cheques or other communications sent by, to, from or on behalf of Scheme Stockholders, or as such persons shall direct, will be sent entirely at their own risk.

#### **11. Action to be taken**

The Scheme requires approval by a simple majority (i.e. greater than 50%) in number of Scheme Stockholders present and voting (either in person or by proxy) at the High Court Convened Stockholder Meeting representing not less than 75% of the nominal value of the Ordinary Stock held by such Scheme Stockholders. The proposed resolution at the High Court Convened Stockholder Meeting will be decided by way of a poll. On the poll each Scheme Stockholder entitled to vote will have one vote for each unit of Scheme Stock held. To be effective the Scheme also requires the passing of resolutions to, amongst other things, approve the Scheme, at the Extraordinary General Court. These Scheme Resolutions are set out and explained in Section 5.4 of this letter. The approval of the Distributable Reserves Resolution and the proposal to amend the Bye-Laws of the Bank are not conditions to the Scheme. Each of the resolutions to be proposed at the Extraordinary General Court will be decided by way of a poll. On a poll at the Extraordinary General Court each Ordinary Stockholder entitled to vote will have one vote for each unit of Ordinary Stock held.

Notices of the High Court Convened Stockholder Meeting and the Extraordinary General Court are set out at pages 62 and 64 of this Circular respectively.

**It is important that as many votes as possible are cast at the High Court Convened Stockholder Meeting so that the Court of Directors may be satisfied that there is a fair representation of Ordinary Stockholder opinion at the High Court Convened Stockholder Meeting.**

You will find enclosed with this Circular a Form of Proxy for use at each of the High Court Convened Stockholder Meeting and the Extraordinary General Court. Whether or not you intend to be present at the High Court Convened Stockholder Meeting and/or the Extraordinary General Court in person, it is important that you complete and return the Forms of Proxy (in accordance with the instructions printed thereon) and return it to the Bank's registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as soon as possible and in any event so as to be received by no later than 2.00 p.m. on 26 April 2017 in respect of the High Court Convened Stockholder Meeting and 2.15 p.m. on 26 April 2017 in respect of the Extraordinary General Court. You may also submit your proxies electronically using your investor code detailed on the Forms of Proxy. The completion and return of the Forms of Proxy will not preclude you from attending the High Court Convened Stockholder Meeting or the Extraordinary General Court and voting in person if you wish to do so and are entitled.

#### **12. Recommendation**

**The Court of Directors considers the terms of the Scheme to be fair and reasonable and to be in the best interests of the Ordinary Stockholders and in the best interests of the Group as a whole.**

**The Court of Directors unanimously recommends that you vote in favour of (i) the Scheme at the High Court Convened Stockholder Meeting; and (ii) the Scheme Resolutions (including the Distributable Reserves Resolution) to be proposed at the Extraordinary General Court as the members of the Court intend to do in respect of their own Ordinary Stock.**

Yours faithfully



**Governor**

**The Governor and Company of the Bank of Ireland**

## PART II

### EXPLANATORY STATEMENT

#### 1. Introduction

The Group intends to implement a corporate reorganisation which would result in a new Irish-incorporated company, Bank of Ireland Group plc (“**BOIG plc**”), being introduced as the listed holding company of the Group. The purpose of the reorganisation is to implement the preferred resolution strategy for the Group determined by the Single Resolution Board (“**SRB**”) and the Bank of England (“**BOE**”). Under the reorganisation, BOIG plc will become the 100% owner of the Ordinary Stock in the Bank, and Ordinary Stockholders in the Bank will receive new ordinary shares in BOIG plc (“**BOIG plc Shares**”) in proportion to their current holding of Ordinary Stock in the Bank.

The reorganisation will be implemented by a scheme of arrangement under the Companies Act, with Ordinary Stockholders receiving one BOIG plc Share for every 30 units of Ordinary Stock. Ordinary Stockholders’ ownership in the Group will not change under the reorganisation (subject only to rounding for fractional entitlements which may arise pursuant to the proposed Consolidation. See Section 5.3 of Part I (*Letter from the Governor of the Bank*)). The Scheme requires the approval of Scheme Stockholders and the High Court as set out in further detail below.

In addition, applications will be made by BOIG plc for admission of the entire issued ordinary share capital of BOIG plc to the primary listing segment of the Official List of the Irish Stock Exchange and the premium listing segment of the Official List of the FCA and to trading on the Irish Stock Exchange’s Main Securities Market and the London Stock Exchange’s main market for listed securities.

#### 2. Background to the Scheme

The SRB is the banking resolution authority within the Banking Union of the European Union. It is the regulatory authority with responsibility to ensure that strategies and mechanisms are introduced to facilitate an orderly resolution of any failing bank that is under its jurisdiction, with minimum impact to the real economy and the public finances of the relevant Member State. In other words, the objective of the SRB is to ensure banks are structured in such a way that should the need arise for them to require additional capital this can be done without requiring contributions from taxpayers and without undermining the stability of the financial system.

The Group announced on 3 February 2017 that it had been notified by the SRB (in the context of its assessment of the resolvability of the Group) that the resolution authorities (being the SRB and the BOE working together within the Resolution College) had reached a joint decision on the group resolution plan for the Group and in that context had settled on a single point of entry (“**SPE**”) bail-in strategy at a holding company level as the preferred resolution strategy (the “**Regulators’ Preferred Resolution Strategy**” or “**RPRS**”). This form of SPE strategy means that a holding company, which itself does not carry on any banking business, would become the listed parent company of a group. The holding company would be the primary issuer of the group’s capital instruments, including shares, equity instruments and debt instruments. It would in turn own subsidiaries (directly or indirectly) that would carry out the banking business of the group, including lending and taking deposits. Under the SPE strategy, if the banking group were to be recapitalised as part of a resolution event, it is expected that this would initially involve the restructuring of the capital at the holding company level (including the bail-in of holders of instruments issued by the holding company). If such a stabilisation phase were required, a restructuring phase would typically follow during which the resolution authorities would have scope to execute additional measures to address the root causes of the group’s failure with a view to returning it to profitability and long-term viability, such as the sale of subsidiaries, portfolios, business units and/or other measures.

#### 3. Reasons for the Scheme

The purpose of the Scheme is to implement the RPRS by introducing a new Irish-incorporated company, BOIG plc, as the listed holding company of the Group. In the event of a resolution of the Group pursuant to an SPE bail-in, BOIG plc would become the entity at which any bail-in strategy would primarily be carried out, while the Bank, and its other subsidiaries, would, if the resolution strategy is successful, retain their current role as operational and retail deposit holding entities.

In making the decision to recommend that Scheme Stockholders approve the Scheme, the Directors considered, among other things, the factors outlined in Section 4 of Part I (*Letter from the Governor of the Bank*), together

with the risks and consequences if the Scheme is not implemented, as described in Section 4 below, and the expected initial negative impact of the Scheme on the Group's regulatory capital. For further information in this respect please see Section 6 of Part I (*Letter from the Governor of the Bank*).

In the course of deliberations, the Directors also considered the requirement to take further steps to create distributable reserves in BOIG plc following the implementation of the Scheme, which is discussed in more detail at Section 7 of Part I (*Letter from the Governor of the Bank*).

Taking these factors into account, the Directors believe that timely establishment of a holding company is the most prudent course of action for the Group and its stockholders.

#### **4. Risks and Consequences if the Scheme is not Implemented**

If the Group does not comply with the RPRS in a timely manner and fails to implement a holding company (through failure to obtain either the required level of stockholder approval for the Scheme Resolutions or High Court approval of the Scheme), the Group could ultimately face a number of adverse consequences, including the following:

- the Group may not have in place a structure to enable orderly resolution in a failed scenario;
- the regulatory authorities relevant to the Group, including the CBI, the ECB, the PRA and the BOE (the “**Regulatory Authorities**”) could impose obligations on the Group, including but not limited to, imposing the RPRS in a manner that is not optimal for the Group's interests, either in terms of structure or timing, or which could otherwise have uncertain outcomes for the Group;
- the Group may have difficulty in meeting MREL requirements in a timely manner;
- in the absence of an implemented SPE strategy, the Regulatory Authorities could exercise other regulatory powers in relation to the Group, including imposing increased capital requirements; and
- enforcement action could be taken against the Group by the Regulatory Authorities (including ultimately the risk of sanctions, fines or penalties) and/or, ultimately, it may result in a withdrawal of the Group's relevant banking licences in Ireland and/or the UK which it requires to continue in business.

Such consequences could adversely affect the reputation, business and financial condition of the Group and/or the value of the Ordinary Stock and, ultimately, threaten the ability of the Group to continue its operations.

#### **5. Principal Features of the Scheme**

Detailed information in relation to the Scheme, including the structure of the Scheme, the conditions to the Scheme, the Consolidation Basis and the timetable for the Scheme is set out in Section 5 of Part I (*Letter from the Governor of the Bank*) of this Circular.

#### **6. Effect of the Scheme on Directors' Interests**

Details of the interests of the Directors in the Ordinary Stock and the BOIG plc Shares are set out in Section 3 of Part VI (*Additional Information*) of this Circular. Ordinary Stock held by Directors will be subject to the Scheme.

Details of the related party transactions involving Directors are set out in Section 4 of Part VI (*Additional Information*) of this Circular.

Archie G Kane, Kent Atkinson, Richie Boucher, Pat Butler, Tom Considine, Patrick Haren, Andrew Keating, Patrick Kennedy, Davida Marston, Fiona Muldoon and Patrick Mulvihill were appointed as Directors of BOIG plc on 23 March 2017. Brad Martin, who is a Non-Executive Director on the Court of Directors, will be retiring from the Court of Directors at the Annual General Court on 28 April 2017 and has not been appointed as a Director of BOIG plc. Therefore, each of the Directors of the Bank, other than Brad Martin, is also a Director of BOIG plc. On 24 March 2017, the Group announced that Richie Boucher had informed the Group that he intends to step down as Group Chief Executive Officer and to resign as a Director later in 2017. As part of the Group's ongoing succession planning, a selection process is underway to appoint a new Group Chief Executive Officer and Richie Boucher will continue in his role pending completion of this process. The effective date of Richie Boucher's intended resignation as a Director is not yet known.

The total emoluments receivable by each Director will not change as a result of the Scheme.

The effect of the Scheme on the interests of the Directors, as holders of Ordinary Stock, does not differ from its effect on the interests of any other holder of Ordinary Stock.

## **7. Impact of the Scheme on the Group's Regulatory Capital Ratios**

Information on the Impact of the Scheme on the Group's regulatory capital ratios is set out in Section 6 of Part I (*Letter from the Governor of the Bank*) of this Circular.

## **8. Distributable Reserves and Dividend Policy**

The Group's aim is to have a sustainable dividend. The Group expects dividend payments to recommence at a modest level, prudently and progressively building, over time, towards a payout ratio of around 50% of sustainable earnings. The dividend level and the rate of progression will reflect, amongst other things, the strength of the Group's capital and capital generation, the Group's assessment of the growth and investment opportunities available, any capital the Group retains to cover uncertainties and any impact from the evolving regulatory and accounting environments. As additional clarity emerges on the impact of the UK's decision to leave the European Union, and as the more recent improvement in the IAS 19 accounting pension deficit is sustained, the Group expects to recommence dividend payments in respect of financial year 2017, with the initial payment being made in the first half of 2018.

Since BOIG plc is a newly incorporated company, it will not initially have distributable reserves. It is proposed that following implementation of the Scheme, BOIG plc will create distributable reserves by way of a High Court approved capital reduction of BOIG plc. As included in the Scheme Resolutions which are set out and explained in Section 5.4 of Part I (*Letter from the Governor of the Bank*), the Ordinary Stockholders of the Bank will vote on this creation of distributable reserves by BOIG plc on an advisory and non-binding basis (see Resolution 5, the Distributable Reserves Resolution). The current BOIG plc shareholders will approve this action before the Scheme becomes effective. The approval of the Distributable Reserves Resolution by the Ordinary Stockholders of the Bank is not a condition to the Scheme. If, as the Group expects, the capital reduction is completed in 2017, the Scheme is not expected to have any negative impact on distributable reserves, distributable items or the ability of BOIG plc to make distributions in the future. In the event distributable reserves of BOIG plc are not created pursuant to the capital reduction process, BOIG plc would have to generate distributable reserves from realised profits earned after the Scheme, before making distributions by way of dividends, share repurchases or otherwise. Although the Group is not aware of any reason why the High Court would not approve the creation of the distributable reserves, the issuance of the required order is ultimately a matter for the discretion of the High Court.

Implementing the Scheme in 2017 should allow the Group to maintain control over the timing of the implementation of the RPRS so that there should, the Group believes, be sufficient time for BOIG plc to apply to the High Court for approval of a capital reduction to create distributable reserves which would be available for 2018.

## **9. Other Considerations**

The Directors also considered that the Group is party to certain significant agreements that could potentially terminate upon a change of control of the Group, including a change of control as a result of the Scheme. The Group has undertaken a review of its material agreements and has assessed that it is unlikely that any change of control provisions contained in such agreements would give rise to termination rights as a result of the implementation of the Scheme.

## **10. Overseas Stockholders**

### **10.1 General**

The Scheme may have implications for Overseas Stockholders under the laws of the relevant overseas jurisdictions. Overseas Stockholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Stockholder to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document does not constitute an offer to purchase, sell, subscribe for or exchange or the solicitation of an offer to purchase, sell, subscribe for or exchange any securities or the solicitation of any vote or approval in any jurisdiction in which such offer or solicitation would be unlawful.



This document has been prepared for the purposes of complying with Irish law and information disclosed herein may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

The BOIG plc Shares will not be registered under the US Securities Act but are expected to be issued pursuant to an exemption from registration under section 3(a)(10) of the US Securities Act which exempts from registration securities exchanged for other securities in a transaction in which, amongst other things, a court or authorised governmental entity approves the fairness of the terms and conditions of the exchange after having found, before approving the transaction, that the terms and conditions of the exchange are fair to those to whom the new securities will be issued.

Ordinary Stockholders who are citizens or residents of other jurisdictions outside Ireland should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

## **10.2 Restricted Jurisdictions**

The Court of Directors may determine that the Circular and other Scheme documentation shall not be distributed into Restricted Jurisdictions.

## **10.3 Restricted Stockholders**

If, in respect of any Overseas Stockholders, the Bank considers that the allotment and issue of BOIG plc Shares may infringe the laws of any jurisdiction outside Ireland or the UK or that to seek legal advice in relation to same would be unduly onerous having regard (without limitation) to the cost and inconvenience of obtaining such advice and complying with any requirements that might be contained in such advice, or if such allotment and issue of BOIG plc Shares in any such jurisdiction might require BOIG plc to observe any governmental or other consent or effect any registration, filing or other formality with which, in the opinion of BOIG plc, it would be unable to comply with or which it regards as unduly onerous (as aforesaid), then the Scheme provides that the Bank may in its sole discretion determine that no BOIG plc Shares shall be allotted and issued to such shareholders (“**Restricted Stockholders**”) but instead that those BOIG plc Shares (the “**Restricted Shares**”) shall be issued and allotted directly to a Share Sale Facility Agent appointed by BOIG plc as trustee for such Restricted Stockholder, on terms that the Restricted Shares shall be sold on behalf of such shareholder as soon as reasonably practicable after the Scheme becomes Effective at the best price that can be reasonably obtained at the time of sale (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon), with the net proceeds of sale being remitted to the Restricted Stockholder concerned at the risk of such shareholder who shall have no further claim or right of action in respect of such Restricted Shares. The Bank retains the right to permit the release, publication or distribution of the Circular or the Forms of Proxy or the allotment and issue of any BOIG plc Shares pursuant to the terms of the Scheme to any Restricted Stockholder who satisfies the Bank (in its sole discretion) that doing so will not infringe the laws of the relevant Restricted Jurisdiction or require compliance with any government or other consent or any registration, filing or other formality that the Bank is unable to comply with or regards as unduly onerous to comply with.

## **11. Admission and Settlement**

Applications will be made to the Irish Stock Exchange and to the UK Listing Authority for all of the BOIG plc Shares to be admitted to (i) listing on the primary listing segment of the Official List of the Irish Stock Exchange and to the premium listing segment of the Official List of the FCA; and (ii) trading on the Irish Stock Exchange Main Securities Market and the London Stock Exchange’s main market for listed securities.

If the Scheme proceeds as currently envisaged, it is expected that the last day of trading in Ordinary Stock on the Irish Stock Exchange and London Stock Exchange will be the Effective Date and that the admissions to trading on the Irish Stock Exchange and London Stock Exchange of the Ordinary Stock will be cancelled at close of business on the Effective Date. Admission will become effective, and trading in BOIG plc Shares will commence, at 08:00 am on or around the business day following the Effective Date.

These dates may be deferred if it is necessary to adjourn any meeting required to approve the arrangements described in this document or if there is any delay in obtaining the High Court’s sanction of the Scheme. In the event of a delay, the applications for cancellation of trading from the Irish Stock Exchange and London Stock Exchange of the Ordinary Stock will be deferred, so that the listings will not be cancelled until the Scheme becomes Effective.

With effect from (and including) the Effective Date, all stock certificates representing Ordinary Stock will cease to be valid and should, if so requested by BOIG plc or its agents, be sent to BOIG plc for cancellation. BOIG plc does not currently intend to issue any such request.

BOIG plc Shares can be held in certificated or uncertificated form. Definitive share certificates for the BOIG plc Shares of Scheme Stockholders who held their Ordinary Stock in certificated form are expected to be despatched by no later than 14 days following the Effective Date. In the case of joint holders, share certificates will be despatched to all joint holders as they appear in the register. All share certificates will be sent at the risk of the person entitled thereto. Pending the despatch of such certificates, transfers of BOIG plc Shares in certificated form will be certified against the register of BOIG plc. Temporary documents of title have not been, and will not be, issued in respect of such shares.

Ordinary Stock held in uncertificated form will be disabled in CREST on the Effective Date. For Ordinary Stockholders who hold their Ordinary Stock in a CREST account, BOIG plc Shares are expected to be credited to the relevant CREST member account on or around Admission. CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The BOIG plc Constitution permits the holding of BOIG plc Shares under the CREST system. Application will be made for the BOIG plc Shares to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in BOIG plc Shares following Admission may take place within the CREST system. CREST is a voluntary system and holders of BOIG plc Shares who wish to receive and retain share certificates will be able to remove their BOIG plc Shares from the CREST system following the Scheme becoming Effective.

BOIG plc will have the right to issue BOIG plc Shares to all shareholders in certificated form if, for any reason, it wishes to do so.

All instructions, mandates, elections and communication preferences then in force on the Effective Date relating to notices and other communications will, unless and until varied or revoked, be deemed from the Effective Date to be valid and effective mandates or instructions to BOIG plc in relation to the corresponding holding of BOIG plc Shares.

All documents, certificates, cheques or other communications sent by, to, from or on behalf of Scheme Stockholders, or as such persons shall direct, will be sent entirely at their own risk.

## **12. Action to be taken**

Your attention is drawn to Section 11 of Part I (*Letter from the Governor of the Bank*) which sets out the actions you should take in respect of voting on the Scheme.

## **13. Recommendation**

**The Court of Directors considers the terms of the Scheme to be fair and reasonable and to be in the best interests of the Ordinary Stockholders and in the best interests of the Group as a whole.**

**The Court of Directors unanimously recommends that you vote in favour of (i) the Scheme at the High Court Convened Stockholder Meeting; and (ii) the Scheme Resolutions (including the Distributable Reserves Resolution) to be proposed at the Extraordinary General Court as the members of the Court intend to do in respect of their own Ordinary Stock.**

## PART III

### QUESTIONS AND ANSWERS IN RELATION TO THE SCHEME

The questions and answers set out below are intended to be generic guidance only and are not a substitute for reading this Circular in full. Ordinary Stockholders should read this document in full in determining what action to take. If you are in any doubt about the contents of this document, or as to what actions you should take, you are recommended to immediately consult, if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) or the Investment Intermediaries Act 1995 (as amended) and, if you are resident in the United Kingdom, a person authorised under the Financial Services and Markets Act 2000, as amended, of the United Kingdom, or another appropriately authorised professional adviser if you are in a territory outside Ireland or the United Kingdom.

