



Bank of Ireland Extraordinary General Meeting

Pat Molloy, Chairman
Tuesday 12 January 2010



Proposed application by Bank of Ireland to become a participating institution under the National Asset Management Agency Act 2009 (NAMA) and proposed amendment of the Bye-laws of Bank of Ireland

Resolutions

- To authorise Bank of Ireland to apply to become a participating institution in NAMA
- To amend Bye-laws to permit approval of certain matters by ordinary resolution
- To amend Bye-laws to provide for the calling of an EGM for ordinary resolutions on 14 days notice
- To authorise the calling of such an EGM on 14 days notice



Resolution 1 – NAMA Background

- NAMA established by Minister for Finance to strengthen the Irish financial sector
- NAMA is to acquire loans relating to the purchase, exploitation or development of development land and associated loans from Participating Institutions
- Consideration paid for loans calculated on a loan by loan basis and will reflect both current market value and longer term economic value
- Loans will be transferred on a phased basis – process targeted to conclude by mid 2010
- The benefits to the Irish banking system of NAMA include:
 - Increased confidence in participating banks
 - Reduced levels of risk weighted assets
 - Improved liquidity and funding positions facilitating the ability of banks to support the economy
- Government confirmed that NAMA is the only scheme to address the issues currently facing the Irish banks that they will support



Resolution 1 – NAMA Impact on Bank of Ireland

- Following shareholder approval, Bank of Ireland can apply to become a Participating Institution before 19 February 2010
- Minister for Finance indicated that up to €16bn of Bank of Ireland loans may transfer to NAMA
 - Landbank/development loans €10bn; associated loans €6bn
 - Ireland 54%; UK 43%; RoW 3%
- Precise quantum of loans and terms relating to the acquisition by NAMA are yet to be established – details determined at transfer on a loan-by-loan basis
- Based on preliminary analysis undertaken by Bank of Ireland the Board believes that the average discount on disposal of loans to NAMA should not be greater than €4.8bn – representing a discount not greater than 30% of up to €16bn of loans.
- Pro-forma financial impact at 30 September 2009 on Bank of Ireland of loan transfer of up to €16bn:
 - Reduce loans and advances to customers by up to €14.6bn*
 - Reduce risk weighted assets by up to €15.2bn
 - Resulting capital ratios at 30 September 2009:
 - Equity tier 1 4.2%, Core tier 1 8.3%, Total tier 1 9.5% and Total capital 13.2%

*Note: Loans and advances of €16bn less €1.4bn impairment charge taken to 30 September 2009



Resolution 1 – NAMA

Benefits to Bank of Ireland arising from participation in NAMA

- Greater market certainty regarding Bank of Ireland's loan portfolio through transfer of up to €16bn loans to NAMA
 - removal of loans over which the market has most concerns
 - reducing residual risk of future impairments on these loans
- A reduction in the requirement to hold capital against these loans transferring to NAMA
- Further progress in de-leveraging our Balance Sheet
- A significant enhancement in our liquidity and funding position
- Improving the prospects for Bank of Ireland raising new capital in the future.

Board priorities in challenging environment

- Bank of Ireland has good businesses with resilient business models
- Remain focussed on key priorities
 - To support our customers
 - To continue to fund our balance sheet effectively
 - Achieving more conservative balance sheet metrics
 - To actively manage our credit risks
 - To rigorously manage our costs
- Significant progress made - clear focus on further progress – NAMA participation a key enabler
- Regulatory capital position remains robust, though market expectations for capital levels have increased – intend to address capital issue in 2010

We are committed to re-building shareholder value



Resolutions 2-4

- Resolutions 2 to 4 unrelated to NAMA
- Resolutions 2 to 4 are inter-conditional
- Objective is to bring Bank of Ireland's procedures for dealing with General Meetings into line with modern practice, other listed companies in Ireland and the UK, and to reflect changes arising from the Shareholders' Rights Directive (*implemented August 2009*).
- **Resolution 2** - proposes changes to the Bye-laws to allow matters be dealt with by ordinary resolution rather than special resolution
- **Resolution 3** - proposes changes to the Bye-laws to provide for the calling of an EGM for ordinary resolutions on 14 days notice rather than the current requirement of 21 days
- **Resolution 4** – seeks approval to enable the Board to convene such an EGM with 14 days notice. This approval will be valid until the next Annual General Meeting, when it is envisaged that a similar resolution will be proposed.



Resolutions 1 to 4

Board recommendation to shareholders

- The Board considers participation in NAMA to be fair and reasonable and to be in the best interests of shareholders.
- The Board believes approval of the Resolutions 2, 3 and 4 to be in the best interests of shareholders.
- The Board therefore recommends that shareholders vote in favour of all Resolutions.

Extraordinary General Meeting

Bank of Ireland Group



Voting Procedure

Voting will be by poll at the end of the meeting



Extraordinary General Meeting

Questions and Answers



Voting Procedure

- Voting will be by poll at the end of the meeting
- Fill out polling card
- Put into boxes provided
- Results will be announced later today



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