

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document, or as to what action 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 (the “FSMA”) of the United Kingdom, or another appropriately authorised professional advisor if you are in a territory outside Ireland or the United Kingdom.

This document constitutes a prospectus (the “**Prospectus**”) for the purposes of Article 3 of the European Parliament and Council Directive 2003/71/EC of 4 November 2003 (the “**Prospectus Directive**”) relating to Bank of Ireland Group plc (“**BOIG plc**”) and has been prepared in accordance with Chapter 1 of Part 23 of the Companies Act 2014 (the “**Companies Act**”), the Prospectus (Directive 2003/71 EC) Regulations 2005 of Ireland, as amended (the “**Prospectus Regulations**”) and Commission Regulation (EC) No. 809/2004, as amended (the “**EU Prospectus Regulation**”). The Prospectus has been approved by the Central Bank of Ireland (the “**CBI**”), as competent authority under the Prospectus Directive. The CBI only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the BOIG plc Shares (as defined herein) which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc (the “**Irish Stock Exchange**”) and the regulated market of the London Stock Exchange plc (the “**London Stock Exchange**”). BOIG plc has requested that the CBI provides the Financial Conduct Authority (“**FCA**”) in the United Kingdom and the European Securities Market Authority with a certificate of approval attesting that this Prospectus has been drawn up in accordance with the Prospectus Directive.

This Prospectus has been prepared in connection with BOIG plc’s applications to the Irish Stock Exchange and FCA, in its capacity as the UK Listing Authority (the “**UK Listing Authority**”), for the BOIG plc Shares to be admitted to listing on (i) the primary listing segment of the Official List of the Irish Stock Exchange (the “**Irish Official List**”); and (ii) the premium listing segment of the Official List of the UK Listing Authority (the “**UK Official List**” and together with the Irish Official List, the “**Official Lists**”).

Application will be made to (a) the Irish Stock Exchange and the UK Listing Authority in respect of the admission of all of the BOIG plc Shares to listing on the Official Lists; (b) the Irish Stock Exchange for all of the BOIG plc Shares to be admitted to trading on its regulated market for listed securities; and (c) the London Stock Exchange for all of the BOIG plc Shares to be admitted to trading on its main market for listed securities. Admission to the Official Lists, together with admission to trading on the regulated market of the Irish Stock Exchange and the main market of the London Stock Exchange, respectively, for listed securities constitutes admission to official listing on a stock exchange (the successful completion of such applications, “**Admission**”). It is expected that such Admission will become effective and that dealings in the BOIG plc Shares will commence on the Irish Stock Exchange and the London Stock Exchange at 8.00 a.m. (Irish time) on or around the business day following the Effective Date.



Bank of Ireland Group plc

(incorporated and registered in Ireland under the Companies Act with registered number 593672)

Proposed admission to the Official Lists of the Irish Stock Exchange and the UK Financial Conduct Authority of up to 35,000,000,000 ordinary shares in the share capital of Bank of Ireland Group plc and to trading on the main markets of the Irish Stock Exchange and the London Stock Exchange

*J&E Davy (“Davy”)
Irish Sponsor
and Joint UK Sponsor*

*UBS Limited (“UBS”)
Joint
UK Sponsor*

This Prospectus has been made available to the public in Ireland and the United Kingdom in accordance with Part 8 of the Prospectus Regulations by the same being made available, free of charge, in electronic form on the Group’s website www.bankofireland.com (please select the Investor Relations link). Save as expressly incorporated by reference into this Prospectus, other materials on the Group’s website are not incorporated into and do not form part of this Prospectus.

BOIG plc, the Governor and Company of the Bank of Ireland (the “**Bank**”), the Directors, whose names appear on page 74 of this Prospectus and Mr. Brad Martin in his capacity as a Bank Director, accept responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of BOIG plc, the Bank and the Directors (including Mr. Brad Martin) (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect the import of such information.

You should read this Prospectus and the documents incorporated herein by reference in their entirety. Your attention is specifically drawn to the risk factors set out in the section entitled “Risk Factors” in Part II of the Prospectus.

Prospective BOIG plc Shareholders should rely only on the information contained in this Prospectus and the documents incorporated herein by reference. No person has been authorised to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied on as having been so authorised. Any delivery of this Prospectus shall not, under any circumstances, create any implication that there has been no change in the affairs of the Bank, BOIG plc and/or the Group taken as a whole since, or that the information contained herein is correct at any time subsequent to, the date of this Prospectus, or the date of the documents incorporated by reference herein. The Group will comply with its obligation to publish a supplementary prospectus containing further updated information if so required by law or by any regulatory authority but assumes no further obligation to publish additional information. The contents of this Prospectus are not to be construed as legal, financial or tax advice. Each recipient of this Prospectus should consult his, her or its own legal adviser, independent financial adviser or tax adviser for legal, financial or tax advice.

This document does not constitute an invitation or offer to sell or exchange, or the solicitation of an invitation or offer to buy or exchange, any security or to become a member of BOIG plc in any jurisdiction in which such an action is unlawful. The distribution of this document in certain jurisdictions may be restricted by law and, accordingly, persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. No action has been, or will be, taken by BOIG plc to permit a public offering of the BOIG plc Shares, or to permit the possession or distribution of this Prospectus (or any other offering or publicity materials relating to the BOIG plc Shares) in any jurisdiction where any action that has not been taken by BOIG plc, may be required for that purpose.

A circular (the “**Circular**”) has been issued by the Bank to its ordinary stockholders (“**Ordinary Stockholders**”) on 4 April 2017 in connection with (i) a stockholder meeting of the Bank convened by the High Court of Ireland (the “**High Court Convened Stockholder Meeting**”) and the “**High Court**”, respectively) to be held for the purpose of considering and, if thought fit approving, the Scheme and (ii) the convening of an extraordinary general court of the Bank (the “**Extraordinary General Court**”) to be held for the purposes of considering and, if thought fit, approving the Scheme Resolutions in connection with the Scheme. The High Court Convened Stockholder Meeting is to be held at 2 p.m. (Irish Time) on 28 April 2017 in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland and the Extraordinary General Court is to be held at 2.15 p.m. (Irish time) on 28 April 2017 in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland or as soon thereafter as the High Court Convened Stockholder Meeting shall have concluded or been adjourned. Notice of the High Court Convened Stockholder Meeting and the Extraordinary General Court was given to Ordinary Stockholders by way of publication of a notice of meeting for each meeting in the Circular (the “**Notices of Meetings**”).

Ordinary Stockholders who do not plan to personally attend the High Court Convened Stockholder Meeting or the Extraordinary General Court, are requested to return a completed form of proxy (enclosed with the Circular) (a “**Form of Proxy**”) to Computershare Investor Services (Ireland) Limited at the address indicated therein before 2 p.m. (Irish time) in respect of the High Court Convened Stockholder Meeting and 2.15 p.m. (Irish time) in respect of the Extraordinary General Court on 26 April 2017. If the High Court Convened Stockholder Meeting or the Extraordinary General Court are adjourned, the Form of Proxy must be returned not later than 48 hours before the time fixed for the holding of the adjourned High Court Convened Stockholder Meeting or the Extraordinary General Court as appropriate. The Form of Proxy is also separately available on the Bank’s website at www.bankofireland.com (please select the Investor Relations link). Ordinary Stockholders who have any difficulties accessing the Form of Proxy should contact the stockholder helpline set out in the Circular.

The Scheme is subject to certain conditions, which are fully set out in the Circular, and include: (i) 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 Scheme Meeting (or at any adjournment thereof); (ii) the approval of 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); (iii) 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; (iv) the delivery of the office copy of the order of the High Court sanctioning the Scheme under Part 9 of the Companies Act and a copy of the minute required by section 86 of the Companies Act to the Registrar of Companies in Ireland; (v) all regulatory approvals necessary to implement the Scheme having been obtained; (vi) the Irish Stock Exchange, the UK Listing Authority and the London Stock Exchange having acknowledged to the Bank or its agent that the application for 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 and acknowledging to BOIG plc or its agent that the BOIG plc Shares will be admitted to (a) listing on the Official Lists; and (b) trading on the Irish Stock Exchange’s Main Securities Market and the London Stock Exchange’s main market for listed securities.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Prospectus 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 BOIG plc or Davy and UBS (together the “**Sponsors**”) to permit a public offering of BOIG plc Shares or possession or distribution of this Prospectus (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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus is subject is set out in paragraph 8 (*Overseas Stockholders*) Section A of Part V (*Scheme Summary*) of this Prospectus.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state (each, a “**Member State**”) of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) except for the allotment and issuance of BOIG plc Shares pursuant to the Scheme in Ireland and the United Kingdom (in respect of which this Prospectus has been published), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the “**relevant implementation date**”), no BOIG plc Shares have been offered or will be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the BOIG plc Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State in which the offer to the public is to take place, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of BOIG plc Shares may be made to the public in that Relevant Member State at any time:

- (i) to any legal entity which is a “**qualified investor**”, within the meaning of Article 2(1)(e) of the Prospectus Directive, including any relevant implementing directive measure in that relevant member state;
- (ii) to fewer than, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of BOIG plc Shares shall result in a requirement for the publication by BOIG plc or the Bank of a prospectus pursuant to Article 3 of the Prospectus Directive or supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

In the case of any BOIG plc Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the BOIG plc Shares

issued to it pursuant to the Scheme have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a relevant member state to qualified investors, in circumstances in which the prior consent of the Sponsors has been obtained to each such proposed offer or resale.

BOIG plc and the Sponsors and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of the provisions above, the expression an “offer to the public” in relation to any BOIG plc Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of offer and any BOIG plc Shares to be offered so as to enable an investor to decide to acquire the BOIG plc Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

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 this Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of this Prospectus or any accompanying documents. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO INVESTORS IN CANADA

This Prospectus is not, and under no circumstances is to be construed as, a prospectus under Canadian securities laws, an advertisement or a public offering of the securities described herein in Canada. No securities commission or similar regulatory authority in Canada has in any way passed upon the merits of the BOIG plc Shares nor has it reviewed or passed upon the accuracy or adequacy of this Prospectus or any accompanying documents. Any representation to the contrary is an offence in Canada.

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

The BOIG plc Shares have not been and will not be registered under the applicable securities laws of Japan, Switzerland, the Republic of South Africa or the United Arab Emirates. 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 Republic of South Africa or the United Arab Emirates or to, or for the account or benefit of, any resident of Japan, Switzerland, the Republic of South Africa or the United Arab Emirates.

NOTICE TO INVESTORS IN AUSTRALIA

This Prospectus 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 Prospectus 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 Prospectus 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.

OTHER IMPORTANT NOTICES

UBS, which is acting solely as joint UK Sponsor is authorised in the United Kingdom by the PRA and regulated in the United Kingdom by the FCA and PRA is acting exclusively for BOIG plc and the Group and no one else in connection with Admission and will not be responsible to anyone other than BOIG plc and the Group for providing the protections afforded to its clients, for the contents of this Prospectus or for providing any advice in relation to this Prospectus or Admission. Apart from the responsibilities and liabilities, if any,

which may be imposed by the CBI, the FCA, the PRA 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 Prospectus 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 BOIG plc and nothing in this Prospectus 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 Prospectus 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 BOIG plc and the Group, in respect of this Prospectus.

Davy, which is acting as solely as Irish Sponsor and joint UK Sponsor is authorised and regulated in Ireland by the CBI, is acting exclusively for BOIG plc and the Group and no one else in connection with the Admission and will not be responsible to anyone other than BOIG plc and the Group for providing the protections afforded to its clients, for the contents of this Prospectus or for providing any advice in relation to this Prospectus or Admission. 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 Prospectus 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 BOIG plc or the Group and nothing in this Prospectus 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 Prospectus 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 BOIG plc and the Group, in respect of this Prospectus.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by BOIG plc. Neither the publication of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of BOIG plc since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date. The contents of this Prospectus (including the information incorporated by reference herein) should not be construed as legal, financial or tax advice. Each reader of this Prospectus should consult his, her or its own legal, financial or tax advisor for advice. In making any investment decision, each investor must rely on his or her own examination, analysis and enquiry of BOIG plc, including the merits and risks involved.

Certain terms used in this Prospectus, including certain technical and other items, are explained and defined in Part XIX (*Definitions and Glossary*) of this Prospectus.

In particular, in this Prospectus, the “**Group**” means, before the Effective Date (as defined herein), the Bank and its subsidiaries and subsidiary undertakings, and, where the context requires, its associated undertakings and, after the Effective Date, BOIG plc and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings.

This Prospectus is dated 4 April 2017.

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PART I: SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These elements are numbered in Sections A–E (A.1–E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

Section A—Introduction and warnings		
A.1	Warning	This summary should be read as an introduction to this Prospectus. Any decision relating to the securities should be based on consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A.2	Consent to Intermediaries	Not applicable. No consent has been given by Bank of Ireland Group plc (“ BOIG plc ”) to the use of the Prospectus for subsequent resale of securities by financial intermediaries or final placement of securities. BOIG plc is not engaging any financial intermediaries for any resale of securities or final placement of securities in connection with this Prospectus.

Section B—Issuer		
B.1	Legal and commercial name	The legal and commercial name of the issuer is Bank of Ireland Group plc.
B.2	Domicile, legal form and country of incorporation	BOIG plc was incorporated as Adjigo plc in Ireland as a public limited company on 28 November 2016 with registered number 593672, its registered office is situated at 40 Mespil Road, Dublin D04 C2N4, Ireland and it is domiciled in Ireland. On 31 March 2017, Adjigo plc changed its name to Bank of Ireland Group plc. The principal legislation under which BOIG plc operates, and under which BOIG plc Shares will be issued, is the Companies Act 2014 (the “ Companies Act ”).
B.3	Current operations and principal activities	BOIG plc has been incorporated to be the holding company of the Group. The Group is structured along five operating segments being Retail Ireland, Bank of Ireland Life, Retail UK, Corporate and Treasury and Group Centre. Each operating segment comprises a number of business units. The Group provides a broad range of banking and other financial services. These services include, amongst others, current account and deposit services, overdrafts, term loans, mortgages, business and corporate lending, international asset financing, leasing, instalment credit, invoice discounting, foreign exchange facilities, interest and exchange rate hedging instruments, life assurance, pension and protection products. All of these services are provided by the Group in Ireland with selected services being offered in the UK and internationally. The Group generates the majority of its revenue from traditional lending and deposit taking activities as well as fees for a range of banking and transaction services. The Group operates an extensive distribution network of 250 branches and approximately 1,750 self-service devices in the Republic of Ireland and access to approximately 11,500 branches and approximately 2,500 ATMs in the UK via the Group’s relationship as financial services partner with the UK Post Office. The Group also has access to distribution in the UK via its partnership with the AA and through a number of strategic intermediary relationships.

Section B—Issuer		
		<p>Operations in the rest of the world, including the US and European markets, are undertaken by the Group’s Corporate and Treasury operating segment which has offices in nine locations (Dublin, Belfast, London, Bristol, Paris, Frankfurt, Chicago, New York and Stamford, Connecticut).</p>
B.4a	Significant recent trends	<p>Growth in both the Irish and UK economies has continued to provide a supportive backdrop for the Group’s businesses. Economic activity in Ireland has further increased supported by growth in consumer spending, investment and exports with the Irish economy growing by 5.2% in GDP terms in 2016 (<i>Source: Central Statistics Office (“CSO”): Quarterly National Accounts Quarter 4 2016</i>). Notwithstanding the decision to leave the European Union, the UK economy has remained resilient and in GDP terms, the UK economy grew by 0.7% quarter on quarter (2.0% year on year) in the fourth quarter of 2016 (<i>Source: Office of National Statistics (“ONS”): GDP Quarter 4 2016</i>). Whilst recognising that the uncertainties posed by the UK’s decision to leave the European Union may weigh on business and consumer confidence, the Group currently expects economic expansion in both economies in 2017.</p> <p>The Group continues to maintain strong commercial discipline on lending and deposit margins. The Group’s net interest margin (“NIM”) was 2.27% in the second half of 2016 compared to 2.11% in the first half of that year reflecting the positive impact from mix changes in the Group’s lending books, lower funding costs in the UK deposit book and the maturity of the Group’s €1 billion Convertible Contingent Capital Note in late July 2016, partially offset by the impact of the low interest rate environment and lower liquid asset income. The Group expects NIM to grow modestly from the second half of 2016 level through 2017.</p> <p>The Group continues to maintain tight control over costs whilst investing in infrastructure, employees and initiatives to further enhance customer proposition. The Group has commenced a multi-year investment programme to replace its core banking platform and replace its payments applications. This investment will provide business growth and strategic opportunities whilst the simplification of processes and a materially enhanced IT infrastructure will drive cost efficiencies from robust, flexible and industry leading platforms. This investment is expected to have a CET1 ratio impact of approximately 35–45bps per annum over the next four years with approximately 50% charged to the income statement and approximately 50% capitalised. This investment will be a critical enabler in the Group’s achievement of its <50% cost income ratio target over the medium term.</p> <p>The Group has made significant progress in reducing its NPL stock and the progress continued during 2016 with a further reduction of €4.1 billion (34%) across all asset classes to €7.9 billion at the end of December 2016. Defaulted loans reduced by €3.7 billion (35%) during the same period to €6.9 billion. These reductions reflect the Group’s ongoing progress with resolution strategies that include appropriate and sustainable support to customers who are in financial difficulty, the economic environment and the ongoing recovery in collateral values. The Group anticipates further reductions in NPLs in 2017.</p> <p>The Group’s core loan books continued to grow in 2016, with gross new lending of €13.0 billion for the year (excluding acquisitions of €0.2 billion), which was 1% higher than 2015 levels on a constant currency basis.</p> <p>The Group believes that its liquidity position continues to be robust and expects the funding mix in 2017 to be broadly in line with 2016. Customer deposits are predominantly sourced through the Group’s retail distribution channels and accounted for more than 95% of customer loans in 2016.</p>

Section B—Issuer

		<p>The Group continues to demonstrate strong organic capital generation. The Group’s fully loaded CET 1 ratio increased by 100bps during 2016 to 12.3% and its transitional CET 1 ratio increased by 90bps during 2016 to 14.2% at the end of December 2016. The increase in the Group’s capital ratios primarily reflects organic capital accretion from profits earned during the period and a reduction in the IAS 19 accounting deficit on the Group’s sponsored defined benefit pension schemes from €0.74 billion at December 2015 to €0.45 billion at December 2016, partially offset by other items. The Group expects to maintain a CET 1 ratio of above 12% on a transitional basis, and on a fully loaded basis by the end of the phase-in period, which includes an appropriate buffer over applicable regulatory capital requirements.</p>																														
<p>B.5</p>	<p>Description of the Group</p>	<p>As at the date of this Prospectus, the Governor and Company of the Bank of Ireland (the “Bank”) is the holding company of the Group. If the Scheme becomes Effective, it is intended that BOIG plc will become the holding company of the Group and that the Bank will become a direct subsidiary of BOIG plc.</p> <p>The following table indicates the principal undertakings of the Group as at the Latest Practicable Date:</p> <table border="1" data-bbox="550 766 1412 1462"> <thead> <tr> <th>Name</th> <th>Percentage ownership, interest & voting power held by the Group</th> <th>Field of Activity</th> <th>Country of Incorporation</th> <th>Registered Address</th> </tr> </thead> <tbody> <tr> <td>Bank of Ireland (UK) plc</td> <td align="center">100%</td> <td>Retail financial services</td> <td align="center">England and Wales</td> <td>Bow Bells House 1 Bread Street London EC4M 9BE United Kingdom</td> </tr> <tr> <td>Bank of Ireland Mortgage Bank .</td> <td align="center">100%</td> <td>Mortgage lending and mortgage covered securities</td> <td align="center">Ireland</td> <td>New Century House Mayor Street Lower IFSC Dublin D01 K8N7 Ireland</td> </tr> <tr> <td>New Ireland Assurance Company plc . .</td> <td align="center">100%</td> <td>Life assurance business</td> <td align="center">Ireland</td> <td>11/12 Dawson Street Dublin D02 YX99 Ireland</td> </tr> <tr> <td>N.I.I.B. Group Limited</td> <td align="center">100%</td> <td>Personal finance and leasing</td> <td align="center">Northern Ireland</td> <td>1 Donegall Square South Belfast Northern Ireland BT1 5LR</td> </tr> <tr> <td>First Rate Exchange Services Limited⁽¹⁾</td> <td align="center">50%</td> <td>Foreign exchange</td> <td align="center">England and Wales</td> <td>Great West House Great West Road Brentford Middlesex TW8 9DF United Kingdom</td> </tr> </tbody> </table> <p>(1) This entity is a subsidiary of First Rate Exchange Services Holdings Limited, a joint venture with the UK Post Office, in which the Group holds 50% of the equity of the business.</p>	Name	Percentage ownership, interest & voting power held by the Group	Field of Activity	Country of Incorporation	Registered Address	Bank of Ireland (UK) plc	100%	Retail financial services	England and Wales	Bow Bells House 1 Bread Street London EC4M 9BE United Kingdom	Bank of Ireland Mortgage Bank .	100%	Mortgage lending and mortgage covered securities	Ireland	New Century House Mayor Street Lower IFSC Dublin D01 K8N7 Ireland	New Ireland Assurance Company plc . .	100%	Life assurance business	Ireland	11/12 Dawson Street Dublin D02 YX99 Ireland	N.I.I.B. Group Limited	100%	Personal finance and leasing	Northern Ireland	1 Donegall Square South Belfast Northern Ireland BT1 5LR	First Rate Exchange Services Limited ⁽¹⁾	50%	Foreign exchange	England and Wales	Great West House Great West Road Brentford Middlesex TW8 9DF United Kingdom
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<p>B.6</p>	<p>Notifiable interests</p>	<p>Two designated employees of the Group each owned one of the two BOIG plc Shares in issue as at the Latest Practicable Date. The 27,800 deferred ordinary shares were held by Enceladus Holding Limited (a nominee company of Arthur Cox, the Bank’s legal advisors for the Scheme) as at the Latest Practicable Date.</p> <p>As at the Latest Practicable Date, the following persons or groups of persons had notified the Bank that they hold more than 3% of the total capital stock of the Bank:</p> <table border="1" data-bbox="550 1809 1412 2059"> <thead> <tr> <th></th> <th>Notified holding on Latest Practicable Date</th> <th>Percentage of total Ordinary Stock in Issue</th> </tr> </thead> <tbody> <tr> <td>Ireland Strategic Investment Fund (ISIF)</td> <td align="right">4,516,000,413</td> <td align="right">13.95%</td> </tr> <tr> <td>The Capital Group Companies Inc.</td> <td align="right">2,275,034,837</td> <td align="right">7.03%</td> </tr> <tr> <td>BlackRock Inc</td> <td align="right">1,936,716,631</td> <td align="right">5.98%</td> </tr> <tr> <td>FMR LLC</td> <td align="right">1,590,968,738</td> <td align="right">4.91%</td> </tr> <tr> <td>AKO Capital LLP</td> <td align="right">972,407,319</td> <td align="right">3.00%</td> </tr> </tbody> </table>		Notified holding on Latest Practicable Date	Percentage of total Ordinary Stock in Issue	Ireland Strategic Investment Fund (ISIF)	4,516,000,413	13.95%	The Capital Group Companies Inc.	2,275,034,837	7.03%	BlackRock Inc	1,936,716,631	5.98%	FMR LLC	1,590,968,738	4.91%	AKO Capital LLP	972,407,319	3.00%												
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		<p>On the assumption that there has been no change in the stockholdings of the Bank's major stockholders referred to above between the Latest Practicable Date and the Scheme Record Time, it is expected that the persons or groups of persons set out above, who notified the Bank that they hold more than 3% of the total capital stock of the Bank as at the Latest Practicable Date, will hold the equivalent percentage of the total share capital of BOIG plc immediately following Admission. It is not expected that any other persons or groups will hold more than 3% of the total share capital of BOIG plc immediately following Admission as a result of the Scheme.</p> <p>There is no differentiation in the voting rights attributable to BOIG plc's voting capital. Each BOIG plc Share carries one vote at shareholder meetings and the BOIG plc Shares will carry the same voting rights as the existing ordinary shares of BOIG plc which are in issue.</p> <p>The Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over BOIG plc immediately after Admission, nor is it aware of any arrangement, the application of which would, at a subsequent date, result in a change of control over BOIG plc.</p>
	<p>Different voting rights</p> <p>Control</p>	
B.7	<p>Selected historical key financial information</p>	<p>Not applicable for BOIG plc. BOIG plc has not traded since its date of incorporation and as such, there is no historical key financial information available in relation to BOIG plc.</p> <p>The table below sets out selected financial information for the Group for the periods indicated. The selected financial information below has been extracted without material adjustment from the historical financial information which is incorporated by reference in this Prospectus.</p> <p>Upon the Scheme becoming Effective, BOIG plc will become the new parent company of the Bank and its assets, liabilities and earnings on a consolidated basis will be those of the Group.</p>

Consolidated Income Statement

€ millions	Year ended 31 December		
	2016	2015	2014
Interest income	2,861	3,269	3,432
Interest expense	(598)	(825)	(1,111)
Net interest income	2,263	2,444	2,321
Net insurance premium income	1,226	1,350	1,344
Fee and commission income	559	561	558
Fee and commission expense	(222)	(242)	(214)
Net trading income / (expense)	113	58	(42)
Life assurance investment income, gains and losses	446	334	814
Other operating income	287	299	270
Total operating income	4,672	4,804	5,051
Insurance contract liabilities and claims paid	(1,564)	(1,511)	(2,079)
Total operating income, net of insurance claims	3,108	3,293	2,972
Other operating expenses ⁽¹⁾	(1,897)	(1,819)	(1,612)
Cost of restructuring programme	(35)	(43)	(56)
Operating profit before impairment charges on financial assets	1,176	1,431	1,304
Impairment charges on financial assets	(178)	(296)	(472)
Operating profit	998	1,135	832
Share of results of associates and joint ventures (after tax)	41	46	92
(Loss) / profit on disposal / liquidation of business activities	(7)	51	(4)
Profit before tax	1,032	1,232	920
Taxation charge	(239)	(285)	(134)
Profit for the year	793	947	786

(1) For the years ended 31 December 2015 and 2014, gains of €4 million and €93 million respectively, relating to the impact of amendments to a Group sponsored defined benefit pension scheme, were recognised within the income statement as a separate line item. In line with the presentation format adopted in the financial statements of the Group for the year ended 31 December 2016, these are now recognised within the line item Other Operating Expenses.

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Consolidated Balance Sheet

<u>€ millions</u>	<u>As at 31 December</u>		
	<u>2016</u>	<u>2015</u>	<u>2014</u>
Assets			
Cash and balances at central banks	5,192	6,603	4,991
Items in the course of collection from other banks	242	294	435
Trading securities	18	3	12
Derivative financial instruments	3,709	3,064	3,692
Other financial assets at fair value through profit or loss	13,249	12,280	11,528
Loans and advances to banks	3,349	4,578	4,851
Available for sale financial assets	10,794	10,128	13,580
Held to maturity financial assets	1,872	1,922	—
NAMA senior bonds	451	1,414	2,374
Loans and advances to customers	78,477	84,689	82,118
Assets classified as held for sale	—	20	135
Interest in associates	56	56	56
Interest in joint ventures	71	83	233
Intangible assets	635	526	410
Investment properties	864	841	701
Property, plant and equipment	353	334	324
Current tax assets	4	13	11
Deferred tax assets	1,298	1,453	1,638
Other assets	2,487	2,640	2,705
Retirement benefit assets	8	19	6
Total assets	123,129	130,960	129,800
Equity and liabilities			
Deposits from banks	3,662	952	3,855
Customer accounts	75,167	80,164	74,837
Items in the course of transmission to other banks	223	239	379
Derivative financial instruments	2,873	3,619	4,038
Debt securities in issue	10,697	13,243	16,040
Liabilities to customers under investment contracts	5,647	5,729	5,680
Insurance contract liabilities	10,934	10,403	9,918
Other liabilities	2,465	4,103	2,628
Current tax liabilities	19	35	30
Provisions	96	97	85
Deferred tax liabilities	65	68	71
Retirement benefit obligations	454	755	992
Subordinated liabilities	1,425	2,440	2,500
Total liabilities	113,727	121,847	121,053
Equity			
Capital stock	2,545	2,558	2,558
Stock premium account	571	1,135	1,135
Retained earnings	5,214	4,950	4,196
Other reserves	342	(260)	876
Own stock held for the benefit of life assurance policyholders	(11)	(11)	(12)
Stockholders' equity	8,661	8,372	8,753
Other equity instruments	740	740	—
Total equity excluding non-controlling interests	9,401	9,112	8,753
Non-controlling interests	1	1	(6)
Total equity	9,402	9,113	8,747
Total equity and liabilities	123,129	130,960	129,800

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Additional performance indicators

The performance indicators presented below are derived from the audited historical financial information of the Group. Some of the performance indicators are calculated using underlying⁽¹⁾ data from the consolidated income statement and consolidated balance sheet as presented above.

	Year ended 31 December		
	2016	2015	2014
Group Performance			
Underlying profit before tax ⁽¹⁾ (€m)	1,071	1,201	921
Net interest margin ⁽²⁾ (%)	2.19%	2.19%	2.11%
Impairment charge on loans and advances to customers ⁽⁵⁾ (bps)	21	32	59
Return on assets ⁽⁶⁾ (bps)	64	72	61

	Year ended 31 December		
	2016	2015	2014
Balance sheet metrics			
Average interest earning assets ⁽⁷⁾ (€bn)	102	109	109
Non-performing loan volumes ⁽⁸⁾ (€bn)	7.9	12.0	15.8
Defaulted loan volumes ⁽⁹⁾ (€bn)	6.9	10.6	14.3

	Year ended 31 December		
	2016	2015	2014
Liquidity			
Liquidity Coverage ratio ⁽¹⁰⁾	113%	108%	103%
Net stable funding ratio ⁽¹¹⁾	122%	120%	114%
Loan to deposit ratio ⁽¹²⁾	104%	106%	110%

	Year ended 31 December		
	2016	2015	2014
Capital⁽¹³⁾			
Common equity tier 1 ratio—CRD IV fully loaded	12.3%	11.3%	9.3%
Common equity tier 1 ratio—CRD IV transitional	14.2%	13.3%	12.3%
Total capital ratio—CRD IV transitional	18.5%	18.0%	15.8%
Risk weighted assets—CRD IV transitional (€bn)	50.8	53.3	51.6

(1) Underlying excludes non-core items which are those items that the Group believes obscure the underlying performance trends in the business. The following table reconciles divisional underlying profit before tax to the Group's reported profit before tax:

Reconciliation of divisional underlying profit before tax to the Group's reported profit

	Year ended 31 December		
	2016 €m	2015 €m	2014 €m
Retail Ireland	615	507	328
Bank of Ireland Life	121	103	133
Retail UK	133	193	127
Corporate and Treasury	531	637	553
Group Centre and other (including ELG fees)	(329)	(239)	(220)
Underlying profit before tax (€m)	1,071	1,201	921
Non-core items:			
(Loss) / gain on disposal/liquidation of business activities	(7)	51	(4)
Cost of restructuring programme	(35)	(43)	(56)
Gain / (charge) arising on the movement in the Group's credit spread	5	11	(10)
Gross up for policyholder tax in the life business	15	11	14
Impact of Group's pension reviews (2010 and 2013)	—	4	93
Payments in respect of the career and reward framework	—	(2)	(32)
Loss on liability management exercises	(19)	(1)	(5)
Investment return on treasury stock held for policyholders	2	—	(1)
Total non-core items	(39)	31	(1)
Profit before tax	1,032	1,232	920

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- (2) Net interest margin is calculated as net interest income (before ELG fees⁽³⁾ and after IFRS income classifications⁽⁴⁾) divided by total average interest earning assets⁽⁷⁾. The below table reconciles reported net interest income to net interest income used in the calculation of the net interest margin:

	Year ended 31 December		
	2016 €m	2015 €m	2014 €m
Net interest income	2,263	2,444	2,321
Add back ELG fees ⁽³⁾	20	10	37
IFRS income classification ⁽⁴⁾ adjustment	(45)	(83)	(53)
Net interest income (before ELG fees⁽³⁾) after IFRS income classification	<u>2,238</u>	<u>2,371</u>	<u>2,305</u>

- (3) The Government Guarantee Scheme, the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (“**ELG Scheme**”) ended for all new liabilities on 28 March 2013. A fee is payable in respect of each liability guaranteed under the ELG Scheme until the maturity of the guaranteed deposit or term funding.
- (4) “Net interest income” and “net other income” are affected by certain IFRS income classifications. Under IFRS, certain assets and liabilities can be designated at “fair value through profit or loss” (“**FVTPL**”). Where the Group has designated liabilities at “fair value through profit or loss”, the total fair value movements on these liabilities, including interest expense, are reported in “net other income”. However, the interest income on any assets which are funded by these liabilities is reported in the “net interest income”. In addition, assets are purchased and debt is raised in a variety of currencies and the resulting foreign exchange and interest rate risk is economically managed using derivative instruments the cost of which is reported in “net other income”. To enable a better understanding of underlying business trends, the impact of these IFRS income classifications is reflected in calculation of the Net Interest Margin.
- (5) Impairment charge on loans and advances to customers (bps) is the net impairment charge on loans and advances to customers divided by average gross loans and advances to customers (including held for sale).
- (6) Return on assets (bps) is calculated as being statutory net profit (being profit after tax) divided by total assets, in line with the requirement in the European Union (Capital Requirements) Regulations 2014.
- (7) The following table shows the average interest earning assets used in the calculation of the net interest margin. The calculation of average balances can be based on daily, weekly or monthly average. The average balances used are considered to be representative of the operations of the Group.

	Year ended 31 December		
	2016 €m	2015 €m	2014 €m
Loans and advances to banks	8,470	9,166	8,589
Loans and advances to customers	80,693	85,120	83,879
Available for sale financial assets and NAMA senior bonds	11,182	12,973	16,514
Held to maturity financial assets	1,896	1,292	—
Total average interest earning assets	<u>102,241</u>	<u>108,551</u>	<u>108,982</u>

- (8) Non-performing loans are defined as defaulted loans⁽⁹⁾ together with probationary residential mortgages⁽¹⁴⁾.
- (9) Defaulted loans are defined as impaired loans (which, for the years ended 31 December 2016, 2015 and 2014, totalled €6.5 billion, €10.0 billion and €13.4 billion respectively) together with residential mortgages which are greater than 90 days in arrears (which, for the years ended 31 December 2016, 2015 and 2014, totalled €0.4 billion, €0.6 billion and €0.9 billion respectively).
- (10) The Group’s Liquidity Coverage Ratio (LCR) is calculated based on the Commission Delegated Regulation (EU) 2015/61 which came into force on 1 October 2015. The LCR at 31 December 2014 has been restated and has been calculated on the same basis.
- (11) The Group’s Net Stable Funding Ratio (NSFR) is calculated based on the Group’s interpretation of the Basel Committee on Banking Supervision October 2014 document.
- (12) Loan to deposit ratio is calculated as being net loans and advances to customers divided by customer accounts.
- (13) The CRD IV transitional Common equity tier 1 and Total capital ratios at 31 December 2014 have been restated to exclude the benefit of the 2009 Preference Stock which the Group derecognised from regulatory capital in November 2015. Including the benefit of the 2009 Preference Stock the CRD IV transitional Common equity tier 1 and Total capital ratios at 31 December 2014 were 14.8% and 18.3% respectively.

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- (14) Probationary residential mortgages comprise both “self-cure” and “Forborne” residential mortgages which are defined as follows:
- “Self-cure” probationary residential mortgages are non-forborne mortgages which were previously defaulted, did not require forbearance to exit defaulted status, and are now, or will be, subject to the successful completion of a 12 month probation period. Upon successful completion of this probation period, these mortgage loans will be reported as performing loans. For the years ended 31 December 2016, 2015 and 2014, these totalled €0.5 billion, €0.8 billion and €0.9 billion respectively.
 - “Forborne” probationary residential mortgages are mortgages which were previously defaulted, required forbearance to exit defaulted status and now, or will be are subject to the successful completion of a 12-month probation period. Upon successful completion of this probation period, these mortgage loans will be reported as performing loans. “Forborne” probationary mortgages also includes those mortgages which were previously defaulted, and are now in a “full interest” forbearance arrangement regardless of whether they have successfully completed a 12-month probation period. For the years ended 31 December 2016, 2015 and 2014, these totalled €0.5 billion, €0.6 billion and €0.6 billion respectively.

B.8 Selected key pro forma financial information

The unaudited pro forma financial information is based on the audited results of the Group for the year ended 31 December 2016, which were prepared in accordance with IFRS as adopted by the EU, and with those parts of the Companies Act applicable to companies reporting under IFRS, the European Union (Credit Institutions: Financial Statements) Regulations 2015, and in respect of the consolidated financial statements Article 4 of the IAS Regulation.

The unaudited pro forma financial information has been prepared by applying the adjustments described in the notes set out below and in accordance with Annexes I and II of the EU Prospectus Regulations. The unaudited pro forma financial information has been prepared to illustrate the effect of the Scheme as if it had become effective on 1 January 2017 (transitional basis) and 31 December 2016 (fully loaded).

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, the pro forma financial information addresses a hypothetical situation and does not, therefore, represent the Group’s actual financial position or results.

The SSM has advised the Group that following the establishment of BOIG plc and the Scheme becoming effective, pursuant to Articles 85 and 87 of the CRR, a proportion of the subordinated debt issued by the Bank and its subsidiaries will not be reflected in the consolidated Group’s Total Capital ratio. The Scheme is not expected to give rise to changes in the Group’s reported CET1 capital ratios. 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 of this change on a pro forma basis as at 1 January 2017 is estimated to be a reduction of 1.8% in the Group’s Total Capital ratio from 18.2% to 16.4% on a transitional basis. 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. The scale of this reduction would be eliminated as and when the relevant subordinated debt is redeemed. This change in regulatory capital recognition has no impact on the Group’s financial statements.

Pro forma balance sheet as at 31 December 2016

	Reported position as at 31 December 2016 €m⁽¹⁾	Adjustments Effect of the Scheme €m⁽²⁾	Pro forma adjusted position as at 31 December 2016 €m⁽³⁾
Total assets	123,129	—	123,129
Total liabilities	113,727	—	113,727
Total equity	9,402	—	9,402
Total equity and liabilities	123,129	—	123,129

Notes

- (1) Information on the balance sheet of the Group as at 31 December 2016 has been extracted without material adjustment from the audited consolidated balance sheet included in the Group 2016 Annual Report.
- (2) This column represents the effect of the Scheme, which is nil in relation to the reported values in the Group’s financial statements.
- (3) No account has been taken of the Group’s trading performance, changes in the Group’s liquidity or funding positions or any other transactions (actual or proposed) of the Group since 31 December 2016.

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Pro forma regulatory capital ratios as at 31 December 2016/ 1 January 2017

The SSM has advised the Group that adjustments to the Group's Total Tier 1 and Total Capital ratios are required under Articles 85 and 87 of the CRR following the Scheme becoming effective. Article 85 requires that a proportion of the surplus Total Tier 1 Capital of a Bank regulatory consolidation⁽⁴⁾ which is represented by externally issued subordinated debt instruments be excluded from the calculation of the Group's Total Tier 1 Capital ratios. Article 87 requires a similar adjustment in respect of surplus Total Capital. The Scheme is not expected to give rise to changes in the Group's reported CET1 capital ratios. The estimated impact on the Group's capital ratios of the exclusion of a proportion of surplus Bank capital on a transitional and fully loaded basis is set out in the tables immediately below.

Pro Forma impact (Group Capital Adequacy—Transitional basis)

	As at 31 December 2016	Transitional Impacts	As at 1 January 2017	Adjustments Effect of the Scheme	Pro forma as at 1 January 2017
	Note 5	Note 6	Note 7	Note 8	Note 9 & 10
Key Capital Adequacy Metrics					
Total Risk Weighted Assets (€ million)	50,830	—	50,830	—	50,830
Total Leverage Ratio exposure ⁽¹¹⁾ (€ million)	109,837	(137)	109,700	—	109,700
Common Equity Tier 1 Capital (€ million)	7,217	(111)	7,106	—	7,106
Total Tier 1 Capital (€ million)	7,992	(105)	7,887	(372)	7,515
Total Capital (€ million)	9,384	(140)	9,244	(891)	8,353
Common Equity Tier 1 (ratio)	14.2%	(0.2)%	14.0%	—	14.0%
Total Tier 1 Capital (ratio)	15.7%	(0.2)%	15.5%	(0.7)%	14.8%
Total Capital (ratio)	18.5%	(0.3)%	18.2%	(1.8)%	16.4%
Leverage Ratio	7.3%	(0.1)%	7.2%	(0.3)%	6.9%

Pro Forma impact (Group Capital Adequacy—Fully loaded basis)

	As at 31 December 2016	Adjustments Effect of the Scheme	Pro forma as at 31 December 2016
	Note 5	Note 8	Note 9 & 10
Key Capital Adequacy Metrics			
Total Risk Weighted Assets (€ million)	50,722	—	50,722
Total Leverage Ratio exposure ⁽¹¹⁾ (€ million)	108,789	—	108,789
Common Equity Tier 1 Capital (€ million)	6,219	—	6,219
Total Tier 1 Capital (€ million)	6,969	(405)	6,564
Total Capital (€ million)	8,315	(1,017)	7,298
Common Equity Tier 1 (ratio)	12.3%	—	12.3%
Total Tier 1 Capital (ratio)	13.7%	(0.8)%	12.9%
Total Capital (ratio)	16.4%	(2.0)%	14.4%
Leverage Ratio	6.4%	(0.4)%	6.0%

Notes

- (4) The preparation of a Bank regulatory consolidation follows the requirements prescribed in Articles 85(2) and 87(2) of the CRR.
- (5) Information on the risk weighted assets, capital resources and capital ratios of the Group as at 31 December 2016 has been extracted without material adjustment from the Group 2016 Annual Report.
- (6) This column represents the phase-in of the Capital Requirements Regulation (CRR) transitional rules which result in a number of adjustments to the Group's transitional regulatory capital ratios being implemented on a phased basis on 1 January each year, during the transition period. Details of the transition period are included under the heading CRD IV on page 37 of the Group 2016 Annual Report.
- (7) This column sets out the impact of the 1 January 2017 transitional adjustments on the Group's 31 December 2016 transitional regulatory capital ratios.
- (8) This column reflects the 'Effect of the Scheme' and represents the adjustments for the Scheme which reduce the Group's regulatory capital position following the application of Articles 85 and 87 of the CRR. To calculate the adjustment arising under Articles 85 and 87 of the CRR it is necessary to calculate the excess Total Tier 1 and Total Capital of a Bank regulatory consolidation and identify the amount of such surpluses which relate to subordinated debt issued to third parties. The adjustment percentages in respect of Total Tier 1 Capital and Total Capital ratios are calculated by dividing the adjustment to Group Total Tier 1 Capital and Total Capital by the Total Risk Weighted Assets, while the adjustment percentage for the Leverage Ratio is calculated by dividing the adjustment to Group Total Tier 1 Capital by Total Leverage Ratio exposure.

Section B—Issuer		
		<p>(9) This column is the sum of Notes 7 and 8 (transitional) and Notes 5 and 8 (fully loaded) above and represents the pro forma total Risk Weighted Assets, Total Leverage Ratio exposure, Common Equity Tier 1 Capital, Total Tier 1 Capital, Total Capital, Common Equity Tier 1 Ratio, Total Tier 1 Capital Ratio, Total Capital Ratio and Leverage Ratio on the basis that the Scheme became effective on 1 January 2017 (transitional) and 31 December 2016 (fully loaded).</p> <p>(10) No account has been taken of the Group’s trading performance, changes in the Group’s liquidity or funding positions or any other transactions (actual or proposed) of the Group on/ after 1 January 2017.</p> <p>(11) Total Leverage Ratio exposure is calculated in accordance with Articles 429, 499(2) and (3) of the CRR.</p>
B.9	Profit forecast or estimate	Not applicable. No profit forecasts or estimates have been included in this Prospectus.
B.10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. There are no qualifications in the audit reports or the historical financial information of the Group which are incorporated by reference herein.
B.11	Working capital—insufficiency	Not applicable. BOIG plc is, and the Directors are, of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.

Section C—Securities		
C.1	Type and class of security	<p>The securities in respect of which Admission is being sought are ordinary shares having a nominal value of €1.00 each in the share capital of BOIG plc as at the Latest Practicable Date (the “BOIG plc Shares”). There will be no application for any other class of share of BOIG plc to be admitted to trading in connection with this Prospectus and/or the Scheme.</p> <p>When admitted to trading, the BOIG plc Shares will be registered with ISIN IE00BD1RP616.</p>
C.2	Currency of the securities issue	The BOIG plc Shares will be denominated in euro.
C.3	Number of shares issued and fully paid-up	<p>The aggregate nominal value of the issued ordinary share capital of BOIG plc immediately following Admission is expected to be approximately €1,078,822,956, divided into approximately 1,078,822,956 ordinary shares of €1.00 each, all of which will be issued fully paid as part of the Scheme. If the Bank Directors exercise their discretion to change the Exchange Ratio to 1:1 in accordance with the terms of the Scheme, the aggregate nominal value of the issued ordinary share capital of BOIG plc immediately following Admission is expected to be approximately €1,618,163,754, divided into approximately 32,363,275,073 BOIG plc Shares of €0.05 each, all of which will be issued fully paid as part of the Scheme.</p> <p>Following Admission, there will be no BOIG plc Shares with no par value.</p>
C.4	Description of the rights attaching to the securities	<p>The BOIG plc Shares will rank <i>pari passu</i> in all respects with each other. The rights and restrictions attaching to the BOIG plc Shares are as follows:</p> <ul style="list-style-type: none"> (a) subject to the right of BOIG plc to set the record dates for the purposes of determining the identity of members entitled to notice of and/or to vote at a general meeting, the right to attend and speak at any general meeting of BOIG plc and to exercise one vote per BOIG plc Share at any general meeting of BOIG plc; (b) the right to participate <i>pro rata</i> in all dividends declared by BOIG plc; and (c) the right, in the event of BOIG plc winding up, to participate <i>pro rata</i> in the total assets of BOIG plc. <p>The rights attaching to the BOIG plc Shares may be subject to the terms of issue of any series or class of preference shares allotted by the BOIG plc Directors from time to time.</p>

Section C—Securities		
		<p>BOIG plc may convert any paid up shares into stock and reconvert any stock into paid up shares of any denomination by an ordinary resolution of the members or a resolution of the BOIG plc Directors where this facilitates the dematerialising of any shares in order to comply with the CSD Regulations.</p> <p>Under the BOIG plc Articles, the ordinary shares do not have any redemption rights. Under Irish law, BOIG plc may, by special resolution, and subject to the provisions of the Companies Act governing the variation of rights attached to classes of shares and the amendment of BOIG plc's Constitution, convert any of its shares into redeemable shares. The issue of redeemable shares may only be made by BOIG plc where the nominal value of the issued share capital that is not redeemable is not less than 10% of the nominal value of the total issued share capital of BOIG plc. The BOIG plc Board will also be entitled to issue preference shares which may be redeemed at the option of either BOIG plc or the relevant BOIG plc Shareholder, depending on the terms of such preference shares. Repurchased and redeemed shares may be cancelled or held as treasury shares. The nominal value of treasury shares held by BOIG plc at any time must not exceed 10% of the aggregate of the nominal value and share premium in respect of the allotment of BOIG plc Shares together with the nominal value of any shares acquired by BOIG plc.</p>
C.5	Restrictions on the free transferability of the securities	<p>The BOIG plc Shares are freely transferable and there are no restrictions on transfer save as follows:</p> <p>Under the BOIG plc Articles, the BOIG plc Board may, in its absolute discretion and without assigning any reason therefore, decline to register:</p> <ul style="list-style-type: none"> (i) any transfer of a share which is not fully paid; or (ii) any transfer to or by a minor or person of unsound mind, but this shall not apply to a transfer of such a share resulting from a sale of the share through a stock exchange on which the share is listed. <p>Under the BOIG plc Articles, the BOIG plc Board may decline to recognise any instrument of transfer unless:</p> <ul style="list-style-type: none"> (i) save for transfers effected in a manner permitted under the 1996 Regulations, the Companies Act or any applicable regulations made thereunder, the instrument is accompanied by the certificate of the shares to which it relates and such other evidence as the BOIG plc Board may reasonably require to show the right of the transferor to make the transfer; (ii) it is for one class of share only; (iii) it is duly stamped or is duly certificated or otherwise shown to the satisfaction of the BOIG plc Board to be exempt from stamp duty (if this is required); (iv) it is in favour of not more than four transferees; and (v) it is lodged at the registered office of BOIG plc or at such other place as the BOIG plc Board may appoint. <p>The BOIG plc Board may decline to register any transfer of shares in uncertificated form only in such circumstances as may be permitted or required by the 1996 Regulations.</p> <p>In addition to any other right or power of BOIG plc under the Companies Act or under the BOIG plc Articles, the BOIG plc Board may at any time give a shareholder a notice requiring that shareholder to notify BOIG plc of his interest in any share in BOIG plc and where a shareholder fails to comply with such notice or any notice served under the Companies Act, the BOIG plc Board may serve a further notice on the relevant shareholder directing that, amongst other things where the relevant shares represent at least 0.25% of the nominal value of issued share capital of that class, save in specified circumstances, no transfer of any such shares shall be registered.</p>

Section C—Securities		
C.6	Admission	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 to 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.
C.7	Dividend policy	<p><i>Dividend Policy</i></p> <p>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 Board’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.</p> <p>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.</p> <p>BOIG plc has not paid any dividend on any BOIG plc Shares since its incorporation. In addition, the Bank did not pay any dividend on any Ordinary Stock during the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016. Dividend payments were made in respect of the Bank’s preferential stock in accordance with their terms as follows during this period: (i) €141 million during the financial year ended 31 December 2014; (ii) €141 million during the financial year ended 31 December 2015; and (iii) €124 million during the financial year ended 31 December 2016.</p> <p><i>Distributable Reserves</i></p> <p>Under Irish law, BOIG plc may only make distributions (including the payment of cash dividends) to its shareholders or fund share repurchases and redemptions from “distributable reserves”. In addition, the Group can only make distributions from “distributable items”, as defined in Article 4.1 of CRR, calculated by reference to a financial year end.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Section D—Risks		
D.1	Key information on the key risks that are specific to the issuer or its industry	<p>Prior to investing in the BOIG plc Shares, prospective BOIG plc Shareholders should consider the risks associated therewith. The risks relating to BOIG plc and/or its industry include the following:</p> <ul style="list-style-type: none"> • Decreases in the credit quality of the Group’s borrowers and counterparties, could adversely affect the Group’s business. • The Group’s level of non-performing loans remains elevated. • The Group’s business and financial performance has been and will continue to be affected by economic conditions globally, in Europe and, in particular, in Ireland and the UK. • A prolonged period of low or negative market interest rates or changes in interest rates (including a rapid increase) may negatively affect the Group’s net interest income and have other adverse consequences. • Changes in currency exchange rates may materially adversely affect the Group.

Section D—Risks

- A failure to effectively improve or upgrade the Group’s information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial condition and/or prospects.
- The Group’s information systems and networks may be vulnerable to an increasing risk of continually evolving cyber security or other technological risks.
- The Group could be materially adversely affected by the UK’s withdrawal from the EU.
- Changes in financial reporting standards or policies (e.g. IFRS 9) could materially adversely affect the Group’s reported results of operations and financial condition and may have a material adverse effect on capital ratios.
- The Group may be exposed to losses if critical accounting judgements or estimates are subsequently revised.
- The Group’s strategic plans may not be realised.
- Competition in the financial services markets in which the Group, including in relation to the digital banking demands of customers, operates may adversely affect the Group’s business, results of operations, financial condition and/or prospects.
- The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel and the restrictions imposed on remuneration by government, tax or regulatory authorities or other factors outside the Group’s control may adversely impact the Group’s ability to attract and retain such personnel.
- A sudden and significant withdrawal of customer deposits could adversely impact the Group’s funding and liquidity position.
- A deterioration in the Group’s access to the wholesale funding markets could adversely affect the Group by increasing its cost of funds.
- Downgrades to the Irish sovereign or the Bank’s credit ratings or outlook could impair the Group’s access to private sector funding, trigger additional collateral requirements and weaken its financial position. There is also an expectation that certain of the credit ratings of BOIG plc may be lower than those of the Bank.
- The Group at times sources funding from Monetary Authorities and any disruption to access could increase the Group’s funding and liquidity risks.
- The availability of unsecured funding to the Group (senior bonds and deposits) may be negatively impacted if encumbrance levels are too high or out of step with peer banks. Accessing sources of secured funding in a stressed environment may lead to an increase in the Group’s encumbrance level.
- The Group is subject to regulatory regimes which may require that it hold or raise additional capital, and/or eligible liabilities or result in increased costs.
- The Group’s business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments.
- The Group is exposed to risks in relation to compliance with anti-corruption laws, anti-money laundering laws, laws to prevent the financing of terrorism and the imposition of economic sanctions programmes against certain countries, citizens and entities.
- New or amended consumer focused measures might mandate the price of certain of the Group’s products, limit the fees that the Group charges, increase costs in certain banking transactions and have an adverse effect on the Group.
- As a result of the implementation of the BRRD and SRM Regulation in Ireland and the UK, the relevant authorities have wide powers to impose resolution measures on the Group which could materially adversely affect the Group, as well as the Shareholders and unsecured creditors of the Group.
- The Group must comply with data protection and privacy laws and failure to do so could have a material adverse effect on the Group’s business, financial condition and reputation.
- The Group’s operations have inherent reputational risk.
- The Group is exposed to conduct risk in the execution of the Group’s activities and processes.

Section D—Risks		
		<ul style="list-style-type: none"> • Weaknesses or failures in the Group’s processes and procedures, external events or other operational risks are a risk to the Group’s business. • The Group is dependent on the performance of third-party service providers. • The Group is party to certain significant agreements that may terminate or may be terminated upon a change of control of the Group, including relating to the change of control resulting from the Scheme. • The Group may, if appropriate, elect to, or may be required to, make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations. • A change in Irish Government and/or UK Government policy could have a material adverse effect on the Group. • The Group is exposed to litigation and regulatory investigation risk. • A deterioration in employee relations could adversely affect the Group. • Increased volatility in financial markets may result in reduced asset valuations which could adversely affect the Group’s business, financial condition, results of operations and/or prospects. • Changes in taxation rates, legislation or practice may lead to adverse consequences for the Group. • The Group’s life assurance business is subject to inherent insurance risks, as well as market conditions generally.
D.3	Key information on the key risks that are specific to the securities	<p>Prospective BOIG plc Shareholders should also note that there are risks associated with having a shareholding in a listed entity such as BOIG plc. The majority of these risks exist with reference to a current holding of the Bank’s Ordinary Stock and are not materially impacted by the proposed Scheme. The risks relating to the BOIG plc Shares include the following:</p> <ul style="list-style-type: none"> • The Irish Government could exert a significant level of influence over the Group in a manner which is not aligned with the interests of the Group or its other shareholders and the manner in which the Irish Government exits its investment in the Group in the future could adversely affect the market price of the BOIG plc Shares. • BOIG plc’s ability to pay dividends in respect of the BOIG plc Shares may be restricted by accounting, legal or regulatory requirements. • BOIG plc’s ability to pay dividends in relation to 2017 will require it to have sufficient distributable reserves which may be dependent upon the approval of the High Court of Ireland. • A liquid trading market for the BOIG plc Shares may not develop, or be sustained. • The market price of the BOIG plc Shares may not reflect the value of the Group and BOIG plc’s share price may fluctuate significantly. • Subsequent transfers of BOIG plc Shares will generally be subject to Irish stamp duty. • BOIG plc may in the future issue additional BOIG plc Shares, which may impact the market price and dilute BOIG plc Shareholders’ shareholdings. • The interests of any significant investor may conflict with those of other BOIG plc Shareholders and future sales of BOIG plc Shares by any significant investor in the public market may cause the share price to fall. • Exchange rate fluctuations may expose an investor whose principal currency is not the Euro to foreign exchange rate risk. • Irish law governs the rights of holders of BOIG plc Shares and these rights may differ from the rights of shareholders in other jurisdictions. Overseas BOIG plc Shareholders may have only limited ability to bring actions or enforce judgments against the Group. • Any person that intends to hold or acquire 10% or more of the BOIG plc Shares will be required to obtain the approval of the ECB. • BOIG plc Shareholders with a registered address in the United States or any other restricted jurisdiction may not be able to exercise future pre-emption rights.

Section E—Offer		
E.1	Net proceeds and expenses of the issue	<p>There is no offer of BOIG plc Shares. This Prospectus and the Scheme do not constitute an offer or invitation to any person to subscribe for or purchase any shares in BOIG plc. BOIG plc will not receive any proceeds as a result of the Scheme.</p> <p>The total costs, charges and expenses payable by BOIG plc and the Bank in connection with the Scheme and Admission are estimated to be approximately €10.5 million (inclusive of VAT). No expenses will be charged to Ordinary Stockholders and/or BOIG plc Shareholders in connection with the Scheme.</p>
E.2a	Reasons for the issue, use of proceeds and estimated net amount of the proceeds	<p>There is no offer of BOIG plc Shares. This Prospectus and the Scheme do not constitute an offer or invitation to any person to subscribe for or purchase any shares in BOIG plc.</p> <p>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. Pursuant to the RPRS, in the event of a resolution of the Group, 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 the operational and retail deposit holding entities of the Group.</p> <p>BOIG plc will not receive any proceeds as a result of the Scheme.</p>
E.3	Terms and conditions of the issue	<p>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. 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), subject to the discretion of the Bank Directors to move to a 1:1 Exchange Ratio. Under the Consolidation Basis, fractional entitlements to BOIG plc Shares arising as a result of the Exchange Ratio will be rounded up and all Scheme Stockholders will have an entitlement to at least one BOIG plc Share upon implementation of the Scheme.</p> <p>The implementation of the Scheme is conditional upon the following:</p> <ol style="list-style-type: none"> 1. 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); 2. 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); 3. 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; 4. 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; 5. all regulatory approvals necessary to implement the Scheme having been obtained; and 6. 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 to 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. <p>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.</p>

Section E—Offer		
		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), 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.
E.4	Material interests to the issue	Not applicable. The Directors and certain Senior Executives participated in determining the terms of the Scheme (including the Exchange Ratio and Consolidation Basis). The Group, however, is not aware of any interests (including conflicts of interests) which are material to the Scheme.
E.5	Name of person selling the securities and lock-up agreements	Not applicable. There are no persons offering to sell the BOIG plc Shares and there are no lock-up arrangements.
E.6	Dilution	Not applicable. Ordinary Stockholders' ownership in the Group will remain the same (subject only to the rounding contemplated by the Consolidation Basis).
E.7	Estimated expenses charged to the investor by the issuer	No expenses will be charged to Ordinary Stockholders and/or BOIG plc Shareholders in connection with the Scheme. The total costs, charges and expenses payable by BOIG plc and the Bank in connection with the Scheme and Admission are estimated to be approximately €10.5 million (inclusive of VAT).

PART II: RISK FACTORS

Any investment in the BOIG plc Shares is subject to a number of risks. Any prospective BOIG plc Shareholder should carefully consider all the information contained in this Prospectus and, in particular, the risk factors described below prior to making any decision relating to the BOIG plc Shares.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. See “Forward Looking Statements” in Part III (Important Information) of this Prospectus. The Group’s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by the Group described below and elsewhere in this Prospectus.

Prospective BOIG plc Shareholders should note that the risks relating to the Group, its industry (being the retail and business banking markets in Ireland and the UK) and the BOIG plc Shares summarised in Part I (Summary) of this Prospectus are the risks that the Directors believe to be the most essential to an assessment of the BOIG plc Shares. However, as the risks which the Group faces relate to events and depend on circumstances that may or may not occur in the future, the information on the key risks summarised in Part I (Summary) of this Prospectus should be considered but also, among other things, the risks and uncertainties described below.

The Board considers the following risks to be material for the prospective BOIG plc Shareholders and the BOIG plc Shares. However, the following is not an exhaustive list or explanation of all risks for the Group and/or the BOIG plc Shares. Additional risks and uncertainties not currently known to the Board, or that the Board currently deems immaterial, may, individually or cumulatively, also have an adverse effect on the Group’s business, results of operations, financial condition and/or prospects. In such a case, the market price of BOIG plc Shares could decline and BOIG plc Shareholders may lose all or part of their investment. Prospective BOIG plc Shareholders should consider carefully whether an investment in the BOIG plc Shares is suitable for them in light of the information in this Prospectus and their personal circumstances. If prospective BOIG plc Shareholders are in any doubt about any action they should take, they should consult a competent independent professional advisor who specialises in advising on the acquisition of listed securities. The order in which risks are presented is not necessarily an indication of the likelihood of the risks actually materialising, of the potential significance of the risks or of the scope of any potential harm to the Group’s business, results of operations, financial condition and/or prospects.

The risk factors set out below relate to the Bank and the Group as at the date of this Prospectus. If the Scheme becomes effective, BOIG plc will become the parent company of the Bank on the Effective Date and the risk factors will relate to BOIG plc and the Group.

This section of the Prospectus should be read in conjunction with the entire Prospectus.

RISKS RELATING TO THE GROUP

1. Decreases in the credit quality of the Group’s borrowers and counterparties, could adversely affect the Group’s business.

Credit risk is the risk that a borrower or counterparty will be unable or unwilling to meet a commitment that it has entered into or that any pledged collateral does not fully cover the lender’s claims. Risks arising from changes in credit quality and the recoverability of both secured and unsecured loans and amounts due from counterparties are inherent in a wide range of the Group’s businesses. The Group has exposures to residential mortgages, retail borrowers, SME and corporate borrowers in different sectors and investors in commercial property and residential property.

Other sources of credit risk include, but are not limited to, the extension of credit commitments and guarantees, the holding of investments for liquidity purposes, inter-bank transactions, letters of credit and trade financing, derivative transactions entered into for hedging purposes, foreign exchange transactions, placing of deposits, acceptances and the settlement of transactions.

In the ordinary course of its operations, the Group estimates and establishes provisions for credit risks and the potential credit losses inherent in these exposures. This process, which is critical to the Group’s results and financial condition, requires complex judgements, including forecasts of how changing macroeconomic conditions might impair the ability of borrowers to repay their loans. The Group may fail to adequately identify the relevant factors or accurately estimate the impact and/or magnitude of identified factors, which could materially adversely affect the Group’s business, results of operations, financial condition and/or prospects.

Further, there is a risk that, despite the Group's belief that it conducts an accurate assessment of borrower credit quality, borrowers are unable to meet their commitments as they fall due as a result of borrower-specific circumstances, macro-economic factors or other external factors. The failure of borrowers to meet their commitments as they fall due may result in higher impairment charges or a negative impact on fair value in the Group's lending portfolio. A deterioration in borrower credit quality and the consequent increase in impairments could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

The Group's primary markets are Ireland and the UK. At 31 December 2016, based on the geographic location of the customer, 54% of the Group's loans and advances to customers were in Ireland, 40% in the UK and 6% in other jurisdictions. As at 31 December 2016, residential mortgages represented 59% of total loans and advances to customers. Residential mortgage exposures originated and managed in Ireland and the UK represent a material concentration of credit risk.

Economic conditions may deteriorate in the Group's main markets, which may lead to, amongst other things, counterparties and borrowers experiencing an adverse financial situation, declines in values of collateral (including residential and commercial property values) and investments, increases in unemployment levels, weak consumer and corporate spending, declining corporate profitability, declining equity markets and bond markets and an increase in corporate insolvencies. This may give rise to deterioration in the credit quality of the Group's borrowers and counterparties and increased difficulties in relation to the recoverability of loans and other amounts due from such borrowers and counterparties, resulting in significant increases in the Group's impaired loans and impairment provisions. Renewed uncertainty in the global and Eurozone economies, including as a result of the UK referendum on membership of the EU (the "UK Referendum"), could result in downgrades and deterioration in the credit quality of the Group's customer, sovereign and banking exposures.

Amongst the key issues relating to macroeconomic factors affecting the Group's credit risk are the following:

Property Prices

While residential property prices in Ireland and the UK have been on an upward trend in the last three years, if prices were, in the future, to begin to follow a falling trend, whether as a result of price corrections or an increase in supply of properties on the market or in response to renewed economic pressures, or for other reasons, this would be likely to result in an increase in the Group's loan impairment charges as the value of the security underlying its loans is eroded. Higher impairment charges could reduce the Group's profitability, capital and its ability to engage in lending and other income-generating activities. A decline in property prices could also lead to a reduction in the resolution options available to the Group for its challenged loans secured by property, leading to higher impairment charges. Whilst an increase in property prices would be of benefit to the Group as it increases the value of collateral securing mortgages, and may increase customer confidence, it may also negatively impact the business to the extent that the affordability of housing impacts on the number of new mortgages generated for the Group. Sustained volatility in property prices could also discourage or prevent potential purchasers from committing to a purchase, thereby limiting the Group's ability to grow its mortgage portfolio. As a result, a change in property prices could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Unemployment, income and debt levels

The Group's business performance is affected by the economic status and well-being of its customers, a principal driver of which is overall employment levels.

Higher unemployment rates, constraints on household income and high debt levels in Ireland and the UK and the resultant decrease in customer confidence and customer income, particularly if combined with a substantial increase in interest rates in the short to medium term, may lead to an increase in arrears in the Group's residential mortgage and other loan portfolios, and an associated increase in impairment provisions, as well as lower demand for new loans and have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

A failure to achieve and/or maintain lower levels of unemployment for any reason, including a downturn in the economies of Ireland and/or the UK, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

Interest Rates

Interest rates could rise more quickly than expected in the Group's main markets, which may lead to, amongst other things, declines in values of collateral and investments, increasing unemployment, weakening consumer and corporate spending, declining corporate profitability, declining equity markets and bond markets and an increase in corporate insolvencies.