#### 1. *What is being proposed?*

The Group intends to implement a corporate reorganisation which, subject to the requisite Stockholder approval and High Court approval, would result in a new Irish-incorporated company, Bank of Ireland Group plc (“**BOIG plc**”), being introduced as the listed holding company of the Group. Under the reorganisation, BOIG plc will become the 100% owner of the Ordinary Stock in the Governor and Company of the Bank of Ireland (the “**Bank**”) and the holders of the ordinary stock in the Bank, (the “**Ordinary Stockholders**”) will receive new ordinary shares in BOIG plc (“**BOIG plc Shares**”) in proportion to their current holding of Ordinary Stock in the Bank. Ordinary Stockholders’ ownership in the Group will not change under the reorganisation (subject only to rounding up for fractional entitlements which may arise pursuant to the proposed Share Consolidation, see Section 5.3 of Part I (*Letter from the Governor of the Bank*) for further information).

#### 2. *Why is the Scheme being proposed?*

The purpose of the reorganisation is to implement the Regulators’ Preferred Resolution Strategy for the Group determined by the regulatory authorities relevant to the Group, including the Central Bank of Ireland (“**CBI**”), the Bank of England (“**BOE**”), the Single Resolution Board (“**SRB**”), the European Central Bank (the “**ECB**”) and the Prudential Regulation Authority (“**PRA**”) (the “**Regulatory Authorities**”), specifically a single point of entry (“**SPE**”) bail-in strategy at a Group holding company level (the “**RPRS**”).

#### 3. *What is a Scheme of Arrangement?*

A scheme of arrangement is a formal procedure under the Companies Act which is commonly used to carry out corporate reorganisations. The Scheme requires the requisite approval of Ordinary Stockholders at the High Court Convened Stockholder Meeting, and the approval of the High Court. The Scheme also requires the approval of Ordinary Stockholders at the Extraordinary General Court. If the relevant approvals are obtained, Ordinary Stockholders will be bound by the Scheme regardless of whether or how they voted.

#### 4. *Who are the SRB and the Resolution College?*

The SRB is the banking resolution authority within the Banking Union of the European Union. It is the regulatory authority with responsibility to ensure that strategies and mechanisms are introduced to facilitate an orderly “resolution” of any failing bank that is under its jurisdiction, with minimum impact to the real economy and the public finances of the relevant Member State.

The Resolution College comprises each of the regulatory authorities with a stake in the resolvability of the Group, namely the CBI, the Department of Finance, the ECB, the PRA, Her Majesty’s Treasury (“**HM Treasury**”), the European Banking Authority (“**EBA**”), the BOE (which regulates certain of the UK activities of the Group) and the SRB (which is the regulator at EU level responsible for the resolvability of the Group).

#### 5. *What does making the Group resolvable mean?*

A resolution strategy (also referred to making a bank resolvable) is a strategy to ensure that banks are structured in such a way that should the need arise for a bank to require additional capital as a result of that bank’s failure, this can be done without requiring contributions from taxpayers and without undermining the stability of the financial system.

#### 6. *What is a “bail-in”?*

Bail-in relates to the writing-down of debt owed by a bank to creditors or to converting it into equity.

## **7. *What is the SPE strategy?***

An SPE strategy, or single point of entry bail-in strategy, implemented through a holding company, means a resolution strategy for a bank under which a holding company, which itself does not carry on any banking business, becomes the listed parent company of a group. The holding company would be the primary issuer of the group's capital instruments, including shares, equity instruments and debt instruments. It would in turn own subsidiaries that would carry out the banking business of the group, including lending and taking deposits. Under the SPE strategy, if the banking group were to be recapitalised as part of a resolution event, it is expected that this would initially involve the restructuring of the capital at the holding company level (including the bail-in of holders of instruments issued by the holding company). The restructuring would therefore occur at a level of the group which would be separate from the operational and retail deposit holding activities of the group if the resolution strategy is successful.

The SRB has notified the Group that an SPE strategy is its preferred resolution strategy for the Group.

## **8. *What will Stockholders end up with after the Scheme comes into effect?***

If the Scheme becomes Effective, Scheme Stockholders on the Register of Members at the Scheme Record Time will receive BOIG plc Shares on the basis of the Exchange Ratio. The Exchange Ratio will entitle Scheme Stockholders to receive one BOIG plc Share for each individual holding of 30 units of Scheme Stock held by them at the Scheme Record Time (calculated in accordance with the Consolidation Basis), unless the Directors of the Bank determine otherwise. The register of members of BOIG plc will be updated to reflect each Ordinary Stockholder's shareholding in BOIG plc upon the Scheme becoming Effective.

If an Ordinary Stockholder holds Ordinary Stock in a CREST account, the BOIG plc Shares will be credited to the CREST account and if an Ordinary Stockholder holds Ordinary Stock in certificated form, share certificates for new shares will be sent in due course.

Fractions of BOIG plc Shares will not be allotted or issued to Scheme Stockholders. As explained in more detail in Section 5.3 of Part I (*Letter from the Governor of the Bank*), the Scheme has been structured to include a round up mechanism such that fractional entitlements to BOIG plc Shares which would otherwise arise as a result of the Consolidation will be rounded up and all Scheme Stockholders will have an entitlement to at least one BOIG plc Share upon implementation of the Scheme.

## **9. *What will be the impact of the Scheme on Regulatory Capital?***

While the Group does not expect it to impact on the Group's reported CET 1 ratios, a holding company structure may adversely impact the consolidated Group's reported Total Capital, Tier 1 Capital and leverage ratios. The impact will depend on the timing of the holding company establishment, absolute capital levels and the capital structure at the time of establishment, and any mitigating actions the Group may take. Had the scheme been implemented as of 1 January 2017, it is estimated that the Group's transitional Tier 1 Capital ratio would reduce by approximately 0.7%, transitional Total Capital ratio by approximately 1.8%, and transitional leverage ratio by approximately 0.3%. This reduction arises as a consequence of the regulatory application of Articles 85 and 87 of the Capital Requirements Regulation, whereby relevant existing regulatory capital instruments issued by the Bank and its subsidiaries will not be recognised in full in the prudential consolidation following the establishment of a new holding company. Whilst a certain amount of these capital instruments will not count towards the calculation of the Group's regulatory capital ratios going forward, the instruments remain available to absorb losses and are expected to count as MREL. The impact on regulatory capital ratios will reduce when existing regulatory capital instruments issued by the Bank and its subsidiaries are redeemed. Future issuance of regulatory capital instruments is expected to be by BOIG plc. If the principal existing instruments were called at their first call dates, subject to regulatory approval, the impact of any remaining reductions is expected to be substantially eliminated by the end of June 2020. If the impact of these reductions had been applied as at 1 January 2017, it is estimated that the Group's pro forma transitional Tier 1 Capital, Total Capital and leverage ratios would have been 14.8%, 16.4% and 6.9% respectively compared to the Group's 2017 Tier 1 and Total Capital regulatory capital requirements of 9.5% and 11.5% respectively. The Group is not currently subject to any regulatory requirements in respect of the leverage ratio.

## **10. *Will the Scheme affect the ability to pay dividends?***

The Group's aim is to have a sustainable dividend. The Group expects dividend payments to recommence at a modest level, prudently and progressively building, over time, towards a payout ratio of around 50% of sustainable earnings. The dividend level and the rate of progression will reflect, amongst other things, the strength of the Group's capital and capital generation, the Group's assessment of the growth and investment

opportunities available, any capital the Group retains to cover uncertainties and any impact from the evolving regulatory and accounting environments. As additional clarity emerges on the impact of the UK's decision to leave the European Union, and as the more recent improvement in the IAS 19 accounting pension deficit is sustained, the Group expects to recommence dividend payments in respect of financial year 2017, with the initial payment being made in the first half of 2018.

Since BOIG plc is a newly incorporated company, it will not initially have distributable reserves. It is proposed that following implementation of the Scheme, BOIG plc will create distributable reserves by way of a High Court approved capital reduction of BOIG plc. If, as the Group expects, the capital reduction is completed in 2017, the Scheme is not expected to have any negative impact on distributable reserves, distributable items or the ability of BOIG plc to make distributions in the future.

In the event distributable reserves of BOIG plc are not created pursuant to the capital reduction process, BOIG plc would have to generate distributable reserves from realised profits earned after the Scheme, before making distributions by way of dividends, share repurchases or otherwise. Although the Group is not aware of any reason why the High Court would not approve the creation of the distributable reserves, the issuance of the required order is ultimately a matter for the discretion of the High Court.

Implementing the Scheme in 2017 should allow the Group to maintain control over the timing of the implementation of the RPRS so that there should, the Group believes, be sufficient time for BOIG plc to apply to the High Court for approval of a capital reduction to create distributable reserves which would be available for 2018.

**11. *Will the Scheme affect the Group's current or future operations?***

While the Scheme is expected to yield the benefit of implementing the RPRS for the Group, thereby removing any uncertainty regarding the Group's compliance with such RPRS, and is also expected to have an impact on the potential ability to make distributions described above, it is not expected to have a material impact on how the Group conducts its day to day business.

**12. *Will the Scheme dilute the current economic interest of Ordinary Stockholders in the Group?***

Ordinary Stockholders' ownership in the Group will not change under the reorganisation (subject only to the rounding contemplated by the Consolidation Basis). As explained in more detail in Section 5.3 of Part I (*Letter from the Governor of the Bank*), the Scheme has been structured to include a round up mechanism such that fractional entitlements to BOIG plc Shares which would otherwise arise as a result of the Consolidation will be rounded up and all Scheme Stockholders will have an entitlement to at least one BOIG plc Share upon implementation of the Scheme.

**13. *Will the Scheme result in any changes to my rights as a stockholder?***

Prior to the Scheme, Ordinary Stockholders hold units of Ordinary Stock in the Bank, which is an Irish corporation incorporated by charter and governed by its Bye-Laws. As a company incorporated by charter, most, although not all, of the Companies Act provisions applicable to a traded public limited company apply. Following the Scheme, the Scheme Stockholders will receive ordinary shares in BOIG plc, which is an Irish public limited company governed by the BOIG plc Constitution, to which the Companies Act applies. A public limited company is the corporate entity used by the vast majority of companies listed on the Irish and London Stock Exchanges. While there are some differences between the Bye-Laws of the Bank and the BOIG plc Constitution, the changes relate either to BOIG plc's status as a public limited company or are provisions commonly found in the constitutions of public limited companies. The rights of BOIG plc Shareholders are, the Directors believe, in line with those of other listed companies.

**14. *Do Ordinary Stockholders have to pay anything under the Scheme?***

No. All BOIG plc Shares arising as a result of the Scheme are being issued in return for existing Ordinary Stock. No additional payment is required.

**15. *Will the Scheme have an impact on the Group's operating expenses or effective tax rate?***

The Directors do not expect the Scheme to have a material effect on the Group's operating costs nor to affect its effective tax rate. BOIG plc is tax resident in Ireland, as is the Bank.

**16. *When is the Scheme expected to complete?***

The Scheme is expected to complete, subject to High Court approval, in July 2017. The High Court process for the creation of distributable reserves following the Scheme is expected to occur in the final quarter of 2017. The Directors will not take the necessary steps to implement the Scheme unless the conditions to the Scheme have been satisfied and, at the relevant time, they consider that it continues to be in the Group's best interests and that of its stockholders that the Scheme should be implemented.

**17. *Why are there two stockholder meetings?***

There are two meetings, being the High Court Convened Stockholder Meeting and a subsequent Extraordinary General Court, which are being called for different purposes and which will be held consecutively on the same day.

The sole purpose of the High Court Convened Stockholder Meeting is to seek approval for the Scheme.

The subsequent Extraordinary General Court, which will be held immediately after the High Court Convened Stockholder Meeting, is being called to enable Ordinary Stockholders to approve elements of the Scheme and various matters in connection with the Scheme, including the Scheme Resolutions.

The High Court Convened Stockholder Meeting and the Extraordinary General Court will be held on 28 April 2017. Notices for these meetings are included at pages 62 and 64 of this Circular.

**18. *Do Ordinary Stockholders need to vote?***

It is important that as many Ordinary Stockholders as possible cast their vote, either in person or by instructing a proxy to vote. This applies to both the Extraordinary General Court and the High Court Convened Stockholder Meeting, so as to demonstrate to the High Court that there is a fair representation of stockholder opinion.

**19. *Does an Ordinary Stockholder need to change their existing instructions so far as the payment of dividends is concerned?***

Each mandate or other instruction in force at the Scheme Record Time relating to payment of dividends on, or relating to notices or other communications in respect of, any Scheme Stock shall, unless and until revoked, be deemed as from the Effective Date to be an effective mandate or instruction to BOIG plc in relation to the corresponding BOIG plc Shares to be issued pursuant to the Scheme.

**20. *What happens to old share certificates?***

Upon the Scheme becoming Effective, holdings of Ordinary Stock will be replaced by a proportional holding of BOIG plc Shares. Thus, all stock certificates for Ordinary Stock held in certificated form will cease to be valid. Upon receipt of share certificates for BOIG plc Shares, stock certificates for Ordinary Stock should, if so requested by BOIG plc or its agents, be sent to BOIG plc for cancellation. Unless so requested, there is no requirement for Ordinary Stockholders to take any further action in respect of their old stock certificates. BOIG plc does not currently intend to issue any such request.

**21. *When will Stockholders receive share certificates for BOIG plc Shares?***

It is currently proposed that the share certificates for the BOIG plc Shares held in certificated form will be despatched within 14 days of the Effective Date. If Ordinary Stockholders hold Scheme Stock in a CREST account, it is expected that the BOIG plc Shares will be credited to that account on or around Admission.

**22. *Will Stockholders have to pay any tax as a result of the Scheme?***

Details of the Irish, UK and US tax treatment of Ordinary Stockholders under the Scheme are set out in Section 2 of Part VI (*Additional Information*) of this Circular.

**23. *Will Major Stockholders be required to file a new Form TR-1 in respect of significant holdings of shares in BOIG plc when the Scheme becomes effective?***

Yes. In accordance with the requirements of the Transparency Regulations, each major stockholder, who following completion of the Scheme shall become a major shareholder of BOIG plc, will be required to file a Form TR-1 to reflect their significant holding of shares in BOIG plc on the Scheme becoming Effective. The Form TR-1 should be sent to both BOIG plc and to the CBI within two trading days of the Scheme becoming

Effective. A briefing, outlining the requirements in this respect, will be sent by the Bank to its major stockholders, in advance of the Scheme becoming Effective.

#### 24. *What is the Consolidation?*

While the Consolidation is not a required aspect of a scheme of arrangement, the Bank has decided to implement the Consolidation as part of the structure of the Scheme, as it should result in the share price being in a range that is more appropriate to the size of the Group and may assist in reducing share price volatility. Additionally, doing so eliminates a substantial part of the costs of carrying out a consolidation on a stand-alone basis.

Under the Consolidation, upon the Scheme becoming Effective, Scheme Stockholders on the Register of Members at the Scheme Record Time will receive BOIG plc Shares in consideration for the cancellation of the Cancellation Stock and the transfer of any Transfer Stock held by them on the basis of the Exchange Ratio. Unless the Directors of the Bank determine otherwise, the Exchange Ratio will entitle Scheme Stockholders to receive one BOIG plc Share for each individual holding of 30 units of Scheme Stock held by them at the Scheme Record Time (calculated in accordance with the Consolidation Basis).

As explained in more detail in Section 5.3 of Part I (*Letter from the Governor of the Bank*), the Scheme has been structured to include a round up mechanism such that fractional entitlements to BOIG plc Shares which would otherwise arise as a result of the Consolidation will be rounded up and all Scheme Stockholders will have an entitlement to at least one BOIG plc Share upon implementation of the Scheme.

For purely illustrative purposes, an example of the effect of the Consolidation for an individual Stockholder is set out below, on the assumption that the Directors do not exercise their discretion under the terms of the Scheme to amend the Exchange Ratio as described in Section 5.3 of Part I (*Letter from the Governor of the Bank*):

Holding of Existing Ordinary Stock at the Scheme Record Time	Number of BOIG plc Shares resulting from the Consolidation (ignoring fractional entitlements)	Remaining fractional entitlement	Number of additional BOIG plc Shares to be issued in respect of fractional entitlement	Total number of BOIG plc Shares resulting from the Consolidation
1	0	1/30	1	1
29	0	29/30	1	1
30	1	0	0	1
100	3	10/30	1	4
3,001	10	1/30	1	101

The Directors may, at any time prior to the Scheme Record Time, in their absolute discretion, determine that the Exchange Ratio shall be revised such that each Scheme Stockholder would be entitled to one BOIG plc Share for each unit of Scheme Stock held by them.

#### 25. *Can the Scheme be adapted to accept any conditions or modifications that may be requested or required by the High Court?*

The Scheme contains a provision for the Bank and BOIG plc jointly to consent on behalf of all persons concerned to any modifications, additions or conditions to the Scheme which the High Court may think fit to approve or impose. BOIG plc has been advised by its legal advisors that the High Court would be unlikely to approve or impose any modification of, or addition or conditions to, the Scheme which might be materially prejudicial to the interests of Scheme Stockholders, unless the Scheme Stockholders were informed of any such modification, additions or conditions.

#### 26. *What will happen if the Scheme does not proceed?*

If the Group does not comply with the RPRS in a timely manner and fails to implement a holding company (through failure to obtain either the required level of stockholder approval for the Scheme Resolutions or High Court approval of the Scheme), the Group could ultimately face a number of adverse consequences, including the following:

- the Group may not have in place a structure to enable orderly resolution in a failed scenario;
- the regulatory authorities relevant to the Group, including the CBI, the ECB, the PRA and the BOE (the “**Regulatory Authorities**”) could impose obligations on the Group, including but not limited to, to

imposing the RPRS in a manner that is not optimal for the Group's interests, either in terms of structure or timing, or which could otherwise have uncertain outcomes for the Group;

- the Group may have difficulty in meeting MREL requirements in a timely manner;
- in the absence of an implemented SPE strategy, the Regulatory Authorities could exercise other regulatory powers in relation to the Group, including imposing increased capital requirements; and
- enforcement action could be taken against the Group by the Regulatory Authorities (including ultimately the risk of sanctions, fines or penalties) and / or, ultimately, it may result in a withdrawal of the Group's relevant banking licences in Ireland and / or the UK which it requires to continue in business.

Such consequences could adversely affect the reputation, business and financial condition of the Group and/or the value of the Ordinary Stock and, ultimately, threaten the ability of the Group to continue its operations.

#### **27. *Who is entitled to attend and vote on the Scheme?***

In respect of the High Court Convened Stockholder Meeting, only those Scheme Stockholders who are holders of fully paid units of capital stock of the Bank and are registered on the Bank's Register of Members at:

- 6.00 p.m. on the day two days prior to the High Court Convened Stockholder Meeting (being the record date specified by the Bank for eligibility for voting); or
- if the High Court Convened Stockholder Meeting is adjourned, at 6.00 p.m. on the day two days prior to the date of the adjourned High Court Convened Stockholder Meeting,

shall be entitled to participate and vote at the High Court Convened Stockholder Meeting.

In respect of the Extraordinary General Court, only those Ordinary Stockholders who are holders of fully paid units of capital stock of the Bank and are registered on the Bank's Register of Members at:

- 6.00 p.m. on the day two days prior to the Extraordinary General Court (being the record date specified by the Bank for eligibility for voting); or
- if the Extraordinary General Court is adjourned, at 6 p.m. on the day two days prior to the date of the adjourned Extrarodinary General Court,

shall be entitled to participate and vote at the Extraordinary General Court.

#### **28. *Is attendance required in person?***

Members may be present by proxy or in person at the High Court Convened Stockholder Meeting and Extraordinary General Court.

#### **29. *Is electronic participation permitted?***

Stockholders can appoint a proxy and give voting instructions electronically by logging on to the website of the Bank's registrar, Computershare Investor Services (Ireland) Limited. Stockholders will need their 5-digit PIN Number, Stockholder Reference Number and Control Number, which they will receive on the Form of Proxy or via email if they have elected to receive Stockholder communications electronically.

#### **30. *How is voting by Corporate Representatives conducted?***

Any corporation sole or body corporate which is a member of the Bank may, by a document executed by or on behalf of such corporation sole, or resolution of its Directors or other governing body of such body corporate, authorise such individual as it thinks fit to act as its representative at any General Court of the Bank.

Any individual so authorised shall not be entitled to appoint a proxy but shall otherwise be entitled to exercise the same powers on behalf of the corporation sole or body corporate which they represent as that representative could exercise if they were an individual member of the Bank present in person.

