

**THIS CIRCULAR AND THE ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

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

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

If you sell or have sold or otherwise transferred all of your registered holding of Ordinary Stock or Preference Stock in Bank of Ireland, please send this Circular, together with the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. The distribution of such documents into certain jurisdictions may be restricted by law and therefore persons into whose possession such documents come should inform themselves about and observe such restrictions. In particular, such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations. If you sell or have sold or transferred, or otherwise disposed of, only part of your registered holding of Ordinary Stock or Preference Stock, you should retain this Circular and accompanying Form of Proxy and consult the stockbroker, bank or other agent through whom you made the sale, transfer or disposal.

No application has been, or is intended to be, made for the New Preference Stock or the Warrants to be admitted to the Official Lists or to trading on the main markets for listed securities of the Irish Stock Exchange or the London Stock Exchange, or any other market. It is intended that application will be made in due course for the Ordinary Stock, to be issued on exercise of the Warrants or in the event of the non-payment of dividends on the New Preference Stock, to be admitted to the Official Lists and to trading on the main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange.

None of the New Preference Stock, the Warrants or the Ordinary Stock to be issued on exercise of the Warrants or in the event of the non-payment of dividends on the New Preference Stock has been or will be registered under the US Securities Act of 1933.

---

## **Bank of Ireland Group**

*The Governor and Company of the Bank of Ireland*

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

**Proposed Issue to the National Pensions Reserve Fund Commission of 3,500,000,000 units of New Preference Stock of €0.01 nominal value at an issue price of €1.00 per unit of New Preference Stock, the grant of Warrants to the National Pensions Reserve Fund Commission to subscribe for up to 334,737,148 units of Ordinary Stock of €0.64 nominal value**

**and  
Notice of Extraordinary General Court**

**Your attention is drawn to the letter from the Governor which is set out on pages 4 to 12 of this Circular and which recommends you vote in favour of the Resolutions to be proposed at the Extraordinary General Court to be held at 11.00 a.m. on 27 March 2009 at the Savoy Cinema, O’Connell Street, Dublin 1. Please read the whole of this Circular.**

This Circular does not contain any offer to the public to purchase or subscribe for securities within the meaning of the Prospectus (Directive 2003/71/EC) Regulations 2005, the Prospectus Regulations 2005 of the United Kingdom or otherwise. This Circular has not been approved by the Financial Regulator or the Financial Services Authority. This Circular does not constitute a prospectus for the purpose of Directive 2003/71/EC.

IBI, a subsidiary of the Bank, which is regulated by the Financial Regulator, is acting exclusively for the Bank, as financial adviser in relation to the NPRFC Investment and no one else (including the recipients of this Circular) in connection with the arrangements described in this Circular and will not be responsible to anyone other than the

Bank for providing the protections afforded to customers of IBI or for advising any other person in connection with the arrangements described in this Circular. IBI makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Circular and accepts no responsibility for, nor does it authorise, the contents of this Circular or its issue, or any other statement made or purported to be made by the Bank, or on its behalf, in connection with the NPRFC Investment, the New Preference Stock, the Warrants or any other arrangements described in this Circular, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have in respect of this Circular or any other statement.

Citi, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively for the Bank, as financial adviser in relation to the NPRFC Investment and no one else (including the recipients of this Circular) in connection with the arrangements described in this Circular and will not be responsible to anyone other than the Bank for providing the protections afforded to customers of Citi or for advising any other person in connection with the arrangements described in this Circular. Apart from the responsibilities and liabilities, if any, which may be imposed by FSMA, Citi makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Circular and accepts no responsibility for, nor does it authorise, the contents of this Circular or its issue, or any other statement made or purported to be made by the Bank, or on its behalf, in connection with the NPRFC Investment, the New Preference Stock, the Warrants or any other arrangements described in this Circular, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have in respect of this Circular or any other statement.

This document has been issued by the Bank. None of the NTMA, the NPRFC, the Minister for Finance or the Department of Finance is responsible for the contents of this Circular or for any other statement made, or purported to be made, by any of them in connection with the matters referred to herein. Each of the NTMA, the NPRFC, the Minister for Finance and the Department of Finance accordingly disclaims any and all liabilities whether arising in tort, or contract or otherwise which it might otherwise have in respect of this Circular or any such statement.

