

Capital Raising Update

10 May 2010

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Introduction

On 26 April 2010, Bank of Ireland announced proposals (the "Proposals") intended to meet its current and long term capital requirements. The fully underwritten Proposals to raise a minimum of €3.421 billion Equity Tier 1 Capital comprise a firm Institutional Placing of €0.5 billion, a firm placing to the State of €1.036 billion and a Rights Issue of up to €1.885 billion, potentially reduced through equity generation and profit impact of Debt for Equity Offers. The Proposals are subject to Stockholder approval. A Circular summarising the Proposals has been sent to Stockholders.

Debt for Equity Offers Update

Bank of Ireland has today separately announced the results of (i) the Non US Debt for Equity Offers and (ii) the US Debt for Equity Offers up to 7 May 2010. Under the Debt for Equity Offers, existing holders of certain Tier 1 securities and Upper Tier 2 securities have been offered the opportunity to exchange these securities for (a) cash proceeds from the allotment of Ordinary Stock on behalf of such holders in the Rights Issue ('Option 1'); or (b) Allotment Instruments of up to €200 million, which automatically convert into the Ordinary Stock on 10 September 2010 ('Option 2'); or (c) a combination thereof.

The table below summarises the results of (i) the Non US Debt for Equity Offers and (ii) the US Debt for Equity Offers up to 7 May 2010:

	Nominal Amount Outstanding €m	Nominal Amount of Acceptances to Date €m	Option 1 Consideration €m	Option 2 Consideration €m	Capital Gain €m
Non US Debt for Equity Offers	922	401	270	29	102
US Debt for Equity Offers	575	451	287	32	131
	1,497	852	557	61	233

Implications for the Rights Issue and the Bank's Capital

As detailed in the Circular, the Rights Issue of up to €1.885 billion announced on 26 April 2010 is to be reduced by the quantum of Allotment Instruments issued under Option 2, and by the amount of the capital gain arising under the Debt for Equity Offers (€233 million), the latter being subject to a cap of €100 million. As a consequence of the Debt for Equity Offers results detailed above, the Rights Issue is expected to be reduced by approximately €0.161 billion to approximately €1.723 billion, with the NPRFC Rights Issue Undertaking being

reduced to approximately €0.626 billion and the balance of the Rights Issue, which is fully underwritten, being reduced to approximately €1.097 billion.

The Rights Issue will be priced at a 38% to 42% discount to TERP, based on the Closing Price on 14 May 2010. The final Rights Issue terms will be announced on 17 May 2010.

The amount of the capital gain in excess of €100 million generated by the Debt for Equity Offers to date (i.e. €133 million), will be applied to the capital of the Bank. As a consequence of this incremental capital gain, the Bank now anticipates that it will increase Equity Tier 1 Capital by a minimum of approximately €2.93 billion (after expenses and the Warrant Cancellation), subject to the Proposals being approved by Stockholders.

The Non US Debt for Equity Offers closed on 7 May 2010. The US Debt for Equity Offers are expected to remain open until 8 June 2010. The amount of any capital gain and the principal amount of any Allotment Instruments resulting from acceptances of the US Debt for Equity Offers after 7 May 2010 will also be applied to the capital of the Bank.

Unless otherwise defined, capitalised terms used in this announcement have the same meaning as in the Circular.

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This announcement does not constitute a prospectus or prospectus equivalent document. Nothing in this announcement should be interpreted as a term or condition of any of the Proposals. A Prospectus relating to the Proposals has been prepared and is available in accordance with EU Directive 2003/71/EC and/or Part VI of the Financial Services and Markets Act 2000. Any decision to invest in Bank of Ireland under the Proposals must be made only on the basis of the information contained in and incorporated by reference into such Prospectus.

The Exchange Offer Memoranda relating to the debt for equity exchange offers do not constitute prospectuses for the purposes of EU Directive 2003/71/EC. Any decision to participate in the debt for equity exchange offers must be made only on the basis of the information contained in and incorporated by reference into the relevant Exchange Offer Memorandum. Further information in respect of the debt for equity exchange offers, including where eligible holders of the relevant debt securities may obtain the Exchange Offer Memoranda relating to such offers, were announced by the Bank on 26 April 2010.

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