#### **31. *What action must be taken to complete a Form of Proxy?***

You will find Forms of Proxy accompanying this document for use in connection with the High Court Convened Stockholder Meeting and the Extraordinary General Court. The Forms of Proxy (together with any power of attorney or other authority under which they are executed, or a notarially certified copy thereof) should be completed and returned as soon as possible to the Bank's registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland as



soon as possible and in any event so as to be received by no later than 2.00 p.m. on 26 April 2017, in respect of the High Court Convened Stockholder Meeting and no later than 2.15 p.m. on 26 April in respect of the Extraordinary General Court. Proxies may be submitted electronically at [www.eproxyappointment.com](http://www.eproxyappointment.com) as set out above. The appointment of a proxy will not preclude a Stockholder from attending and voting in person at the High Court Convened Stockholder Meeting or the Extraordinary General Court.

**32. *How are votes on the Scheme taken?***

At the High Court Convened Stockholder Meeting, voting will be by poll and not a show of hands and each member present, either in person or by proxy, will be entitled to one vote for each unit of Scheme Stock held. The approval required at the High Court Convened Stockholder Meeting is a majority in number of those Scheme Stockholders, representing three-fourths (75%) or more in value of the Scheme Stock held by such holders at the Entitlement to Vote Record Time, present and voting either in person or by proxy.

At the Extraordinary General Court voting will be by poll and not a show of hands and each member present in person or by proxy will be entitled to one vote for each unit of Ordinary Stock held at the Entitlement to Vote Record Time. The special resolutions set out in the notice of Extraordinary General Court each require the approval of Ordinary Stockholders, representing not less than three-fourths (75%) of the votes cast by the Ordinary Stockholders, present and voting either in person or by proxy to be passed. The ordinary resolutions set out in the notice of Extraordinary General Court each require a simple majority of votes (i.e. greater than 50%) cast by stockholders voting in person or by proxy to be passed.

**33. *Can questions be submitted at the Extraordinary General Court?***

Questions can be submitted in advance by following the instructions given in the enclosed Form of Proxy.

The Bank will (subject to any reasonable measures the Bank may take to identify Stockholders) answer any question relating to the business being dealt with at the Extraordinary General Court unless:

- (a) answering the question would interfere unduly with the preparation for the Extraordinary General Court or the confidentiality and business interests of the Bank; or
- (b) the answer has already been given on the Bank's website in a question and answer format; or
- (c) it appears to the Chairman of the Extraordinary General Court that it is undesirable in the interests of the good order of the meeting that the question be answered.

**PART IV**  
**THE SCHEME OF ARRANGEMENT**

Terms defined in this Part IV are applicable to this Part IV.

**PRELIMINARY**

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions bear the following meanings:

the “**Bank**”, the Governor and Company of the Bank of Ireland, established in Ireland by Charter in 1783 and having limited liability;

“**BOIG plc**”, Bank of Ireland Group plc, a public limited company incorporated in Ireland with registered number 593672 and having its registered office at 40 Mespil Road, Dublin D04 C2N4, Ireland and which, following completion of the Scheme, will become the parent of the Group;

“**BOIG plc Constitution**”, the memorandum of association and articles of association of BOIG plc, as they may be amended from time to time;

“**BOIG plc Shares**”, the ordinary shares in the share capital of BOIG plc, having a nominal value of €1.00 each as at the Latest Practicable Date or such nominal value as may be amended prior to the Effective Date;

“**Bye-Laws**”, the bye-laws of the Bank;

“**Cancellation Record Time**”, 6.00 p.m. (Irish time) on the business day before the High Court hearing to sanction the Scheme;

“**Cancellation Stock**”, any Ordinary Stock issued before the Cancellation Record Time, but excluding, in any case, the Designated Stock, the Transfer Stock and the Treasury Stock;

“**Circular**”, the document issued by the Bank to Ordinary Stockholders on 4 April 2017 in connection with the convening of the Extraordinary General Court, of which this Scheme forms a part;

“**Companies Act**”, the Companies Act 2014, all enactments which are to be read as one with, or construed or read together as one with the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force;

“**Consolidation Basis**”, has the meaning given in Clause 2.3;

“**CREST**”, the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;

“**CREST Regulations**”, the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (SI 68/1996) of Ireland (as amended) or the Uncertificated Securities Regulations 2001 (SI 2001/3755), as appropriate;

“**Designated Stock**”, the one unit of Ordinary Stock to be held by BOIG plc, or by nominees appointed by BOIG plc, from a date prior to the date on which the High Court Convened Stockholder Meeting is held;

“**Effective Date**”, the date on which this Scheme becomes effective in accordance with its terms;

“**euro**” or “**EUR**” or “**€**”, the lawful currency of Ireland;

“**Euroclear**”, Euroclear UK & Ireland Limited, a limited company incorporated in England and Wales with registered number 02878738;

“**Exchange Agent**”, Computershare Investor Services (Ireland) Limited or another registrar or trust company appointed by BOIG plc to act as exchange agent for the payment of the Scheme Consideration;

“**Exchange Ratio**”, has the meaning given to it in Clause 2.2;

“**Extraordinary General Court**” or “**EGC**”, the extraordinary general court of the Ordinary Stockholders (and any adjournment thereof) to be convened in connection with the Scheme, expected to be held as soon as the preceding High Court Convened Stockholder Meeting shall have been concluded or adjourned (it being understood that if the High Court Convened Stockholder Meeting is adjourned, the EGC shall be correspondingly adjourned);

“**Form of Proxy**”, the form of proxy in connection with each of the High Court Convened Stockholder Meeting and the Extraordinary General Court, which shall accompany the Circular;

“**High Court**”, the High Court of Ireland;

“**High Court Convened Stockholder Meeting**”, the meeting or meetings of the Scheme Stockholders (and any adjournment thereof) convened by order of the High Court pursuant to section 450 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without amendment);

“**High Court Hearing Date**”, means the date on which the High Court makes the High Court Order;

“**High Court Order**”, the order or orders of the High Court sanctioning the Scheme under section 453 of the Companies Act and confirming the reduction of share capital which forms part of it under sections 84 and 85 of the Companies Act;

“**Holder**”, in relation to any Ordinary Stock, the Member whose name is entered in the Register of Members as the holder of that stock and “**Joint Holders**” shall mean the Members whose names are entered in the Register of Members as the joint holders of that stock, and includes any person(s) entitled by transmission;

“**Latest Practicable Date**”, 31 March 2017, being the latest practicable date prior to publication of the Circular;

“**Members**”, members of the Bank on its Register of Members at any relevant date (and each a “**Member**”);

“**New Ordinary Stock**”, the units of ordinary stock having nominal value €0.05 each in the capital stock of the Bank to be issued credited as fully paid to BOIG plc pursuant to Clause 1.2 of this Scheme;

“**Ordinary Stock**”, the units of ordinary stock having nominal value €0.05 in the capital stock of the Bank;

“**Ordinary Stockholders**”, the Holders of Ordinary Stock;

“**Reduction of Capital**”, the reduction of the capital stock of the Bank by the cancellation of the Cancellation Stock to be effected as part of the Scheme as referred to in Clause 1.1 of this Scheme;

“**Register of Members**”, the register of members maintained by the Bank pursuant to the Bye-Laws;

“**Registrar of Companies**”, the Registrar of Companies within the meaning of the Companies Act;

“**Restricted Jurisdiction**”, any jurisdiction in relation to which the Bank considers or is advised that the release, publication or distribution of the Circular or the related Forms of Proxy or the allotment and issue of BOIG plc Shares, would or might infringe the laws of that jurisdiction or would or might require compliance with any governmental or other consent or any registration, filing or other formality that the Bank is unable to comply with or regards as unduly onerous to comply with or that to seek legal advice in relation to same would be unduly onerous having regard (without limitation) to the cost and inconvenience of obtaining such advice and complying with any requirement that might be contained in such advice;

“**Restricted Shares**”, has the meaning given in Clause 6.2;

“**Restricted Stockholder**”, a Scheme Stockholder (including an individual, partnership, unincorporated syndicate, limited liability company, unincorporated organisation, trust, trustee, executor, administrator or other legal representative) in, or resident in, or any Scheme Stockholder whom the Bank believes to be in, or resident in, a Restricted Jurisdiction;

“**Scheme**” or “**Scheme of Arrangement**”, the proposed scheme of arrangement under Chapter 1 of Part 9 of the Companies Act and the capital reduction under sections 84, 85 and 86 of the Companies Act with or subject to any modifications, additions or conditions approved or imposed by the High Court and agreed to by the Bank and BOIG plc;

“**Scheme Consideration**”, the BOIG plc Shares;

“**Scheme Record Time**”, 6.00 p.m. (Irish time) on the Effective Date;

“**Scheme Stock**”, the Cancellation Stock and the Transfer Stock;

“**Scheme Stockholder**”, a Holder of Scheme Stock;

“**Share Sale Facility Agent**”, a broker appointed by BOIG plc to act as a share sale facility agent in respect of any Restricted Shares for the purposes of Clause 6.2;

“**Sterling**” or “**Pounds Sterling**” or “**Stg£**” or “**£**”, the lawful currency of the United Kingdom;

“**Transfer Stock**”, any Ordinary Stock issued at or after the Cancellation Record Time and at or before the Scheme Record Time excluding, for the avoidance of doubt, the Designated Stock and the Treasury Stock;

“**Treasury Stock**”, any Ordinary Stock held by the Bank and/or any of its subsidiaries, excluding for the purposes of the Scheme, any Ordinary Stock held by New Ireland Assurance Company plc;

“**US**” or “**United States**”, the United States of America, its territories and possessions, any State of the United States and the District of Columbia, and all other areas subject to its jurisdiction; and

“**US\$**” or “**\$**”, United States dollars, the lawful currency of the United States,

and references to Clauses are to Clauses of this Scheme.

- (B) The authorised capital stock of the Bank at the date of this Scheme is €6,967,000,000, Stg£125,000,000 and US\$225,000,000, divided into 90 billion units of ordinary stock of €0.05 each, 228 billion units of deferred stock of €0.01 each, 100 million units of non-cumulative preference stock of €1.27 each, 100 million units of undesignated preference stock of €0.25 each, 3.5 billion units of non-cumulative preference stock of €0.01 each, 100 million units of non-cumulative preference stock of Stg£1.00 each, 100 million units of undesignated preference stock of Stg£0.25 each, 8 million units of non-cumulative preference stock of US\$25 each and 100 million units of undesignated preference stock of US\$0.25 each.
- (C) As of the Latest Practicable Date, excluding Treasury Stock, 32,363,275,073 units of ordinary stock of €0.05 each, 90,682,081,918 units of deferred stock of €0.01 each, 1,876,090 units of non-cumulative preference stock of Stg£1.00 each and 3,026,598 units of non-cumulative preference stock of €1.27 each in the Bank’s capital stock have been issued by the Bank and are credited as fully paid and the remainder of the authorised capital stock of the Bank is unissued. As of the Latest Practicable Date, the Bank holds 22,008,690 units of ordinary stock of €0.05 in treasury.
- (D) The authorised share capital of BOIG plc at the date of this Scheme is €10,000,025,020 comprised of 10,000,000,000 BOIG plc Shares of €1.00 each and 27,800 deferred ordinary shares of €0.90 each.
- (E) As of the date of this Scheme, two BOIG plc Shares of €1.00 each and 27,800 deferred ordinary shares of €0.90 each have been issued by BOIG plc and are credited as fully paid and the remainder of BOIG plc’s authorised share capital remains unissued.
- (F) Prior to the Effective Date, BOIG plc may if section 72 of the Companies Act is amended on or prior to the Effective Date such that it applies to the acquisition of the Bank by BOIG plc pursuant to this Scheme, (i) by ordinary resolution pursuant to section 83(1)(c) of the Companies Act, increase the nominal value of the BOIG plc Shares to an amount to be determined by the directors of BOIG plc such that, following such increase, the aggregate nominal value of the BOIG plc Shares will more closely reflect the anticipated net asset value of the Bank on the Effective Date and (ii) by ordinary resolution pursuant to section 83(1)(d) of the Companies Act, conditional upon and with effect from immediately following effectiveness of the Scheme in accordance with Clause 8.1 of this Scheme, reduce the nominal value of the BOIG plc Shares (as that nominal value has been increased pursuant to (i) above) to €1.00 per share (or such other nominal value as the directors and members of BOIG plc may approve) and credit the aggregate amount of nominal value so deducted to the undenominated capital of BOIG plc, other than share premium.
- (G) It is proposed to restructure the Bank by way of a scheme of arrangement under Chapter 1 of Part 9 of the Companies Act, whereby the Bank will become a subsidiary of BOIG plc, in accordance with the terms of the Scheme.
- (H) BOIG plc has agreed to appear by counsel on the hearing of the petition to sanction this Scheme and to submit thereto. BOIG plc undertakes to the High Court to be bound by and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## THE SCHEME

### 1. Cancellation of the Cancellation Stock

1.1 Pursuant to section 84 and Chapter 1 of Part 9 of the Companies Act and the Bye-Laws, the issued capital stock of the Bank shall be reduced by cancelling and extinguishing all of the Cancellation Stock without thereby reducing the authorised capital stock of the Bank.

1.2 Forthwith and contingently upon the Reduction of Capital taking effect:

(a) the issued capital stock of the Bank shall be increased to its former amount by the allotment and issue to BOIG plc (or its nominee, to be held on bare trust) of such number of units of New Ordinary Stock as shall be equal to the number of units of Cancellation Stock, with each such unit of New Ordinary Stock having the same rights as the Cancellation Stock so cancelled; and

(b) both:

(i) the reserve arising in the books of account of the Bank as a result of the said Reduction of Capital; and

(ii) the entire amount standing to the credit of the Bank's stock premium account as at the Scheme Record Time,

shall be capitalised and applied in full in paying up (A) as to par and (B) at an aggregate premium equivalent to the entire amount standing to the credit of the Bank's stock premium account as at the Scheme Record Time, credited as fully paid, the New Ordinary Stock issued pursuant to Clause 1.2(a) to BOIG plc (or its nominee, to be held on bare trust).

1.3 The New Ordinary Stock allotted and issued to BOIG plc (or its nominee, to be held on bare trust) pursuant to Clause 1.2 shall be credited as fully paid free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever.

### 2. Consideration for the Cancellation Stock, the Transfer Stock and the allotment of the New Ordinary Stock

2.1 In consideration for the cancellation of the Cancellation Stock pursuant to Clause 1.1, the transfer of the Transfer Stock pursuant to Clause 4 and the allotment and issue of the New Ordinary Stock as provided for in Clause 1.2, BOIG plc shall allot and issue BOIG plc Shares credited as fully paid, in accordance with the provisions of Clause 3 below, to each Scheme Stockholder (as appearing on the Register of Members at the Scheme Record Time) on the basis of the Exchange Ratio set out in Clause 2.2 below.

2.2 (a) Subject to paragraph (b) below, the Exchange Ratio shall be as follows:

**one (1) BOIG plc Share for each individual holding of thirty (30) units of Scheme Stock (calculated in accordance with the Consolidation Basis).**

(b) The Directors of the Bank may, in their absolute discretion, determine that the Exchange Ratio shall be one BOIG plc Share for each unit of Scheme Stock.

2.3 Subject to Clause 2.2 (b) above, the Exchange Ratio is to be calculated on the following basis (the "**Consolidation Basis**"):

(a) each Scheme Stockholder's aggregate holding of thirty (30) units of Scheme Stock shall be consolidated and cancelled in exchange for the allotment and issue of one BOIG plc Share;

(b) unless a Scheme Stockholder's aggregate Holding of Scheme Stock is exactly divisible by thirty (30), the Scheme Stockholder will have a fractional entitlement to a BOIG plc Share;

(c) fractions of BOIG plc Shares will not be issued to Scheme Stockholders and fractional entitlements to BOIG plc Shares which remain following the consolidation referred to in Clause 2.3(a) above (including those arising by reason of there being fewer than thirty (30) units of Scheme Stock in any Scheme Stockholder's individual holding or fewer than thirty (30) such units remaining following consolidation) shall be dealt with under Clause 2.3(d) below;

(d) fractional entitlements to BOIG plc Shares will be rounded up to the nearest whole BOIG plc Share, such that any Scheme Stockholder with a fractional entitlement shall be allotted and issued one (1) BOIG plc Share, credited as fully paid, in respect of such fractional entitlement.

2.4 Neither BOIG plc nor the Bank shall be liable to any Scheme Stockholder for any cash payment, dividends or distributions with respect to Cancellation Stock delivered to a public official in compliance with any abandoned property, escheat or law permitting attachment of money or property or similar law.

### **3. BOIG plc Shares**

The BOIG plc Shares issued and allotted pursuant to Clause 2 shall:

- 3.1 be allotted and issued to each Scheme Stockholder credited as fully paid and, subject to any contractual obligations that any individual Scheme Shareholder may have entered into with respect to their Cancellation Stock, free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever; and
- 3.2 rank equally in all respects with each other and shall be entitled, in accordance with and subject to the terms of the BOIG plc Constitution, to receive any dividends or other distributions declared or paid by BOIG plc in respect of BOIG plc Shares with a record date on or after the Effective Date.

All instructions, mandates, elections and communication preferences relating to notices and other communications in respect of Scheme Stock in force on the Effective Date will, unless and until varied or revoked, be deemed from the Effective Date to be valid and effective mandates or instructions to BOIG plc in relation to the corresponding holding of BOIG plc Shares.

### **4. Acquisition of Transfer Stock**

Contingently upon and immediately following the cancellation of the Cancellation Stock becoming effective in accordance with the terms of this Scheme, the allotment of the New Ordinary Stock referred to in Clause 1.2(a) of this Scheme and the registration of such New Ordinary Stock in the name of BOIG plc (or its nominee, to be held on bare trust), BOIG plc shall automatically, and without any further action required, acquire the Transfer Stock (including the legal and beneficial interest therein) of each Holder appearing on the Register of Members at the Scheme Record Time as the Holder of Transfer Stock fully paid, free from all liens, equities, charges, encumbrances and other interests and together with all and any rights at the date of this Scheme or thereafter attached thereto including voting rights and the right to receive and retain in full all dividends and other distributions declared, paid or made thereon, on the Effective Date.

### **5. Settlement of Consideration**

- 5.1 Settlement of the BOIG plc Shares shall be effected as follows, no later than 14 days after the Effective Date:
  - (a) in the case of Scheme Stock which was, at the Scheme Record Time, held in certificated form, the BOIG plc Shares to which the relevant Scheme Stockholder is entitled shall be issued to such Scheme Stockholder in certificated form; and
  - (b) in the case of Scheme Stock which was, at the Scheme Record Time, held in CREST, the BOIG plc Shares to which the relevant Scheme Stockholder is entitled shall be issued to such Scheme Stockholder in uncertificated form. BOIG plc will procure that Euroclear is instructed to credit the appropriate stock account of CREST of the relevant Scheme Stockholder concerned with such relevant Scheme Stockholder's entitlement to BOIG plc Shares.
- 5.2 Any payment in cash to be made to any Scheme Stockholder pursuant to this Scheme shall be paid by cheque in euro drawn on an Irish clearing bank and shall be effected by sending the same through the post in prepaid envelopes addressed to the relevant Holder at their registered address as appearing in the Register of Members at the Scheme Record Time (or, in the case of Joint Holders, will be payable to all Joint Holders at the registered address, as appearing in the Register of Members in respect of such joint holding), or as otherwise properly directed by the Holder entitled thereto, and neither the Bank nor BOIG plc shall be responsible for any loss or delay in the transmission of any cheques sent in accordance with this Clause 5, which shall be sent at the risk of the persons entitled thereto.
- 5.3 All cheques shall be made payable to the Holder entitled thereto, or, in the case of Joint Holders, to all Joint Holders of the Scheme Stock concerned appearing in the Register of Members or as properly directed by the persons entitled thereto, and the encashment of any such cheque shall be a complete discharge to the Bank and BOIG plc for the moneys represented thereby.

## 6. **Overseas Stockholders**

- 6.1 The provisions of Clauses 2, 3, 4 and 5 shall be subject to any prohibition or condition imposed by law. The Bank may in its sole discretion determine that the BOIG plc Shares will not be allotted, issued and/or made available in any Restricted Jurisdiction and/or that any Restricted Stockholder will not be entitled to require that the BOIG plc Shares be registered in his/her name with an address in such jurisdiction.
- 6.2 In the event that a Restricted Stockholder is not issued and allotted with BOIG plc Shares by reason of the application of Clause 6.1, then the BOIG plc Shares that would otherwise have been issued and allotted to that Restricted Stockholder (the “**Restricted Shares**”) will instead:
- (a) be issued and allotted directly to the Share Sale Facility Agent as soon as reasonably possible after the Effective Date at the best price that can reasonably be obtained at the date of sale, who shall become the owner of such Restricted Shares in its capacity as share sale facility agent; and
  - (b) sold by the Share Sale Facility Agent, with the net proceeds (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) of such sale being remitted to the relevant Restricted Stockholder who shall have no further claim or right of action in respect of such Restricted Shares.
- 6.3 Notwithstanding the provisions of Clause 6.1, the Bank retains the right to permit the release, publication or distribution of the Circular or the Forms of Proxy or the allotment and issue of any BOIG plc Shares pursuant to the terms of this Scheme to any Restricted Stockholder who satisfies the Bank (in its sole discretion) that doing so will not infringe the laws of the relevant Restricted Jurisdiction or require compliance with any governmental or other consent or any registration, filing or other formality that the Bank is unable to comply with or regards as unduly onerous to comply with.