Notice of an Extraordinary General Court of the Bank, to be held at 11.00 a.m. on 27 March 2009 at the Savoy Cinema, O'Connell Street, Dublin 1 is set out at the end of this Circular. A Form of Proxy for use at the Extraordinary General Court is enclosed. To be valid, **Forms of Proxy** should be completed and **returned** either electronically via the internet at [www.computershare.com/ie/voting/bankofireland](http://www.computershare.com/ie/voting/bankofireland) or via the CREST system or by hand or post to Computershare Investor Services (Ireland) Limited, Heron House, P.O. Box 954, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to arrive **by no later than 11.00 a.m. on 25 March 2009**.

Completion and return of a Form of Proxy will not preclude an Ordinary Stockholder from attending and voting at the Extraordinary General Court, should he, she or it, so wish.

## FORWARD LOOKING STATEMENTS

This Circular and the documents accompanying it contain certain forward looking statements, including within the meaning of the US Securities Act of 1933, with respect to certain of the Group's plans, its current goals and expectations relating to its future financial condition and performance and the markets in which it operates.

These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements sometimes use words such as "may", "could", "will", "expect", "intend", "estimate", "anticipate", "believe", "target", "goal", "should", "would", "plan", "seek", "continue" or such other words of similar meaning. Examples of forward looking statements include among others, statements regarding the Group's future financial position, income growth, business strategy, projected costs, projected impairment losses, estimates of capital expenditures, and plans and objectives for future operations.

Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking statements. Such risks and uncertainties include, but are not limited to:

- risks and uncertainties relating to profitability targets;
- prevailing interest and exchange rates;
- the performance of the Irish and UK economies and the performance and volatility of international capital markets;
- the expected level of credit defaults;
- the Group's ability to expand certain of its activities;
- the implementation by the Government of proposals for the management and reduction of risks within financial institutions and for the expansion of the Government's guarantee scheme;
- development and implementation of the Group's strategy, including the ability to achieve estimated cost reductions;
- the effects of competition in the markets in which the Group operates; and
- the availability of funding sources.

The Directors can give no assurance that such expectations will prove to have been correct and therefore caution you not to place undue reliance on these forward looking statements, which speak only as at the date of this Circular.

Except as required by the Financial Regulator, the Irish Stock Exchange, the UK Listing Authority, the London Stock Exchange, the New York Stock Exchange or applicable law, the Bank does not have any obligation to update or revise publicly any forward looking statement, whether as a result of new information, further or future events or otherwise. Except as required by the Financial Regulator, the Irish Stock Exchange, the UK Listing Authority, the London Stock Exchange, the New York Stock Exchange or applicable law, the Bank expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Bank's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

**TABLE OF CONTENTS**

NPRFC INVESTMENT STATISTICS ..... 3  
EXPECTED TIMETABLE OF PRINCIPAL EVENTS ..... 3  
PART I - LETTER FROM THE GOVERNOR OF BANK OF IRELAND ..... 4  
PART II - ADDITIONAL INFORMATION ..... 13  
DEFINITIONS ..... 14  
NOTICE OF EXTRAORDINARY GENERAL COURT ..... 19

## NPRFC INVESTMENT STATISTICS

Issue price per unit of New Preference Stock	€1.00
Number of units of New Preference Stock to be issued by the Bank pursuant to the NPRFC Investment	3,500,000,000
Number of Warrants to be issued*	334,737,148
Number of units of Ordinary Stock to be issued on exercise of the Warrants*	334,737,148
Exercise Price per unit of Ordinary Stock issued pursuant to the Warrants	€0.52 for 177,213,784 units of Ordinary Stock and €0.20 for 157,523,364 units of Ordinary Stock
Proceeds of the NPRFC Investment receivable by the Bank (excluding expenses and the proceeds, if any, receivable on the exercise of the Warrants)	€3.5 billion

\* This number assumes no issuance of new stock or repurchase of stock by the Bank between the date of this Circular and the date of the allotment of the New Preference Stock. If the issued stock of the Bank changes between now and the date of the allotment of the New Preference Stock, then the number of Warrants will increase or decrease (as the case may be) such that the number of Warrants equals 25 per cent. of the number of units of Ordinary Stock in issue on the date of allotment of the New Preference Stock as enlarged by the Ordinary Stock issuable on exercise of the Warrants. The number of Warrants to be issued will be reduced in the event that the Bank raises new core tier 1 capital (other than from a Government Entity) of up to €1.5 billion on or before 31 December 2009 and uses the proceeds of such capital raising to repurchase up to €1.5 billion of the New Preference Stock. Further details are set out under the heading “*The Warrants*” on page 8.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates below is indicative only and may be subject to change.