Many borrowers in Ireland and the UK borrow on short-term fixed or discounted floating rates and when such rates expire, the supply and terms of lending may be considerably less favourable and may continue to lead, to higher loan default rates. As at 31 December 2016, approximately 7% by value of the mortgage book in Ireland and 54% in the UK constitute interest only mortgage loans which have a requirement that the borrower pay scheduled interest payments only. The Group is exposed to the risk that the outstanding principal balance on such loans is not repaid in full at the contractual maturity date.

A material rapid increase in interest rates for any reason could negatively impact the ability of customers to borrow and service loans. An increase in interest rates, without a comparable increase in customer income, could, for example, lead to an increase in default rates among customers who can no longer afford their repayments, in turn leading to increased impairment charges and lower profitability for the Group. A high interest rate environment may also reduce demand for mortgages and other loans generally, as customers may be less likely or less able to borrow when interest rates are high.

Changes to mortgage lending rules

On 9 February 2015, the Central Bank of Ireland (the "CBI") introduced mortgage lending rules, under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015 (the "**Housing Loan Regulations 2015**"), which include loan-to-value ("**LTV**") rules which set a minimum deposit requirement for the purchase of property, and loan-to-income ("**LTI**") rules which set a maximum mortgage value which could be borrowed, measured against the borrower's gross salary. Specific LTV and LTI limits were introduced for purchasers of their principal dwelling houses including separate rules for first-time buyers, as well as those purchasing buy-to-let properties. These rules moderated residential property prices in Ireland and resulted in a reduction in mortgage lending following their introduction.

On 23 November 2016, the CBI announced amendments to the Housing Loan Regulations 2015 under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) (Amendment) Regulations 2016, which became effective on 1 January 2017. These amendments include the extension of the valuation period, the removal of the property value threshold of €220,000, and the amendment of the proportionate caps structure and scope of the non-primary dwelling home limit. The impact that such amendments might have on the Irish property market and/or borrowing patterns is not yet known.

Buy-to-let mortgages

In Ireland and the UK, the Group provides and has provided loans to buy-to-let investors. An excess supply of rental property or falls in rental demand could also impact borrowers' income and ability to service such loans. In particular, as at 31 December 2016, 18% of the loans and advances to customers in Ireland and 36% in the UK were originated as buy-to-let mortgages, where the relevant properties (in respect of the mortgages forming part of the collateral security for such mortgages) were not owner-occupied. The borrower's ability to service payment obligations in respect of a loan secured on such a property is likely to depend on the borrower's ability to rent the properties on appropriate terms. This dependency on rental income increases the likelihood that, during difficult market conditions, the rate of delinquencies and losses on loans secured by such non-owner occupied properties will be higher than for loans secured on the primary residence of a borrower. The obligations of a borrower to make payments under a mortgage loan are without regard to whether the relevant property is let and without regard to the amount of rent received from the relevant tenant, however these factors may affect the borrower's ability to satisfy its obligations under the mortgage loans.

2. The Group's level of non-performing loans ("NPLs") remains elevated.

The reduction of NPLs is a key area of focus for the Group. As at 31 December 2016, the Group had recognised impairment provisions of €3.9 billion and had NPLs of €7.9 billion. The proportion of the Group's loan portfolio which comprises NPLs is elevated and there can be no assurance that the Group

will be able to continue the reduction in the level of its NPLs at the current rate. The Group's ability to reduce the level of its NPLs is dependent on its ability to restructure and/or rehabilitate these loans. The willingness and ability of delinquent or defaulting borrowers to agree to a voluntary restructuring of their loans is materially dependent on the continuing recovery of the Irish economy, particularly the Irish real estate market, and an effective and efficient regulatory insolvency and foreclosure process in Ireland, (e.g. requirements of the CCMA, insolvency legislation, court processes and bankruptcy proceedings, none of which are factors within the Group's control).

While any sale of NPLs or portfolios of NPLs by the Group would reduce the level of its NPLs and release the provisions held against them, the sale could result in a loss being recorded, which could have a material adverse effect on the Group's income for the relevant financial period and the Group's capital position in the longer term.

The European Central Bank (the "ECB") and other regulatory authorities may introduce new and/or additional requirements in relation to how the Group deals with its NPLs in the future. For example, the ECB issued guidance in relation to NPLs in September 2016 which set out best practices which were intended to constitute ECB banking supervision's supervisory expectation from now on in relation to how banks will deal with NPLs. Any change to the way in which the Group deals with its NPLs as a result of the Group's compliance with regulatory requirements could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

3. *The Group's business and financial performance has been and will continue to be affected by economic conditions globally, in Europe and, in particular, in Ireland and the UK.*

The Group is directly and indirectly subject to inherent risks arising from general economic conditions in Ireland, the UK, and the state of the European / global economy / financial markets both generally, and as they specifically affect financial institutions. Substantially all of the Group's loans and advances to customers are to customers in Ireland and the UK. Specific risks facing the Group's business include, but are not limited to, the following:

- the re-emergence of any of the financial turbulence experienced during the global financial crisis or the reversal of the progress towards a return to sustainable economic and budgetary conditions that has already been achieved;
- an increase in speculation about European sovereign debt could impact sentiment towards other Eurozone bond markets and broader international debt markets. International debt markets could also be impacted by more general concerns over levels of fiscal deficits, requirement for support of the banking system, sovereign debt levels of Member States, speculation about the stability of the Eurozone and the potential impact of these factors on the individual Member State economies, including Ireland and the UK;
- any period of unpredictable movements, severe dislocations and liquidity disruptions in the financial markets in the Eurozone or elsewhere, could lead to a reduction in the demand for some of the Group's banking services and products and may also impede the Group's ability to raise capital. This could result in, among other things, the issuance of capital and funding of different types or under different terms than otherwise would have been issued or realised, or the incurrence of additional or increased funding and capital costs compared to the costs borne in a more stable market environment;
- financial institutions have a high level of interdependence as a result of credit, trading, clearing and other relationships between them. As a result, a default or threatened default or concerns about a default or threatened default by one institution could affect other institutions and lead to significant market-wide liquidity problems and financial losses for other financial institutions. It may even lead to defaults of other financial institutions, which is a risk, sometimes referred to as "systemic risk". Systemic risk in the global financial industry is still at an elevated level. High sovereign indebtedness, low capital levels at certain banks and the high interconnectivity between the largest banks and certain economies are important factors that contribute to this systemic risk. A systemic risk event may also have a material adverse effect on financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, to which the Group is exposed;
- weaker activity in the UK economy, and a further devaluation in Sterling, following the UK Referendum result/withdrawal from the EU (see the risk factor entitled "*The Group could be materially adversely affected by the UK's withdrawal from the EU*");

- potential deterioration in the economic, social and political conditions in Europe, changes to the political leadership of member countries of the Eurozone as a result of national elections in the short to medium term (for example, France, Germany or Italy), and/or other political instability or unrest that impacts Europe and/or other regions could result in increased volatility in the general economic or political conditions of those countries and/or regions;
- potential referenda on continued EU membership in other countries and the possibility of further exits from or the break-up of the EU;
- the withdrawal from the Euro by one or more countries that have already adopted its use and, in an extreme scenario, the cessation of the use of the Euro could result in the dissolution of the European Monetary Union (the “EMU”). This could lead, inter alia, to the re-introduction of individual currencies in one or more EMU member states, the effects of which and the redenomination of financial instruments from Euro to a different currency, are impossible to predict fully;
- changes in property prices in Ireland and/or the UK—see the risk factor entitled “*Decreases in the credit quality of the Group’s borrowers and counterparties, could adversely affect the Group’s business*” for further details;
- higher unemployment rates, constraints on household income and high debt levels in Ireland and the UK—see the risk factor entitled “*Decreases in the credit quality of the Group’s borrowers and counterparties, could adversely affect the Group’s business*” for further details;
- any of a substantial increase in interest rates in the short to medium term, a prolonged period of continuing low interest rates, or the introduction of legislation in relation to the setting of variable mortgage interest rates in Ireland and/or the UK—see the risk factor entitled “*Decreases in the credit quality of the Group’s borrowers and counterparties, could adversely affect the Group’s business.*” for further details;
- a prolonged low interest rate environment has contributed to a ‘search for yield’ and an associated compression of risk premia. Changes in market sentiment could result in an abrupt increase in risk premia, causing dislocation in global financial markets which could have an adverse effect on economic activity, including in Ireland and the UK;
- changes to the mortgage lending rules imposed by the regulators in the markets in which the Group operates—see the risk factor entitled “*Decreases in the credit quality of the Group’s borrowers and counterparties, could adversely affect the Group’s business*” for further details;
- changes in interest rates for mortgage lending—the regulatory authorities (for example, the CBI) or the Irish Government may introduce new requirements or ceilings in relation to the interest rates that the Group charges for mortgage lending. A material decrease in interest rates for mortgage lending, without a comparable decrease in funding and capital costs for the Group, could adversely impact the profitability of the Group;
- prolonged deleveraging/risk aversion as a result of the recent economic crisis could adversely impact credit formation and negatively affect the Group’s business;
- an increase in protectionism resulting in weaker global trade and economic activity in addition to growing populism increasing economic and political uncertainty;
- the changed political leadership of the United States of America and any resulting changes to areas of policy that could impact the global economy and/or the markets in which the Group operates (for example, significant reductions in the US corporate tax rate and/or material changes to US fiscal, monetary, trade and/or foreign policy);
- any material adverse effect on the financial and political resources of the EU as a result of the continuing Syrian war and the related refugee crisis; and
- a pronounced rise in oil prices stemming from heightened geo-political tensions in particular regions of the world could reduce the spending power of consumers and lower corporate profitability in Ireland and the UK.

4. *A prolonged period of low or negative market interest rates or changes in interest rates (including a rapid increase) may negatively affect the Group's net interest income and have other adverse consequences.*

Interest rates are highly sensitive to many factors beyond the Group's control, including monetary policies and domestic and international economic and political conditions. There is a risk that future events may alter the interest rate environment.

In the Eurozone, the ECB and the national central banks have, and in the UK the Bank of England (the "BOE") has, adopted monetary easing policies which have exerted downward pressure on interest rates and yield curves, which may adversely affect the interest rate margin of the Group. Policy interest rates are at low levels and are expected to remain low by historical standards in the period ahead. A prolonged period of flatter than usual interest rate yield curves and negative short-term interest rates could in particular have a material adverse effect on the Group's net interest income. In particular, net interest income may be adversely affected due to possible margin compression from the inability of the Group to lower interest rates on customer deposits and accounts below 0% as interest rates on loans reduce below 0%. From a funding perspective, even in the event of decreasing interest rates, competitive pressures may still restrict the Group's ability to decrease its deposit interest rates. Furthermore, a prolonged period of low inflation or deflation could materially adversely affect client behaviour, lead to customer deposit outflows and therefore adversely affect the Group's funding.

For further details of the potential consequences of a rise in interest rates, please see the Risk Factor entitled, "*Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business*".

Accordingly, changes in interest rates or a failure to manage its market risk effectively may have a material adverse effect on the business, results of operations, financial condition and/or prospects of the Group.

5. *Changes in currency exchange rates may materially adversely affect the Group.*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

These fluctuations and the degree of volatility with respect thereto may affect earnings reported by the Group. Foreign exchange rate fluctuations expose the Group to risks that arise from transactions in foreign currency, as well as changes in the value of the Group's assets and liabilities denominated in foreign currencies which may affect the Group's financial results and equity. Losses may also arise during the management of the Group's assets/liabilities and investments in foreign countries. It arises due to the fact that the Group conducts business in a range of currencies other than Euro, principally Sterling and to a lesser extent US Dollars. The Group's assets and liabilities subject to foreign exchange risk comprise the retail and corporate deposit books and loan book, combined with the interbank lending, wholesale market funding instruments and the liquid asset investment portfolio. The main foreign exchange exposure for the Group arises in managing its Sterling-denominated banking business in the UK. Increased volatility of the international currency markets (in particular Euro and Sterling), for example as a result of the withdrawal of the UK from the EU, may have adverse consequences for Group.

Although the Group enters hedging transactions with the aim of minimising the risk of fluctuations in foreign exchange rates, such hedging could be inadequate.

The Group prepares and reports its financial results and prepares its financial statements in Euro. As the Group conducts its business in a range of currencies other than Euro, principally Sterling and US Dollars, the Group has a translational exposure upon consolidation which may see its results of operations and financial position benefit from or be adversely affected by the volatility of the Euro, US Dollar and/or Sterling. The Group does not hedge against translational exposure in the ordinary course of business.

Substantial changes in foreign exchange rates could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

6. *A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial condition and/or prospects.*

The ability of the Group to remain competitive and improve its competitive position depends in part on its ability to deliver IT programmes and upgrades on a timely and cost-effective basis. The Group's multi-year integrated plan for technology change (the "**Integrated Plan**") will require the Group to make significant

investments in technology, both by way of material capital and operating expenditure currently and on a continuing basis. The Group's Integrated Plan has been deployed to address its IT upgrade challenges, capabilities and opportunities, including regulatory-driven requirements and marketplace developments more generally. The Integrated Plan establishes the delivery path for key strategic programmes including, *inter alia*, the upgrade of the Core Banking, Channels and Payments Programme, compliance and regulatory change programmes and implementation of essential and security and stabilisation projects, covering a multi-year period from the second half of 2016 as a rolling technology plan. The Integrated Plan has been developed in conjunction with key strategic technology providers and subject matter experts from across the Group. The Group has put in place an overarching 'Integrated Plan' and supporting Integrated Planning Office to ensure the increasing and divergent IT change demand profile is holistically managed within risk, budgetary and financial constraints. The Integrated Plan has also been designed to explicitly include achievement of the requirements of mandatory external regulatory requirements (e.g. IFRS 9 and Directive (EU) 2015/2366 on Payment Services in the Internal Market and Immediate Payments ("PSD2")). Additionally, the Integrated Plan addresses regulatory expectations by way of having a strategic road map for achievement of relevant key Group programmes.

Given the complexity of the subject matter and the pace of industry and regulatory change, the Group cannot provide assurance that the design of the programmes within the Integrated Plan will meet systems, regulatory or market requirements or expectations in full or part, or that it or they will do so to the anticipated timetable. As is the case for many established financial services providers, in a rapidly changing technology environment and in dealing with legacy systems, there is a risk that the investment as anticipated may not deliver the envisaged outcomes, and that the Integrated Plan may not deliver to expectations or that the investment required turns out to be more than originally considered. There is also a risk that the Group may not be able to engage or retain all of the third-party providers and/or key staff that are the optimal providers and integrators of such technology and change. Neither can the Group provide assurance that it will be able to maintain the level of operating and capital expenditure necessary to support the improvement or upgrading of its information technology infrastructure. The full successful implementation of the Integrated Plan may also necessitate a level of behavioural and organisational change within the Group, which may fail to materialise in whole or part and which may have unforeseen potential consequences. The Integrated Plan places incremental operational risk management challenges on the Group, which, if not successfully managed, could have a negative impact on its future relationships with its regulators and its customers who, notwithstanding the anticipated operational benefits, may also react negatively to a potential streamlining of product offering that may flow from the redesign of systems. Additionally, regulatory requirements and expectations may change (see the risk factor entitled "*The Group's business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments*") resulting in misalignment and/or material additional requirements and/or costs for the Integrated Plan, with potential regulatory censure or sanctions for failure or delays in delivery.

A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

7. *The Group's information systems and networks may be vulnerable to an increasing risk of continually evolving cyber security or other technological risks.*

A significant portion of the Group's operations rely heavily on the secure processing, storage and transmission of confidential and other information, as well as the monitoring of a large number of complex transactions on a minute-by-minute basis. The Group stores an extensive amount of personal and client specific information for its retail, corporate and governmental customers and clients and must accurately record and reflect their extensive account transactions. The secure transmission of confidential information over the internet and the security of the Group's systems are essential to its maintaining customer confidence and ensuring compliance with data privacy legislation. If the Group or any of its third-party suppliers fail to transmit customer information and payment details online securely, or if they otherwise fail to protect customer privacy in online transactions, or if third-parties obtain and/or reveal the confidential information of any member of the Group, the Group may lose customers and potential customers may be deterred from using the Group's products and services, which could expose the Group to liability and could have a material adverse effect on its business, financial condition, results of operations and/or prospects.

The Group's computer systems, software and networks may be vulnerable to unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other malicious code and other events, which may be caused by misconfiguration of systems, failure of security updating (patching) or outdated systems.

A number of threats may derive from human error, fraud or malice on the part of employees, even if trained in information security, or third-parties, or may result from accidental technological failure. If one or more of these events occurs, it could result in the disclosure of confidential client information, damage to the Group's reputation with its clients and the market, additional costs to the Group (such as for repairing systems or adding new personnel or protection technologies), regulatory penalties and financial losses to both the Group and its clients. Such events could also cause interruptions or malfunctions in the operations of the Group (such as the lack of availability of the Group's online banking systems), as well as the operations of its clients, customers or other third-parties. Given the volume of transactions at the Group, certain errors or actions may be repeated or compounded before they are discovered and rectified, which would further increase these costs and consequences.

The Group relies on the remote access service, either by employees working remotely or service providers who support the Group's systems. The reliance on service providers to support the Group's systems and infrastructure is due to the expanded landscape of systems required to support operations and increases the risk of systems compromises or information leaks.

In addition, third-parties with which the Group conducts business under stringent contractual agreements may also be sources of cyber security or other technological risks. Although the Group adopts a range of actions to reduce the exposure resulting from outsourcing, unauthorised access, loss or destruction of data or other cyber incidents could occur, resulting in similar costs and consequences to the Group as those discussed above.

If any of the risks discussed above were to materialise, it could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

8. *The Group could be materially adversely affected by the UK's withdrawal from the EU.*

The result of the UK Referendum has had an effect on financial markets and may have an impact on the Republic of Ireland, Northern Ireland, UK, European and global economy. On 29 March 2017, the British Government notified the European Council in accordance with Article 50(2) of the Treaty on the European Union of the UK's intention to withdraw from the EU. The precise timing and the manner of the UK's withdrawal from the EU and the terms of the successor arrangements between the UK and the EU are currently unknown and may not become clear for some time. There is considerable uncertainty surrounding the impact of the UK's withdrawal from the EU on the general economic conditions in the Republic of Ireland, Northern Ireland, the UK, the EU and globally the financial services industry and the legal and regulatory environment. This could in turn affect pricing, partner appetite, customer confidence and demand and customers' ability to meet their financial obligations and consequently the Group's financial performance. Other effects may include changes in official interest rate policy in both the UK and Eurozone, which can impact the Group's revenues and also the Group's IAS 19 defined benefit pension deficit, and foreign exchange rate changes, which can impact the translation of the Group's UK net assets and profits. Uncertainty following the notification of the UK's intention to withdraw from the EU may result in a reduction of investment and delays in capital expenditure decisions by businesses and a consequential reduction in demand for business lending. Such volatility and uncertainty may persist or worsen throughout any process of negotiation that may be required to determine the future terms of the UK's relationship with the EU.

Withdrawal could, among other outcomes, disrupt the free movement of goods, services, capital and people between the UK and the EU (including Ireland), and, undermine bilateral cooperation in key policy areas as well as significantly disrupt trade. Moreover, Ireland would not be able to negotiate bilateral trade agreements with the UK under current EU rules.

The UK's withdrawal from the EU could also have a further adverse effect on the value of Sterling and a significant change to the currency exchange rates between Euro and Sterling would affect the translation of the Group's UK net assets and profits into Euro. Furthermore, any significant devaluation in Sterling may adversely impact the Republic of Ireland's export market to the UK which in turn could lead to an increase in unemployment. See Risk Factor entitled "*Decreases in the credit quality of the Group's borrowers and counterparties, could adversely affect the Group's business*".

It is not yet known what impact the UK's withdrawal from the EU will have on the approach of the UK regulatory authorities to the regulation of financial institutions in the future. In particular it is not yet known whether the requirements imposed on financial institutions in the UK by the UK regulatory authorities will be materially different from the requirements imposed in the EU by the ECB and national authorities. Changes to the UK regulatory regime which applies to the Group's business in the UK following the UK's withdrawal from the EU (including, but not limited to, passporting (i.e. the Bank's provision of banking services in the UK through its branch in the UK), data protection (in respect of intragroup transfers of data and relevant Group outsourcing arrangements), and the Group's recovery and resolution arrangements (i.e. potential regulatory divergence in approach between UK and EU regulators) and additional costs) could have an adverse effect on the Group's business, financial condition, results of operations and/or prospects.

The UK's withdrawal from the EU could have a significant adverse effect on the economies of the Republic of Ireland, Northern Ireland and Great Britain which could include, but may not be limited to, an adverse effect on consumer and business confidence and associated spending and investment, the ability of the Group's customers to meet their financial obligations to the Group, collateral values, the pricing of the Group's products and the introduction of new products by the Group. Any such adverse effect on the Irish and/or UK economies is likely to have an adverse effect on the Group's business, financial condition, results of operations and/or prospects. In addition, as the Group maintains significant operations in the UK, the UK's withdrawal from the EU could require the Group to make potentially significant changes to its operations in the UK and its legal structure.

9. ***Changes in financial reporting standards or policies (e.g. IFRS 9) could materially adversely affect the Group's reported results of operations and financial condition and may have a material adverse effect on capital ratios.***

The Group prepares its financial statements in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") and, accordingly, from time to time the Group is required to adopt new or revised accounting standards as adopted by the EU.

In July 2014, the International Accounting Standards Board issued IFRS 9 'financial instruments' which will replace IAS 39 'financial instrument recognition and measurement' and is expected to become effective for annual periods beginning on or after 1 January 2018 as endorsed by the EU on 22 November 2016. For further information in relation to IFRS 9, please see Section 18 (*General*) of Part XVIII (*Additional Information*) of this Prospectus. The implementation of IFRS 9 is a major priority for the Group and a Group IFRS Programme, responsible for its implementation, was established during 2015.

The Group expects that IFRS 9 is likely to have an impact on its reported financial position. However, the Group continues to assess the impact of implementing IFRS 9, and given the complexity of the standard and the scale of IFRS 9 implementation, the quantitative impact on impairment provisions and potential impact on capital on initial application or potential volatility in impairment and capital thereafter, is difficult to estimate at this stage. Additionally, the regulatory treatment of IFRS 9 still remains unclear at this time. On 29 March 2017, the Basel Committee on Banking Supervision (the "BCBS") set out considerations for retaining the current regulatory treatment of accounting provisions for an interim period. It also set out transitional arrangements for IFRS 9 to take effect from 1 January 2018 and the corresponding Pillar III disclosure requirements, should individual jurisdictions choose to implement such transitional arrangements.

The International Accounting Standards Board has also published IFRS 15 Revenue from Contracts with Customers, and IFRS 16 Leases. IFRS 15, which will become effective for annual periods beginning on or after 1 January 2018, specifies how and when an entity will recognise revenue, and provides a single, principles based five-step model to be applied to contracts with customers. Financial instruments, leases and insurance contracts are outside the scope of IFRS 15.

IFRS 16, which is expected to become effective for annual periods beginning on or after 1 January 2019, subject to endorsement by the EU, specifies how an entity will recognise, measure, present and disclose leases. The standard sets out a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases except those which are short-term or where the underlying asset has a low value. Lessors will continue to classify leases as operating or finance leases, an approach substantially unchanged from the existing leases standard, IAS 17.

The implementation of IFRS 9, IFRS 15, IFRS 16 and/or any other new or amended accounting standards, policies or practices could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects and may have a corresponding adverse effect on its capital ratios.

10. *The Group may be exposed to losses if critical accounting judgements or estimates are subsequently revised.*

The preparation of the Group's financial statements requires management to make estimates and assumptions and to exercise judgement in selecting and applying relevant accounting policies, each of which may directly impact the reported amounts of assets, liabilities, income and expenses, to ensure compliance with IFRS. Some areas involving a higher degree of judgement, or where assumptions are significant to the financial statements, include the level of impairment provisions for loans and advances, retirement benefit obligations and deferred tax assets. If the judgements, estimates and assumptions used by the Group in preparing its consolidated financial statements differ from the actual results, there could be a significant loss to the Group beyond that anticipated or provided for, which could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

11. *The Group's strategic plans may not be realised.*

The Group has identified and set strategic plans for the Group (for further information see Section 3 (*Group Strategy*) of Part VII (*Overview of the Business of the Group*) of this Prospectus), including, *inter alia*:

- focussing on the Republic of Ireland as the Group's core market; and
- retaining selective international diversification in the UK through access to an extensive distribution network, primarily through the UK Post Office and AA partnerships, and other strategic intermediaries and internationally through acquisition finance.

These plans include targets which rely on the proper implementation of those strategies and which may be sensitive to a number of internal and external dependencies.

Furthermore, these strategic plans may be adversely affected by macroeconomic factors (in Ireland, the UK or globally) and other factors that are outside of the Group's control. Please see the Risk Factor entitled, "*The Group's business and financial performance has been and will continue to be affected by economic conditions globally, in Europe and, in particular, in Ireland and in the UK.*" for further details. The Group's implementation of these strategies may be affected by the competition in the markets in which the Group operates. Please see the risk factor entitled "*Competition in the financial services markets in which the Group, including in relation to the digital banking demands of customers, operates may adversely affect the Group's business, results of operations, financial condition and/or prospects*" for further details.

There is a further risk that the Group may not be in a position to renew third-party distribution agreements such as the agreement between, amongst others, the Bank, Bank of Ireland (UK) plc and the Post Office (in respect of Post Office branded retail financial service products and ATM services), the agreement between Bank of Ireland (UK) plc, AA plc and AA Financial Services Limited in the UK (in respect of AA branded financial services products) and other third-parties on terms acceptable to the Group or on terms as currently favourable to the Group. Any termination or non-renewal of the Group's relationships with the Post Office, the AA and/or any of its other strategic intermediaries in the UK could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects. The current expiry dates for these agreements are set out in Section 12 (*Material Contracts*) of Part XVIII (*Additional Information*) of this Prospectus.

The Group's strategic plans also rely, in part, on the proper implementation of those strategies by the Group. There is a risk that the Group's IT Programme and Integrated Plan may not deliver the required objectives in whole or part (see the Risk Factor entitled "*A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial condition and/or prospects*" for further information). There is also a risk that the Group may not be able to continue to deliver new products or existing products at acceptable margins, that future regulation may change the nature of product charging and/or sales in a way that impacts the Group's ability to deliver the planned income, that its chosen business model proves to be inappropriate, or that customers are not attracted by the products and services on offer.

12. *Competition in the financial services markets in which the Group, including in relation to the digital banking demands of customers, operates may adversely affect the Group's business, results of operations, financial condition and/or prospects.*

The competition among providers of banking services in the areas in which the Group operates has been significantly affected by the challenging economic environment as well as the crisis in the banking sector. The global banking crisis has reduced the capacity of many institutions to lend and has resulted in the withdrawal of a number of market participants. There has been and continues to be substantial Government intervention in the banking sector in the form of guarantees, recapitalisation, full nationalisation and revised requirements for banks as set down by national and EU law. Intervention by regulators in the banking sector may impact the competitive position of the Group relative to its international competitors who may be subject to intervention of a different quantum and nature, potentially putting the Group at a competitive disadvantage in certain markets. Intervention by the Irish Government in the operations of the Group through its significant shareholding and/or its legal agreements with the Group may impact the competitive position of the Group compared to its competitors who are not subject to the same level of government ownership and/or influence.

The Group faces competition in all of its major markets. Other financial services groups, including indigenous and international local banks and domestic and foreign financial services companies, compete for business in these markets. The Group also faces competition from institutions which carry out traditional banking functions outside of the traditional system of regulated depository institutions (otherwise known as 'shadow' banks). Competition may intensify further in response to consumer demand, technological changes, the impact of consolidation by the Group's competitors, regulatory actions and other factors. For example, ready access to a network of properties and an existing customer base has enabled certain non-financial institutions to begin to offer financial products such as loans to consumers (and could allow other intermediaries to expand the scope and scale of their product range by offering mortgage products); and technological advances have enabled other participants to act as a virtual bank and offer savings and other products without a traditional 'bricks and mortar' network of branches.

Rapidly shifting consumer behaviours and the proliferation of device (mobile, tablet, wearable), social, analytical and cloud technologies are changing the way customers research, purchase and manage the products and services they consume. This is reflected in the evolving banking models for consumers and businesses, both in Ireland and internationally, and most notably the rise of fintech and neo banks. These developments not only affect the manner in which customers manage their day to day financial affairs and supporting products, but money transmission and data driven integrated services are forecast to rapidly evolve in the coming years, underpinned by regulatory developments (including PSD2) and the General Data Protection Regulation (the "GDPR"). These developments could restrict the Group's ability to realise its market strategies and financial targets, dilute customer propositions and cause reputational damage. Please see the risk factor entitled "*A failure to effectively improve or upgrade the Group's information technology infrastructure and management information systems in a timely manner could have a material adverse effect on its business, results of operations, financial condition and/or prospects*" for further details.

Competition may increase in some or all of the Group's principal markets or products and this may have a material adverse effect on the Group's business, financial condition, and results of operations and/or prospects. Competition may elevate the focus on price and service as the key differentiators, each of which carries a cost to the provider. If the Group is unable to match the efficiency of its competitors in these respects, it risks losing competitiveness and being unable to match its strategic, growth and income aspirations. Increased competition as a result of these or other factors could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

In addition, the introduction of amended and/or additional competitive pricing pressures may limit the Group's ability to achieve appropriate returns on its lending and deposit taking activities. The Group could also encounter difficulties in increasing interest rates to borrowers, due to the reputational impact such increases could have on the Group in the Irish market and the political and/or legislative consequences that such an impact could have for the Group. Any of these events could have an adverse impact on net interest margins and consequently on the results and financial condition of the Group.

13. *The Group relies on recruiting, retaining and developing appropriate senior management and skilled personnel and the restrictions imposed on remuneration by government, tax or regulatory authorities or other factors outside the Group's control may adversely impact the Group's ability to attract and retain such personnel.*

The Group's success depends in part on the availability of high calibre people and the continued services of members of its management team, both at its head office and at each of its business units. If the Group fails to attract and appropriately train, motivate and retain high calibre people, its businesses may be negatively impacted. Restrictions imposed on remuneration by the government, tax or regulatory authorities (e.g. the EBA Remuneration Guidelines) or other factors outside the Group's control in relation to the retention and recruitment of employees may adversely impact on the Group's ability to attract and retain such staff. The restrictions imposed on the Group by the Irish Government during the financial crisis, including the restriction on the Group paying any aggregate remuneration to a Director or employee that exceeds €500,000 per annum (or, if lower, the amount recommended by the CIROC Report) without the prior agreement between the Bank and the NTMA, place the Group at an increasing competitive disadvantage in seeking to retain and attract staff, particularly those with certain skill sets and in international locations.

A potential outcome of the UK's withdrawal from the EU could be a material inflow of foreign institutions into Ireland which may impose stress on the Group's ability to retain key members of its management team and skilled personnel.

In addition, the Central Bank Reform Act 2010 applies to the Group and contains a number of provisions which impact on the regulation of the Group including:

- the requirement for the ECB to approve, prior to their appointment, key office holders in regulated financial service providers under a fitness and probity regime implemented by the CBI; and
- the power of the CBI, or, as applicable, the ECB, to suspend or remove a director, chief executive or other persons performing certain functions prescribed in secondary legislation from his or her position in a financial services provider.

The Group's ability to attract and/or retain appropriately skilled personnel could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

14. *A sudden and significant withdrawal of customer deposits could adversely impact the Group's funding and liquidity position.*

The Group strategy is to be a substantially customer deposit funded bank and to focus on maintaining stable relationship based deposits through its retail distribution network in Ireland and its strategic partnerships in the UK with core loan portfolios substantially funded by customer deposits and modest term wholesale funding. The composition of the Group's deposit base has changed materially since the global financial crisis and now consists primarily of retail originated deposits with corporate and institutional deposits taken as a bi-product of ancillary services for relationship reasons with the Group having a low level of reliance on credit rating sensitive institutional deposits.

Within the Group, customer deposits represent approximately 84% as at 31 December 2016 of its funding base and an increased level of outflows and/or lower replenishment levels would result in a reduction in the Group funding and a potential liquidity shortfall. Increases in the cost of such funding would adversely affect the Group's margins and results of operations, and a lack of, or decrease in, the availability of such retail and corporate deposit funding could restrict the Group's ability to fund its balance sheet and could constrain new lending which could in turn negatively impact the Group's future growth. The ongoing availability of these deposits is subject to fluctuations due to factors such as a low interest rate environment for deposits, the confidence of depositors in the Group, and other certain factors outside the Group's control including, for example, macroeconomic conditions in Ireland and/or the UK, confidence of depositors in the economy in general and the financial services industry specifically, the availability and extent of deposit guarantees and competition for deposits from other financial institutions.

These or other factors could lead to a reduction in the Group's ability to access retail deposit funding on satisfactory terms in the future, and any increases in the cost of such funding could have a negative impact on the Group's margins, financial condition and/or prospects. Given the relative size of the Group's retail deposit base, any serious loss of confidence by its retail depositors which results in significant withdrawals of deposits would have significant impact on the Group's liquidity position and this could lead to the

imposition of administrative actions or sanctions against the Group by its regulators and in an extreme scenario lead to a suspension or revocation of the Group's banking licence.

15. *A deterioration in the Group's access to the wholesale funding markets could adversely affect the Group by increasing its cost of funds.*

The Group defines wholesale funding as unsecured interbank borrowings, senior unsecured debt securities issued, secured wholesale market borrowings, the proceeds of securitisation and funding from the Monetary Authorities.

The Group's use of wholesale funding was €14.4 billion as at 31 December 2016 representing approximately 16% of its funding base. Notwithstanding the relatively low quantum of wholesale funding required by the Group, if wholesale markets remained closed for an extended or prolonged period, or if there was a significant reduction in investor demand for the Group's wholesale funding issuance, or a significant increase on the acquisition cost of wholesale funding, this may have an adverse impact on the liquidity and profit and loss position of the Group and may result in increased reliance by the Group on funding from Monetary Authorities.

16. *Downgrades to the Irish sovereign or the Bank's credit ratings or outlook could impair the Group's access to private sector funding, trigger additional collateral requirements and weaken its financial position. There is also an expectation that certain of the credit ratings of BOIG plc may be lower than those of the Bank.*

As at the Latest Practicable Date, the long-term / short-term sovereign credit ratings for Ireland were: A+ (Stable) / A-1 from Standard & Poor's; A3 (Positive) / P-2 from Moody's; A (Stable) / F1 from Fitch; A (high) (Stable trend) / R-1 (middle) from DBRS, Inc. and A- (Stable) / a-1 from Rating and Investment Information, Inc. ("**R&I**") (Source: National Treasury Management Agency ("**NTMA**") website).*

As at the Latest Practicable Date, long-term / short-term senior unsecured credit ratings for the Bank were: BBB (Stable) / A-2 from Standard & Poor's; Baa2 (Positive) / Prime-2 from Moody's; BBB- (Positive) / F3 from Fitch; and BBB (high) (Positive trend) / R-1 (low) (Stable) from DBRS.

Downgrades of the Irish sovereign credit ratings could negatively impact access to market funding for the Irish State and may impact the Group's access to private sector funding, trigger additional collateral requirements and weaken the financial position of the Group. Downgrades could also adversely impact the funding received from Irish government bonds used as collateral for the purposes of accessing the liquidity provision operations offered by Monetary Authorities or secured borrowing from wholesale markets and the value of Irish government bonds held by the Group's life assurance business to meet its liabilities.

The Group's credit ratings are subject to change and could be downgraded as a result of many factors, including a reduction in the Group's credit strength and the credit strength of the Group's collateral, or the failure of the Group to implement its strategies successfully. Downgrades in the credit ratings of the Group could have a negative impact on the volume and pricing of its private sector funding and its financial position, restrict the Group's access to the capital and wholesale funding markets, trigger material collateral requirements or associated obligations in other secured funding arrangements or derivative contracts, make ineligible or lower the liquidity value of pledged securities and weaken the Group's competitive position in certain markets. The higher cost of these transactions may have an adverse effect on the Group's ability to hedge its foreign currency and other market risk exposures and to manage its Euro and non-Euro liquidity reserves. The availability of deposits is often dependent on credit ratings and downgrades for the Group could lead to withdrawals of retail deposits and/or corporate deposits which could result in deterioration in the Group's funding and liquidity position. If any of the above was to happen, it could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and on its liquidity and funding. This would further limit its access to funding and could further materially affect the Group's business, results of operations, financial condition and/or prospects, and could prevent the Group meeting its minimum funding requirements.

The Group routinely transacts with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks and other institutional clients. Sovereign credit pressures

* Each of Standard & Poor's, Moody's, Fitch and DBRS is established in the EU and is registered under the CRA Regulation. DBRS, Inc. and R&I are not established in the EU and are not registered under the CRA Regulation. In general, European regulated investors may use credit ratings for regulatory purposes only if they are issued by a credit rating agency established in the EU and registered in accordance with the CRA Regulation (or are endorsed and published or distributed by subscription by such a credit rating agency in accordance with the CRA Regulation).

may weigh on Irish financial institutions, limiting their funding operations and weakening their capital adequacy by reducing the market value of their sovereign and other fixed income holdings. These liquidity and capital concerns could adversely affect inter-institutional financial transactions.

In addition, as at the date of this Prospectus, the credit ratings that will be given to BOIG plc by certain of the credit rating agencies are unknown. There is no guarantee that all of the credit ratings of BOIG plc will match or exceed those of the Bank, and the Group expects that certain of the initial credit ratings given to BOIG plc by the credit rating agencies may be lower than the existing senior credit ratings of the Bank. Lower credit ratings for BOIG plc could, for example, raise the costs of wholesale funding for BOIG plc and reduce the number of potential investors in the debt instruments issued by BOIG plc.

17. *The Group at times sources funding from Monetary Authorities and any disruption to access could increase the Group's funding and liquidity risks.*

In the Eurozone, the ECB and the national central banks have adopted monetary easing policies and, consequently, made available monetary policy tools such as Targeted Longer-Term Refinancing Operations (“TLTRO”), covered bond purchase programmes and an asset purchase programme.

Financial institutions in the Eurozone, including the Group, utilise these programmes and, given the interdependence between financial institutions in the Eurozone, the cessation of these programmes and of any other accommodative monetary policies could have a material adverse effect on the financial condition of these financial institutions, including the Group, and any deterioration, or perceived deterioration, in these financial institutions could also result in an adverse effect on the Group in terms of its perception, business, financial condition, results of operations and/or prospects. There can be no assurance that the ECB or these national central banks will continue to adopt accommodative monetary policies or that the employment of these policies will be sufficient to address the fiscal risks which remain.

The Group's funding from Monetary Authorities was €3.4 billion at 31 December 2016.

All Monetary Authority transactions require the Group to post adequate collateral which meet certain criteria in order to source funding. The criteria (which include credit standards) are subject to periodic amendment by the ECB and the BOE and in particular since the commencement of the financial crisis there have been a number of changes which have widened the range of acceptable collateral.

Any significant alteration of the conditions of any programme available as part of such ECB or BOE funding (for example, a narrowing of the eligibility criteria for collateral), or any increase in the price of any programme available as part of such funding, or any reduction or withdrawal of such support may adversely affect the Group's business, results of operations, financial condition and/or prospects. Any such reduction or withdrawal may also increase competition for other sources of funding which could increase the cost of, or reduce the availability of funding for the Group.

In the event that there is a significant reduction or elimination in the liquidity support provided to the system by Monetary Authorities, the Group may encounter increased difficulties in procuring liquidity in the market and/or higher costs for procurement of such liquidity, thereby adversely affecting its business, results of operations, financial condition and/or prospects.

The Group's access to ECB or BOE funding is dependent on the availability and continued eligibility of the Group's assets to serve as collateral. Accordingly, any impact on the volume of the Group's eligible collateral, as a result of deteriorations in credit quality, adverse movements in reference market pricing, downgrades to the ratings of the collateral or changes to the ECB or BOE eligibility criteria or any other factors could restrict the Group's ability to continue to access ECB or BOE funding. This would further limit its access to funding and could further materially affect the Group's business, results of operations, financial condition and/or prospects, and could prevent the Group meeting its minimum regulatory liquidity requirements.

18. *The availability of unsecured funding to the Group (senior bonds and deposits) may be negatively impacted if encumbrance levels are too high or out of step with peer banks. Accessing sources of secured funding in a stressed environment may lead to an increase in the Group's encumbrance level.*

Consistent with the EBA guidelines, the Group treats an asset as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise or credit enhance any transaction from which it cannot be freely withdrawn.

Assets used for secured funding are subject to the legal claims of another party and consequently such assets would not be available to unsecured creditors including depositors in the event of a wind up of the Group. Furthermore as a result of the requirements to meet strict eligibility criteria, the quality of encumbered assets may be higher than the quality of unencumbered assets.

Encumbrance in times of stress may also increase potential outflows as a fall in the value or quality of the existing collateral creates a need to post more collateral. High levels of asset encumbrance could result in restrictions on the availability of unsecured funding (including deposits) and/or increase the cost of such funding. Restrictions may be imposed by regulatory authorities on the level of encumbrance and any such restrictions could adversely impact on the Group's business, results of operations, financial condition and/or prospects.

19. *The Group is subject to regulatory regimes which may require that it hold or raise additional capital and/or eligible liabilities or result in increased costs.*

From 4 November 2014, the Group came under the supervision of the single supervisory mechanism ("SSM") established pursuant to the EU Single Supervisory Mechanism Regulation 1024/2013 (the "SSM Regulation"). Accordingly, the Group's compliance with the prudential requirements of CRD IV and the CRR is significantly dependent on the SSM's interpretation and decisions in relation to these requirements following its periodic inspections of the Group within the scope of the SSM Regulation. In practice, SSM supervision of the Group is carried out in cooperation with the CBI and joint decisions with the Prudential Regulation Authority (the "PRA") are issued with respect to Bank of Ireland (UK) plc's capital requirements.

CRD IV and the CRR comprise the European regulatory package designed to transpose the capital, liquidity and leverage standards of Basel III into the EU's legal framework. From 1 January 2014, the Group has been regulated under CRD IV, as implemented in Ireland. This has introduced significant changes in the prudential regulatory regime applicable to banks including: increased minimum levels of capital; enhanced quality standards for qualifying capital, increased risk weighting of assets, particularly in relation to market risk and counterparty credit risk; and the introduction of a leverage ratio and new liquidity metrics. CRD IV provides for some of these measures to be phased in over transitional periods up to 2024.

CRD IV and CRR requirements adopted in Ireland may change or be supplemented, whether as a result of further changes to CRD IV and CRR currently being proposed by EU legislators, revisions to capital requirements as a result of proposals by the Basel Committee on Banking Supervision, binding regulatory technical standards to be developed by the European Banking Authority (the "EBA"), targeted reviews of individual models, which are used to calculate capital requirements, previously granted under CRD II and/or CRD III and requirements applied to Irish banks or otherwise. Such changes, either individually and/or in aggregate, may lead to further requirements in relation to the Group's capital, leverage, liquidity and funding ratios or alter the way such ratios are calculated.

Additional capital requirements or guidance and other requirements, whether based on an interpretation of current rules or the application of new rules or guidance being proposed by EU legislators, could be imposed on the Group as a result of the Supervisory Review and Evaluation Process ("SREP") or EBA stress testing, including a revision of the level of Pillar II add-ons as the Pillar II add-on capital requirements or guidance are a point-in-time assessment and therefore subject to change over time. Additional capital, and/or liquidity requirements could lead to increased costs for the Group, limitations on the Group's capacity to lend and further restructuring of the Group which could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

To support the effectiveness of bail-in and other resolution tools, Article 130(1) of the BRRD requires that from 1 January 2016 Member States apply the BRRD's provisions requiring EU credit institutions and certain investment firms (collectively, "**BRRD Institutions**") to maintain minimum requirements for own

funds and eligible liabilities (“MREL”), subject to the provisions of the MREL regulatory technical standards (“RTS”).

The MREL requirements will be determined on a case-by case basis taking into account (i) resolvability; (ii) capital adequacy; (iii) sufficiency of eligible liabilities; (iv) participation in a deposit guarantee scheme; (v) business risks (business model, funding, risk profile); and (vi) systemic risk (interconnectedness). The Group’s MREL requirements will be set by the SRB, in consultation with the SSM.

The calculation of MREL should consider the need, in case of application of the bail-in tool, to ensure that the institution is capable of absorbing an adequate amount of losses and being recapitalised by an amount sufficient to restore its Common Equity Tier 1 (“CET 1”) ratio to a level sufficient to maintain the capital requirements for authorisation and sustain market confidence.

It is likely that the MREL requirements imposed on the Group will be significant and could require the Group to raise additional funds in order to meet its obligations. In addition, the cost of such funding could be higher than that which the Group might otherwise have been willing to pay in circumstances where it was not subject to the relevant MREL requirements. The MREL requirements could have an impact on the Group’s operations, structure, costs and/or capital/funding requirements.

Requirements or interpretations from regulatory authorities that are more stringent for this Group or otherwise diverge from those applying to other Irish or Member State financial institutions may result in adverse investor reaction and increased costs for the Group.

A market perception or an actual shortage of capital issued by the Group could result in regulatory actions, including requiring the Group to issue additional CET 1 securities, retain earnings or suspend dividends (which is a requirement of all banks under the SSM’s Dividend Distribution Policy ECB/2016/44) or issuing a public censure or the imposition of sanctions. These factors may affect the Group’s capacity to continue its business operations, generate a return on capital, pay future dividends or pursue acquisitions or other strategic opportunities, impacting future growth potential. If, in response to any such shortage, the Group raises additional capital through the issuance of share capital or capital instruments, existing shareholders may experience a dilution of their holdings.

Further information on the current regulatory requirements of the Group is set out in Part IX (*Regulation and Supervision*) of this Prospectus.

20. *The Group’s business and operations are subject to substantial regulation and supervision and can be negatively affected by its non-compliance with certain existing regulatory requirements and any adverse regulatory and governmental developments.*

The Group conducts its businesses subject to ongoing regulation and associated regulatory risks, including the effects of changes in the laws, regulations, policies, voluntary codes of practice and interpretations. Future changes in laws, regulation or other policies are unpredictable and beyond the control of the Group and could materially adversely affect the Group’s business, financial condition, results of operations and/or prospects.

The Group’s operations are contingent upon licences issued by financial authorities in the countries in which the Group operates, including Ireland and the UK. Violations of rules and regulations, whether intentional or unintentional, may lead to the withdrawal of some of the Group’s licences, the imposition of constraints on its activities, or the imposition of financial or other penalties. The imposition of significant penalties or the revocation or variation of licences for members of the Group could have a material adverse effect on the Group’s reputation, business, financial condition, results of operations and/or prospects.

Fundamental changes in the laws and regulations affecting financial institutions can have a material and adverse effect on the Group’s business. Regulators and legislators have adopted a wide range of changes to these laws and regulations designed to address the perceived causes of the crisis and to limit the systemic risks posed by major financial institutions. The adoption of these new laws and regulations has had, and may in the future continue to have, a material impact on the Group’s business, results of operations, financial condition and/or prospects. They include, but are not limited to, the following:

- significantly higher regulatory capital requirements;
- changes in the definition and calculation of regulatory capital;
- changes in the calculation of risk-weighted assets (“RWA”);

- the introduction of a more demanding leverage ratio;
- new or significantly enhanced liquidity requirements;
- requirements to maintain liquidity and capital in jurisdictions in which activities are conducted and booked;
- limitations on principal trading and other activities;
- new licensing, registration and compliance regimes, including increased/more punitive sanctions for non-compliance;
- limitations on risk concentrations and maximum levels of risk;
- taxes and government levies that would effectively limit balance sheet growth or reduce the profitability of trading and other activities;
- cross-border market access restrictions;
- a variety of measures constraining, taxing or imposing additional requirements relating to compensation;
- adoption of new liquidation regimes intended to prioritise the preservation of systemically significant functions;
- requirements to adopt structural and other changes designed to reduce systemic risk and to make major financial institutions easier to manage, restructure, disassemble or liquidate, including ring-fencing certain activities and operations within separate legal entities; and
- requirements to adopt risk governance structures at a local jurisdiction level.

Following the assumption by the ECB of its supervisory responsibilities under the SSM, the ECB has been concerned with the implementation of a more demanding and restrictive regulatory framework with respect to, amongst other things, capital ratios, leverage, liquidity and disclosure requirements which, notwithstanding the benefit to the financial system, will imply additional costs for banks. Certain Group subsidiaries and operations are subject to the supervision of other local supervisory authorities. For example, the Group's business in the UK is subject to the supervision of the PRA and joint decisions of the SSM and PRA are issued with respect to the UK's capital requirements.

Further proposals are now being considered by EU and other international regulators to complete the reform agenda. Implementation of these proposals will take several years.

Some of the EU's recent proposals include legislative changes to the CRD, CRR, the BRRD and the Regulation on the Single Resolution Mechanism ("SRM") referred to as EU risk reduction proposals. These proposals include implementing some outstanding measures of reform such as binding leverage and net stable funding ratios ("NSFR"), the integration of total loss absorbing capacity ("TLAC") measures into the MREL and changes to the application of additional capital requirements (Pillar II).

The BCBS is also considering amendments to the RWA framework, including the implementation of a standardised RWA approach for credit risk and also a standardised capital floor for banks using internal ratings based approaches. This would see banks being permitted to calculate capital requirements on the basis of internally produced risk parameters (subject to certain minimum requirements and agreement by the regulator). The BCBS is also considering a revised approach for the calculation of RWAs in respect of operational risk. The implementation of such measures and further, more restrictive changes may materially affect the Group's business, results of operations, financial condition and/or prospects and its ability to execute its strategic plans and/or require the Group to raise further capital.

The Group is also subject to EU regulations with direct applicability and to EU directives which are adopted by the European Economic Area member states and implemented through local laws. For example, EMIR, MiFID II, MiFIR and MAR have required (and will continue to require) the implementation of additional compliance and other processes with increased costs for the Group.

Increased regulatory intervention may lead to requests from regulators to carry out wide-ranging reviews. The Group is unable to predict what regulatory changes may be imposed in the future as a result of regulatory initiatives in the EU and elsewhere or by the SSM, the PRA and other supervisory authorities. If the Group is required to make additional provisions or to increase its reserves as a result of potential regulatory changes, this could adversely affect the financial condition and results of operations of the

Group. The approach adopted by the regulators of the markets in which the Group operates, could have a material adverse impact on the Group's business, results of operations, financial condition and/or prospects.

It is not yet known what impact the UK's withdrawal from the EU will have on the approach of the UK regulatory authorities to the regulation of financial institutions in the future. Please see the risk factor entitled "*The Group could be materially adversely affected by the UK's withdrawal from the EU*" for further details.

21. *The Group is exposed to risks in relation to compliance with anti-corruption laws, anti-money laundering laws, laws to prevent the financing of terrorism and the imposition of economic sanctions programmes against certain countries, citizens and entities.*

The Group is required to comply with the laws and regulations of various jurisdictions where it conducts operations. In particular, the Group's operations are subject to various anti-corruption, anti-money laundering and terrorism financing laws, including the key principles of the UK Bribery Act of 2010 as part of the Group's Anti-Bribery Policy, and economic sanction programmes, including those administered by the United Nations and the EU, as well as those of the United States Department of Treasury's Office for Foreign Assets Control.

The anti-corruption laws generally prohibit providing anything improper of value for the purposes of obtaining or retaining business or securing any improper business advantage. As part of its business, the Group may deal with entities whose employees are considered government officials. Furthermore, following the entry into force of the 4th Anti-Money Laundering Directive ((EU) 2015/849) ("**4AMLD**") and Transfers of Funds Regulation on 25 June 2015, new regulations will come into force before the deadline for national implementation of 26 June 2017, which will affect the scope of the regulatory requirements that the Group must comply with.

Economic sanctions are restrictive or coercive measures implemented by international bodies such as the United Nations, the European Union, HM Treasury and the US Office of Foreign Assets Control. These measures are designed to curtail certain activities such as terrorism, military activity or human rights atrocities and can be put in place against individuals, groups, entities or nations. Economic sanctions have the effect of restricting the Group's business dealings with certain sanctioned countries, individuals and entities.

Pursuant to the Criminal Justice (Money Laundering & Terrorist Financing) Act, 2010, the Group is obliged to apply an enhanced level of customer due diligence in all cases where a customer relationship or potential customer relationship has the potential to breach the sanctions regulations in any of the jurisdictions in which the Group operates. Sanctions regulations may differ in their scope and impact, for example, they may require the Group to carry out asset freezes on certain persons or entities or may prohibit the Group from providing specific financial services, including (but not limited to) commencing or maintaining any customer relationships with a sanctioned individual or entity; processing any payment to or from a sanctioned individual or entity or to an individual who is resident in a comprehensively sanctioned country or territory; facilitating trade transactions that (a) would breach the sanctions regimes or trade restrictions in place in any of the jurisdictions in which the Group operates or (b) involve any goods that could be used, inter alia for military purposes, for torture or capital punishment or for the purpose of developing or manufacturing chemical, biological or nuclear weapons—where it is known that this is their intended end use.

Failure to comply with financial sanctions legislation or to seek to circumvent its provisions or failure by the Group to adopt policies and procedures to be followed by persons involved in the conduct of its business, and that specify the Group's obligations in respect of the assessment and management of sanctions risk are criminal offences punishable upon conviction by monetary fines or terms of imprisonment or both. In addition, any failure of the Group's sanctions policies and procedures could lead to non-compliance with such sanctions and damage to the Group's reputation.

Although the Group has internal policies and procedures and several monitoring measures designed to ensure compliance with applicable anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations, these policies and procedures cannot provide complete assurance that the Group's employees, directors, officers, partners, agents, service providers or introducers will not take actions in violation of its policies and procedures (or otherwise in violation of the relevant anti-corruption laws, and sanctions regulations) for which the Group or they may be ultimately held responsible. Litigation

or investigations relating to alleged or suspected violations of anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations could lead to financial penalties being imposed on the Group, limits being placed on the Group's activities, the Group's authorisations and licenses being revoked, damage to the Group's reputation and other consequences that could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Further, violations of anti-corruption, anti-money laundering and terrorism financing laws, and sanctions regulations could be costly.

In recent years, enforcement of these laws and regulations against financial institutions in Ireland and the UK has become more stringent and proactive, (for example, resulting in several landmark fines against UK financial institutions). The FCA, in particular, has made financial crime and anti-money laundering a key topic to be addressed under its 2016/2017 Business Plan. The CBI has also focused on anti-money laundering and countering the financing of terrorism and financial compliance in the Irish financial services sector.

Failure by the Group to comply with all of the regulatory and legislative requirements in relation to anti-corruption, anti-money laundering, the financing of terrorism and/or sanction programmes in each of the jurisdictions in which it operates could have a material adverse effect on the Group, including its business, results of operations, financial condition and/or prospects, the imposition of a regulatory fine or other sanction, conviction of the Directors and/or damage to the Group's reputation.

22. New or amended consumer focused measures might mandate the price of certain of the Group's products, limit the fees that the Group charges, increase costs in certain banking transactions and have an adverse effect on the Group.

Changes in consumer focused laws in the jurisdictions where the Group has operations, particularly Ireland and the UK, could limit the prices and/or fees that the Group can charge for certain products and services such as mortgages, unsecured loans and credit cards. For example, Regulation (EC) No 924/2009 on cross-border payments in Euro laid the foundations of the single Euro payments area policy by establishing the principle that banks are not permitted to impose different charges for domestic and cross-border payments or automated teller machine withdrawals within the EU. In Ireland, the Group must already notify any new fees and charges or surcharge interest, any proposals to change existing fees, charges and surcharge and related terms and conditions, to the CBI in advance of introducing (or changing) any of them.

In addition, recent political discussion and press coverage in Ireland in relation to the setting of variable mortgage interest rates in Ireland means that the mortgage market in Ireland, particularly in relation to the practice of implementing mortgage rate changes, has become subject to heightened scrutiny generally. For example, draft legislation has been proposed by the main opposition political party in Ireland which, if brought into law, would require the CBI to carry out at least quarterly assessments of variable mortgage rates and where it deems that a "market failure" exists (i.e. where a lender is charging more than what the CBI deems reasonable and justified), the CBI could direct the relevant bank to reduce the relevant interest rate. The ability of the CBI to determine the maximum variable mortgage interest rates in Ireland (or the relevant regulator(s) in the other jurisdictions in which the Group operates) could have a material adverse effect on the Group's business, financial condition, results of operations and/or prospects.

Although similar legislation has not been proposed in the UK, a similar example of the impact of regulatory change is that the FCA has been consulting on new guidance on the treatment of customers with mortgage payment shortfalls which includes a proposed framework for remediation (see "GC16/6: The fair treatment of mortgage customers in payment shortfall: impact of automatic capitalisations", first published on 19 October 2016 with Finalised Guidance due out in Q1 2017). The FCA has found that some mortgage firms (lenders and administrators) have automatically included customers' payment shortfall balances within their contractual monthly instalments which are recalculated from time to time, for example when an interest rate changes. The FCA has stated that it considers this practice to be 'automatic capitalisation' of payment shortfalls and a likely breach of its rules. If any such redress is required by the Group or the Group's consumers bring claims in connection with their loans in respect of any unauthorised capitalisations such claims, and any set-off by the Group's consumers in respect of such claims against the amount due by the borrowers under the relevant mortgage loans, may adversely affect the ultimate amount received in respect of the relevant mortgage loans.

Accordingly, the Group's ability to increase its prices, fees and/or charges with respect to the products could be subject to further restrictions in the future and this could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

23. As a result of the implementation of the BRRD and SRM Regulation in Ireland and the UK, the relevant authorities have wide powers to impose resolution measures on the Group which could materially adversely affect the Group, as well as the Shareholders and unsecured creditors of the Group.

The BRRD, which establishes a framework for the recovery and resolution of credit institutions and investment firms has been implemented in Ireland by the European Union (Bank Recovery And Resolution) Regulations 2015 (as amended) and in the UK through amendments to the special resolution regime ("SRR") established under the Banking Act 2009.

Under the BRRD, competent authorities and resolution authorities are given power to, among other things:

- require banks to prepare recovery plans and cooperate with resolution authorities in the preparation of resolution plans;
- take early intervention measures to prevent a bank's financial position from deteriorating, including replacing management or installing a temporary administrator in place of existing management;
- appoint a special manager in place of existing management; and
- implement resolution tools to manage the orderly resolution of a failing institution, including:
 - (i) selling the institution or all or part of the business of the institution (the sale of business tool);
 - (ii) transferring the institution or all or part of the business of the institution to a bridge institution (the bridge institution tool);
 - (iii) transferring assets and liabilities of an institution to one or more asset management vehicles (the asset separation tool); and
 - (iv) writing down capital instruments of an institution and writing down or converting to equity certain liabilities of an institution (the bail-in tool).

EU regulatory authorities, including the SSM, have required the production of recovery plans on an annual basis.

As part of the initiative for a European banking union, the EU has established a single resolution mechanism (the "SRM"), under the SRM Regulation No. 806/2014 (the "SRM Regulation") which entered into force on 19 August 2014. Under the SRM, a single resolution process applies to all banks established in Member States participating in the SSM, such as the Group, and the process is co-ordinated by a new centralised European resolution authority, the Single Resolution Board (the "SRB") which is an independent agency established under the SRM Regulation. The SRM Regulation is designed to ensure the uniform application of the BRRD resolution rules to failing banks subject to the SSM and prevent systemic contagion. It is based on close cooperation between the national resolution authorities of participating Member States, and the SRB.

The SRB has the authority to exercise specific resolution powers pursuant to the SRM Regulation similar to those of the competent authorities under the BRRD, including in relation to resolution planning and the assessment of resolvability. The exercise of the resolution tools created by the SRB and the BRRD could result in changes to the structure of a group to allow for a multiple-point-of-entry or a single-point-of-entry resolution.

Credit institutions to which the BRRD applies that are subsidiaries of other credit institutions to which the BRRD applies, such as Bank of Ireland (UK) plc, may be subject to independent resolution action by their national resolution authorities in addition to those taken by the resolution authority supervising the parent entity. Any such measures could have a material adverse effect on the Group, including its shareholders and unsecured creditors.

While the implementation of the Scheme is intended to implement the SRB's preferred resolution strategy for the Group, there is no guarantee that the SRB will not change the resolution strategy for the Group over time. The exercise of the resolution tools created by the BRRD and exercised by the SRB could result in further changes to the structure of the Group. Additionally, the changes to be implemented in respect of the SRM Regulation and the BRRD may have an effect on the Group's business, financial condition, results of operations and/or prospects. Depending on the specific nature of the requirements and how they

are enforced, such changes could have a significant impact on the Group's operations, structure, costs and/or capital requirements.

24. *The Group must comply with data protection and privacy laws and failure to do so could have a material adverse effect on the Group's business, financial condition and reputation.*

The Group's operations are subject to a number of laws relating to data privacy. The requirements of these laws may affect the Group's ability to collect and use personal data, transfer personal data to countries that do not have adequate data protection laws and also to utilise cookies in a way that is of commercial benefit to the Group. Enforcement of data privacy legislation has become increasingly frequent and could result in any member of the Group being subjected to claims from its customers that it has infringed their privacy rights. In addition, any enquiries made, or proceedings initiated by, individuals or regulators may lead to negative publicity and potential liability for the Group.

The GDPR will become effective in Member States on 25 May 2018. However Member States have a level of discretion as to the manner of implementation of certain provisions and in Ireland, a Data Protection Bill to give effect to the GDPR is due to be published in 2017 and it will amend (rather than replace) existing legislation to the extent necessary to give effect to the GDPR. Accordingly there exists a level of uncertainty as to the manner of application of certain provisions and the extent to which this may diverge across Member States.

In the recent past, high profile litigation has occurred in relation to mechanisms for enabling the movement of personal data, much of it emanating in Ireland. It is as yet unclear as to whether the enhanced levels of harmonisation across Member States envisaged under the GDPR will materialise. The GDPR affords enhanced individual rights in respect of an individual's data and the potential for a greater volume of privacy related litigation. It constitutes an increased set of statutory obligations in relation to record keeping and demonstrating compliance, mandatory reporting of breaches and engaging with the regulator. It also creates an enhanced enforcement regime with a new two tier fines system (€10 million or 2% of annual turnover; €20 million or 4% of annual turnover). The full extent of the implications of the GDPR for the Group are not yet known.

25. *The Group's operations have inherent reputational risk.*

The Directors believe that the Group's reputation is one of its most important assets and its ability to attract and retain customers and conduct business with its counterparties could be adversely affected in the event that its reputation is damaged. Damage to its reputation can have fundamental negative effects on the Group's business, financial condition, results of operations and/or prospects. Reputational damage is difficult to reverse, and improvements tend to be slow and difficult to measure.

Failure to address, or appearing to fail to address, various issues that could give rise to reputational risk could cause harm to the Group's business, financial condition, results of operations and/or prospects. Reputational issues may arise, for example, as a result of:

- breaching or facing allegations of having breached legal regulatory requirements;
- failing to or facing allegations of having failed to maintain appropriate standards of customer privacy, data protection, customer service or conduct;
- technology failures that impact upon payment processing, customer services and customer accounts;
- regulatory action and/or litigation; or
- other specific events such as media speculation and/or political comment.

A failure to address any such issues appropriately could make customers, depositors, counterparties and investors unwilling to do business with the Group, which could adversely affect the Group's business, results of operations, financial condition and/or prospects and could damage the Group's relationships with its regulators. The Group may not be successful in avoiding damage from reputational risk.

26. *The Group is exposed to conduct risk in the execution of the Group's activities and processes.*

Conduct risk is the risk that the Group and/or its employees conduct business in an inappropriate or negligent manner that leads to adverse outcomes for the customer or the Group.

Conduct risk can arise from an institution's failure to ensure that its products and services are suitable for the customers they are sold to, from conflicts of interest embedded into financial structures, processes and management, from poor culture and incentives or flawed documentation, from information asymmetries and from a failure to act in the best interests of customers.

Negative public, industry, government or other key external stakeholder opinion can result from the actual or perceived manner in which the Group conducts its business activities or from actual or perceived practices in the banking and financial industry. Such negative opinions may adversely affect the Group's ability to keep and attract customers which in turn may adversely affect the Group's business, financial condition, results of operations and/or prospects. While the Group has a code of conduct in place which sets out the standards expected of all Directors, officers and employees of the Group, the Group may not be successful in avoiding damage to its business from conduct risk.

Failure to adequately address conduct risk in a timely manner, or at all, could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects.

27. Weaknesses or failures in the Group's processes and procedures, external events or other operational risks are a risk to the Group's business.

The Group's businesses are dependent on their ability to process and report, accurately and efficiently, a high volume of complex transactions across numerous and diverse products and services, and subject to a number of different legal and regulatory regimes. Operational risks are inherently present in the Group's businesses including, as a result of potentially inadequate or failed internal processes (including financial reporting and risk monitoring processes), IT or equipment failures or the failure of external systems and controls outside of the Group's control or from people-related or external events. This exposes the Group to customer redress, administrative actions or sanctions, potential loss of customers and the potential requirement to hold additional regulatory capital. Examples of the types of risks that the Group faces in this regard include, but are not limited to:

- the risk of internal fraud (including financial fraud and/or theft) carried out by employees or officers of the Group, possibly resulting from lack of adequate segregation of responsibilities, or inappropriate internal access levels to systems being accorded to individuals, providing them with knowledge that facilitates fraud;
- the risk of external fraud, being customer or third-party fraud against the Group such as card skimming or cloning;
- the risk of a cyber-attack against the Group and its IT and account management systems and the reputational damage the Group would suffer as a result of any such attack. This would include denial of service attacks;
- the risk of over-reliance on IT system outputs without adequate understanding of key inputs or of the calculations performed by the system;
- the risk of partial or complete failure of some or all of the Group's IT systems, including any potential weaknesses in, or failure of, the Group's 'business continuity' strategy and systems;
- the risk of poor external service delivery, inadequate internal management, or inadequate business continuity plans (for example in a disaster) of third-party service providers;
- the risk that business units develop key financial and/or credit models without adequate oversight and testing prior to use by the business, therefore leading to inappropriate decision making and reporting;
- the risk of a failure to keep appropriate, accurate and regulatory compliant documentation, records and archives; and
- the risk of mis-selling financial products and/or the mishandling of complaints.