## 7. **Certificates for Cancellation Stock**

With effect from the Effective Date any and all certificates representing Cancellation Stock shall cease to have effect as documents of title to the stock comprised therein and every Holder thereof shall be bound at the request of the Bank to deliver up such certificate(s) to the Bank or as it may direct.

## 8. **The Effective Date**

- 8.1 This Scheme shall become effective as soon as an office copy of the High Court Order and a copy of the minute required by section 86 of the Companies Act shall have been duly delivered by the Bank to the Registrar of Companies for registration and registered by him.
- 8.2 Unless the Scheme has become effective and unconditional by 31 December 2017 (or such later date as BOIG plc and the Bank may agree and (if required) the High Court may allow), it shall lapse.
- 8.3 The Bank and BOIG plc have agreed that in certain circumstances the necessary actions to seek sanction of the Scheme may not be taken.

## 9. **Modification**

The Bank and BOIG plc may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or any condition that the High Court may approve or impose.

## 10. **Costs**

The Bank and BOIG plc are authorised and permitted to pay all of their costs and expenses relating to the negotiation, preparation, approval and implementation of this Scheme.

## 11. **Governing Law**

The Scheme shall be governed by and construed in accordance with the laws of Ireland and the Bank and the Scheme Stockholders hereby agree that the High Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding or to settle any dispute which may arise in relation thereto.

## PART V

### COMPARISON OF THE RIGHTS OF HOLDERS OF THE BANK'S ORDINARY STOCK AND THE HOLDERS OF BOIG PLC SHARES

The rights of Ordinary Stockholders and the powers of the Bank's Court of Directors are governed by the Bye-Laws and the Charter. As a result of the Scheme, each issued 30 units of Ordinary Stock will be converted into the right to receive one BOIG plc Share (subject to the terms of the Scheme).

Although many of the principal attributes of the Ordinary Stock are similar to those of BOIG plc's Shares, there are some differences between the rights of Ordinary Stockholders under the Bank's Bye-Laws and Charter and the rights of shareholders of BOIG plc under the Companies Act and BOIG plc's Memorandum and Articles which have been adopted by BOIG plc, subject to implementation of the Scheme, with effect from the Effective Date, a summary of which is set out below. These differences relate to the fact that the Bank is a body corporate incorporated under a charter having bye-laws, while BOIG plc is a public limited company incorporated under the Companies Act, having articles of association in a form suitable for a listed company.

The statements in this Section are qualified in their entirety by reference to, and are subject to, the detailed provisions of the Bye-Laws, BOIG plc's Memorandum and Articles, and the Companies Act. Copies of the full text of the Bye-Laws as currently in effect, and BOIG plc's Memorandum and Articles which have been adopted by BOIG plc, subject to implementation of the Scheme, with effect from the Effective Date, are available, as set out in Section 6 (*Documents on Display*) in Part VI (*Additional Information*) of this Circular.

Bank	BOIG plc
<b><i>Authorised Capital Stock and Share Capital</i></b>	
The authorised capital stock of the Bank is EUR€6,967,000,000, US\$225,000,000 and Stg£125,000,000 which consists of:	The authorised share capital of BOIG plc is €10,010,025,020 divided into 10,000,000,000 ordinary shares of €1.00 each, 27,800 deferred ordinary shares of €0.90 each and 100,000,000 preference shares of €0.10 each.*
(i) 90,000,000,000 units of Ordinary Stock of €0.05 each;	Where authorised to issue authorised but unissued shares in the capital of BOIG plc (including where relevant, by shareholder approval under section 1021 of the Companies Act), and subject to the scope of any such authority, in accordance with the BOIG plc Articles, the BOIG plc Board will have the authority to issue unissued preference shares from time to time in one or more classes or series, and to fix for each such class or series such voting power, full or limited, or no voting power, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board providing for the issuance of such class or series.
(ii) 8,000,000 units of Non-Cumulative Preference Stock of US\$25 each;	
(iii) 100,000,000 units of Non-Cumulative Preference Stock of Stg£1 each;	
(iv) 100,000,000 units of Non-Cumulative Preference Stock of €1.27 each and 3,500,000,000 units of Non-Cumulative Preference Stock of €0.01 each;	
(v) 100,000,000 units of undesignated Dollar Preference Stock of US\$0.25 each, 100,000,000 units of undesignated sterling preference stock of Stg£0.25 each and 100,000,000 units of undesignated euro preference stock of €0.25 each; and	
(vi) 228,000,000,000 units of Deferred Stock of €0.01 each.	

#### ***Distributions and Dividends***

Pursuant to the Bye-Laws, no dividend on the Ordinary Stock may be declared unless any dividends on the 1992 Preference Stock and the 2005 Preference Stock most recently payable prior to the relevant General Court have been paid in cash.

The BOIG plc Articles do not contain restrictions relating to the 1992 Preference Stock or 2005 Preference Stock, as there will be no equivalent authorised or issued preference shares in BOIG plc (the 1992 Preference Stock will remain in issue in the Bank following the Scheme).

\* With effect from the cancellation of the deferred ordinary shares in issue on the Effective Date, the authorised share capital of BOIG plc will be reduced to €10,010,000,000 divided into 10,000,000,000 ordinary shares of €1.00 each and 100,000,000 preference shares of €0.10 each.



Under the Bye-Laws, Ordinary Stockholder approval is required for a final dividend, although the Directors may declare an interim dividend having the same effect (including entitlement to payment and irrevocability) as a final dividend approved by stockholders.

There is no equivalent provision in the Bye-Laws.

The BOIG plc Board may declare a final dividend without shareholder approval, provided that the resolution of the BOIG plc Directors approving such final dividend expressly approves it as a final dividend and absent such an express statement, it shall be deemed to be an interim dividend.

The BOIG plc Articles provide that payment of a dividend or other monies payable in respect of a share may be made by electronic funds transfer.

#### ***Repurchases / Redemptions***

The Bye-Laws include a minimum and maximum price at which units of treasury stock held by the Bank may be re-allotted off-market.

There are no equivalent restrictions in the BOIG plc Articles. The Companies Act provides that the maximum and minimum prices at which treasury shares may be re-allocated off-market shall be determined by the Company in general meetings.

#### ***Dividends in Shares / Bonus Issues***

Under the Bye-Laws, Ordinary Stockholder approval, following a recommendation by the Directors, is required to capitalise any of the Bank's reserves towards paying up any amounts for the time being unpaid on any stock or paying up in full unissued capital stock as fully paid.

Under BOIG plc's Articles, the Board may resolve to carry out such a capitalisation without Ordinary Stockholder approval.

#### ***Calls on Shares and Forfeiture of Shares Restrictions***

Subject to the terms of their allotment, Directors may call for any unpaid amounts in respect of any capital stock to be paid, and if payment is not made, the stock may be forfeited, provided that no call shall exceed one fourth of the nominal value of the stock or be payable at less than one month from the date fixed for the payment of the last preceding call.

Under the BOIG plc Articles, there is no limitation on the amounts of a call or the time period of a call.

#### ***Transfers of Shares***

Under the Bye-Laws, the Directors may decline to register the transfer of stock where such transfer is contrary to the Bye Laws or the terms of issue of the relevant stock.

Under the Bye-Laws, the Directors may decline to register the transfer of stock in certificated form (not being fully paid up stock) to a person of whom they do not approve and may also decline to register the transfer of stock in certificated form on which the Bank has a lien.

Under the BOIG plc Articles, the BOIG plc Directors have absolute discretion to decline to register a transfer of a share which is not fully paid or any transfer to or by a minor or person of unsound mind, provided that this does not apply to a transfer of a share resulting from the sale of the shares through a stock exchange on which the share is listed.

#### ***Conversion of Shares into Stock***

Equivalent provisions are not included in the Bye-Laws given the Bye-Laws relate to capital stock of the Bank.

BOIG plc may, by ordinary resolution, convert any paid up shares into stock and reconvert any stock into paid up shares of any denomination or by a resolution of the Directors where this facilitates the dematerialising of any shares in order to comply with the CSD Regulations.

### *Variation of Rights Attaching to a Class or Series of Shares*

The rights attaching to the Ordinary Stock may only be varied with the sanction of a resolution passed at a class meeting of the holders of the Ordinary Stock.

Under the BOIG plc Articles, any variation of class rights attaching to the issued BOIG plc ordinary shares must be approved (i) in writing by holders of three-quarters of the issued shares in that class or (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.

### *Election of Directors*

Under the Bye-Laws, at the Annual General Court each year, one-third of the Directors, or if their number is not three or a multiple of three, then the nearest one-third, shall retire from office, ensuring at all times that each director shall retire every three years.

The Directors to retire shall be those who have been longest in office since their election, but if persons became Directors on the same day, those to retire first shall be determined by lot.

It has been the Bank's practice, nevertheless, for all Directors to be subject to annual election at each Annual General Court of the Bank in compliance with the UK Corporate Governance Code.

The Bye-Laws provide that no person shall be appointed director unless nominated as follows:

- (i) by the Directors; or
- (ii) by any stockholder entitled to attend and vote at the general court provided notice is given of his intention to propose such person not less than 35 days or more than 42 days before the day appointed for the general court.

Under BOIG plc's Articles, Directors are subject to re-election at each annual general meeting, unless they previously are removed from office or resign. Any BOIG plc Director who stands for re-election at an annual general meeting but whose election is not approved by an ordinary resolution at that meeting shall retain office until the meeting appoints someone in his place or, if it does not do so, he will retire at the end of that meeting.

BOIG plc's Articles provide that no person shall be appointed director unless nominated as follows:

- (i) by or at the direction of the BOIG plc Board; or
- (ii) with respect to election at a general meeting, by any shareholder qualified to vote at the general meetings of BOIG plc, and who timely complies with the notice procedures set out in the Articles, being not less than seven or more than 21 clear days' notice, which notice provisions differ to those in the Bye-Laws.

### *Declarations to be made by Directors*

Under the Bye-Laws, on election and appointment, and at least once in every three years, each director must sign the declarations set out in the Bank's Charter, which include declarations of secrecy, and declarations of mutual trust and confidence. Under the Bye-Laws, a director must resign if he or she fails to deliver the appropriate declarations.

Under the BOIG plc Articles, no such declarations are required to be signed by the BOIG plc Directors. However, the BOIG plc Directors are subject to the fiduciary duties of directors set out in Section 228 of the Companies Act.

### *Removal of Directors and Vacancies*

The Bye-Laws do not require a director of the Bank to resign if requested in writing by his or her co-Directors to do so.

Under the BOIG plc Articles, the office of a director shall be vacated if the BOIG plc Director is required in writing by all his or her co-BOIG plc Directors to resign.

### *Annual Meetings of Shareholders*

No more than 15 months shall elapse between the date of one annual general court and the next.

As a matter of Irish law, BOIG plc is required to hold an annual general meeting within 18 months of incorporation and thereafter at intervals of no more

Under the Bye-Laws, meetings of Stockholders must be held in the State.

than 15 months from the previous annual general meeting, provided that an annual general meeting is held in each calendar year and no more than nine months after BOIG plc's fiscal year-end.

BOIG plc's Articles reflect the position under the Companies Act that shareholder meetings may be held outside of Ireland (subject to compliance with the Companies Act). Where a company holds its annual general meeting or extraordinary general meeting outside of Ireland, the Companies Act requires that the company, at its own expense, make all necessary arrangements to ensure that members can by technological means participate in the meeting without leaving Ireland (unless all of the members entitled to attend and vote at the meeting consent in writing to the meeting being held outside of Ireland). The BOIG plc Board has no current intention to hold the annual general meeting outside of Ireland.

### *Calling Special Meetings of Shareholders*

Under the Bye-Laws, extraordinary general meetings of the Bank may be convened by (i) the Bank's Court of Directors or (ii) on the requisition of members entitled to vote on a poll at a General Court and together holding not less than 10% of the nominal value of the Ordinary Stock then in issue.

Under the Companies Act and the BOIG plc Articles, extraordinary general meetings of BOIG plc may be convened (i) by the BOIG plc Board, (ii) on requisition of BOIG plc shareholders holding not less than 5% of the paid-up share capital of BOIG plc carrying voting rights, (iii) on requisition of BOIG plc's auditors or (iv) in exceptional cases, by court order.

### *Withdrawal of Resolutions*

There is no equivalent provision in the Bye-Laws.

Where a resolution included in the notice of a general meeting has been proposed by the Board, such a resolution may be withdrawn by a resolution of the Board approved at any time prior to the general meeting and in the event of such a withdrawal shall not be voted on at the meeting and for all purposes shall be deemed not to have been included in the notice of the meeting.

### *Voting*

Voting at any general court is by a show of hands unless a poll is properly demanded. A poll may be demanded by (i) the chairman of the meeting or (ii) by at least nine members of the Group present in person or by proxy and entitled to vote on a poll.

At any meeting of BOIG plc, all resolutions will be decided on a show of hands unless a poll is demanded by: (i) the chairman; (ii) at least three shareholders present in person or by proxy; (iii) any shareholder present in person or proxy and holding not less than one-tenth of the total voting rights of all shareholders having the right to vote at such meeting; or (iv) any shareholder holding shares in BOIG plc conferring the right to vote at the meeting being shares on which an aggregate sum has been paid up equal to and not less than one-tenth of the total sum paid up on all the shares conferring that right.

A poll, other than a poll on the election of chairman or on a question of adjournment, shall be taken at

Notice of a poll is not required to be given if the time and place of the poll are announced at the

such time as the chairman of the general court directs.

There is no equivalent provision in the Bye-Laws, although in practice often the Bank has complied with an equivalent right to the right in BOIG plc's Articles.

There are no equivalent provisions in the Bye-Laws.

Under the Bye-Laws, no member shall be entitled to vote at any general court unless all calls or sums payable by him or her in respect of capital stock have been paid.

There is no such discretion for the Directors in the Bye-Laws.

meeting at which it is demanded. In any other case, at least seven clear days' notice is to be given.

BOIG plc Shareholders may table draft resolutions in respect of an annual general meeting, provided a request to table such a resolution is received by BOIG plc at least 42 days in advance of the meeting to which the resolution relates. In the case of an extraordinary general meeting, a BOIG plc Shareholder may table draft resolutions, provided a request to table such a resolution is received in sufficient time to enable BOIG plc to comply with notice requirements under the Companies Act.

The BOIG plc Articles contain provisions enabling members, subject to any requirements or restrictions as the BOIG plc Directors may specify, to vote in advance of general meetings by correspondence or by electronic means if not present at a general meeting.

Under the BOIG plc Articles, unless the BOIG plc Directors determine otherwise, no member shall be entitled to vote at any general meeting unless all calls or sums payable by him or her in respect of shares have been paid.

The BOIG plc Articles provide that a proxy shall be received no later than 48 hours prior to the meeting or such lesser period as the BOIG plc Board may determine.

#### *Written Resolutions of Shareholders*

The Bye-Laws do not allow Ordinary Stockholders to pass resolutions by way of written consent of the Ordinary Stockholders.

The Companies Act provides that shareholders may approve a resolution without a meeting if (i) all shareholders sign the written resolution and (ii) the company's Articles do not provide otherwise. BOIG plc's Articles provide shareholders with the right to take action by unanimous written consent as permitted by Irish law.

#### *Disclosure of Interests in Shares*

Under the Bye-Laws, any member may be requested to declare by statutory declaration whether he/she is beneficially entitled to Ordinary Stock of which he/she is the registered owner and, if not, to disclose the person or persons for whom he/she holds such Ordinary Stock in trust. Such a declaration must be made within 14 days of service of the notice. There is no ability to require a person other than the member to provide such information.

Under the Companies Act, BOIG plc may by notice in writing require a person whom BOIG plc knows or has reasonable cause to believe to be, or at any time during the three years immediately preceding the date on which such notice is issued, to have been interested in shares comprised in BOIG plc's relevant share capital (i) to indicate whether or not it is the case and (ii) where such person holds or has during that time held an interest in the shares of BOIG plc, to give such further information as may be required by BOIG plc.

Failure to respond to the notice in the prescribed period entitles the Directors to serve a disenfranchisement notice on such member with the consequence that, amongst other things, where the holding to which the default occurred (the "**Default Stock**") amounts to more than 3% of the Ordinary Stock then in issue of the Bank:

The BOIG plc Articles provide that if there is a failure to provide the requested information within the time specified, or in purported compliance with such notice, a statement is made which is false or inadequate, the BOIG plc Board may in their absolute discretion direct, amongst other things, that the relevant shares not carry attendance and voting

#### **Bank**

- (i) no dividend will be payable on the Default Stock; and
- (ii) no transfer of the Default Stock will be registered by, or on behalf of, the Bank, save for certain specified circumstances.

#### **BOIG plc**

rights at a general meeting and where the nominal value of the shares in relation to which the default occurs (the “**Default Shares**”) represents at least 0.25% of the nominal value of the issued shares of that class:

- (a) no payment shall be made of any sums due from BOIG plc on the Default Shares;
- (b) no other distribution shall be made on the Default Shares; or
- (c) no transfer of any of the Default Shares held by such member shall be registered, save for certain specified circumstances.

#### ***Use of Company Property***

Under the Companies Act, a director cannot use the company’s property or information for his own or anyone else’s benefit unless this is (i) expressly permitted by the company’s constitution or (ii) it has been approved by a resolution of the company in general meeting.

There is no equivalent provision in the Bye Laws as this section of the Companies Act did not previously apply to the Bank.

Under the Companies Act, a director cannot use the company’s property or information for his own or anyone else’s benefit unless this is (i) expressly permitted by the company’s constitution or (ii) it has been approved by a resolution of the company in general meeting.

The BOIG plc Articles expressly permit a BOIG plc Director (for the purposes of section 228(1)(d) of the Companies Act) to use the Company’s property subject to such conditions as may be or have been approved by the Board or such conditions as may have been approved pursuant to any such authority as may be delegated by the Board in accordance with the BOIG plc Articles or as permitted by their terms of employment or appointment.

#### ***Notices***

There is no equivalent provision in the Bye-Laws. Any consent given by an Ordinary Stockholder for the purpose of electronic communication relates to the Bank.

The BOIG plc Articles provide that where an Ordinary Stockholder has previously given its consent to the Bank to receipt of notices and documents by way of electronic communication, such consent shall be deemed to apply for the purpose of any electronic communication made by BOIG plc.

#### ***Rights Upon Liquidation***

The Bank, as an unregistered company under Schedule 14 of the Companies Act, cannot be wound up voluntarily.

BOIG plc may be wound up at any time by way of a members’ voluntary liquidation or a creditors’ voluntary liquidation. A special resolution of the shareholders is required to commence either form of voluntary liquidation. BOIG plc may also be wound up by way of court order on the petition of: (a) one or more creditors of BOIG plc; (b) BOIG plc itself (acting with shareholder authority); (c) any contributory of BOIG plc; or (d) the Director of Corporate Enforcement (where the court is satisfied that it is in the public interest that BOIG plc should be wound up). BOIG plc may also be dissolved by the Companies Registration Office (by way of strike off) as an enforcement measure where BOIG plc has failed to file certain returns.