Posting of Circular to Stockholders	4 March 2009
Record date	25 March 2009
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 25 March 2009
Extraordinary General Court	11.00 a.m. on 27 March 2009
Allotment of New Preference Stock	31 March 2009

General notes:

- (a) The times and dates of principal events set out in the expected timetable above and mentioned throughout this Circular may be adjusted by the Bank, in which event details of the new times and dates will be notified to the Irish Stock Exchange, the London Stock Exchange, the UK Listing Authority, the New York Stock Exchange and, where appropriate, Stockholders.
- (b) References to times in this Circular are to Dublin times unless otherwise stated.

**PART I -  
LETTER FROM THE GOVERNOR OF BANK OF IRELAND**

**Bank of Ireland Group** 

*Governor  
Head Office  
Lower Baggot Street  
Dublin 2*

4 March 2009

Dear Stockholder,

**Capital raising of €3.5 billion, through the issue of 3.5 billion units of New Preference Stock at €1.00 each to the National Pensions Reserve Fund Commission (“NPRFC”) and the grant of Warrants to the NPRFC to subscribe for up to 334,737,148 units of Ordinary Stock of €0.64 nominal value**

**1. Introduction**

***Proposed recapitalisation of the Bank***

On 11 February 2009 and 12 February 2009, the Government and the Bank, respectively, announced details of the proposed recapitalisation of the Bank. These announcements followed the earlier recapitalisation announcements made by the Government on 21 December 2008 and by the Bank on 22 December 2008.

To implement the proposed recapitalisation of the Bank, the Minister for Finance has agreed (subject to the passing of appropriate legislation) to direct the NPRFC to subscribe in cash for New Preference Stock at an aggregate issue price of €3.5 billion. The Financial Regulator has confirmed that the New Preference Stock will constitute core tier 1 capital. As part of the NPRFC’s investment in the New Preference Stock, the Bank will also issue to the NPRFC Warrants over such number of units of new Ordinary Stock equivalent to 25 per cent. of the Existing Stock, as enlarged by the Ordinary Stock issuable on exercise of the Warrants. This amounts to 334,737,148 units of Ordinary Stock as at the date of this document.

The Warrants will be exercisable by the NPRFC at any time between the fifth and the tenth anniversary of the issue of the New Preference Stock or, if earlier, immediately prior to any takeover or change of Control of the Bank.

The investment in New Preference Stock will be made by the NPRFC, on the direction of the Minister for Finance, as described in section 3 below.

This Circular provides you with further details of the proposed NPRFC Investment in advance of the Extraordinary General Court to be held on 27 March 2009, at which we will ask for your approval of the Resolutions set out in the Notice of Extraordinary General Court set out at pages 19 to 21 of this Circular.

***Proposals for dealing with certain assets***

The Government also announced on 11 February 2009 that it will examine proposals for the management and reduction of risks within financial institutions with respect to land and property development exposures, having regard to international developments. Ongoing work at the level of the ECB and in the EU will inform the process. The Minister for Finance stated that he will be carrying forward this work to produce proposals as a matter of priority. The Court believes that the implementation of such proposals would be a positive development for the Bank and its Stockholders.

***Government Guarantee Scheme***

The Government also confirmed in an announcement made on 11 February 2009 that, in the context of the six month review of the Government Guarantee Scheme to be completed by mid-April 2009, the Government will examine how the Government Guarantee Scheme could be revised, subject to EU Commission approval and consistent with EU state aid requirements, in ways which include supporting longer term bond issuance by covered institutions. This would be in line with international and EU trends where the average term of state cover for bond issues extends beyond 2010. The Court believes the extension of the Government Guarantee Scheme in this manner would be another positive development for the Bank and its Stockholders.