The Group's risk controls and frameworks (that are subject to ongoing review and enhancement) or loss mitigation actions implemented may not be effective in controlling each of the operational risks faced by the Group. Weakness in these controls or actions could result in regulatory penalties and could also have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects, as well as reputational damage which could exacerbate such adverse impact.

28. *The Group is dependent on the performance of third-party service providers.*

The Group is dependent on the performance of third-party service providers for the critical aspects of its business (including, but not limited to, for IT software and platforms, payment system services, cheque clearing services, telecommunications, business processing, payment services, credit card services and ATM services). If any elements of these outsourcing arrangements fail, or do not meet the service standards required, then the Group could face a number of adverse outcomes such as substantial monetary damages, customer redress and/or litigation. The dependency of the Group on such third-party service providers is a risk to the Group, and in particular risks may arise in any of the following circumstances:

- failure of the Group to monitor and manage the service providers;
- failure by such third-parties to perform their contractual obligations;
- inadequate business continuity management on the part of the third-party service provider;
- inability of such third-parties to retain key members of staff;
- cost overruns in relation to the services provided by third-parties;
- fraud (including financial fraud and/or theft) or misconduct by an officer, employee, or agent of a third-party, which could result in losses to the Group, or damage the Group's reputation;
- disputes between the Group and third-parties, which could increase the Group's expenses and distract the Board and Senior Executives;
- insolvency of such third-parties;
- inability of the Group for the actions or omissions of such third-parties (including without limitation data protection issues);
- withdrawal of the relevant third-party service provider from the market; and/or
- termination of a third-party service provider's engagement in accordance with the terms of their engagement or otherwise.

If the third-party service providers fail to successfully perform the services for which they have been engaged or if there is a need for the Group to engage an alternative third-party service provider for any reason (including, but not limited to, the reasons set out above), this could cause a material disruption to the Group's operations and have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects and could negatively impact its reputation among customers and counterparties.

29. *The Group is party to certain significant agreements that may terminate or may be terminated upon a change of control of the Group, including relating to the change of control resulting from the Scheme.*

The Group is party to certain contracts, arrangements and other agreements which contain change of control provisions that may be triggered in the event of a direct or indirect change of control of a Group entity, for example, as a result of an investor obtaining a majority stake in the Group. Agreements with change of control provisions typically provide for, or permit, the termination of the agreement upon the occurrence of a change of control of one of the parties or if the new controlling party does not satisfy certain criteria. The crystallisation of change of control provisions could result in the loss of contractual rights and benefits for the Group and/or its subsidiaries, as well as the termination of such agreements. On a change of control of the relevant Group entity, the exercise of such rights or the decision by a counterparty not to waive or vary its rights on a change of control could have a material adverse effect on the Group's business, results of operations, financial condition and/or prospects. Those that may be deemed to be significant in terms of their potential impact on the business, results of operations, financial condition and/or prospects of the Group as a whole are the joint ventures and distribution agreement between the Bank, Bank of Ireland (UK) plc and Post Office Limited in the UK (in respect of foreign exchange and Post Office branded retail financial service products), which include change of control provisions giving rise to termination rights in the event the Group does not satisfy certain specified criteria following a change of control, which the Group has assessed as not arising. For further information in relation to the material contracts entered into by the Bank, BOIG plc or any member of the Group, other than in the ordinary course of business, please see Section 12 (*Material Contracts*) of Part XVIII (*Additional Information*) of this Prospectus.

30. *The Group may, if appropriate, elect to, or may be required to, make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.*

The Group sponsors a number of defined benefit and defined contribution schemes in Ireland and overseas.

The most significant defined benefit scheme in the Group is the Bank of Ireland Staff Pensions Fund (“**BSPF**”) which accounts for approximately 75% of the total liabilities across all Group sponsored defined benefit schemes. The BSPF and the Group’s other Irish and UK pension schemes were closed to new members during 2007, and a new hybrid scheme (which includes elements of defined benefit and defined contribution) was introduced for new entrants to the Group. The hybrid scheme subsequently closed to new entrants in late 2014 and a new defined contribution pension scheme was introduced for new entrants to the Group from that date.

The Group has significant obligations in relation to its defined benefit pension schemes. These pension schemes are funded and the assets are held in separately administered trusts which are managed independently of the Group by investment managers appointed by the trustees of the various schemes.

The Group had a net pension deficit of €446 million as at 31 December 2016 with schemes in deficit totalling €454 million with €8 million of assets on schemes with surplus, calculated in accordance with international accounting standards. The total value of liabilities at that date was €7,738 million with total assets relating to the Group’s defined benefit pension schemes valued at €7,292 million.

A formal actuarial valuation is undertaken at least every three years to determine the payments to each of the defined benefit (including the hybrid) schemes. For the purposes of the triennial valuation, the defined benefit liabilities are calculated using a discount rate set with reference to government bond yields, with allowance for additional return to be generated from the investment portfolio. For measurement of the obligation in the financial statements under IAS 19 the defined benefit obligation is calculated using a discount rate set with reference to high quality corporate bond yields. The movement in the asset portfolio is not fully correlated with the movement in the two liability measures and this means that the funding level is likely to be volatile in the short term, potentially resulting in short term cash requirements and an increase in the net defined benefit deficit recorded on the balance sheet.

Following the triennial valuation, the Group agrees an updated schedule of contributions with the trustees and makes payments in accordance with this schedule. The funds’ actuaries assess annually whether the liabilities of each fund, based on current pensionable salary levels, are fully funded on a discontinuance basis, i.e. meet the statutory minimum funding standard.

The last formal triennial valuation of the BSPF was carried out as at 31 December 2015. This valuation disclosed that the fair value of assets represented 97% of the benefits that had accrued to members allowing for expected future increases in earnings and pensions and recommended a joint future service contribution rate of 23.4% per annum. The BSPF met the statutory minimum funding standard at the valuation date.

Following a review of its defined benefit pension schemes in 2013/2014 (“**Pensions 2013**”), the Group agreed and implemented benefit amendments. As part of the agreement underlying these changes, the Group agreed to increase its support for the schemes so as to broadly match the deficit reduction arising from changes to potential benefits. Such an agreement is in place for BSPF whereby the Group has agreed to increase its support for the BSPF between 2016 and 2020, above existing arrangements, so as to broadly match the IAS 19 deficit reduction. Similar arrangements are in place for other smaller Group defined contribution schemes.

Future deficit reducing contributions arising from the Pensions 2013 review in the form of cash or other suitable assets are estimated to be €250 million for the BSPF and approximately €50 million for other smaller Group sponsored schemes.

The total pension charge, calculated in accordance with international accounting standards, for the Group for the year ended 31 December 2016 was €135 million.

Notwithstanding the implementation of the proposals to reduce the current pension scheme deficits, the pension funds are subject to market fluctuations and changes in the value of underlying securities, as well as interest rate risk, mortality risk and changes to actuarial assumptions. These fluctuations could impact on the value of the schemes’ asset portfolios and result in returns on the pension funds being less than expected and/or result in there being a greater than expected increase in the estimated value of the

schemes' liabilities. Such fluctuations in the value of the schemes' asset portfolios and schemes' liabilities may result in material changes in the Group's transitional and fully loaded capital ratios.

Changes in the value of the scheme's assets or the estimated value of the scheme's liabilities may give rise to new or additional deficits in the schemes which could result in the Group choosing or being obliged to make additional contributions to the schemes in the event those schemes became unable to meet their liabilities. Such contributions could be significant and may have a materially negative impact on the Group's business, financial condition, results of operations and/or prospects.

31. *A change in Irish Government and/or UK Government policy could have a material adverse effect on the Group.*

Both Irish Government and UK Government policy in respect of the banking sector, including its capitalisation and structure, has and will continue to have a major impact on the Group. Both the Irish Government and the UK Government can implement their policies by utilising their powers under existing legislation, the introduction of new or amended legislation or, in the case of the Group and the Irish Government, the exercise of the Irish Government's shareholder and other rights. The current policies of either government may not be continued and the introduction of new policies or the amendment of existing policies could have a significant impact on the Group's business, results of operations, financial condition and/or prospects.

Future general elections in Ireland and/or the UK could result in new Irish and/or British Governments constituted by different members or parties being elected. Any such new Irish and/or British Governments may not continue the policies of the current governments, and may introduce new policies that could have a significant impact on the Group's business, results of operations, financial condition and/or prospects.

32. *The Group is exposed to litigation and regulatory investigation risk.*

The Group operates in a legal and regulatory environment that exposes it to potentially significant litigation and regulatory investigation and other risk. The Group is and may become involved in various disputes and legal proceedings, including litigation and regulatory investigations generally or arising from the matters identified in Section 13 (*Litigation*) of Part XVIII (*Additional Information*) of this Prospectus in particular.

As also set out in Section 13 (*Litigation*) of Part XVIII (*Additional Information*) of this Prospectus, the Group is participating fully in the Tracker Mortgage Examination initiated in Ireland in October 2015 by the CBI (the "**Tracker Review**"). The Group has undertaken the review required under the Tracker Review and provided the requisite report to the CBI on 30 September 2016. The final response of the CBI is as yet unknown. As the documentation and lending practices of a number of other lenders are also within the scope of the Tracker Review, the extent to which the outcome of the CBI's interaction with one or more lenders may impact the outcome in its interactions with other lenders is also as yet unknown. This may include different assessments to those applied by the Group in respect of the scope of the Tracker Review, the assessment undertaken and information provided, the determination of impacted customers and the redress and compensation proposed. While there has been some interaction between the Group and the CBI in relation to the Tracker Review, the timing and nature, of the ultimate conclusion and its potential implications for the Group's business is as yet unknown.

Disputes, legal proceedings and regulatory investigations are subject to many uncertainties, and their outcomes are often difficult to predict. Any such disputes, proceedings and/or investigations can have adverse effects on the Group, including negative publicity, loss of revenue, litigation, higher scrutiny and/or intervention from regulators, regulatory or legislative action, and loss of existing or potential client business which in turn could have an adverse effect on the Group's business, results of operations, financial condition and/or prospects.

33. *A deterioration in employee relations could adversely affect the Group.*

A significant number of the Group's employees are members of trade unions. The Group currently consults and negotiates with its employees and their representatives regarding pay, pensions, work practices, organisational change, and terms and conditions of employment. The Group recognises that challenges may arise in relation to pay, pensions and terms and conditions of employment which may need to be resolved through established industrial relations fora. In the event that the Group becomes subject to industrial action or other labour conflicts, including strikes or other forms of industrial actions, this may

result in a disruption to the Group's business and may adversely affect the business, results of operations, financial condition and/or prospects of the Group.

34. *Increased volatility in financial markets may result in reduced asset valuations which could adversely affect the Group's business, financial condition, results of operations and/or prospects.*

Significant declines in perceived or actual asset values resulting from market events, increased volatility and dislocation affecting certain financial markets and asset classes could impact the Group's business, financial condition, results of operations and/or prospects. In the future, these factors could have an impact on the mark-to-market valuations of assets in the Group's available for sale ("AFS") trading portfolios and assets and liabilities designated at fair value through the profit and loss account. In addition, any further deterioration in the performance of the assets in the Group's AFS portfolio could lead to additional impairment losses. The AFS portfolio accounted for 8.8% of total Group assets as at 31 December 2016.

35. *Changes in taxation rates, legislation or practice may lead to adverse consequences for the Group.*

The Group is subject to various tax rates in various jurisdictions computed in accordance with local legislation and practice. There is a risk that such tax rates, legislation and practice may change, which could adversely affect the business, financial condition, results of operations and/or prospects of the Group.

There is also a risk associated with possible misinterpretation of tax laws. This could result in an increase in tax charges or the creation of additional tax liabilities. Failure to manage the risks associated with changes in the taxation rates or law, or misinterpretation of the law, could materially adversely affect the Group's business, financial condition and results of operations. The Group is also exposed to the risk that tax authorities may take a different view to the Group on the treatment of certain items.

In accordance with applicable accounting rules, the Group has recognised deferred tax assets on losses available to relieve future profits to the extent that it is probable that such losses will be utilised. The assets are quantified on the basis of current tax legislation and are subject to change in respect of the tax rate or the rules for computing taxable profits and allowable losses. A failure to generate sufficient future taxable profits or changes in tax legislation may reduce significantly the recoverable amount of the deferred tax assets currently recognised in the financial statements.

The Finance Act (No 2) 2013 which was enacted on 18 December 2013, introduced a bank levy on certain financial institutions, including the Group. An income statement charge is recognised annually on the date on which all of the criteria set out in the legislation are met. The annual levy paid by the Group on 20 October 2016 was approximately €38 million (20 October 2015: approximately €38 million).

The Finance Act 2016, enacted in December 2016, confirmed the revised basis on which the levy will be calculated for the years 2017 to 2021. The revised levy will equal 59% of each financial institution's Deposit Interest Retention Tax ("DIRT") payment for a particular year with the levy for 2017 and 2018 to be based on the DIRT payment for 2015, the revised levy for 2019 and 2020 to be based on the 2017 DIRT payment and the revised levy for 2021 to be based on the 2019 DIRT payment.

In the UK, a bank levy was introduced with effect from 1 January 2011 for all UK banks, building societies and foreign banks operating in the UK through a subsidiary, including the Bank's subsidiaries. The levy is charged at different rates on the short-term chargeable liabilities and long-term chargeable equity and liabilities as reported in the relevant balance sheet at the end of the chargeable period. The levy is payable with corporation tax in quarterly instalment payments. Any increase or amendment to the method of calculation of this levy, if implemented, would adversely impact the business, results of operations, financial condition and/or prospects of the Group.

36. *The Group's life assurance business is subject to inherent insurance risks, as well as market conditions generally.*

Life insurance risk is the potential volatility in the amount and timing of insurance claims caused by unexpected changes in mortality, longevity and morbidity. Mortality risk is the risk of deviations in timing and amounts of cash flows due to the incidence of death claims. Longevity risk is the risk of such deviations due to increasing life expectancy trends among policy holders and pensioners, resulting in payout ratios higher than originally expected. Morbidity risk is the risk of deviations in timing and amount of claims by policy holders due to the incidence of disability and sickness. A material change in relation to any of these risks could materially and adversely affect the business, financial condition, results of operations and/or prospects of the Group's life assurance business.

The Group's life assurance business is also subject to persistency risk which is the risk that policyholders may not continue with their policy, or may do so at a reduced level of premium, in which case the Group's life assurance business will receive a lower future income stream from the provision of insurance services than envisaged at the inception of the contract.

Insurance claims are subject to unpredictable events and the actual number and amount of claims and benefits will vary from year to year from the estimate established using actuarial and statistical techniques.

Life insurance risk is mitigated through a number of measures, including reinsurance, underwriting, contract design and diversification. Reinsurance arrangements create a credit risk to the extent that any reinsurer is unable to meet its contractual obligations.

The Group's life assurance business is subject to risks relating to the volatility in the value of the underlying assets held to meet its liabilities. The risks associated with the Group's life assurance business could have a material adverse effect on the business, financial condition, results of operations and/or prospects of the Group.

RISKS RELATING TO THE BOIG PLC SHARES

Prospective BOIG plc Shareholders should also note that there are risks associated with having a shareholding in a listed entity such as BOIG plc. The majority of these risks exist with reference to a current holding of the Bank's Ordinary Stock and are not materially impacted by the proposed Scheme. These risks are in addition to the risks in relation to the Group set out above. The following is not an exhaustive list or explanation of all risks in relation to the BOIG plc Shares. These risks should be read in conjunction with the entire Prospectus.

37. ***The Irish Government could exert a significant level of influence over the Group in a manner which is not aligned with the interests of the Group or its other shareholders and the manner in which the Irish Government exits its investment in the Group in the future could adversely affect the market price of the BOIG plc Shares.***

The Irish Government, through the Ireland Strategic Investment Fund (the "ISIF"), holds an approximately 14% discretionary shareholding in the Group, and through certain legal agreements with the Group (see Section 12 (*Material Contracts*) of Part XVIII (*Additional Information*) of this Prospectus for further details) could exert a significant level of influence over the Group.

The ISIF could exercise its voting rights in respect of its holding of ordinary stock in the Group in a manner which is not aligned with the interests of the Group or its other shareholders. The Group has also given certain undertakings to the Minister for Finance (the "**Undertakings**") in respect of its corporate governance and remuneration. Actions on foot of the matters such as the Undertakings could adversely affect the Group's business, results of operations, financial condition and/or prospects.

The ISIF may be in a position to exert influence over or determine the outcome of matters requiring approval of the Shareholders, including but not limited to appointments of Directors. The interests of ISIF may be different than the interests of other Shareholders. The market price of the BOIG plc Shares may decline if the ISIF uses its influence over BOIG plc's voting capital in ways that are or may be adverse to the interests of other BOIG plc Shareholders.

The Irish Government has indicated that it will exit its investment in the Group in a measured fashion over time and in a manner that maximises the return to the Irish taxpayer. The timing and manner in which the Irish Government might exit its investment in the Group is not yet known, nor the manner in which such form and timing may be impacted by the Irish Government's strategy for exiting its investments in other Irish financial institutions. The manner in which the ISIF exits its investment in the Group could adversely affect the market price of the BOIG plc Shares in BOIG plc (for example, as a result of a significant increase in the availability of the BOIG plc Shares in the market).

38. ***BOIG plc's ability to pay dividends in respect of the BOIG plc Shares may be restricted by accounting, legal or regulatory requirements.***

Subject to the restrictions on paying dividends set out below, all dividends (whether final or interim dividends) and other distributions paid by the Group in respect of the BOIG plc Shares will be made at the discretion of the Board and will be dependent on the availability, in accordance with legal and accounting rules, of profits available for distribution, the availability of sufficient cash, the Group's financial position, regulatory capital requirements, working capital requirements, finance costs, general economic conditions and other factors the Board deem significant in this regard from time to time.

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 Board'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 EU, 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.

Notwithstanding the Board's current ambitions, there can be no guarantee that the aims discussed above in relation to the payment of dividends will be achieved and/or that the Board will decide to pay any dividends or distributions in the future. Even if BOIG plc has distributable reserves, the Board of BOIG plc may decide not to pay dividends or distributions or implement share buy-backs.

As BOIG plc is a holding company, it is dependent on payment of dividends, distributions, loans or advances to it from the Bank or other subsidiaries to produce distributable reserves (save for the distributable reserves creation proposed to be approved by the High Court of Ireland referred to below).

BOIG plc cannot guarantee that the Bank or other subsidiaries will generate sufficient profits and cash flows to pay dividends or lend or advance to BOIG plc sufficient funds to enable it to meet its obligations and pay dividends, if any, on the BOIG plc Shares. In addition to the current requirement for ECB approval, BOIG plc, the Bank or other subsidiaries may be restricted by law or regulatory requirements from making such distributions, loans or advances. Consequently, BOIG plc's Shareholders may not receive any dividends in respect of their BOIG plc Shares.

39. *BOIG plc's ability to pay dividends in relation to 2017 will require it to have sufficient distributable reserves which may be dependent upon the approval of the High Court of Ireland.*

Under Irish law, BOIG plc may only make distributions (including the payment of cash dividends) to its shareholders or fund share repurchases and redemptions from "distributable reserves". In addition, the Group can only make distributions from "distributable items" as defined in Article 4.1 of the CRR. The level of profits available for the purpose of the calculation of distributable items is fixed at the level of accumulated realised profits and other distributable reserves recorded in the financial statements for the latest financial year.

Following the implementation of the Scheme, BOIG plc as a newly incorporated company, will not initially have any distributable reserves. It is therefore proposed that following the implementation of the Scheme, BOIG plc will create distributable reserves by way of a capital reduction of BOIG plc which requires the approval of the High Court. In connection with seeking High Court approval, BOIG plc Shareholders have approved the creation of the distributable reserves (through the reduction of the share premium account of BOIG plc) by way of written resolution passed on 31 March 2017. Ordinary Stockholders will also be asked to approve the capital reduction of BOIG plc as an advisory resolution at the Extraordinary General Court. It is expected that this process will be completed in the final quarter of 2017. 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 a matter for the discretion of the High Court.

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.

40. *A liquid trading market for the BOIG plc Shares may not develop, or be sustained.*

A liquid market for the BOIG plc Shares may not develop and an active trading market may not be sustained after the Scheme. If an active trading market does not develop and/or is not maintained following the Scheme, the liquidity and trading price of the BOIG plc Shares may be adversely affected.

41. *The market price of the BOIG plc Shares may not reflect the value of the Group and BOIG plc's share price may fluctuate significantly.*

The market price of the BOIG plc Shares may not reflect the value of the Group and may be subject to fluctuations in response to many factors, as with all publicly listed companies. The price at which the BOIG plc Shares may be quoted and the price which investors may realise for their BOIG plc Shares will be influenced by a large number of factors, many of which are outside the control of the Group, some specific to the Group and its operations and some which affect equity more generally. Such factors include among other things, variations in the Group's business or results of operations, additional issuances or future sales of BOIG plc Shares or other securities exchangeable for, or convertible into, its shares in the future, or the perception thereof, the addition or departure of Board members, Senior Executives or other senior management members, divergence in financial results from stock market expectations, speculation about the Group by the press and/or the investment community, changes in stock market analysts' recommendations regarding the Irish financial services market as a whole, the Group or any of its assets, a perception that other markets may have higher growth prospects, prevailing market sentiment in respect of the Irish financial services market, general economic conditions, prevailing interest rates, legislative/regulatory changes in the Group's markets and other events and factors within or outside the Group's control. Stock markets can experience significant price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may materially adversely affect the market price for and liquidity in the BOIG plc Shares. Furthermore, the business, financial condition, results of operations and/or prospects of the Group from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of and liquidity in the BOIG plc Shares.

The public trading market price of the BOIG plc Shares may decline below the price of the equivalent number of Ordinary Stock in issue immediately prior to the Effective Date (calculated on the basis of the Exchange Ratio in accordance with the Consolidation Basis) Ordinary Stock in issue immediately prior to the Effective Date and/or the price of the BOIG plc Shares on Admission. Should that occur, BOIG plc Shareholders will suffer an unrealised loss as a result. The market value of the BOIG plc Shares may also vary considerably from BOIG plc's underlying net asset value. BOIG plc Shareholders may not be able to sell their BOIG plc Shares at a price equal to or greater than the comparable acquisition price of those shares.

42. *Subsequent transfers of BOIG plc Shares will generally be subject to Irish stamp duty.*

While the issue of the BOIG plc Shares pursuant to the Scheme will not give rise to a liability to stamp duty, subsequent transfers of BOIG plc Shares by BOIG plc Shareholders will generally be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of the BOIG plc Shares. See Section 5 (*Stamp Duty*) of Part A (*Irish Taxation*) of Part XIV (*Taxation*) of this Prospectus for further information.

43. *BOIG plc may in the future issue additional BOIG plc Shares, which may impact the market price and dilute BOIG plc Shareholders' shareholdings.*

BOIG plc may in the future seek to obtain funding by way of further equity financing or by further equity offerings or consideration in the form of equity. This could dilute existing BOIG plc Shareholders' shareholdings and may have a negative impact on the trading price of the BOIG plc Shares and increase the volatility in the trading price of the BOIG plc Shares. The Companies Act provides for pre-emptive rights in respect of equity offerings for cash in favour of existing BOIG plc Shareholders unless such rights are disapplied by shareholder resolution or by BOIG plc's Constitution.

44. *The interests of any significant investor may conflict with those of other BOIG plc Shareholders and future sales of BOIG plc Shares by any significant investor in the public market may cause the share price to fall.*

Any significant BOIG plc Shareholder, (including ISIF), may be in a position to exert influence over or determine the outcome of matters requiring approval of the BOIG plc Shareholders, including but not limited to appointments of Directors. The interests of these BOIG plc Shareholders may be different than the interests of other BOIG plc Shareholders. As a result the larger BOIG plc Shareholders' interests in the voting capital of BOIG plc, if of sufficient individual or aggregate size, and/or if aggregated in any circumstances, may permit them to effect certain transactions without other BOIG plc Shareholders'

support, or delay or prevent certain transactions that are in the interests of other BOIG plc Shareholders, including without limitation, an acquisition or other changes in control of BOIG plc's business, which could prevent other BOIG plc Shareholders from receiving a takeover offer or other offer for their BOIG plc Shares. The market price of the BOIG plc Shares may decline if the larger Shareholders use their influence over BOIG plc's voting capital in ways that are or may be adverse to the interests of other BOIG plc Shareholders.

45. *Exchange rate fluctuations may expose an investor whose principal currency is not the Euro to foreign exchange rate risk.*

The BOIG plc Shares will be priced in Euro. To the extent that any dividends are/may be paid in respect of the BOIG plc Shares, these will also be denominated and paid in Euro. Any investment in (or upon any sale, disposal, or other transfer of) the BOIG plc Shares by an investor whose principal currency is not the Euro exposes the investor to foreign currency exchange risk. Any depreciation of the Euro in relation to such foreign currency will reduce the value of the investment in the BOIG plc Shares or any dividends in foreign currency terms.

46. *Irish law governs the rights of holders of BOIG plc Shares and these rights may differ from the rights of shareholders in other jurisdictions. Overseas BOIG plc Shareholders may have only limited ability to bring actions or enforce judgments against the Group.*

BOIG plc is incorporated under the laws of Ireland. The rights of holders of BOIG plc Shares are governed by Irish law, including the Companies Act, and by BOIG plc's Constitution and certain laws of the EU. These rights differ in certain respects from the rights of shareholder corporations incorporated in other jurisdictions, including in the United States. As a result, it may be difficult for Overseas BOIG plc Shareholders to serve process on or enforce foreign judgments against the Group. In particular, Irish law significantly limits the circumstances under which shareholders in Irish companies may bring derivative actions, and does not afford appraisal rights to dissenting shareholders in the form typically available to shareholders of a US corporation.

47. *Any person that intends to hold or acquire 10% or more of the BOIG plc Shares will be required to obtain the approval of the ECB.*

If a person intends to directly or indirectly acquire or increase a "qualifying shareholding" (10% or more of the shares or voting rights) in the Bank, it must first obtain approval from the ECB. An acquisition of BOIG plc Shares would be considered as an indirect holding of capital in the Bank, a credit institution. CBI approval is similarly required if a person intends to directly or indirectly acquire or increase a "qualifying shareholder" in the Bank's non-bank regulated subsidiaries. The ECB (and the CBI) has 60 working days to review a notification and provide approval (subject to the ability to extend the time period in certain circumstances). The requirement to obtain such approvals in connection with the acquisition of BOIG plc Shares could affect the market price of the BOIG plc Shares.

48. *BOIG plc Shareholders with a registered address in the United States or any other restricted jurisdiction may not be able to exercise future pre-emption rights.*

BOIG plc Shareholders with a registered address in, or who are resident or located in, the United States or any other restricted jurisdiction may not be able to participate in any future equity offerings by BOIG plc. Irish company law provides for pre-emptive rights in respect of equity offerings for cash in favour of a company's existing shareholders, unless such rights are disapplied by shareholder resolution or in BOIG plc's Constitution. However, BOIG plc Shareholders in certain jurisdictions (including in the United States) may not be entitled to exercise these rights unless the rights and BOIG plc Shares are registered under their applicable laws (for example, in the United States pursuant to a registration statement under the US Securities Act or where an exemption from the registration requirements of the US Securities Act is available). BOIG plc cannot at this point predict whether it will seek such registrations in the future and intends to evaluate, at the time of any future offering of shares, the costs and potential liabilities associated with such registrations or qualifying for an exemption, as well as the indirect benefits to BOIG plc of enabling BOIG plc Shareholders in those jurisdictions to exercise rights and any other factors it considers appropriate at the time and then to make a decision as to whether to file such a registration statement. BOIG plc is unlikely to file a registration statement as to enable US or other BOIG plc Shareholders outside of Ireland and the UK to exercise their pre-emptive rights or to participate in a rights offer.

PART III: IMPORTANT INFORMATION

Forward Looking Statements

This Prospectus and the documents incorporated herein include statements that are, or may be deemed to be, forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms “anticipates”, “believes”, “estimates”, “expects”, “intends”, “may”, “plans”, “projects”, “should” or “will”, or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Prospectus and include, but are not limited to, statements regarding the Group’s intentions, beliefs or current expectations concerning, among other things, the Group’s results of operations, financial position, prospects, growth, investment strategy, financing strategies, liquidity of the Group’s assets and expectations for the industry in which the Group operates.

By their nature, forward looking statements involve risk and uncertainty because they relate to future events and circumstances that are difficult to predict and may be outside of the Group’s control. Forward looking statements are not guarantees of future performance and the actual results of the Group’s operations and the development of the markets and the industry in which the Group operates, may differ materially from those described in, or suggested by, the forward looking statements contained in this Prospectus. In addition, even if the Group’s results of operations, financial position and growth, and the development of the markets and the industry in which the Group operates, are consistent with the forward looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods. A number of factors could cause results and developments of the Group to differ materially from those expressed or implied by the forward looking statements including, without limitation, general economic and business conditions, market conditions, industry trends, competition, changes in law or regulation, changes in taxation regimes, the availability and cost of funding, currency fluctuations, changes in business strategy, political and economic uncertainty and other factors discussed in Part II (*Risk Factors*) of this Prospectus. The forward-looking statements made in this Prospectus speak only at the date of this Prospectus. Save as required by the Prospectus Regulations, Prospectus Rules, the Market Abuse Regulations, the Market Abuse Rules, the Transparency Regulations, the Transparency Rules, the Disclosure Requirements and Transparency Rules and the Listing Rules, the Irish Stock Exchange and London Stock Exchange or by applicable law or regulation by any other governmental or regulatory authority, neither BOIG plc nor the Bank undertakes any obligation to update these forward looking statements and will not publicly release any revisions it may make to these forward looking statements that may occur due to any change in expectations or to reflect events or circumstances after the date of this Prospectus. Prospective investors should note that the contents of these paragraphs relating to forward looking statements are not intended to qualify the statements made as to sufficiency of working capital in this Prospectus.

Market, Economic and Industry Data

This Prospectus includes certain market, economic and industry data, which has been obtained by BOIG plc from industry publications, data and reports compiled by professional organisations and analysts, including governmental sources, data from other external sources and internal surveys conducted by or on behalf of the Group. The market, economic and industry data sourced from third parties used to prepare the disclosures in this Prospectus have been accurately reproduced and, as far as BOIG plc and the BOIG plc Directors are aware and are able to ascertain from the information provided to them by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Certain statements made in this Prospectus are based on the Group’s own proprietary information, insights, opinions or estimates, and not on any third party independent source; these statements contain words such as ‘the Group believes’, ‘the Group expects’ and ‘in the opinion of the Group’, and as such do not purport to cite, refer to or summarise any third-party or independent source and should not be so read.

Industry publications and governmental statistics generally state that their information is obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although the Group believes these sources to be reliable, the Group does not have access to the information, methodology and other bases for such information and has not independently verified the information. Where third-party information has been sourced in this Prospectus, the source of such

information has been identified. The information in this Prospectus that has been sourced from third parties has been accurately reproduced with reference to these sources in the relevant paragraphs and, as far as the Group is aware and able to ascertain from the information published by that third party, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this Prospectus, the Group makes certain statements regarding its competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in such markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's.

Currencies

Unless otherwise indicated, all references in this Prospectus to euro and € are to the lawful single currency of Member States that adopt or have adopted the euro as their currency, all references to “**Pounds Sterling**”, “**Sterling**”, “**Stg£**”, “**£**” or “**p**” are to the lawful currency of the United Kingdom and all references to “**US\$**”, “**US Dollar**”, “**USD**” or “**\$**” are to the lawful currency of the United States of America. BOIG plc intends to prepare its financial statements in euro.

Definitions

Certain terms used in this Prospectus, including certain technical and other items, are explained and defined in Part XIX (*Definitions and Glossary*) of this Prospectus.

Language of the Prospectus

The language of this Prospectus is English.

Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Presentation of Financial Information

The Group and BOIG plc publish their financial statements in euro. The financial statements contained in, or incorporated by reference into, this Prospectus have been prepared in accordance with IFRS as adopted by the EU. All future financial information for the Group is intended to be prepared in accordance with IFRS as adopted by the EU and, unless otherwise indicated, the financial information in this Prospectus has been prepared in accordance with IFRS as adopted by the EU. In making an investment decision, prospective BOIG plc Shareholders must rely on their own examination of BOIG plc from time to time and terms of the financial and other information in this Prospectus, or incorporated by reference herein.

Pro Forma Financial Information

The unaudited pro forma financial information has been prepared to illustrate the effect of the Scheme as if it had become effective on 1 January 2017 (transitional) and 31 December 2016 (fully loaded).

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, the pro forma financial information addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

Non-IFRS Information and Other Statistics

This Prospectus also presents certain financial measures that are not measures defined under IFRS, including regulatory capital, risk weighted assets, funding and other risk measures. In addition, this Prospectus presents certain other operational statistics that are not measures of financial performance under IFRS. No non-IFRS information should be considered as an alternative to any IFRS financial measure. Such measures, as defined by the Group, may not be comparable to other similarly described measures used by other companies, as non-IFRS measures are not uniformly defined and other companies may calculate them in a different manner from the Group. The Group believes that these non-IFRS

measures are important aids to understanding the Group's performance, operations and capital position. All non-IFRS disclosures are unaudited.

Exchange Rates

The principal rates of exchange used in the preparation of the financial statements are as follows:

one euro: pound sterling

<u>Period</u>	<u>Average Rate</u>	<u>Period End Rate</u>
Year ended 31 December 2014	0.8061	0.7789
Year ended 31 December 2015	0.7259	0.7340
Year ended 31 December 2016	0.8195	0.8562

one euro: US Dollar

<u>Period</u>	<u>Average Rate</u>	<u>Period End Rate</u>
Year ended 31 December 2014	1.3285	1.2141
Year ended 31 December 2015	1.1095	1.0890
Year ended 31 December 2016	1.1069	1.0541

On the Latest Practicable Date, the euro: pound sterling exchange rate was €1: £0.8555 and the euro: US Dollar exchange rate was €1: \$1.0691, in each case being the daily reference rate set by the ECB for such date.

Rounding

Certain figures contained in this Prospectus or in the documents incorporated by reference herein, including financial, statistical and operating information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables contained in this Prospectus or in the documents incorporated by reference herein may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in this Prospectus or in the documents incorporated by reference herein reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Circular

The Circular has been issued by the Bank to its Ordinary Stockholders on 4 April 2017 in connection with (i) the High Court Convened Stockholder Meeting to be held for the purpose of considering and, if thought fit approving, the Scheme and (ii) the convening of the Extraordinary General Court to be held for the purposes of considering and, if thought fit, approving the Scheme Resolutions in connection with the Scheme. The High Court Convened Stockholder Meeting is to be held at 2 p.m. (Irish Time) on 28 April 2017 in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland and the Extraordinary General Court is to be held at 2.15 p.m. (Irish time) on 28 April 2017 in the Aviva Stadium, Lansdowne Road, Dublin 4, Ireland or as soon thereafter as the High Court Convened Stockholder Meeting shall have concluded or been adjourned. Notice of the High Court Convened Stockholder Meeting and the Extraordinary General Court was given to Ordinary Stockholders by way of publication of the Notices of Meetings.

The Circular issued by the Bank to Ordinary Stockholders in connection with the High Court Convened Stockholder Meeting and the Extraordinary General Court does not form part of this Prospectus and is not incorporated by reference herein.

No Incorporation of Website Information

This Prospectus will be made available to the public in Ireland and the United Kingdom at <https://investorrelations.bankofireland.com>. Notwithstanding the foregoing, save as expressly incorporated by reference into this Prospectus, the contents of the Group's website, the contents of any website accessible from hyperlinks on the Group's website, or any other website referred to in this Prospectus are not incorporated in and do not form part of this Prospectus.

Service

BOIG plc and the Bank were incorporated and established under charter, respectively and are domiciled in Ireland. All of the BOIG plc Directors are resident outside the United States and a substantial portion of the assets of such persons and BOIG plc and the Bank are located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon BOIG plc or the Bank or such persons, or to enforce against any of them in the United States courts judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any US State or territory within the United States.

NOTICE TO OVERSEAS INVESTORS

The distribution of this Prospectus 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 BOIG plc or the Sponsors to permit a public offering of BOIG plc Shares or possession or distribution of this Prospectus (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 Prospectus 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 Prospectus 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 Prospectus 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 Prospectus is subject is set out in paragraph 8 (*Overseas Stockholders*) Section A of Part V (*Scheme Summary*) of this Prospectus.

NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each member state (each, a “**Member State**”) of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) except for the allotment and issuance of BOIG plc Shares pursuant to the Scheme in Ireland and the United Kingdom (in respect of which this Prospectus has been published), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the “**relevant implementation date**”), no BOIG plc Shares have been offered or will be offered to the public in that Relevant Member State prior to the publication of a prospectus in relation to the BOIG plc Shares which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State in which the offer to the public is to take place, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of BOIG plc Shares may be made to the public in that Relevant Member State at any time:

- (i) to any legal entity which is a “**qualified investor**”, within the meaning of Article 2(1)(e) of the Prospectus Directive, including any relevant implementing directive measure in that relevant member state;
- (ii) to fewer than, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive); or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of BOIG plc Shares shall result in a requirement for the publication by BOIG plc or the Bank of a prospectus pursuant to Article 3 of the Prospectus Directive or supplemental prospectus pursuant to Article 16 of the Prospectus Directive.

In the case of any BOIG plc Shares being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the BOIG plc Shares issued to it pursuant to the Scheme have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in a relevant member state to qualified investors, in circumstances in which the prior consent of the Sponsors has been obtained to each such proposed offer or resale.

BOIG plc and the Sponsors and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements.

For the purposes of the provisions above, the expression an “offer to the public” in relation to any BOIG plc Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of offer and any BOIG plc Shares to be offered so as to enable an investor to decide to acquire the BOIG plc Shares, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

NOTICE TO INVESTORS IN THE UNITED STATES

The BOIG plc Shares have not been, and will not be, registered under 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 this Prospectus nor have such authorities reviewed or passed upon the accuracy or adequacy of this 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* (“NI 45-106”). 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.

Upon receipt of this document, each prospective BOIG plc Shareholder hereby confirms that he, she or it has expressly requested that all documents evidencing or relating in any way to the BOIG plc Shares be drawn up in the English language only. *Par la réception de ce document, vous confirmez par les présentes que vous avez expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière des valeurs mobilières décrites aux présentes soient rédigés en anglais seulement.*

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

The BOIG plc Shares have not been and will not be registered under the applicable securities laws of Japan, Switzerland, the Republic of South Africa or the United Arab Emirates. 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 Republic of South Africa or the United

Arab Emirates or to, or for the account or benefit of, any resident of Japan, Switzerland, the Republic of South Africa or the United Arab Emirates.

NOTICE TO INVESTORS IN AUSTRALIA

This Prospectus 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 Prospectus 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 Prospectus 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.

General Note

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by BOIG plc. Neither the publication of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of BOIG plc or the Group since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date. The contents of this Prospectus (including the information incorporated by reference herein) should not be construed as legal, financial or tax advice. Each reader of this Prospectus should consult his, her or its own legal, financial or tax advisor for advice. In making any investment decision, each investor must rely on his or her own examination, analysis and enquiry of BOIG plc and/or the Group, including the merits and risks involved.

PART IV: EXPECTED TIMETABLE

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⁽¹⁾</u>
Approval of this 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 ⁽²⁾
High Court Convened Stockholder Meeting	2.00 p.m. on 28 April 2017
Extraordinary General Court	2.15 p.m. on 28 April 2017⁽³⁾
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
Filing of the High Court Order	“D” (no more than 21 days following A) ⁽⁴⁾
Last day of trading of Ordinary Stock	D
Effective Date of the Scheme (including issue of BOIG plc Shares) .	D
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 ⁽⁵⁾

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 V: SCHEME SUMMARY

Section A: Overview

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 (*Consolidation and Exchange Ratio*) of this Part V). 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 its decision to recommend that Scheme Stockholders approve the Scheme, the Bank Directors 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 their deliberations, the Bank 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 V.

Taking these factors into account, the Bank 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 SRB, 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 Bank Directors 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 (*Consolidation and Exchange Ratio*) of this Part V 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 (*Conditions to the Scheme*) of this Part V 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 (*Meetings and Resolutions*) of this Part V.

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 (*Consolidation and Exchange Ratio*) of this Part V, 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 to 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 (*Risks and Consequences if the Scheme is not Implemented*) of this Part V could arise.

The Bank 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 Bank 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 Bank Directors 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 Bank Directors do not exercise their discretion under the terms of the Scheme to amend the Exchange Ratio:

<u>Holding of Existing Ordinary Stock at the Scheme Record Time</u>	<u>Number of BOIG plc Shares resulting from the Consolidation (ignoring fractional entitlements)</u>	<u>Remaining fractional entitlement</u>	<u>Number of additional BOIG plc Shares to be issued in respect of fractional entitlement</u>	<u>Total number of BOIG plc Shares resulting from the Consolidation</u>
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 Bank 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 in 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, 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 pm 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 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.

Further information in relation to the procedure for Ordinary Stockholders to attend and/or vote at the High Court Convened Stockholder Meeting and the Extraordinary General Court is contained in the Circular issued by the Bank to Ordinary Stockholders.

The Scheme Resolutions

The Scheme Resolutions will be proposed at the Extraordinary General Court and provide for the approval, amongst other things:

- of the Scheme and to authorise the Bank Directors to take such action as they consider necessary or appropriate to carry the Scheme into effect;
- to amend the Bank's Bye Laws for any amendments which are necessary to effect the Scheme; and
- of the reduction of share capital of the Bank and subsequent issue of Ordinary Stock to BOIG plc.

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 to be held 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 Bank Directors 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 Bank Directors 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 Part IV (*Expected Timetable*) of this Prospectus.

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 Bank Directors, is such as to require the

consent of Ordinary Stockholders, the Bank 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 Bank Directors 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 Bank 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, will be Non-Executive Directors of BOIG plc 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.

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 CET1 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. 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. For more information on the capital reduction process, see Part XVIII (*Additional Information*) of this Prospectus.

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.

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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 Court of 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. 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 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.

10. Recommendation

The Bank Directors have unanimously considered the terms of the Scheme, to be in the best interests of Ordinary Stockholders as a whole and have recommended that Ordinary Stockholders vote in favour of each of the resolutions at the High Court Convened Stockholder Meeting and the Extraordinary General Court in accordance with the instructions set out in the Circular.

Section B: Questions and answers in relation to the Scheme

The questions and answers set out in this Section B of Part V (*Scheme Summary*) are intended to be generic guidance only and are not a substitute for reading this Prospectus in full. Prospective BOIG plc Shareholders 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 (*Consolidation and Exchange Ratio*) of Section A: Overview of this Part V 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 Bank Directors 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 (*Consolidation and Exchange Ratio*) of Part V (*Scheme Summary*), 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 CET1 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.

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. For more information on the capital reduction process, see Part XVIII (*Additional Information*) of this Prospectus.

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 (*Consolidation and Exchange Ratio*) of Section A: Overview of this Part V, 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 and are

described in more detail in Section 7 (*Summary of the BOIG plc Constitution*) of Part XVIII (*Additional Information*).

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 Bank 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.

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 Part XIV (*Taxation*) of this Prospectus.

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 Bank Directors 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 (*Consolidation and Exchange Ratio*) of Section A: Overview of this Part V, 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 Bank Directors do not exercise their discretion under the terms of the Scheme to amend the Exchange Ratio as described in Section 5.3 (*Consolidation and Exchange Ratio*) of Section A: Overview of this Part V:

<u>Holding of Existing Ordinary Stock at the Scheme Record Time</u>	<u>Number of BOIG plc Shares resulting from the Consolidation (ignoring fractional entitlements)</u>	<u>Remaining fractional entitlement</u>	<u>Number of additional BOIG plc Shares to be issued in respect of fractional entitlement</u>	<u>Total number of BOIG plc Shares resulting from the Consolidation</u>
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 Bank 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 SRB, 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.

PART VI: DIRECTORS, SECRETARY, REGISTERED OFFICE AND ADVISORS

DIRECTORS*

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

COMPANY SECRETARY

Helen Nolan

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REGISTRAR

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Services (Ireland) Limited
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Dublin D18 Y2X6
Ireland

* Brad Martin, who is a Non-Executive Director on the Bank's Court of Directors, will be retiring from the Bank's 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.

PART VII: OVERVIEW OF THE BUSINESS OF THE GROUP

1. Overview

The Group is one of the largest financial services groups in Ireland with total assets of €123 billion as at 31 December 2016.

The Group provides a broad range of banking and other financial services. These services include, amongst others, current account and deposit services, overdrafts, term loans, mortgages, business and corporate lending, international asset financing, leasing, instalment credit, invoice discounting, foreign exchange facilities, interest and exchange rate hedging instruments, life assurance, pension and protection products. All of these services are provided by the Group in Ireland with selected services being offered in the UK and internationally.

The Group generates the majority of its revenue from traditional lending and deposit taking activities as well as fees for a range of banking and transaction services.

The Group operates through an extensive distribution network of 250 branches and approximately 1,750 self-service devices in the Republic of Ireland, its direct telephone banking service, direct sales forces and its online services. In the UK, the Group has access to approximately 11,500 branches and approximately 2,500 ATMs via the Group's relationship as financial services partner with the UK Post Office. The Group also has access to distribution in the UK through its financial services partnership with AA plc and also through a number of strategic intermediary relationships.

Operations in the rest of the world, including the US and European markets, are undertaken by the Group's Corporate and Treasury operating segment which is outlined below.

In this Prospectus, the Group makes certain statements regarding its competitive and market position. The Group believes these statements to be true, based on market data and industry statistics, but the Group has not independently verified the information. The Group cannot guarantee that a third party using different methods to assemble, analyse or compute market data or public disclosure from competitors would obtain or generate the same results. In addition, the Group's competitors may define their markets and their own relative positions in such markets differently than the Group does and may also define various components of their business and operating results in a manner which makes such figures non-comparable with the Group's.

2. History and Development of the Group

The Bank was established in the 18th century as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. During the late 20th century the Group entered into a number of acquisitions and mergers, significantly increasing the number of its banking offices in Ireland and the UK and broadening its product offering. The Bank acquired the Hibernian Bank in 1958 and merged with the National Bank of Ireland in 1966. In the early 1970s the Bank expanded into Britain, initially with the opening of an office in London, which was soon followed by the establishment of a number of offices throughout Britain. In 1985, the Group acquired ICS Building Society, a building society in Ireland. In 1997, the Bank acquired Bristol & West, a UK building society, and New Ireland Assurance Company plc, one of Ireland's largest life assurance companies.

In 2003 the Group entered into a joint venture with the UK Post Office, for the sale of consumer financial services in the United Kingdom through the UK Post Office branch network. In 2012, the Group and UK Post Office expanded the joint venture to transition to a partnership involving a direct bank/post office model with the UK Post Office continuing to be primarily responsible for product sales and marketing and the Group continuing to be primarily responsible for product development and delivery. The relationship with the UK Post Office also involves a foreign exchange joint venture in First Rate Exchange Holdings Limited. On 30 September 2015, the UK Post Office exercised a pre-existing option to acquire the Group's interest in the insurance elements of the partnership with the UK Post Office. The Group recognised net cash consideration and a gain of €57 million as a result of this transaction. The exercise of this option by the UK Post Office did not otherwise affect the continuation of the other aspects of the Group's partnership with the UK Post Office.

The Group disposed of a number of its non-core businesses between 2011 and 2014. In January 2011, the Group sold Bank of Ireland Asset Management to State Street Global Advisors for €57 million. In April 2011, the Group sold its 50% holding in Paul Capital Investments LLC to the firm's existing management team for consideration of €9 million. In June 2011, the Group completed the sale of Bank of Ireland

Securities Services to Northern Trust Corporation for €51 million. In August 2011, the Group completed the sale of Foreign Currency Exchange Corporation to Wells Fargo Bank N.A. for €31 million. In February 2012, the Group completed the sale of Burdale Financial Holdings Limited to Wells Fargo Bank N.A. for €655 million. In September 2014, the Group completed the sale of ICS Building Society's distribution platform to Dilosk Limited, together with an approximately €223 million gross performing mortgage asset pool, for approximately €223 million.

In July 2015, the Group entered into a long-term financial services partnership with AA plc for the provision of credit cards, unsecured personal loans, savings and mortgages to consumers in the UK.

Recapitalisations of the Group

Between 2009 and 2011, the Group entered into a number of recapitalisation transactions to address the Group's capital position following the severe dislocation of financial markets that arose from mid-2007.

In March 2009, the Bank issued 3.5 billion units of 2009 Preference Stock to the National Pensions Reserve Fund Commission (the "NPRFC") for €3.5 billion which carried a repurchase right in favour of the Bank at a price per unit equal to the issue price of €1.00 per unit before 31 March 2014 and thereafter at a price per unit of €1.25 (a "step-up" of 25% of par value). As part of the investment by the NPRFC, the Bank also issued to the NPRFC warrants to subscribe for new units of Ordinary Stock equivalent to 25% of the then existing issued Ordinary Stock (the "Warrants"). In 2010, 1.663 billion units of the 2009 Preference Stock were subsequently exchanged by the NPRFC for approximately 1.715 billion units of Ordinary Stock (as part of the 2010 capital strengthening measures described below). In December 2013, the Bank redeemed 537 million units of the 2009 Preference Stock held by the NPRFC. The 537 million units were redeemed at the initial issue price of €1 per unit which was financed from the proceeds of a placing of 2.231 billion units of Ordinary Stock net of expenses. In December 2013, the NPRFC sold its remaining 1.3 billion units of the 2009 Preference Stock (with step-up redemption rights removed) to Baggot Securities Limited, a special purpose vehicle, which funded the purchase using the proceeds of the issuance of €1.3 billion of 10.24% perpetual non-cumulative notes to private investors. In January 2016, the Bank redeemed the remaining 1.3 billion units of 2009 Preference Stock for €1.3 billion.

Between April and June 2010, the Bank implemented a number of capital strengthening measures including: (i) an underwritten placing of Ordinary Stock with institutional investors and the placing of Ordinary Stock with the NPRFC; (ii) an underwritten rights issue; (iii) debt for equity offers; and (iv) cancellation of the Warrants in return for the payment of €491 million in cash by the Bank to the NPRFC. Together these steps resulted in the issue of 4,295,184,741 units of Ordinary Stock and generated a net total of €2.947 billion of equity.

Separately in February 2010, an exchange offer for lower Tier 2 Securities added €405 million to the Group's equity capital base with a further gain of €12 million generated in July 2010. In September 2010, an exchange of certain Canadian Dollar lower Tier 2 Securities for new lower Tier 2 Securities resulted in a gain of €24 million. In December 2010, the Group completed an exchange of certain lower Tier 2 Securities for guaranteed senior notes which yielded a net gain to equity Tier 1 Capital of €680 million.

In February 2010, the Group also issued 184 million units of Ordinary Stock in lieu of cash dividends on the 2009 Preference Stock of €250.4 million, as the Group was at the time prohibited by the European Commission from the payment of discretionary coupons on capital instruments.

Following the prudential capital assessment review undertaken by the CBI, the results of which were announced on 31 March 2011, (the "2011 Prudential Capital Assessment Review"), the Group undertook a range of initiatives to generate additional capital. These initiatives included: (i) a number of liability management exercises, including inviting certain subordinated bondholders to exchange their bonds for cash or units of Ordinary Stock, the exercise of a call option to acquire certain additional subordinated bonds and the repurchase by the Group of certain further subordinated bonds and residential mortgage-backed securities; (ii) a rights issue underwritten by the State with a significant investment by institutional investors (the "2011 Rights Issue"); and (iii) the issuance of a contingent capital note to the State (in the form of lower Tier 2 Securities). Together these steps resulted in the issue of 24.8 billion units of Ordinary Stock and generated a total of €4.213 billion of equity.

Following the completion of the 2011 Rights Issue, the State sold 10,510,960,763 units of Ordinary Stock to a group of institutional investors with the sale fully concluded in October 2011. This reduced the State's shareholding in the Group from approximately 36% to approximately 15.1%. (This subsequently reduced

to approximately 14% arising from the dilutive impact of the December 2013 placing and the disposal by the State of a small number of shares in January 2014.)

During 2011, the Group issued a €1 billion contingent capital note to the State to satisfy the requirements of the 2011 Prudential Capital Assessment Review. The State sold its entire holding of the note in January 2013 to a diverse group of international institutional investors and the Bank repaid the principal amount outstanding under the contingent capital note totalling €1 billion in August 2016.

In the period 2009 to 2011, the State invested €4.8 billion in the Group. Approximately €6 billion has been returned in cash to the State, which continues to own, at its discretion, approximately 14% of the Ordinary Stock as at the Latest Practicable Date.

National Pension Reserve Fund and the Ireland Strategic Investment Fund

The Ireland Strategic Investment Fund (the “**ISIF**”), managed and controlled by the National Treasury Management Agency (the “**NTMA**”), is a sovereign development fund through which the Irish Government holds its shareholding in the Group. The ISIF’s predecessor was the National Pensions Reserve Fund (the “**NPRF**”). In September 2011 the Irish Government announced its intention to establish a strategic investment fund initiative to channel resources from the NPRF, following appropriate changes to governing legislation, towards investment in sectors of strategic significance to the future of the Irish economy. These legislative changes were made in the NTMA Act, which formally established the ISIF with a mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland.

The conversion from the NPRF into the ISIF was legislated for by the NTMA (Amendment) Act 2014 which was enacted on 28 July 2014 and came into effect on 22 December 2014.

Government Guarantee Schemes

The Government introduced the Credit Institutions (Financial Support) Scheme 2008 (S.I. No. 411 of 2008) (the “**CIFS Scheme**”) on 30 September 2008, by which the Minister for Finance guaranteed certain liabilities of covered institutions, including the Bank, until 29 September 2010.

In December 2009, the Minister for Finance established the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (S.I. No. 490 of 2009) (the “**ELG Scheme**”) which facilitates participating institutions issuing debt securities and taking deposits with a maximum maturity of 5 years on either a guaranteed or unguaranteed basis, provided the relevant liabilities were acquired during an Issuance Window which was initially scheduled to expire on 29 September 2010, but which was subsequently extended. The Bank joined the ELG Scheme in January 2010. The European Commission approved a number of extensions to the ELG Scheme to 31 December 2013.

In February 2012, the Minister for Finance gave notice that, at the request of Bank of Ireland (UK) plc and pursuant to paragraph 13 of the Schedule to the ELG Scheme, deposits made with Bank of Ireland (UK) plc after 30 March 2012 would not be guaranteed under the ELG Scheme.

On 26 February 2013 the Minister for Finance announced the closure of the ELG Scheme to all new liabilities from midnight on 28 March 2013. After this date, no new liabilities have been guaranteed under the ELG Scheme. All qualifying existing deposits made on or before 28 March 2013 continued to be guaranteed until the date of their maturity.

As at the date of this Prospectus, the Group no longer has guaranteed liabilities for the purposes of the ELG Scheme and no further fees are payable.

Under the ELG Scheme and the CIFS Scheme, the Minister for Finance may impose certain restrictions on the Group as a covered institution (including the declaration and payment of dividends). These restrictions currently remain applicable under the relevant provisions of the ELG Scheme and the CIFS Scheme notwithstanding that there are no remaining liabilities held by the Group which are covered by the ELG Scheme—however as at the Latest Practicable Date, there are no such restrictions imposed on the Bank or BOIG plc in respect of the future declaration and payment of dividends.

National Asset Management Agency

In December 2009, the Irish Government established the National Asset Management Agency (“**NAMA**”) which has acquired certain performing and non-performing land and development and associated loans

from participating banks, including the Group, with the intention of freeing up banks' balance sheets and facilitating the easier flow of credit throughout the Irish economy.

At the extraordinary general court of the Bank on 12 January 2010, Ordinary Stockholders voted in favour of the Group's application to participate in NAMA and in February 2010, the Minister for Finance confirmed the Group's designation as a Participating Institution. Performing and non-performing land and development loans, together with associated loans (primarily investment property loans), were acquired by NAMA on a phased basis between 2010 and 2011. In total the Group sold €9.9 billion of gross assets (before impairment provisions) to NAMA. The nominal consideration receivable for these assets amounted to €5.6 billion, resulting in a gross discount of 43%.

State Aid & EU Restructuring Plan

The NPRFC's investment in the Group, the State Guarantee Schemes and the transfer of bank assets from the Group to NAMA under the NAMA Act were considered by the European Commission to involve the provision of state aid to the Group within the meaning of Article 107 TFEU, which resulted in the requirement for the submission of an EU Restructuring Plan to the European Commission for approval under EU state aid rules. On 15 July 2010, the European Commission approved the state aid received by the Group as restructuring aid under EU state aid rules on the basis of the Approved 2010 EU Restructuring Plan. The Approved 2010 EU Restructuring Plan contained certain measures to address the appropriate level of burden-sharing and to limit any competition distortions resulting from the state aid received by the Group as well as an assessment of the long-term viability of the Group.

Following the PCAR and PLAR reviews carried out by the CBI the results of which were announced on 31 March 2011 review (the "**March 2011 PCAR/PLAR Review**"), the Approved 2010 EU Restructuring Plan was subsequently revised. The Revised 2011 EU Restructuring Plan includes additional deleveraging of assets, together with the deferral of market opening measures by 12 months and the expansion and extension of other behavioural measures agreed in the Approved 2010 EU Restructuring Plan. On 20 December 2011, the European Commission adopted its final decision approving the Revised 2011 EU Restructuring Plan.

On 9 July 2013, the European Commission approved the Group's substitution of the Group's divestment commitment in respect of New Ireland Assurance Company plc under its EU Restructuring Plan with other measures including deleveraging, over time, of the Group's corporate and business banking activities in Great Britain, and discontinuing its broker introduced mortgage business, through its ICS Building Society subsidiary, in Ireland.

The Group's restructuring period ceased on 31 December 2015. However, the Group continued to be subject to the EU Restructuring Plan approved by the European Commission throughout 2016, as certain market opening measures were extended to 31 December 2016. The Group has now successfully implemented all of its EU Restructuring Plan.

3. Group Strategy

The Group's current strategy is to focus on Ireland as the Group's core market while retaining selective international diversification in the UK, primarily through the partnerships with the UK Post Office, AA plc and other strategic intermediaries, and internationally through its leveraged acquisition finance ("**LAF**") business and concentrating on investment in its staff, with a focus on retention, personal development and succession planning.

The development of the Group's strategy involves close collaboration between the Group's business units, Group Finance, Treasury, Risk and the Group's internal capital adequacy assessment and liquidity adequacy assessment processes to ensure that the critical objectives of meeting all capital, funding, internal and regulatory targets and metrics are achieved. This strategy is intended to ensure that an appropriate level of sustainable profitability can be built within the Group's risk appetite.

The Group's strategy focuses on Ireland as the Group's core market as outlined below:

- *Retail Ireland:* Further developing, enhancing and sustaining the strong competitive position of the Retail Ireland operating segment in its core Ireland market. The strategy focuses on reinforcing the Group as the leading, full service bank for personal customer, small and medium sized commercial and industrial companies in Ireland, which is easy for its customers to do business with, modern and multichannel.

- *New Ireland Assurance Company plc*: Continuing to build on the Group's core position of strength by distributing protection, investment and pension products through the Group's branch network, its tied financial advisers and broker relationships.
- *Corporate and Treasury*: In the Group's opinion, based on its own assessment of market data, the Bank is the leading corporate bank in Ireland, and is a niche player in selected overseas markets. Our strategy is to reinforce this position, and to maximise the Group franchise by achieving best in class solutions and customer experience.

The Group's strategy also focuses on the retention of selective international diversification as outlined below:

- *Strategic Partnerships*: Further developing and enhancing customer distribution platforms in the UK via existing partnerships with the UK Post Office, AA plc and other strategic intermediaries.
- *NI Business*: Generating sustainable returns in Northern Ireland.
- *Leveraged Acquisition Finance*: Continuing to leverage on the Group's strong capabilities in LAF.

The underlying priorities to deliver on the Group's strategic objectives are focused on customer, profitability and capital.

Customer

The Group prioritises the continued development of relationships with existing and new customers by leveraging the Group's strong market positions to meet increasing credit appetite as the Irish economy continues to grow, supporting customers refinancing from other institutions and selectively growing in the UK, primarily through strategic partnerships, including the UK Post Office and AA plc.

Profitability

The Group also prioritises further increases in the Group's sustainable profitability through continued growth in revenues as credit demand and economic activity increases and maintenance of strong cost discipline, while further investing in opportunities, infrastructure and core systems. In addition, the Group continues to focus on reducing non-performing loans while protecting capital. Non-performing loans continue to reduce across all asset classes reflecting the Group's progress with resolution strategies that include appropriate and sustainable support to viable customers who are in financial difficulty, the improving economic environment and the ongoing recovery in collateral values.

Capital

The Group intends to continue to effectively manage the developing regulatory environment and maintain capital ratios at levels to meet regulatory requirements plus appropriate buffers.

Business Segment Strategy

As discussed in more detail in Section 4 (*Principal Business Segments and Activities*) below, the Group is divided into five operating segments. The strategy of each business segment is developed within the boundaries of the Group's risk appetite statement and strategy.

Retail Ireland's strategy comprises a number of key pillars, including: delivering sustainable profitability; becoming 'easy to do business with'; building a 'market leading omni-channel distribution'; and using people as a differentiator.

Bank of Ireland Life, as a component of Retail Ireland, shares the same key strategic objectives.

Retail UK's core strategic objectives are the origination, growth, retention and diversification of mortgage, card and loan product assets; funding strategy to support growth agenda; delivering growth and greater value from partnerships; and delivering a sustainable growth strategy for NI.

The Corporate and Treasury strategy includes consolidating what, in the Group's opinion, based on its own assessment and market knowledge, is a market leading position as a senior debt provider to the commercial investment and property development market in Ireland; continuing to build on LAF's established market presence as a debt arranger in the European and US leveraged finance mid-markets; deploying a sectoral approach to new business development; and diversification of geographic risk profile. It also includes supporting customers in evaluating and managing their foreign exchange, interest rate hedging and other treasury needs.

Principal Business Segments and Activities

Organisational Structure

As of the date of this Prospectus, the Bank is the holding company of the Group. If the Scheme becomes Effective, it is intended that BOIG plc will become the holding company of the Group and the Bank will become a direct subsidiary of BOIG plc.

The Group is structured along five operating segments being Retail Ireland, Bank of Ireland Life, Retail UK, Corporate and Treasury and Group Centre. Each operating segment comprises a number of business units. The operating segments note, shown in note 1 to the 2014 Financial Statements, note 3 to the 2015 Financial Statements and note 3 to the 2016 Financial Statements, which are incorporated by reference into this Prospectus, include an analysis of profit contributions by both operating segments and geographic market.

Retail Ireland

Retail Ireland offers a broad range of financial products and services to all major sectors of the Irish economy, through its network of branches in over 250 locations across the Republic of Ireland and online, mobile and phone banking services.

In the Group's opinion, based on its own assessment of market data (including Banking & Payments Federation of Ireland Mortgage Drawdowns Report Q4 2016 and the Central Bank of Ireland's Trends in Business Credit and Deposits: September 2016) the Group is the largest lender to the Irish economy, being the first or second positioned bank across all principal product lines.

For the financial year ended 31 December 2016, Retail Ireland recorded an underlying profit* before tax of €615 million (€507 million for the financial year ended 31 December 2015 and €328 million for the financial year ended 31 December 2014).

Retail Ireland is managed through a number of business units, namely Consumer Banking (including Bank of Ireland Mortgage Bank), Distribution Channels (Branch Network and Direct Channels), Business Banking (including Bank of Ireland Finance) and Customer Insurance and Wealth Management.

Consumer Banking

Through its Consumer Banking business unit, Retail Ireland offers a comprehensive range of banking products and related financial services to the consumer market including mortgages, loans and overdraft lending, credit cards, current accounts, deposits, money transmission services, asset finance and general insurance. Retail Ireland serves approximately 1.7 million consumer customers through a distribution network of branches, central support teams, ATMs and telephone, mobile and online ("**Direct Channels**").

In 2016, Retail Ireland held a 25% share of the mortgage market (Source: Banking Federation of Ireland: *Mortgage Market Data—October 2016*). It has pursued a fixed rate led mortgage pricing strategy in order to provide value, certainty and stability to its customers and to the Group. Fixed rate products accounted for approximately 75% of new lending in 2016. Retail Ireland continues to monitor the impact of the CBI's macro prudential mortgage rules.

As part of the Consumer Banking business unit, Bank of Ireland Mortgage Bank's principal activities are the issuance of Irish residential mortgages together with the issuance of mortgage covered securities in accordance with the Asset Covered Securities Act 2001 and the Asset Covered Securities (Amendment) Act 2007 to provide funding to the Group. As at 31 December 2016, the total amount outstanding in respect of mortgage covered securities issued was €7.9 billion (€7.3 billion as at 31 December 2015 and €9.0 billion as at 31 December 2014). As at the same date, the total amount of principal outstanding in the mortgage covered pool including mortgage assets and cash was €11.3 billion (€12.4 billion as at 31 December 2015 and €13.8 billion as at 31 December 2014).