**PART VI**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

The Bank and the Directors accept responsibility for the information contained in this Circular and to the best of the knowledge of the Bank and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

**2. Taxation**

**2.1 Irish Taxation**

*This Section summarises the main Irish tax consequences for certain beneficial owners of BOIG plc Shares acquired pursuant to the Scheme. The content of this Section is based on current Irish tax legislation and published practice of Irish Revenue at the date of this Circular, both of which are subject to change.*

*Except for paragraphs dealing with dividend withholding tax or where express reference is made to the position of non-Irish residents or non-Irish domiciled individuals, this Section only applies to BOIG plc Shareholders that are resident or domiciled (or, in the case of individuals only, who are ordinarily resident and domiciled) in Ireland for Irish tax purposes and who are not resident for tax purposes in any other jurisdiction. This Section relates only to ordinary shareholders who hold their shares directly as an investment and who are beneficial owners of those shares. This Section does not deal with other types of BOIG plc Shareholders, including (but not limited to) dealers in securities, persons holding or acquiring shares in the course of a trade (or profession or vocation), persons holding or acquiring shares by reason of employment, collective investment schemes, insurance companies, BOIG plc Shareholders who hold the BOIG plc Shares as part of hedging or conversion transactions and persons connected with BOIG plc. This Section is not addressed to investors that are not entitled to the BOIG plc Shares as part of the Scheme.*

*If BOIG plc Shareholders are in any doubt as to their tax position or if BOIG plc Shareholders are subject to tax in any jurisdiction other than Ireland, they should consult their own tax advisers.*

**Irish Tax on chargeable gains (“CGT”) on disposal of shares by Irish resident BOIG plc Shareholders**

The Scheme will be considered to be a reorganisation of share capital for CGT purposes. Accordingly, an Ordinary Stockholder will not be treated as having disposed of their Ordinary Stock. Rather, for CGT purposes, the shareholder will be treated as if the BOIG plc Shares acquired pursuant to the Scheme were the same as the Ordinary Stock cancelled pursuant to the Scheme. As such, for CGT purposes, the shareholder will be deemed to have acquired the BOIG plc Shares at the same time and for the same cost as he or she had acquired the Ordinary Stock.

A subsequent disposal of the BOIG plc Shares by a BOIG plc Shareholder who is resident or ordinarily resident in Ireland may give rise to a taxable chargeable gain or allowable loss for CGT purposes. A BOIG plc Shareholder who is an individual and who is temporarily a non-resident of Ireland may, under anti-avoidance legislation, still be liable to Irish taxation on any chargeable gain realised (subject to the availability of exemptions or reliefs).

The rate of capital gains tax applying to any chargeable gain is currently 33%. Depending on a BOIG plc Shareholder’s circumstances, various exemptions and reliefs may be available to reduce or eliminate the CGT arising. These include (but are not limited to) indexation relief, individual annual allowances or participation exemption.

**Disposal of shares by non-Irish resident BOIG plc Shareholders**

BOIG plc Shareholders who are not resident or, in the case of individuals, are not resident and not ordinarily resident for tax purposes in Ireland and who do not return to Ireland within five full years of the year of assessment in which the disposal of BOIG plc Shares is made, will not be liable to Irish tax on chargeable gains realised on a disposal of those BOIG plc Shares unless such shares are used, held or acquired for the purposes of a trade carried on in Ireland through a branch or agency

## **Irish Dividend Withholding Tax (“DWT”)**

Distributions made by BOIG plc will generally be subject to DWT at the standard rate of income tax (currently 20%) unless the BOIG plc Shareholder is within one of the categories of exempt BOIG plc Shareholders referred to below. Where DWT applies, BOIG plc will be responsible for withholding DWT at source. For DWT purposes, a dividend includes any distribution made by BOIG plc to BOIG plc Shareholders, including cash dividends, noncash dividends and additional shares taken in lieu of a cash dividend.

DWT is not payable where an exemption applies provided that BOIG plc has received all necessary documentation required by the relevant legislation from the relevant BOIG plc Shareholder prior to payment of the dividend. In this regard, the BOIG plc Shareholder must file the requisite declaration and certification(s) with BOIG plc to substantiate entitlement to receive the dividend or other distribution without deduction of DWT. If dividends are paid through an intermediary, the intermediary will have to fulfil certain requirements with the Irish Revenue to enable BOIG plc to pay dividends without deduction of DWT and the exempt BOIG plc Shareholder will have to provide the intermediary with the appropriate declarations and certificates.

Certain categories of Irish resident BOIG plc Shareholders are entitled to an exemption from DWT, including (but not limited to) Irish resident companies, qualifying employee share ownership trusts, charities and pension funds. Except in very limited circumstances, distributions by BOIG plc to Irish resident BOIG plc Shareholders who are individuals are not exempt from DWT.

Certain non-Irish resident BOIG plc Shareholders (both individual and corporate) are also entitled to an exemption from DWT. In particular, a BOIG plc Shareholder who is not resident for tax purposes in Ireland, is beneficially entitled to the dividend and who is:

- an individual who by virtue of the laws of the relevant country is resident for tax purposes in either a Member State (apart from Ireland) or a country with which Ireland has a double tax treaty (such as the United States) and the individual is neither resident nor ordinary resident in Ireland; or
- a company ultimately controlled, directly or indirectly, by persons who by virtue of the laws of the relevant territory are resident in either a Member State (apart from Ireland) or in a country with which Ireland has a double tax treaty (such as the United States); or
- a company not ultimately controlled by persons resident in Ireland and which by virtue of the laws of the relevant territory is resident for tax purposes in either a Member State (apart from Ireland) or a country with which Ireland has a double tax treaty (such as the United States); or
- a company whose principal class of shares is substantially and regularly traded (i) on a recognised stock exchange in Ireland; (ii) on a recognised stock exchange in a Member State (apart from Ireland); (iii) on a recognised stock exchange in a country with which Ireland has a double tax treaty (such as the United States); or (iv) on an exchange approved by the Minister for Finance; or
- a company which is at least a 75%, subsidiary, direct or indirect, of another company whose principal class of shares is substantially and regularly traded (i) on a recognised stock exchange in Ireland; (ii) on a recognised stock exchange in a Member State (apart from Ireland); (iii) on a recognised stock exchange in a country with which Ireland has a double tax treaty; or (iv) on an exchange approved by the Minister for Finance; or
- a company that is wholly owned, directly or indirectly, by two or more companies the principal class of shares of each of which is substantially and regularly traded (i) on a recognised stock exchange in Ireland; (ii) on a recognised stock exchange in a Member State (apart from Ireland); (iii) on a recognised stock exchange in a country with which Ireland has a double tax treaty (such as the United States); or (iv) on an exchange approved by the Minister for Finance,

is not subject to DWT on dividends received from BOIG plc provided that, in all cases noted above, the BOIG plc Shareholder has made the appropriate declaration to BOIG plc prior to the payment of the dividend.

## **Tax on dividends paid on the BOIG plc Shares**

An Irish resident or ordinarily resident individual BOIG plc Shareholder will be subject to Irish income tax, universal social charge and PRSI on the gross dividend received from BOIG plc. The gross dividend is the dividend received plus DWT withheld. Irish resident individual BOIG plc Shareholders are generally entitled to a credit for the DWT deduction against their income tax liability and to have refunded to them any amount by which DWT exceeds such income tax liability.

Irish resident corporate BOIG plc Shareholders are generally exempt from Irish tax on dividends received from BOIG plc. If an Irish resident corporate BOIG plc Shareholder is a close company, however, it may, in certain circumstances, be liable to a 20% investment income surcharge in respect of dividends received.

Non-Irish resident BOIG plc Shareholders are, unless entitled to exemption from DWT, liable to Irish income tax on dividends received on the BOIG plc Shares. However, the DWT deducted by BOIG plc discharges such liability to Irish income tax. Where a non-resident BOIG plc Shareholder is entitled to exemption from DWT, then no Irish income tax arises and, where BOIG plc deducted DWT, a claim may be made for a refund of the DWT.

### **Stamp duty**

The issue of the BOIG plc Shares pursuant to the Scheme will not give rise to a liability to stamp duty. A subsequent transfer of BOIG plc Shares (including a transfer effected through CREST) will generally be liable to Irish stamp duty at the rate of 1%, of the consideration paid or, in the case of a gift or where the purchase price is otherwise inadequate, the market value of the BOIG plc Shares. The person acquiring the BOIG plc Shares is liable for the stamp duty. However, in the case of a gift or a transfer at undervalue, all parties to the transfer are liable for the duty.

### **Capital Acquisitions Tax (“CAT”)**

CAT is comprised principally of gift tax and inheritance tax. CAT could apply to a gift or inheritance of BOIG plc Shares irrespective of the place of residence, ordinary residence or domicile of the parties. This is because the BOIG plc Shares are regarded as property situated in Ireland as the share register of BOIG plc is held in Ireland. The person who receives the gift or inheritance is primarily liable for the CAT. CAT is levied at a rate of 33%, above certain tax-free thresholds. The appropriate tax-free threshold is dependent upon (i) the relationship between the donor and the donee and (ii) the aggregation of the values of previous gifts and inheritances received by the donee from persons within the same group threshold. Gifts and inheritances passing between spouses are exempt from CAT.

### **Information Reporting**

Details of any dividend paid on BOIG plc Shares will be reported to Irish Revenue in accordance with DWT rules. Details to be reported include the names and addresses of the persons to whom the dividend was made and the amount of dividend paid to those persons.

BOIG plc does not expect to be required to provide any information to Irish Revenue under Irish laws pertaining to the automatic exchange of information on financial accounts (including CRS and FATCA rules) in relation to BOIG plc Shares. However, if a Shareholder holds BOIG plc Shares through an intermediary (e.g. a custodian, broker etc), the intermediary may be required to disclose information (including the name, address, tax residence status and tax identification number of the shareholder) to tax authorities in accordance with the laws of the jurisdiction in which the intermediary is located.

## **2.2 UK Taxation**

*This Section summarises the main UK tax consequences for certain beneficial owners of BOIG plc Shares acquired pursuant to the Scheme. The content of this Section is based on current UK tax legislation and published practice of HMRC at the date of this Circular, both of which are subject to change.*

*Except for paragraphs where express reference is made to the position of non-UK residents or non-UK domiciled individuals, this Section only applies to BOIG plc Shareholders that are resident and domiciled in the UK for UK tax purposes and who are not resident for tax purposes in any other jurisdiction. This Section relates only to ordinary BOIG plc Shareholders who hold their shares directly as an investment and who are beneficial owners of those shares. This Section does not deal with other types of BOIG plc Shareholders, including (but not limited to) dealers in securities, persons holding or acquiring shares in the course of a trade (or profession or vocation), persons holding or acquiring shares by reason of employment, collective investment schemes, insurance companies, BOIG plc Shareholders who hold the BOIG plc Shares as part of hedging or conversion transactions and persons connected with BOIG plc. This Section is not addressed to investors that are not entitled to the BOIG plc Shares as part of the Scheme.*

*If BOIG plc Shareholders are in any doubt as to their tax position or if BOIG plc Shareholders are subject to tax in any jurisdiction other than the UK, they should consult their own tax advisers.*



## **UK Capital Gains Tax**

The Bank considers that the Scheme is being effected for bona fide commercial reasons and not the avoidance of tax. No advance confirmation has or will be sought from HMRC regarding the UK tax consequences of the Scheme.

The Scheme should be considered to be a reorganisation of share capital for UK capital gains tax purposes. Accordingly, an Ordinary Stockholder will not be treated as having disposed of their Ordinary Stock. Rather, for UK capital gains tax purposes, the shareholder will be treated as if the BOIG plc Shares acquired pursuant to the Scheme were the same as the Ordinary Stock cancelled pursuant to the Scheme. As such, for UK capital gains tax purposes, the shareholder will be deemed as having acquired the BOIG plc Shares at the same time and for the same cost as he or she had acquired the Ordinary Stock.

Any disposal or deemed disposal of BOIG plc Shares by a corporate BOIG plc Shareholder, who is resident in the UK for UK tax purposes, or who is carrying on a trade, profession or vocation in the UK through a permanent establishment in connection with which the BOIG plc Shares are or have been held, may, depending on such BOIG plc Shareholder's particular circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK corporation tax.

Any disposal or deemed disposal of BOIG plc Shares by an individual BOIG plc Shareholder, who is tax resident and domiciled in the UK, may, depending on such BOIG plc Shareholder's particular circumstances and subject to any available exemption or relief, give rise to a capital gain or an allowable loss for the purposes of UK capital gains tax.

Special rules apply to individual BOIG plc Shareholders who are resident but not domiciled in the UK for UK tax purposes and such BOIG plc Shareholders should seek their own advice.

An individual BOIG plc Shareholder who for a period of less than five years (or five full tax years if the shareholder left the UK before 6 April 2013) either has ceased to be resident and ordinarily resident in the UK for UK tax purposes or has become resident in a territory outside the UK for the purposes of double taxation relief arrangements, may upon his or her return to the UK be subject to UK capital gains tax on any capital gains realised on any disposal or deemed disposal of BOIG plc Shares made during that period.

## **Withholding Tax**

There should be no UK withholding tax on dividends received in respect of the BOIG plc Shares.

## **Dividends**

Depending on the BOIG plc Shareholder's specific circumstances, a corporate BOIG plc Shareholder that is resident in the UK for UK tax purposes may be exempt from UK corporation tax on the receipt of dividends from BOIG plc. Where an exemption from corporation tax is available in respect of a dividend, the BOIG plc Shareholder will not be able to claim a repayment for any tax credit attaching to the dividend. Where an exemption is not available UK corporation tax will apply.

An individual BOIG plc Shareholder who is resident and domiciled in the UK for UK tax purposes will generally be within the scope of UK income tax in respect of any dividends received in respect of BOIG plc Shares. In accordance with rules introduced in April 2016, individual BOIG plc Shareholders are entitled to a dividend allowance (currently £5,000 but expected to reduce to £2,000 from 6 April 2018). Any amount of dividends received in excess of this allowance will be subject to income tax at various rates depending on the individual's total income. Currently, the income tax rates are 7.5%, 32.5% and 38.1% for dividend income falling within the taxpayer's basic rate band, higher rate band and additional rate band respectively.

Specific rules apply to individual BOIG plc Shareholders who are resident but not domiciled in the UK for UK tax purposes and such BOIG plc Shareholders should seek their own advice

## **Stamp Duty**

No UK stamp duty is payable in connection with a document effecting a transfer of BOIG plc Shares or a written agreement to transfer BOIG plc Shares, if such document or written agreement is executed and retained outside the UK and provided that such document or written agreement does not relate to any property situated in the UK or to any matter or thing done or to be done in the UK (which may include, without limitation, the involvement of UK bank accounts in payment mechanics).

No UK stamp duty reserve tax will arise in respect of any agreement to transfer BOIG plc Shares, unless they are registered in a register kept in the UK by or on behalf of BOIG plc or paired with shares issued by a body corporate incorporated in the UK.

### **Inheritance Tax**

As BOIG plc's sole register will be maintained in Ireland, BOIG plc Shares should be assets situated in Ireland for the purposes of UK inheritance tax. Accordingly, UK inheritance tax should only be relevant where BOIG plc Shares are held by individuals who are either domiciled in the UK or deemed for the purposes of UK inheritance tax to be domiciled in the UK under certain rules relating to long residence.

BOIG plc Shares beneficially owned by such an individual may (subject to certain exemptions and reliefs) be subject to UK inheritance tax on the death of such individual or, in certain circumstances, if the BOIG plc Shares are the subject of a gift by such individual prior to their death. For UK inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

BOIG plc Shareholders should consult an appropriate professional adviser if they make any kind of gift of BOIG plc Shares or if they intend to hold any BOIG plc Shares through trust arrangements. BOIG plc Shareholders should also seek appropriate professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

### **2.3 US Taxation**

*The following discussion addresses the material US federal income tax consequences of the Scheme generally expected to be applicable to the holders of Ordinary Stock and their receipt (pursuant to the Scheme) and ownership of BOIG plc Shares. It applies to Ordinary Stockholders only if they hold their Ordinary Stock and BOIG plc Shares as capital assets for US federal income tax purposes. This Section does not apply to Ordinary Stockholders if they are a member of a special class of holders subject to special rules, including:*

- *a dealer in securities;*
- *a trader in securities that elects to use a mark-to-market method of accounting for securities holdings;*
- *a tax-exempt organization;*
- *a life insurance company;*
- *a person liable for alternative minimum tax;*
- *a person that owns, has owned or will own (as applicable) directly, indirectly or constructively, 5% or more of the Ordinary Stock prior to the Scheme or 5% or more of BOIG plc Shares following the Scheme;*
- *a person that holds Ordinary Stock or BOIG plc Shares as part of a straddle or a hedging or conversion transaction;*
- *a person that acquires or sells Ordinary Stock or BOIG plc Shares as part of a wash sale for tax purposes;*
- *a person that acquires Ordinary Stock or BOIG plc Shares pursuant to the exercise of an employee stock option or otherwise as compensation;*
- *“controlled foreign corporations”;*
- *“passive foreign investment companies,” which are referred to as “PFICs”;*
- *a US expatriate; or*
- *a US holder (as defined below) whose functional currency is not the US Dollar.*

This Section is based on the US Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations, published rulings and court decisions, all as currently in effect, as well as the Convention between the United States and Ireland (the “Treaty”). These laws are subject to change, possibly on a retroactive basis.

As used in this Circular, the term “US holder” means a beneficial owner of Ordinary Stock or BOIG plc Shares that is for US federal income tax purposes:

- *a citizen or resident of the US;*

- a US domestic corporation;
- an estate the income of which is subject to US federal income taxation regardless of its source; or
- a trust if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust.

*If an entity treated as a partnership for US federal income tax purposes holds Ordinary Stock or BOIG plc Shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. Each such partner having an interest in Ordinary Stock or BOIG plc Shares is urged to consult his, her or its own tax advisor.*

#### **(a) Tax Consequences of the Scheme to US Holders of Ordinary Stock**

It is expected that the Scheme will qualify as a tax-free transaction for US holders of Ordinary Stock, except potentially as set forth below.

No advance US federal income tax ruling has been or will be sought from the US Internal Revenue Service (the "IRS") regarding the tax consequences of the Scheme. Consequently, there is no assurance that the IRS or the US courts will agree with the analysis set forth herein. If the IRS successfully challenges the treatment of the Scheme, adverse US federal income tax consequences may result. US holders of Ordinary Stock should consult their own tax advisors regarding the US federal, state and local and foreign and other tax consequences of the Scheme in their particular circumstances. The rest of this discussion assumes that the Scheme will qualify as a tax-free transaction for US holders of Ordinary Stock, except as set forth below.

The discussion regarding the tax consequences of the Scheme is based in part on the determination by the Bank that it has not been a passive foreign investment company ("PFIC") for US federal income tax purposes and its expectation that it will not be a PFIC for its current taxable year. See the discussion below at Section 2.3(b) (Certain PFIC Considerations Related to the Scheme) if the Bank or BOIG plc were treated as a PFIC.

The exchange of Ordinary Stock for BOIG plc Shares will be tax-free to a US holder, except possibly with respect to the treatment of a fractional entitlement to a BOIG plc Share. A US holder's tax basis in BOIG plc Shares received in the Scheme (including any fractional BOIG plc Share deemed received) will equal the US holder's basis in the Ordinary Stock exchanged therefore, and the US holder's holding period for BOIG plc Shares received in the Scheme (including any fractional BOIG plc Share deemed received) will include its holding period in respect of the Ordinary Stock exchanged for BOIG plc Shares.

The US federal income tax consequences of rounding up a fractional entitlement to a BOIG plc Share are unclear. While the Bank and BOIG plc do not believe it is likely to be the appropriate treatment, the IRS could assert (and a court could find) that, with respect to a US holder whose percentage ownership in the Group immediately prior to the Scheme is different from its percentage ownership in the Group immediately after the Scheme as a result of the rounding contemplated by the Consolidation Basis, such holder must recognise income or gain as a result of such change in percentage ownership. US holders are urged to consult their tax advisors concerning the potential impact of the above considerations.

#### **(b) Certain PFIC Considerations Related to the Scheme**

The Bank has determined that Ordinary Stock has not been treated as stock of a PFIC for US federal income tax purposes. While this conclusion is a factual determination that is made annually, the Bank expects that it will not be a PFIC for its current taxable year. For US holders of Ordinary Stock, the Bank would generally be a PFIC with respect to such US holders if for any taxable year in which US holders held Ordinary Stock: (1) at least 75% of the Bank's gross income for the taxable year was passive income or (2) at least 50% of the value, determined on the basis of a quarterly average, of the Bank's assets was attributable to assets that produce or are held for the production of passive income.

Passive income generally includes dividends, interest (other than interest derived from certain banking businesses meeting certain requirements), royalties, rents (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for the purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation's income.

If it was determined that the Bank was a PFIC, then a US holder of Ordinary Stock may be required to recognise gain, and may be subject to special rules in respect of any gain recognised, as a result of participating in the Scheme. In particular, a US holder that receives BOIG plc Shares in exchange for its Ordinary Stock in

the Scheme may be required to recognise gain (but not loss), notwithstanding that the exchange qualifies as a tax-free exchange under the Code. In particular, Section 1291(f) of the Code generally requires that, to the extent provided in regulations, a US person who disposes of stock of a PFIC recognises gain notwithstanding any other provision of the Code. No final US Treasury regulations have been promulgated under this statute. Proposed US Treasury regulations were promulgated in 1992 with a retroactive effective date. If finalised in their current form, these regulations would generally require gain (but not loss) recognition by a US person exchanging shares in a corporation that is a PFIC at any time during such US person's holding period of such shares where such person has not made either (1) a "qualified electing fund" ("QEF") election under Section 1295 of the Code for the first taxable year in which such US person owns such shares or in which the corporation is a PFIC, whichever is later or (2) a "mark-to-market" election under Section 1296 of the Code. Any such gain recognised pursuant to the previous sentence would be subject to special rules (discussed below). There is an exception to the gain recognition rule in certain instances where the exchanging shareholder receives shares of another corporation that is a PFIC, but, BOIG plc expects that it will not be a PFIC for its current taxable year. It is not certain at this time whether, in what form, and with what effective date, final US Treasury regulations under Section 1291(f) of the Code will be adopted, or how the proposed US Treasury regulations will be applied.

### **(c) Tax Consequences to US Holders of BOIG plc Shares**

Subject to the PFIC rules discussed below, the US federal income tax treatment of ownership and disposition of BOIG plc Shares received in the Scheme will generally be consistent with the US federal income tax treatment of ownership and disposition of Ordinary Stock.

#### **Taxation of Dividends**

Under the US federal income tax laws, and subject to the PFIC rules discussed below, for a US holder of BOIG plc Shares, the gross amount of any dividend BOIG plc pays out of its current or accumulated earnings and profits (as determined for US federal income tax purposes) is subject to US federal income taxation. Distributions in excess of current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a non-taxable return of capital to the extent of a US holder's basis in the BOIG plc Shares and thereafter as capital gain. However, BOIG plc does not expect to calculate earnings and profits in accordance with US federal income tax principles. Accordingly, a US holder should expect to generally treat distributions BOIG plc makes as dividends.

For a non-corporate US holder, dividends that constitute qualified dividend income will be taxable to such US holder at the preferential rates applicable to long-term capital gains provided that such US holder holds the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. BOIG plc expects that dividends paid by it will generally be qualified dividend income; however, whether any particular payment represents qualified dividend income will depend on the facts and circumstances existing at the time the dividend is paid (including, for example, whether and how BOIG plc qualifies for benefits under the Treaty). The dividend will not be eligible for the dividends received deduction generally allowed to corporations. The amount of any dividend distribution that a US holder must include in income will be the US Dollar value of the Euro payment (determined at the spot US Dollar/Euro exchange rate) on the date of actual or constructive receipt by the US holder, regardless of whether the payment is converted into US Dollars. Gain or loss, if any, resulting from currency exchange fluctuations during the periods from the date a US holder includes the dividend payment in income to the date such US holder converts the payment into US Dollars, generally will be ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income, and generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

US holders must include any Irish tax withheld from the dividend payment in this gross amount even though they do not in fact receive it. The dividend is taxable to US holders when they receive the dividend, actually or constructively. The dividend will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from other US corporations.

Subject to certain limitations, the Irish tax withheld in accordance with the Treaty and paid over to Ireland will be creditable or deductible against US federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the preferential tax rates. To the extent a refund of the tax withheld is available to a US holder under Irish law or under the Treaty, the amount of tax withheld that is refundable will not be eligible for credit against such holder's US federal income tax liability. In addition, if a US holder is eligible under the Treaty for a lower rate of Irish withholding tax on a distribution with respect to its shares, yet the holder does not claim such lower rate and as a result, the holder is subject to

a greater Irish withholding tax on the distribution than the holder could have obtained by claiming benefits under the Treaty, such additional Irish withholding tax would likely not be eligible for credit against the holder's US federal income tax liability.

Dividends will generally be income from sources outside the United States and, depending on the circumstances of a US holder, will generally be either "passive" or "general" income for foreign tax credit purposes.

### **Taxation of Capital Gains**

Subject to the PFIC rules discussed below, upon a sale or other disposition of BOIG plc Shares, a US holder will recognise capital gain or loss for US federal income tax purposes equal to the difference between the US Dollar value of the amount realised and the US holder's tax basis, determined in US Dollars, in the BOIG plc Shares. Capital gain of a non-corporate US holder is generally taxed at preferential rates where the property is held for more than one year. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes. The ability to deduct capital losses is subject to limitations.

### **Medicare Tax**

A US holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) the US holder's "net investment income" (or "undistributed net investment income" in the case of an estate or trust) for the relevant taxable year and (2) the excess of the US holder's modified adjusted gross income (or adjusted gross income in the case of an estate or trust) for the taxable year over a certain threshold (which in the case of individuals is between USD 125,000 and USD 250,000, depending on the individual's circumstances). A holder's net investment income generally includes its dividend income and its net gains from the disposition of BOIG plc Shares, unless such dividend income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). US holders are urged to consult their tax advisors regarding the applicability of the Medicare tax to their income and gains in respect of their investment in the BOIG plc Shares.

### **PFIC Rules**

BOIG plc expects that BOIG plc will not be a PFIC for its current taxable year, but this conclusion is a factual determination that is made annually and thus may be subject to change. See Section 2.3(b) (Certain PFIC Considerations Related to the Scheme) above. If BOIG plc were to be treated as a PFIC, unless a US holder elects to be taxed annually on a mark-to-market basis with respect to the BOIG plc Shares or makes a QEF election for the first taxable year in which BOIG plc is treated as a PFIC, gain realised on the sale or other disposition of BOIG plc Shares would in general not be treated as capital gain. Instead, a US holder would be treated as if it had realised such gain and certain excess distributions ratably over its holding period for the BOIG plc Shares and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, a US holder's BOIG plc Shares will be treated as stock in a PFIC if BOIG plc were a PFIC at any time during the holder's holding period in BOIG plc Shares. Dividends that a US holder receives from BOIG plc will not be eligible for the special tax rates applicable to qualified dividend income if BOIG plc is treated as a PFIC either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income. The QEF election is conditioned upon BOIG plc furnishing US holders annually with certain tax information. BOIG plc may not take the action necessary for a US holder to make a QEF election in the event BOIG plc is determined to be a PFIC.

### **Information with Respect to Foreign Financial Assets**

Owners of "specified foreign financial assets" with an aggregate value in excess of USD 50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. "Specified foreign financial assets" may include financial accounts maintained by foreign financial institutions, as well as the following, but only if they are held for investment and not held in accounts maintained by financial institutions: (i) stocks and securities issued by non-US persons, (ii) financial instruments and contracts that have non-US issuers or counterparties, and (iii) interests in foreign entities. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the BOIG plc Shares.

**Backup Withholding and Information Reporting**

For a non-corporate US holder, information reporting requirements, on IRS Form 1099, generally will apply to dividend payments or other taxable distributions made to it within the United States, and the payment of proceeds to it from the sale of BOIG plc Shares effected at a US office of a broker.

Additionally, backup withholding may apply to such payments if the US holder fails to comply with applicable certification requirements or is notified by the IRS that it has failed to report all interest and dividends required to be shown on its federal income tax returns.

Payment of the proceeds from the sale of BOIG plc Shares effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker could be subject to information reporting in the same manner as a sale within the United States (and in certain cases may be subject to backup withholding as well) if (i) the broker has certain connections to the United States, (ii) the proceeds or confirmation are sent to the United States or (iii) the sale has certain other specified connections with the United States.

A BOIG plc Shareholder generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed their income tax liability by filing a refund claim with the IRS.

**Foreign Account Tax Compliance Withholding**

The Foreign Account Tax Compliance Act (“**FATCA**”) imposes a 30% withholding tax on certain payments to certain non-US financial institutions that fail to comply with information reporting requirements or certification requirements in respect of their direct and indirect US shareholders and/or US account-holders. To avoid becoming subject to the 30% withholding tax on payments to them, non-US financial institutions may be required to report information to the IRS regarding the BOIG plc Shareholders and to withhold on a portion of any payment under BOIG plc Shares to certain holders that fail to comply with these information reporting requirements (or hold BOIG plc Shares directly or indirectly through certain non-compliant intermediaries). However, such withholding will not apply to payments made before 1 January 2019. The rules for the implementation of this legislation have not yet been fully finalised, so it is impossible to determine at this time what impact, if any, this legislation will have on BOIG plc Shareholders. BOIG plc Shareholders should consult their own tax advisors regarding the relevant US law and other official guidance on FATCA withholding.

**3. Directors’ interests**

Save as set out in this Section 3, no Director, Secretary or Senior Executive has any interest (beneficial or non-beneficial) in the capital stock of the Bank or the share capital of BOIG plc.

***Directors’ interests in capital stock of the Bank***

The table below sets out the interests of the Directors in the Ordinary Stock as at the Latest Practicable Date.

	<b>No. of Units of Ordinary Stock</b>	<b>Percentage of Ordinary Stock held</b>
Archie G Kane . . . . .	211,074	0.000%
Kent Atkinson . . . . .	2,000	0.000%
Richie Boucher . . . . .	670,355	0.002%
Pat Butler . . . . .	92,519	0.000%
Tom Considine . . . . .	57,500	0.000%
Patrick Haren . . . . .	40,000	0.000%
Andrew Keating . . . . .	328,805	0.001%
Patrick Kennedy . . . . .	2,254,642	0.007%
Davida Marston . . . . .	100,000	0.000%
Brad Martin . . . . .	100,000	0.000%
Fiona Muldoon . . . . .	85,979	0.000%
Patrick Mulvihill . . . . .	5,000	0.000%

**Note:**  
The percentage of Ordinary Stock is rounded to three decimal places.

### ***Directors' interests in share capital of BOIG plc***

The table below sets out the interests of the Directors in the share capital of BOIG plc immediately following Admission.

	<b>No. of BOIG plc Shares<sup>(1)</sup></b>	<b>Percentage of BOIG plc Shares held</b>
Archie G Kane . . . . .	7,036	0.000%
Kent Atkinson . . . . .	67	0.000%
Richie Boucher <sup>(2)</sup> . . . . .	22,346	0.002%
Pat Butler . . . . .	3,084	0.000%
Tom Considine . . . . .	1,917	0.000%
Patrick Haren . . . . .	1,334	0.000%
Andrew Keating . . . . .	10,961	0.001%
Patrick Kennedy . . . . .	75,155	0.007%
Davida Marston . . . . .	3,334	0.000%
Brad Martin <sup>(3)</sup> . . . . .	3,334	0.000%
Fiona Muldoon . . . . .	2,866	0.000%
Patrick Mulvihill . . . . .	167	0.000%

**Note:**

- (1) This table assumes that there has been no change in the BOIG plc Directors' stockholdings between the Latest Practicable Date and the Scheme Record Time.
- (2) The effective date of Richie Boucher's intended resignation as a Director is not yet known.
- (3) Brad Martin is not and will not be a Director of BOIG plc, as he will no longer be a Director of the Bank at the Scheme Record Time.

### ***Secretary and Senior Executives' Interest in capital stock of the Bank***

The table below sets out the interests of the Secretary and Senior Executives in the Ordinary Stock as at the Latest Practicable Date.

	<b>No. of Units of Ordinary Stock</b>	<b>Percentage of Ordinary Stock held</b>
Donal Collins . . . . .	540,175	0.002%
Sean Crowe . . . . .	34,572	0.000%
Des Crowley . . . . .	755,253	0.002%
Lewis Love . . . . .	7,035	0.000%
Liam McLoughlin . . . . .	82,933	0.000%
Peter Morris . . . . .	100,072	0.000%
Vincent Mulvey . . . . .	337,197	0.001%
Helen Nolan . . . . .	80,043	0.000%
Julie Sharp . . . . .	0	0.000%
Michael Torpey . . . . .	1,050,000	0.003%

**Note:**

The percentage of Ordinary Stock is rounded to three decimal places.

### *Secretary and Senior Executives' Interest in the share capital of BOIG plc*

The table below sets out the interests of the Secretary and Senior Executives in the share capital of BOIG plc immediately following Admission.

	<u>No. of BOIG plc Shares</u>	<u>Percentage of BOIG plc Shares held</u>
Donal Collins . . . . .	18,006	0.002%
Sean Crowe . . . . .	1,153	0.000%
Des Crowley . . . . .	25,176	0.002%
Lewis Love . . . . .	235	0.000%
Liam McLoughlin . . . . .	2,765	0.000%
Peter Morris . . . . .	3,336	0.000%
Vincent Mulvey . . . . .	11,240	0.001%
Helen Nolan . . . . .	2,669	0.000%
Julie Sharp . . . . .	0	0.000%
Michael Torpey . . . . .	35,000	0.003%

**Note:** This table assumes that there has been no charge in the stockholdings of the Secretary and/or Senior Executive in the Bank between the Latest Practicable Date and the Scheme Record Time.

### *Stock options held by Directors, Secretary and Senior Executives*

As at the Latest Practicable Date, no Director or Senior Executive holds options over any capital stock of the Bank or share capital of BOIG plc.

## **4. Related Party Transactions**

The related party transactions which the Group has entered into for the period covered by the historical financial information are disclosed in notes 48 and 49 to the 2016 Financial Statements on pages 276 to 282 of the Group 2016 Annual Report, notes 49 and 50 to the 2015 Financial Statements on pages 262 to 269 of the Group 2015 Annual Report and notes 50 and 51 to the 2014 Financial Statements on pages 264 to 273 of the Group 2014 Annual Report, which are hereby incorporated by reference into this Circular. Details of any related party transactions which have arisen of the kind set out in the Standards adopted according to Regulation (EC) No. 1606/2002 between the period of 1 January 2017 and the Latest Practicable Date prior to publication of this Circular are as follows:

### *Transactions with Key Management Personnel*

Key management personnel comprises the Directors of the Court, the members of the Group Executive Committee (“GEC”) and the Group Secretary (the “KMP”).

In addition to Executive Directors, the GEC comprises the Chief Executive Retail (Ireland), Chief Executive Retail (UK), Chief Executive Corporate and Treasury Division, Group Chief Operating Officer, Group Treasurer, Chief Governance and Regulatory Officer, Group Chief Risk Officer, Head of Group Strategy Development and the Head of Group Human Resources. KMP, including Directors, hold products with Group companies in the ordinary course of business.

Other than as indicated in note 48(d) to the 2016 Financial Statements on pages 276 to 281 and the Remuneration Report on pages 169 to 176 of the Group 2016 Annual Report, respectively, in note 49(d) on pages 262 to 267 to the 2015 Financial Statements and the Remuneration Report on pages 148 to 156 of the Group 2015 Annual Report and in note 50(d) to the 2014 Financial Statements on pages 265 to 271 and the Remuneration Report on pages 140 to 148 of the Group 2014 Annual Report, respectively, no transactions were entered into with KMP by the Group during the financial periods ended 31 December 2014, 31 December 2015 and 31 December 2016.



The aggregate amounts outstanding, in respect of all loans, quasi-loans and credit transactions between the Bank and its KMP, as defined above, together with members of their close families and entities influenced by them as at the Latest Practicable Date are shown in the table below:

<u>Key Management Personnel in office as at the Latest Practicable Date</u>	<u>Balance as at the Latest Practicable Date</u>	<u>Number of KMPs as at the Latest Practicable Date</u>
	€'000	
Loans* . . . . .	6,008	15
Deposits . . . . .	4,873	21

\* The maximum approved credit limit on any credit card held by key management personnel is €30,000. In all cases key management personnel have not exceeded their approved limit.

KMP have other products with the Group. The nature of these products includes mortgage protection, life assurance and critical illness cover. It also includes general insurance products which are underwritten by a number of external insurance companies and for which the Bank acts as an intermediary only. None of these products has any encashment value as at the Latest Practicable Date.

There are no provisions or expenses in respect of any failure or anticipated failure to repay any of the above loans or interest thereon. There are no guarantees entered into by the Bank in favour of KMP of the Bank and no guarantees in favour of the Bank have been entered into by the KMP of the Bank.

### 5. Consents

Davy, whose address is Davy House, 49 Dawson Street, Dublin D02 PY05, Ireland has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which they appear.

UBS of 5 Broadgate, London EC2M 2QS, United Kingdom has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which they appear.

### 6. Documents on display

Paper copies of:

- the Bye-Laws;
- the BOIG plc Constitution;
- the Group 2016 Annual Report, the Group 2015 Annual Report and the Group 2014 Annual Report;
- Consent letters referred to in Section 5 (*Consents*) of this Part VI (*Additional Information*) of the Circular;
- the Prospectus; and
- the Circular

will be available for inspection at the following addresses during normal business hours on each business day from the date of this Circular up to 28 April 2017.

- the registered offices of the Bank at Bank of Ireland, 40 Mespil Road, Dublin D04 C2N4, Ireland; and
- the Bank's offices at Bow Bells House, 1 Bread Street, London EC4M 9BE, United Kingdom.

They will also be available for inspection in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland from at least 15 minutes prior to the Extraordinary General Court until the conclusion of that meeting.

### 7. Documents incorporated by reference

The Group 2016 Annual Report, the Group 2015 Annual Report and the Group 2014 Annual Report, are available for inspection in accordance with Section 6 (Documents on Display) in this Part VI (Additional Information) of this Circular. These documents are also available on the Bank's website at [www.bankofireland.com](http://www.bankofireland.com).

**PART VII**  
**DEFINITIONS**

The definitions set out below apply throughout this Circular, unless the context requires otherwise.

<b>1992 Preference Stock</b> . . . . .	the preference capital stock of the Bank, other than the 2009 Preference Stock and the 2005 Preference Stock as at the date of this Circular;
<b>2005 Preference Stock</b> . . . . .	new units of preference stock which may be allotted by the Directors pursuant to Bye-Law 7 and which can be either redeemable or non redeemable and can be denominated in US Dollars, in euro or in Sterling;
<b>2009 Preference Stock</b> . . . . .	the units of non cumulative preference stock of €0.01 each in the capital of the Bank;
<b>2014 Financial Statements</b> . . . . .	the financial information relating to the Group as set out on pages 150-286 of the Group 2014 Annual Report;
<b>2015 Financial Statements</b> . . . . .	the financial information relating to the Group as set out on pages 158-294 of the Group 2015 Annual Report;
<b>2016 Bill</b> . . . . .	the Companies (Accounting) Bill 2016 (bill number 79 of 2016)
<b>2016 Financial Statements</b> . . . . .	the financial information relating to the Group as set out on pages 178-305 of the Group 2016 Annual Report;
<b>Admission</b> . . . . .	the BOIG plc Shares being admitted to: (i) listing on the primary listing segment of the Official List of the Irish Stock Exchange and the premium listing segment of the Official List of the FCA; and (ii) trading on the Irish Stock Exchange's Main Securities Market and the London Stock Exchange's main market for listed securities;
<b>Annual General Court</b> . . . . .	an annual general court of the Bank;
<b>Annual Report and Accounts</b> . . . . .	the audited annual report and accounts of a company for a particular financial period;
<b>ASX</b> . . . . .	the Australian Securities Exchange;
<b>Bank or the Bank</b> . . . . .	the Governor and Company of the Bank of Ireland, established in Ireland by Charter 1783 and having limited liability;
<b>Bank of Ireland Group plc or BOIG plc</b>	Bank of Ireland Group plc, a public limited company incorporated in Ireland with registered number 593672 and having its registered office at 40 Mespil Road, Dublin D04 C2N4, Ireland and which, following completion of the Scheme, will become the parent company of the Group;
<b>Banking Union</b> . . . . .	the banking union of the EU;
<b>Board or BOIG plc Board</b> . . . . .	the board of directors of BOIG plc;
<b>BOE</b> . . . . .	the Bank of England;
<b>BOIG plc Articles or Articles</b> . . . . .	the articles of association of BOIG plc to be effective (subject to the Scheme becoming Effective) on the Effective Date;
<b>BOIG plc Constitution</b> . . . . .	the BOIG plc Memorandum and BOIG plc Articles to be effective (subject to the Scheme becoming Effective) on the Effective Date save in Part IV of this Circular where the definition set out therein applies;
<b>BOIG plc Memorandum or Memorandum</b> . . . . .	the memorandum of association of BOIG plc to be effective (subject to the Scheme becoming Effective) on the Effective Date;
<b>BOIG plc Shareholders</b> . . . . .	the members of BOIG plc from time to time;