* Underlying profit before tax excludes non-core items which are those items that the Group believes obscure the underlying performance trends in the business. Please refer to Section A (*Selected Financial Information*) of Part XI (*Historical Financial Information*) of this Prospectus for a reconciliation of the divisions underlying profit before tax to the Group's statutory profit before tax. (Note: this footnote shall apply to other references to underlying profit in this section of the Prospectus as indicated herein).

Retail Ireland deposit volumes including credit balances continue to increase under current market trends, with customers moving from term and notice accounts to demand accounts due to the low interest rate environment.

Distribution Channels

Retail Ireland serves approximately 1.7 million consumer customers through a distribution network of branches, central support teams, ATMs and Direct Channels. Distribution Channels supports the SME sector through its start-up propositions, enterprise towns and national enterprise week support and also through providing physical and technical support to start-ups. As at 31 December 2016, one in every two Bank customers now chooses to purchase their new product via direct or digital channels, while 95% of business loans for less than €100,000 are transacted through direct channels.

Business Banking

The Bank continues, in its opinion to be the number one bank for Irish businesses, providing more than 50% of the flow of new SME lending in 2016. It provides a range of products to the small and medium enterprise market, serving approximately 200,000 customers. The products include term loans, overdraft facilities, business current accounts, deposit accounts and business credit cards.

In the Group's opinion, based on its own assessment and market knowledge, Bank of Ireland Finance is established as the market leader of motor finance in the Republic of Ireland, providing funding to 14 of the 28 motor franchises that operate within the country and supporting over 400 franchise dealers nationwide. Through its 14 Motor Franchise partnerships, e.g. Toyota, Hyundai and Ford, Bank of Ireland Finance offers a full range of motor finance packages specifically tailored to meet the funding requirements of business and personal customers. In addition, it provides working capital facilities to customers.

Customer and Wealth Management

Customer and Wealth Management is responsible for the distribution of life, pension, investment and protection products via the Bank's distribution channels. In addition, it manages the Bank's proposition for the mass affluent market via the 'Premier Banking' service.

The high net worth market is catered for in the Private Banking business unit. Private Banking provides wealth management solutions to high net worth individuals in Ireland. It offers a private banking service utilising an extensive range of investment, fiduciary and banking products.

Bank of Ireland Life

The Bank of Ireland Life operating segment, which includes New Ireland Assurance Company plc, is the second largest life assurance company in Ireland, and Ireland's only bancassurer (i.e. a bank that sells insurance products) (Source: Milliman: *Market Analysis H1 2016*). Bank of Ireland Life offers a wide range of life assurance, pension, investment and protection products to the Irish market.

For the financial year ended 31 December 2016, Bank of Ireland Life recorded an underlying profit before tax of €121 million (€103 million for the financial year ended 31 December 2015 and €133 million for the financial year ended 31 December 2014).

Retail UK

The Retail UK segment is comprised of a UK mortgage business; a full service and commercial bank in Northern Ireland; strategic financial services partnerships with the UK Post Office and AA plc; a foreign exchange joint venture with the UK Post Office; motor asset finance business under the Northridge Finance brand; and the Great Britain business banking loan portfolio, which is currently being deleveraged.

The Retail UK segment's focus is on consumer banking in the UK, where the Group aims to provide simple, flexible, accessible financial services and products to customers both directly and through partnerships with trusted, respected UK brands and intermediaries. Retail UK's customer offering includes savings, mortgages, foreign exchange, credit and travel cards, current accounts, personal loans, business lending and ATM services.

The majority of these operations are conducted through the Group's UK-licensed subsidiary, Bank of Ireland (UK) plc.

For the financial year ended 31 December 2016, Retail UK recorded an underlying profit before tax of €133 million (£106 million) (€193 million (£140 million) for the financial year ended 31 December 2015 and €127 million (£103 million) for the financial year ended 31 December 2014).

Bank of Ireland (UK) plc

Bank of Ireland (UK) plc, the Group's UK licenced subsidiary, which was established on 1 November 2010, is authorised by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA") and the PRA. Bank of Ireland (UK) plc enables the Group to offer retail deposit products in the UK market that are directly comparable from a deposit standpoint with those offered by existing UK mainstream providers and is a very important part of the Group's long term strategy. Bank of Ireland (UK) plc is the principal UK retail and commercial banking business of the Group and includes the UK mortgage business, the Northern Ireland network and commercial lending, the North ridge Finance asset finance business and the strategic partnerships with the UK post office and the AA.

As well as banking activities undertaken in its own name, Bank of Ireland (UK) plc also participates in and manages the Group's financial services arrangement with the UK Post Office. Bank of Ireland (UK) plc acts as the product provider for deposits, residential mortgages and other banking products provided under this arrangement. As a consequence of these arrangements, the UK Post Office is an appointed representative of Bank of Ireland (UK) plc for those activities it carries out which are regulated by the FCA.

UK Mortgage Business

Through Bank of Ireland (UK) plc, the Retail UK segment offers residential and buy to let mortgages directly through the UK Post Office, the Northern Irish Bank of Ireland branch network and also through partnerships with numerous leading mortgage intermediaries under both the UK Post Office and Bank of Ireland brands. The segment also has a legacy Bristol & West plc mortgage book which it manages.

Northern Ireland Business

The Northern Ireland business offers a comprehensive range of banking products for retail and Small/Medium Enterprises (SME) business serving nearly half a million customers, through a distribution network of 28 branches (including five business centers), central support teams, ATMs and through direct channels (telephone, mobile and on-line). The Bank is also one of four banks authorised to issue bank notes in Northern Ireland.

Financial Services Partnerships

The Group has an exclusive financial services partnership with the UK Post Office. The Group partners with the UK Post Office to offer products that are, in the Group's opinion, simple, fair, accessible, and transparent, through a distribution network of approximately 11,500 UK Post Office branches in the UK serving approximately 2.3 million customers, offering a range of products including mortgages, savings, credit cards, personal loans and current accounts. Through the UK Post Office network there are also approximately 2,550 free to use ATMs.

First Rate Exchange Holdings Limited, the Group's foreign exchange joint venture with the UK Post Office has, through its wholly owned subsidiary First Rate Exchange Services Limited, maintained its position as the number one provider of retail travel money in the UK providing retail and wholesale foreign exchange services, with approximately 24% UK market share (Source: *YouGov Monthly Survey for April 2016 to January 2017*).

In July 2015, the Group announced a partnership with AA plc for a minimum period of ten years. The AA is regarded as one of the best known and trusted brands in the UK and the largest provider of roadside assistance services, representing 40% of the UK breakdown market with nearly 4 million members (Source: AA plc annual report 2016). This Partnership aims to provide an enhanced range of products to AA members and the wider public, combining the Group's proven product development capabilities with the strength of the AA brand and broader business assets. The customer proposition focuses on the provision of credit cards, unsecured personal loans, savings and mortgages in the UK.

NIBB Group Ltd. trading as Northridge Finance

Through the Northridge Finance brand, the Retail UK segment provides personal and commercial finance serving the motor, agricultural, insurance premium and leisure finance markets. Northridge Finance offers a comprehensive range of lending products and services for the dealer and intermediary market which can be tailored to meet individual customer requirements.

Corporate and Treasury

Corporate and Treasury incorporates the Group's corporate banking, treasury, specialised acquisition finance, large transaction property lending and corporate finance businesses, across the Republic of Ireland, UK and internationally, with offices in nine locations—Dublin, Belfast, London, Bristol, Paris, Frankfurt, Chicago, New York, and Stamford, Connecticut. The division also manages the Group's euro area liquid asset bond Portfolio.

In the Group's opinion based on its assessment and market knowledge, within Ireland, Corporate and Treasury enjoys market lending positions in its chosen sectors, including corporate banking, commercial property, foreign direct investment, treasury and corporate finance, while its acquisition finance business is well recognised by sponsors in its targeted segments within the European and US markets.

For the financial year ended 31 December 2016, Corporate and Treasury recorded an underlying profit before tax of €531 million (€637 million for the financial year ended 31 December 2015 and €553 million for the financial year ended 31 December 2014).

Corporate Banking

In Ireland, Corporate Banking provides integrated relationship banking services to Irish and Northern Irish companies, multi-national corporations and financial institutions. It is also a key provider of funding to the commercial investment and property development market. In the UK, Corporate Banking has adopted a focused sector strategy and targeted commercial property lending strategy.

Internationally, the Corporate Banking Acquisition Finance business focuses on the mid-market European and US business and operates out of Dublin, London, Frankfurt and Paris in Europe and Stamford and Chicago in the US. It also focuses on lead arranging and underwriting leveraged finance transactions for private equity sponsors.

The range of lending products provided by Corporate Banking includes, but is not limited to, overdraft and revolving credit facilities, term loans and project finance.

Global Markets

Global Markets evaluates and manage all areas of customer treasury risk, with particular expertise in foreign exchange and interest rate risk management, fuel and commodity hedging, as well as international trade finance. Global Markets works with Group customers across all categories; personal, business, corporate and institutional. The business is also responsible for managing the foreign exchange and interest rate risk for Bank of Ireland Group. Our market specialists manage the Group's liquidity position, wholesale funding execution and the euro area liquid asset portfolio. Global Markets has offices in five locations—Dublin, Belfast, London, Bristol and Stamford, Connecticut.

IBI Corporate Finance

IBI Corporate Finance advises publicly-quoted, private and semi-state companies across a variety of domestic and international transactions including takeovers, mergers and acquisitions, disposals and restructurings, in addition to fund raisings, public flotations and stock exchange listings.

Group Centre

The Group Centre segment is responsible for delivering services to each operating segment and includes the Group Manufacturing, Group Finance, Group Credit & Market Risk, Group Governance Risk and Group Human Resources business units. For the financial year ended 31 December 2016, Group Centre recorded an underlying loss before tax of €361 million (€223 million for the financial year ended 31 December 2015 and €220 million for the financial year ended 31 December 2014).

4. Information Technology

Bank of Ireland owns and maintains, with the support of its partners, an extensive information technology and systems architecture to underpin the Group's business and operations.

The Group has invested heavily over the last number of years to increase stability in the Group's IT system architecture and to reduce operational risk, while, at the same time, dealing with an increase in transaction volumes and changing customer requirements. The Group has made a number of necessary enhancements to its core IT capabilities and management structure, including selecting IBM as the Group's infrastructure partner, combining its IT and Group Change structures into an organisation structure entitled Group Technology and Change ("**GTaC**"). Accenture was chosen to become the Group's strategic partner to help manage the Group's systems and run its change programmes within GTaC.

The Group, in common with the banking and financial services industry, is currently going through a process of infrastructure modernisation that is required to address evolving customer needs and compete effectively in an emerging digital environment. After a rigorous process of analysis and assessment, the Group has decided to focus on adopting, integrating and moving on a careful and phased basis to more scalable and modern platforms that position the Group for long term sustainability and competitiveness.

The Group is currently developing and implementing a number of IT programmes, including its multi-year Core Banking, Channels and Payments programme. Given the material undertaking involved in rolling out the Core Banking, Channels and Payments programme as well as an array of other regulatory and compliance driven technology change programmes, the Group has developed a three year integrated plan (the "**Integrated Plan**") for technology change across the Group. This Integrated Plan has been initially developed by the Group in conjunction with its expert technology partners during 2016 and constitutes the plan for delivering the Group's major technology programmes (including the Core Banking, Channels and Payments programme) over a three year rolling period initially focusing on 2016 to 2018. These technology programmes are large scale, multi-year in duration and deliver upon the Group's compliance, stabilisation and security objectives as well as providing customer service improvements and material commercial benefits over time. The Integrated Plan has also been designed to explicitly include achievement of the requirements of mandatory external regulatory requirements (e.g. IFRS 9 and Directive (EU) 2015/2366 on Payment Services in the Internal Market and Immediate Payments ("**PSD2**"). Additionally, the Integrated Plan addresses regulatory expectations by way of having a strategic road map for achievement of relevant key Group programmes.

5. Regulatory Developments in the Sector and Plans for Further Group Changes

Details of material regulatory developments in the sector which may have a material impact on the business of the Group are contained in Part IX (*Regulation and Supervision*) of this Prospectus.

6. Trends

Growth in both the Irish and UK economies has continued to provide a supportive backdrop for the Group's businesses. Economic activity in Ireland has further increased supported by growth in consumer spending, investment and exports with the Irish economy growing by 5.2% in GDP terms in 2016 (*Source: Central Statistics Office ("CSO"): Quarterly National Accounts Quarter 4 2016*). Notwithstanding the decision to leave the European Union, the UK economy has remained resilient and in GDP terms, the UK economy grew by 0.7% quarter on quarter (2.0% year on year) in the fourth quarter of 2016 (*Source: Office of National Statistics ("ONS"): GDP Quarter 4 2016*). Whilst recognising that the uncertainties posed by the UK's decision to leave the European Union may weigh on business and consumer confidence, the Group currently expects economic expansion in both economies in 2017.

The Group continues to maintain strong commercial discipline on lending and deposit margins. The Group's net interest margin ("**NIM**") was 2.27% in the second half of 2016 compared to 2.11% in the first half of that year reflecting the positive impact from mix changes in the Group's lending books, lower funding costs in the UK deposit book and the maturity of the Group's €1 billion Convertible Contingent Capital Note in late July 2016, partially offset by the impact of the low interest rate environment and lower liquid asset income. The Group expects NIM to grow modestly from the second half of 2016 level through 2017.

The Group continues to maintain tight control over costs whilst investing in infrastructure, employees and initiatives to further enhance customer proposition. The Group has commenced a multi-year investment programme to replace its core banking platform and replace its payments applications, please see Section 4

(*Information Technology*) in this Part VII for further details. This investment will provide business growth and strategic opportunities whilst the simplification of processes and a materially enhanced IT infrastructure will drive cost efficiencies from robust, flexible and industry leading platforms. This investment is expected to have a CET1 ratio impact of approximately 35–45bps per annum over the next four years with approximately 50% charged to the income statement and approximately 50% capitalised. This investment will be a critical enabler in the Group's achievement of its <50% cost income ratio target over the medium term.

The Group has made significant progress in reducing its NPL stock and the progress continued during 2016 with a further reduction of €4.1 billion (34%) across all asset classes to €7.9 billion at the end of December 2016. Defaulted loans reduced by €3.7 billion (35%) during the same period to €6.9 billion. These reductions reflect the Group's ongoing progress with resolution strategies that include appropriate and sustainable support to customers who are in financial difficulty, the economic environment and the ongoing recovery in collateral values. The Group anticipates further reductions in NPLs in 2017.

The Group's core loan books continued to grow in 2016, with gross new lending of €13.0 billion for the year (excluding acquisitions of €0.2 billion), which was 1% higher than 2015 levels on a constant currency basis.

The Group believes that its liquidity position continues to be robust and expects the funding mix in 2017 be broadly in line with 2016. Customer deposits are predominantly sourced through the Group's retail distribution channels and accounted for more than 95% of customer loans in 2016.

The Group continues to demonstrate strong organic capital generation. The Group's fully loaded CET 1 ratio increased by 100bps during 2016 to 12.3% and its transitional CET 1 ratio increased by 90bps during 2016 to 14.2% at the end of December 2016. The increase in the Group's capital ratios primarily reflects organic capital accretion from profits earned during the period and a reduction in the IAS 19 accounting deficit on the Group's sponsored defined benefit pension schemes from €0.74 billion at December 2015 to €0.45 billion at December 2016, partially offset by other items. The Group expects to maintain a CET 1 ratio of above 12% on a transitional basis, and on a fully loaded basis by the end of the phase-in period, which includes an appropriate buffer over applicable regulatory capital requirements.

For further information on factors that may impact the Group's business activities, financial condition, results of operations and prospects, including known trends likely to have a material effect on BOIG plc's prospects for the current financial year, refer to the section entitled "*Risks Relating to the Group*" of Part II (*Risk Factors*) of this Prospectus.

7. Market Overview

The Group's businesses are affected by economic conditions in its primary markets, Ireland and the UK. Changes in the economic environment relating, but not confined to, consumer and business confidence and demand, levels of employment, unemployment, disposable income and corporate profitability could impact the Group's businesses and financial performance. In addition, adjustments in interest rates and fluctuations in exchange rates also impact the Group's performance both directly e.g. through changes in asset values or by having an effect on customers' ability to meet their financial obligations, and indirectly by affecting economic conditions in the markets in which the Group operates.

The Irish economy is currently experiencing growth, having recovered from a downturn in activity during the global financial crisis. The Irish economy grew in GDP terms by 5.2% in 2016, with consumer spending and investment increasing on an annual basis (Source: Central Statistics Office ("*CSO*"): *Quarterly National Accounts Quarter 4 2016*). Exports have also increased (Source: CSO: *Quarterly National Accounts Quarter 4 2016*). Employment rose year on year in the fourth quarter of 2016, by 3.3% or 65,100, and the unemployment rate stood at 6.6% in February 2017 (down from a peak of over 15.0% in early 2012) (Source: CSO: *Monthly Unemployment February 2017*; *Quarterly National Household Survey Quarter 4 2016*; *Monthly Unemployment February 2017*; and *CSO statistical database*). Residential property prices increased by 7.9% year on year in January 2017 and commercial property prices rose by 8.0% on an annual basis in December 2016, though both remain below their previous peaks (Source: CSO: *Residential Property Price Index January 2017* and *CSO statistical database*; MSCI/IPD: *Real Estate Index December 2016*).

In relation to Ireland's public finances, the budget deficit is officially projected to fall to less than 1% of GDP in 2016 (from double digit territory in the midst of the crisis) and the government debt/GDP ratio is projected to decline to 76% by end 2016, down from a peak of just below 120% in 2013 (Source:

Department of Finance: *Economic and Fiscal Outlook 2017; Budget Statistics 2016*). Ireland has a sovereign credit rating of A+ from Standard & Poor's and A3 from Moody's Investors Service.

The UK economy has remained resilient to date following the vote to leave the EU in the June 2016 referendum, and in GDP terms grew by 0.7% quarter on quarter (2.0% year on year) in the fourth quarter of 2016 (Source: Office of National Statistics (“ONS”): *GDP Quarter 4 2016*). Employment rose by 1.0% year on year in the three months to January 2017 and the unemployment rate stood at 4.7%, its lowest level since 2005 (Source: ONS: *UK Labour Market—March 2017*). House prices rose by 3.5% year on year in March 2017, though commercial property prices fell by 1.1% on an annual basis in December 2016 (Source: Nationwide: *House Price Index March 2017*; MSCI/IPD: *Real Estate Index 2016*).

Policy interest rates in both the Irish and UK economies are at record low levels, which is also supporting activity, and are expected to remain low by historical standards (Source: ECB, Bank of England, Thomson Reuters).

The official Department of Finance forecasts for Ireland in the wake of the UK Referendum expect GDP to increase by 3.5% in 2017. Growth is projected to average 3.0% a year from 2018 to 2021, with employment rising further and the unemployment rate continuing to fall (Source: Department of Finance: *Economic and Fiscal Outlook 2017*).

Also in the aftermath of the UK Referendum, the UK Office for Budget Responsibility (“OBR”) is forecasting UK GDP growth of 2.0% in 2017 and 1.6% in 2018 and expects the economy to expand by an average of just under 2% a year over the period 2019 to 2021 (Source: OBR: *Economic and Fiscal Outlook March 2017*). Employment is forecast to increase gradually over this period, although the unemployment rate is projected to rise to 5.2% in 2019-2020 before falling back to 5.1% in 2020 (Source: OBR: *Economic and Fiscal Outlook March 2017*).

8. Competitive Environment

The competition among providers of banking services in the areas in which the Group operates has been significantly affected by the challenging economic environment as well as the crisis in the banking sector. The global banking crisis has reduced the capacity of many institutions to lend and has resulted in the withdrawal of certain market participants. There has been and continues to be substantial Government intervention in the banking sector in the form of guarantees, recapitalisation, full nationalisation and revised requirements for banks as set down by national and EU law.

The Group faces strong competition in all of its major markets. Other financial services groups, including indigenous and international local banks and domestic and foreign financial services companies, compete for business in these markets. Technology-led changes on how customers spend, move and manage money are expected to continue at a pace and drive a host of new innovations.

The Group's businesses are subject to inherent risks arising from general and sector-specific economic conditions in the markets in which it operates, particularly Ireland, where the Group's earnings are predominantly generated. Since the financial crisis in 2007/2008, the global economy and the global financial system have experienced a period of significant turbulence and uncertainty, which contributed to related problems at many large global and Irish commercial banks, investment banks, insurance companies and other financial and related institutions.

Government and EU intervention in the banking sector has affected, and may affect in the future, the competitive position of banks within a country. Potentially, international competitors may be subject to different or lesser forms of government intervention, which may put the Group at a competitive disadvantage relative to other banks. Further information is set out in the risk factor entitled “*Competition in the financial services markets in which the Group, including in relation to the digital banking demands of customers, operates may adversely affect the Group's business, results of operations, financial condition and/or prospects*” in Part II (*Risk Factors*) of this Prospectus.

Ireland

The Group provides a comprehensive range of banking services in Ireland and faces competition from various types of institutions in the financial services sector, both domestic and foreign.

The Group's main competitors across the range of banking activities are other banks, in particular, Allied Irish Banks, Ulster Bank, KBC Bank Ireland, and Permanent TSB. Allied Irish Banks and Permanent TSB

each have their head offices in Dublin, while Ulster Bank is a subsidiary of the Royal Bank of Scotland Group plc and KBC Bank Ireland is a subsidiary of KBC Bank NV.

In addition to these banks, there is also competition in different segments from other banks operating in Ireland, building societies, An Post (the Irish post office) and credit unions.

The general competitive environment in Ireland is subject to the operation of the Competition Act, 2002 (as amended) and the Competition and Consumer Protection Act 2014 (the “**Competition Acts**”). The provisions of the Competition Acts broadly implement and supplement EU competition legislation.

The Group is a leading provider in Ireland of: residential mortgages, in which it had a mortgage portfolio of €24.3 billion at 31 December 2016 and a market share of 25% of new business of residential mortgage balances (Source: BPF: *December 2016*); main personal current accounts, in which the Bank has an estimated 34% share of the market (Source: Ipsos MRBI: *Omnipoll Survey October 2016*); and personal credit cards, in respect of which the Group had an estimated 33% share of credit cards in issue in September 2016 (Source: Central Bank of Ireland—*Central Bank of Ireland—Trends in Business Credit and Deposits—16 December 2016*). In the Group’s opinion in business banking, the Group has more than 50% of the flow of new SME lending in 2016. In the Group’s opinion, based on its own assessment and market knowledge, the Group is also a leading provider of corporate banking products to larger Irish companies and to multi-national companies operating in or from Ireland, including being a leading provider of foreign exchange and interest rate hedging services. The Group, through New Ireland Assurance Company plc, is ranked number two in life and pensions in Ireland with an estimated 19% market share of new business for H1 2016 (Source: Milliman: *Market Analysis H1 2016*). The Group has a strong customer deposit franchise with 27% market share (Source: *Central Bank of Ireland, Central Bank of Ireland—Trends in Business Credit and Deposits—16 December 2016*).

On 20 February 2017, the Competition and Consumer Protection Commission commenced a public consultation to gather views about the future of the Irish mortgage market.

United Kingdom

The Group’s operations in the UK (including Northern Ireland), conducted primarily through its PRA authorised and PRA and FCA regulated UK subsidiary, Bank of Ireland (UK) plc, focus on specific market niches, in particular business banking, retail savings and current accounts, mortgage lending and retail financial services (the latter through its financial services relationship with the UK Post Office).

In the UK (including Northern Ireland) the competitive environment is subject to the Competition Act 1998 and the Enterprise Act 2002, which (as in Ireland) broadly reflect and supplement EU competition legislation. The UK Financial Services (Banking Reform) Act of December 2013 made further provision about banking and financial services, including the ring fencing of certain activities.

The UK has a competitive and sophisticated financial market. The Group’s principal competitors include other providers of personal and commercial financial services, such as banks, building societies, supermarkets and insurance companies many of which have extensive branch networks throughout the UK and some with direct or online-only propositions. Significant recent developments in the UK competitive landscape have included the return of the TSB brand to the High Street (split from Lloyds Banking Group). In addition, a personal current account switching service was introduced in September 2013 with a number of non-traditional challenger brands indicating an intention to enter the current account market during 2014.

The FCA has an operational objective to promote effective competition in the interests of consumers. It also has a duty to promote effective competition when addressing its consumer protection or market integrity objectives. Together, this objective and duty provide it with a strong mandate to promote competition in the interests of consumers. Since its inception, in April 2013, the FCA has made use of its new powers to make the authorisations process for new banks wishing to enter the market easier and less costly. It is currently undertaking a number of competition based reviews that will analyse how effective competition is in different parts of the market, and how competition works in the interests of the consumer.

International

In international market areas, the Group’s strategy is to focus on its mid-market US / European Acquisition Finance businesses where the Group has a strong track record for more than 20 years. The

business operates out of Dublin, London, Frankfurt and Paris in Europe and Connecticut, California and Chicago in the US and focuses on lead arranging and underwriting leveraged finance transactions for private equity sponsors. These businesses generate attractive margins and fee income within disciplined risk appetite. In addition, certain businesses based in Ireland, such as corporate finance, face competition on an international, rather than a national basis.

9. Pensions

The Group sponsors a number of defined benefit and defined contribution schemes in Ireland and overseas.

The most significant defined benefit scheme in the Group is the Bank of Ireland Staff Pensions Fund (“**BSPF**”) which accounts for approximately 75% of the total liabilities across all Group sponsored defined benefit schemes. The BSPF and the Group’s other Irish and UK pension schemes were closed to new members during 2007, and a new hybrid scheme (which includes elements of defined benefit and defined contribution) was introduced for new entrants to the Group. The hybrid scheme subsequently closed to new entrants in late 2014 and a new defined contribution pension scheme was introduced for new entrants to the Group from that date.

The Group has significant obligations in relation to its defined benefit pension schemes. These pension schemes are funded and the assets are held in separately administered trusts which are managed independently of the Group by investment managers appointed by the trustees of the various schemes.

The Group had a net pension deficit of €446 million at the end of December 2016, with schemes in deficit totalling €454 million with €8 million of assets on schemes in surplus, calculated in accordance with international accounting standards. The total value of liabilities at that date was €7,738 million with total assets relating to the Group’s defined benefit pension schemes valued at €7,292 million.

A formal actuarial valuation is undertaken at least every three years to determine the payments to each of the defined benefit (including the hybrid) schemes. Following this, the Group agrees an updated schedule of contributions with the trustees and makes payments in accordance with this schedule. The funds’ actuaries assess annually whether the liabilities of each fund, based on current pensionable salary levels, are fully funded on a discontinuance basis, i.e. meet the statutory minimum funding standard.

The last formal triennial valuation of the BSPF was carried out as at 31 December 2015. This valuation disclosed that the fair value of assets represented 97% of the benefits that had accrued to members allowing for expected future increases in earnings and pensions and recommended a joint future service contribution rate of 23.4% per annum. The BSPF met the statutory minimum funding standard at the valuation date.

Following a review of its defined benefit pension schemes in 2013/2014 (“**Pensions 2013**”), the Group agreed and implemented benefit amendments. As part of the agreement underlying these changes, the Group agreed to increase its support for the schemes so as to broadly match the deficit reduction arising from changes to potential benefits. Such an agreement is in place for BSPF whereby the Group has agreed to increase its support for the BSPF between 2016 and 2020, above existing arrangements, so as to broadly match the IAS 19 deficit reduction. Similar arrangements are in place for other smaller Group defined contribution schemes.

Future deficit reducing contributions arising from the Pensions 2013 review in the form of cash or other suitable assets are estimated to be €250 million for the BSPF and approximately €50 million for other smaller Group sponsored schemes.

The total pension charge, calculated in accordance with international accounting standards, for the Group for the year ended 31 December 2016 was €135 million.

10. Property

As at 31 March 2017, the Bank occupied 341 properties in Ireland. Of these, 132 were held as freeholds, 20 as long-term leaseholds and 189 as short-term leaseholds. The majority of these properties are retail branches, widely distributed throughout Ireland. Other buildings include the Group’s registered office in Dublin, and customer service and support properties located to suit business needs in Dublin, Kilkenny, Cork and Galway.

Of these 341 properties, five properties are vacant and nine are sub-let or sub-let in part. The Group also owns, leases or uses under licence properties for business operations elsewhere in the world, principally in the United Kingdom, France and the United States.

The Group reviews its property needs and property portfolio on an ongoing basis and enters into property related transactions (disposals, sub-leases and/or new leases) as and when required and/or depending on the prevailing market conditions.

The Directors are of the opinion that there are currently no actual or potential environmental liabilities that affect the Group's utilisation of any property or other tangible fixed assets.

Future capital expenditure

The table below shows future capital expenditure in relation to property, plant and equipment and intangible assets, as at 31 December 2016:

<u>Future capital expenditure</u>	<u>31 December 2016 €m</u>	<u>31 December 2015 €m</u>	<u>31 December 2014 €m</u>
Contracted but not provided for in the financial statements	20	11	4
Authorised by the Bank Directors but not contracted	<u>179</u>	<u>194</u>	<u>154</u>

The Group does not currently plan to acquire any additional material tangible fixed assets including leased premises.

Future capital expenditure is expected to be utilised for the fit out and renovation of existing properties within the Group's portfolio.

PART VIII: TERMS OF THE SCHEME

The following is an extract of the terms of the scheme as set out in the Circular. Terms defined in this Part VIII are applicable to this Part VIII.

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) 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, 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 2.2 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 IX: REGULATION AND SUPERVISION

Section A—Ireland

1. GENERAL REGULATION AND SUPERVISION

Banking activities in Ireland are regulated and supervised by the CBI and the ECB. The relevant legislation and regulations consist primarily of directly applicable European regulations, the Central Bank Acts 1942 to 2015 (as amended), CRD IV, the CRR, BRRD, regulatory notices, regulations, codes and guidelines issued by the CBI, and guidelines and other materials issued by the EBA.

The CBI is the regulator responsible and accountable for the conduct supervision and prudential supervision of all regulated financial services firms in Ireland, ensuring the best interests of consumers of financial services are protected through conduct of business rules and contributing to the stability of the financial system overall.

The CBI also has responsibility for ensuring the efficient and effective operation of payment and settlement systems, for the provision of analysis and comment to support national economic policy development and for the performance of functions imposed on the CBI under the Rome Treaty and the Statute of the European System of Central Banks.

Historically the CBI had overall responsibility for the authorisation and supervision of credit institutions operating in Ireland. From 4 November 2014 a number of supervisory responsibilities and decision making powers moved to the ECB pursuant to the single supervisory mechanism (“SSM”). The SSM is a system of financial supervision comprising the ECB and the national competent authorities of participating EU countries, including the CBI. The SSM’s main aims are to ensure the safety and soundness of the European banking system, increase financial integration and stability and ensure consistent supervision across the participating EU countries. The SSM is one of the two pillars of the EU banking union, along with the SRM.

Under the SSM, the CBI retains responsibility for the supervision of activities that are deemed in the SSM Regulation to be non-core supervisory responsibilities (including, for example anti-money laundering and consumer protection). The ECB is responsible for all core supervisory responsibilities described in the SSM Regulation. For institutions considered “significant” by the ECB (of which the Bank is one) a Joint Supervisory Team (“JST”), led by the ECB and consisting of both ECB and CBI supervisors, directly supervises these institutions.

All Irish licensed banks are obliged to draw up and publish their annual accounts in accordance with the European Union (Credit Institutions Financial Statements) Regulations 2015. As BOIG plc will be a listed entity, the Group is required to prepare its financial statements in accordance with IFRS and with those parts of the Companies Act applicable to companies reporting under IFRS and Article 4 of the EU Council Regulation 1606/2002 of 19 July 2002.

The Central Bank Act 1971 (the “1971 Act”) restricts the carrying on of banking business in Ireland to holders of licences granted under section 9 of the 1971 Act. The Bank and Bank of Ireland Mortgage Bank each hold a licence granted under the 1971 Act, which are now deemed to be granted by the ECB under the SSM Regulation. Conditions can be attached to a licence granted under the 1971 Act. The ECB may revoke a licence under certain circumstances specified in the 1971 Act.

The ECB and the CBI have statutory power to carry out inspections of the books and records of licence holders and to obtain information from licence holders about their banking and related business. Pursuant to this power, the ECB and the CBI carry out regular review meetings and periodically inspect licensed banks.

The ECB and the CBI are also empowered by law to obtain information from licence holders about their banking and related business. Separate licencing regimes apply in Ireland to, *inter alia*, investment services and insurance services, and therefore one or more of the Bank’s subsidiaries are licensed under these separate regimes.

2. BRRD and SRM

The BRRD introduced a new framework in the European Union for the recovery and resolution of banks and other financial institutions. The BRRD was transposed in Ireland by the European Union (Bank Recovery and Resolution) Regulations 2015.

Under the BRRD, competent authorities and resolution authorities are given power to, among other things:

- require banks to prepare recovery plans and cooperate with competent authorities in the preparation of resolution plans;
- take early intervention measures to prevent a bank’s financial position from deteriorating, including replacing management or installing a temporary administrator in place of existing management;
- appoint a special manager in place of existing management; and
- implement resolution tools to manage the orderly resolution of a failing institution, including:
 - (i) selling the institution or all or part of the business of the institution (the sale of business tool);
 - (ii) transferring the institution or all or part of the business of the institution to a bridge institution (the bridge institution tool);
 - (iii) transferring assets and liabilities of an institution to one or more asset management vehicles (the asset separation tool); and
 - (iv) writing down relevant capital instruments of an institution and writing down or converting to equity certain liabilities of an institution (the bail-in tool).

The competent authorities, including the CBI together with the ECB and the SRB, have required the Group to produce a recovery plan in accordance with the BRRD. The Group prepared and submitted its recovery plans as required, most recently in September 2016. 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.

The BRRD is complemented by the SRM Regulation, which established the SRM. The SRM Regulation is designed to ensure the uniform application of the BRRD resolution rules to failing banks subject to the SSM and prevent systemic contagion. It is based on close cooperation between the national resolution authorities of participating Member States, and a new centralised European resolution authority, the SRB.

The SRB has the authority to exercise specific resolution powers pursuant to the SRM Regulation similar to those of the competent authorities under the BRRD, including in relation to resolution planning and the assessment of resolvability, which could result in changes to the structure of the Group.

The Single Resolution Fund (the “**SRF**”) was established under the SRM Regulation. Where necessary, the SRF will be used to ensure the efficient application of resolution tools and the exercise of the resolution powers conferred to the SRB by the SRM Regulation. The SRF is composed of contributions from credit institutions—including the Bank—and certain investment firms in the 19 participating Member States within the Banking Union. The SRF ensures that the financial industry, as a whole, finances the stabilisation of the financial system. The SRF will be gradually built up during the first eight years (2016–2023) and is required to reach the target level of at least 1% of the amount of covered deposits of all credit institutions within the Banking Union by 31 December 2023.

3. Capital Adequacy and Prudential Requirements

The Group is required to comply with capital adequacy (including large exposure rules) and liquidity requirements set out in the CRR and monitored and supervised by the ECB, together with local liquidity requirements applied by the CBI and with the requirements of local regulators in those jurisdictions in which liquidity requirements apply to the Group. The ECB is required to supervise the Group on a

consolidated basis, i.e. taking account of the entire Group's activities and relationships. The Group is subject to extensive regulation and regulatory supervision by the ECB, including the current requirement for ECB approval for dividend payments, and in relation to the levels of capital in its business. The minimum regulatory requirements imposed on the Group, as well as the manner in which the existing regulatory capital is calculated could change in the future. The CRR came into force on 1 January 2014 and is directly applicable in Ireland. The CRR and the CRD Regulations (which implement CRD IV in Ireland) introduced new regulatory requirements for regulated institutions such as the Group and its licensed subsidiaries. CRD IV is being implemented on a phased basis from 1 January 2014, with implementation for the majority of its provisions to be implemented by 1 January 2019.

The Group continues to generate capital at a significant pace, with a 100 basis points increase to 12.3% in the Group's fully loaded Common Equity Tier 1 ("CET 1") ratio during 2016. The Group's transitional CET 1 Ratio was 14.2% at the end of December 2016 and 14.0% on 1 January 2017 reflecting the phase-in of CRD IV deductions for 2017. The increase in the Group's CET 1 Ratios mainly reflects profits earned during the year. The Group's total capital ratio on a transitional basis was 18.5% at 31 December 2016 reducing to 18.2% on 1 January 2017 again reflecting the phase-in of CRD IV deductions for 2017.

The liquidity provisions under CRD IV introduced additional minimum liquidity requirements for the Group and its licensed subsidiaries including:

- *Liquidity coverage ratio ("LCR")*—The LCR requires banks to have sufficient high-quality liquid assets to withstand a 30-day stressed funding scenario. The requirement is being introduced on a phased basis. The Group LCR regulatory requirement of 70% took effect from 1 October 2015, increasing on a graduated basis to 100% by 1 January 2018.
- *Net stable funding ratio ("NSFR")*—The NSFR requires banks to have sufficient quantities of funding from stable sources. The Group's current approach is based on its interpretation of the Basel Committee on Banking Supervision 2014 document. As part of the proposed amendments to the CRR, a binding net stable funding ratio for Credit Institutions within the EU is anticipated to come into effect in 2019.

The SRB provided the Group with an informative target for minimum requirements for own funds and eligible liabilities ("MREL") during December 2016. The informative target does not give rise to any legally binding effect or directly or indirectly enforceable obligations on the Group. An MREL target will be communicated in due course which may be legally binding. The MREL requirements are determined on a case-by-case basis taking into account (i) resolvability; (ii) capital adequacy; (iii) sufficiency of eligible liabilities; (iv) Deposit Guarantee Scheme; (v) business risks (business model, funding, risk profile); and (vi) systemic risk (interconnectedness).

Solvency II is a fundamental review of the capital adequacy regime for the European insurance industry which became effective from 1 January 2016. As part of the implementation of Solvency II, the capital structure and overall governance of the Group's life assurance business has changed significantly with increases to both its capital requirements and capital resources from that date. The introduction of Solvency II did not change the Group's reported capital ratios.

4. Other regulatory requirements

Fees

Under section 149 of the Consumer Credit Act 1995 (the "CCA"), licensed banks must notify any new fees and charges or surcharge interest, any proposals to change existing fees, charges or surcharge and related terms and conditions, to the CBI in advance of introducing (or changing) any of them. The CBI can direct that the proposed change to fees, charges or surcharge is not introduced (or changed) or that it is reduced.

Anti-money Laundering and Counter Terrorist Financing

All Irish credit institutions are obliged to take the necessary measures to counteract money laundering and terrorist financing effectively in accordance with the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (as amended), which implemented 3AMLD into Irish law, and the guidance notes relating to the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010. 4AMLD is designed to strengthen the EU's defences against money laundering and terrorist financing, while also ensuring that the EU framework is aligned with the Financial Action Task Force's international anti-money

laundering and counter-terrorist financing standards. Member States are required to bring into force the laws, regulations and administrative provisions necessary to comply with 4AMLD by 26 June 2017.

Documentation and Conduct of Business Requirements

In relation to the provision of unsecured consumer credit, the main documentation and conduct of business requirements are contained in the CCAR and the CCA. CCAR implements the EU Consumer Credit Directive 2008/48/EC (CCAR can apply to either secured or unsecured credit). The CCAR apply to all credit agreements for personal loans, overdrafts and credit cards entered with consumers since 11 June 2010. The CCAR prescribe pre-contractual information (the Standard European Consumer Credit Information (the “SECCI”) for loans and credit cards and the European Consumer Credit Information (the “ECCI”) for overdrafts) and the minimum content for credit agreements. Both the CCAR and CCA set out rules for advertising credit, calculating the annual percentage rate of charge and terminating loan agreements. The CCAR do not apply to credit agreements where the credit provided is under €200 or over €75,000 (since 21 March 2016, CCAR has been extended to cover unsecured personal loans over €75,000 to a consumer used to renovate a residential property). Typically, the provision of unsecured consumer credit outside these monetary limits is regulated by the CCA.

In relation to the provision of mortgage credit to consumers, the main documentation and conduct of business requirements are found in the CMCR and the CCA.

The CMCR came into force on 21 March 2016 and transpose Directive 2014/17/EU on credit agreements for consumers relating to residential immovable property into Irish law. The CMCR apply to credit provided to a consumer under: (a) credit agreements secured by a mortgage or comparable security commonly used in a member state on residential immovable property, or secured by a right relating to residential immovable property; and (b) credit agreements the purpose of which is to acquire or retain rights in land or in an existing or proposed residential building. The CMCR require (among other things): standard information in advertising; standard pre-contractual information (the European Standardised Information Sheet); provision of adequate explanations to the consumer on the proposed credit agreement and any ancillary service; calculation of the annual percentage rate of charge in accordance with a prescribed formula; assessment of creditworthiness of the consumer; a right of the consumer to make early repayment of the credit agreement; notifications to consumers concerning changes in the borrowing rates; and certain obligations in respect of arrears and repossessions.

The relevant obligations imposed by the CCA include rules regulating advertising for housing loans, a requirement to furnish the borrower with a valuation report concerning the property, a requirement that specified warnings regarding the potential loss of the person’s home be included in all key documentation relating to a housing loan and that key, prescribed information be displayed on the front page of a housing loan agreement and obligations to provide prescribed documents and information to a borrower. Restrictions contained in the CCA include prohibitions on the imposition of a redemption fee in the case of certain housing loans, compelling a borrower to pay the lender’s legal costs of investigating title and the linking of certain products. In addition, consumer financial services are subject to the general EU consumer protection framework as it has been implemented in Ireland, for example, the DMR, the European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 (as amended) (the “UTCCR”) and the CPA.

Deposit Guarantee Scheme

Under the European Union (Deposit Guarantee Schemes) Regulations 2015, the CBI operates a statutory depositor protection scheme (the “**Deposit Guarantee Scheme**”). The Deposit Guarantee Scheme provides protection in respect of eligible deposits (including current accounts, demand deposit accounts, and term deposit accounts) up to a maximum aggregate amount of €100,000 per depositor per institution. The Investor Compensation Company DAC (the “ICCL”) was established under the Investor Compensation Act 1998. The ICCL operates an investor compensation scheme which can compensate eligible investors for 90% of the money they have lost, up to a maximum of €20,000.

Central Bank Reform Act 2010

The Central Bank Reform Act 2010 applies to the Group and contains a number of provisions which impact on the regulation of the Group including:

- the requirement for the CBI to provide prior approval of all appointments of individuals to pre-approved control functions held in regulated financial service providers under the fitness and probity regime implemented by the CBI;
- the power of the CBI, or, as applicable, the ECB, to suspend or remove a director, chief executive or other persons performing certain functions prescribed in secondary legislation from his or her position in a financial services provider;
- the power of the CBI, or, as applicable, the ECB to impose levies for the purposes of funding regulation of financial services providers;
- The power of the CBI to make codes concerning fitness and probity (the required level of fitness and probity is set out in the Fitness and Probity Standards issued on 1 September 2011 pursuant to the Central Bank Reform Act 2010).

Supervision and Enforcement Act 2013

The Central Bank (Supervision and Enforcement) Act 2013 (the “**Supervision and Enforcement Act 2013**”), with the exception of section 72 (which came into operation on 1 September 2013), came into operation on 1 August 2013. The Supervision and Enforcement Act 2013 further strengthens the regulatory framework for Irish financial services providers by clarifying and enhancing the powers of the CBI to allow it to monitor, supervise, query and investigate the conduct and activities of financial services providers and to impose sanctions as appropriate.

The Supervision and Enforcement Act 2013 applies to all regulated financial services providers and in certain circumstances extends to related undertakings, including group companies and partnerships of which a regulated financial services provider is a part and which themselves may not have previously been subject to financial services regulation legislation. The main provisions of the Supervision and Enforcement Act 2013 include:

- the provision by a regulated financial services provider of an independent expert report;
- information gathering powers for the CBI;
- an enhanced authorised officer regime;
- the requirement to provide assurances from auditors;
- protection for persons reporting breaches;
- the consolidation of CBI powers to give directions and powers to make new regulations;
- enhanced enforcement powers and increase in monetary penalties; and
- enhanced consumer protection.

Payment Services

The PSR implement the Payment Services Directive (2007/64/EC) in Ireland and prescribe requirements relating to payment services and payment processing, including provisions applicable to current accounts and other products. On 23 December 2015, the recast payment services directive (Directive 2015/2366) (“**PSD2**”) was published in the Official Journal. PSD2 introduces new rules to improve the transparency and security of payment services. Member States are required to transpose the provisions into national law by 13 January 2018. The PAR, which implement the Payment Accounts Directive (2014/92/EU) relate to financial inclusion and the right of access to a payment account with basic features. Most of the PAR became effective on 18 September 2016 (Regulations 4, 5, 6 and 7 will come into operation 9 months after the adoption by the European Commission of the regulatory technical standards referred to in Article 3(4) of the Payment Accounts Directive).

MiFID

Where the Bank or its investment firm subsidiaries perform investment services (as defined in the MiFID Regulations), the conduct of business and systems and controls requirements of the MiFID Regulations apply. MiFID II and MiFIR were agreed in 2014. MiFID II and MiFIR are designed to take into account developments in the trading environment since the implementation of MiFID in 2007 and, in light of the financial crisis, to improve the functioning of financial markets making them more efficient, resilient and transparent. The implementation of MiFID II is scheduled for 3 January 2018 and will involve significant amendments to the MiFID Regulations with effect from that date.

EMIR

Where the Bank or its subsidiaries enter into over the counter (OTC) derivative transactions, the requirements of the European Markets Infrastructure Regulations (EMIR) apply. EMIR implements increased transparency and regulatory oversight of OTC derivative markets. The objective of the legislation is to reduce systemic counterparty and operational risk, and help prevent future financial system collapses. EMIR establishes common rules for central counterparties, which interpose themselves between involved parties in a contract to serve as the focal point of each trade, and trade repositories, which collect and maintain all record of trades. EMIR requires the reporting of all derivatives, whether OTC or exchange traded, to a trade depository. EMIR covers entities that qualify for derivative contracts in regards to interest rate, equity, foreign exchange, or credit and commodity derivatives. It also outlines three sets of obligations, including the clearing, reporting and risk mitigation of applicable products.

EMIR's set of obligations were designed to take effect on a phased basis over a period of several years.

Consumer Protection

The CBI has implemented the Consumer Protection Code, the Minimum Competency Code, the CCMA and the SME Regulations. The Consumer Protection Code applies to banks and certain other financial services providers operating in Ireland. The Consumer Protection Code requires certain financial service providers, including banks, to know their customers and their suitability for products or services, to prepare terms of business and minimum levels of information for customers, including disclosure requirements and customer record obligations, to identify all charges, fees or other rewards connected with the supply of a service and to establish processes to deal with errors, complaints and conflicts of interest. The Consumer Protection Code also contains advertising requirements and rules regarding arrears management as well as specific sectoral rules on banking products, loans, insurance services and investment products. The Minimum Competency Code requires employees of regulated entities who provide advice on or sell retail financial products to hold the competencies set out therein and to engage in continuing professional development on an ongoing basis.

The CCMA is a legally binding code of conduct published by the CBI on the handling of mortgage arrears and pre-arrears. The revised CCMA came into force on 1 July 2013 and applies to the mortgage lending activities of lenders in respect of a borrower's primary residence. A primary residence is either a residential property occupied by the borrower as their primary residence, or the only residential property in Ireland owned by the borrower. The CCMA applies to the activities of the Group. Under the CCMA, lenders are required to establish a mortgage arrears resolution process ("MARP"). A MARP is defined as a framework for handling arrears and pre-arrears and must incorporate steps addressing communication with borrowers, financial information, assessment and resolution. The CCMA provides for a timeline that lenders must keep to before resorting to legal action. The CCMA acknowledges that it is in the best interests of lenders and borrowers to address financial difficulties as speedily and effectively as circumstances allow. The CCMA also contains restrictions on when lenders can commence enforcement proceedings against a non-performing borrower.

Unfair Terms in Consumer Contracts Regulations

The UTCCR apply to business-to-consumer contracts concluded after 31 December 1994.

Where the UTCCR apply, the UTCCR render unenforceable unfair terms in business-to-consumer contracts (subject to certain exceptions). The UTCCR provide that a consumer may challenge a standard term in a contract on the basis that it is unfair within the meaning of the UTCCR and/or the Unfair Contract Terms Directive (Directive 93/13/EEC) and therefore not binding on the consumer (although the

rest of the contract continues to bind the parties if it is capable of continuing in existence without the unfair term).

The Competition and Consumer Protection Commission, the CBI or a consumer organisation may apply to the Circuit Court or the High Court for a declaration that a term drawn up for general use in consumer contracts concluded by a seller or a supplier (including a financial service provider) is unfair. At the discretion of the court, an order banning the use, or continued use, of such a term or similar terms can be subsequently granted by the court.

The Competition and Consumer Protection Commission, the CBI or a consumer organisation may also seek an injunction against a seller or supplier preventing the use of specific terms that are deemed to be unfair.

The UTCCR do not generally affect terms that define the main subject matter of the contract, such as the consumer's obligation to repay principal (provided that these terms are written in plain, intelligible language and are drawn adequately to the consumer's attention), but may affect terms deemed to be ancillary terms, such as terms imposing default fees or terms permitting lenders to vary interest rates.

The broad and general wording of the UTCCR makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a court would find a term to be unfair.

SME Regulations

The SME Regulations came into force on 1 July 2016 and replaced the Code of Conduct on Lending to Small and Medium Enterprises. The SME Regulations apply to finance provided to micro, small and medium enterprises which can include natural persons acting within the course of a business, trade or profession and affords them with protections including but not limited to:

- transparency around the loan application process;
- providing borrowers with reasons for declining credit, in writing, that are specific to their application;
- providing protections for guarantors;
- contacting borrowers who have gone into arrears;
- warning borrowers if they are in danger of being classified as not co-operating; and
- providing grounds for appeal of credit decisions and setting up an internal appeals panel.

CBI Enforcement

The CBI has extensive enforcement powers under Part IIIC of the Central Bank Act 1942, including the ability to carry out investigations of suspected prescribed contraventions by regulated financial service providers, to hold public hearings, called an 'Inquiry', regarding suspected prescribed contraventions and to impose administrative sanctions on regulated financial service providers or individuals involved in them. The final decision upon completion of an Inquiry can be appealed by the regulated financial service provider to the Irish Financial Services Appeals Tribunal and a further appeal can be made to the High Court. As an alternative to an Inquiry, any time before the conclusion of an Inquiry, the matter may be resolved by entering into a settlement agreement which is binding on the CBI and the regulated entity. Administrative sanctions include, but are not limited to, a reprimand or a caution, financial penalties up to €1 million for an individual or €10 million or 10% of annual turnover (whichever is greater) for a regulated financial service provider or a direction disqualifying a person from being concerned in the management of a regulated financial service provider. Any sanctions imposed by or agreed with the CBI as part of a settlement agreement will be published. Under the SSM Regulation, the ECB can also exercise these enforcement powers.

Data Protection

The Group is subject to data protection laws. The main laws dealing with data protection are the Data Protection Acts 1988 and 2003. The General Data Protection Regulation will be effective in Member States on 25 May 2018. Amongst other matters, it affords enhanced individual rights in respect of an individual's data.

Competition

The general competitive environment in Ireland is subject to the operation of the Competition Act, 2002 (as amended) and the Competition and Consumer Protection Act 2014 (the “**Competition Acts**”). The provisions of the Competition Acts broadly implement and supplement EU competition legislation.

On 20 February 2017, the Competition and Consumer Protection Commission commenced a public consultation to gather views about the future of the Irish mortgage market.

Corporate Governance

The Bank and Bank of Ireland Mortgage Bank are subject to the CBI’s Corporate Governance Requirements for Credit Institutions 2015 (the “**Irish Code**”). The Bank has been designated as a major institution under the Code. The Corporate Governance Requirements for Credit Institutions 2015 contain corporate governance rules in relation to board composition, committee composition, board and committee meetings, directors, senior management and board diversity.

The Bank and Bank of Ireland Mortgage Bank are also subject to the CBI’s “*Fitness and Probity Regime*”, which came into effect on 1 December 2011 for all regulated financial service providers other than credit unions and was fully implemented by 1 December 2012.

Under the regime, 46 senior positions are prescribed as “*Pre-Approval Controlled Functions*” (including board and senior management functions) for regulated financial service providers such as the Bank. The prior approval of the CBI is required before an individual can be appointed to a Pre-Approval Controlled Function. The individual must complete an online Individual Questionnaire which is endorsed by the proposing entity and then submitted electronically to the CBI. From 4 November 2014, the ECB is exclusively the competent authority for the fitness and probity assessments of the board of directors of significant credit institutions such as the Bank.

Financial Services Ombudsman

The Financial Services Ombudsman’s Bureau and the role of the Financial Services Ombudsman were established under the Central Bank Act 1942 upon amendments to that act by the Central Bank and Financial Services Authority of Ireland Act 2004. The Financial Services Ombudsman handles complaints from consumers (including some SMEs) whose complaints have not been resolved to their satisfaction under a regulated financial service provider’s internal complaints procedure. The Financial Services Ombudsman attempts to resolve matters by mediation in the first instance; and by adjudication if mediation does not succeed. Adjudications by the Financial Services Ombudsman can be appealed to the High Court.

Acquiring Transactions

If a person intends to, directly or indirectly, (a) acquire a “qualifying holding” (10% or more of the share capital or voting rights) in the Bank (or in the Bank of Ireland Mortgage Bank) or (b) increase a qualifying holding in the Bank (or in the Bank of Ireland Mortgage Bank) and, as a result of the increase, the percentage of the share capital or the voting rights would reach or exceed 20%, 33% or 50%, it must first notify the CBI and notify and obtain approval from the ECB. CBI approval is similarly required if a person intends to directly or indirectly acquire or increase its share capital holding in the Bank’s non-bank regulated subsidiaries, depending on the percentage shareholdings involved. The ECB (and the CBI) has 60 working days to review a notification and provide approval (subject to the ability to extend the time period in certain circumstances to 90 working days). Approval under this regime has been obtained in connection with the Scheme.

5. State Guarantee Schemes

The ELG Scheme, involves, *inter alia*, obligations for participants to reduce risk profile and meet target ratios including, *inter alia*, loan/deposit ratio, wholesale funding/total liabilities ratio, deposit growth and maximum loan to value ratio and accept State nominated board appointees and controls on acquisitions. The Group no longer has guaranteed liabilities for the purposes of the ELG Scheme and has sought release from relevant obligations of the ELG Scheme from the Minister for Finance.

See the paragraph entitled “Government Guarantee Schemes” in Section 2 (*History and Development of the Group*) of Part VII (*Overview of the Business of the Group*) and Section 12 (*Material Contracts*) of Part XVIII (*Additional Information*) of this Prospectus for further details.

6. Changes to Mortgage Lending Rules

On 9 February 2015, the CBI introduced mortgage lending rules, under the Housing Loan Regulations 2015, which include LTV rules which set a minimum deposit requirement for the purchase of property, and LTI rules which set a maximum mortgage value which could be borrowed, measured against the borrower’s gross salary. Specific LTV and LTI limits were introduced for purchasers of their principal dwelling houses including separate rules for first-time buyers, as well as those purchasing buy-to-let properties.

On 23 November 2016, the CBI announced amendments to the Housing Loan Regulations 2015 under the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) (Amendment) Regulations 2016, which became effective on 1 January 2017. These amendments include the extension of the valuation period, the removal of the property value threshold of €220,000, and the amendment of the proportionate caps structure and scope of the non-primary dwelling home limit.

Section B—United Kingdom

The Group's subsidiary bank in the UK, Bank of Ireland (UK) plc, comprises the Group's Post Office joint ventures, its branch business in Northern Ireland, assets from its intermediary mortgage business, and other parts of its UK business banking operations.

1. UK Regulation

1.1 UK Regulators

Banks and investment firms in the UK must be authorised and are subject to regulatory supervision. Bank of Ireland (UK) plc, as a bank, must comply with the relevant UK and EU legislation. Outlined below is an overview of UK and EU regulation applicable to Bank of Ireland (UK) plc.

Bank of Ireland (UK) plc is authorised by the PRA and is regulated by both the PRA and the FCA. The PRA has responsibility for micro-prudential regulation of financial institutions that manage significant risks on their balance sheets, including banks, insurers and some large investment firms. The PRA's general objective is promoting the safety and soundness of PRA-authorised firms. The FCA has responsibility for conduct of business regulation in relation to all authorised firms and the prudential regulation of firms not regulated by the PRA. The Competition and Markets Authority (the "CMA") is a competition regulator which has agreed to devolve some of its powers to the FCA with respect to financial services matters. The CMA's role is described in more detail in the unfair contract terms section below.

Under the Capital Requirements Directive, the Group has the right to provide banking services on a cross-border basis, or through the establishment of a branch, to clients located in other EEA member states (known as "host" member states) on the basis of its "home" (Irish) authorisation, without the need for separate authorisation by the competent authorities of those "host" member states. This is known as "passporting". The Group has exercised its EU "passport" rights to provide banking services in the UK through its UK branch and also the provision of services on a cross-border basis. These services consist of corporate banking and the management of certain residential mortgage contracts within the UK.

The Financial Ombudsman Service (the "FOS") is established under the FSMA and determines complaints by eligible complainants in relation to authorised financial services firms and certain other businesses in respect of activities and transactions under its jurisdiction. The FOS determines complaints on the basis of what, in its opinion, is fair and reasonable in all the circumstances of the case. The maximum level of monetary award by the FOS is £150,000 for complaints received by the FOS on or after 1 January 2012 (£100,000 for earlier complaints) plus interest and costs. The FOS may also make directions awards which direct the relevant business to take steps which the FOS considers just and appropriate.

Certain provisions of the Bank of England and Financial Services Act 2016 (the "2016 Act") came into force on 1 March 2017 and ended the subsidiary status of the PRA as a subsidiary of the BOE by making the BOE itself the PRA. These provisions also created the Prudential Regulation Committee (the "PRC"), through which the BOE is now required to exercise its functions as the PRA. They provide that references to the PRA in the 2016 Act or any other enactment are to be construed as references to the BOE acting as the PRA through its PRC and not the BOE acting in any other capacity. However, the Bank of England and Financial Services (Consequential Amendments) Regulations 2017 (the "2016 Act Regulations") make consequential amendments to references to the BOE and the PRA in various enactments to account for the change in status of the PRA. In some cases, references to the BOE are clarified so that they are interpreted to exclude the BOE when it is acting as the PRA to reflect an existing difference in the way the enactment is intended to apply to the BOE and the PRA; in other cases, references to the PRA will be removed and references to the BOE are expressly confirmed to include the BOE when it is acting as the PRA to reflect that the enactment should now apply to the BOE, including its new functions are the PRA as a whole. While no significant impact on either the private or public sectors is foreseen on account of this legislation, care must be taken to ensure that documentation referring to either the PRA or the BOE is updated in accordance with the 2016 Act and the 2016 Act Regulations.

Ending the subsidiary status of the PRA and creating a PRC places micro-prudential regulation on the same footing as the BOE's roles in setting monetary policy and setting macro-prudential policy, a change which is intended to reinforce the idea that the BOE is not simply an organisation dedicated to setting interest rate, but one with equally important macro- and micro-prudential responsibilities.

1.2 Overview of the UK financial services regulation

Financial Services and Markets Act 2000

The cornerstone of the regulatory regime in the UK is the FSMA, which came into force on 1 December 2001. However, the framework for supervision and regulation of banking and financial services in the UK has been, and continues to be, heavily influenced by EU legislation.

The FSMA prohibits any firms from carrying on a “regulated activity” (as defined in the FSMA) by way of business in the UK unless that firm is authorised or exempt under the FSMA. Regulated activities that Bank of Ireland (UK) plc and other regulated entities within the Group are authorised by the PRA or the FCA (depending on the individual entities) to undertake include deposit-taking, mortgage activities (such as entering into, administering, or advising or arranging in respect of, regulated mortgage contracts), effecting and carrying out contracts of insurance as well as insurance mediation, consumer credit activities and investment activities (such as dealing in investments as principal or as agent, arranging deals in investments, managing investments and safeguarding and administering investments). The FSMA also prohibits financial promotions in the UK unless the promotion is issued or approved by an authorised firm or exempt from such requirements.

Financial services regulators’ handbooks

The FSMA (as amended by the Financial Services Act 2012 (the “**FSA 2012**”)) imposes an ongoing system of regulation and control on banks. The detailed rules and prudential standards set by the FCA and the PRA are contained in various parts of their respective handbooks, the “**FCA Handbook**” and “**PRA Rulebook**”.

Once authorised, and in addition to continuing to meet the threshold conditions for authorisation, firms are obliged to comply with the FCA’s Principles for Businesses set out in the FCA Handbook and, if a dual-regulated firm, the PRA’s Fundamental Rules set out in the PRA Rulebook. The PRA’s Fundamental Rules include requirements on firms to conduct their business with integrity, to act in a prudent manner, to maintain at all times adequate financial resources and to have effective risk strategies and risk management. The FCA’s Principles for Businesses include requirements on firms to conduct their business with due skill, care and diligence, to treat customers fairly and to communicate with customers in a manner that is clear, fair and not misleading.

Manuals or sections of the FCA Handbook and the PRA Rulebook which are of particular relevance to Bank of Ireland (UK) plc are:

- the Capital Requirements Regulation (the “**CRR**”) firm section of the PRA Rulebook, and
- the Senior Management Arrangements, Systems and Controls sourcebook, the Supervision sourcebook, the Conduct of Business sourcebook, the Insurance: Conduct of Business sourcebook (“**ICOBS**”), the Client Assets sourcebook (“**CASS Sourcebook**”), the Consumer Credit sourcebook (“**CONC**”), the Banking: Conduct of Business sourcebook (“**BCOBS**”), the Mortgages and Home Finance Conduct of Business sourcebook and the Dispute Resolution sourcebook, all of which are sections of the FCA Handbook.

1.3 Individual Accountability regime, licensing regime and banking standards rules

The Financial Services (Banking Reform) Act 2013 (the “**Banking Reform Act**”) introduced a new accountability framework for individuals within banking (the “**Individual Accountability regime**”) which replaced the approved persons regime for banks from 7 March 2016. The new framework consists broadly of the following three elements:

Senior Managers Regime: The senior managers regime (the “**Senior Managers Regime**”) applies to 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 (“**Senior Managers**”). The exception to this is standard non-executive directors (who do not act as chairman, senior independent director or chair any committees) who fall out of the scope of the Senior Managers Regime and are not subject to regulatory approval.

Banks are required to assess these individuals as fit and proper and a notification of their appointment is submitted to the regulator for approval. Bank of Ireland (UK) plc is required to allocate a range of responsibilities (known as senior management functions) to these individuals and assess their fitness and

propriety on a regular basis. When applying for regulatory pre-approval for these individuals, Bank of Ireland (UK) plc has to include a statement of responsibilities setting out the areas that the prospective senior manager will be responsible for managing.

Bank of Ireland (UK) plc is required to prepare, maintain and update a management responsibilities map, which is a single document that describes Bank of Ireland (UK) plc's management and governance arrangements. Senior Managers are also subject to an increased criminal sanction of up to seven years in prison and/or an unlimited fine where they make a decision which leads to the bank failing.

Certification Regime: The certification regime requires Bank of Ireland (UK) plc to assess (and re-assess annually) the fitness and propriety of certain employees in positions where the decisions they make could pose a risk of significant harm to Bank of Ireland (UK) plc or any of its customers (known as significant harm functions). These individuals are the next tier down from Senior Managers and are not subject to regulatory approval. Bank of Ireland (UK) plc is required to identify its population of certified employees and issue certificates for the individuals concerned, showing that they are fit and proper to perform these functions.

Conduct Rules: The new conduct rules take the form of high-level principles, setting out the standards of behaviour for employees. These rules replaced the Statements of Principle and Code of Practice for Approved Persons for banks. There are two tiers of conduct rules: five rules that apply to all individuals in Bank of Ireland (UK) plc (except ancillary employees) and four further senior manager conduct rules which apply to those that fall within the Senior Managers Regime. Bank of Ireland (UK) plc is required to train and make employees aware of the Conduct Rules, and notify the regulators when they suspect or know there has been a breach of the conduct rules.

Individuals subject to either the Senior Managers Regime or the Certification Regime are subject to the conduct rules from 7 March 2016, while other staff are subject from 7 March 2017.

1.4 Criminal sanctions for managerial misconduct

The Banking Reform Act introduced a criminal offence of reckless misconduct in the management of a bank. The scope of this offence is limited to individuals covered by the Individual Accountability regime. The maximum sentence for the new offence will be seven years in prison and/or an unlimited fine. These provisions came into force on 7 March 2016.

1.5 Supervision and Enforcement

Each of the PRA and the FCA has wide powers, where relevant, to supervise and intervene in the affairs of a firm authorised and regulated under, or pursuant to, the FSMA. These powers were extended under the FSA 2012. When taking action, the PRA and/or the FCA can, for instance, require firms to provide particular information or documents to it, require the production of a report by a "skilled person" (as defined in the glossary to the FCA Handbook and PRA Rulebook), appointed by either the authorised firm or the PRA and/or the FCA, or formally investigate a firm. Where it will advance its objectives, the PRA and the FCA have a broad power of direction over qualifying unregulated parent undertakings.

The PRA and/or the FCA have the power to take a range of enforcement actions, including the ability to sanction firms and individuals carrying out functions within them. Most notably, enforcement actions may include restrictions on undertaking new business, public censure, restitution, fines and, ultimately, revocation of permission to carry on regulated activities or of an individual's approved person status. The PRA and/or the FCA can also vary or revoke the permissions of an authorised firm that has not engaged in regulated activities for 12 months or six months in certain cases, or that fails to meet the threshold conditions for authorisation.