<b>BOIG plc Shares</b> .....	the ordinary shares in the share capital of BOIG plc having a nominal value of €1.00 each as at the Latest Practicable Date or such nominal value as may be amended prior to the Effective Date;
<b>business day</b> .....	a day, not being a public holiday, Saturday or Sunday, on which banks in Dublin are open for normal business;
<b>Bye-Laws</b> .....	the bye-laws of the Bank;
<b>Cancellation Record Time</b> .....	6.00 p.m. (Irish time) on the business day before the High Court hearing to sanction the Scheme;
<b>Cancellation Stock</b> .....	any Ordinary Stock issued before the Cancellation Record Time, but excluding, in any case, the Designated Stock, the Transfer Stock and the Treasury Stock;
<b>Capital Requirements Directive IV or CRD IV</b> .....	Directive 2013/36/EU of the European Parliament and of the Council of June 2013 amending Directives 2002/87/EC, and repealing Directives 2006/48/EC and 2006/49/EC;
<b>Capital Requirements Regulation or CRR</b> .....	Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012;
<b>CAT</b> .....	capital acquisitions tax;
<b>CBI</b> .....	the Central Bank of Ireland;
<b>CGT</b> .....	Irish taxation of capital gains and corporation tax on chargeable gains;
<b>Chairman</b> .....	the Chairman of the Group;
<b>Circular</b> .....	this document issued by the Bank to Ordinary Stockholders containing and setting out, among other things, the full terms and conditions of the Scheme (including the particulars required by section 452 of the Act) and containing the notices convening the High Court Convened Stockholder Meeting and the Extraordinary General Court;
<b>Code</b> .....	the US Internal Revenue Code of 1986, as amended;
<b>Companies Act</b> .....	the Companies Act 2014, all enactments which are to be read as one with, or construed or read together as one with the Companies Act 2014 and every statutory modification and re-enactment thereof for the time being in force;
<b>Companies Registration Office</b> .....	the official public registry for companies in Ireland;
<b>Consolidation</b> .....	the consolidation of the issued capital stock of the Bank to be carried out under the Scheme pursuant to which Scheme Stockholders on the Register of Members at the Scheme Record Time will receive BOIG plc Shares in consideration for the cancellation of the Cancellation Stock and the transfer of any Transfer Stock held by them on the basis of the Exchange Ratio;
<b>Consolidation Basis</b> .....	the basis on which the Exchange Ratio will be calculated for the Scheme;
<b>Corporations Act</b> .....	the Australian Corporations Act 2001 (cth);
<b>Court of Directors or Court</b> .....	the court of directors of the Bank;
<b>CRD IV</b> .....	the Capital Requirements Directive IV;

<b>CREST</b> .....	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;
<b>CREST Proxy Instruction</b> .....	for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message must be properly authenticated in accordance with EUI's (Euroclear UK and Ireland) specifications and must contain the information required for such instructions, as described in the CREST Manual;
<b>CREST Regulations</b> .....	the Companies Act 1990 (Uncertificated Securities) Regulations 1996 (SI 68/1996) of Ireland (as amended) or the Uncertificated Securities Regulations 2001 (SI 2001/3755), as appropriate;
<b>CSD Regulation</b> .....	the European Central Securities Depositories Regulation (EU) No 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories;
<b>Davy</b> .....	J&E Davy of Davy House, 49 Dawson Street, Dublin D02 PY05, Ireland;
<b>Default Shares or Default Stock</b> .....	the shares in relation to which a default under section 1062 of the Companies Act has occurred;
<b>Department of Finance</b> .....	the Department of Finance of Ireland;
<b>Designated Stock</b> .....	the one unit of Ordinary Stock to be held by BOIG plc, or by nominees appointed by BOIG plc, from a date prior to the date on which the High Court Convened Stockholder Meeting is held;
<b>Directors or BOIG plc Directors</b> .....	the directors of the Bank or BOIG plc, as the context requires;
<b>Distributable Reserves Resolution</b> .....	the advisory non-binding resolution in relation to the creation of distributable reserves in BOIG plc;
<b>DWT</b> .....	Irish dividend withholding tax;
<b>EBA</b> .....	the European Banking Authority;
<b>ECB</b> .....	the European Central Bank;
<b>EEA</b> .....	the European Economic Area;
<b>Effective</b> .....	the Scheme having become effective pursuant to its terms;
<b>Effective Date</b> .....	the date upon which the Scheme becomes Effective;
<b>Entitlement to Vote Record Time</b> .....	expected to be 6.00 p.m. on the date which is two business days prior to the date of the High Court Convened Stockholder Meeting or the Extraordinary General Court (as the case may be) or if either meeting is adjourned, 6.00 p.m. on the date which is two business days before the date fixed for the relevant adjourned meeting.
<b>EU</b> .....	the European Union;
<b>EU Prospectus Regulation</b> .....	Commission Regulation (EC) No. 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements;
<b>euro or EUR or €</b> .....	the lawful currency of Ireland;
<b>Euroclear</b> .....	Euroclear UK & Ireland Limited, a limited company incorporated in England and Wales with registered number 02878738;
<b>Exchange Agent</b> .....	Computershare Investor Services (Ireland) Limited;

<b>Exchange Ratio</b> . . . . .	has the meaning given to it in the Scheme;
<b>Executive Directors</b> . . . . .	the executive directors of the Bank;
<b>Extraordinary General Court or EGC</b> . . . . .	the extraordinary general court of the Ordinary Stockholders (and any adjournment thereof) to be convened in connection with the Scheme, expected to be held as soon as the preceding High Court Convened Stockholder Meeting shall have been concluded or adjourned (it being understood that if the High Court Convened Stockholder Meeting is adjourned, the EGC shall be correspondingly adjourned);
<b>FATCA</b> . . . . .	Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, any regulations or agreements thereunder, or any law implementing an intergovernmental approach thereto;
<b>Financial Conduct Authority or FCA</b> . . . . .	the UK Financial Conduct Authority or its successor from time to time;
<b>Form of Proxy</b> . . . . .	the form of proxy in connection with each of the High Court Convened Stockholder Meeting and the Extraordinary General Court, which accompany this Circular;
<b>FSCS</b> . . . . .	Financial Services Compensation Scheme;
<b>FSMA</b> . . . . .	the Financial Services and Markets Act 2000;
<b>GEC</b> . . . . .	the Group Executive Committee;
<b>Group or the Group</b> . . . . .	before the Effective Date, the Bank and each of its subsidiaries and subsidiary undertakings and, after the Effective Date, BOIG plc and its subsidiaries and subsidiary undertakings from time to time;
<b>Group Secretary or Secretary</b> . . . . .	the secretary of BOIG plc or the secretary of the Group (as the context requires);
<b>Group 2014 Annual Report</b> . . . . .	the Group's Annual Report and Accounts for the financial year ended 31 December 2014;
<b>Group 2015 Annual Report</b> . . . . .	the Group's Annual Report and Accounts for the financial year ended 31 December 2015;
<b>Group 2016 Annual Report</b> . . . . .	the Group's Annual Report and Accounts for the financial year ended 31 December 2016;
<b>HC Scheme Resolution</b> . . . . .	the resolution to approve the Scheme to be proposed at the High Court Convened Stockholder Meeting;
<b>High Court</b> . . . . .	the High Court of Ireland;
<b>High Court Convened Stockholder Meeting</b> . . . . .	the meeting or meetings of the Scheme Stockholders as may be convened pursuant to an order of the High Court under section 450 of the Companies Act for the purposes of considering and, if thought fit, approving the Scheme (with or without amendment approved or imposed by the High Court and agreed to by Bank and BOIG plc) including any adjournment, postponement or reconvention of any such meeting, notice of which is contained in this Circular;
<b>High Court Hearing</b> . . . . .	the hearing of the High Court at which it is proposed that the High Court sanction the Scheme;
<b>High Court Hearing Date</b> . . . . .	the date on which the High Court makes the High Court Order;
<b>High Court Order</b> . . . . .	the order or orders of the High Court sanctioning the Scheme under section 453 of the Companies Act and confirming the reduction of share capital which forms part of it under sections 84 and 85 of the Companies Act;

<b>HM Treasury</b> . . . . .	Her Majesty’s Treasury;
<b>HMRC</b> . . . . .	HM Revenue & Customs;
<b>Holder</b> . . . . .	in relation to any Ordinary Stock, the Member whose name is entered in the Register of Members as the holder of that stock and “ <b>Joint Holders</b> ” shall mean the Members whose names are entered in the Register of Members as the joint holders of that stock, and includes any person(s) entitled by transmission;
<b>IAS</b> . . . . .	International Accounting Standards, as adopted by the EU;
<b>Ireland or Irish State or Republic of Ireland</b> . . . . .	the island of Ireland, excluding Northern Ireland;
<b>Irish Revenue</b> . . . . .	the Revenue Commissioners of Ireland;
<b>Irish Stock Exchange</b> . . . . .	the Irish Stock Exchange plc;
<b>Irish Takeover Rules</b> . . . . .	the Irish Takeover Panel Act, 1997, Takeover Rules, 2013;
<b>IRS</b> . . . . .	the Internal Revenue Service, being the U.S government agency responsible for tax collection and tax law enforcement;
<b>KMP</b> . . . . .	key management personnel comprising the Directors, the members of the GEC, and the Group Secretary;
<b>Latest Practicable Date or LPD</b> . . . . .	31 March 2017, being the latest practicable date prior to publication of this Circular;
<b>London Stock Exchange</b> . . . . .	the London Stock Exchange plc;
<b>Long Stop Date</b> . . . . .	31 December 2017 or such later date as Bank and BOIG plc may agree in writing and the High Court may approve (if such consent and/or approval is required);
<b>Medicare tax</b> . . . . .	tax applied to earned income, which includes wages you are paid by an employer plus tips;
<b>Meeting Notices</b> . . . . .	the notice of meeting for the Extraordinary General Court and the High Court Convened Stockholder Meeting;
<b>Member State or Member States</b> . . . . .	member state or member states of the European Union (as applicable);
<b>Members</b> . . . . .	members of the Bank on its Register of Members at any relevant date (and each a “ <b>Member</b> ”);
<b>Minister for Finance</b> . . . . .	Minister for Finance of Ireland;
<b>MREL</b> . . . . .	minimum requirements for own funds and eligible liabilities;
<b>New Ordinary Stock</b> . . . . .	the units of ordinary stock having nominal value €0.05 each in the capital stock of the Bank to be issued credited as fully paid to BOIG plc pursuant to the Scheme;
<b>Non-Executive Directors</b> . . . . .	the non-executive directors of the Bank;
<b>Official List</b> . . . . .	the Official List of the Irish Stock Exchange or the Official List of the FCA (as applicable);
<b>Ordinary Stock</b> . . . . .	the units of ordinary stock having nominal value of €0.05 each in the capital stock of the Bank;
<b>Ordinary Stockholders</b> . . . . .	the Holders of Ordinary Stock;
<b>Overseas Stockholders</b> . . . . .	stockholders who are US Persons wherever located or with registered addresses outside Ireland or the United Kingdom or who are citizens or residents of, or located in, countries outside Ireland or the United Kingdom;
<b>Panel or Takeover Panel</b> . . . . .	the Irish Takeover Panel;

<b><i>PFIC</i></b> .....	passive foreign investment company;
<b><i>PRA</i></b> .....	the Bank of England acting as the Prudential Regulation Authority through its Prudential Regulation Committee;
<b><i>Preference Stock</i></b> .....	the 2009 Preference Stock and the 1992 Preference Stock;
<b><i>Preference Stockholder</i></b> .....	the registered holders of Preference Stock from time to time;
<b><i>Prospectus</i></b> .....	the Prospectus issued by BOIG plc in relation to Admission of the BOIG plc Shares to trading on the regulated markets of the Irish Stock Exchange and the London Stock Exchange and approved under the Prospectus Directive;
<b><i>Prospectus Directive</i></b> .....	European Parliament and Council Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU);
<b><i>Prospectus Regulations</i></b> .....	Prospectus (Directive 2003/71 EC) Regulations 2005 of Ireland, (S.I. No. 324 of 2005) as amended;
<b><i>Prospectus Rules</i></b> .....	the rules issued by the CBI from time to time under section 1363 of the Companies Act 2014;
<b><i>QEF</i></b> .....	qualified electing fund;
<b><i>Reduction of Capital</i></b> .....	the reduction of the capital stock of the Bank by the cancellation of the Cancellation Stock to be effected as part of the Scheme;
<b><i>Register of Members</i></b> .....	the register of members maintained by the Bank pursuant to the Bye-Laws;
<b><i>Registrar of Companies</i></b> .....	the Registrar of Companies within the meaning of the Companies Act;
<b><i>Regulators Preferred Resolution Strategy or RPRS</i></b> .....	the regulators' preferred resolution strategy;
<b><i>Regulatory Authorities</i></b> .....	the regulatory authorities relevant to the Group including the CBI, the BOE, the PRA, the SRB and the ECB;
<b><i>Regulatory Information Service</i></b> .....	any of the services set out in Appendix II to the UK Listing Rules;
<b><i>Relevant Territory</i></b> .....	(i) a Member State (other than Ireland) or (ii) a country with which Ireland has a tax treaty in force by virtue of section 826(1) TCA or (iii) a country with which Ireland has a tax treaty that is signed and which will come into force once all the ratification procedures set out in section 826(1) TCA have been completed;
<b><i>Resolution College</i></b> .....	a resolution college established in accordance with section 152 of the European Union (Bank Recovery and Resolution) Regulations 2015 (S.I. No. 289 of 2015) comprising each of the regulatory authorities with a stake in the resolvability of the Group, namely the SRB, the CBI, the Department of Finance, the ECB, the BOE, the PRA, HM Treasury and the EBA;
<b><i>Restricted Jurisdiction</i></b> .....	any jurisdiction in relation to which the Bank considers or is advised that the release, publication or distribution of the Circular or the related Forms of Proxy or the allotment and issue of BOIG plc Shares, would or might infringe the laws of that jurisdiction or would or might require compliance with any governmental or other consent or any registration, filing or other formality that the Bank is unable to comply with or regards as unduly onerous to comply with or that to seek legal advice in relation to same would be unduly onerous having regard (without limitation) to the cost and inconvenience of obtaining such advice and complying with any requirement that might be contained in such advice;

<b><i>Restricted Shares</i></b> . . . . .	any BOIG plc Shares which are not issued or allotted to a Restricted Stockholder by virtue of the application of clause 6.1 of the Scheme;
<b><i>Restricted Stockholders</i></b> . . . . .	certain Overseas Stockholders located in a Restricted Jurisdiction;
<b><i>Scheme or Scheme of Arrangement</i></b> . . . . .	the proposed scheme of arrangement under Chapter 1 Part 9 of the Companies Act and the capital reduction under sections 84, 85 and 86 of the Companies Act with or subject to any modifications, additions or conditions approved or imposed by the High Court and agreed to by the Bank and BOIG plc, whereby BOIG plc will become the parent company of the Group;
<b><i>Scheme Conditions</i></b> . . . . .	the conditions to which the scheme is subject;
<b><i>Scheme Consideration</i></b> . . . . .	the BOIG plc Shares;
<b><i>Scheme Record Time</i></b> . . . . .	6.00 p.m. (Irish time) on the Effective Date;
<b><i>Scheme Resolutions</i></b> . . . . .	the resolutions to be proposed by the Bank at the Extraordinary General Court in connection with, amongst other things, the approval of the Scheme and the amendment of Bank's Bye-laws and including the Distributable Reserves Resolution;
<b><i>Scheme Stock</i></b> . . . . .	the Cancellation Stock and the Transfer Stock;
<b><i>Scheme Stockholder</i></b> . . . . .	a Holder of Scheme Stock;
<b><i>Securities Act</i></b> . . . . .	U.S. Securities Act of 1933;
<b><i>Senior Executives</i></b> . . . . .	those persons listed in Section 3 of Part VI;
<b><i>Senior Managers</i></b> . . . . .	the top layer of executive management, directors and non-executive directors in Bank of Ireland (UK) plc who exercise senior management functions and are subject to regulatory approval;
<b><i>Share Sale Facility Agent</i></b> . . . . .	a broker appointed by BOIG plc to act as a share sale facility agent in respect of any Restricted Shares;
<b><i>SPE</i></b> . . . . .	single point of entry;
<b><i>Sponsors</i></b> . . . . .	Davy and UBS;
<b><i>SRB</i></b> . . . . .	the Single Resolution Board;
<b><i>SSM</i></b> . . . . .	single supervisory mechanism;
<b><i>SSM Regulation</i></b> . . . . .	Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific tasks on the ECB concerning policies relating to the prudential supervision of credit institutions;
<b><i>State</i></b> . . . . .	the island of Ireland, excluding Northern Ireland;
<b><i>Sterling or Pounds Sterling or Stg£ or p or £</i></b> . . . . .	the lawful currency of the United Kingdom;
<b><i>Stockholders</i></b> . . . . .	an Ordinary Stockholder and/or Preference Stockholder (as the context requires) and in the context of references to Stockholder approval, the Ordinary Stockholders and the Preference Stockholders, when such stockholders have active entitlements to vote at a general court of the Bank;
<b><i>subsidiary undertaking</i></b> . . . . .	has the meaning given in section 7 of the Companies Act;
<b><i>TCA</i></b> . . . . .	Taxes Consolidation Act 1997 of Ireland;
<b><i>Tier 1 Capital</i></b> . . . . .	Tier 1 capital instruments (within the meaning of the CBI's requirements at such time or equivalent) which includes stockholders' funds and innovative and non-innovative Tier 1 Securities;



<b>Tier 1 Securities</b> . . . . .	the securities issued by the Group that constitute Tier 1 Capital;
<b>Tier 2 Capital</b> . . . . .	undisclosed reserves, revaluation reserves, general provisions and loan loss reserves and sub-ordinated long term debt;
<b>Total Capital</b> . . . . .	Tier 1 Capital plus Tier 2 Capital less regulatory deductions;
<b>Transfer Stock</b> . . . . .	any Ordinary Stock issued at or after the Cancellation Record Time and at or before the Scheme Record Time excluding, for the avoidance of doubt, the Designated Stock and the Treasury Stock;
<b>Transparency Regulations</b> . . . . .	the Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007);
<b>Treasury or Treasury Shares</b> . . . . .	shares held as treasury shares as provided for in the Companies Act;
<b>Treasury Stock</b> . . . . .	any Ordinary Stock held by the Bank and/or any of its subsidiaries, excluding any Ordinary Stock held by New Ireland Assurance Company plc;
<b>Treaty</b> . . . . .	the Convention between the United States and Ireland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains;
<b>UBS</b> . . . . .	UBS Limited of 5 Broadgate, London EC2M 2QS, United Kingdom;
<b>UK Listing Authority</b> . . . . .	the FCA acting for the purposes of Part VI of the FSMA;
<b>UK Listing Rules</b> . . . . .	the rules and regulations made by the FCA under Part VI of the FSMA, and contained in the UK Listing Authority's publication of the same name (as amended from time to time);
<b>UK or United Kingdom</b> . . . . .	United Kingdom of Great Britain and Northern Ireland;
<b>US or United States</b> . . . . .	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia, and all other areas subject to its jurisdiction;
<b>US Dollar or USD or US\$ or \$</b> . . . . .	the lawful currency of the United States;
<b>US holder</b> . . . . .	a beneficial owner of Ordinary Stock or BOIG plc Shares that is for US federal income tax purposes: (i) a citizen or resident of the US; (ii) a US domestic corporation; (iii) an estate the income of which is subject to US federal income taxation regardless of its source; or (iv) a trust if a US court can exercise primary supervision over the trust's administration and one or more US persons are authorised to control all substantial decisions of the trust;
<b>US Person</b> . . . . .	as defined by the United States Securities and Exchange Commission in Regulation S under the US Securities Act;
<b>US Securities Act</b> . . . . .	the US Securities Act of 1933, as amended;
<b>US Treasury</b> . . . . .	the US Department of Treasury;

**NOTICE OF HIGH COURT CONVENED STOCKHOLDER MEETING**

**NOTICE OF COURT CONVENED STOCKHOLDER MEETING  
OF  
THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND  
IN THE HIGH COURT  
IN THE MATTER OF THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND  
and  
IN THE MATTER OF THE COMPANIES ACT 2014**

NOTICE IS HEREBY GIVEN that by an order dated 3 April 2017 made in the above matters, the High Court has directed a meeting (the “**High Court Convened Stockholder Meeting**”) be convened of the holders of the Scheme Stock (as defined in the proposed scheme of arrangement which is included in the document of which this Notice forms a part) of the Governor and Company of the Bank of Ireland (the “**Bank**”) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement pursuant to Chapter 1 of Part 9 of the Companies Act 2014 proposed to be made between the Bank and the holders of the Scheme Stock (the “**Scheme**”) (the “**HC Scheme Resolution**”) and any motion by the Chairman of the High Court Convened Stockholder Meeting (the “**Chairman**”) to adjourn the High Court Convened Stockholder Meeting, or any adjournments thereof, to another time and place if necessary or appropriate to solicit additional proxies if there are additional votes at the time of the High Court Convened Stockholder Meeting to approve the Scheme and that such meeting will be held in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland on 28 April at 2.00 p.m., at which place and time all holders of the said shares are invited to attend; such HC Scheme Resolution being in the following terms:

*“That the Scheme in its original form or with or subject to any modification(s), addition(s) or condition(s) approved or imposed by the High Court be agreed to.”*

The resolutions may be voted on in such order as is determined by the Chairman. To be passed, the resolution to approve the Scheme requires the approval of a simple majority (more than 50%) in number of Ordinary Stockholders of record representing not less than three-fourths (75%) in value of the Scheme Stock held by such holders voting in person or by proxy.