Where an authorised firm wants to challenge the decisions of the PRA or FCA, it could make formal representations and also bring a case to the Upper Tribunal (Tax and Chancery Chamber).

1.6 Controller regime (including shareholders)

Under section 178 of the FSMA, if a person intends to acquire or increase its "control" of a UK authorised firm (such as Bank of Ireland (UK) plc), it must first notify the appropriate regulator (in the case of Bank of Ireland (UK) plc, this is the PRA) which has 60 working days to decide whether to approve the acquisition or increase of control beginning on the day on which the appropriate regulator acknowledges receipt of the notification. Acquisition or increase of control without PRA (or where appropriate FCA) approval is a criminal offence. Approval under this regime has been obtained in connection with the Scheme.

1.7 Capital adequacy and liquidity

In the UK, the minimum capital required to be held by a retail bank is established through discussions between that retail bank and the PRA and is set by the PRA in the form of Individual Capital Guidance (“**ICG**”). The PRA sets a retail bank’s ICG following submission by that bank of an internal capital adequacy process (“**ICAAP**”). Typically a bank will hold a capital buffer above these minimum requirements. In addition, a bank must also meet certain liquidity requirements in the form of the Liquidity Coverage Ratio (“**LCR**”). An internal liquidity adequacy assessment process (“**ILAAP**”) will set out the bank’s approach to liquidity and funding.

Capital

In the UK, the PRA currently requires major banks and building societies to meet a minimum 7% CET 1 ratio and has implemented a UK Leverage Ratio framework (including meeting a minimum 3% Leverage Ratio). However, this does not currently apply to Bank of Ireland (UK) plc.

Liquidity

The Loan-To-Deposit Ratio (“**LDR**”) is defined as the ratio of total customer loans to deposits. While the PRA does not officially set a maximum limit for this ratio, reducing the LDR has been a key focus of UK retail banks since the financial crisis.

The Net Stable Funding Ratio (“**NSFR**”) is a key component of Basel III which is due to come into force in 2018. The ratio seeks to calculate the proportion of long-term assets which are funded by long term, stable funding. The Basel III regulations state that a bank’s NSFR must be at least 100%.

The Liquidity Coverage Ratio (“**LCR**”) is designed to ensure that financial institutions have the necessary assets available to withstand short-term liquidity disruptions. Banks are required to hold an amount of highly liquid assets equal to or greater than their net cash outflow over a 30-day period. The LCR was introduced in October 2015, but is subject to a phased implementation such that the full 100% minimum will not be enforced until 1 January 2018.

1.8 Key structural and other reforms

The UK’s Independent Commission on Banking made various recommendations for retail and SME and deposit ring-fencing requirements for banks, while the Parliamentary Commission on Banking Standards (“**PCBS**”) issued its final report in June 2013. Many of these recommendations have been reflected in the Banking Reform Act which enacts a number of reforms primarily related to the UK’s banking sector. Reforms introduced by the Banking Reform Act include ring-fencing vital banking services, additional primary loss-absorbing capacity requirements, depositor preference and regulators’ powers over holding companies.

The Banking Act 2009 (the “**Banking Act**”) also established a special resolution regime for UK banks and building societies which provides the PRA, the BOE and HM Treasury with tools for dealing with failing institutions. These tools consist of three stabilisation options, which are designed to address a distressed bank which is failing or is likely to fail to meet the threshold conditions and which cannot be assisted through normal regulatory action or market-based solutions. The Banking Act also makes provision for special insolvency processes which authorities can utilise to deal with failing banks.

The Banking Reform Act has amended the Banking Act to introduce a bail-in tool. The amendments establish the bail-in option as a new stabilisation option available to the BOE as lead resolution authority under the special resolution regime.

2. Specific Consumer Protection Regulations

2.1 Consumer credit regulation

The UK consumer credit regime has been within the jurisdiction of the FCA since 1 April 2014 when the responsibility for overseeing and regulating consumer credit was transferred from the Office of Fair Trading (“**OFT**”) to the FCA. The regulatory framework comprises the FSMA and its secondary legislation, retained provisions in the Consumer Credit Act 1974 (the “**CCA 1974**”) and its secondary legislation and rules and guidance in the FCA Handbook, including the CONC.

The cornerstone of the UK consumer credit regime is now the definition of “regulated activities” which is extended to consumer credit activities, including entering into a “regulated credit agreement” as lender. A regulated credit agreement is any “credit agreement” that is not an “exempt agreement”. A credit agreement is any agreement between an individual or relevant recipient of credit (“A”) and any other person (“B”), under which B provides A with “credit” of any amount. Credit is widely defined and includes cash loans and any other form of financial accommodation. Exempt agreements include those wholly or mainly for the purposes of a business where the amount borrowed exceeds £25,000, those secured on land or otherwise by mortgage and those where a local authority or other specified type of organisation is the lender. Other consumer credit activities which are now regulated include credit broking, debt-related consumer credit activities, entering into a regulated consumer hire agreement as owner, operating an electronic system in relation to lending and providing credit information services and credit references. If prohibitions under FSMA as to authorisations or financial promotions are contravened, then the relevant regulated credit agreement will be unenforceable against the borrower without a validation order.

Although some CCA 1974 statutory regulations and almost all OFT guidance have been replaced by FCA general standards, rules (breaches of which can be penalised) and guidance, a substantial part of the consumer credit conduct of business regime is retained within the CCA 1974. The CCA 1974 still requires lenders to comply with strict form and content requirements when preparing credit agreements, pre-contract credit information and statements (including notices of sums in arrears). Breach of these CCA 1974 requirements can result in restrictions on enforcing credit agreements or release a borrower from his or her obligation to pay interest or charges during a period of non-compliance. Rules and guidance set out in the FCA Handbook, including CONC, also have the force of law.

2.2 Unfair contract terms

The Unfair Terms in Consumer Contracts Regulations 1999 (as amended, together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994) (together the “UK UTCCR”) apply to business-to-consumer contracts entered into prior to 1 October 2015 and the Consumer Rights Act 2015 (the “CRA”) applies to business-to-consumer contracts made on or after that date. Where the UK UTCCR or CRA apply they render unenforceable unfair terms in business-to-consumer contracts (subject to certain exceptions). The UK UTCCR and CRA provide that: (a) a consumer may challenge a standard term in a contract on the basis that it is unfair and not binding on the consumer (although the rest of the contract continues to bind the parties if it is capable of continuing in existence without the unfair term); and (b) the appropriate regulator and any qualifying body (such as local trading standards authorities) may seek to enjoin (or in Scotland interdict) a business from relying on unfair terms.

The UK UTCCR or CRA do not generally affect terms that define the main subject matter of the contract or price terms, such as the consumer’s obligation to repay the fixed monthly repayments (provided that these terms, in the case of the UK UTCCR are written in plain, intelligible language and are drawn adequately to the consumer’s attention and in the case of the CRA, are transparent and prominent), but may affect terms that are not considered to define the main subject matter of the contract or price terms, such as terms imposing default fees or permitting lenders to vary interest rates. Where a term in a consumer contract is susceptible of multiple different meanings, the meaning most favourable to the consumer will prevail. Under the CRA it is the duty of the court to consider the fairness of any given term. This can be done even where neither of the parties to proceedings has explicitly raised the issue of fairness.

The FCA addresses unfair terms in its regulation of consumer finance. Guidance issued by the FCA in relation to the UK UTCCR as well as guidance previously issued by the OFT and Financial Services Authority (“FSA”) may apply to Bank of Ireland (UK) plc consumer contracts. The guidance issued by the FSA, the OFT and the FCA has changed over time. On 2 March 2015, the FCA removed certain guidance and other material on the UK UTCCR from its website because they no longer reflect the FCA’s current view on unfair contract terms. The CMA which since April 2014 is the UK’s national competition and consumer authority and principal enforcer of the UK UTCCR and CRA, issued guidance in July 2015 on unfair contract terms, and this guidance makes it clear that the CRA generally carries forward rather than changes the substance of the protections provided to consumers under earlier legislation and guidance. It is possible that current guidance may change in the future. The Unfair Contract Terms Regulatory Guide (“UNFCOG”) in the FCA Handbook explains the FCA’s policy on how it uses its formal powers under the UK UTCCR, although comprehensive guidance on the UK UTCCR themselves is not provided. The UNFCOG was updated on 1 October 2015 but the updated version (the Unfair Contract Terms & Consumer Notices Regulatory Guide) applies only to contracts entered into on or after 1 October 2015.

The UNFCOG (in the form it was in on 30 September 2015) continues to apply to contracts entered into before 1 October 2015.

The broad and general wording of the UK UTCCR and CRA makes any assessment of the fairness of terms largely subjective and makes it difficult to predict whether or not a court would find a term to be unfair.

2.3 Mortgage lending regulations

The FCA also supervises lending in relation to residential property which falls within the definition of “regulated mortgage contract” and certain other types of home finance, including consumer buy-to-let mortgage contracts. A regulated mortgage contract is essentially a residential mortgage that is entered into on or after 31 October 2004 and, generally speaking, at the time it is entered into: (i) the credit agreement is one under which the lender provides credit to an individual or to trustees; (ii) the contract provides for the repayment obligation of the borrower to be secured by a first legal mortgage on land (other than timeshare accommodation) in the UK; and (iii) at least 40% of that land is used, or is intended to be used, as or in connection with a dwelling by the borrower or (in the case of credit provided to trustees) by an individual who is a beneficiary of the trust, or by a related person. Since the implementation of the EU Mortgage Credit Directive (the “MCD”) in the UK with effect from 21 March 2016, the definition of regulated mortgage contract has been broadened with various implications, including that residential mortgages no longer need to be first legal mortgages to be regulated mortgage contracts.

If prohibitions under the FSMA as to authorisation or financial promotions are contravened, then the relevant regulated mortgage contract (and, in the case of financial promotions, other credit secured on land) is unenforceable against the borrower without a court order. The Mortgage Conduct of Business Rules (the “MCOB”) sets out rules in respect of regulated mortgage contracts and certain other types of home finance. Under MCOB rules, an authorised firm (such as Bank of Ireland (UK) plc) is restricted from repossessing a property unless all other reasonable attempts to resolve the position have failed, which can include the extension of the term of the mortgage, product type changes and deferral of interest payments.

As mentioned above, following the implementation of the MCD, the FCA has also been responsible for supervising firms such as Bank of Ireland (UK) plc which arrange, originate and administer consumer buy-to-let mortgage contracts. The FCA maintains a consumer buy-to-let register and supervises firms’ compliance with light touch conduct of business rules set out in the Mortgage Credit Directive Order 2015. However, since the UK Government chose to implement the bare minimum of the MCD, most buy-to-let mortgages are treated as business rather than consumer buy-to-let mortgages and the MCD changes do not have a material impact.

2.4 Payment Services Directive and Multilateral Interchange Fee Regulation

The Payment Services Directive harmonises the regulatory regime across the EU for payment services (the “PSD”). The PSD was implemented in the UK through the Payment Services Regulations 2009 and related amending legislation. The regulations create a separate authorisation and registration regime which differs from the authorisation requirements under the FSMA, for businesses which provide payment services (including credit card services) in the UK. Credit institutions are only subject to the conduct of business requirements in the regulations to the extent that they provide payment services.

The European Commission also adopted a proposal on multilateral interchange fees, the MIF Regulation, which aims to introduce a cap on bank interchange fees charged on consumer credit and debit card transactions. The MIF Regulation lays down business rules and other technical requirements that apply to all types of card-based payment transactions. The MIF Regulation was published in the Official Journal on 19 May 2015 and most of the provisions came into force on 8 June 2015. Rules capping interchange fees for consumer debit and credit card transactions came into force on 9 December 2015.

On 19 December 2014, the EBA published its final guidelines on the security of internet payments. The guidelines set minimum security requirements that EU payment service providers are expected to implement in respect of internet payments. All EU competent authorities are expected to comply with the guidelines by incorporating them into their supervisory practices. The FCA has stated that it intends to incorporate the detail of the EBA guidelines into its supervisory framework in line with the timetable for the transposition of PSD2.

Other significant payment services legislation includes regulation (EU) 260/2012 establishing technical and business requirements for credit transfers and direct debits in Euro (the “**SEPA Migration Regulation**”).

The SEPA Migration Regulation sought to create an integrated market for electronic payments in Euro, by replacing existing national payment schemes in Euro with pan-European SEPA payment schemes. The new SEPA payment schemes were implemented for Eurozone countries by 2014. The deadline for implementation of these schemes by non-Eurozone countries (including the UK) was 31 October 2016. Since that date, UK payment service providers are only able to collect Euro payments using SEPA payment schemes.

2.5 Financial Services Compensation Scheme

The FSMA established the Financial Services Compensation Scheme (the “**FSCS**”), which pays compensation to eligible customers of authorised financial services firms which are unable, or are likely to be unable, to pay claims against them. The FSCS provides protection in respect of eligible deposits up to (i) a maximum aggregate amount of £85,000 per eligible depositor per institution, and (ii) following certain exceptional life events (such as real estate transactions relating to the individual’s home, inheritance and payments under insurance policies) a temporary high balance limit of £1 million is available for individuals for six months. The FSCS also protects eligible investments up to a maximum aggregate amount of £50,000 per eligible claimant per institution and can protect eligible investors for up to (depending on the type of product or business) 90% or 100% of the value of a claim in respect of eligible insurance business. Based on its share of protected deposits, Bank of Ireland (UK) plc pays levies to the FSCS to enable the scheme to meet claims against it. While it is anticipated that the substantial majority of claims will be repaid wholly from recoveries from the institutions concerned, there is the risk of a shortfall, such that the FSCS may place additional levies, which may represent significant amounts, on all FSCS participants, including Bank of Ireland (UK) plc’s.

Section C—USA

In the United States, the Group, its Connecticut Branch (the “**Branch**”), its representative offices and certain of its US non-bank subsidiaries are subject to a comprehensive regulatory framework involving numerous federal and US State statutes, rules and regulations.

The Group operates a branch in Connecticut from which it conducts a wholesale banking business. The Branch is licensed, and subject to regulation and examination, by the Connecticut Department of Banking.

The Group also maintains representative offices in the States of New York, California and Illinois. These representative offices are licensed by their respective US State bank authority and are subject to the laws and regulations of those states. In addition, the Board of Governors of the Federal Reserve System exercises supervisory and regulatory authority over the Branch and the representative offices and has umbrella or overall supervisory responsibility for the US activities of the Group. US and US State laws and regulations, including prudential restrictions, limit the permissible US activities of a foreign bank. For example, the Branch has limits on the amount of credit it may grant to a single borrower, the Branch may not accept retail deposits, and Branch deposits and obligations are not insured by the US Federal Deposit Insurance Corporation or any other United States government agency. In addition, the Connecticut Department of Banking has the authority to take possession of the business and property of the Group located in Connecticut in certain circumstances relating to the Branch. Such circumstances generally include violations of law, unsafe business practices and insolvency.

In addition to the direct regulation of the Group’s US banking offices, by operating a branch in the United States, the Group is subject to regulation by the Board of Governors of the Federal Reserve System under various laws, including the Bank Holding Company Act of 1956, as amended (the “**BHCA**”), and the International Banking Act of 1978. In this regard, the Bank has elected to become a ‘financial holding company’ (“**FHC**”) under the BHCA. FHCs may engage in a broader spectrum of financial activities than are permitted to banking organisations that are not FHCs, including underwriting and dealing in all types of securities and merchant banking activities. To maintain its FHC status, the Group is required to meet or exceed certain capital ratios and its Branch is required to meet or exceed certain examinations ratings. Currently the Group relies on FHC status only to conduct certain limited activities in the United States. Failure to maintain FHC status could limit the activities of the Group in the US. BOIG plc expects to file an election with the Federal Reserve to become a FHC and, if granted, the Group will continue to be subject to the same capital ratio and examination and other requirements that currently apply to the Bank.

The US Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the “**Dodd-Frank Act**”) contains far reaching regulatory reform, and will change the way in which the Group is regulated in the US and in some cases outside the US. Since enactment of the Dodd-Frank Act in July 2010, there has been a stream of proposed regulations and final regulations issued by the various financial sector administrative agencies (e.g. the SEC, the CFTC, the Federal Reserve Board) and others are expected. These regulations include new rules for derivatives trading, reporting and clearing, prohibitions on proprietary trading, and the sponsorship of, and investment in, hedge funds and private equity funds (the “**Volcker rule**”), new regulations for foreign investment advisors, systemic risk oversight, heightened prudential standards and the annual submission to US Regulators of a Living Will or resolution plan. The Dodd-Frank Act also made changes to the corporate governance requirements applicable to Boards, of publically traded foreign banking organisations, as well as shareholder ‘say-on-pay’ proxies for executive compensation and severance payments for departing employees. Under the heightened prudential standards that have been finalised, the Group will be (i) subject to risk-based and leverage capital requirements on a consolidated basis consistent with the Basel Committee’s regulatory capital framework which can be satisfied by meeting its Irish requirements, (ii) required to meet internal liquidity stress testing requirements under Irish law for its consolidated operations or its combined US operations only, (iii) required to be subject to and satisfy Irish general stress test requirements including stress tests conducted or evaluated by the CBI and management related stress tests governance and control requirements, (iv) required to maintain a committee of the Board, on a standalone basis or as part of its enterprise-wide risk committee (or equivalent thereof), which oversees the risk management policies of its combined US operations and has at least one member with experience in ‘identifying, assessing, and managing risk exposures of large, complex firms’ and (v) subject to a debt-to-equity ratio limitation of no more than 15-to-1. A failure to meet any of these requirements could result in the Group and the Group’s US operations and subsidiaries being subject to additional requirements, conditions or restrictions.

A major focus of US governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing and enforcing compliance with US economic

sanctions issued by the Office of Foreign Assets Control. The Bank Secrecy Act as amended by the USA Patriot Act imposes obligations on the Branch and the Group's subsidiaries to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to verify the identity of their clients to ensure compliance with US economic sanctions against designated foreign countries, nationals and others. Failure to maintain and implement adequate programmes to combat money laundering and terrorist financing or to ensure economic sanctions compliance could have serious consequences, in legal and monetary terms and in terms of the Group's reputation.

PART X: OPERATING AND FINANCIAL REVIEW

This Part X (Operating and Financial Review) should be read in conjunction with Part III (Important Information), Part VII (Overview of the Business of the Group) and Part XI (Historical Financial Information) of this Prospectus. Prospective BOIG plc Shareholders should read the entire Prospectus and not just rely on the summary information set out below.

The discussion of the Group's results of operations and financial condition in the documents referred to below contains certain forward-looking statements. The Group's actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, particularly under Part II (Risk Factors) and Part III (Important Information) of this Prospectus. This discussion should be read in conjunction with Part III (Important Information), Part VII (Overview of the Business of the Group) and Part XI (Historical Financial Information) and related notes incorporated by reference into this Prospectus.

1. Operating and Financial review relating to the Group for the year ended 31 December 2016

A review of the Group's financial condition and operating results for the year ended 31 December 2016, including selected statistical and other information, can be found on pages 16 to 61 of the Group 2016 Annual Report and is incorporated by reference herein.

Further information from the Group 2016 Annual Report that should be read in conjunction with the review of the Group's financial condition and operating results is incorporated by reference herein and the following list is intended to enable prospective BOIG plc Shareholders to identify this information. The page numbers below refer to the relevant pages of the Group 2016 Annual Report:

- Risk Management Report—pages 62 to 133;
- Bank statement of changes in equity—pages 308 to 309;
- Group exposure to selected countries—pages 358-360
- Supplementary asset quality and forbearance disclosures—pages 361 to 414
- Consolidated average balance sheet and interest rates—page 415; and
- Glossary—page 421.

2. Operating and Financial review relating to the Group for the year ended 31 December 2015

A review of the Group's financial condition and operating results for the year ended 31 December 2015, including selected statistical and other information, can be found on pages 14 to 59 of the Group 2015 Annual Report and is incorporated by reference herein.

Further information from the Group 2015 Annual Report that should be read in conjunction with the review of the Group's financial condition and operating results is incorporated by reference herein and the following list is intended to enable prospective BOIG Shareholders to identify this information. The page numbers below refer to the relevant pages of the Group 2015 Annual Report:

- Risk Management Report—pages 60 to 121;
- Bank statement of changes in equity—pages 297 to 298;
- Group exposure to selected countries—pages 348 to 357;
- Supplementary asset quality and forbearance disclosures—pages 358 to 412; and
- Consolidated average balance sheet and interest rates—page 413.

3. Operating and Financial review relating to BOIG plc

As BOIG plc was incorporated on 28 November 2016 and has not commenced trading, there is no operating and financial review in respect of BOIG plc.

PART XI: HISTORICAL FINANCIAL INFORMATION

Section A: Selected Financial Information

The table below sets out selected financial information for the Group for the periods indicated. The selected financial information below has been extracted without material adjustment from the historical financial information which is incorporated by reference in this Prospectus as set out in Section B of this Part XI (Historical Financial Information).

Upon the Scheme becoming effective, BOIG plc will become the new parent company of the Bank and its assets, liabilities and earnings on a consolidated basis will be those of the Group.

Consolidated Income Statement

€ millions	Year ended 31 December		
	2016	2015	2014
Interest income	2,861	3,269	3,432
Interest expense	(598)	(825)	(1,111)
Net interest income	2,263	2,444	2,321
Net insurance premium income	1,226	1,350	1,344
Fee and commission income	559	561	558
Fee and commission expense	(222)	(242)	(214)
Net trading income / (expense)	113	58	(42)
Life assurance investment income, gains and losses	446	334	814
Other operating income	287	299	270
Total operating income	4,672	4,804	5,051
Insurance contract liabilities and claims paid	(1,564)	(1,511)	(2,079)
Total operating income, net of insurance claims	3,108	3,293	2,972
Other operating expenses ⁽¹⁾	(1,897)	(1,819)	(1,612)
Cost of restructuring programme	(35)	(43)	(56)
Operating profit before impairment charges on financial assets	1,176	1,431	1,304
Impairment charges on financial assets	(178)	(296)	(472)
Operating profit	998	1,135	832
Share of results of associates and joint ventures (after tax)	41	46	92
(Loss) / profit on disposal / liquidation of business activities	(7)	51	(4)
Profit before tax	1,032	1,232	920
Taxation charge	(239)	(285)	(134)
Profit for the year	793	947	786

(1) For the years ended 31 December 2015 and 2014, gains of €4 million and €93 million respectively, relating to the impact of amendments to a Group sponsored defined benefit pension scheme, were recognised within the income statement as a separate line item. In line with the presentation format adopted in the financial statements of the Group for the year ended 31 December 2016, these are now recognised within the line item Other Operating Expenses.

Consolidated Balance Sheet

€ millions	As at 31 December		
	2016	2015	2014
Assets			
Cash and balances at central banks	5,192	6,603	4,991
Items in the course of collection from other banks	242	294	435
Trading securities	18	3	12
Derivative financial instruments	3,709	3,064	3,692
Other financial assets at fair value through profit or loss	13,249	12,280	11,528
Loans and advances to banks	3,349	4,578	4,851
Available for sale financial assets	10,794	10,128	13,580
Held to maturity financial assets	1,872	1,922	—
NAMA senior bonds	451	1,414	2,374
Loans and advances to customers	78,477	84,689	82,118
Assets classified as held for sale	—	20	135
Interest in associates	56	56	56
Interest in joint ventures	71	83	233
Intangible assets	635	526	410
Investment properties	864	841	701
Property, plant and equipment	353	334	324
Current tax assets	4	13	11
Deferred tax assets	1,298	1,453	1,638
Other assets	2,487	2,640	2,705
Retirement benefit assets	8	19	6
Total assets	123,129	130,960	129,800
Equity and liabilities			
Deposits from banks	3,662	952	3,855
Customer accounts	75,167	80,164	74,837
Items in the course of transmission to other banks	223	239	379
Derivative financial instruments	2,873	3,619	4,038
Debt securities in issue	10,697	13,243	16,040
Liabilities to customers under investment contracts	5,647	5,729	5,680
Insurance contract liabilities	10,934	10,403	9,918
Other liabilities	2,465	4,103	2,628
Current tax liabilities	19	35	30
Provisions	96	97	85
Deferred tax liabilities	65	68	71
Retirement benefit obligations	454	755	992
Subordinated liabilities	1,425	2,440	2,500
Total liabilities	113,727	121,847	121,053
Equity			
Capital stock	2,545	2,558	2,558
Stock premium account	571	1,135	1,135
Retained earnings	5,214	4,950	4,196
Other reserves	342	(260)	876
Own stock held for the benefit of life assurance policyholders	(11)	(11)	(12)
Stockholders' equity	8,661	8,372	8,753
Other equity instruments	740	740	—
Total equity excluding non-controlling interests	9,401	9,112	8,753
Non-controlling interests	1	1	(6)
Total equity	9,402	9,113	8,747
Total equity and liabilities	123,129	130,960	129,800

Additional performance indicators

The performance indicators presented below are derived from the audited historical financial information of the Group. Some of the performance indicators are calculated using underlying¹ data from the consolidated income statement and consolidated balance sheet as presented in this section Part XI (*Historical financial information*) above.

	Year ended 31 December		
	2016	2015	2014
Group Performance			
Underlying profit before tax ⁽¹⁾ (€m)	1,071	1,201	921
Net interest margin ⁽²⁾ (%)	2.19%	2.19%	2.11%
Impairment charge on loans and advances to customers ⁽⁵⁾ (bps)	21	32	59
Return on assets ⁽⁶⁾ (bps)	64	72	61
	Year ended 31 December		
	2016	2015	2014
Balance sheet metrics			
Average interest earning assets ⁽⁷⁾ (€bn)	102	109	109
Non-performing loan volumes ⁽⁸⁾ (€bn)	7.9	12.0	15.8
Defaulted loan volumes ⁽⁹⁾ (€bn)	6.9	10.6	14.3
	Year ended 31 December		
	2016	2015	2014
Liquidity			
Liquidity coverage ratio ⁽¹⁰⁾	113%	108%	103%
Net stable funding ratio ⁽¹¹⁾	122%	120%	114%
Loan to deposit ratio ⁽¹²⁾	104%	106%	110%

	Year ended 31 December		
	2016	2015	2014
Capital⁽¹³⁾			
Common equity tier 1 ratio – CRD IV fully loaded	12.3%	11.3%	9.3%
Common equity tier 1 ratio – CRD IV transitional	14.2%	13.3%	12.3%
Total capital ratio – CRD IV transitional	18.5%	18.0%	15.8%
Risk weighted assets – CRD IV transitional (€bn)	50.8	53.3	51.6

- (1) Underlying excludes non-core items which are those items that the Group believes obscure the underlying performance trends in the business. The following table reconciles divisional underlying profit before tax to the Group's reported profit before tax:

Reconciliation of divisional underlying profit before tax to the Group's reported profit

	Year ended 31 December		
	2016	2015	2014
	€m	€m	€m
Retail Ireland	615	507	328
Bank of Ireland Life	121	103	133
Retail UK	133	193	127
Corporate and Treasury	531	637	553
Group Centre and other (including ELG fees)	(329)	(239)	(220)
Underlying profit before tax (€m)	1,071	1,201	921
Non-core items:			
(Loss) / gain on disposal/liquidation of business activities	(7)	51	(4)
Cost of restructuring programme	(35)	(43)	(56)
Gain / (charge) arising on the movement in the Group's credit spreads	5	11	(10)
Gross up for policyholder tax in the life business	15	11	14
Impact of Group's pension reviews (2010 and 2013)	—	4	93
Payments in respect of the career and reward framework	—	(2)	(32)
Loss on liability management exercises	(19)	(1)	(5)
Investment return on treasury stock held for policyholders	2	—	(1)
Total non-core items	(39)	31	(1)
Profit before tax	1,032	1,232	920

- (2) Net interest margin is calculated as net interest income (before ELG fees³ and after IFRS income classifications⁴) divided by total average interest earning assets⁷. The below table reconciles reported net interest income to net interest income used in the calculation of the net interest margin:

	Year ended 31 December		
	2016	2015	2014
	€m	€m	€m
Net interest income	2,263	2,444	2,321
Add back ELG fees ⁽³⁾	20	10	37
IFRS income classification ⁽⁴⁾ adjustment	(45)	(83)	(53)
Net interest income (before ELG fees after IFRS income classifications)	2,238	2,371	2,305

- (3) The Government Guarantee Scheme, the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (“**ELG Scheme**”) ended for all new liabilities on 28 March 2013. A fee is payable in respect of each liability guaranteed under the ELG Scheme until the maturity of the guaranteed deposit or term funding.
- (4) “Net interest income” and “net other income” are affected by certain IFRS income classifications. Under IFRS, certain assets and liabilities can be designated at “fair value through profit or loss” (“**FVTPL**”). Where the Group has designated liabilities at “fair value through profit or loss”, the total fair value movements on these liabilities, including interest expense, are reported in “net other income”. However, the interest income on any assets which are funded by these liabilities is reported in the “net interest income”. In addition, assets are purchased and debt is raised in a variety of currencies and the resulting foreign exchange and interest rate risk is economically managed using derivative instruments- the cost of which is reported in “net other income”. To enable a better understanding of underlying business trends, the impact of these IFRS income classifications is reflected in calculation of the Net Interest Margin.
- (5) Impairment charge on loans and advances to customers (bps) is the net impairment charge on loans and advances to customers divided by average gross loans and advances to customers (including held for sale).
- (6) Return on assets (bps) is calculated as being statutory net profit (being profit after tax) divided by total assets, in line with the requirement in the European Union (Capital Requirements) Regulations 2014.

- (7) The following table shows the average interest earning assets used in the calculation of the net interest margin. The calculation of average balances can be based on daily, weekly or monthly average. The average balances used are considered to be representative of the operations of the Group.

	Year ended 31 December		
	2016	2015	2014
	€m	€m	€m
Loans and advances to banks	8,470	9,166	8,589
Loans and advances to customers	80,693	85,120	83,879
Available for sale financial assets and NAMA senior bonds	11,182	12,973	16,514
Held to maturity financial assets	1,896	1,292	—
Total average interest earning assets	102,241	108,551	108,982

- (8) Non-performing loans are defined as defaulted loans⁽⁹⁾ together with probationary residential mortgages⁽¹⁴⁾.
- (9) Defaulted loans are defined as impaired loans (which, for the years ended 31 December 2016, 2015 and 2014, totalled €6.5 billion, €10.0 billion and €13.4 billion respectively) together with residential mortgages which are greater than 90 days in arrears (which, for the years ended 31 December 2016, 2015 and 2014, totalled €0.4 billion, €0.6 billion and €0.9 billion respectively).
- (10) The Group's Liquidity Coverage Ratio (LCR) is calculated based on the Commission Delegated Regulation (EU) 2015/61 which came into force on 1 October 2015. The LCR at 31 December 2014 has been restated and has been calculated on the same basis.
- (11) The Group's Net Stable Funding Ratio (NSFR) is calculated based on the Group's interpretation of the Basel Committee on Banking Supervision October 2014 document.
- (12) Loan to deposit ratio is calculated as being net loans and advances to customers divided by customer accounts.
- (13) The CRD IV transitional Common equity tier 1 and Total capital ratios at 31 December 2014 have been restated to exclude the benefit of the 2009 Preference Stock which the Group derecognised from regulatory capital in November 2015. Including the benefit of the 2009 Preference Stock the CRD IV transitional Common equity tier 1 and Total capital ratios at 31 December 2014 were 14.8% and 18.3% respectively.
- (14) Probationary residential mortgages comprise both "Self-cure" and "Forborne" residential mortgages which are defined as follows:
- "Self-cure" probationary residential mortgages are non-forborne mortgages which were previously defaulted, did not require forbearance to exit defaulted status, and are now, or will be, subject to the successful completion of a 12 month probation period. Upon successful completion of this probation period, these mortgage loans will be reported as performing loans. For the years ended 31 December 2016, 2015 and 2014, these totalled €0.5 billion, €0.8 billion and €0.9 billion respectively.
 - "Forborne" probationary residential mortgages are mortgages which were previously defaulted, required forbearance to exit defaulted status, and are now, or will be, subject to the successful completion of a 12 month probation period. Upon successful completion of this probation period, these mortgage loans will be reported as performing loans. 'Forborne' probationary mortgages also includes those mortgages which were previously defaulted, and are now in a 'full interest' forbearance arrangement, regardless of whether they have successfully completed a 12 month probation period. For the years ended 31 December 2016, 2015 and 2014, these totalled €0.5 billion, €0.6 billion and €0.6 billion respectively.

Section B: The Group

The financial statements of the Group included in the consolidated audited annual reports and accounts of the Group for each of the three years ended 31 December 2016, 31 December 2015 and 31 December 2014 (as identified in the table below), together with the audit reports thereon, are incorporated by reference into this Prospectus. The financial statements for years ended 31 December 2016, 31 December 2015 and 31 December 2014 have been prepared in accordance with IFRS as adopted by the EU.

Parts of the following documents are incorporated and taken to form an integral part of this Prospectus.

Bank of Ireland’s Annual Report for the financial year ended 31 December 2016 (the “**Group 2016 Annual Report**”) accessible at:

<https://investorrelations.bankofireland.com/wp-content/assets/BOI-Annual-Report-2016.pdf>

Bank of Ireland’s Annual Report for the financial year ended 31 December 2015 (the “**Group 2015 Annual Report**”) accessible at:

<https://investorrelations.bankofireland.com/wp-content/assets/BOI-Annual-Report-2015.pdf>

Bank of Ireland’s Annual Report for the financial year ended 31 December 2014 (the “**Group 2014 Annual Report**”) accessible at:

<https://www.bankofireland.com/fs/doc/wysiwyg/boi-annual-report-2014.pdf>

The table below sets out the portions of the documents which are incorporated by reference into this Prospectus, to ensure that the readers of this Prospectus are aware of all information which, according to the particular nature of the Group, is necessary to enable the readers of this Prospectus to make an informed assessment of the assets and liabilities, financial position and profit and losses and prospects of the Group.

<u>Reference document(s)</u>	<u>Information incorporated by reference into this Prospectus</u>	<u>Page numbers in reference document</u>
Group 2016 Annual Report	Independent Auditors’ Report	178–186
	Consolidated income statement	187
	Consolidated statement of comprehensive income	188
	Consolidated balance sheet	189
	Consolidated statement of changes in equity	190–191
	Consolidated cash flow statement	192–193
	Notes to the consolidated financial statements	194–305
Group 2015 Annual Report	Independent Auditors’ Report	158–166
	Consolidated income statement	167
	Consolidated statement of comprehensive income	168
	Consolidated balance sheet	169
	Consolidated statement of changes in equity	170–171
	Consolidated cash flow statement	172–173
	Notes to the consolidated financial statements	174–294
Group 2014 Annual Report	Independent Auditors’ Report	150–155
	Consolidated income statement	156
	Consolidated statement of comprehensive income	157
	Consolidated balance sheet	158–159
	Consolidated statement of changes in equity	160–161
	Consolidated cash flow statement	162–163
	Group accounting policies	164–190
Notes to the consolidated financial statements	191–286	

Section C: BOIG plc

The following financial information presents the financial records of BOIG plc for the period from incorporation on 28 November 2016 to 31 December 2016. The BOIG plc Directors have prepared financial information for BOIG plc for the period ended 31 December 2016 on the basis expected to be applicable, in so far as this is currently known, for the first set of consolidated financial statements of BOIG plc expected to be prepared for the period ended 31 December 2017.

Condensed statement of financial position

	<u>As at</u> <u>31 December 2016</u>
	€
Assets	
Debtors	25,000
Total assets	<u>25,000</u>
Equity	
Called up share capital	25,000
Total equity	<u>25,000</u>

Income Statement

BOIG plc did not trade during the period from incorporation (being 28 November 2016) to 31 December 2016 and received no income and incurred no expenditure. Consequently, during this period BOIG plc made neither a profit nor loss.

BOIG plc has no other recognised gains or losses, nor any cash flows during this period and accordingly no statement of changes in equity or statement of cash flows is presented.

1. Summary of Accounting Policies

BOIG plc is a company domiciled in Ireland. BOIG plc's registered office address is 40 Mespil Road, Dublin, D04 C2N4, Ireland. BOIG plc was incorporated as Adjigo plc on 28 November 2016. On 31 March 2017, Adjigo plc changed its name to Bank of Ireland Group plc.

Statement of compliance

The financial information has been prepared in accordance with IFRS as adopted by the EU.

Basis of preparation

The financial information presents the financial records of BOIG plc for the period from incorporation (being 28 November 2016) to 31 December 2016.

The financial information is presented in euro (€), being the functional currency of BOIG plc's operations.

BOIG plc did not trade during the period from incorporation to 31 December 2016.

As a company seeking admission, BOIG plc is required by paragraph 20.1 of Annex I to the EU Prospectus Regulation to prepare and present in this Prospectus the last three years (or such shorter period that the issuer has been in operation) of audited historical financial information in a form consistent with the accounting policies to be adopted by BOIG plc's next published consolidated financial statements. Accordingly, the BOIG plc Directors have prepared financial information for BOIG plc for the period ended 31 December 2016 on the basis expected to be applicable, in so far as this is currently known, for the first set of consolidated financial statements of BOIG plc expected to be prepared for the period ended 31 December 2017).

Debtors

Debtors are stated at the lower of amortised cost or recoverable amount.

Share capital

Ordinary shares are classified as equity.

2. Authorised and Issued Share Capital

	<u>31 December 2016</u>
	€
Authorised Share Capital	
10,000,000,000 ordinary shares of €0.10 each	1,000,000,000
25,000 deferred ordinary shares of €1.00 each	25,000
	<u>1,000,025,000</u>
Issued and called up Share Capital	
2 ordinary shares of €0.10 each	0.20
25,000 deferred ordinary shares of €1.00 each	25,000

On incorporation (28 November 2016), the issued share capital of BOIG plc was €25,000.20 divided into 25,000 deferred ordinary shares of €1.00 each and 2 deferred ordinary shares of €0.10 each. All of these shares were fully paid up on that date.

3. Debtors

Debtors are receivable within one year.

4. Indebtedness

As at the date of this Prospectus, BOIG plc has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness.

5. Post Balance Sheet Events

BOIG plc implemented a re-nominalisation of its share capital on 23 March 2017. The following table sets out the current authorised and issued share capital of BOIG plc.

	<u>€</u>
Authorised Share Capital	
10,000,000,000 ordinary shares of €1.00 each	10,000,000,000
27,800 deferred ordinary shares of €0.90 each	25,020
	<u>10,000,025,020</u>
Issued and called up Share Capital	
2 ordinary shares of €1.00 each	2
27,800 deferred ordinary shares of €0.90 each	25,020

There have been no other post balance sheet events since 31 December 2016.

Accountant's report on BOIG plc for the period from the date of incorporation (being 28 November 2016) to 31 December 2016



The Directors
Bank of Ireland Group plc
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Dublin
Republic of Ireland

Irish Sponsor and Joint UK Sponsor
J&E Davy
49 Dawson Street
Dublin 2
Republic of Ireland

Joint UK Sponsor
UBS Limited
5 Broadgate
London
EC2M 2QS
United Kingdom

4 April 2017

Dear Sirs

Accountant's report on Bank of Ireland Group plc ("BOIG plc") for the period from the date of incorporation (28 November 2016) to 31 December 2016

We report on the financial information set out in Part C of Part XI (*Historical Financial Information*) of the Prospectus in respect of BOIG plc. This financial information has been prepared for inclusion in the Prospectus dated 4 April 2017 of BOIG plc on the basis of the accounting policies set out in Note 1. This report is required by paragraph 20.1 of Annex I of the Commission Regulation (EC) No 809/2004 (the "**EU Prospectus Regulation**") and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors of BOIG plc (the "**Directors**") are responsible for preparing the financial information on the basis of preparation set out in Note 1 to the financial information.

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph 2(2)(f) of Schedule 1 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the "**Prospectus Regulations**") to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 23.1 of Annex I of the EU Prospectus Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board of the United Kingdom and published by the Institute of Chartered Accountants in Ireland. Our work included an assessment of evidence relevant to the amounts and disclosures in the

financial information. It also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Prospectus dated 4 April 2017, a true and fair view of the state of affairs of BOIG plc as at 31 December 2016, of its results and its cash flows for the period from the date of incorporation (being 28 November 2016) to 31 December 2016 in accordance with the basis of preparation set out in Note 1 to the financial information.

Declaration

For the purposes of paragraph 2(2)(f) of Schedule 1 of the Prospectus Regulations we are responsible for this report as part of the Prospectus and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with paragraph 1.2 of Annex I of the EU Prospectus Regulation.

Yours faithfully

PricewaterhouseCoopers
Chartered Accountants
Dublin, Ireland

PART XII: UNAUDITED PRO FORMA FINANCIAL INFORMATION

Section A: Effect of the Scheme on Capital Adequacy

The unaudited pro forma financial information set out in this Part XII is based on the audited results of the Group for the year ended 31 December 2016, which were prepared in accordance with IFRS and as adopted by the EU, and with those parts of the Companies Act applicable to companies reporting under IFRS, the European Union (Credit Institutions: Financial Statements) Regulations 2015, and, in respect of the consolidated financial statements, Article 4 of the IAS Regulation.

The unaudited pro forma financial information has been prepared by applying the adjustments described in the notes set out below and in accordance with Annexes I and II of the EU Prospectus Regulations. The unaudited pro forma financial information has been prepared to illustrate the effect of the Scheme as if it had become effective on 1 January 2017 (transitional) and 31 December 2016 (fully loaded).

The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, the pro forma financial information addresses a hypothetical situation and does not, therefore, represent the Group's actual financial position or results.

The SSM has advised the Group that following the establishment of BOIG plc and the Scheme becoming effective, pursuant to Articles 85 and 87 of the CRR, a proportion of the subordinated debt issued by the Bank and its subsidiaries will not be reflected in the consolidated Group's Total Capital ratio. The Scheme is not expected to give rise to changes in the Group's reported CET1 capital ratios. 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 of this change on a pro forma basis as at 1 January 2017 is estimated to be a reduction of 1.8% in the Group's Total Capital ratio from 18.2% to 16.4% on a transitional basis. 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. The scale of this reduction would be eliminated as and when the relevant subordinated debt is redeemed. This change in regulatory capital recognition has no impact on the Group's financial statements.

1. Pro forma balance sheet as at 31 December 2016

	Reported position as at 31 December 2016	Adjustments Effect of the Scheme	Pro forma adjusted position as at 31 December 2016
	€m ⁽¹⁾	€m ⁽²⁾	€m ⁽³⁾
Total assets	123,129	—	123,129
Total liabilities	113,727	—	113,727
Total equity	9,402	—	9,402
Total equity and liabilities	123,129	—	123,129

Notes

- (1) Information on the balance sheet of the Group as at 31 December 2016 has been extracted without material adjustment from the audited consolidated balance sheet included in the Group 2016 Annual Report.
- (2) This column represents the effect of the Scheme, which is nil in relation to the reported values in the Group's financial statements.
- (3) No account has been taken of the Group's trading performance, changes in the Group's liquidity or funding positions or any other transactions (actual or proposed) of the Group since 31 December 2016.

2. Pro forma regulatory capital ratios as at 31 December 2016/ 1 January 2017

The SSM has advised the Group that adjustments to the Group's Total Tier 1 and Total Capital ratios are required under Articles 85 and 87 of the CRR following the Scheme becoming effective. Article 85 requires that a proportion of the surplus Total Tier 1 Capital of a Bank regulatory consolidation⁽⁴⁾ which is represented by externally issued subordinated debt instruments be excluded from the calculation of the Group's Total Tier 1 Capital ratios. Article 87 requires a similar adjustment in respect of surplus Total Capital. The Scheme is not expected to give rise to changes in the Group's reported CET1 capital ratios.

The estimated impact on the Group's capital ratios of the exclusion of a proportion of surplus Bank capital on a transitional and fully loaded basis is set out in the tables immediately below.

Pro Forma impact (Group Capital Adequacy—Transitional basis)

	As at 31 December 2016	Transitional Impacts	As at 1 January 2017	Adjustments Effect of the Scheme	Pro forma as at 1 January 2017
	Note 5	Note 6	Note 7	Note 8	Note 9 & 10
Key Capital Adequacy Metrics					
Total Risk Weighted Assets (€ million) . . .	50,830	—	50,830	—	50,830
Total Leverage Ratio exposure ⁽¹¹⁾ (€ million)	109,837	(137)	109,700	—	109,700
Common Equity Tier 1 Capital (€ million)	7,217	(111)	7,106	—	7,106
Total Tier 1 Capital (€ million)	7,992	(105)	7,887	(372)	7,515
Total Capital (€ million)	9,384	(140)	9,244	(891)	8,353
Common Equity Tier 1 (ratio)	14.2%	(0.2)%	14.0%	—	14.0%
Total Tier 1 Capital (ratio)	15.7%	(0.2)%	15.5%	(0.7)%	14.8%
Total Capital (ratio)	18.5%	(0.3)%	18.2%	(1.8)%	16.4%
Leverage Ratio	7.3%	(0.1)%	7.2%	(0.3)%	6.9%

Pro Forma impact (Group Capital Adequacy—Fully loaded basis)

	As at 31 December 2016	Adjustments Effect of the Scheme	Pro forma as at 31 December 2016
	Note 5	Note 8	Note 9 & 10
Key Capital Adequacy Metrics			
Total Risk Weighted Assets (€ million)	50,722	—	50,722
Total Leverage Ratio exposure ⁽¹¹⁾ (€ million)	108,789	—	108,789
Common Equity Tier 1 Capital (€ million)	6,219	—	6,219
Total Tier 1 Capital (€ million)	6,969	(405)	6,564
Total Capital (€ million)	8,315	(1,017)	7,298
Common Equity Tier 1 (ratio)	12.3%	—	12.3%
Total Tier 1 Capital (ratio)	13.7%	(0.8)%	12.9%
Total Capital (ratio)	16.4%	(2.0)%	14.4%
Leverage Ratio	6.4%	(0.4)%	6.0%

Notes

- (4) The preparation of a Bank regulatory consolidation follows the requirements prescribed in Articles 85(2) and 87(2) of the CRR.
- (5) Information on the risk weighted assets, capital resources and capital ratios of the Group as at 31 December 2016 has been extracted without material adjustment from the Group 2016 Annual Report.
- (6) This column represents the phase-in of the Capital Requirements Regulation (CRR) transitional rules which result in a number of adjustments to the Group's transitional regulatory capital ratios being implemented on a phased basis on 1 January each year during the transition period. Details of the transition period are included under the heading CRD IV on page 37 of the Group 2016 Annual Report.
- (7) This column sets out the impact of the 1 January 2017 transitional adjustments on the Group's 31 December 2016 transitional regulatory capital ratios.
- (8) This column reflects the 'Effect of the Scheme' and represents the adjustments for the Scheme which reduce the Group's regulatory capital position following the application of Articles 85 and 87 of the CRR. To calculate the adjustment arising under Articles 85 and 87 of the CRR it is necessary to calculate the excess Total Tier 1 and Total Capital of a Bank regulatory consolidation and identify the amount of such surpluses which relate to subordinated debt issued to third parties. The adjustment percentages in respect of Total Tier 1 Capital and Total Capital ratios are calculated by dividing the adjustment to Group Total Tier 1 Capital and Total Capital by the Total Risk Weighted Assets, while the adjustment percentage for the Leverage Ratio is calculated by dividing the adjustment to Group Total Tier 1 Capital by Total Leverage Ratio exposure.
- (9) This column is the sum of Notes 7 and 8 (transitional) and Notes 5 and 8 (fully loaded) above and represents the pro forma total Risk Weighted Assets, Total Leverage Ratio exposure, Common Equity Tier 1 Capital, Total Tier 1 Capital, Total Capital, Common Equity Tier 1 Ratio, Total Tier 1 Capital Ratio Total, Capital Ratio and Leverage Ratio on the basis that the Scheme became effective on 1 January 2017 (transitional) and 31 December 2016 (fully loaded).
- (10) No account has been taken of the Group's trading performance, changes in the Group's liquidity or funding positions or any other transactions (actual or proposed) of the Group on/ after 1 January 2017.
- (11) Total Leverage Ratio exposure is calculated in accordance with Articles 429, 499(2) and (3) of the CRR.

Section B: Report on the unaudited pro forma financial information of the Company



The Directors
Bank of Ireland Group plc
Group Head Office
40 Mespil Road
Dublin 4
Republic of Ireland
(the “**Company**”)

The Directors
The Governor and Company of the Bank of Ireland
Group Head Office
40 Mespil Road
Dublin 4
Republic of Ireland
(the “**Group**”)

Irish Sponsor and Joint UK Sponsor

J&E Davy
49 Dawson Street
Dublin 2
Republic of Ireland

Joint UK Sponsor

UBS Limited
5 Broadgate
London
EC2M 2QS
United Kingdom

4 April 2017

Dear Sirs

Bank of Ireland Group plc (the “Company”).

We report on the pro forma financial information (the “**Pro forma financial information**”) set out in Part XII of the Company’s prospectus dated 4 April 2017 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro forma financial information, for illustrative purposes only, to provide information about how the proposed Scheme might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the financial information for the period ending 31 December 2016. This report is required by item 7 of Annex II to the Commission Regulation (EC) No. 809/2004 (the “EU Prospectus Regulation”) and is given for the purpose of complying with the EU Prospectus Regulation and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Group to prepare the Pro forma financial information in accordance with item 7 of Annex II to the EU Prospectus Regulation.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the EU Prospectus Regulation as to the proper compilation of the Pro forma financial information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma financial information, nor do we

accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under paragraph 2(2)(f) of Schedule 1 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Prospectus Regulations”) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with item 23.1 of Annex I to the EU Prospectus Regulation, consenting to its inclusion in the Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and published by the Institute of Chartered Accountants in Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma financial information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma financial information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

- a) the pro forma financial information has been properly compiled on the basis stated; and
- b) such basis is consistent with the accounting policies of the Company.

Declaration

For the purposes of paragraph 2(2)(f) of Schedule 1 of the Prospectus Regulations we are responsible for this report as part of the Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Prospectus in compliance with Item 1.2 of Annex I to the EU Prospectus Regulation.

Yours faithfully

PricewaterhouseCoopers
Chartered Accountants
Dublin, Ireland

PART XIII: CAPITALISATION AND INDEBTEDNESS

The capitalisation (excluding retained earnings) and indebtedness of the Group as at 31 December 2016 and 31 January 2017 is set out below. (This table should be read together with the financial statements of the Group for the year ended 31 December 2016 which are incorporated by reference into this Prospectus. The capitalisation (excluding retained earnings) and indebtedness as at 31 January 2017 has been derived from unaudited management information as at 31 January 2017).

BOIG plc was incorporated on 28 November 2016 with an issued share capital of €25,000.20 and is expected to become the holding company of the Group upon the Scheme becoming Effective as described in Part V (*Scheme Summary*). BOIG plc implemented a renormalisation of its share capital on 23 March 2017 and, as a result, its issued and called up share capital was increased to €25,022. BOIG plc has not traded or undertaken any other significant transactions since incorporation. As such, no historical financial information of BOIG plc has been provided.

	31 January 2017	31 December 2016
	€m	€m
<i>Current Debt</i> ⁽¹⁾		
Debt securities in issue ⁽²⁾⁽³⁾		
Secured	1,117	1,105
Unsecured	1,024	1,160
	<u>2,141</u>	<u>2,265</u>
Subordinated liabilities ⁽⁴⁾		
Dated (unsecured)	1	1
Total current debt	<u>2,142</u>	<u>2,266</u>
<i>Non-current Debt</i>		
Debt securities in issue ⁽²⁾⁽³⁾		
Secured	7,258	7,346
Unsecured	1,126	1,086
	<u>8,384</u>	<u>8,432</u>
Subordinated liabilities ⁽⁴⁾		
Dated (unsecured)	1,261	1,265
Undated (unsecured)	158	159
	<u>1,419</u>	<u>1,424</u>
Total non-current debt	<u>9,803</u>	<u>9,856</u>
Total Indebtedness	<u>11,945</u>	<u>12,122</u>
<i>Capitalisation</i>		
Capital stock	2,545	2,545
Stock premium	571	571
Other reserves	239	342
Own stock held for the benefit of life assurance policyholders	(10)	(11)
Additional Tier 1 securities ⁽⁵⁾	740	740
Total Capitalisation ⁽⁶⁾	<u>4,085</u>	<u>4,187</u>
Total Capitalisation and Indebtedness	<u>16,030</u>	<u>16,309</u>

Notes

- (1) Maturity up to one year.
- (2) Maturity analysis of debt securities in issue is based on expected maturity.
- (3) For the figures disclosed as at 31 December 2016, these comprise current and non-current debt securities in issue (€10,697 million) as disclosed in the Consolidated Balance Sheet as at 31 December 2016.
- (4) For the figures disclosed as at 31 December 2016, these comprise current and non-current subordinated liabilities (€1,425 million) as disclosed in the Consolidated Balance Sheet as at 31 December 2016.
- (5) Additional tier 1 securities with a par value of €750 million were issued in June 2015; the net amount raised after deduction of costs was €740 million.
- (6) Capitalisation excludes retained earnings. As at 31 December 2016, total capitalisation (€4,187 million) together with retained earnings (€5,214 million) comprise total equity excluding non-controlling interests as disclosed in the consolidated balance sheet as at 31 December 2016.

As at 31 December 2016, indirect and contingent indebtedness, which was comprised of (i) guarantees and irrevocable letters of credit, (ii) acceptances and endorsements and (iii) other contingent liabilities totalled €912 million.

PART XIV: TAXATION

Section A: 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 Prospectus, 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.

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

Section B: 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 Prospectus, 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.

1. 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 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.

2. Withholding Tax

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

3. 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.

4. 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.

5. 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.

Section C: 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 Prospectus, 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.

1. 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 (*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 therefor, 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.

2. 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.

3. 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.

3.1 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.

3.2 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.

3.3 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.

3.4 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 (*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.

3.5 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.

3.6 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.

3.7 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.

PART XV: DIRECTORS AND CORPORATE GOVERNANCE

1. BOIG plc Board

The following table lists the names, positions, dates of appointment and ages of the BOIG plc Directors at the Latest Practicable Date:

<u>Name</u>	<u>Age</u>	<u>Current Position</u>	<u>Date of appointment to Board</u>
Archie G Kane	64	Chairman	23 March 2017
Kent Atkinson	71	Director ⁽⁵⁾	23 March 2017
Richie Boucher	58	Director ⁽²⁾	23 March 2017
Pat Butler	56	Director ⁽⁵⁾	23 March 2017
Tom Considine	72	Director ⁽⁵⁾	23 March 2017
Patrick Haren	66	Director ⁽⁴⁾	23 March 2017
Andrew Keating	46	Director ⁽³⁾	23 March 2017
Patrick Kennedy	47	Director ⁽¹⁾	23 March 2017
Davida Marston	63	Director ⁽⁵⁾	23 March 2017
Fiona Muldoon	49	Director ⁽⁵⁾	23 March 2017
Patrick Mulvihill	54	Director ⁽⁵⁾	23 March 2017

(1) With effect from the Effective Date, Non-Executive Director and Deputy Chairman.

(2) With effect from the Effective Date, Executive Director and Group Chief Executive Officer.

(3) With effect from the Effective Date, Executive Director and Group Chief Financial Officer.

(4) With effect from the Effective Date, Non-Executive Director and Senior Independent Director.

(5) With effect from the Effective Date, Non-Executive Director.

The business address of the BOIG plc Directors is 40 Mespil Road, Dublin D04 C2N4, Ireland.

2. BOIG plc Board Structure

The information provided below relates to the Board, executive management and corporate governance of the Group as in effect on and after the establishment of BOIG plc as the holding company of the Group.

The Board is accountable to BOIG plc Shareholders for the overall direction and control of the Group. It is committed to high standards of governance designed to protect the long-term interests of shareholders and all other stakeholders while promoting the highest standards of integrity, transparency and accountability. The Board's role is to provide leadership of the Group within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board sets the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance.

Responsibility for the day-to-day management of the Group has been delegated by the Group to executive management. This delegation is effected through the Chief Executive Officer, who is accountable to the Board. The functions of Chairman and Chief Executive Officer are not combined and both roles' responsibilities are clearly divided. A number of responsibilities of the Board are delegated to sub-committees of the Board, details of which are set out below.

The composition of the Board and its Committees is reviewed by the Group Nomination and Governance Committee and the Board to ensure that there is an appropriate mix of skills and experience. In doing so, the Board aims to appoint Non-Executive Directors who have the skills and experience needed for a comprehensive understanding of the Group's activities and the risks associated with them.

The Bank's Court of Directors is currently composed of the same members as the BOIG plc Board with the exception of Brad Martin who is a Non-Executive Director on the Bank's Court of Directors. Brad will be retiring from the Bank's 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.

The Group announced on 24 March 2017 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 will continue in his role pending completion of this process. Accordingly, the

effective date of Richie's departure is not yet known (including whether it will be before or after the Effective Date) and a further announcement will be made when the date has been agreed.

The following biographies provide information on the BOIG plc Directors:

Archie G Kane

Archie G Kane was appointed to the Board as Chairman with effect from 23 March 2017. He was appointed to the Court of Directors in June 2012 and as Governor on 29 June 2012. He is chairman of the Group Nomination and Governance Committee and has been a member of the Group Remuneration Committee from June 2012. He is a member of the Institute of Chartered Accountants Scotland (ICAS). He retired from Lloyds Banking Group plc in May 2011, where he was Group Executive Director—Insurance and Scotland. Prior to that, he held a number of senior and general management positions with Lloyds Banking Group plc and TSB Bank plc. He was chairman of the Association of British Insurers and chairman of the Association of Payments and Clearing Services. He is a former member of the UK Takeover Panel, the Financial Services Global Competitiveness Group, the Insurance Industry Working Group, HM Treasury Financial Services Committee and the Financial Services Advisory Board—Government of Scotland. He is also a former member of TheCityUK Advisory Council. He has extensive experience of the financial services industry, having spent more than 25 years in various senior commercial, strategic and operational roles in Lloyds Banking Group plc and TSB Bank plc.

Patrick Kennedy

Patrick Kennedy was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, he shall be Deputy Chairman and a Non-Executive Director. He was appointed to the Court of Directors as a Non-Executive Director in July 2010 and as Deputy Governor with effect from 29 April 2015. He has been a member of the risk committee of the Court since January 2011 and Chairman since July 2016. He has also been a member of the Group Nomination and Governance Committee since September 2014 and a member of the Group Audit Committee since July 2016. He is a Fellow of Chartered Accountants Ireland. He was Chief Executive of Paddy Power plc from 2006 to 2014. Prior to his appointment as Chief Executive he had been a non-executive director of Paddy Power plc since 2004 and an executive director from 2005, during which time he served as chairman of the audit committee. He was a member of the risk committee of Paddy Power plc from 2006 to 2014. Prior to joining Paddy Power plc, he worked at Greencore Group plc for seven years where he was Chief Financial Officer and also held a number of senior strategic and corporate development roles. He also worked with KPMG Corporate Finance in Ireland and the Netherlands and as a strategy consultant with McKinsey & Co. in London, Dublin and Amsterdam. As an experienced Chief Executive Officer and Finance Director, he has in-depth knowledge of international business, management, finance, corporate transactions, strategic development and risk management through his involvement in Paddy Power plc, Elan Corporation plc (where he was Chairman of the Leadership, Development and Compensation Committee and a member of the Transaction Committee), Greencore Group plc and McKinsey & Co.

Richie Boucher

Richie Boucher was appointed to the Board as a Director with effect from 23 March 2017. Subject as set out below, with effect from the Effective Date, he shall be Group Chief Executive Officer and Executive Director. He was appointed to the Court of Directors as an Executive Director in October 2006 and as Group Chief Executive Officer in February 2009. He is a Fellow of the Institute of Banking. Richie joined the Group as Chief Executive of Corporate Banking in December 2003 from Royal Bank of Scotland. He was appointed Chief Executive of Retail Financial Services Ireland in January 2006. He is a past President of the Institute of Banking in Ireland (2008) and of the Irish Banking Federation (2006). He has over thirty years' experience in all aspects of financial services. He has held a number of key senior management roles within the Group, Royal Bank of Scotland and Ulster Bank through which he has developed extensive leadership, strategy development, financial, people, operational and risk management skills.

The Group announced on 24 March 2017 that Richie 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 will continue in his role pending completion of this process. Accordingly, the effective date of Richie's departure is not yet known (including whether it will be before or after the Effective Date) and a further announcement will be made when the date has been agreed.

Andrew Keating

Andrew Keating was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, he shall be Group Chief Financial Officer and Executive Director. He was appointed to the Court of Directors as Group Chief Financial Officer and as an Executive Director in February 2012. He is a Fellow of Chartered Accountants Ireland. He joined the Group in 2004, prior to which he held a number of senior finance roles with Ulster Bank, having qualified as a Chartered Accountant with Arthur Andersen. Prior to his appointment as Group Chief Financial Officer, he held the role of Director of Group Finance. He is an experienced financial services professional who has held a number of senior finance roles in the Group and Ulster Bank. He has in-depth knowledge of financial reporting and related regulatory and governance requirements.

Patrick Haren

Patrick Haren was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, he shall be the Senior Independent Director and a Non-Executive Director. He was appointed to the Court of Directors as a Non-Executive Director in January 2012 and as Senior Independent Director in April 2015. He has been a member of the Group Remuneration Committee since January 2012 and Chairman of that committee since May 2015. He has also been a member of the Group Audit Committee since January 2012 and a member of the Group Nomination and Governance Committee since November 2015. He is a member of the Institute of Directors (UK). He is a former chief executive officer of the Viridian Group, having joined Northern Ireland Electricity (“NIE”) in 1992 as chief executive officer. He previously worked with the ESB, including as Director—New Business Investment and also served as a board member of Invest Northern Ireland for a number of years. He is an experienced chief executive officer who has gained extensive strategic, corporate development and transactional experience, having led the privatisation of NIE by IPO and grown the business under the new holding company Viridian through to 2007, positioning the company as the market leader in independent electricity generation and supply in competitive markets in Ireland, North and South. He was a member of the board of Bank of Ireland (UK) plc from June 2012 to September 2016, where he also served as chairman of the remuneration committee and a member of the nomination committee. He was awarded a knighthood in 2008 for services to the electricity industry in Northern Ireland.

Kent Atkinson

Kent Atkinson was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, he shall be a Non-Executive Director. He was appointed to the Court of Directors as a Non-Executive Director in January 2012. He has been a member of the Group Audit Committee since January 2012 and Chairman since April 2012. He has been a member of the Risk Committee of the Court since January 2012 and a member of the Group Remuneration Committee since July 2016. He was Group Finance Director of Lloyds TSB Group between 1994 and 2002. Prior to that, he held a number of senior executive appointments in retail banking with Lloyds, including Regional Executive Director for their South East region, and worked for 22 years in South America and the Middle East with the Group. In addition to his extensive commercial and financial executive experience in the financial services industry, he has significant experience as a non-executive director across a range of international companies. Previous board appointments include UK Asset Resolution Limited, Coca-Cola HBC AG, Cookson Group plc, Gemalto N.V., Standard Life plc, Telent plc (formerly Marconi plc) and Millicom International Cellular S.A. He has significant experience in governance, risk management and financial oversight, including in the capacity of Senior Independent Director, chair of audit committees of a number of entities, and as a member of risk, strategy and M&A, remuneration and nomination committees.

Pat Butler

Pat Butler was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, he shall be a Non-Executive Director. He was appointed to the Court of Directors as a Non-Executive Director in December 2011. He has been a member of the Group Nomination and Governance Committee and a member of the Risk Committee of the Court since December 2011. He has also been a member of the Group Remuneration Committee since October 2013. He is a Fellow of Chartered Accountants Ireland. He is a partner of The Resolution Group, a financial services investment firm specialising in large scale restructuring. Prior to this he spent 25 years with McKinsey & Co., where he was a senior director and led the firm’s UK financial services practice and its EMEA retail banking practice. At McKinsey & Co., he advised banks, insurance companies and asset managers in the UK, US,

Australia, South Africa, Middle East and several European countries, as well as a range of companies outside financial services, on issues of strategy, operations, performance improvement and organisation. He has considerable strategic experience in a broad range of industries with an international profile, and an in-depth strategic and operational knowledge of the European and international banking sector in particular.

Tom Considine

Tom Considine was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, he shall be a Non-Executive Director. He was appointed to the Court of Directors as a Non-Executive Director in January 2009 by the Minister for Finance under the terms of the Credit Institutions (Financial Support) Act, 2008 and is not required to stand for election or regular re-election by stockholders. He has been a member of the Risk Committee of the Court since July 2009, and was Chairman of that committee from August 2009 until July 2016. He has also been a member of the Group Audit Committee since January 2009. He is a Fellow of the Association of Chartered Certified Accountants. He is a former Secretary General of the Department of Finance and a former member of the advisory committee of the National Treasury Management Agency. He was also formerly a board member of the Central Bank and Financial Services Authority of Ireland and a former member of the Council of the Economic & Social Research Institute. Apart from the information available in the public domain at the time of nomination to the Court of Directors, a description of the skills and expertise brought to the Court of Directors by this appointment was not provided by the Government. However, the Court of Directors notes the value and benefit gained from his membership of the Court of Directors and its committees through his judgement and quality of contribution. He has extensive experience in the public service, including at the most senior level in the Department of Finance and representing Ireland at European Union level. He is a former President of the Institute of Public Administration. He has experience in finance at a strategic level, financial regulation, fiscal policy and risk management. As a former Secretary General of the Department of Finance and board member of the Central Bank and Financial Services Authority, he has broad experience of the wider macroeconomic environment and related policy issues.

Davida Marston

Davida Marston was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, she shall be a Non-Executive Director. She was appointed to the Court of Directors as a Non-Executive Director in April 2013. Davida has been a member of the Group Audit Committee and a member of the Risk Committee of the Court since April 2013. She is a Fellow of the Institute of Directors. Davida is a non-executive director of Liberbank S.A., where she is chair of the nomination committee and a member of the remuneration committee. She is a former director of a number of companies, including CIT Bank Limited, ACE European Group Limited and Europe Arab Bank plc. She was a member of the UK senior management team of Citigroup's UK Corporate Bank (1990–2003), which included a period as Regional Head UK and Ireland for the Banks and Securities business, and a senior manager at Bank of Montreal (1981–1990). Davida has considerable financial services experience, both as an executive and non-executive director and as chair of audit and risk committees in financial services companies. She has extensive non-executive experience with banking, life assurance and non-financial services companies.

Fiona Muldoon

Fiona Muldoon was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, she shall be a Non-Executive Director. She was appointed to the Court of Directors as a Non-Executive Director in June 2015. Fiona has been a member of the Risk Committee of the Court since November 2015. She has a Bachelor of Arts Degree from University College Dublin and is a Fellow of Chartered Accountants Ireland. Fiona is Group Chief Executive of FBD Holdings plc and FBD Insurance plc, one of Ireland's largest property and casualty insurers. Prior to this, she served from 2011 to 2014 with the CBI including as Director, Credit Institutions and Insurance Supervision. She also spent 17 years of her career with XL Group in Dublin, London and Bermuda, where she worked in various senior financial management positions with responsibilities for corporate treasury and strategic activities including capital management, rating agency engagement, corporate development, corporate finance, liquidity, foreign exchange and cash management. She has significant experience in governance, regulatory

compliance and financial oversight and is an experienced financial services professional. She has significant previous experience within a financial institution with an international focus.

Patrick Mulvihill

Patrick Mulvihill was appointed to the Board as a Director with effect from 23 March 2017. With effect from the Effective Date, he shall be a Non-Executive Director. He was appointed to the Court of Directors as a Non-Executive Director in December 2011. He has been a member of the Group Audit Committee and risk committee of the Court since December 2011. He is a Fellow of Chartered Accountants Ireland and Associate of the Institute of Directors. Patrick spent much of his career at Goldman Sachs, retiring in 2006 as Global Head of Operations covering all aspects of Capital Markets Operations, Asset Management Operations and Payment Operations. He previously held the roles of Co-Controller, Co-Head of Global Controller's Department, covering financial / management reporting, regulatory reporting, product accounting and payment services. He was also a member of the firm's risk, finance and credit policy committees. He is a non-executive director of International Fund Services (Ireland) Limited. He has over 20 years' experience of international financial services and has held a number of senior management roles based in London and New York with Goldman Sachs. As a result, he has an in depth knowledge of financial and management reporting, regulatory compliance, operational, risk and credit matters within a significant financial institution with an international focus.

Senior Executives

The following biographies provide information on the Senior Executives, who are employed by the Bank, but will perform senior executive functions for BOIG plc with effect from the Effective Date:

Vincent Mulvey

Group Chief Risk Officer

Appointed Group Chief Risk Officer in the first quarter of 2017, Vincent is responsible for recommending risk appetite to the Board, developing the Group's risk framework and for enterprise risk reporting. In addition to direct oversight of credit, market and operational risk, Vincent has direct management responsibility for challenged commercial and corporate loans. He was appointed to the Group Executive Committee in 2009 as the Chief Credit and Market Risk Officer having been Head of Group Credit from 2005. Vincent has over 30 years banking experience. Prior to risk management he worked in both Retail and Corporate Banking across customer facing and portfolio management roles. Vincent is a Fellow of the Association of Chartered Certified Accountants, a Fellow of the Institute of Banking and was a bank scholarship student at National University of Ireland, Galway from which he holds a Bachelor of Commerce Degree.

Peter Morris

Chief Governance and Regulatory Officer

Peter joined the Group in 1974 and spent seven years in branch banking before joining Corporate Banking in 1981. Following a secondment to First New Hampshire Bank in 1990, Peter moved to Britain in 1991 where he held various front line and risk management roles. He returned to Ireland in July 2009 as Group Chief Internal Auditor and took up his current role in October 2010. Peter is a qualified Certified Public Accountant and a member of the Institute of Bankers.

Liam McLoughlin

Chief Executive, Retail Ireland

Liam joined the Group in 2004 and has held a number of senior management positions, including Chief Operating Officer, Corporate Banking, and Divisional Finance Officer, Capital Markets Division. In July 2007, he was appointed Director of Group Finance. In July 2009, he was appointed Head of Group Manufacturing responsible for operations and technology Group-wide. In February 2012, Liam was appointed Chief Executive, Retail Ireland.

He is a director of New Ireland Assurance Company plc and of Bank of Ireland Mortgage Bank. Liam is a former President of the Institute of Banking (2013/2014). Before joining the Group, Liam held a number of senior finance roles at Ulster Bank Group and, prior to that, he was financial controller for the National

Treasury Management Agency. Liam is a graduate of University College Dublin, holding a Bachelor of Commerce degree. He is a Fellow of Chartered Accountants Ireland.

Des Crowley

Chief Executive, Bank of Ireland (UK) plc and Chief Executive, Retail UK Division

Des Crowley joined the Group in 1988 from Arthur Andersen & Co. He was appointed Chief Executive, Retail Banking and Distribution and joined the Group Executive Committee in 2000. He was appointed Chief Executive Officer—BOI UK plc on 20 March 2012 and was previously Chief Executive Officer, Retail (Ireland & UK), appointed in May 2009. In 2004 he was appointed Chief Executive, Retail Financial Services, Chief Executive, UK Financial Services in 2006 and Chief Executive Officer—Retail (Ireland & UK) in May 2009. He was appointed as Chief Executive, Retail UK Division and Bank of Ireland (UK) plc in March 2012. He is a director of First Rate Exchange Services, the Group's joint venture and distribution arrangement with the UK Post Office, the AA and a Director of New Ireland Assurance plc.

Michael Torpey

Chief Executive, Corporate and Treasury Division

Michael Torpey joined the Group as Chief Executive, Corporate and Treasury Division and a member of the Group Executive Committee in March 2013. Prior to joining the Group, Michael worked with the Irish Department of Finance and the National Treasury Management Agency. He played a central role on behalf of the State in the recapitalisation and restructuring of the Irish banking system, including the management of the State's shareholding and other interests in the banks. Previously, Michael held senior positions in a number of banks including Group Treasurer for Irish Life & Permanent plc, Finance Director of Ulster Bank Group and Finance Director of First Active plc. Michael has completed the Harvard Business School Advanced Management Programme and holds a BA in Economics from University College Dublin.

Sean Crowe

Group Treasurer

Sean Crowe joined the Group in 1993 and has worked as Global Head of Trading for Global Markets and Managing Director for Fixed Income, Property and Alternative Product for Bank of Ireland Asset Management. He was appointed as Group Treasurer in November 2008 and as a member of the Group Executive Committee in 2014. Sean is also a director of New Ireland Assurance Company plc and of Bank of Ireland Mortgage Bank. Before joining the Group, he worked as a Senior Fund Manager with Eagle Star Investment Managers. Sean is a graduate of the University of Limerick and is a member of the CFA Institute.

Donal Collins

Head of Group Strategy Development

Donal joined the Group in 1999 and became a member of the Group Executive Committee in 2014. He has held a number of senior management positions including Director, Corporate Banking; Head of Group Projects and Head of Group Strategy Development. Donal is a director of Bank of Ireland (UK) plc.

Prior to joining the Group, Donal worked for KBC Bank in a range of international senior management roles in aerospace, infrastructure and asset financing and KPMG Ireland as Director, Taxation. Donal is a graduate of University College Dublin, holding a Bachelor of Commerce Degree and Diploma in Professional Accounting. He is a Fellow of Chartered Accountants Ireland and an Associate of the Irish Institute of Taxation. He also holds an MBA from the Open University.

Lewis Love

Group Chief Operating Officer

Lewis Love joined the Group on 5 September 2016 and was appointed Group Chief Operating Officer responsible for the Group Manufacturing Division and a member of the Group Executive Committee.

Lewis previously served as Bank of Ireland's Head of Asset and Liability Management, followed by an eight-year period with Aon plc, most recently as Global Chief Procurement Officer. At Aon plc, Lewis had a range of responsibilities, including the management of Aon's global procurement spend, global real estate, and shared service strategy as well as management of certain of Aon's captive activities in India and Poland. A graduate of both the State University of New York at Buffalo and New York Law School, Lewis worked in legal roles between 1985 and 1990 with several NY law firms, followed by roles in Westpac Banking Corporation, Washington Mutual Inc., Barclays Bank plc, Bank of Ireland, and Aon plc.

Julie Sharp

Head of Group HR

Julie Sharp joined the Group as Head of Group Human Resources on 14 June 2010. Julie brings diverse HR experience to the Group, gained in several different companies including ING where she more recently worked. At ING, Julie held a number of senior management positions ranging from Regional HR Director Asia Pacific for ING Investment Management, based in Australia to Regional Head of HR and Management Board member, ING Asia Pacific based in Hong Kong. In this role she was responsible for 17,000 employees covering investment management, insurance and real estate. Prior to ING, Julie worked in senior HR Director roles with Arthur Anderson, Citibank and John Fairfax Media.

Julie holds an MBA in International Business Management from Charles Sturt University, having previously graduated from the University of New South Wales with a Bachelor of Science, majoring in Psychology.

Helen Nolan

Group Secretary

Helen joined the Group in 1992 and was appointed Group Secretary in July 2009. She had previously been Group Chief Internal Auditor since 2003. Prior to joining Group Internal Audit, she was Divisional Finance Officer for the Wholesale Division and Group Financial Controller, Bank of Ireland Life. She has also held senior finance positions in the Retail Division in Ireland and the UK. Prior to joining Bank of Ireland in 1992, she worked with Lloyds Abbey Life (Ireland) and Warner Lambert Pharmaceuticals (Ireland).

3. Term of Appointment and Re-election of Directors

In accordance with the BOIG plc Constitution and the UK Corporate Governance Code, both Executive Directors and Non-Executive Directors are subject to annual re-election by shareholders, save that a Director appointed by the Irish Government in accordance with their rights under the BOIG plc Constitution (currently Tom Considine) is not required to stand for election or regular re-election by shareholders.

Non-Executive Directors have letters of appointment which provide, subject to annual re-election by the BOIG plc Shareholders, for a three year term (including any period spent as a director of the Bank) with an expectation of a further term of three years, assuming satisfactory performance and subject to the needs of the business, and the Board of Directors' continuing suitability in accordance with the applicable fitness and probity assessment criteria. Early termination may arise under the provisions of the BOIG plc Constitution or other applicable law or, at the discretion of either party. A Non-Executive Director's term of office will not extend beyond nine years in total unless the Board, on the recommendation of the Group Nomination and Governance Committee, concludes that such extension is necessary due to exceptional circumstances. None of the Non-Executive Directors have a contract of service with the Group.

Executive Directors are employed by the Bank. In respect of Executive Directors, no service contract exists between the Group and any Director which provides for a notice period from the Group of greater than one year.

4. Committees of the Group

BOIG plc has established a number of committees, each of which are to be effective as of the Effective Date, consistent with those established by the Court of Directors, which operate within defined terms of reference. These committees are the Group Audit Committee, the Board Risk Committee, the Group Remuneration Committee and the Group Nomination and Governance Committee. The terms of

reference for each of the committees, which are similar to the terms of reference for each of the committees of the Court of Directors, are summarised below.

Group Audit Committee

The Group Audit Committee (“**GAC**”), which comprises Non-Executive Directors only, is responsible for monitoring the integrity of the financial statements, overseeing all relevant matters pertaining to the external auditors and reviewing the Group’s internal controls, including financial controls, and the effectiveness of the internal audit function. The GAC has responsibility for reviewing the internal and external audit plans and subsequent findings, the selection of accounting policies, the auditors’ report, the effectiveness of the services provided by the external auditors and other related matters.

The GAC will be comprised of six Non-Executive Directors, five of whom have been determined by the Board to be independent. The GAC will comprise: Kent Atkinson, Tom Considine, Patrick Haren, Patrick Kennedy, Davida Marston, and Patrick Mulvihill (each of whom are members of the audit committee of the Court). The Board believes that the GAC as a whole has an appropriate mix of skills and relevant financial / banking experience.

Board Risk Committee

The Board Risk Committee (“**BRC**”) has responsibility for monitoring risk governance in order to assist the Board in discharging its responsibilities in ensuring that risks are properly identified, reported, and assessed; that risks are properly controlled; and that strategy is informed by and aligned with the Group’s risk appetite. The BRC is responsible for advising the Group Remuneration Committee regarding remuneration decisions from a risk perspective, monitoring the risk elements of any due diligence appraisal of any acquisition or divestment activity reserved for Board decision, as required, and considering the findings of GAC and Group Credit Review in respect of risk management.

The BRC will be comprised of seven Non-Executive Directors, six of whom have been determined by the Board to be independent. The BRC will comprise: Kent Atkinson, Pat Butler, Tom Considine, Patrick Kennedy, Davida Marston, Fiona Muldoon and Patrick Mulvihill (each of whom are members of the Risk Committee of the Court).

Group Remuneration Committee

The Group Remuneration Committee (“**GRC**”) has responsibility for the oversight of Group-wide remuneration policy with specific reference to the Chairman, Directors and senior management across the Group, and those employees whose activities have a specific impact on the Group’s risk profile. The GRC is responsible for approving specific remuneration packages for the Chairman, each of the Executive Directors, the Group Secretary and those senior executives who report directly to the Group Chief Executive (“**Group Executive Committee**”).

The remuneration of Non-Executive Directors is determined and approved by the Board. Neither the Chairman nor any Director participates in any decision relating to their own remuneration.

The GRC will be comprised of four Non-Executive Directors. The Non-Executive Directors, other than the Chairman, have been determined by the Board to be independent. The GRC will comprise: Archie G Kane, Kent Atkinson, Pat Butler, and Patrick Haren (each of whom are members of the Remuneration Committee of the Court).

Group Nomination and Governance Committee

The Group Nomination and Governance Committee (“**GNGC**”) has responsibility for leading the process for Board and key subsidiary board appointments and renewals. The GNGC is tasked with reviewing succession plans for the Board and key subsidiary boards in the context of the Group’s strategy and the skills, knowledge and experience of current Directors and makes appropriate recommendations to the Board. In addition, the Committee monitors developments in corporate governance, assesses the implications for the Group and advises the Board accordingly. It is also charged with overseeing the Group’s Corporate Responsibility Programme.

The GNGC will be comprised of four Non-Executive Directors. The Non-Executive Directors, other than the Chairman, have been determined by the Board to be independent. The GNGC will comprise: Archie G Kane, Pat Butler, Patrick Haren, and Patrick Kennedy (each of whom are members of the Nomination Committee of the Court).

5. Corporate Governance

The Group believes it has robust governance arrangements, which include a clear organisational structure with well defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks to which it is or might be exposed and appropriate internal control mechanisms, including sound administrative and accounting procedures, IT systems and controls. The system of governance is subject to regular internal review.

BOIG plc

A key objective of the Group's governance framework is to ensure compliance with applicable legal and regulatory requirements. Following Admission, BOIG plc intends to comply with both the UK Corporate Governance Code of the Financial Reporting Council and The Irish Corporate Governance Annex to the Listing Rules of the Irish Stock Exchange and all relevant Irish law requirements. BOIG plc will be governed according to the BOIG plc Constitution, the applicable laws of Ireland, and the applicable rules and regulations of the relevant regulatory bodies.

The Board's oversight of risk and control will be supported through delegation of certain responsibilities to Committees, as discussed above. The Chairman of each Committee will formally report on key aspects of Committee proceedings to the subsequent scheduled meeting of the Board and minutes of principal Committees will be tabled at the Board as soon as possible for noting and/or discussion as necessary. The terms of reference of the Committees will be reviewed annually by the relevant Committees and by the Board.

The Bank

The Bank is subject to the CBI's Corporate Governance Code for Credit Institutions 2015 (the "**Irish Code**"), including the additional requirements of Appendix 1 and Appendix 2 of the Irish Code for High Impact Designated Institutions, and Credit Institutions which are deemed 'Significant' Institutions (for the purposes of the Capital Requirements Directive ("**CRD IV**")), respectively. The current version of the Irish Code applies to Credit Institutions with effect from 11 January 2016.

Bank Directors are aware that, should they have any material concern about the overall corporate governance of the Group, it should be reported without delay to the Court of Directors and, should their concerns not be satisfactorily addressed within five business days, in accordance with the Irish Code, the Bank Directors should report the concern to the CBI.

6. Confirmations

Within the period of five years prior to the Latest Practicable Date, none of the Directors or the Senior Executives:

- (i) has any convictions in relation to fraudulent offences;
- (ii) has been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- (iii) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a board from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

7. Conflicts of Interest

In respect of any Director or Senior Executive, there are no actual or potential conflicts of interest between any duties they have to BOIG plc and the private interests and/or other duties they may also have. Save as disclosed in Section 9 (*Directors', Secretary's and Senior Executives' interests*) of this Part XV, which sets out the interests of the Directors and the Senior Executives in the capital stock of the Bank and the share capital of BOIG plc, there are no interests, including conflicting ones, that are material to the Scheme.

No Director or Senior Executive has or had during the period ended 31 December 2016 a material interest in any significant contract with the Group or any of its subsidiaries. Save as disclosed in this Section 7, none of the Directors or Senior Executives were selected to be a Director or Senior Executive of BOIG plc

pursuant to any arrangement or understanding with any major shareholder, customer, supplier or other person having a business connection with the Group.

Tom Considine has been nominated as a Bank Director by the Minister for Finance pursuant to the CIFS Guarantee Scheme. The Irish State, through ISIF as at the Latest Practicable Date held 13.95% of the Ordinary Stock of the Bank and will on the Effective Date (assuming no change in stockholding as at the Scheme Record Time) hold 13.95% of the ordinary shares in BOIG plc. Tom Considine is appointed as a BOIG plc Director by the Irish State in accordance with their rights under the BOIG plc Constitution. Tom is not considered to be an independent director for the purposes of the UK Corporate Governance Code or the Irish Code.

Brad Martin is not a BOIG plc Director and will be retiring as a Bank Director at the Bank's next Annual General Court on 28 April 2017. Brad is Vice President, Strategic Investments, Fairfax Financial Holdings Limited, a publically traded financial services holding company. Fairfax Financial Holdings Limited, as the Latest Practicable Date, held 1.24% of the Ordinary Stock of the Bank and will on the Effective Date (assuming no change in stockholding as at the Scheme Record Time) hold 1.24% of the ordinary shares in BOIG plc. Brad Martin is not considered to be an independent Director for the purposes of the UK Corporate Governance Code or the Irish Code.

No restrictions have been agreed by any Director or Senior Executive on the disposal within a certain period of time of his or her holding in the share capital of BOIG plc.

There are no family relationships between any of the Directors or Senior Executives of BOIG plc.

8. Directorships and Partnerships

Save as set out below, the BOIG plc Directors and Senior Executives have not held any directorships of any company, other than those companies in the Group which are subsidiaries, or been a partner in a partnership at any time in the five years prior to the Latest Practicable Date:

<u>Director/Senior Executive</u>	<u>Current directorships/partnerships</u>	<u>Former Directorships/partnerships⁽¹⁾</u>
Archie G Kane	<ul style="list-style-type: none"> Trustee of the Stratford Literary Festival 	<ul style="list-style-type: none"> Association of British Insurers Association of Payments and Clearing Services
Kent Atkinson	None	<ul style="list-style-type: none"> Bradford & Bingley plc Coca-Cola HBC AG Gemalto N.V. Link Plus Corporation Millicom International Cellular S.A. NRAM (No. 1) Limited NRAM plc UK Asset Resolution Limited
Richie Boucher	<ul style="list-style-type: none"> Non-Executive Director, Eurobank Ergasias S.A. Director of IBEC CLG 	
Tom Considine	None	<ul style="list-style-type: none"> Institute of Public Administration
Pat Butler	<ul style="list-style-type: none"> Non-Executive Director of Hikma Pharmaceuticals plc. Director of Towergate Insurance Group Governor of the British Film Institute Non-Executive Director of The Resolution Foundation, Res Media Ltd. and Partner of the Resolution Group 	<ul style="list-style-type: none"> British Business Bank Investments Limited RCAP (XPAS) GP Limited

<u>Director/Senior Executive</u>	<u>Current directorships/partnerships</u>	<u>Former Directorships/partnerships⁽¹⁾</u>
Patrick Haren	None	<ul style="list-style-type: none"> • Invest Northern Ireland • Nevada tele.com Limited • Northern Ireland Electricity Limited • Northern Ireland Memorial Fund • Service & Systems Solutions Limited • Viridian Capital Limited • Viridian Enterprises Limited • Viridian Group Limited
Andrew Keating	<ul style="list-style-type: none"> • Non-Executive Director of Irish Management Institute CLG 	
Patrick Kennedy	<ul style="list-style-type: none"> • Chairman of Cartrawler 	<ul style="list-style-type: none"> • Airton Personnel and Management Services Limited • Austote Pty Limited • Ecom Solutions Pty Limited • Elan Corporation plc • Ferncourt Pty Limited • IAS Bloodstock Pty Limited • IAS QLD Pty Limited • IAS Read Interactive Pty Limited • IASbet Limited • IASbet Sports Bookmakers Pty Limited • IASbet.com Pty Limited • International All Sports Limited • International Sports Book System Pty Limited • K. O'R Enterprises • Paddy Power Alderney Limited • Paddy Power Financials Limited • Paddy Power plc • Power Leisure Bookmakers Limited • Pridepark Developments Limited • Q. C. Holdings Limited • Read Technologies Pty Limited • Sportsbet Pty Limited • The Australian Bookmaker Pty Limited
Davida Marston	<ul style="list-style-type: none"> • Non-Executive Director of Liberbank S.A. 	<ul style="list-style-type: none"> • ACE European Group Limited • ACE Pension Trustee Limited • ACE Underwriting Agencies Limited • CIT Bank Limited • Mears Group plc • Pyrford Consultants Limited
Fiona Muldoon	<ul style="list-style-type: none"> • Group Chief Executive of FBD Holdings plc • Group Chief Executive of FBD Insurance plc • Director of Insurance Ireland (Members Association) CLG 	
Patrick Mulvihill	<ul style="list-style-type: none"> • Non-Executive Director of International Fund Services (Ireland) Limited • Virtual Financial Services Limited 	<ul style="list-style-type: none"> • Goldman Sachs Administration Services Company Limited • Goldman Sachs Ireland Finance Public Limited Company • Beachvista Limited
Vincent Mulvey	None	None

<u>Director/Senior Executive</u>	<u>Current directorships/partnerships</u>	<u>Former Directorships/partnerships⁽¹⁾</u>
Peter Morris	None	None
Liam McLoughlin	None	<ul style="list-style-type: none"> The Institute of Bankers in Ireland
Des Crowley	<ul style="list-style-type: none"> First Rate Exchange Services Limited First Rate Exchange Services Holdings Limited 	None
Michael Torpey	None	None
Sean Crowe	None	None
Donal Collins	None	<ul style="list-style-type: none"> Friends of Peamount/Peamount Hospital Incorporation
Lewis Love	None	None
Julie Sharp	None	None
Helen Nolan	None	None

9. Directors', Secretaries' and Senior Executives' interests

Save as set out in this Section 9, 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.

	<u>No. of Units of Ordinary Stock</u>	<u>Percentage of Ordinary Stock held</u>
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%

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

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

	<u>No. of BOIG plc Shares⁽¹⁾</u>	<u>Percentage of BOIG plc Shares held</u>
Archie G Kane	7,036	0.000%
Kent Atkinson	67	0.000%
Richie Boucher ⁽²⁾	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%
Dauida Marston	3,334	0.000%
Brad Martin ⁽³⁾	3,334	0.000%
Fiona Muldoon	2,866	0.000%
Patrick Mulvihill	167	0.000%

Notes:

- (1) This table assumes that there has been no change in the 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.

	<u>No. of Units of Ordinary~ Stock</u>	<u>Percentage of Ordinary Stock held</u>
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%

Notes: 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.

	No. of BOIG plc Shares	Percentage of BOIG plc Shares held
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%

Notes: This table assumes that there has been no change in the stockholdings of the Secretary and/or Senior Executives 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.

10. Remuneration of Directors, Secretary and Senior Executives

Remuneration for the financial year ended 31 December 2016 (all figures in €000's), is as follows:

	Gross Salary ⁽¹⁾⁽²⁾	Fee ⁽³⁾	Performance Bonus ⁽⁴⁾	Other Remuneration ⁽⁵⁾	Pension funding contributions ⁽⁶⁾	Total 2016 ⁽⁷⁾
Governor						
A Kane	394	59	—	37	—	490
Deputy Governor						
P Kennedy	126	—	—	—	—	126
Executive Directors						
R Boucher	690	—	—	34	234	958
A Keating	468	—	—	31	53	552
Non-Executive Directors						
K Atkinson	—	106	—	—	—	106
P Butler	—	87	—	—	—	87
T Considine	—	93	—	—	—	93
P Haren	—	165	—	—	—	165
D Marston	—	79	—	—	—	79
B Martin ⁽⁸⁾	—	65	—	—	—	65
F Muldoon	—	71	—	—	—	71
P Mulvihill	—	79	—	—	—	79
Senior Executives	<u>3,738</u>	<u>—</u>	<u>—</u>	<u>340</u>	<u>582</u>	<u>4,660</u>
Totals	5,416	804	—	442	869	7,531
Employer Pay Related Social Insurance contributions						584
Total cost of remuneration⁽⁹⁾						8,115

Notes:

(1) The Governor and Deputy Governor, as Non-Executive Officers of the Bank, are remunerated by way of non-pensionable salary.

A. Kane receives an annual non-pensionable salary of €394,000 for his role as Governor. In addition he has a consultancy

arrangement with Bank of Ireland (UK) plc in respect of which he receives an annual fee of €59,000. He also receives an accommodation, utilities and car allowance of €37,000 per annum.

- (2) The Group Chief Financial Officer, A. Keating, receives an annual salary of €468,000. His annual salary for pension purposes is €240,000 and the balance of his salary (€228,000) is excluded for pension purposes.
- (3) Fees are paid to Non-Executive Directors and a basic fee of €63,000 per annum applies. Additional fees are paid to the Senior Independent Director, Committee Chairmen and for Committee membership. On 1 February 2009, all Non-Executive Directors agreed to reduce their fees by 25%. These reductions applied throughout 2016. The basic fee of €63,000 is the reduced fee.

In addition to the above, P. Haren served as Non-Executive Director and committee member of Bank of Ireland (UK) plc until 15 September 2016 and received separate fees for these roles (Stg£38,958, equivalent €48,831 for the year ended 31 December 2016).

- (4) No bonuses were awarded in respect of the year ended 31 December 2016.
- (5) The figures include car allowances and, where applicable, benefits in kind.
- (6) The amounts shown for R. Boucher and A. Keating relate to the Group's pension funding contribution in respect of the pension benefit they accrued in line with their contractual entitlement during 2016. There were no changes to Executive Directors' contractual pension benefit entitlements in the year.

The pension funding cost to the Group, in relation to the Group's sponsored defined benefit schemes, is updated following triennial pension scheme valuations to reflect changing market conditions and actuarial assumptions. The pension funding cost also reflects the increased actuarial cost of each year's accrual as each Executive Director's term to normal retirement age reduces.

All pension amounts have been determined by Willis Towers Watson, the Group's actuarial advisors, and are approved by the Group Remuneration Committee.

- (7) In addition to the amounts shown, the Group bears the costs of Directors' travel and subsistence to and from Court and committee meetings or while on the business of the Group.
- (8) B. Martin is not and will not be a Director of BOIG plc and will be retiring from the Bank's Court of Directors at the Bank's next Annual General Court on 28 April 2017.
- (9) The total cost of remuneration is equal to the total in the table entitled "Remuneration" in note 48 to the 2016 Financial Statements on page 281 of the 2016 Group Annual Report.

11. Executive Service Agreements and Non-Executive Directors' Letters of Appointment

Executive Service Agreements

Each of the two BOIG plc Directors who will on the Effective Date be Executive Directors, Richie Boucher and Andrew Keating, has a service contract with the Bank. The service contracts of Richie Boucher and Andrew Keating are permanent contracts which may be terminated by the Bank giving not less than 12 months' written notice of termination in relation to Richie Boucher and 6 months' written notice of termination in relation to Andrew Keating. Richie Boucher is entitled to terminate the contract by giving not less than 12 months' notice of termination, Andrew Keating is entitled to terminate the contract by giving not less than 6 months' notice of termination, or such lesser period as may be mutually agreed. Each of these service contracts reserves the right of the Bank to make a payment in lieu of the notice period. Each of the Executive Directors' service contracts may be terminated by the Bank on giving the applicable statutory notice only (or payment in lieu thereof) in certain prescribed circumstances to include fraud, dishonesty, gross misconduct or wilful neglect in the discharge of duties on the part of the Executive Director. Each service contract terminates automatically on the 60th birthday of the Executive Director to whom it relates. Richie Boucher and Andrew Keating are entitled to receive a pension from the Bank Staff Pensions Fund on retirement. Save as set out in this Section 11, the service contracts of the Executive Directors do not provide for any payments or benefits on termination.

The Group announced on 24 March 2017 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 will continue in his role pending completion of this process. Accordingly, the effective date of Richie's departure is not yet known (including whether it will be before or after the Effective Date) and a further announcement will be made when the date has been agreed.

Non-Executive Directors' Letters of Appointment

Each of the BOIG plc Directors who will on the Effective Date be Non-Executive Directors has a letter of appointment with BOIG plc. Each letter of appointment is, subject to annual re-election by the BOIG plc

Shareholders at the Annual General Meeting, for a fixed period of three years, subject to the provisions of the BOIG plc Constitution or other applicable law or at the discretion of either party. The letters of appointment provide that Non-Executive Directors are typically expected to serve a second three year term subject to satisfactory performance, the needs of the business and shareholder re-election as required at the Annual General Meeting. The letters also provide that Non-Executive Directors may, in exceptional circumstances, be invited to serve a further and final term of up to three years. Save as set out in this Section 11, the letters of appointment of the Non-Executive Directors do not provide for any payments or benefits on termination.

12. Employees

For the three financial periods ended 31 December 2016, 31 December 2015 and 31 December 2014, and as at the Latest Practicable Date, the average number of staff (full time equivalents) employed by the Group is set out below:

	<u>31 March 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
Total number of staff	11,193	11,228	11,302	11,292

The staff numbers can be categorised in line with the business segments, as follows:

	<u>31 March 2017</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
Retail Republic of Ireland	4,140	4,251	4,560	4,696
Bank of Ireland Life	905	940	918	928
Corporate & Treasury	645	646	603	582
Retail UK	1,769	1,830	1,624	1,454
Group Centre	<u>3,734</u>	<u>3,561</u>	<u>3,597</u>	<u>3,632</u>
Total	<u>11,193</u>	<u>11,228</u>	<u>11,302</u>	<u>11,292</u>

The majority of the employees are located in Ireland.

PART XVI: RISK MANAGEMENT

This Part XVI (Risk Management) should be read in conjunction with Part III (Important Information), Part VII (Overview of the Business of the Group), Part X (Operating and Financial Review) and Part XI (Historical Financial Information) of this Prospectus. Prospective BOIG plc Shareholders should read the entire Prospectus and not just rely on the summary information set out below.

Risk Management Review Relating to the Group

A review of the Group's risk management practices can be found on pages 62 to 133 of the Group 2016 Annual Report and is incorporated by reference into this Prospectus.

PART XVII: CAPITAL AND LIQUIDITY MANAGEMENT

This Part XVII (Capital and Liquidity Management) should be read in conjunction with Part II (Risk Factors), Part VII (Overview of the Business of the Group), Part X (Operating and Financial Review) and Part XVI (Risk Management) of this Prospectus. Prospective BOIG plc Shareholders should read the entire Prospectus (including the information incorporated by reference herein) and not just rely on the summary information section.

1. CAPITAL MANAGEMENT

Capital adequacy, and its effective management, is critical to the Group's ability to operate its businesses and to pursue its strategy. The Group's business and financial condition could be materially adversely affected if the amount of capital available to the Group is insufficient to cover its business risks and support its market strategy and regulatory requirements. This could arise due to a number of factors including, without limitation (i) materially worse than expected financial performance (for example reductions in earnings as a result of impairment charges); (ii) increases in risk-weighted assets ("RWA"); (iii) an increase in the minimum regulatory capital requirements imposed on the Group or an amendment to the manner in which existing regulatory capital is calculated; and/or (iv) amendments to the regulatory criteria for instruments that qualify as regulatory capital and/or the capital to which those instruments are allocated.

The Bank carries out the banking activities of the Group and is regulated with respect to matters which are within the scope of the SSM Regulation by the ECB with assistance from the CBI under the SSM and in respect of other matters, such as consumer protection, by the CBI. While there are a number of regulated entities within the Group which have individual regulatory capital requirements and are regulated by their local regulators, the Bank is the principal regulated entity.

The objectives of the Group's capital management policy are to ensure that the Group has sufficient capital to cover the risks of its business and support its strategy and at all times to comply with regulatory capital requirements. It seeks to minimise refinancing risk by managing the maturity profile of non-equity capital whilst the currency mix of capital is managed to ensure that the sensitivity of capital ratios to currency movements is minimised. The capital adequacy requirements set by the SSM / ECB and economic capital based on internal models, are used by the Group as the basis for its capital management. The Group seeks to maintain sufficient capital to ensure that these requirements are met.

Regulatory Capital Requirements—CRD IV

CRD IV and the CRR were published in the Official Journal of the EU on 27 June 2013. The CRR had direct effect in Member States, while the CRD IV was required to be implemented through national legislation in Member States by 31 December 2013.

CRD IV is divided into three sections commonly referred to as Pillars. Pillar I contains mechanisms and requirements for the calculation by financial institutions of their minimum capital requirements for credit risk, market risk and operational risk. Pillar II is intended to ensure that each financial institution has sound internal processes in place to assess the adequacy of its capital, based on a thorough evaluation of its risks. Supervisors are tasked with evaluating how well financial institutions are assessing their capital adequacy needs relative to their risks. Risks not considered under Pillar I are considered under this Pillar. Pillar III is intended to complement Pillar I and Pillar II. It requires that financial institutions disclose information annually on the scope of application of CRD IV requirements, particularly covering capital requirements / RWA and resources, risk exposures and risk assessment processes.

CRD IV legislation commenced implementation on a phased basis from 1 January 2014. The CRD IV transition rules result in a number of new deductions from CET 1 capital being introduced on a phased basis, typically with a 20% impact in 2014, 40% in 2015 and so on until full implementation by 2019 (with the exception of deferred tax assets which are phased to 2024). CRD IV also includes requirements for regulatory and technical standards to be published by the European Banking Authority ("EBA"). While some of these have not yet been published, it is not anticipated that there would be a material incremental impact on the Group's capital ratios. The CBI published its 'Implementation of Competent Authority Discretions and Options' in CRD IV and CRR on 21 May 2014 which clarified the application of transitional rules in Ireland under CRD IV.

The ECB undertook a review of national discretions and options contained in the CRD IV with a view to harmonising the current treatments across its jurisdictions.

Following this review, a regulation and an associated guide were published in March 2016, with the regulations mainly to be implemented from 1 October 2016. The principal impact (positive) on the Group's transitional capital ratios arises through the removal of the AFS sovereign filter. The impact of the removal of the AFS sovereign filter on the Group's common equity tier 1 ("CET 1") ratio on a transitional basis as at 31 December 2016 was an increase of approximately 33 basis points in the ratio.

Capital requirements/ buffers

The Group has been notified by the SSM/ECB that the outcome of the Group's SREP is that the Group should maintain a CET 1 ratio of 8.0% on a transitional basis from 1 January 2017; this includes a Pillar 2 requirement ("P2R") but excludes the Pillar 2 guidance ("P2G"). This requirement of 8% includes a Pillar 1 requirement of 4.5%, a Pillar 2 requirement of 2.25% and a capital conservation buffer for 2017 of 1.25%. At a Total Tier 1 level the requirement is 1.5% higher (9.5%) and a further 2% higher at a Total Capital level (11.5%), with both ratios on a transitional basis also.

In addition, both the CBI and Financial Policy Committee (UK) have set the Countercyclical buffer ("CCyB") at 0% from 1 January 2017. The CBI has advised that the Group will be required to maintain an O-SII buffer, which will be phased in as follows: 0.5% from July 2019, 1.0% from July 2020 and 1.5% from July 2021.

Capital requirements and buffers are subject to regular review by the relevant regulators.

The Group expects to maintain a CET 1 ratio in excess of 12% on a transitional basis and on a fully-loaded basis by the end of the phase-in period.

Capital resources

The following table sets out the Group's capital resources.

<u>Group capital resources</u>	<u>31 December 2016</u>	<u>31 December 2015</u>	<u>31 December 2014</u>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
Stockholders' equity (excluding 2009 Preference Stock)	8,661	8,372	7,453
Redemption value of 2009 Preference Stock	—	—	1,300
Stockholders' equity	8,661	8,372	8,753
Other equity instruments	740	740	—
Non-controlling interests—equity	1	1	(6)
Total equity	9,402	9,113	8,747
Undated subordinated loan capital	159	180	171
Dated subordinated loan capital	1,266	2,260	2,329
Total capital resources	10,827	11,553	11,247

The Group's key capital ratios included on pages 36 and 37 of the Group 2016 Annual Report, pages 36 and 37 of the Group 2015 Annual Report and pages 34 and 35 of the Group 2014 Annual Report are incorporated by reference into this Prospectus.

Capital actions completed in 2015

Additional tier 1 issuance ("ATI")

In June 2015, the Group successfully raised €750 million of new CRD IV compliant AT1 securities at an initial coupon of 7.375%.

2009 Preference Stock derecognition

On 23 November 2015, the Group:

- announced that it had received SSM approval to exercise its discretion to redeem the remaining €1.3 billion 2009 Preference Stock;
- announced that it would exercise this discretion on 4 January 2016, the earliest possible date consistent with the Group's announcement in December 2013 of the sale of the 2009 Preference Stock to private investors; and

- served notice of redemption to Baggot Securities Limited, as then holder of the stock.

The 2009 Preference Stock was derecognised from CET 1 regulatory capital in November 2015.

Capital actions completed in 2016

€1 billion 10% CCCN redemption

On 1 August 2016, the Group redeemed the €1 billion 10% Convertible Contingent Capital Note (“CCCN”) which had a fixed maturity of 30 July 2016. This was settled on 1 August 2016 being the next Target business day post maturity. There was limited capital impact as the CCCN had amortised from capital over the five years to maturity.

Credit risk transfer transaction

The Group executed a credit risk transfer transaction effective 29 December 2016 on a reference portfolio of €2.87 billion of loan assets. The transaction has reduced the Group’s credit risk exposure, and consequently the risk weighted assets on the reference portfolio. The transaction resulted in a reduction in risk weighted assets of approximately €1.9 billion.

Distributable items

As at 31 December 2016, the Bank had profits available for distribution in excess of €3.0 billion compared to in excess of €2.5 billion as at 31 December 2015. The increase in profits available for distribution of €0.5 billion during the year primarily relates to the impact of profits recorded by the Bank partially offset by the coupon on Additional tier 1 securities and movements in reserves.

Risk weighted assets

Risk weighted assets (RWA) at 31 December 2016 of €50.8 billion compares to RWA of €53.3 billion at 31 December 2015. The decrease of €2.5 billion in RWA is primarily due to the impact of foreign exchange movements €2.1 billion, the execution of a credit risk transfer transaction, €1.9 billion (see paragraph entitled “*Credit risk transfer transaction*” above), changes in book size and quality, €1.3 billion, and other movements, €0.2 billion, partially offset by Internal Rating Based (“**IRB**”) model updates, €3.0 billion (the largest element of which related to the Republic of Ireland mortgage portfolio). The average credit risk weighting on this portfolio increased to 34% at December 2016 (December 2015: 27%).

Transitional ratio

The CET 1 ratio at 31 December 2016 of 14.2% compares to the ratio at 31 December 2015 of 13.3%. The increase of approximately 90 basis points is primarily due to organic capital generation (+approximately 150 basis points), the impact of the credit risk transfer transaction (+approximately 50 basis points), the transitional impact of an decrease in the IAS 19 pension deficit (+approximately 10 basis points) and FX and other impacts (+approximately 5 basis points) partially offset by the impact of revising the calculation of RWA for the Republic of Ireland mortgage non-defaulted loan portfolio (– approximately 65 basis points), increase in CRD phasing for 2016 (– approximately 40 basis points) and investment in the Group’s Core Banking Platforms (– approximately 20 basis points).

The pro forma CET 1 ratio at 1 January 2017 is estimated at 14.0% reflecting the phasing in of CRD IV deductions for 2017.

Fully loaded ratio

The Group’s fully loaded CET 1 ratio, is estimated at 12.3% as at 31 December 2016, which has increased from 11.3% as at 31 December 2015. The increase of approximately 100 basis points is primarily due to organic capital generation (+approximately 130 basis points), the impact of the credit risk transfer transaction (+approximately 40 basis points), and the fully-loaded impact of a decrease in the IAS 19 pension deficit (+approximately 30 basis points) partially offset by the impact of revising the calculation of RWA for the Republic of Ireland mortgage non defaulted loan portfolio (– approximately 60 basis points), investment in the Group’s Core Banking Platforms (– approximately 20 basis points) and FX and other impacts (– approximately 20 basis points).

Leverage ratio

The leverage ratio at 31 December 2016 is 7.3% on a CRD IV transitional basis (31 December 2015: 6.6%), 6.4% on a pro forma fully-loaded basis (31 December 2015: 5.7%). The Group expects to remain above the Basel committee indicated minimum level leverage ratio of 3%. The Basel committee is monitoring the proposed 3% minimum requirement for the leverage ratio and has proposed that final calibrations and any further adjustments to the definition of the leverage ratio will be completed by 2017, with a view to migrating to a Pillar I treatment on 1 January 2018.

The European Commission has proposed the introduction of a binding leverage requirement of 3%. It is anticipated that the binding leverage requirement will be applicable from 2019 at the earliest pending final agreement of the proposals at EU level.

Individual Consolidation

The transitional CET 1 ratio of the Bank calculated on an individual consolidated basis as referred to in Article 9 of the CRR is 16.2% as at 31 December 2016.

2. LIQUIDITY MANAGEMENT

Liquidity risk is the risk that the Group will experience difficulty in financing its assets and/or meeting its contractual payment obligations as they fall due, or will only be able to do so at substantially above the prevailing market cost of funds. Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven, *inter alia*, by the maturity structure of loans and investments held by the Group, while cash outflows are driven, *inter alia*, by the term of the debt issued by the Group and the outflows from deposit accounts held for customers. Liquidity risk can increase due to the unexpected lengthening of maturities or non-repayment of assets, a sudden withdrawal of deposits or the inability to refinance maturing debt. These factors are often associated with times of distress or adverse events such as a credit rating downgrade(s) or economic or financial turmoil.

Liquidity risk management within the Group focuses on the control, within prudent limits, of risk arising from the mismatch in contracted maturities of assets and liabilities and the risks arising from undrawn commitments and other contingent liabilities.

Liquidity risk management consists of two main activities:

- Structural liquidity management focuses on the balance sheet structure, the funding mix, the expected maturity profile of assets and liabilities and the Group's debt issuance strategy; and
- Tactical liquidity management focuses on monitoring current and expected daily cash flows to ensure that the Group's liquidity needs can be met. This takes account of the Group's access to unsecured funding (customer deposits and wholesale funding), the liquidity value of a portfolio of highly marketable assets and a portfolio of secondary assets that can be converted into liquidity to cover unforeseen cash outflows with market counterparties and/or Monetary Authorities.

Further information on the Group's liquidity management is set out on pages 28 to 35 and pages 111 to 117 of the Group 2016 Annual Report and pages 29 to 35 and pages 103 to 109 of the Group 2015 Annual Report which are incorporated by reference into this Prospectus.

3. CREDIT RATINGS

The credit ratings of the Group were as follows as at the Latest Practicable Date:

<u>Senior Debt</u>	<u>Long-Term (Outlook) / Short-Term (Outlook)</u>
Fitch	BBB- (Positive) / F3
Moody's Investor Service	Baa2 (Positive) / Prime-2
Standard & Poor's	BBB (Stable) / A-2
DBRS	BBB (high) (Positive trend) / R-1 (low) (Stable)

BOIG plc has yet to receive a public credit rating from any of the rating agencies. BOIG plc expects to request public ratings from rating agencies and for relevant ratings to be published on or following the Effective Date.

Depending on the degree of subordination, the ratings assigned to subordinated loan capital will be one or more notches below the level for senior debt. Credit ratings are not a recommendation to buy, hold or sell any security and each rating should be evaluated independently of every other rating. These ratings are based on current information furnished to the rating agencies by the Group and information obtained by the rating agencies from other sources. The ratings are accurate only as at the Latest Practicable Date.

PART XVIII: ADDITIONAL INFORMATION

1. Responsibility

BOIG plc, the Bank, the Directors whose names are set out in Part VI (*Directors, Secretary, Registered Office and Advisors*) of this Prospectus, and Mr. Brad Martin in his capacity as a Bank Director accept responsibility for the information contained in this Prospectus and to the best of the knowledge of BOIG plc, the Bank and the Directors (including Mr. Brad Martin) (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Information on BOIG plc and the Bank

BOIG plc was incorporated in Ireland, under the name “**Adjigo plc**”, on 28 November 2016, under the Companies Act as a public limited company with registered number 593672. BOIG plc changed its name to “**Bank of Ireland Group plc**” (its current name) on 31 March 2017. The principal legislation under which BOIG plc operates and the BOIG plc Shares were created is the Companies Act. The BOIG plc Shares in respect of which Admission is being sought are ordinary shares having a nominal value of €1.00 each in the share capital of BOIG plc on the Latest Practicable Date. There will be no application for any other class of share of BOIG plc to be admitted to trading. When admitted to trading, the BOIG plc Shares will be registered with ISIN IE00BD1RP616.

The registered office of BOIG plc is at 40 Mespil Road, Dublin D04 C2N4, Ireland and the telephone number is +353 1 661 5933.

PricewaterhouseCoopers, whose address is One Spencer Dock, North Wall Quay, Dublin D01 X9R7, Ireland have been appointed by the BOIG plc Directors as the auditors of BOIG plc and have been the only auditors of BOIG plc since its incorporation. PricewaterhouseCoopers are chartered accountants and are members of the Institute of Chartered Accountants in Ireland and registered auditors qualified to practice in Ireland.

BOIG plc is operating in accordance with the BOIG plc Constitution, which is comprised of the BOIG plc Memorandum and BOIG plc Articles.

The Bank was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Bank is registered in Ireland with registered no. C-1 and has limited liability. The Bank is currently the holding company of the Group.

The address of the registered office of the Bank is Bank of Ireland, 40 Mespil Road, Dublin D04 C2N4, Ireland (Telephone No.: +353 1 661 5933).

The auditors of the Group are, and have been throughout the period covered by the financial information in this Prospectus, PricewaterhouseCoopers who are authorised by the Institute of Chartered Accountants in Ireland.

On 16 June 2014, the European Parliament and Council passed into law a new Audit Directive and Regulation (the “**Audit Directive**”) which updated the EU regulatory framework on statutory audits. Member states will have two years to implement legislation to transpose, adopt and publish the provisions to comply with the directive. Accordingly, such legislation will apply to the year ended 31 December 2017, being the first financial year starting on or after 16 June 2016. The legislation covers mandatory audit firm rotation, additional restrictions on the provision of non-audit services, requirements relating to audit committee oversight of the performance of the audit, and new requirements regarding reporting by the Auditor. There are a number of options which Member States can choose to adopt. It is unclear what options will be adopted when local legislation is enacted in Ireland.

In accordance with the transitional provisions under the new EU framework, the Group must change external audit firm no later than 2020. The EU framework supplements the UK Corporate Governance Code which recommends the tendering of the external audit contract at least every 10 years. During 2014, the GAC considered the impact of the EU framework and the recommendation of the UK Corporate Governance Code and being conscious of the need to facilitate a smooth transition, and to ensure the continuing quality and effectiveness of the external audit service, it is the current intention of the Group to conduct an Audit tender in 2017. This tender will be in respect of appointment to the role of Group Auditor for the year ended 31 December 2018.

3. Share Capital

BOIG plc

The authorised share capital of BOIG plc is €10,000,025,020 divided into 10,000,000,000 ordinary shares of €1.00 each and 27,800 deferred ordinary shares of €0.90 each.

BOIG plc was incorporated on 28 November 2016 with an authorised share capital of €1,000,025,000 divided into 10,000,000,000 ordinary shares of €0.10 each and 25,000 deferred ordinary shares of €1.00 each and an issued share capital of €25,000.20, comprising two ordinary shares of €0.10 each and 25,000 deferred ordinary shares of €1.00 each. The ordinary shares were issued fully paid up to Fand Limited (a nominee company of Arthur Cox, the Bank's legal advisors for the Scheme) and then on 8 December 2016, transferred to two designated employees of the Group. The two ordinary shares currently in issue will be acquired by BOIG plc for nil consideration and cancelled concurrently with the issue of the BOIG plc Shares pursuant to the Scheme. The deferred ordinary shares were allotted to Enceladus Holding Limited (a nominee company of Arthur Cox, the Bank's legal advisors for the Scheme) solely for the purpose of ensuring that BOIG plc satisfies Irish law minimum share capital requirements for public limited companies at all times prior to the issue of the BOIG plc Shares pursuant to the Scheme. The deferred ordinary shares carry no voting or income rights and have only limited rights on a return of capital.

The issued and fully paid-up share capital of BOIG plc as at 31 December 2016 was:

BOIG plc Shares of €0.10 each:	2
Deferred ordinary shares of €1.00 each:	25,000

On 23 March 2017, the authorised share capital of BOIG plc was increased by €2,800 by the creation of 2,800 deferred ordinary shares of €1.00 each and immediately following such increase, 2,800 deferred ordinary shares of €1.00 each were allotted and issued to Enceladus Holding Limited, each such deferred ordinary share ranking *pari passu* with the existing deferred ordinary shares of BOIG plc. These deferred ordinary shares were issued for the purpose of ensuring that BOIG plc continued to satisfy the minimum capital requirements for public limited companies following the renominalisation of the ordinary shares and deferred ordinary shares referred to below. Immediately following the allotment and issue of the additional 2,800 deferred ordinary shares, BOIG plc adjusted the nominal value of its ordinary shares and deferred ordinary shares by (a) decreasing the nominal value of each deferred ordinary share by €0.10 to €0.90 in accordance with section 83(1)(d) of the Companies Act, with the deduction of €0.10 from each such deferred ordinary share in issue being credited to the undenominated capital of the Bank; and (b) increasing the nominal value of each ordinary share of the Bank by €0.90 to €1.00 in accordance with section 83(1)(c) of the Companies Act, with the increase of €0.90 in the nominal value of each such ordinary share in issue being credited from the undenominated capital of the Company. All the deferred ordinary shares in issue on the Effective Date will be acquired by BOIG plc for nil consideration and cancelled concurrently with the issue of the BOIG plc Shares pursuant to the Scheme.

The issued and fully paid-up share capital of BOIG plc following implementation of the share renominalisations described above and as at the Latest Practicable Date was:

BOIG plc Shares of €1.00 each:	2
Deferred ordinary shares of €0.90 each:	27,800

BOIG plc has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue. No share capital of BOIG plc is under option or subject to a conditional or unconditional agreement to grant an option thereover. There are no acquisition rights and/or obligations over authorised but unissued capital of BOIG plc, or undertakings to increase the capital.

The aggregate nominal value of the issued ordinary share capital of BOIG plc immediately following Admission is expected to be approximately €1,078,822,956, divided into approximately 1,078,822,956 BOIG plc Shares of €1.00 each, all of which will be issued fully paid as part of the Scheme. If the Bank Directors exercise their discretion to change the Exchange Ratio to 1:1 in accordance with the terms of the Scheme, the aggregate nominal value of the issued ordinary share capital of BOIG plc immediately following Admission is expected to be approximately €1,618,163,754, divided into approximately 32,363,275,073 BOIG plc Shares of €0.05 each, all of which will be issued fully paid as part of the Scheme.

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 publication of this Prospectus, there is no certainty as to whether or not the 2016 Bill will be enacted 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 as at the Latest Practicable Date prior to the publication of this Prospectus 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 will 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.

If the 2016 Bill is enacted on or prior to the Effective Date of the Scheme such that section 72 of the Companies Act applies to the acquisition of the Bank by BOIG plc pursuant to the Scheme, the nominal value of the BOIG plc Shares may be further increased 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 Prospectus. 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 (as set out in paragraph (h) of “*Authorisations relating to the share capital of BOIG plc*” below) 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 renominialised as set out above.

In addition, if the Bank 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 final number of BOIG plc Shares that will be issued as part of the Scheme will be calculated on the basis of the Exchange Ratio. Unless the Bank Directors 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). See paragraph 5.3 (*Consolidation and Exchange Ratio*) of Section A of Part V (*Scheme Summary*) of this Prospectus for further details.

BOIG plc will, pursuant to the relevant legislation, announce the final number of BOIG plc Shares that are issued and listed following Admission, by making an announcement on the Irish Stock Exchange and the London Stock Exchange, as soon as practicable after Admission.

Authorisations relating to the share capital of BOIG plc

By written ordinary resolutions passed on 23 March 2017, it was resolved by the holders of the BOIG plc Shares then in issue that:

- (a) the authorised share capital of BOIG plc be increased from €1,000,025,000 divided into 10,000,000,000 ordinary shares of €0.10 each and 25,000 deferred ordinary shares of €1.00 each to €1,000,027,800 by the creation of an additional 2,800 deferred ordinary shares of €1.00 each, each such deferred ordinary share ranking *pari passu* with the existing deferred ordinary shares of BOIG plc;
- (b) subject to the allotment of the additional 2,800 deferred ordinary shares referred to above, the nominal value of each deferred ordinary share of BOIG plc be and is hereby decreased from €1.00 by €0.10 to €0.90 in accordance with section 83(1)(d) of the Companies Act, with the deduction of €0.10 from each such deferred ordinary share in issue on the date this resolution became effective (being 27,800 deferred ordinary shares in total) being credited to the undenominated capital of BOIG plc (being €2,780 following the reduction in nominal value of the issued deferred ordinary shares) and the authorised share capital of BOIG plc be decreased accordingly such that, immediately upon effectiveness of this resolution, the authorised share capital of BOIG plc be €1,000,025,020 divided into 10,000,000,000 ordinary shares of €0.10 each and 27,800 deferred ordinary shares of €0.90 each and the issued share capital of BOIG plc be €25,020.20 divided into 2 ordinary shares of €0.10 each and 27,800 deferred ordinary shares of €0.90 each; and
- (c) subject to and with immediate effect following the effectiveness of the reduction in the nominal value of the deferred ordinary shares referred to above, the nominal value of each ordinary share of BOIG plc (of which two ordinary shares were in issue on the date this resolution became effective) be increased from €0.10 by €0.90 to €1.00 in accordance with section 83(1)(c) of the Companies Act, with the increase of €0.90 in the nominal value of each of the two ordinary shares in issue on the date this resolution became effective (being an increase of €1.80 in total) being credited from the undenominated capital of BOIG plc and the authorised share capital of BOIG plc be increased accordingly such that, immediately following the effectiveness of this resolution, the authorised share capital of BOIG plc be €10,000,025,020 divided into 10,000,000,000 ordinary shares of €1.00 each and 27,800 deferred ordinary shares of €0.90 each and the issued share capital of BOIG plc be €25,022 divided into 2 ordinary shares of €1.00 each and 27,800 deferred ordinary shares of €0.90 each.

By a written ordinary resolution passed on 29 March 2017, it was resolved by the holders of the BOIG plc Shares then in issue that the registered name of BOIG plc be changed from “Adjigo plc” to “Bank of Ireland Group plc”, subject to the consent of the Irish Registrar of Companies, which was provided on 31 March 2017.

By various written resolutions passed on 31 March 2017, it was resolved by the holders of the BOIG plc Shares then in issue that:

- (a) subject to the Scheme becoming effective, BOIG plc adopt the BOIG plc Memorandum with effect from the Effective Date;
- (b) subject to the Scheme becoming effective, BOIG plc adopt the BOIG plc Articles with effect from the Effective Date;
- (c) subject to and with effect from the Scheme becoming effective, the authorised share capital of BOIG plc be increased from €10,000,025,020, divided into 10,000,000,000 ordinary shares of €1.00 each and 27,800 deferred ordinary shares of €0.90 each, to €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;
- (d) conditional upon the buyback and cancellation of the deferred ordinary shares (to occur concurrently with the Scheme becoming Effective), BOIG plc adopt a revised memorandum of association, such revised memorandum of association being the same as the BOIG plc Memorandum save for the omission of all references to the deferred ordinary shares, such references being unnecessary following the buyback and cancellation of the deferred ordinary shares;
- (e) conditional upon the buyback and cancellation of the deferred ordinary shares (to occur concurrently with the Scheme becoming Effective), BOIG plc adopt a revised articles of association, such revised articles of association being the same as the BOIG plc Articles save for the omission of all references

to the deferred ordinary shares, such references being unnecessary following the buyback and cancellation of the deferred ordinary shares;

- (f) conditional upon the buy-back and cancellation of the all deferred ordinary shares (to occur concurrently with the Scheme becoming Effective), the authorised share capital of BOIG plc be reduced from €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, 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;
- (g) the BOIG plc Directors be authorised to exercise all the powers of BOIG plc to allot and issue the BOIG plc Shares pursuant to the Scheme; and
- (h) 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:
 - (a) the reduction of the entire amount standing to the credit of the share premium account of BOIG plc resulting from the issuance of the BOIG plc Shares pursuant to the Scheme or such other lesser amount as the Board of Directors of the Company or the High Court may determine 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;
 - (b) in the event that section 72 of the Companies Act 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 BOIG plc pursuant to the Scheme:
 - (i) the capitalisation of any merger reserve account of BOIG plc resulting from the issuance of the BOIG plc Shares pursuant to the Scheme and the subsequent reduction of the entire amount standing to the credit of the share capital and share premium accounts of BOIG plc arising as a result of such capitalisation or such other lesser amount as the BOIG plc Directors or the High Court may determine 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; and/or
 - (ii) the reduction of the entire amount standing to the credit of the undenominated capital account of BOIG 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 or such other amount as the BOIG plc Directors or the High Court may determine 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,

each be and are hereby acknowledged, confirmed and approved.

In addition to the passing of the resolutions set out above, BOIG plc will, prior to the Effective Date, pass (including by way of written resolution) such resolutions as are necessary in order to replicate substantially the resolutions proposed as special business and passed by Ordinary Stockholders at the Annual General Court of the Bank scheduled to be held on 28 April 2017. As set out in the notice of Annual General Court issued by the Bank to Ordinary Stockholders on 15 March 2017, the resolutions proposed as special business at the Annual General Court of the Bank are as follows:

The special business proposed to be approved by Ordinary Stockholders at the Annual General Court of the Bank to be held on 28 April 2017 is as follows:

- (a) **Resolution 5:** To consider and, if thought fit, pass the following resolution as a special resolution:

“THAT

- (a) the Bank and/or any subsidiary (as such expression is defined by section 7 of the Companies Act 2014) of the Bank be generally authorised to make market purchases or overseas market purchases (as defined by section 1072 of the Companies Act 2014) of units of Ordinary Stock of the Bank having a nominal value of €0.05 each on such terms and conditions and in such manner as the Directors or, as the case may be, the directors of such subsidiary, may from time to time

determine but subject, however, to the provisions of the Companies Act 2014 and to the following restrictions and provisions:

- (i) the maximum number of units of Ordinary Stock authorised to be acquired pursuant to the terms of this resolution shall, subject to the provision hereinafter set out, not exceed 3,200,000,000 units of Ordinary Stock;
- (ii) the minimum price which may be paid for any units of Ordinary Stock to be purchased shall be the nominal value thereof;
- (iii) the maximum price (excluding expenses) which may be paid for any such units of Ordinary Stock to be purchased shall be the higher of:
 - (A) 5% above the average of the closing quotation prices of such units of Ordinary Stock as published in the Irish Stock Exchange Daily Official List (or any successor publication thereto) for the five business days immediately preceding the day of purchase, and, in respect of any business day on which there shall be no dealing in such units of Ordinary Stock on the Irish Stock Exchange, the price which is equal to the midpoint between the high and low market guide prices in respect of such units of Ordinary Stock for that business day, or if there shall be only one such market guide price so published, the market guide price so published; such prices shall be as published in the Irish Stock Exchange Daily Official List (or any successor publication thereto); and
 - (B) an amount equal to the higher of the price of the last independent trade of any number of Ordinary Stock and the highest current independent bid for any number of Ordinary Stock on the trading venue where the purchase pursuant to the authority conferred by this resolution will be carried out.

If the means of providing the foregoing information as to dealings and prices by reference to which the maximum price is to be determined is altered or is replaced by some other means, then a maximum price shall be determined on the basis of the equivalent information published by the relevant authority in relation to dealings on the Irish Stock Exchange or its equivalent.

This resolution shall take effect and the authorities hereby conferred shall be effective immediately and shall expire at the close of business on the earlier of the date of the next Annual General Court of the Bank after the passing of this resolution or 28 July 2018 unless previously varied, revoked or renewed in accordance with the provisions of section 1074 of the Companies Act 2014. The Bank or any such subsidiary may before such expiry enter into a contract for the purchase of units of Ordinary Stock which would or might be wholly or partly executed after such expiry and may complete any such contract as if the authorities conferred hereby had not expired.”

- (b) **Resolution 6:** To consider and, if thought fit, pass the following resolution as a special resolution:

“THAT, for the purposes of section 109 and/or 1078 of the Companies Act 2014, to the extent applicable to the Bank, the re-allotment price range at which any units of Treasury Stock for the time being held by the Bank may be re-allotted (including by way of re-allotment off-market) shall be determined in accordance with Bye-Law 41 of the Bye-Laws of the Bank.

This resolution shall take effect and the authority hereby conferred shall be effective immediately and shall expire at the close of business on 28 October 2018 or on the date of the Annual General Court of the Bank in 2018, whichever is the earlier, unless previously varied or renewed in accordance with the provisions of section 109 and 1078 of the Companies Act 2014 (as applicable) and is without prejudice or limitation to any other authority of the Bank to re-allot Treasury Stock on-market.”

- (c) **Resolution 7:** To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT the Directors be and are hereby generally and unconditionally authorised to exercise all the powers of the Bank to issue and allot relevant securities (within the meaning of section 1021 of the Companies Act 2014) and Treasury Stock (within the meaning of section 1078 of the Companies Act 2014) of the Bank up to an aggregate of:

- (a) 10,600,000,000 units of Ordinary Stock of €0.05 each; and
- (b) a further 10,600,000,000 units of Ordinary Stock of €0.05 each provided that (i) they are equity securities (within the meaning of section 1023(1) of the Companies Act 2014) and (ii) they are

offered by way of a rights issue to holders of Ordinary Stock on the register of stockholders at such record dates as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary stockholders are proportionate (as nearly as may be practicable) to the respective numbers of units of Ordinary Stock held by them on any such record dates, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with legal or practical problems in respect of overseas stockholders, fractional entitlements or otherwise (a “**Rights Issue**”);

provided that this authority shall expire at the close of business on the date of the Annual General Court of the Bank to be held in 2018 or on 28 July 2018, whichever is earlier, save that the Bank may before such expiry make an offer or agreement which would or might require relevant securities to be issued and allotted after such expiry, and the Directors may allot relevant securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.”

(d) **Resolution 8:** To consider and, if thought fit, pass the following resolution as a special resolution:

“THAT, if resolution 7 is approved, the Directors be and are hereby generally authorised, in addition to the authority under resolution 9, to issue and allot equity securities (within the meaning of section 1023(1) of the Companies Act 2014) for cash and Treasury Stock (within the meaning of section 1078 of the Companies Act 2014) pursuant to the authority conferred on the Directors by resolution 7 as if section 1022(1) of the Companies Act 2014 did not apply provided that this power shall be limited to the issue and allotment of:

- (a) in the case of a Rights Issue (as defined in resolution 7), the aggregate number of units of Ordinary Stock of €0.05 each authorised to be issued pursuant to such a Rights Issue pursuant to paragraphs (a) and (b) of resolution 7; and
- (b) 1,600,000,000 units of Ordinary Stock of €0.05 each (otherwise than pursuant to paragraph (a) of this resolution 8);

provided that this authority shall expire at the close of business on the date of the Annual General Court of the Bank to be held in 2018 or 28 July 2018, whichever is earlier, save that the Bank may before such expiry make an offer or agreement which would or might require such securities to be issued and allotted after such expiry and the Directors may allot such securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.”

(e) **Resolution 9:** To consider and, if thought fit, pass the following resolution as a special resolution:

“THAT if resolution 7 is passed, the Directors be and are hereby authorised, in addition to any authority granted under resolution 8, to issue and allot equity securities (as defined in section 1023 of the Companies Act 2014) for cash and/or Treasury Stock (within the meaning of section 1078 of the Companies Act 2014) for cash under the authority given by that resolution as if sub-section (1) of section 1022 of the Companies Act 2014 did not apply to any such issue or allotment, such authority to be:

- (a) limited to the allotment of equity securities up to 1,600,000,000 units of Ordinary Stock of €0.05 each; and
- (b) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Directors determine to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice,

such authority to expire at the close of business on the date of the Annual General Court of the Bank to be held in 2018 (or, if earlier, at the close of business on 28 July 2018) but, in each case, prior to its expiry the Bank may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and Treasury Stock to be sold) after the authority expires and the Directors may issue and allot equity securities under any such offer or agreement as if the authority had not expired.”