A copy of the scheme of arrangement and a copy of the explanatory statement required to be furnished pursuant to section 452 of the Companies Act 2014 are incorporated in the document of which this Notice forms part.

**A Stockholder who is entitled to attend, speak, ask questions and vote at the High Court Convened Stockholder Meeting is entitled to appoint a proxy to attend, speak, ask questions and vote instead of him. A Stockholder may appoint more than one proxy to attend, speak, ask questions and vote at the High Court Convened Stockholder Meeting in respect of stock held in different securities accounts. A Stockholder acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different stock held by that Stockholder. A proxy need not be a Stockholder of the Bank. If you wish to appoint more than one proxy then please contact the Bank’s registrar, Computershare Investor Services (Ireland) Limited, on +353 1 247 5414 or via electronic means by sending an email to the Bank’s registrar at [clientservices@computershare.ie](mailto:clientservices@computershare.ie)**

**A Form of Proxy for use by Stockholders is enclosed with this Notice (or is otherwise being delivered to Stockholders). Completion of a Form of Proxy (or submission of proxy instructions electronically) will not prevent a Stockholder from attending the High Court Convened Stockholder Meeting and voting in person should they wish to do so.**

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names appear on the register of members.

To be valid, a Form of Proxy and any power or other authority under which it is executed (or a duly certified copy of any such power or authority) must be lodged with the Bank’s registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not later than 48 hours before the High Court Convened Stockholder Meeting or adjourned High Court Convened Stockholder Meeting or (in the case of a poll taken otherwise than at or on the same day as the High

Court Convened Stockholder Meeting or adjourned High Court Convened Stockholder Meeting) at least 48 hours before the time appointed for the taking of a poll.

CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the High Court Convened Stockholder Meeting and any adjournment(s) thereof by following the procedures laid down in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s) should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with EUI’s (Euroclear UK and Ireland) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by the Bank’s registrar, Computershare Investor Services (Ireland) Limited, (ID Number 3RA50) by the latest time(s) for receipt of proxy appointments specified in this Notice of High Court Convened Stockholder Meeting or adjourned High Court Convened Stockholder Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare Investor Services (Ireland) Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Personal Member or Sponsored Member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Bank may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations, 1996.

Entitlement to attend and vote at the High Court Convened Stockholder Meeting, or any adjournment thereof, and the number of votes which may be cast thereat, will be determined by reference to the register of members of the Bank at 6.00 p.m. on 26 April 2017 (being the record date specified for eligibility for voting) or, in the event that this meeting is adjourned, at 6.00 p.m. on the day that is two days before the time of any adjourned meeting. In each case, changes to the register of members of the Bank after such time will be disregarded for the purposes of being entitled to vote.

If the Form of Proxy is properly executed and returned, it will be voted in the manner directed by the Stockholder executing it, or if no directions are given, will be voted on at the discretion of the Chairman or any other person duly appointed as proxy by the stockholder.

In the case of a corporation, the Form of Proxy must be either under its common seal or under the hand of an officer or attorney, duly authorised.

By the said Order, the High Court has appointed Archie G Kane, the Governor of the Bank or, in his absence, Richie Boucher, the Chief Executive Officer of the Bank, or, in his absence such other director or officer of the Bank as the Court of Directors of the Bank may determine, to act as chairman and has directed that such chairman report the result of the High Court Convened Stockholder Meeting to the High Court.

Subject to the approval of the resolution to approve the Scheme at the meeting convened by this Notice, the requisite resolutions to be proposed at the Extraordinary General Court of the Bank convened for 28 April 2017 and the satisfaction of the other conditions to the completion of the Scheme, it is anticipated that the High Court will order that the hearing of the petition to sanction the said Scheme will take place as soon thereafter as practicable.

The said Scheme will be subject to the subsequent sanction of the High Court.

**Dated: 4 April 2017**

**Arthur Cox  
Solicitors for the Bank**

## NOTICE OF EXTRAORDINARY GENERAL COURT

### NOTICE OF EXTRAORDINARY GENERAL COURT OF THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Court of the Governor and Company of the Bank of Ireland (the “**Bank**”) will be held on 28 April 2017, at 2.15 p.m. in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland (or, if later, as soon as possible after the conclusion or adjournment of the High Court Convened Stockholder Meeting (as defined in the scheme of arrangement which is included in the document of which this Notice forms a part)) for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1, 3 and 5 will be proposed as ordinary resolutions and Resolutions 2 and 4 as special resolutions:

#### 1. **Ordinary Resolution: To Approve the Scheme of Arrangement**

“**THAT**, subject to the approval of the Scheme (as defined in the document of which this Notice forms part) by the requisite majorities at the High Court Convened Stockholder Meeting, the Scheme (a copy of which has been produced to this meeting and for the purposes of identification signed by the Chairman thereof) in its original form or with or subject to any modification, addition or condition approved or imposed by the High Court be approved and the Directors of the Bank be authorised to take all such action as they consider necessary or appropriate for carrying the Scheme into effect.”

#### 2. **Special Resolution: Cancellation of Cancellation Stock Pursuant to the Scheme of Arrangement**

“**THAT**, subject to the passing of Resolutions 1 and 3 set out in the notice of this meeting and to the confirmation of the High Court, the issued (but not the authorised) capital stock of the Bank be reduced, pursuant to section 84 of the Companies Act 2014 and pursuant to the Bye-laws of the Bank, by the cancelling and extinguishing of all the Cancellation Stock (as defined in the Scheme) without thereby reducing the authorised share capital of the Bank.”

#### 3. **Ordinary Resolution: Directors’ Authority to Allot Securities and Application of Reserves**

“**THAT**, subject to the passing of Resolutions 1 and 2 set out in the notice of this meeting, and forthwith upon the reduction of capital referred to in Resolution 2 taking effect:

- (a) the Directors of the Bank be and are hereby generally authorised pursuant to and in accordance with section 1021 of the Companies Act 2014 to give effect to this resolution and accordingly to effect the allotment of the New Ordinary Stock (as defined in the Scheme) referred to in paragraph (b) below; provided that (i) this authority shall expire on the Long Stop Date (as defined in the document of which this Notice forms part), (ii) the maximum aggregate nominal amount of stock which may be allotted hereunder shall be an amount equal to the aggregate nominal value of the Cancellation Stock and (iii) this authority shall be without prejudice to any other authority under the said section 1021 previously granted before the date on which this resolution is passed; and
- (b) both:
  - (i) the reserve credit arising in the books of account of the Bank as a result of the cancellation of the Cancellation Stock; and
  - (ii) the entire amount standing to the credit of the Bank’s stock premium account at the Scheme Record Time (as defined in the Scheme);

be applied in paying up in full (A) at par and (B) to an aggregate premium equivalent to the entire amount standing to the credit of the Bank’s stock premium account as at the Scheme Record Time, such number of units of New Ordinary Stock as shall be equal to the total number of units of Cancellation Stock cancelled pursuant to Resolution 2 set out in the notice of this meeting, such units of New Ordinary Stock to be allotted and issued to Bank of Ireland Group plc, incorporated in Ireland with company number 593672, or its nominee in the manner described in the Scheme, credited as fully paid up and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever.”

#### 4. **Special Resolution: Amendment to Bye-laws**

“**THAT**, the Bye-Laws of the Bank which have been signed by the Secretary for identification purposes and which have been available for inspection at the registered office of the Bank since the date of the Notice of this Extraordinary General Court be and are hereby adopted as the new Bye-Laws of the Bank in substitution for and to the exclusion of the existing Bye-Laws of the Bank.”

#### 5. **Ordinary Resolution: Advisory Resolution in relation to Creation of Distributable Reserves in BOIG plc**

“**THAT**, on an advisory and non-binding basis, subject to and conditional upon the Scheme becoming effective and subject to the confirmation of the High Court pursuant to sections 84 and 85 of the Companies Act 2014:

- (a) the reduction of up to the entire amount standing to the credit of the share premium account of Bank of Ireland Group plc resulting from the issuance of the BOIG plc Shares (as defined in the Scheme) pursuant to the Scheme in order to create distributable reserves of Bank of Ireland Group plc and for the reserve resulting from the cancellation of the share premium to be treated as profits available for distribution as defined by section 117 of the Companies Act 2014;
- (b) in the event that section 72 of the Companies Act 2014 is amended on or prior to the Scheme becoming effective such that section 72 of the Companies Act applies to the acquisition of the Bank by Bank of Ireland Group plc pursuant to the Scheme:
  - (i) the capitalisation of any merger reserve account of Bank of Ireland Group plc resulting from the issuance of the BOIG plc Shares pursuant to the Scheme (the “**Capitalisation**”) and the subsequent reduction of up to the entire amount standing to the credit of the share capital and share premium accounts of Bank of Ireland Group plc arising as a result of the Capitalisation and for the reserve resulting from the cancellation of such share capital and share premium to be treated as profits available for distribution as defined by section 117 of the Companies Act 2014; and/or
  - (ii) the reduction of up to the entire amount standing to the credit of the undenominated capital account of Bank of Ireland Group plc following the creation of undenominated capital upon the effectiveness, after the Scheme becoming Effective, of a resolution under section 83(1)(d) of the Companies Act 2014 and for the reserve resulting from such reduction of undenominated capital to be treated as profits available for distribution as defined by section 117 of the Companies Act 2014,

each be and are hereby acknowledged, confirmed and approved.”

#### **BY ORDER**

**Helen Nolan**  
**Group Secretary**  
**Bank of Ireland**  
**40 Mespil Road**  
**Dublin 4**

**4 April 2017**

### **Entitlement to attend and vote**

1. Only those Stockholders who are holders of fully paid units of capital stock of the Bank and are registered on the Bank's register of members at:
  - 6 p.m. on 26 April 2017 (being the record date specified by the Bank for eligibility for voting); or
  - if the Extraordinary General Court is adjourned, at 6 p.m. on the day two days prior to the adjourned Extraordinary General Court

shall be entitled to participate and vote at the Extraordinary General Court.

### **Website giving information regarding the Extraordinary General Court**

2. This Extraordinary General Court notice, details of the total number of stock and voting rights at the date of giving this notice, the documents to be submitted to the meeting, copies of any draft resolutions and copies of the forms to be used to vote by proxy are available on the Bank's website at: <https://investorrelations.bankofireland.com>.

### **Attending in person**

3. The Extraordinary General Court will be held in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland. If you wish to attend the Extraordinary General Court in person, you are recommended to attend at least 15 minutes before the time appointed for holding of the Extraordinary General Court to allow time for registration. Please bring the Attendance Card attached to your Form of Proxy and present it at the Stockholder registration desk before the commencement of the Extraordinary General Court.

### **Electronic Participation**

4. Stockholders can appoint a proxy and give voting instructions electronically by logging on to the website of the Bank's registrar, Computershare Investor Services (Ireland) Limited: [www.eproxyappointment.com](http://www.eproxyappointment.com). Stockholders will need their 5-digit PIN Number, Stockholder Reference Number and Control Number, which you will receive on your Form of Proxy or via email if you have elected to receive Stockholder communications electronically.

### **Voting by Corporate Representatives**

5. Any corporation sole or body corporate which is a member of the Bank may, by a document executed by or on behalf of such corporation sole or resolution of its Directors or other governing body of such body corporate, authorise such individual as it thinks fit to act as its representative at any General Court of the Bank.

Any individual so authorised shall not be entitled to appoint a proxy but shall otherwise be entitled to exercise the same powers on behalf of the corporation sole or body corporate which they represent as that representative could exercise if they were an individual member of the Bank present in person.

### **Appointment of proxies**

6. A Stockholder who is entitled to attend, speak, ask questions and vote at the Extraordinary General Court is entitled to appoint a proxy to attend, speak, ask questions and vote instead of him. A Stockholder may appoint more than one proxy to attend, speak, ask questions and vote at the Extraordinary General Court in respect of stock held in different securities accounts. A Stockholder acting as an intermediary on behalf of one or more clients may grant a proxy to each of its clients or their nominees provided each proxy is appointed to exercise rights attached to different stock held by that Stockholder. A proxy need not be a Stockholder of the Bank. If you wish to appoint more than one proxy then please contact the Bank's registrar, Computershare Investor Services (Ireland) Limited, on +353 1 247 5414 or via electronic means by sending an email to the Bank's registrar at [clientservices@computershare.ie](mailto:clientservices@computershare.ie)
7. A Form of Proxy for use by Stockholders is enclosed with this Notice of Extraordinary General Court (or is otherwise being delivered to Stockholders). Completion of a Form of Proxy (or submission of proxy instructions electronically) will not prevent a Stockholder from attending the Extraordinary General Court and voting in person should they wish to do so.

8. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other registered holder(s) and, for this purpose, seniority will be determined by the order in which the names appear on the register of members.

### **Completion of a Form of Proxy**

9. To be valid, a Form of Proxy and any power or other authority under which it is executed (or a duly certified copy of any such power or authority) must be lodged with the Bank's registrar, Computershare Investor Services (Ireland) Limited, P.O. Box 954, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland not later than 48 hours before the Extraordinary General Court or adjourned Extraordinary General Court or (in the case of a poll taken otherwise than at or on the same day as the Extraordinary General Court or adjourned Extraordinary General Court) at least 48 hours before the time appointed for the taking of a poll.

### **Appointment of a proxy by a CREST Member**

10. CREST Members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Extraordinary General Court and any adjournment(s) thereof by following the procedures laid down in the CREST Manual. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed a voting service provider(s) should refer to their CREST Sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.
11. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with EUI's (Euroclear UK and Ireland) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message (whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must be transmitted so as to be received by the Bank's registrar, Computershare Investor Services (Ireland) Limited, (ID Number **3RA50**) by the latest time(s) for receipt of proxy appointments specified in this Notice of Extraordinary General Court or adjourned Extraordinary General Court. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Computershare Investor Services (Ireland) Limited is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
12. CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST Personal Member or Sponsored Member or has appointed a voting service provider(s), to procure that his CREST Sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST Members and, where applicable, their CREST Sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Bank may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Companies Act 1990 (Uncertificated Securities) Regulations, 1996.

### **Questions at the Extraordinary General Court**

13. The Bank will (subject to any reasonable measures the Bank may take to identify Stockholders) answer any question you ask relating to the business being dealt with at the Extraordinary General Court unless:
  - (i) answering the question would interfere unduly with the preparation for the Extraordinary General Court or the confidentiality and business interests of the Bank; or
  - (ii) the answer has already been given on the Bank's website in a question and answer format; or
  - (iii) it appears to the Chairman of the Extraordinary General Court that it is undesirable in the interests of the good order of the meeting that the question be answered.

### **Submission of questions**

14. If you wish to submit a question in advance of the Extraordinary General Court, please send your question(s) in writing by email to **egc2017questions@boi.com** or send it in writing with your Form of

Proxy to the Bank's registrar by no later than four business days in advance of the Extraordinary General Court.

**Stockholders' right to table draft resolutions**

15. Stockholders holding 3% or more of the units of Ordinary Stock may table a draft resolution for an item on the agenda. In order to exercise this right, the full text of the draft resolution and the agenda item to which it relates (or, if supporting a draft resolution tabled by another Stockholder, clearly identifying the draft resolution and agenda item which is being supported) must be received by the Secretary at Bank of Ireland, 40 Mespil Road, Dublin 4 or by email to [egc2017questions@boi.com](mailto:egc2017questions@boi.com) in sufficient time to allow the Bank to meet the minimum notice requirements for the issuing of notice for the Extraordinary General Court in respect of any such draft resolution. Furthermore, Stockholders are reminded that there are provisions in company law which impose other conditions on the right of Stockholders to propose resolutions at any General Court of the Bank.

**Voting on a Poll**

16. Where a poll is taken at the Extraordinary General Court, a Stockholder, present in person or by proxy, holding more than one unit of stock need not use all his/her votes or cast his/her votes in the same way.

**Outstanding Stock Options**

17. As at 31 March 2017 (being the latest practicable date prior to publication of this Notice), there were no outstanding stock options issued by the Bank which would result in the issue of new units of Ordinary Stock if such stock options were to be exercised.

**Preference Stockholders**

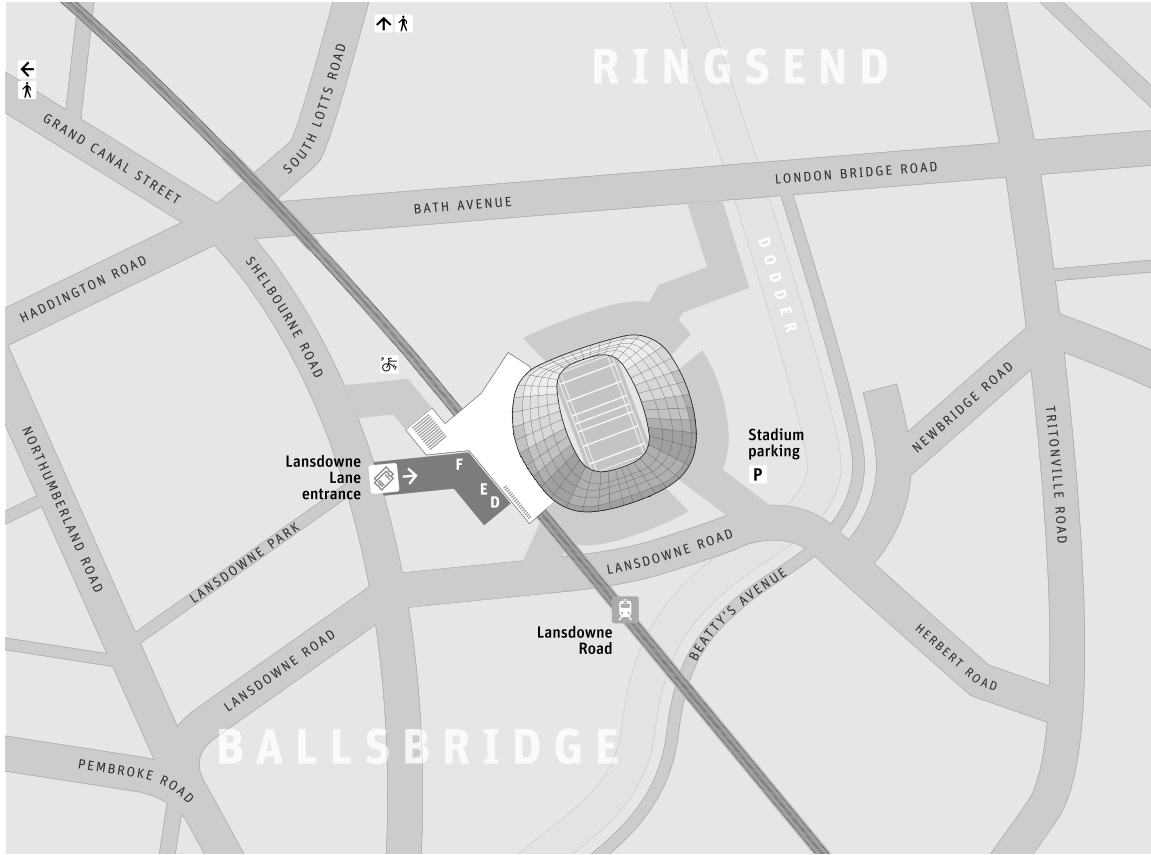
18. Holders of the Sterling Preference Stock and euro Preference Stock, although entitled to receive copies of the Circular and Notice of any General Court, are not entitled to attend and vote at this meeting in respect of their holding of such stock.

**Defined Terms**

19. A capitalised term defined in one of the resolutions set out in the above notice of Extraordinary General Court shall have the same meaning for the other resolutions set out therein.



# Location Map



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