(f) **Resolution 10:** To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“THAT in addition and separate to the authority granted by resolution 7, the Directors be and are hereby generally empowered pursuant to section 1021 of the Companies Act 2014 to issue, allot, grant options over or otherwise dispose of:

- (a) Additional Tier 1 contingent equity conversion notes that automatically convert into or are exchanged for Ordinary Stock in the Bank in prescribed circumstances (“AT1 ECNs”) where the Directors consider that such issuance of AT1 ECNs would be desirable in connection with, or for the purposes of, complying with or maintaining compliance with the regulatory capital requirements or targets applicable to the Bank and/or the Bank and its subsidiaries from time to time; and
- (b) Ordinary Stock pursuant to the conversion or exchange of AT1 ECNs, or to agree to do any of the foregoing acts,

PROVIDED THAT the power conferred by this resolution shall:

- (i) be limited to the issue, allotment, grant of options over or other disposal of Ordinary Stock up to a maximum aggregate nominal amount of 5,000,000,000 units of Ordinary Stock of €0.05 each and of AT1 ECNs convertible or exchangeable into Ordinary Stock up to such maximum aggregate nominal amount; and
- (ii) expire 28 July 2018 or at the close of business on the date of the Annual General Court of the Bank to be held in 2018, whichever is the earlier, but so that the Bank may make offers and enter into agreements before the authority expires which would or might require AT1 ECNs or Ordinary Stock to be issued or allotted or rights to subscribe for or to convert or exchange any security into Ordinary Stock to be granted after the authority expires and the Directors may allot stock or grant such rights under any such offer as if the authority had not expired.”

(g) **Resolution 11:** To consider and, if thought fit, pass the following resolution as a special resolution:

“THAT in addition and separate to the authority granted by resolution 8 and 9, the Directors be and are hereby generally empowered to issue, allot, grant options over or otherwise dispose of equity securities (within the meaning of section 1023(1) of the Companies Act 2014) or a right to subscribe for, or convert any securities into Ordinary Stock, including AT1 ECNs (as defined in resolution 10) and any Ordinary Stock issued pursuant to the conversion or exchange of AT1 ECNs) of the Bank for cash pursuant to the authority conferred on the Directors by resolution 10 above as if section 1022(1) of the Companies Act 2014 did not apply up to a maximum aggregate amount provided for in paragraph (b)(i) of resolution 10, provided that: this authority shall expire at the close of business on the date of the Annual General Court of the Bank to be held in 2018 or 28 July 2018, whichever is earlier, but so that the Bank may make offers and enter into agreements before the authority expires which would or might require AT1 ECNs or Ordinary Stock to be issued or allotted or rights to subscribe or convert or exchange any security into Ordinary Stock to be granted after the authority expires and the Directors may allot stock or grant such rights under any such offer as if the authority had not expired.”

(h) **Resolution 12:** To consider and, if thought fit, pass the following resolution as a special resolution:

“THAT an Extraordinary General Court (other than an Extraordinary General Court called for the passing of a special resolution) may be called by not less than 14 clear days’ notice in writing in accordance with Bye-Law 47 (b).”

Allotment of BOIG plc Shares

As a matter of Irish law, the BOIG plc Board may only issue authorised but unissued BOIG plc Shares if authorised to do so by the BOIG plc Articles or if authorised by an ordinary resolution of the BOIG plc Shareholders at a general meeting. An ordinary resolution requires over 50% of the votes of a company’s shareholders cast at a general meeting. The authority conferred can be granted for a maximum period of five years, at which point it must be renewed by the BOIG plc Shareholders by a further ordinary resolution.

Under the Irish Takeover Rules the BOIG plc Board would not be permitted to issue any shares in BOIG plc, during a period when an offer has been made for BOIG plc or is believed to be imminent unless the issue is (i) approved by shareholders of BOIG plc at a general meeting, (ii) consented to by the

Takeover Panel on the basis it would not constitute action frustrating the offer, (iii) consented to by the Takeover Panel and approved by the holders of more than 50% of the voting rights in BOIG plc, (iv) consented to by the Takeover Panel in circumstances where a contract for the issue of the shares had been entered into prior to that period or (v) consented to by the Takeover Panel in circumstances where the issue of the shares was decided by the BOIG plc Board prior to that period and either action has been taken to implement the issuance (whether in part or in full) prior to such period or the issuance was otherwise in the ordinary course of business.

The BOIG plc Articles authorise the BOIG plc Board to grant from time to time options to subscribe for the unallotted shares in the capital of BOIG plc to persons in the service or employment of BOIG plc or any subsidiary or associated company of BOIG plc (including directors holding executive offices) on such terms and subject to such conditions as the members of BOIG plc in general meeting may from time to time approve.

Pre-emption rights

Certain statutory pre-emption rights apply automatically in favour of BOIG plc Shareholders where shares in BOIG plc are to be issued for cash. Statutory pre-emption rights do not apply (i) where shares are issued for non-cash consideration (such as in a share-for-share acquisition), (ii) to the issue of non-equity shares (that is, shares that have the right to participate only up to a specified amount in any income or capital distribution) or (iii) where shares are issued pursuant to an employee option or similar equity plan. Irish law permits companies to opt-out of the statutory pre-emption rights for a period of up to five years if authorised by shareholders by a special resolution (a special resolution requires not less than 75% of the votes of BOIG plc Shareholders cast at a general meeting).

Save as disclosed in this Prospectus, at the date of this document:

- (a) no share or loan capital of BOIG plc has been issued or been agreed to be issued fully or partly paid, either for cash or for a consideration other than cash and no such issue is now proposed;
- (b) no commissions, discounts, brokerages or other special terms have been granted in respect of any share capital of BOIG plc;
- (c) no share or loan capital of BOIG plc is under option or agreed, conditionally or unconditionally, to be put under option; and
- (d) BOIG plc has no subsidiaries and accordingly no share or loan capital of any subsidiary has been issued or been agreed to be issued fully or partly paid either for cash or for a consideration other than cash and no such issue is now proposed and no share or loan capital of any subsidiary is under option or agreed, conditionally or unconditionally, to be put under option.

The BOIG plc Shares are in registered form and, subject to the provisions of the 1996 Regulations, the BOIG plc Directors may permit the holding of BOIG plc Shares in uncertificated form and title to such shares may be transferred by means of a relevant system (as defined in the 1996 Regulations). Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin D18 Y2X6, Ireland is the entity in charge of keeping the records for the BOIG plc Shares held in book-entry form.

Following Admission the BOIG plc Shares will be registered under ISIN: IE00BD1RP616.

The BOIG plc Shares will rank *pari passu* for dividends.

BOIG plc does not have any shares in issue which carry special control rights. To the knowledge of BOIG plc immediately following Admission, BOIG plc will not be directly or indirectly controlled.

Capital stock of the Bank

As at 31 December 2016, the authorised, issued and fully paid up capital stock of the Bank was as follows (all figures are in millions):

	Authorised		Issued and fully paid	
	Number (million)	Amount (million)	Number (million)	Amount (million)
Ordinary Stock of €0.05 each	90,000	€ 4,500	32,385	€1,619 ⁽¹⁾
Deferred Stock of €0.01 each	228,000	€ 2,280	91,981	€ 920
Non-cumulative Preference Stock of €0.01 each	3,500	€ 35	—	—
Non-cumulative 1992 Preference Stock of €1.27 each	100	€ 127	3	€ 4
Undesignated 2005 Preference Stock of €0.25 each	100	€ 25	—	—
Non-cumulative 1992 Preference Stock of Stg£1 each	100	£ 100	1.9	€ 3
Undesignated non-cumulative 2005 Preference Stock of Stg£0.25 each	100	£ 25	—	—
Non-cumulative 1992 Preference Stock of US\$25 each	8	US\$ 200	—	—
Undesignated non-cumulative 2005 Preference Stock of US\$0.25 each	100	US\$ 25	—	—

(1) 48.752 million units of Ordinary Stock of €0.05 each are held as treasury stock by the Bank.

Upon the Scheme becoming Effective, BOIG plc will own 100% of the Ordinary Stock and Ordinary Stockholders will become the BOIG plc Shareholders.

As at 31 December 2016, New Ireland Assurance Company held 26.7 million units of Ordinary Stock as “own shares”. In this instance “own shares” means units of Ordinary Stock held by New Ireland Assurance Company for the benefit of its policyholders.

As at the Latest Practicable Date the number of units of Ordinary Stock in issue was 32,363,275,073. The Bank held 22,008,690 units of Ordinary Stock as Treasury Stock as at the Latest Practicable Date.

The Bank has no convertible debt securities, exchangeable debt securities or debt securities with warrants in issue. No capital stock of the Bank is under option or subject to a conditional or unconditional agreement to grant an option thereover. Save as set out below in relation to the Preferred Securities all of which are expected to be redeemed on their coupon payment date scheduled for 7 June 2017, which is in advance of the Effective Date, there are no acquisition rights and/or obligations over authorised but unissued capital stock of the Bank, or undertakings to increase the capital.

Deferred stock

The total authorised deferred stock is 228 billion units at a par value of €0.01 per unit. The deferred stock has no voting or dividend rights and, on a winding up of, or other return of capital (other than on a redemption of stock of any class in the capital of the Bank) by the Bank, the deferred stockholders will be entitled to receive the amount paid up or credited as paid up on such unit of deferred stock only after Ordinary Stockholders have received, in aggregate, any amounts paid up or credited as paid up on those units of Ordinary Stock held by them at that time, plus €10 million in cash per unit of €0.05 Ordinary Stock, the purpose of which is to ensure that the units of deferred stock have no economic value.

The deferred stock is not transferable at any time, other than with the prior written consent of the Bank Directors. The Bank may redeem or repurchase the deferred stock, make an application to the High Court of Ireland for the deferred stock to be cancelled, or acquire, cancel or seek the surrender of the deferred stock (in each case for no consideration) using such other lawful means as the Bank Directors may determine. It is anticipated that, subject to the effectiveness of the Scheme, all of the deferred stock in issue will be redeemed or repurchased by the Bank on or around the Effective Date.

2009 Preference Stock

On 23 November 2015, following the receipt of ECB approval, the Group announced that it would exercise its discretion to redeem the remaining 2009 Preference Stock with a nominal value of €1.3 billion at par on 4 January 2016 and served notice of redemption to Baggot Securities Limited as holder of the Stock. A

final dividend payment of €116 million was paid to Baggot Securities Limited on 4 January 2016 immediately before the 2009 Preference Stock was redeemed.

1992 Preference stock

As at 31 December 2016, 1,876,090 units of Sterling 1992 Preference Stock and 3,026,598 units of Euro 1992 Preference Stock were in issue. There were no units of US Dollar 1992 Preference Stock in issue.

The 1992 Preference Stock is non-redeemable. The holders of 1992 Preference Stock are entitled to receive at the discretion of the Bank a non-cumulative preferential dividend, which in the case of the Sterling 1992 Preference Stock is payable in Sterling, in a gross amount of Stg£1.2625 per unit per annum and in the case of Euro 1992 Preference Stock is payable in Euro in a gross amount of €1.523686 per unit per annum, in equal semi-annual instalments, in arrears, on 20 February and 20 August in each year.

On a winding up of, or other return of capital, by the Bank (other than on a redemption of stock of any class in the capital of the Bank) the holders of 1992 Preference Stock will be entitled to receive an amount equal to the amount paid up or credited as paid up on each unit of the 1992 Preference Stock held (including the premium) out of the surplus assets available for distribution to the Bank's members. Subject to the Bank's Bye-Laws, the 1992 Preference Stockholders may also be entitled to receive a sum in respect of dividends payable. Otherwise the holders of the 1992 Preference Stock are not entitled to any further or other right of participation in the assets of the Bank.

The preference stockholders are not entitled to vote at any General Court except in certain exceptional circumstances (including where the most recent instalment of the cash dividend on the 1992 Preference Stock has not been paid). Where the 1992 Preference Stock voting rights have been activated, the holders of the Euro 1992 Preference Stock are entitled to cast two votes for every unit of Euro 1992 Preference Stock held and each holder of Sterling 1992 Preference Stock has one vote for every €0.64 of the Euro equivalent to the nominal amount of his holding of Sterling 1992 Preference Stock (based on the exchange rate on the date of issue of the Sterling 1992 Preference Stock).

The Bank has an obligation to increase the cash dividend payable on each unit of 1992 Preference Stock so that the sum of the cash dividend paid or payable together with the associated dividend tax credit shall equal the appropriate gross amounts.

The Sterling 1992 Preference Stock and the Euro 1992 Preference Stock rank *pari passu inter se* to the extent that they are expressed to so rank, and the right to a fixed dividend is in priority to the dividend rights of Ordinary Stock in the capital of the Bank.

The 1992 Preference Stock currently in issue are listed on the Irish Official List and the UK Official List and will continue to be so listed after the Effective Date.

2005 Preference Stock

The Bye-Laws enable the Bank Directors to issue and allot new preference stock (the “**2005 Preference Stock**”) which can be either redeemable or non-redeemable, and can be denominated in US Dollars (\$0.25 per unit), in Euro (€0.25 per unit) or in Sterling (£0.25 per unit). Any 2005 Preference Stock issued will rank equivalent to the existing Euro and Sterling 1992 Preference Stock as regards entitlement to dividends. Bye-Law 7 permits the Bank Directors to withhold the payment of a dividend under the 2005 Preference Stock in the event of the occurrence of a “trigger event”. A trigger event will occur when the capital adequacy requirements of the CBI have been, or are expected to be, breached. As at 31 December 2016, no units of 2005 Preference Stock were in issue.

Preferred Securities

Bank of Ireland UK Holdings plc (“**BoI UK Holdings**”) is a subsidiary of BOI European Holdings S.à.R.L., which is a direct subsidiary of the Bank. The primary functions of BoI UK Holdings and its subsidiaries are to raise capital funding for the Group through the issuance of subordinated liabilities, to provide finance to certain other Group companies and to engage in lending in the UK. The BoI UK Holdings loan book is declining as older debts get repaid which are not being replaced with new business lending. As at the date of this Prospectus, BoI UK Holdings had approximately €32 million of Preferred Securities outstanding.

As announced by BoI UK Holdings on 31 March 2017, BoI UK Holdings intends to redeem all of the outstanding Preferred Securities on their coupon payment date scheduled for 7 June 2017, which is in advance of the Effective Date. The terms of the Preferred Securities provide that they may be redeemed by BoI UK Holdings on such date by giving not less than 30 and not more than 60 days' notice to the holders of the Preferred Securities. BoI UK Holdings intends to issue the formal redemption notice within the requisite time period. The redemption of the Preferred Securities is subject to regulatory consent, which was provided on 24 March 2017.

The existing terms of the Preferred Securities provide that BoI UK Holdings may make discretionary distributions thereon. In the event that the Group elects not to pay such distributions, such payment shall be deferred and the Bank will be precluded from paying dividends or distributions on certain instruments affected by the terms of a "dividend stopper" (Ordinary Stock, non-cumulative 1992 Preference Stock and the Bank's AT1 capital currently in issue) until the Group satisfies the deferred payment. The terms of the Preferred Securities provide for this payment through monies generated by the sale of units of Ordinary Stock issued to a trustee to sell on behalf of the holders of the Preferred Securities. Upon the issue of units of Ordinary Stock pursuant to the terms of the Preferred Securities, the proportionate ownership and voting interests of Ordinary Stockholders would be diluted. Under the terms of the Preferred Securities, the Bank agreed to keep available for issue such number of units of Ordinary Stock as it reasonably considers would be required to be issued in order to satisfy the requirement to issue shares to the trustee for sale in connection with the next four coupon payments. As at the date of this Prospectus, all payments due on the Preferred Securities have been satisfied in full, and no "dividend stopper" period subsists.

History of Movements in Ordinary Stock and Treasury Stock

The following table shows the movements in the Ordinary Stock and Treasury Stock of the Bank which occurred between 1 January 2014 and 31 December 2016:

	<u>Ordinary Stock</u>	<u>Treasury Stock</u>
As at:		
1 January 2014	32,343,587,302	41,696,461
1 January 2015 ⁽¹⁾	32,345,992,667	39,291,096
1 January 2016 ⁽²⁾	32,345,699,711	39,584,052
31 December 2016 ⁽³⁾	32,336,532,036	48,751,727

Notes:

- (1) The change in the totals of Ordinary Stock and Treasury Stock of 2,405,365 relates to stock sold / (purchased) and held for the benefit of life insurance policyholders during 2014.
- (2) The change in the totals of Ordinary Stock and Treasury Stock of 292,956 relates to stock sold / (purchased) and held for the benefit of life insurance policyholders during 2015.
- (3) The change in the totals of Ordinary Stock and Treasury Stock of 9,167,675 relates to stock sold / (purchased) and held for the benefit of life insurance policyholders during 2016.

2009 Preference Stock

The Bank had 1.3 billion units of 2009 Preference Stock in issue as at 31 December 2014 and 31 December 2015. The Bank redeemed all of the 2009 Preference Stock with a nominal value of €1.3 billion at par on 4 January 2016.

4. Major Stockholders and Major Shareholders

The Irish Listing Rules require the Bank and BOIG plc to notify a Regulatory Information Service of particulars of any interest held by any person in 3% or more of the nominal value of any class of capital carrying voting rights.

Major Stockholders of the Bank

As at the Latest Practicable Date, the following persons or groups of persons had notified the Bank that they hold more than 3% of the total capital stock of the Bank:

	Notified holding on Latest Practicable Date	Percentage of total Ordinary Stock in Issue
Ireland Strategic Investment Fund (ISIF)	4,516,000,413	13.95%
The Capital Group Companies Inc.	2,275,034,837	7.03%
Blackrock Inc	1,936,716,631	5.98%
FMR LLC	1,590,968,738	4.91%
AKO Capital LLP	972,407,319	3.00%

The above listed Ordinary Stockholders do not have different voting rights.

The Bank is not aware of any person who, as at the Latest Practicable Date, directly or indirectly, jointly or severally, exercises or could exercise control over the Bank.

Other than the Scheme, in so far as known to the Bank there are no arrangements, the operation of which may, at a date subsequent to the date of this Prospectus, result in a change of control of the Bank.

Major Shareholders of BOIG plc

Two designated employees of the Group each hold one of the two BOIG plc Shares in issue as at the Latest Practicable Date. The 27,800 deferred ordinary shares were held by Enceladus Holding Limited (a nominee company of Arthur Cox, the Bank's legal advisors for the Scheme) as at the Latest Practicable Date. The 27,800 deferred ordinary shares of €0.90 each in the capital of BOIG plc will be acquired and cancelled by BOIG plc on the date on which the Scheme becomes Effective.

On the assumption that there has been no change in the stockholdings of the Bank's major stockholders referred to above between the Latest Practicable Date and the Scheme Record Time, it is expected that the persons or groups of persons set out above, who notified the Bank that they hold more than 3% of the total capital stock of the Bank as at the Latest Practicable Date, will hold the equivalent percentage of the total share capital of BOIG plc immediately following Admission. It is not expected that any other persons or groups will hold more than 3% of the total share capital of BOIG plc immediately following Admission as a result of the Scheme.

The above mentioned BOIG plc Shareholders do not have different voting rights.

There is no differentiation in the voting rights attributable to BOIG plc's voting capital. Each BOIG plc Share carries one vote at shareholder meetings and the BOIG plc Shares will carry the same voting rights as the existing ordinary shares of BOIG plc which are in issue.

The Directors are not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over BOIG plc immediately after Admission, nor is it aware of any arrangement, the application of which would, at a subsequent date, result in a change of control over BOIG plc.

5. Dividend Policy and Distributable Reserves

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.

There is no fixed date on which entitlement to dividend arises or dividends are paid. There are no dividend restrictions or specific procedures relevant to the payment of dividends to non-resident shareholders.

Under Irish law, BOIG plc may only make distributions (including the payment of cash dividends) to its shareholders or fund share repurchases and redemptions from "distributable reserves". In addition, the

Group can only make distributions from “distributable items”, as defined in Article 4.1 of CRR, calculated by reference to a financial year end.

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 the 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.

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 be sufficient time for BOIG plc to apply to the High Court for the approved capital reduction and consequent creation of distributable reserves which would be available for 2018.

The capital reduction of BOIG plc requires the approval of the High Court and shareholder approval. In connection with seeking High Court approval, BOIG plc Shareholders have approved the creation of the distributable reserves (through the reduction of the share premium account, the capitalisation and subsequent reduction of any merger reserve account of BOIG plc and/or the reduction of any undenominated capital of BOIG plc arising as a result of the renominatisation of BOIG plc shares) by way of written resolution passed on 31 March 2017. Ordinary Stockholders will also be asked to approve the capital reduction of BOIG plc as an advisory resolution at the Extraordinary General Court. It is expected that this process will be completed in the final quarter of 2017. 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.

BOIG plc has not paid any dividend on any BOIG plc Shares since its incorporation. In addition, the Bank did not pay any dividend on any Ordinary Stock during the financial years ended 31 December 2014, 31 December 2015 and 31 December 2016. Dividend payments were made in respect of the Bank’s preferential stock in accordance with their terms as follows during this period: (i) €141 million during the financial year ended 31 December 2014; (ii) €141 million during the financial year ended 31 December 2015; and (iii) €124 million during the financial year ended 31 December 2016.

6. Mandatory Takeover Bids and Compulsory Acquisition Rules

Mandatory Bids

Under the Irish Takeover Rules, if an acquisition of BOIG plc Shares were to increase the aggregate holding of the acquirer and its concert parties to BOIG plc Shares carrying 30% or more of the voting rights in BOIG plc, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Takeover Panel) to make an offer for the outstanding shares at a price not less than the highest price paid for the BOIG plc Shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30% and 50% of the voting rights in BOIG plc if the effect of such acquisition were to increase that person’s percentage of the voting rights by 0.05% within a twelve month period. A single holder (that is, a holder excluding any parties acting in concert with the holder) holding more than 50% of the voting rights of BOIG plc is not subject to this rule.

Squeeze-Out

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 (the “**2006 Regulations**”) set out a procedure enabling a bidder for an Irish company which has securities admitted to trading on an EU regulated market to acquire compulsorily the securities of those holders who have not accepted a general offer—the “squeeze-out” right—on the terms of the general offer.

The main condition which needs to be satisfied before the “squeeze-out” right can be exercised is that the bidder, pursuant to acceptance of a bid for the beneficial ownership of all the transferable voting securities (other than securities already in the beneficial ownership of the bidder) in the capital of BOIG plc, has acquired, or unconditionally contracted to acquire, securities which amount to not less than nine tenths of

the nominal value of the securities affected and carry not less than nine tenths of the voting rights attaching to the securities affected.

Sell-Out

The 2006 Regulations also provide for rights of “sell-out” for shareholders in Irish companies which have securities admitted to trading on an EU regulated market. Holders of securities carrying voting rights in BOIG plc who have not accepted a bid by way of a general offer for the beneficial ownership of all of the voting securities in BOIG plc (other than securities already in the beneficial ownership of the bidder) have a corresponding right to oblige the bidder to buy their securities, on the terms of the general offer under which the beneficial ownership of the securities of the assenting security holders was acquired by the bidder. The main condition to be satisfied to enable the exercise of “sell-out” rights is that the bidder has acquired, or unconditionally contracted to acquire, securities which amount to not less than 90% in nominal value of the securities affected and which carry not less than nine-tenths of the voting rights attaching to the securities affected.

Substantial Acquisition Rules

The Substantial Acquisition Rules are designed to restrict the speed at which a person may increase a holding of voting securities (or rights over such securities) of a company which is subject to the Irish Takeover Rules, including BOIG plc. The Substantial Acquisition Rules prohibit the acquisition by any person (or persons acting in concert with that person) of shares or rights in shares carrying 10% or more of the voting rights in BOIG plc within a period of seven calendar days if that acquisition would take that person’s holding of voting rights to 15% or more but less than 30% of the voting rights in BOIG plc.

Public Takeover Bids

There have been no public takeover bids by third parties in respect of the share capital of BOIG plc or the Bank as at the Latest Practicable Date.

7. Summary of the BOIG plc Constitution

7.1 Memorandum of Association

A full description of the objects of BOIG plc is set out in clauses 3 and 4 of the BOIG plc Memorandum, which is available for inspection as provided for in Section 20 (*Documents on Display*) in this Part XVIII. Those objects include the carrying on of the business of a holding company, the raising of money and the acquisition of securities.

7.2 Articles of Association

The BOIG plc Articles, which are available for inspection as provided for in Section 20 (*Documents on Display*) of this Part XVIII which have been adopted by BOIG plc, subject to implementation of the Scheme, with effect from the Effective Date, contain (amongst others) provisions to the following effect.

Share rights

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 and 100,000,000 preference shares of €0.10 each.

Without prejudice to any special rights conferred on the holders of any existing shares or class of shares in BOIG plc, and subject to the provisions of the Companies Act, any share may be issued with such rights or restrictions as BOIG plc may by ordinary resolution determine.

Ordinary shares

The ordinary shares rank *pari passu* in all respects with each other.

The rights and restrictions attaching to the ordinary shares are as follows:

- (a) subject to the right of BOIG plc to set the record dates for the purposes of determining the identity of members entitled to notice of and/or to vote at a general meeting, the right to attend and speak at any general meeting of BOIG plc and to exercise one vote per ordinary share at any general meeting of BOIG plc;

- (b) the right to participate *pro rata* in all dividends declared by BOIG plc; and
- (c) the right, in the event of BOIG plc winding up, to participate *pro rata* in the total assets of BOIG plc.

The rights attaching to the ordinary shares may be subject to the terms of issue of any series or class of preference shares allotted by the BOIG plc Directors from time to time.

Deferred ordinary shares

The deferred ordinary shares were included in BOIG plc's share capital solely to ensure that BOIG plc satisfies Irish law minimum share capital requirements for public limited companies at all times prior to the Scheme becoming Effective. The deferred ordinary shares do not carry any voting rights or income rights and have only limited rights on a return of capital. The 27,800 deferred ordinary shares currently in issue will be acquired by BOIG plc for nil consideration and cancelled on the date on which the Scheme becomes Effective.

Preference shares

Where authorised to issue authorised but unissued shares in the capital of BOIG plc, 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 BOIG plc Board providing for the issuance of such class or series.

Allotment of BOIG plc Shares

As a matter of Irish law, the BOIG plc Board may only issue authorised but unissued BOIG plc Shares if authorised to do so by the BOIG plc Articles or if authorised by an ordinary resolution of the BOIG plc Shareholders at a general meeting. An ordinary resolution requires over 50% of the votes of a company's shareholders cast at a general meeting. The authority conferred can be granted for a maximum period of five years, at which point it must be renewed by the BOIG plc Shareholders by a further ordinary resolution.

The BOIG plc Articles authorise the BOIG plc Board to grant from time to time options to subscribe for the unallotted shares in the capital of BOIG plc to persons in the service or employment of BOIG plc or any subsidiary or associated company of BOIG plc (including directors holding executive offices) on such terms and subject to such conditions as BOIG plc Directors may from time to time approve.

Pre-emption rights

Certain statutory pre-emption rights apply automatically in favour of BOIG plc Shareholders where shares in BOIG plc are to be issued for cash. Statutory pre-emption rights do not apply (i) where shares are issued for non-cash consideration (such as in a share-for-share acquisition), (ii) to the issue of non-equity shares (that is, shares that have the right to participate only up to a specified amount in any income or capital distribution) or (iii) where shares are issued pursuant to an employee option or similar equity plan. Irish law permits companies to opt-out of the statutory pre-emption rights for a period of up to five years if authorised by shareholders by a special resolution (a special resolution requires not less than 75% of the votes of BOIG plc Shareholders cast at a general meeting).

Dividends and other distributions

Under Irish law, dividends and other distributions may only be made from distributable reserves. Distributable reserves generally means accumulated realised profits, so far as not previously utilised by distribution or capitalisation, less accumulated realised losses, so far as not previously written off in a reduction or reorganisation of capital, and includes reserves created by way of capital reduction. In addition, no distribution or dividend may be made unless the net assets of BOIG plc are equal to, or in excess of, the aggregate of BOIG plc called-up share capital plus undistributable reserves and the distribution does not reduce BOIG plc net assets below such aggregate.

Undistributable reserves include undenominated capital and the amount by which BOIG plc accumulated unrealised profits, so far as not previously utilised by any capitalisation, exceed BOIG plc accumulated unrealised losses, so far as not previously written off in a reduction or reorganisation of capital. The determination as to whether or not BOIG plc has sufficient distributable reserves to fund a dividend must be made by reference to “relevant financial statements” of BOIG plc. The “relevant financial statements” are either the last set of unconsolidated annual audited financial statements or other financial statements properly prepared in accordance with the Companies Act, which give a “true and fair view” of BOIG plc’s unconsolidated financial position and accord with accepted accounting practice. The relevant financial statements must have been filed in the Companies Registration Office (the official public registry for companies in Ireland).

Subject to the provisions of the Companies Act, the BOIG plc Articles authorise the BOIG plc Directors to pay interim dividends without shareholder approval to the extent they appear justified by profits in an amount determined by the Board available for distribution.

Subject to the provisions of the Companies Act, the BOIG plc Board may also recommend a dividend to be approved and declared by the BOIG plc Shareholders at a general meeting and may direct that the payment be made by distribution of assets, shares or cash. No dividend issued may exceed the amount recommended by the BOIG plc Board. The BOIG plc Board may also declare a final dividend without shareholder approval, provided that the resolution of the BOIG plc Board 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 total amount of any dividend payment shall be determined by the BOIG plc Board as justified by profits of BOIG plc available for distribution.

Any general meeting declaring a dividend may direct payment of such dividend or bonus or interim dividend wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stocks of any other company or in any one or more of such ways, and the BOIG plc Board shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the BOIG plc Board may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed, in order to adjust the rights of all the parties, and may vest any such specific assets in trustees as may seem expedient to the BOIG plc Board and generally may make such arrangements for the allotment, acceptance and sale of such specific assets or fractional certificates, or any part thereof, and otherwise as they think fit.

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionally to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly. Dividends on BOIG plc Shares are forfeited in favour of BOIG plc and cease to remain owing by BOIG plc in the event they remain unclaimed for 12 years from the date of declaration.

The BOIG plc Board is also entitled to issue shares with preferred rights to participate in dividends declared by BOIG plc (which may be cumulative or non-cumulative). The holders of such preference shares may, depending on their terms, be entitled to claim arrears of a declared dividend out of subsequently declared dividends in priority to ordinary shareholders. Dividends on BOIG plc Shares are not cumulative in nature.

Conversion of Shares

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

Repurchases and Redemptions by BOIG plc

Under Irish law, a company can issue redeemable shares and redeem them out of distributable reserves or the proceeds of a new issue of shares for that purpose. Under the BOIG plc Articles, the ordinary shares do not have any redemption rights. Under Irish law, BOIG plc may, by special resolution, and subject to

the provisions of the Companies Act governing the variation of rights attached to classes of shares and the amendment of BOIG plc's Constitution, convert any of its shares into redeemable shares.

The issue of redeemable shares may only be made by BOIG plc where the nominal value of the issued share capital that is not redeemable is not less than 10% of the nominal value of the total issued share capital of BOIG plc. The BOIG plc Board will also be entitled to issue preference shares which may be redeemed at the option of either BOIG plc or the relevant BOIG plc Shareholder, depending on the terms of such preference shares. Repurchased and redeemed shares may be cancelled or held as treasury shares. The nominal value of treasury shares held by BOIG plc at any time must not exceed 10% of the aggregate of the nominal value and share premium in respect of the allotment of BOIG plc Shares together with the nominal value of any shares acquired by BOIG plc. While BOIG plc holds shares as treasury shares, it cannot exercise any voting rights in respect of those shares. Treasury shares may be cancelled by BOIG plc or re-issued subject to certain conditions.

Purchases by Subsidiaries of BOIG plc

Under Irish law, it may be permissible for an Irish or non-Irish subsidiary to purchase BOIG plc Shares either on-market or off-market. A general authority of the BOIG plc Shareholders is required to allow a subsidiary of BOIG plc to make on-market purchases of BOIG plc ordinary shares; however, as long as this general authority has been granted, no specific shareholder authority for a particular on-market purchase by a subsidiary of BOIG plc ordinary shares is required. In order for a subsidiary of BOIG plc to make an on-market purchase of BOIG plc Shares, such shares must be purchased on a "regulated market". The Irish Stock Exchange and the London Stock Exchange, on which it is proposed to list the BOIG plc Shares, are regulated markets for this purpose. For an off-market purchase by a subsidiary of BOIG plc, the proposed purchase contract must be authorised by special resolution of the BOIG plc Shareholders before the contract is entered into. The person whose shares are to be bought back cannot vote in favour of the special resolution and, from the date of the notice of the meeting at which the resolution approving the contract is to be proposed, the purchase contract must be on display or must be available for inspection by BOIG plc Shareholders at the registered office of BOIG plc.

The number of shares held by the subsidiaries of BOIG plc at any time will count as treasury shares and will be included in any calculation of the permitted treasury share threshold of 10% of the aggregate of the nominal value and share premium in respect of the allotment of BOIG plc Shares together with the nominal value of any shares acquired by BOIG plc. While a subsidiary holds BOIG plc Shares, it cannot exercise any voting rights in respect of those shares. The acquisition of the BOIG plc Shares by a subsidiary must be funded out of distributable reserves of the subsidiary.

Capitalisation of reserves

The BOIG plc Articles provide that the BOIG plc Board may from time to time at its discretion, subject to the provisions of the Companies Act and, in particular, to the Board being duly authorised pursuant to the Companies Act to allot the relevant shares, offer to the holders of ordinary shares the right to elect to receive in lieu of any dividend or proposed dividend or part thereof an allotment of additional ordinary shares credited as fully paid-up.

The BOIG plc Articles also provide that the BOIG plc Board may resolve to capitalise any amount credited to any reserve or fund available for distribution or the share premium account or other undistributable reserve of BOIG plc for issuance and distribution to shareholders as fully paid-up bonus shares on the same basis of entitlement as would apply in respect of a dividend or distribution.

The BOIG plc Articles provide that, notwithstanding any other provision contained therein, the BOIG plc Directors may resolve that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of BOIG plc reserve accounts or to the credit of the profit and loss account which is not available for distribution by applying such sum in paying up in full unissued deferred ordinary shares to be allotted as fully paid bonus shares.

Transfer of Shares

Under the BOIG plc Articles, the BOIG plc Board may, in its absolute discretion and without assigning any reason therefore, decline to register:

- (a) any transfer of a share which is not fully paid; or

- (b) any transfer to or by a minor or person of unsound mind, but this shall not apply to a transfer of such a share resulting from a sale of the share through a stock exchange on which the share is listed.

Under the BOIG plc Articles, the BOIG plc Board may decline to recognise any instrument of transfer unless:

- (a) save for transfers effected in a manner permitted under the 1996 Regulations, the Companies Act or any applicable regulations made thereunder, the instrument of transfer is accompanied by the certificate of the shares to which it relates and such other evidence as the BOIG plc Board may reasonably require to show the right of the transferor to make the transfer;
- (b) it is for one class of share only;
- (c) it is duly stamped or is duly certificated or otherwise show to the satisfaction of the BOIG plc Board to be exempt from stamp duty (if this is required);
- (d) it is in favour of not more than four transferees; and
- (e) it is lodged at the registered office of BOIG plc or at such other place as the BOIG plc Board may appoint.

The BOIG plc Board may decline to register any transfer of shares in uncertificated form only in such circumstances as may be permitted or required by the 1996 Regulations. In addition to any other right or power of BOIG plc under the Companies Act or under the BOIG plc Articles, the BOIG plc Board may at any time give a shareholder a notice requiring that shareholder to notify BOIG plc of his interest in any shares in BOIG plc and where a shareholder fails to comply with such notice or any notice served under the Companies Act, the BOIG plc Board may serve a further notice on the relevant shareholder directing that, amongst other things, where the relevant shares represent at least 0.25% of the nominal value of issued share capital of that class, save in specified circumstances, no transfer of any such shares shall be registered.

Changes in capital

Increases or reductions in authorised share capital

The authorised share capital may be increased or reduced (but not below the number of BOIG plc Shares, deferred ordinary shares or preference shares, as applicable) by a simple majority of the votes cast at a general meeting (referred to under Irish law as an “ordinary resolution”).

Consolidation, Division, Subdivision and Cancellation

Under the BOIG plc Articles, BOIG plc may by ordinary resolution:

- (a) consolidate and divide all of any of its share capital into shares of larger amount;
- (b) subdivide its shares, or any of them, into shares of smaller amount;
- (c) increase the nominal value of any of its shares by the addition to them or any undenominated capital;
- (d) reduce the nominal value of any of its shares by the deduction from them of any part of that value, subject to the crediting of the amount of the deduction to undenominated capital, other than the share premium account; or
- (e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and reduce the amount of its authorised share capital by the amount of the shares so cancelled.

Reductions of Capital

BOIG plc Articles provide that BOIG plc may, by special resolution, reduce its company capital, any capital redemption reserve fund, share premium account or any undenominated capital in any manner and with, and subject to, any incident authorised, and consent required, by law.

Variation of rights

Variation of all or any special rights attached to any class of shares of BOIG plc is addressed in the BOIG plc Articles as well as the Companies Act. Without prejudice to the ability of the BOIG plc Board to

issue preference shares, any variation of class rights attaching to the issued shares of BOIG plc must be approved with the consent in writing or by a special resolution of the shareholders of the class affected passed at a separate general meeting of the holders of the shares of the class. The quorum at any such separate general meeting, other than an adjourned meeting, shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class in question provided that, if the relevant class of holders only has one holder, that holder present in person or by proxy, shall constitute the necessary quorum. The quorum at an adjourned meeting shall be one holder, present in person or by proxy.

Disclosure of Interests

Under the Companies Act, there is a notification requirement for shareholders who acquire or cease to be interested in 3% of the shares of an Irish public limited company. A shareholder of BOIG plc must therefore make such a notification to BOIG plc if as a result of a transaction the shareholder will be interested in 3% or more of the shares of BOIG plc or if as a result of a transaction a shareholder who was interested in more than 3% of the shares of BOIG plc ceases to be so interested. Where a shareholder is interested in more than 3% of the shares of BOIG plc, any alteration of his or her interest that brings his or her total holding through the nearest whole percentage number, whether an increase or a reduction, must be notified to BOIG plc. The relevant percentage figure is calculated by reference to the aggregate nominal value of the shares in which the shareholder is interested as a proportion of the entire nominal value of BOIG plc share capital. Where the percentage level of the BOIG plc Shareholder's interest does not amount to a whole percentage this figure may be rounded down to the next whole number. All such disclosures should be notified to BOIG plc within five business days of the transaction or alteration of the shareholder's interests that gave rise to the requirement to notify. Where a person fails to comply with the notification requirements described above no right or interest of any kind whatsoever in respect of any shares in BOIG plc concerned, held by such person, shall be enforceable by such person, whether directly or indirectly, by action or legal proceeding. However, such person may apply to the Court to have the rights attaching to the shares concerned reinstated.

In addition to the above disclosure requirement, if at any time the BOIG plc Board is satisfied that any BOIG plc Shareholder, or any other person appearing to be interested in shares held by such member, has been duly served with a Section 1062 Notice and is in default for the Section 1062 prescribed period (as defined in the BOIG plc Articles) in supplying to BOIG plc the information required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the BOIG plc Directors may, in their absolute discretion at any time thereafter by notice (a "**Direction Notice**") to such member direct:

- (a) that the member shall not be entitled to attend or to vote at a general meeting either personally or by proxy in respect of the shares in relation to which the default occurred (the "**Default Shares**") or to exercise any other right conferred by membership in relation to meetings of BOIG plc;
- (b) that, where the nominal value of the Default Shares represents at least 0.25% of the nominal value of the issued shares of that class:
 - (i) no payment shall be made of any sums due from BOIG plc on the Default Shares and BOIG plc shall not have any liability to pay interest on any such payment when it is finally paid (in each case except in a liquidation of BOIG plc);
 - (ii) 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 unless (A) the member is not himself in default as regards supplying the information requested; or (B) the transfer is an approved transfer (as defined in the BOIG plc Articles).

Any Direction Notice shall cease to have effect:

- (a) in relation to any shares which are transferred by such member by means of an approved transfer; or
- (b) when the BOIG plc Directors are satisfied that such member (and any other person appearing to be interested in shares held by such member) has provided BOIG plc with the information required in the Section 1062 Notice.

The BOIG plc Board may at any time give notice cancelling a Direction Notice.

Share certificates

Except in respect of an allotment or transfer of a share in uncertificated form in accordance with the 1996 Regulations or the CSD Regulations, every member of BOIG plc shall be entitled without payment to receive within two months after his name is entered as a member in the Register of Members (or within such other period as the conditions of issue shall provide) one certificate for all the shares of each class held by him or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the BOIG plc Directors may determine provided that BOIG plc shall not be bound to issue more than one certificate for shares held jointly by several persons and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them. If a share certificate is defaced, worn out, lost, stolen or destroyed, it may be replaced on such terms (if any) as to evidence and indemnity and (to the extent demanded by the Company) on the payment of such expenses reasonably incurred by BOIG plc in investigating such evidence, as the board may reasonably prescribe, and, in the case of defacement or wearing out, upon delivery of the old certificate.

Directors

The BOIG plc Articles allocate authority over day-to-day management of BOIG plc to the BOIG plc Board. The BOIG plc Board may then delegate any of its powers, authorities and discretions (with power to sub-delegate) to the Chief Executive, or any Director holding any other executive office or any other person employed by BOIG plc or any of its subsidiaries, any committee consisting of such person or persons (whether BOIG plc Directors or not) as it thinks fit, but regardless, the BOIG plc Directors will remain responsible, as a matter of Irish law, for the proper management of the affairs of BOIG plc.

Number of BOIG plc Directors

The number of BOIG plc Directors shall not be more than eighteen nor less than ten. BOIG plc may by ordinary resolution vary the maximum and/or minimum number of BOIG plc Directors.

Appointment and retirement of BOIG plc Directors

At each annual general meeting of BOIG plc every BOIG plc Director who has been in office at the completion of the most recent annual general meeting since he was last appointed or reappointed, shall retire from office. This does not apply to any Government Appointee (as described in “*BOIG plc Directors nominated by the Government body*” below). A BOIG plc Director who retires at an annual general meeting may be reappointed, if willing to act. If he is not reappointed (or deemed to be reappointed pursuant to the BOIG plc Articles) he shall retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting. BOIG plc may from time-to-time by ordinary resolution appoint a person to be BOIG plc Director either to fill a vacancy or as an additional BOIG plc Director.

The BOIG plc Directors may also appoint a person who is willing to act as a BOIG plc Director, either to fill a vacancy or as an additional BOIG plc Director, provided that the appointment does not cause the number of BOIG plc Directors to exceed the maximum number of BOIG plc Directors fixed by the BOIG plc Articles. A BOIG plc Director so appointed will hold office until the next following annual general meeting, and shall then be eligible for re-election. If not re-appointed at such annual general meeting such BOIG plc Director shall vacate office at the conclusion thereof.

BOIG plc Directors nominated by Government body

Any person nominated pursuant to a direction of a Government body for the purpose of any requirement imposed on the Bank pursuant to section 6 of the CIFS Guarantee Scheme, shall be deemed to be appointed a BOIG plc Director (a “**Government Appointee**”) and such Government Appointee may be removed as a BOIG plc Director by the Government body. A Government Appointee shall not retire at the annual general meeting of the Company. No Government Appointee may serve as a BOIG plc Director for a period longer than nine years. The period of appointment shall be deemed to include and commence from his or her first appointment as a Bank Director. If the appointment of the Government Appointee would result in the maximum number of BOIG plc Directors being exceeded, the BOIG plc Directors, unless otherwise agreed, shall draw lots to determine which of them shall be deemed to have resigned upon the Government Appointee taking office.

Disqualification and removal of BOIG plc Directors

The office of a BOIG plc Director will be vacated if:

- (a) he is restricted or disqualified from acting as a BOIG plc Director of any company under the provisions of Part 14 of the Companies Act;
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
- (c) in the opinion of a majority of his co-BOIG plc Directors, he becomes incapable by reason of mental disorder of discharging his duties as a BOIG plc Director;
- (d) (not being a BOIG plc Director holding for a fixed term an executive office in his capacity as a BOIG plc Director) he resigns his office by notice to BOIG plc;
- (e) he is convicted of an indictable offence, unless the BOIG plc Directors otherwise determine;
- (f) he shall have been absent for more than six consecutive months without permission of the BOIG plc Directors from meetings of the BOIG plc Directors held during that period and his alternate BOIG plc Director (if any) shall not have attended any such meeting in his place during such period, and the BOIG plc Directors pass a resolution that by reason of such absence he has vacated office;
- (g) save in the case of a Government Appointee, he is required in writing by all his co-BOIG plc Directors to resign; or
- (h) in the case of a Government Appointee, if removed from office by the Government body.

BOIG plc, by ordinary resolution of which notice has been given in accordance with the Companies Act may remove any BOIG plc Director before the expiry of his period of office notwithstanding anything in the BOIG plc Articles or in any agreement between BOIG plc and such BOIG plc Director and may, if thought fit, by ordinary resolution appoint another BOIG plc Director in his stead.

Proceedings of the Board

Subject to the provisions of BOIG plc Articles, the BOIG plc Directors may regulate their proceedings as they think fit. A BOIG plc Director may call a meeting of the BOIG plc Directors. The quorum necessary for the transaction of the business of the BOIG plc Board may be fixed by the board and, unless so fixed at any other number, shall be five. If the number of BOIG plc Directors present is less than the number fixed as the quorum, they may act only for the purpose of filling vacancies or of calling a general meeting.

Subject to any appointment to the office of chairman made pursuant to the BOIG plc Articles, the BOIG plc Directors may elect a chairman of their meetings and determine the period for which he is to hold office. Questions arising at any meeting of BOIG plc Directors shall be decided by a majority of votes. In the case of an equality of votes the chairman of the meeting shall not have a second or casting vote.

Any BOIG plc Director may participate in a meeting of the BOIG plc Directors or any committee of the BOIG plc Directors by means of a conference telephone or other telecommunications equipment by means of which all persons participating in the meeting can hear each other speak and such participation in a meeting shall constitute presence in person at the meeting.

All acts done by any meeting of the BOIG plc Directors or of a committee of BOIG plc Directors or by any person acting as a BOIG plc Director, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such BOIG plc Director or person acting as aforesaid, or that they or any of them were disqualified from holding office or had vacated office, shall be as valid as if every such person had been duly appointed and was qualified and had continued to be a BOIG plc Director and had been entitled to vote.

Remuneration of BOIG plc Directors

The ordinary remuneration of the BOIG plc Directors will be determined from time to time by an ordinary resolution of BOIG plc. Any BOIG plc Director who holds any executive office, including that of chairman or deputy chairman, or who serves on any committee, or who otherwise performs services which in the opinion of the BOIG plc Directors are outside the scope of a BOIG plc Director's ordinary duties, may be paid such extra remuneration by way of salary, commission or otherwise as the BOIG plc Directors may determine.

The BOIG plc Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of BOIG plc Directors or committees of BOIG plc Directors or general meetings or separate meetings of the holders of any class of shares or of debentures of BOIG plc, or otherwise in connection with the discharge of their duties. In addition, the BOIG plc Articles expressly permit each BOIG plc Director (for the purposes of section 228(1)(d) of the Companies Act) to use BOIG plc's property subject to such conditions as may be or have been approved by the BOIG plc Board or such conditions as may have been approved pursuant to any such authority as may be delegated by the BOIG plc Board in accordance with the BOIG plc Articles or as permitted by their terms of employment or otherwise.

Pensions, insurance and gratuities for BOIG plc Directors

The BOIG plc Directors may provide benefits, whether by way of pensions, gratuities or otherwise, for any BOIG plc Director, former BOIG plc Director or other office or former officer of BOIG plc or to any person who holds or has held any employment with BOIG plc or with any of its present or past subsidiaries or associated companies. The BOIG plc Directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any time BOIG plc Directors, officers or employees of BOIG plc, or of any other company which is its holding company or in which BOIG plc or such holding company has any direct or indirect interest.

BOIG plc Directors' interests

Subject to the provisions of the Companies Act, and provided that he has disclosed to the BOIG plc Directors the nature and extent of any material interest of his, a BOIG plc Director notwithstanding his office:

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with BOIG plc or any subsidiary or associated company thereof or in which BOIG plc or any subsidiary or associated company thereof is otherwise interested;
- (b) may be a BOIG plc Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by BOIG plc or in which BOIG plc or any subsidiary or associated company thereof is otherwise interested;
- (c) shall not be accountable, by reason of his office, to BOIG plc for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- (d) shall not be disqualified from his office from contracting with BOIG plc either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the other company in which any BOIG plc Director shall be in any way interested be avoided nor shall any BOIG plc Director so contracting or being so interested be liable to account to BOIG plc for any profit realised by any such contract or arrangement by reason of such BOIG plc Director holding that office or of the fiduciary relationship thereby established.

Restrictions on voting

Save as otherwise provided by the BOIG plc Articles, a BOIG plc Director shall not vote at a meeting of the BOIG plc Directors or a committee of BOIG plc Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest which is material or a duty which conflicts or may conflict with the interests of BOIG plc and shall not be allowed to attend any meeting during which such resolution may be discussed. A BOIG plc Director shall not be counted in the quorum present at a meeting in relation to any such resolution on which he is not entitled to vote.

BOIG plc may by ordinary resolution suspend or relax to any extent the provisions relating to BOIG plc Directors' interests or the restrictions on voting or ratify any transaction not duly authorised by reason of a contravention of such provisions.

General meetings

Within 18 months of BOIG plc's incorporation (28 November 2016), and every year thereafter, BOIG plc shall hold a general meeting as its annual general meeting in addition to any other meeting in that year and

shall specify the meeting as such in the notices calling it. Not more than 15 months shall elapse between the date of one annual general meeting and that of the next. All general meetings other than annual general meetings shall be called extraordinary general meetings.

Subject to the provisions of the Companies Act allowing a general meeting to be called by shorter notice, an annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least 21 clear days' notice. Any other extraordinary general meeting shall also be called by at least 21 clear days' notice, except that it may be called by 14 clear days' notice, whether in electronic form or otherwise, where:

- (a) all members, who hold shares that carry rights to vote at the meeting, are permitted to vote by electronic means either before or at the meeting; and
- (b) a special resolution reducing the period of notice to 14 clear days' notice has been passed at the immediately preceding annual general meeting, or at a general meeting held since that meeting.

Any notice convening a general meeting must state the time and place of the meeting and, in the case of special business, the general nature of that business. A notice calling an annual general meeting must state that the meeting is an annual general meeting.

A BOIG plc Director shall be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in BOIG plc. The Chairman of the BOIG plc Board, or, in his absence, the deputy chairman or, in his absence, some other BOIG plc Director nominated by the BOIG plc Directors, shall preside as chairman at every general meeting of BOIG plc.

Voting

At any general meeting a resolution put to a vote shall be decided on a show of hands unless a poll is duly demanded. Votes at general meetings may be given either personally or by proxy.

Under the BOIG plc Articles, each BOIG plc Shareholder is entitled to one vote for each BOIG plc Share he or she holds as at the record date for the meeting. The holders of any preference shares may also be entitled to a vote, depending on the terms upon which any such shares are issued. The holders of any deferred ordinary shares shall not be entitled to a vote at any general meeting.

Except where a greater majority is required by the Companies Act, any question, business or resolution proposed at any general meeting shall be decided by a simple majority of the votes cast.

At any meeting of BOIG plc, all resolutions shall be decided on a show of hands unless a poll is demanded by: (i) the chairman, (ii) at least three members present in person or by proxy having the right to vote at the meeting, (iii) by any BOIG plc Shareholder or BOIG plc Shareholders present (in person or by proxy) representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting, (iv) by any BOIG plc Shareholder or BOIG plc Shareholders (in person or by proxy) 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 not less than one-tenth of the total sum paid-up on all the shares conferring that right.

A person shall be entered on the register of BOIG plc Shareholders of BOIG plc by the record date (being a date and time specified by BOIG plc for eligibility for voting at a general meeting which may not be more than 48 hours before the general meeting to which it relates) specified in respect of a general meeting in order to exercise the right of a member to participate and vote at the general meeting and any change to an entry on the register of members shall be disregarded in determining the right of any person to attend and vote at the meeting.

Restrictions on voting rights at general meetings

In addition to any voting restrictions that may be imposed in the circumstances described above (see the paragraph entitled "*Disclosure of Interests*" in this Section 7.2 of Part XVIII (*Additional Information*) of this Prospectus) and/or in accordance with the Companies Act, if at any time the BOIG plc Directors determine that a BOIG plc Shareholder has failed to pay any call or instalment of a call in respect of his shares, the BOIG plc Directors may serve upon him a restriction notice (as defined in the BOIG plc Articles). No recipient of such a restriction notice shall be entitled to attend or vote at any general meeting in respect (only) of the share or shares specified in such restriction notice, either personally or by proxy, for the time that the restriction notice remains in force.

Borrowing powers

The BOIG plc Directors may exercise all the powers of BOIG plc to borrow or raise money and to mortgage or charge its undertaking, property, assets and uncalled capital or any part thereof and subject to Part 3 of the Companies Act, to issue debentures, debenture stock and other securities whether outright or as collateral security for any debt, liability or obligation of BOIG plc or of any third party, without any limitation as to amount.

Lien on Shares, Calls on Shares and Forfeiture of Shares

The BOIG plc Articles provide that BOIG plc will have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether immediately payable or not) payable at a fixed time or called in respect of that share. BOIG plc may sell in such manner as the BOIG plc Board determine any share on which BOIG plc has a lien if a sum in respect of which the lien exists is immediately payable and is not paid within 14 clear days after notice demanding payment, and stating that if the notice is not complied with the share may be sold, has been given to the holder of the share or to the person entitled to it by reason of the death or bankruptcy of the holder.

Subject to the terms of their allotment, the BOIG plc Directors may call for any unpaid amounts in respect of any share to be paid and each member (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) shall pay to BOIG plc as required by the notice the amount called on his shares, and if payment is not made, the shares may be forfeited.

The BOIG plc Shares issued in the Scheme will be fully paid-up.

Communications with BOIG plc Shareholders

The BOIG plc Articles provide that any notice to be given, served or delivered pursuant to such articles, save for a notice of a meeting of the Directors, must be in writing (whether in electronic form or otherwise).

The BOIG plc Articles further provide that any notice or document (including any notices of general meetings and any statutory financial statements of BOIG plc, together with every document required by law to be annexed thereto, but excluding share certificates which can only be delivered under paragraphs (a) to (c) below) may be sent to, served on or delivered to any BOIG plc Shareholder by BOIG plc by any of the following means:

- (a) by handing the same to him or his authorised agent;
- (b) by leaving the same at his registered address;
- (c) by sending the same by the post in a pre-paid cover addressed to him at his registered address;
- (d) by sending, with the consent of the member, the same by means of electronic mail or other means of electronic communication approved by the BOIG plc Directors, with the consent of the member, to the address of the member notified to BOIG plc by the member for such purpose (or if not so notified, then to the address of the BOIG plc Shareholder last known to BOIG plc); or
- (e) by being made available or displayed on a website of BOIG plc (or any website designated by the BOIG plc Board and notified to the BOIG plc Shareholders, in accordance with the BOIG plc Articles).

The BOIG plc Articles provide that each BOIG plc Shareholder is deemed to have irrevocably consented to receiving a notice or document by the means provided for in paragraph (e) above as a condition of being a member of BOIG plc and such consent shall be deemed to be a condition to the acquisition of any share or security in BOIG plc, and there shall be no requirement to provide a member with notification by any other means. The BOIG plc Articles further provide that where a notice or document is given, sent, served or delivered pursuant to paragraph (e) above, the giving, sending, service or delivery thereof shall be deemed to have been effected at the time the notice or document is made available or displayed on a website instead of being provided by other means, and in proving such giving, sending, service or delivery, it shall be sufficient to prove that the notice or document was made available or displayed on a website and each member and each person becoming a member of BOIG plc, by virtue of his acquisition and holding of a share, as applicable, shall be deemed to have acknowledged and agreed that any notice or other document (excluding a share certificate) may be provided by BOIG plc by being made available or displayed on a website instead of being provided by other means.

A BOIG plc Shareholder who has consented to, or who is deemed to have consented to, receiving information by electronic means or in any electronic form may at any time, give notice to BOIG plc that he wishes to opt to receive the information in one of the other forms permitted by the BOIG plc Articles.

The BOIG plc Articles provide that where a BOIG plc Shareholder has previously consented to receipt of notices or documents by means of electronic communication in respect of his or her or its holding of ordinary stock in the Bank, such consent shall be deemed to apply to BOIG plc for the purpose of the notice provisions in the BOIG plc Articles.

BOIG plc Directors' indemnities

Subject to the provisions of and to the extent permitted by the Companies Act, every BOIG plc Director, chief executive, company secretary or other officer (excluding the auditors) of BOIG plc shall be entitled to be indemnified by BOIG plc against all costs, charges, losses, expenses, and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of BOIG plc and in which judgment is given in his favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the High Court.

8. 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.

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 20 (*Documents on Display*) in Part XVIII (*Additional Information*) of this Prospectus.

Authorised Capital Stock and Share Capital

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:

- (i) 90,000,000,000 units of Ordinary Stock of €0.05 each;
- (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.

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.*

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.

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.

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 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).

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.

* Note: 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.

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 Bank 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 Bank 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 Bank 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 as a Bank Director unless nominated as follows:

- (i) by the Bank 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, BOIG plc 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 Bank 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 Bank 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 Bank Director 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 of 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 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.

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

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 such time as the chairman of the general court directs.

Notice of a poll is not required to be given if the time and place of the poll are announced at the meeting at which it is demanded. In any other case, at least seven clear days' notice is to be given.

Bank

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 Bank Directors in the Bye-Laws.

BOIG plc

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.

Bank

Failure to respond to the notice in the prescribed period entitles the Bank 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:

- (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

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 Directors may in their absolute discretion direct, amongst other things, that the relevant shares not carry attendance and voting 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 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.

9. Working Capital

BOIG plc is, and the Directors are, of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this Prospectus.

10. Significant Change

Since 28 November 2016 (the date of incorporation of BOIG plc), there has been no significant change in the financial or trading position of BOIG plc. There has been no significant change in the financial or trading position of the Group since 31 December 2016 (the date to which the latest published audited financial information of the Group was prepared).

11. 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 262-269 of the Group 2015 Annual Report and notes 50 and 51 to the 2014 Financial Statements on pages 264-273 of the Group 2014 Annual Report, which are hereby incorporated by reference into this Prospectus. 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 Prospectus are as follows:

A number of banking transactions are entered into between the Bank and its subsidiaries in the normal course of business. These include extending secured and unsecured loans, investing in debt securities issued by subsidiaries, taking of deposits and undertaking foreign currency transactions.

Associates, joint ventures and joint operations

The Group provides to and receives from its associates, joint ventures and joint operations certain banking and financial services, which are not material to the Group, on similar terms to third party transactions. These include loans, deposits and foreign currency transactions. The amounts outstanding as at the Latest Practicable Date are set out below:

	Associates and Joint Ventures
	€(m)
Loans and advances to customers	137
Customer accounts	9

Pension funds

As at the Latest Practicable Date, the Group provides a range of normal banking and financial services, which are not material to the Group, to various pension funds operated by the Group for the benefit of its employees (principally to the Bank of Ireland Staff Pensions Fund (“BSPF”)), which are conducted on similar terms to third party transactions.

The Group occupies one property owned by the Group’s pension schemes. The total value of this property at 31 December 2016 was €38 million. The total rental income paid to the Group’s pension schemes during the year ended 31 December 2016 was €2 million.

Transactions with Key Management Personnel

Key management personnel comprises the Directors, 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 limits.

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.

Relations with the State

The Group considers that the State is a related party under IAS 24 as it is in a position to exercise significant influence over the Group.

Ordinary stock

As at the Latest Practicable Date, the State held through the ISIF 13.95% of the Ordinary Stock of the Bank.

National Asset Management Agency Investment Limited (“NAMAIL”)

As at the Latest Practicable Date, the Group continues to hold its shareholding in NAMAIL as described in Note 49 to the 2016 Financial Statements which is incorporated by reference into this Prospectus. The Group received a dividend of €182,240 on 31 March 2017.

Other transactions with the State and entities under its control or joint control

The Group enters into other transactions in the normal course of business with the State, its agencies and entities under its control or joint control. This includes transactions with AIB, Permanent TSB Group Holdings plc, Government departments, local authorities, county councils, embassies, NAMA, NAMAIL and the National Treasury Management Agency (the “NTMA”) which are all considered to be ‘controlled’ by the Government. These transactions include the provision of banking services, including money market transactions, dealing in government securities and trading in financial instruments issued by certain banks. The amounts outstanding as at the Latest Practicable Date in respect of these transactions, which are considered individually significant, are set out below:

	<u>As at the Latest Practicable Date</u>
	€m
Assets	
NAMA senior bonds (guaranteed by the State)	261
Available for sale financial assets:	
— Unguaranteed senior bonds issued by AIB	295
— Unguaranteed subordinated bonds issued by AIB	31
— NAMA subordinated bonds	279
— Bonds issued by the State	2,465
Held to maturity financial assets	
— Bonds issued by the State	1,861
Other financial assets at fair value through the profit and loss	
— Bonds issued by the State	384
Loans and advances to banks	
— AIB	45
— Permanent TSB Group Holdings plc	21
Liabilities	
Customer Accounts	
— State (including its agencies and entities under its control or joint control)	1,676
— IBRC (in Special Liquidation) and its associates	50
— National Treasury Management Agency (NTMA)	50
Debt securities in issue	
— State (including its agencies and entities under its control or joint control)	146

12. Material Contracts

The following are all of the material contracts, other than contracts entered into in the ordinary course of business, that have been entered into by the Bank, BOIG plc or any member of the Group:

- (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Bank, BOIG plc or any member of the Group; or
- (b) at any time and contain obligations or entitlements which are material to the Bank, BOIG plc or any member of the Group as at the date of this Prospectus:

Sponsor Agreement

A sponsor agreement dated 4 April 2017 between BOIG plc, the Bank, Davy and UBS (the “**Sponsor Agreement**”), pursuant to which Davy have agreed to act as Irish sponsor and joint UK sponsor and UBS have agreed to act as joint UK sponsor to BOIG plc under the Irish Listing Rules and the UK Listing Rules in connection with the application for admission of the entire issued and to be issued ordinary share capital of BOIG plc to (i) the primary listing segment of the Official List of the Irish Stock Exchange; and (ii) the premium listing segment of the Official List and to trading on the London Stock Exchange’s Main Market for listed securities. The Sponsor Agreement contains, amongst other things, customary warranties and undertakings from BOIG plc and the Bank in favour of Davy and UBS in relation to, amongst other things, the accuracy of information in this document and other matters relating to the Group and its subsidiaries and customary indemnities from BOIG plc and the Bank in favour of Davy and UBS. The Sponsor Agreement is governed by English law.

Master Services Agreement with IBM

The Master Services Agreement dated 29 June 2016 and made between the Bank and IBM Ireland Limited (together with certain ancillary agreements) deals with the provision to the Group of information technology infrastructure support services through local country agreements. Subject to the termination provisions set out in the agreement, the initial term is five years expiring on 30 June 2021, with an option for the Bank to extend by two further periods of 12 months.

Master Services Agreement with Accenture (IT Change Delivery)

The Master Services Agreement and Secondment Agreement dated 3 April 2014 and made between the Bank and Accenture deals with the provision by Accenture to the Group of certain IT business change and project services and the secondment of resources from Accenture. Subject to the termination provisions set out in the Master Services Agreement, its initial term is five years expiring on 31 December 2019, with an option for the Bank to extend by two further periods of 12 months.

Master Services Agreement with Accenture (Training and Procurement)

The Master Services Agreement dated 25 November 2005 and made between the Bank and Accenture deals with the provision by Accenture to the Group of certain training services for staff and procurement services to support designated purchasing activities of the Group. Subject to the termination provisions set out in the agreement, as extended on 23 August 2013, it will expire on 31 May 2020.

Master Services Agreement with BT (Telecommunications)

The Master Services Agreement dated 30 September 2016 between the Bank, BT Communications Ireland Limited and British Telecommunications plc concerns the provision of certain telecommunications and network services (including Data WAN Services, Contact Centre Services, Voice IPT and Legacy and ATM Services) to the Group. Subject to rights of earlier termination set out in the agreement, it runs to September 2020. The 2016 Master Services Agreement replaces the Master Services Agreement dated 18 December 2012 between the same parties.

TSYS Outsourcing Agreement (Payment Processing)

The Settlement Services Agreement dated 16 December 2014 entered into between the Bank and Total Systems Services, Inc (TSYS) concerns the outsourcing of its payment card processing services. The agreement covers certain Group credit and debit card portfolios in the Republic of Ireland and the UK. Subject to rights of earlier termination set out in the agreement, it runs to 31 May 2021. The Settlement Services Agreement replaces the Credit Settlement Services Agreement dated 16 April 2004 and the Debit Settlement Services Agreement dated 21 December 2011 between the same parties.

Master Services Agreement with BancTec Limited (Cheque Clearing)

The Master Services Agreement dated 23 January 2015 and made between the Bank and BancTec Limited deals with the provision of cheque clearing services. Subject to the termination provisions set out in the agreement, its initial term is 84 months from 1 April 2015, with an option to extend the agreement by subsequent one year periods.

Master Services Agreements with Mitie (Facilities Services)

The two Master Services Agreements dated 25 October 2013 and made between the Bank and Mitie Facilities Management Limited deal with the provision to the Group of facilities services. Subject to the termination provisions set out in the agreements, the initial term for each agreement is five years from 15 January 2014, with an option to extend each agreement by subsequent one year periods.

Master Services Agreement with HCL (Business Processing)

The Master Services Agreement dated 4 November 2010 and made between the Bank and HCL Technologies Limited and HCL Great Britain Limited (together HCL) deals with the provision to the Group of business processing services and non-infrastructure information technology support services. Subject to the termination provisions set out in the agreement, the initial minimum term of five years was recently extended to 31 March 2019.

Services Agreement with Wincor Nixdorf Limited (ATM Fleet Management)

The Services Agreement, originally entered into by the Bank in 2011, deals with the provision to the Group of a fully managed, end-to-end, ATM fleet management service, to include installation, maintenance and monitoring services for Group ATMs in both Ireland and the UK. Subject to the termination provisions set out in the agreement, the Agreement was recently extended to 28 January 2019.

Master Services Agreement with NTT Data Corporation (IT Technology Support)

The Master Services Agreement dated 22 October 2012 and made between the Bank and Dell Technology Services Limited (DTSL) deals with the provision to the Group of non-infrastructure information technology support services. Following the sale by Dell Inc. of its information technology services unit to an affiliate of NTT Data Corporation, and subject to the retention of a small sub-set of service obligations by DTSL, with effect from 1 November 2016, the rights and obligations of DTSL under the Master Services Agreement were transferred to NTT Data. Subject always to the termination provisions set out in the agreement, the minimum term of five years runs to 21 October 2017.

Software Licence and Technology Services Agreement with Temenos Headquarters SA and Temenos Systems Ireland Limited

The Software Licence and Technology Services Agreement dated 30 September 2016 and made between the Bank, Temenos Headquarters SA and Temenos Systems Ireland Limited provides for certain software, certain development services and maintenance services. Subject to the termination provisions in the agreement, the initial maintenance period is five years.

Master Services Agreement with CapGemini Sogeti (Ireland) Limited

The Master Services Agreement between the Bank and CapGemini Sogeti (Ireland) Limited (“**Cap Ireland**”) dated 16 March 2017 has a term of five years with a Bank option to extend for two periods of 12 months each. The Master Services Agreement is for the building and integration services in respect of the Group’s Core Banking Systems Programme (the “**CBS Programme**”) structured as a framework that sets out the overarching terms applying to the provision of services to the CBS Programme. The Master Services Agreement commits Cap Ireland to providing a range of services under a work order structure. This framework structure facilitates the Bank calling off services by way of work order during the term of the build to meet the evolving needs of the CBS Programme.

Relationship Framework

The Relationship Framework was specified by the Minister for Finance on 30 March 2012 in respect of the relationship between the Minister for Finance and the Bank. Its purpose is to provide the basis on which the relationship between the Bank and the Minister for Finance will be governed. It does not create material new obligations on the part of the Bank. The Minister for Finance’s obligations and responsibilities under the Relationship Framework aim to ensure that the management of the State’s interests in the Bank and other Irish credit institutions do not contravene merger control or competition law rules. The Relationship Framework requires that the Minister for Finance’s engagement with the Bank must be in accordance with best institutional shareholder practice in a manner proportionate to the State’s stockholding in the Bank. It acknowledges that the Court of Directors of the Bank has full responsibility and authority for all of the operations and business of the Bank in accordance with its legal and fiduciary duties and has responsibility and authority for ensuring compliance with the regulatory and legal obligations of the Bank. The agreement prescribes the procedure to be followed where the consent of, or consultation with, the Minister for Finance is required by the Bank under any of the Capital Raise Agreements. BOIG plc is subject to the provisions of the Relationship Framework relating to the provision of information by the Group to the Minister and the process for the Group requesting consents and issuing notifications.

2011 Transaction Agreement

Pursuant to the 2011 Transaction Agreement, the NPRFC agreed to subscribe for all units of Ordinary Stock not taken up in the 2011 capital raise and the Bank gave certain representations, warranties, undertakings and indemnities to the Minister for Finance, the NPRFC and the NTMA. The liabilities of the Bank in respect of such representations, warranties, undertakings and indemnities are unlimited as to time and amount.

The Bank gave certain representations, warranties, undertakings and indemnities to the Joint Sponsors and the Joint Bookrunners. The liabilities of the Bank in respect of such representations, warranties, undertakings and indemnities are unlimited as to time and amount, including as respects to the right of the Minister to receive information from the Group and for the Group to obtain relevant consents related to the Minister's holding in the Group. It was a condition of the 2011 Transaction Agreement that by 31 July 2011 the Bank would give a number of commitments to the Minister for Finance in respect of its lending, corporate governance, preference dividend payment and remuneration practices to be set out in the Minister's Letter (as defined below). BOIG plc is subject to the provisions of the 2011 Transaction Agreement relating to the provision of information by the Group to the Minister.

The Minister's Letter

By letter dated 8 July 2011 from the Minister for Finance to the Bank (the "**Minister's Letter**"), the following continuing obligations were assumed by the Bank:

The Minister's Letter contains a number of undertakings by the Bank in respect of the corporate governance of the Group, including in respect of the maintenance of monitoring, reporting, risk management and audit controls and the provision to the Minister for Finance and/or the NTMA of reasonable access to the Bank's records and personnel. The corporate governance commitments include an undertaking by the Bank to develop and implement a medium term funding plan (with the CBI).

The Minister's Letter contains restrictions on the Group from paying to any Director or employee of the Group a bonus for the two years commencing 8 July 2011 (save pursuant to a court order to do so), any termination payment, any compensation for the pensions cap imposed by the Finance Act 2006 or any pension benefit enhancement (subject to certain permitted exceptions, such as where the enhancement does not result in a cost to the Group), in each case without the prior consent of the NTMA and the Minister for Finance. The Minister's Letter also imposes a restriction for two years commencing 8 July 2011, subject to certain exceptions, on the Group paying any aggregate remuneration to a Director or employee that exceeds €500,000 per annum (or, if lower, the amount recommended by the CIROC Report). Subsequent to these dates, such proposals are subject to prior agreement between the Bank and the NTMA. BOIG plc is subject to the provisions of the Minister's Letter relating to the disclosure of information, transactions with directors outside the ordinary course of business and compensation.

Underwriting Agreement relating to the 2010 Capital Raising

The Bank entered into an underwriting agreement on 26 April 2010 with J&E Davy, UBS Limited, Citigroup, Credit Suisse and Deutsche Bank in connection with the underwriting of the institutional placing and rights issue components of 2010 Capital Raising. The Bank gave certain representations, warranties, undertakings and indemnities to the underwriters under this underwriting agreement. The liabilities of the Bank in respect of such representations, warranties, undertakings and indemnities are unlimited as to time and amount.

2010 Government Transaction Agreement

The Bank entered into a government transaction agreement with the NPRFC and the Minister for Finance dated 26 April 2010 in relation to the NPRFC's rights and obligations under the 2010 Capital Raising. The Bank gave certain representations, warranties, undertakings and indemnities to the NPRFC under this agreement. The liabilities of the Bank in respect of such representations, warranties, undertakings and indemnities are unlimited as to time and amount.

Guarantee Acceptance Deeds in respect of the CIFS Guarantee Scheme

The CIFS Guarantee Scheme gave effect to the bank guarantee announced by the Government on 30 September 2008. Under the CIFS Guarantee Scheme, the Minister for Finance guaranteed certain types of liabilities ("covered liabilities") of certain participating named institutions ("covered institutions") for the period from 30 September 2008 to 29 September 2010, whereby if a covered institution defaulted in respect of a covered liability, the Minister for Finance was obliged to pay to the creditor, on demand, an amount equal to the unpaid covered liabilities, with no monetary cap. Each of the Bank, Bank of Ireland Mortgage Bank, Bank of Ireland (I.O.M.) Limited and ICS Building Society executed guarantee acceptance deeds in respect of the CIFS Guarantee Scheme in favour of the Minister for Finance on 24 October 2008, whereby each of the Bank, Bank of Ireland Mortgage Bank, Bank of Ireland (I.O.M.) Limited and ICS Building Society consented to all of the terms and conditions of the CIFS Guarantee

Scheme and agreed to indemnify the Minister for Finance against any payments the Minister for Finance was required to make under the CIFS Guarantee Scheme in respect of covered liabilities of the Bank, Bank of Ireland Mortgage Bank, Bank of Ireland (I.O.M.) Limited and ICS Building Society. The terms of the guarantee acceptance deeds relating to the CIFS Guarantee Scheme survive notwithstanding the expiry of the CIFS Guarantee Scheme.

ELG Scheme

On 8 January 2010, each of the Bank, Bank of Ireland Mortgage Bank, Bank of Ireland (I.O.M.) Limited and ICS Building Society joined the ELG Scheme and on 21 July 2010, Bank of Ireland (UK) plc joined the ELG Scheme by executing an eligible liabilities guarantee scheme agreement in favour of the Minister for Finance. Each entity has been issued “participating institution certificates” (as defined in regulation 3.15 of the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009) pursuant to the ELG Scheme. Pursuant to the eligible liabilities guarantee scheme agreement, the Bank has given certain covenants in favour of the Minister for Finance and also given an indemnity for costs incurred by the Minister for Finance in respect of the ELG Scheme. The Group no longer has guaranteed liabilities for the purposes of the ELG Scheme and no further fees are payable. The Group has sought release from relevant obligations of the ELG Scheme from the Minister for Finance.

AA Financial Services Distribution Agreement

BOIUK, a wholly-owned subsidiary of the Bank, entered into a financial services distribution agreement with AA plc and AA Financial Services Limited (“AAFS”) on 14 July 2015 (“FSDA”). The FSDA represents an exclusive arrangement between the parties which governs the marketing and selling of a range of AA branded retail financial services products and services to AA members in the United Kingdom.

The parties’ obligations and operational arrangements in respect of the marketing and selling of all AA branded retail products and services are regulated by individual product agreements which are entered into from time to time. There are currently four individual product agreements in place under the FSDA: (i) credit cards; (ii) personal loans; (iii) savings; and (iv) residential mortgages.

The FSDA contains various termination events enabling AAFS to terminate in, amongst others, the following circumstances: (a) material breach by BOIUK; (b) if BOIUK fails to obtain any regulatory permission and that failure is likely to have material adverse impact on the business; (c) there is change of control in certain circumstances including where an AA competitor (as such term is defined in the FSDA) obtains control of BOIUK or BOIUK obtains control of an AA competitor; and (d) if BOIUK becomes insolvent.

Subject to the termination provisions set out above, the FSDA will run for a period of 10 years from the effective date (1 August 2015) but the parties have agreed to review the arrangements on the seventh anniversary of the effective date to determine whether or not to extend the term of the agreement.

Post Office Arrangements

The Bank has joint venture/distribution arrangements in place with the UK Post Office, which operates the Post Office network in the United Kingdom.

Foreign Exchange

The UK Post Office and BOIUK jointly own First Rate Exchange Services Holdings Limited (“FRESHL”). FRESHL is the sole shareholder in First Rate Exchange Services Limited (“FRESL”) which provides foreign currency through Post Office branches in the United Kingdom, through other outlets and direct to businesses. The foreign currency joint venture is principally regulated by a joint venture agreement and a foreign currency services agreement, both dated 28 March 2002 (as amended).

The foreign exchange joint venture agreement is terminable by the UK Post Office in, amongst others, the following circumstances: (a) certain deadlock situations; (b) material unremedied breach of the agreement; (c) insolvency and similar events in relation to certain Bank entities; and (d) change of control of the Bank or BOIUK including where the acquiror is or is likely to be a competitor of the UK Post Office or in the UK Post Office’s reasonable opinion will not or is unlikely to (i) form a relationship with the UK Post Office permitting the joint venture to continue providing the services; (ii) have a genuine and realistic ability to enter into the relationship and continue the business; (iii) have a credit rating, or be able to

procure a guarantee by a person who has a credit rating equal to or greater than that of the Bank; or (iv) be a credible and reputable financial institution so that an effective transfer of customer accounts and database information can occur and a similar level of customer service provided in order for the integrity and reputation of the UK Post Office and its affiliates to be preserved.

The foreign exchange joint venture agreement is terminable by BOIUK in substantially equivalent circumstances (in relation to the UK Post Office) to those set out above. Subject to the termination provisions set out above, the agreement continues without a specific end date although it can be terminated by either party on six months' notice in the event that a termination notice is validly served in respect of the foreign currency services agreement.

The foreign currency services agreement can be terminated in circumstances similar to those provided in the joint venture agreement (other than deadlock), with additional termination events in the event of: (a) misconduct of FRESL or its employees, agents or associates (including breach of trust, dishonesty, theft, fraud or other serious misconduct directly related to or materially affecting the performance of the services or otherwise affecting the performance of FRESL under the agreement) which jeopardises or threatens the integrity or reputation of the UK Post Office or otherwise brings or threatens to bring the UK Post Office into disrepute; (b) a continuing *force majeure* event or industrial action; (c) a market force event which materially affects the costs or profits of one party which cannot be resolved by negotiation; (d) if the share capital of FRESHL ceases to be owned in equal proportions between BOIUK and the UK Post Office; (e) change of control of FRESHL or the Bank where any of the persons acquiring the controlling interest or part thereof is a competitor of the Royal Mail Group Company at the relevant time; or (f) the termination of the joint venture agreement.

Financial Services

The UK Post Office, BOIUK, the Bank, Bank of Ireland Personal Finance Limited and Midasgrange Limited are party to a Deed of Amendment and Restatement (relating to the Intermediary Agreement and the Manufacturing, Support and Intermediation Agreement each dated 19 March 2004) (the "**Initial FS Agreements**") dated 3 August 2012 (the "**FS Deed**"). The FS Deed provides for the UK Post Office to act as a distributor of certain of the Group's retail financial services products and to provide certain transaction services in relation to those financial services products in the UK. Midasgrange Limited was formerly jointly owned by the UK Post Office and a subsidiary of the Bank. This joint venture arrangement was replaced by the distribution arrangement currently in place pursuant to the FS Deed.

The FS Deed has termination events enabling the UK Post Office to terminate in, amongst others, the following circumstances: (a) BOIUK failure to maintain a certain capital ratio and a UK Post Office breach, act or omission is not the principal cause of the failure; (b) BOIUK failure to maintain a certain funding ratio or liquidity assets without remedy and none of a UK Post Office breach, act or omission or an event which has resulted in the majority of similar sized banks being similarly adversely affected in relation to liquidity or funding ratio is the principal cause of the failure; (c) any of the FSA, the BOE or the Treasury exercising a special resolution regime power (share or property transfer powers) in relation to BOIUK; (d) change of control of BOIUK or the Bank where, in the UK Post Office's reasonable opinion the acquirer is a competitor of the UK Post Office, will not or is unlikely to form a relationship with the UK Post Office, does not have a credit rating equal to or greater than that of BOIUK, is not a reputable financial institution or is likely to prejudice the UK Post Office's reputation; (e) material unremedied breach of the agreement or related agreements; (f) certain serious breaches of regulatory requirements; (g) event which has an adverse effect on the terms on which certain Bank entities are able to obtain funding, with the result that it materially damages the distribution business; (h) termination of appointed representative agreement (pursuant to which BOIUK appoints the UK Post Office to carry out certain other activities) by BOIUK in certain circumstances, other than where BOIUK has exercised a right to terminate as a result of the UK Post Office event of default; and (i) insolvency and similar events in relation to certain Bank entities. The Bank has the ability to terminate the FS Deed in similar circumstances (in relation to the UK Post Office) to those set out in (d), (e) and (i) above and also if a material deterioration occurs in the Post Office branch network which is likely to have a material adverse effect on the distribution business or if any event occurs which has the direct effect of fundamentally damaging the Post Office brand and as a result thereof does or will materially damage the business.

The term of the Initial FS Agreements was due to conclude 10 years after their commencement. The term was then extended for a further five years under deeds of variation executed in 2007. In 2012, the FS Deed further extended the term of the distribution agreements. The term now runs to September 2023, from which time, subject to the termination provisions set out above, and to service of two years' notice by either BOIUK or UK Post Office.

ATMs

The UK Post Office, BOIUK and the Bank are party to an agreement for the supply of cash and for the installation, maintenance and operation of ATMs dated 16 July 2012 (as amended and restated) (the “**ATM Agreement**”), pursuant to which the UK Post Office agreed to make available cash to members of the public through ATMs in outlets in the UK and BOIUK agreed to install ATMs in such outlets. The parties initially entered into this arrangement in 2006 for a term of 10 years. Under the ATM Agreement, the term was subsequently extended to 2022.

The ATM Agreement contains termination events enabling the UK Post Office to terminate in, amongst others, the following circumstances: (a) material unremedied breach of the ATM Agreement; (b) insolvency and similar events in relation to the Bank and BOIUK; (c) where the Bank or BOIUK has committed a breach of the ATM Agreement or a license agreement (an agreement to be entered into between the UK Post Office and BOIUK in respect of each site on which an ATM is installed or to be installed) which would have resulted in the termination by the UK Post Office of license agreements exceeding the greater of 10% of all license agreements entered into pursuant to the ATM Agreement and 270 license agreements; (d) force majeure.

The Bank and BOIUK (acting jointly) have the ability to terminate the ATM Agreement in the same circumstances (in relation to the UK Post Office) as those set out above.

Subject to the termination provisions set out above, the ATM Agreement will not terminate until the termination/expiry of the last license agreement (no later than 31 March 2022).

13. **Litigation**

Save as set out below, there have been no governmental, legal or arbitration proceedings involving the Bank, BOIG plc or the Group (including any such proceedings which are pending or threatened of which BOIG plc is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of BOIG plc, the Bank or the Group:

Tracker Mortgage Review

On 2 October 2015, the CBI announced that it had embarked on a broader review of tracker mortgage-related issues covering, among other things, transparency of communications with and contractual rights of tracker mortgage borrowers. The industry wide examination arose following an investigation of practices adopted by certain lenders where tracker mortgage borrowers were switched to variable rate mortgages. The principal issue related to a failure by lenders to inform borrowers of the impact of switching mortgage products, in particular that borrowers would lose their contractual right to a tracker mortgage. The CBI stated that the fair treatment of tracker mortgage borrowers has been a key supervisory and policy focus for the CBI over the past number of years and that it had decided that a broader examination of tracker-related issues was warranted. It confirmed that it had written to a number of lenders in this regard. The Group is among such lenders.

In a further update dated 22 December 2015, the CBI stated that it had initiated a tracker mortgage review (the “**Tracker Review**”). It confirmed that the purpose of the Tracker Review is to identify any cases where:

- (1) customers’ contractual rights under the terms of their mortgage agreements were not fully honoured; and/or
- (2) lenders did not fully comply with the various requirements and standards regarding disclosure and transparency for the customer.

The CBI confirmed that the Tracker Review covered all lenders which offered tracker mortgages to customers, including for a family home and investment properties from the time when lenders started to offer such mortgages, up to the end of 2015. The Tracker Review required lenders to carry out a review in order to identify customers who have been negatively impacted and, where there has been any detriment, to provide redress in line with redress principles determined by the CBI.

The CBI’s Tracker Review involves three phases as follows:

- (1) Phase 1: The CBI wrote to all affected lenders (including the Group) requiring them to put in place a robust plan and framework (in line with principles prescribed by the CBI) to carry out the review by end of March 2016, including having the appropriate governance and controls in place and to appoint

independent third parties to provide assurance to the CBI on the adequacy and appropriateness of their reviews. The CBI stated that it expected significant progress to be made by all lenders before the end of 2016.

- (2) Phase 2: Lenders were required to examine their tracker mortgages and identify borrowers who have been impacted by the lender's failure to honour a contractual commitment to the borrower or a failure to comply with the regulatory requirements regarding disclosure and transparency of information.
- (3) Phase 3: Lenders provide redress (including the amendment of their mortgage agreement) and compensation to affected customers.

On 23 March 2017, the CBI issued an update report on the progress of the Tracker Review to date. The report addresses the scope and framework of the Tracker Review, the progress of the Tracker Review to date (including progress made by lenders in completing the Tracker Review), redress and compensation provided by lenders in respect of tracker mortgage issues, enhancements to the regulatory framework to protect tracker mortgage holders, supervisory activity undertaken by the CBI in respect of tracker mortgages to date and information on the CBI's supervisory and enforcement powers that are relevant to the Tracker Review. The report provides that as at end February 2017 lenders' reviews had identified approximately 9,900 impacted customer accounts. The CBI has noted that it will continue to provide updates throughout the Tracker Review, a further update will be published in Autumn 2017 and a final report will also be published after the conclusion of the Tracker Review.

Arising from the ongoing Tracker Review, the Bank has identified 602 accounts where a right to, or the option of, a tracker rate of interest was not provided to the customer in accordance with their loan documentation. Additionally the Bank has identified a small rate differential, of on average 0.15%, on 3,916 accounts currently on a tracker rate of interest which is not the rate specified in the account loan documentation. The Bank is contacting these customers in order to return them to the correct tracker rate and, as the Tracker Review progresses, to pay redress to customers who overpaid interest.

The Group has participated fully in the Tracker Review and, as required under the terms of the Tracker Review, has filed its report on the review, together with the report of an independent assessor within the prescribed timescales.

14. Significant Subsidiaries

The following table indicates the principal undertakings of the Group as at the Latest Practicable Date:

<u>Name</u>	<u>Percentage ownership, interest & voting power held by the Group</u>	<u>Field of Activity</u>	<u>Country of Incorporation</u>	<u>Registered Address</u>
Bank of Ireland (UK) plc	100%	Retail financial services	England and Wales	Bow Bells House 1 Bread Street London EC4M 9BE United Kingdom
Bank of Ireland Mortgage Bank	100%	Mortgage lending and mortgage covered securities	Ireland	New Century House Mayor Street Lower IFSC Dublin D01 K8N7 Ireland
New Ireland Assurance Company plc	100%	Life assurance business	Ireland	11/12 Dawson Street Dublin D02 YX99 Ireland
N.I.I.B. Group Limited	100%	Personal finance and leasing	Northern Ireland	1 Donegall Square South Belfast Northern Ireland BT1 5LR
First Rate Exchange Services Limited ⁽¹⁾	50%	Foreign exchange	England and Wales	Great West House Great West Road Brentford Middlesex TW8 9DF United Kingdom

(1) This entity is a subsidiary of First Rate Exchange Services Holdings Limited, a joint venture with the UK Post Office, in which the Group holds 50% of the equity of the business.

15. Property, Plant & Equipment

As at 31 March 2017, the Bank occupied 341 properties in Ireland. Of these, 132 were held as freeholds, 20 as long-term leaseholds and 189 as short-term leaseholds. The majority of these properties are retail branches, widely distributed throughout Ireland. Other buildings include the Group's registered office in Dublin, and customer service and support properties located to suit business needs in Dublin, Kilkenny, Cork and Galway.

Of these 341 properties, five properties are vacant and nine are sub-let or sub-let in part. The Group also owns, leases or uses under licence properties for business operations elsewhere in the world, principally in the United Kingdom, France and the United States.

The Directors are of the opinion that there are currently no actual or potential environmental liabilities that affect the Group's utilisation of any property or other tangible fixed assets.

16. Consents

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, One Spencer Dock, North Wall Quay, Dublin D01 X9R7 has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report as set out in Section C (*BOIG plc*) of Part XI (*Historical Financial Information*) and its report as set out in Section XII (*Unaudited Pro Forma Financial Information*) of this Prospectus in the form and context in which they appear. PricewaterhouseCoopers authorised the contents of that part of this Prospectus which comprises its report for the purposes of paragraph 2(2)(f) of Schedule 1 of the Prospectus Regulations.

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 Prospectus 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 Prospectus of references to its name in the form and context in which they appear.

17. Expenses

The total costs, charges and expenses payable by BOIG plc and the Bank in connection with the Scheme and Admission are estimated to be approximately €10.5 million (inclusive of VAT). No expenses will be charged to Ordinary Stockholders or BOIG plc Shareholders in connection with the Scheme.

18. General

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 to 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.

Applications will be made by BOIG plc for the BOIG plc Shares to be admitted to CREST. Euroclear UK & Ireland Limited ("Euroclear") requires BOIG plc to confirm to it that certain conditions imposed by the CREST Rules are satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied in respect of the BOIG plc Shares on admission of the BOIG plc Shares. As soon as practicable after satisfaction of the conditions, BOIG plc will confirm this to Euroclear.

None of the BOIG plc Shares are being marketed or are being made available in whole or in part to the public other than pursuant to the Scheme.

IFRS 9

The implementation of IFRS 9 is a major priority for the Group and a Group IFRS 9 Programme, responsible for its implementation, was established during 2015. The Group IFRS 9 Programme is supported by appropriate external advisors.

In contrast to IAS 39, IFRS 9 requires an 'expected credit loss' ("ECL") approach to impairment provisioning, even if a loss event has not occurred. This approach, which is essentially a more forward looking provisioning model, aims to be responsive to changes in the credit quality of financial assets based on the concept of 'significant increase in credit risk since initial recognition.' Principally, for ECL recognition, assets are grouped into three stages based on deterioration in credit quality since initial recognition / origination.

Stage 1 relates to assets that have not experienced a "significant" increase in credit risk since initial recognition / origination and attract a 12-month ECL recognition. Stage 2 relates to assets that have experienced a "significant" deterioration in credit quality since initial recognition / origination, but are not credit-impaired, and attract a Lifetime ECL recognition. Stage 3 relates to assets that are credit-impaired and also attract a Lifetime ECL recognition.

Assets can move between stages as credit quality deteriorates or improves with the exception of assets considered credit impaired on initial recognition which must always be subject to Lifetime ECL. In contrast to IAS 39, IFRS 9 requires a combination of historical, current and future expectations / forecast conditions to be taken into account in the assessment of credit impairment. Current IAS 39 based impairment provisioning is based on historical information adjusted, as appropriate, for current observed conditions.

In addition to the impairment aspects of the standard, IFRS 9 also introduces changes in relation to the classification and measurement of financial instruments, as well as hedge accounting. For classification and measurement, IFRS 9 introduces a single classification and measurement model for financial assets which is dependent on an both an entity's overall business model objective for managing financial assets ('business model assessment') and the contractual cash flow characteristics of each asset at initial recognition ('contractual cash flow characteristics'). This model, absent an accounting mismatch, is to be used to determine the most appropriate of the three principal financial asset classifications allowed under IFRS 9:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

The hedge accounting requirements in IFRS 9 are designed to align hedge accounting more closely with risk management activities, include enhanced disclosure requirements, and involve moving from a rules-based approach under IAS 39 to a more principles based approach in IFRS 9.

On 29 March 2017, the BCBS set out considerations for retaining the current regulatory treatment of accounting provisions for an interim period. It also set out transitional arrangements for IFRS 9 to take effect from 1 January 2018 and the corresponding Pillar III disclosure requirements, should individual jurisdictions choose to implement such transitional arrangements.

19. Sources of information

Certain information has been obtained from external publications and, where applicable, the source of such information is stated in this Prospectus where the information is included.

BOIG plc confirms that this information has been accurately reproduced and, so far as BOIG plc is aware and is able to ascertain from the information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

20. 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;
- the accountants' report for BOIG plc prepared by PricewaterhouseCoopers set out in Section C (*BOIG plc*) of Part XI (*Historical Financial Information*) of this Prospectus;
- the report on the unaudited pro forma financial information of BOIG plc prepared by PricewaterhouseCoopers set out in Section B of Section XII (*Unaudited Pro Forma Financial Information*) of this Prospectus;
- consent letters referred to in Section 16 (*Consents*) of this Part XVIII;
- this 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 Prospectus up to Admission:

- 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.

21. 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 20 (*Documents on Display*) in Part XVIII (*Additional Information*) of this Prospectus and contain information which is relevant to the Scheme. These documents are also available on the Bank's website at <https://investorrelations.bankofireland.com>

The Group 2016 Annual Report is available at:

<https://investorrelations.bankofireland.com/wp-content/assets/BOI-Annual-Report-2016.pdf>

The Group 2015 Annual Report is available at:

<https://investorrelations.bankofireland.com/wp-content/assets/BOI-Annual-Report-2015.pdf>

The Group 2014 Annual Report is available at:

<https://www.bankofireland.com/fs/doc/wysiwyg/boi-annual-report-2014.pdf>

The table below sets out the various sections of such documents which are incorporated by reference into this Prospectus so as to provide the information required under the EU Prospectus Regulation and to ensure that prospective BOIG plc Shareholders and others are aware of all information which, according to the particular nature of BOIG plc is necessary to enable prospective BOIG plc Shareholders and others to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of BOIG plc.

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PART XIX: DEFINITIONS AND GLOSSARY

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

1971 Act	the Central Bank Act 1971;
1992 Preference Stock	the preference capital stock of the Bank, other than the 2009 Preference Stock and the 2005 Preference Stock as at the date of this Prospectus;
1996 Regulations	the Companies Act 1990 (Uncertificated Securities) Regulations, 1996, S.I. No. 68 of 1996 and the Companies Act 1990 (Uncertificated Securities) (Amendment) Regulations 2005, including any modification or any regulations in substitution therefore made under section 1086 of the Companies Act 2014 or otherwise and for the time being in force;
2005 Preference Stock	new units of preference stock which may be allotted by the Bank 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;
2006 Regulations	the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006;
2009 Preference Stock	the units of non-cumulative preference stock of €0.01 each in the capital of the Bank;
2011 Prudential Capital Assessment Review	the prudential capital assessment review undertaken by the CBI, the results of which were announced on 31 March 2011;
2011 Rights Issue	the June 2011 18-for-5 rights issue of 19,077,889,032 units of Ordinary Stock at a rights issue price of €0.10 per unit of Ordinary Stock;
2014 Financial Statements	the financial information relating to the Group as set out on pages 150–286 of the Group 2014 Annual Report which is incorporated by reference into this Prospectus;
2015 Financial Statements	the financial information relating to Group as set out on pages 158–294 of the Group 2015 Annual Report which is incorporated by reference into this Prospectus;
2016 Act	the Bank of England and Financial Services Act 2016;
2016 Act Regulations	the Bank of England and Financial Services (Consequential Amendments) Regulations 2017;
2016 Bill	the Companies (Accounting) Bill 2016 (bill number 79 of 2016);
2016 Financial Statements	the financial information relating to the Group as set out on pages 178–305 of the Group 2016 Annual Report and Accounts which is incorporated by reference into this Prospectus;
3AMLD	Directive 2005/60/EC on the Prevention of the use of the Financial System for the Purposes of Money Laundering and Terrorist Financing;
4AMLD	Directive (EU) 2015/849 on the Prevention of the use of the Financial System for the Purposes of Money Laundering or Terrorist Financing;
AA	the Automobile Association;
AAFS	AA Financial Services Limited;

<i>Adjigo plc</i>	the name under which BOIG plc was incorporated in Ireland on 28 November 2016 under the Companies Act as a public limited company with registered number 593672;
<i>Admission</i>	the BOIG plc Shares being 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’s Main Securities Market and the London Stock Exchange’s main market for listed securities;
<i>AFS</i>	available for sale;
<i>Annual General Court</i>	an annual general court of the Bank;
<i>Annual Report and Accounts</i>	the audited annual report and accounts of a company for a particular financial period;
<i>Approved 2010 EU Restructuring Plan</i>	the EU Restructuring Plan for the Bank approved by the European Commission on 15 July 2010;
<i>ASX</i>	the Australian Securities Exchange;
<i>ATI</i>	additional tier 1 issuance;
<i>ATM</i>	automated teller machine;
<i>ATM Agreement</i>	agreement between the UK Post Office, BOIUK and the Bank for the supply of cash and for the installation, maintenance and operation of ATMs dated 16 July 2012 (as amended and restated);
<i>Bail-in</i>	Bail-in relates to the writing-down of debt owed by a bank to creditors or to converting it into equity;
<i>Bank or the Bank</i>	the Governor and Company of the Bank of Ireland, established in Ireland by Charter 1783 and having limited liability;
<i>Bank Directors</i>	the directors of the Bank;
<i>Bank of Ireland Group plc or BOIG plc</i>	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;
<i>Bank Secrecy Act</i>	Currency and Foreign Transactions Reporting Act of 1970, 31 USC 5311 <i>et seq</i> ;
<i>Banking Act</i>	the Banking Act 2009 of the United Kingdom;
<i>Banking Reform Act</i>	the Financial Services (Banking Reform) Act 2013;
<i>Banking Union</i>	the banking union of the EU;
<i>Basel Committee or BCBS</i>	the Basel Committee on Banking Supervision;
<i>Basel III</i>	(i) the framework relating to capital adequacy requirements set out in the paper entitled “ <i>Basel III: A global regulatory framework for more resilient banks and banking systems</i> ” published in December 2010 (and revised in June 2011) by the Basel Committee on Banking Supervision; and (ii) the framework relating to liquidity set out in the paper entitled “ <i>Basel III: International framework for liquidity risk measurement, standards and monitoring</i> ” published in December 2010 (and revised in January 2013) by the Basel Committee and the framework relating to liquidity coverage ratio and monitoring of liquidity risk set out in the paper entitled “ <i>Basel III: The Liquidity</i> ”

Coverage Ratio and Liquidity Risk Monitoring Tools” published in January 2013 by the Basel Committee, together in each case, with any related applicable law or regulation (including in the context of any related implementation, application or compliance);

BCOBS	the Banking: Conduct of Business sourcebook;
BHCA	the Bank Holding Company Act of 1956;
Board or BOIG plc Board	the board of directors of BOIG plc;
Board Risk Committee or BRC	the Board Risk Committee, as described in Section 4 (<i>Committees of the Group</i>) of Part XV (<i>Directors and Corporate Governance</i>) of this Prospectus;
BOE	the Bank of England;
BOIG plc	Bank of Ireland Group plc;
BOIG plc Articles or Articles	the articles of association of BOIG plc to be effective (subject to the Scheme becoming Effective) on the Effective Date;
BOIG plc Constitution	the BOIG plc Memorandum and the BOIG plc Articles to be effective (subject to the Scheme becoming Effective) on the Effective Date save in Part VIII (<i>Terms of the Scheme</i>) of this Prospectus where the definition set out therein applies;
BOIG plc Directors	the directors of BOIG plc;
BOIG plc Memorandum or Memorandum	the memorandum of association of BOIG plc to be effective (subject to the Scheme becoming Effective) on the Effective Date;
BOIG plc Shareholders	the members of BOIG plc 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;
BoI UK Holdings	Bank of Ireland UK Holdings plc;
BOIUK	Bank of Ireland (UK) plc;
Branch	the Connecticut branch of the Group;
BRC	the Board Risk Committee;
BRRD	the EU Bank Recovery and Resolution Directive, Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014;
BRRD Institutions	EU credit institutions and certain investment funds which are subject to the BRRD;
BSPF	the Bank of Ireland Staff Pensions Fund;
business day	a day, not being a public holiday, Saturday or Sunday, on which banks in Dublin are open for normal business;
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;

<i>Cap Ireland</i>	CapGemini Sogeti (Ireland) Limited;
<i>Capital Requirements Directive</i>	Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006, together, relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions;
<i>Capital Requirements Directive II</i> or <i>CRD II</i>	Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management;
<i>Capital Requirements Directive III</i> or <i>CRD III</i>	Directive 2010/76/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2009/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies;
<i>Capital Requirements Directive IV</i> or <i>CRD IV</i>	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;
<i>Capital Requirements Regulation</i> or <i>CRR</i>	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;
<i>CASS Sourcebook</i>	the Client Assets sourcebook;
<i>CAT</i>	capital acquisitions tax;
<i>CBI</i>	the Central Bank of Ireland;
<i>CBS Programme</i>	the Group's Core Banking Systems Programme;
<i>CCA</i>	the Consumer Credit Act 1995 (as amended);
<i>CCA 1974</i>	the Consumer Credit Act 1974;
<i>CCAR</i>	the European Communities (Consumer Credit Agreements) Regulations 2010 (SI 2010/281);
<i>CCCN</i>	Convertible Contingent Capital Note;
<i>CCMA</i>	the CBI's Code of Conduct on Mortgage Arrears 2013;
<i>CCyB</i>	countercyclical buffer;
<i>CET 1</i>	Common Equity Tier 1;
<i>CET 1 Ratio</i>	in respect of any semi-annual reporting period, the ratio (expressed as a percentage) of the CET 1 Amount divided by the RWA Amount contained in the semi-annual published financial report, as calculated by the Bank and appearing in its relevant semi-annual published financial report;
<i>CFTC</i>	the US Commodity Futures Trading Commission;
<i>CGT</i>	Irish taxation of capital gains and corporation tax on chargeable gains;
<i>Chairman</i>	the Chairman of the Group;

<i>Chief Executive Officer</i>	the Chief Executive Officer of the Group;
<i>CIFS Guarantee Scheme</i> or <i>CIFS Scheme</i>	the Credit Institutions (Financial Support) Scheme 2008 (S.I. No. 411 of 2008);
<i>Circular</i>	the 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 Court Meeting and the Extraordinary General Court;
<i>CIROC Report</i>	Covered Institution Remuneration Oversight Committee Report to the Minister for Finance in accordance with the provisions of paragraph 48 of the Credit Institutions (Financial Support) Scheme 2008;
<i>CMA</i>	the Competition and Markets Authority;
<i>CMCR</i>	European Union (Consumer Mortgage Credit Agreements) Regulations 2016 (S.I. No. 142 of 2016);
<i>Code</i>	the US Internal Revenue Code of 1986, as amended;
<i>Code of Conduct on Lending to Small and Medium Enterprises</i>	the Central Bank's Code of Conduct on Lending to Small and Medium Enterprises which has been replaced by the SME Regulations;
<i>Committees</i>	the committees of the Court or the Board, as the case may be;
<i>Common Equity Tier 1</i> or <i>CET 1</i>	common equity tier 1 capital for the purposes of CRD IV;
<i>Companies Act</i>	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;
<i>Company</i>	BOIG plc;
<i>Competition and Consumer Protection Commission</i>	the Competition and Consumer Protection Commission of Ireland;
<i>Companies Registration Office</i>	the official public registry for companies in Ireland;
<i>Competition Acts</i>	the Competition Act, 2002 (as amended) and the Competition and Consumer Protection Act 2014;
<i>CONC</i>	the Consumer Credit sourcebook;
<i>Consolidation</i>	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;
<i>Consolidation Basis</i>	the basis on which the Exchange Ratio will be calculated for the Scheme;
<i>Consumer Protection Code</i>	the Consumer Protection Code 2012 (as amended);
<i>Core Banking, Channels and Payments Programme</i>	the strategic change initiative, developed by the Group as part of its Integrated Plan, that will include key third-party providers and resource allocation from Bank personnel and strategic partners;

<i>Corporations Act</i>	the Australian Corporations Act 2001 (Cth);
<i>Court of Directors or Court</i>	the court of directors of the Bank;
<i>CPA</i>	the Consumer Protection Act 2007 (as amended);
<i>CRA</i>	the UK Consumer Rights Act 2015
<i>CRD IV</i>	the Capital Requirements Directive IV;
<i>CREST</i>	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;
<i>CREST Regulations</i>	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;
<i>CRR</i>	the Capital Requirement Regulation;
<i>CSD Regulations</i>	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;
<i>CSO</i>	the Irish Central Statistics Office;
<i>Davy</i>	J&E Davy of Davy House, 49 Dawson Street, Dublin D02 PY05, Ireland;
<i>DBRS</i>	DBRS, the Canadian credit rating agency;
<i>Default Shares</i>	the shares in relation to which a default under section 1062 of the Companies Act has occurred;
<i>Department of Finance</i>	the Department of Finance of Ireland;
<i>Deposit Guarantee Scheme</i>	the scheme established under the European Union (Deposit Guarantee Schemes) Regulations, 2015;
<i>Designated Stock</i>	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 Court Convened Stockholder Meeting is held;
<i>Direct Channels</i>	telephone, mobile and online banking facilities;
<i>Direction Notice</i>	a notice issued by the BOIG plc Directors pursuant to section 1062 of the Companies Act;
<i>Directors</i>	the Bank Directors and/or the BOIG plc Directors, as the context requires;
<i>DIRT</i>	deposit interest retention tax;
<i>Disclosure Requirements and Transparency Rules</i>	the Disclosure Requirements and Transparency Rules of the FCA in its capacity as the UK Listing Authority under FSMA and contained in the UKLA's publication of the same name;
<i>DMR</i>	the European Communities (Distance Marketing of Consumer Financial Services) Regulations 2004 (S.I. No. 853/2004);
<i>Dodd-Frank Act</i>	the US Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010;
<i>DTA</i>	deferred tax assets;
<i>DWT</i>	Irish dividend withholding tax;

<i>EBA</i>	the European Banking Authority;
<i>EBITDA</i>	earnings before interest, taxes, depreciation amortisation;
<i>ECB</i>	the European Central Bank;
<i>ECCI</i>	the European Consumer Credit Information;
<i>ECL</i>	expected credit loss;
<i>EEA</i>	the European Economic Area;
<i>Effective</i>	the Scheme having become effective pursuant to its terms;
<i>Effective Date</i>	the date upon which the Scheme becomes Effective;
<i>ELG Scheme</i>	the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (S.I. No. 490 of 2009) as amended by S.I. No. 470 of 2010, S.I. No. 546 of 2010, S.I. No. 634 of 2011 and S.I. No. 519 of 2012;
<i>EMU</i>	the European Monetary Union;
<i>Enceladus Holding Limited</i>	Enceladus Holding Limited, a private limited company incorporated in Ireland with registered number 500896 and having its registered office at Arthur Cox Building, Earlsfort Terrace, Dublin D02 CK83;
<i>Entitlement to Vote Record Time</i>	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;
<i>ESIS</i>	the European Standardised Information Sheet;
<i>EU</i>	the European Union;
<i>EU Prospectus Regulation</i>	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;
<i>EU Restructuring Plan</i>	a restructuring plan for a bank for submission to the European Commission under EU state aid rules for the purpose of establishing the bank's long term viability without State support, adequate burden sharing and measures to minimise any distortion of competition arising from State aid provided to the bank;
<i>euro</i> or <i>EUR</i> or <i>€</i>	the lawful currency of Ireland;
<i>Euro 1992 Preference Stock</i>	the non-cumulative preference stock of €1.27 each in the capital stock of the Bank;
<i>Euroclear</i>	Euroclear UK & Ireland Limited, a limited company incorporated in England and Wales with registered number 02878738;
<i>European Commission</i>	the Commission of the European Union;
<i>Eurosystem</i>	the ECB and the national central banks of the Member States in the Eurozone;
<i>Eurozone</i>	the Member States which have adopted the euro as their common currency;

<i>Exchange Agent</i>	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;
<i>Exchange Ratio</i>	has the meaning given to it in the Scheme;
<i>Executive Directors</i>	the executive directors of BOIG plc or the Bank (as applicable);
<i>Extraordinary General Court</i> or <i>EGC</i>	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 Court Convened Stockholder Meeting shall have been concluded or adjourned (it being understood that if the Court Convened Stockholder Meeting is adjourned, the EGC shall be correspondingly adjourned);
<i>Fand Limited</i>	Fand Limited, a private limited company incorporated in Ireland with registered number 20047 and having its registered office at Arthur Cox Building, Earlsfort Terrace, Dublin D02 CK83;
<i>FATCA</i>	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;
<i>FCA Handbook</i>	the detailed rules and prudential standards set by the FCA;
<i>Federal Reserve Board</i>	the Board of Governors of the US Federal Reserve System;
<i>FHC</i>	financial holding company;
<i>Financial Action Task Force</i>	the inter-governmental body established to set standards and promote effective implementation of measures for combating money laundering, terrorist financing and other related threats to the international financial system;
<i>Financial Conduct Authority</i> or <i>FCA</i>	the UK Financial Conduct Authority or its successor from time to time;
<i>Fitch</i>	Fitch Ratings, the US financial information services provider and credit rating agency;
<i>Form of Proxy</i>	the form of proxy in connection with each of the Court Convened Stockholder Meeting and the Extraordinary General Court, which shall accompany the Circular;
<i>FOS</i>	the Financial Ombudsman Service in the UK established under the FSMA;
<i>FRESHL</i>	First Rate Exchange Services Holdings Limited;
<i>FRESL</i>	First Rate Exchange Services Limited;
<i>FS Deed</i>	Deed of Amendment and Restatement between UK Post Office, BOIUK, the Bank, Bank of Ireland Personal Finance Limited and Midasgrange Limited dated 3 August 2012;
<i>FSA</i>	the Financial Services Authority;
<i>FSA 2012</i>	the Financial Securities Act 2012;
<i>FSCS</i>	Financial Services Compensation Scheme;
<i>FSDA</i>	financial services distribution agreement dated 14 July 2015 between BOIUK, AA plc and AAFS;
<i>FSMA</i>	the Financial Services and Markets Act 2000 (as amended from time to time);
<i>FVTPL</i>	fair value through profit or loss;

GAC	the Group Audit Committee;
GEC	the Group Executive Committee;
GDP	gross domestic product;
GDPR	the General Data Protection Regulation (Regulation (EU) 2016/679);
GNGC	the Group Nomination and Governance Committee;
Government Appointee	any person nominated pursuant to a direction of a Government body for the purpose of any requirement imposed on the Company;
GRC	the Group Remuneration Committee;
Group or the Group	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;
Group 2014 Annual Report	the Group's Annual Report and Accounts for the financial year ended 31 December 2014;
Group 2015 Annual Report	the Group's Annual Report and Accounts for the financial year ended 31 December 2015;
Group 2016 Annual Report	the Group's Annual Report and Accounts for the financial year ended 31 December 2016;
Group Audit Committee or GAC	the Group Audit Committee, as described in Section 4 (<i>Committees of the Group</i>) of Part XV (<i>Directors and Corporate Governance</i>) of this Prospectus;
Group Executive Committee	the group of senior executives who report directly to the Group Chief Executive;
Group IFRS Programme	the Group's internal programme for International Financial Reporting Standards;
Group Nomination and Governance Committee or GNGC	the Group Nomination and Governance Committee, as described in Section 4 (<i>Committees of the Group</i>) of Part XV (<i>Directors and Corporate Governance</i>) of this Prospectus;
Group Remuneration or GRC Committee	the Group Remuneration Committee as described in Section 4 (<i>Committees of the Group</i>) of Part XV (<i>Directors and Corporate Governance</i>) of this Prospectus;
Group Secretary or Secretary	the secretary of the Group or the secretary of BOIG plc (as the context requires);
GTaC	Group Technology and Change;
High Court	the High Court of Ireland;
High Court Convened Stockholder Meeting	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 shall be contained in the Scheme Document;

<i>High Court Hearing</i>	the hearing of the High Court at which it is proposed that the High Court sanction the Scheme;
<i>High Court Hearing Date</i>	the date on which the High Court makes the High Court Order;
<i>High Court Order</i>	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;
<i>HM Treasury</i>	Her Majesty’s Treasury;
<i>HMRC</i>	HM Revenue & Customs;
<i>Holder</i>	in relation to any Ordinary Stock, the Member whose name is entered in the Register of Members as the holder of that stock and “ <i>Joint Holders</i> ” 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;
<i>Housing Loan Regulations 2015</i>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Housing Loan Requirements) Regulations 2015;
<i>IAS</i>	International Accounting Standards, as adopted by the EU;
<i>IASB</i>	the International Accounting Standards Board;
<i>ICAAP</i>	internal capital adequacy process;
<i>ICCL</i>	Investor Compensation Company DAC;
<i>ICG</i>	Individual Capital Guidance;
<i>ICOBS</i>	the Insurance Conduct of Business sourcebook;
<i>IFRIC</i>	the IFRS Interpretations Committee;
<i>IFRS</i>	International Financial Reporting Standards;
<i>IFRS 9</i>	the international financial reporting standard published by the International Accounting Standards Board in 2014;
<i>ILAAP</i>	internal liquidity adequacy assessment process;
<i>Individual Accountability regime</i>	an accountability framework under the Financial Services (Banking Reform) Act 2013 for individuals within banking which replaced the approved persons’ regime for banks from 7 March 2016;
<i>Initial FS Agreements</i>	Intermediary Agreement and the Manufacturing, Support and Intermediation Agreement each dated 19 March 2004;
<i>Integrated Plan</i>	an integrated plan developed by the Group to establish the delivery path for key IT strategic programmes covering a multi-year period from 2016 as a rolling technology plan;
<i>Integrated Planning Office</i>	integrated planning office established in the final quarter of 2016 to provide oversight of the programmes which constitute the Integrated Plan;
<i>IRB</i>	Internal Rating Based;
<i>Ireland or Irish State or Republic of Ireland</i>	the island of Ireland, excluding Northern Ireland;
<i>Irish Code</i>	the CBI’s Corporate Governance Code for Credit Institutions 2015;
<i>Irish Government</i>	the Government of Ireland;

<i>Irish Listing Rules</i>	the Main Securities Market listing rules and admission to trading rules of the Irish Stock Exchange;
<i>Irish Official List</i>	the official list of the Irish Stock Exchange;
<i>Irish Revenue</i>	the Revenue Commissioners of Ireland;
<i>Irish Stock Exchange</i>	the Irish Stock Exchange plc;
<i>Irish Takeover Rules</i>	the Irish Takeover Panel Act, 1997, Takeover Rules, 2013;
<i>IRS</i>	the Internal Revenue Service, being the US government agency responsible for tax collection and tax law enforcement;
<i>ISIF</i>	the Ireland Strategic Investment Fund;
<i>ISIN</i>	International Securities Identification Number;
<i>Issuance Window</i>	in respect of a State Guarantee Scheme, the period of time during which securities and other obligations can be issued that are covered by that State Guarantee Scheme;
<i>IT</i>	information technology;
<i>IT Programme</i>	a strategic programme deployed by the Group to address its IT upgrade challenges, capabilities and opportunities, including regulatory-driven requirements and marketplace developments;
<i>JST</i>	Joint Supervisory Team;
<i>KMP</i>	key management personnel comprising the Directors, the members of the GEC, and the Group Secretary;
<i>LAF</i>	leveraged acquisition finance;
<i>Latest Practicable Date</i> or <i>LPD</i>	31 March 2017, being the latest practicable date prior to publication of this Prospectus;
<i>LCR</i>	liquidity coverage ratio;
<i>LDR</i>	loan-to-deposit ratio;
<i>Lifetime ECL</i>	the lifetime expected credit losses in accordance with IFRS 9;
<i>Listing Rules</i>	the Listing Rules of the UK Financial Conduct Authority made under section 73A of the Financial Services and Markets Act 2000 (as amended) and/or the Listing Rules of the Irish Stock Exchange, as the case may be (in each case, as amended from time to time);
<i>Living Will</i>	the plan submitted to the US Federal Reserve and US Federal Deposit Insurance Corporation by bank holding companies with total consolidated assets of \$50 billion and certain designated non-bank financial companies outlining the resolution strategy in the event of financial distress or failure of the company;
<i>London Stock Exchange</i>	the London Stock Exchange plc;
<i>Long Stop Date</i>	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);
<i>LTI</i>	loan-to-income;
<i>LTV</i>	loan-to-value;
<i>March 2011 PCAR/PLAR Review</i>	the PCAR and PLAR reviews carried out by the CBI, the results of which were announced on 31 March 2011;

Market Abuse Regulation or MAR	the EU Market Abuse Regulation (Regulation (EU) No. 596/2014) (together with any national legislation in any Member State implementing MAR in such Member State);
Market Abuse Rules	the rules issued by the CBI under section 1370 of the Companies Act;
MARP	mortgage arrears resolution process;
Master Services Agreement	various services agreements described more fully in Section 12 (<i>Material Contracts</i>) of Part XVIII (<i>Additional Information</i>);;
MCD	the EU Mortgage Credit Directive;
MCOB	the Mortgage Conduct of Business Rules;
Medicare tax	tax applied to earned income, which includes wages you are paid by an employer plus tips;
Member State or Member States	member state or member states of the European Union (as applicable);
Members	members of the Bank on its Register of Members at any relevant date (and each a “ Member ”);
MIF Regulation	Regulation (EU) No. 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions;
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
MiFID Regulations	the European Communities (Markets in Financial Instruments) Regulations 2007 (S.I. No. 60 of 2007);
MiFIR	Regulation (EU) No. 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments;
Minimum Competency Code	the Minimum Competency Code 2011;
Minister for Finance	Minister for Finance of Ireland;
Minister’s Letter	the letter dated 8 July 2011 from the Minister of Finance to the Bank;
Monetary Authorities	the ECB, the CBI, the BOE, the US Federal Reserve;
Moody’s	Moody’s Investors Service Inc., the credit rating agency;
Mortgage Credit Directive Order 2015	UK Mortgage Credit Directive Order 2015, 2015 No. 0000;
MREL	minimum requirements for own funds and eligible liabilities;
NAMA	the National Asset Management Agency and, where the context permits, other members of NAMA’s group including subsidiaries and associated companies;
NAMA Act	the National Asset Management Agency Act 2009;
NAMAIL	the National Asset Management Agency Investment Limited;
National Pensions Reserve Fund	the fund established by the National Pensions Reserve Fund Act, 2000 to meet (insofar as possible) the costs of Ireland’s social welfare and public service pensions from 2025 onwards;
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 the Scheme;
NI	Northern Ireland;

<i>NIE</i>	Northern Ireland Electricity;
<i>NTMA</i>	National Treasury Management Agency;
<i>Non-Executive Directors</i>	the non-executive directors of BOIG plc or the Bank (as applicable);
<i>Notice of Meetings</i>	the notice of meeting for the Extraordinary General Court and the notice of the High Court Convened Stockholder Meeting to be on 28 April 2017 made available on the website of the Bank at https://investorrelations.bankofireland.com on 4 April 2017;
<i>NIM</i>	net interest margin;
<i>NPLs</i>	non-performing loans;
<i>NPRFC</i>	the National Pensions Reserve Fund Commission, established by the National Pensions Reserve Fund Act 2000 to, <i>inter alia</i> , control, manage and invest the assets of the National Pensions Reserve Fund. References herein to the NPRFC mean the NPRFC acting in its capacity as controller and manager of the National Pensions Reserve Fund;
<i>NPRFC Investment</i>	the subscription by the NPRFC for €3.5 billion of 2009 Preference Stock in the Bank and the issue of the Warrants completed on 31 March 2009;
<i>NSFR</i>	net stable funding ratio;
<i>NTMA</i>	the National Treasury Management Agency as established by the National Treasury Management Act 1990 as amended;
<i>OBR</i>	the UK Office for Budget Responsibility;
<i>Official Journal of the EU</i>	the official journal of the European Union;
<i>Official Lists</i>	the Official List of the Irish Stock Exchange or the Official List of the FCA (as applicable);
<i>OFT</i>	the Office of Fair Trade;
<i>ONS</i>	the UK Office for National Statistics;
<i>Ordinary Stock</i>	the units of ordinary stock having nominal value of €0.05 each in the capital stock of the Bank;
<i>Overseas BOIG plc Shareholders</i>	BOIG plc Shareholders located outside of Ireland;
<i>Ordinary Stockholders</i>	the Holders of Ordinary Stock;
<i>O-SII</i>	other systemically important institutions;
<i>Overseas Stockholders</i>	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;
<i>P2G</i>	Pillar 2 guidance;
<i>P2R</i>	Pillar 2 requirement;
<i>Panel or Takeover Panel</i>	the Irish Takeover Panel;
<i>PAR</i>	European Union (Payment Accounts) Regulations 2016 (S.I. No. 482 of 2016);
<i>Participating Institution</i>	a credit institution designated by the Minister for Finance as a participating institution in accordance with the provisions of section 67 of the NAMA Act;
<i>PCA</i>	personal current account;

<i>PCAR</i>	prudential capital assessment review;
<i>PCBS</i>	Parliamentary Commission on Banking Standards;
<i>PDMR</i>	a person discharging managerial responsibility;
<i>Pensions 2013</i>	the review of the Group's defined benefit pension schemes carried out in 2013/2014;
<i>PFIC</i>	passive foreign investment company;
<i>PLAR</i>	prudential liabilities assessment review;
<i>Post Office or UK Post Office</i>	Post Office Limited;
<i>PRA</i>	the Bank of England acting as the Prudential Regulation Authority through its Prudential Regulation Committee;
<i>PRA Rulebook</i>	the detailed rules and prudential standards set by the PRA;
<i>PRC</i>	the Prudential Regulation Committee;
<i>Preference Stock</i>	the 2009 Preference Stock and the 1992 Preference Stock;
<i>Preference Stockholder</i>	the registered holders of Preference Stock from time to time;
<i>Preferred Securities</i>	the Bank of Ireland UK Holdings plc €600 million (of which approximately €32 million is outstanding) 7.4% Guaranteed Step-up Callable Perpetual Preferred Securities;
<i>Prospectus</i>	this 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;
<i>Prospectus Directive</i>	European Parliament and Council Directive 2003/71/EC of 4 November 2003 (and amendments thereto, including Directive 2010/73/EU);
<i>Prospectus Regulations</i>	Prospectus (Directive 2003/71 EC) Regulations 2005 of Ireland, (S.I. No. 324 of 2005) as amended;
<i>Prospectus Rules</i>	the rules issued by the CBI from time to time under section 1363 of the Companies Act 2014;
<i>PSD</i>	Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market;
<i>PSD2</i>	Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market, amending Directives 2002/65/EC, 2009/110/EC and 2013/36/EU and Regulation (EU) No 1093/2010, and repealing Directive 2007/64/EC;
<i>PSR</i>	the European Communities (Payment Services) Regulations, 2009 (S.I. No. 383 of 2009);
<i>PwC</i>	PricewaterhouseCoopers of One Spencer Dock, North Wall Quay, Ireland, Dublin 1;
<i>QEF</i>	qualified electing fund;
<i>R&I</i>	Rating and Investment Information, Inc.;
<i>Reduction of Capital</i>	the reduction of the capital stock of the Bank by the cancellation of the Cancellation Stock to be effected as part of the Scheme;
<i>Register of Members</i>	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;
Regulators' Preferred Resolution Strategy or RPRS	the regulators' preferred resolution strategy;
Regulatory Authorities	the regulatory authorities relevant to the Group including the CBI, the BOE, the PRA, the SRB and the ECB;
Regulatory Information Service	any of the services set out in Appendix II to the UK Listing Rules;
Relevant Territory	(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;
Resolution College	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;
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	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;
Restricted Stockholders	certain Overseas Stockholders located in a Restricted Jurisdiction;
Revised 2011 EU Restructuring Plan	the revised 2011 EU Restructuring Plan for the Group, for the period to 31 December 2015, as approved by the European Commission on 20 December 2011;
Rome Treaty	Treaty establishing the European Economic Community (1957);
RTS	regulatory technical standards;
RWA	risk-weighted assets;
Scheme or Scheme of Arrangement	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;
Scheme Conditions	the conditions to which the scheme is subject;
Scheme Consideration	the BOIG plc Shares;

<i>Scheme Record Time</i>	6.00 p.m. (Irish time) on the Effective Date;
<i>Scheme Resolutions</i>	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;
<i>Scheme Stock</i>	the Cancellation Stock and the Transfer Stock;
<i>Scheme Stockholder</i>	a Holder of Scheme Stock;
<i>SEC</i>	the US Securities and Exchange Commission;
<i>SECCI</i>	the Standard European Consumer Credit Information;
<i>Securities Act</i>	U.S. Securities Act of 1933;
<i>Senior Executives</i>	those persons listed as service executives in Section 2 of Part XV (<i>Directors and Corporate Governance</i>) of this Prospectus;
<i>Senior Managers</i>	the top layer of executive management and directors in Bank of Ireland (UK) plc who exercise senior management functions and are subject to regulatory approval;
<i>Senior Managers Regime</i>	the regime that applies to the top layer of executive management, directors and non-executive directors in Bank of Ireland (UK) plc;
<i>SEPA Migration Regulation</i>	Regulation (EU) 260/2012 of the European Parliament and of the Council of 14 March 2012 establishing technical and business requirements for credit transfers and direct debits in Euro;
<i>Settlement Services Agreement</i>	the Settlement Services Agreement dated 16 December 2014 entered into between the Bank and Total Systems Services, Inc;
<i>Share Sale Facility Agent</i>	a broker appointed by BOIG plc to act as a share sale facility agent in respect of any Restricted Shares;
<i>SME</i>	small and medium enterprise;
<i>SME Regulations</i>	the Central Bank (Supervision and Enforcement) Act 2013 (Section 48) (Lending to Small and Medium-Sized Enterprises) Regulations 2015;
<i>Solvency II</i>	Directive 2009/138/EC on the taking-up and pursuit of the business of Insurance and Reinsurance;
<i>SPE</i>	single point of entry;
<i>Sponsor Agreement</i>	a sponsor agreement dated 4 April 2017 between BOIG plc, the Bank, Davy and UBS as described more fully in Section 12 (<i>Material Contracts</i>) of Part XVIII (<i>Additional Information</i>) of this Prospectus;
<i>Sponsors</i>	Davy and UBS;
<i>SRB</i>	the Single Resolution Board;
<i>SREP</i>	Supervisory Review and Evaluation Process;
<i>SRF</i>	the Single Resolution Fund;
<i>SRM</i>	the Single Resolution Mechanism;
<i>SRM Regulation</i>	Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014;
<i>SRR</i>	the special resolution regime;
<i>SSM</i>	single supervisory mechanism;

<i>SSM Regulation</i>	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;
<i>Standard & Poor's</i>	Standard & Poor's Financial Services LLP, the credit rating agency;
<i>State</i>	the island of Ireland, excluding Northern Ireland;
<i>State Guarantee Scheme</i>	the CIFS Guarantee Scheme and the ELG Scheme;
<i>Sterling or Pounds Sterling or Stg£ or p or £</i>	the lawful currency of the United Kingdom;
<i>Sterling 1992 Preference Stock</i>	the non-cumulative preference stock of Stg£1.00 each in the capital stock of the Bank;
<i>Sterling Monetary Framework</i>	the BOE's operations in the sterling money markets;
<i>Stockholders</i>	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;
<i>subsidiary undertaking</i>	has the meaning given in section 7 of the Companies Act;
<i>Substantial Acquisition Rules</i>	the Irish Takeover Panel Act, 1997, Substantial Acquisition Rules, 2007;
<i>Supervision and Enforcement Act 2013</i>	the Central Bank (Supervision and Enforcement) Act 2013;
<i>TCA</i>	Taxes Consolidation Act 1997 of Ireland;
<i>TFEU</i>	the Treaty on the Functioning of the European Union;
<i>Tier 1 Capital</i>	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;
<i>Tier 1 Securities</i>	the securities issued by the Group that constitute Tier 1 Capital;
<i>Tier 2 Capital</i>	undisclosed reserves, revaluation reserves, general provisions and loan loss reserves and sub-ordinated long term debt;
<i>Tier 2 Securities</i>	the securities issued by the Group that constitute Tier 2 Capital;
<i>TLAC</i>	total loss absorbing capacity;
<i>TLTRO</i>	targeted long term refinancing operations;
<i>Total Capital</i>	Tier 1 Capital plus Tier 2 Capital less regulatory deductions;
<i>Tracker Review</i>	the tracker mortgage examination initiated in Ireland in December 2015 by the CBI;
<i>Transfer Stock</i>	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;
<i>Transparency Regulations</i>	the Transparency (Directive 2004/109/EC) Regulations 2007 (S.I. No. 277 of 2007);
<i>Transparency Rules</i>	the transparency rules issued by the CBI under section 1383 of the Companies Act;
<i>Treasury or Treasury Shares</i>	shares held as treasury shares as provided for in the Companies Act;

<i>Treasury Stock</i>	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;
<i>Treaty</i>	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;
<i>UBS</i>	UBS Limited of 5 Broadgate, London EC2M 2QS, United Kingdom;
<i>UK Corporate Governance Code</i>	the UK Corporate Governance Code 2014 issued by the UK Financial Reporting Council, as amended from time to time;
<i>UK Government</i>	the Government of the United Kingdom;
<i>UK Listing Authority</i>	the FCA acting for the purposes of Part VI of the FSMA;
<i>UK Listing Rules</i>	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);
<i>UK Official List</i>	the official list of the FCA;
<i>UK or United Kingdom</i>	United Kingdom of Great Britain and Northern Ireland;
<i>UK Referendum</i>	the UK referendum on membership of the EU;
<i>UK UTCCR</i>	the Unfair Terms in Consumer Contracts Regulations 1999 (as amended, together with (in so far as applicable) the Unfair Terms in Consumer Contracts Regulations 1994);
<i>Undertakings</i>	undertakings given to the Minister for Finance from the Group in respect of its lending, corporate governance and remuneration;
<i>Unfair Contract Terms Directive</i>	Council Directive 93/13/EEC of 5 April 1993 on unfair terms in consumer contracts;
<i>UNFCOG</i>	the Unfair Contract Terms Regulatory Guide which is contained in the FCA Handbook;
<i>USA Patriot Act</i>	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA Patriot Act) Act of 2001, H.R. 3162 , 107 th Cong. (2001);
<i>US Dollar or USD or US\$ or \$</i>	the lawful currency of the United States;
<i>US Dollar 1992 Preference Stock</i>	the non-cumulative preference stock of US\$25 each in the capital stock of the Bank;
<i>US holder</i>	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.
<i>US or United States</i>	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;
<i>US Person</i>	as defined by the United States Securities and Exchange Commission in Regulation S under the US Securities Act;
<i>US Securities Act</i>	the US Securities Act of 1933, as amended;

<i>US State</i>	a geographical state in the United States;
<i>US Treasury</i>	the US Department of Treasury;
<i>UTCCR</i>	European Communities (Unfair Terms in Consumer Contracts) Regulations 1995 (S.I. No. 27 of 1995);
<i>VAT</i>	Value Added Tax;
<i>Volcker rule</i>	the new rules for derivatives trading, reporting and clearing, prohibitions on proprietary trading, and the sponsorship of, and investment in, hedge funds and private equity funds; and
<i>Warrants</i>	the detachable warrants issued to the NPRFC as part of the NPRFC Investment.