## ***Commitments given by the Bank in the context of the NPRFC Investment***

The recent announcement of the proposed investment by the NPRFC will enable the Bank to play a full role in supporting our customers, thus aiding economic recovery in our core markets, and over time rebuilding value for our Stockholders. The Bank is fully committed to implementing the new statutory codes relating to Business Banking and Mortgage Arrears and the customer commitments in relation to increased lending capacity contained in the Government's announcement of 11 February 2009, including specific provisions for additional lending to first-time home buyers and SMEs and environmental funding. In this regard, the Bank has already announced a €1 billion fund for first-time home buyers and the launch of a new €100 million fund to support the financing of Irish-based renewable energy projects. The Bank has also committed to an independent review of credit availability, along with improved customer communications and development of a programme of financial education. The Bank has implemented the restrictions on remuneration, as detailed in the Government's announcement of 11 February 2009.

### **2. Requirement for the NPRFC Investment**

Conditions in global financial markets, which had been difficult for some time, deteriorated markedly in late September 2008, following the collapse of Lehman Brothers. This resulted in the collapse, nationalisation or consolidation of a range of long established financial institutions across the world. Arising from this, risk aversion increased and the availability of funding on the wholesale markets decreased significantly, resulting in severe liquidity constraints for banks globally. This prompted widespread interventions by governments and financial authorities which have provided a range of guarantees, liquidity and capital support to financial institutions with the objective of limiting the impact of the financial crisis on the wider economy. As a result of such intervention the market expectations for capital ratios increased and, in its Interim Statement, the Bank publicly committed to strengthening its capital ratios.

Since the initial announcement of recapitalisation of the Bank and Allied Irish Banks, p.l.c. made by the Government on 21 December 2008, which was welcomed by the Bank, there has been a further significant deterioration in the global economic outlook and in financial markets. Against this backdrop, the Bank revised its estimate for loan impairment charges over the 3 financial years to 31 March 2011 up to €4.5 billion and noted that, if economic indicators deteriorate, there was a downside risk to this figure of up to an additional €1.5 billion.

It is against the backdrop of both higher market expectations for capital ratios and the Bank's revised estimates for loan impairment losses that the Bank welcomes the Government announcement of 11 February 2009. The injection of €3.5 billion in return for the issue of New Preference Stock, which the Financial Regulator has confirmed, once issued, will constitute core tier 1 capital, will significantly strengthen the Group's regulatory capital position. Had the 3.5 billion units of New Preference Stock been in issue on 30 September 2008, the Group's pro-forma Core Tier 1, total Tier 1 and total capital ratios would have been 9.3 per cent (€10.8 billion), 11.7 per cent (€13.6 billion) and 15.2 per cent (€17.7 billion) respectively. Taking the revised loan impairment estimates and the €3.5 billion capital injection into account, the Bank is confident that it has a significant buffer to withstand loan impairment charges in excess of the current estimate and the downside risk to that estimate.

The Court believes that the NPRFC Investment is in the best interests of its Stockholders.

Your attention is also drawn to sections 4 ("Financial Impact of the NPRFC Investment on the Capital Ratios of the Bank") and 9 ("Importance of all Resolutions") below.

### **3. The NPRFC Investment**

#### ***The NPRF***

The NPRF was established in April 2001 under the National Pensions Reserve Fund Act, 2000 for the purposes of pre-funding part of the Government's obligations to pay public service and social security pensions from 2025 onwards.

The NPRF is controlled and managed by the NPRFC, whose statutory functions include controlling, managing and investing the assets of the NPRF in accordance with the National Pensions Reserve Fund Act, 2000. The NPRFC performs its functions through a Manager. The current Manager is the NTMA.

It is proposed that the National Pensions Reserve Fund Act, 2000 will be amended to permit the NPRFC to make certain investments, on the direction of the Minister for Finance. The amended Act will also permit the Minister for Finance to give directions as to the holding, management and voting of such investments. It is intended that the Minister for Finance will direct the NPRFC to invest in the New Preference Stock. The amended Act (if enacted in the form of the published Bill) will also have the effect of ensuring that the NPRFC Investment and any voting or

other rights relating to it will not constitute an offer, takeover, the acquisition of control or any other takeover transaction for the purposes of the Irish Takeover Panel Act, 1997 or any rules made under that Act, and therefore the NPRFC would not be obliged to make an offer for the Bank in the event it acquired 30 per cent. or more of the capital stock of the Bank carrying voting rights pursuant to any directions made by the Minister for Finance to the NPRFC to acquire capital stock in the Bank pursuant to the amended Act.

### ***The New Preference Stock***

The NPRFC will subscribe for 3.5 billion units of New Preference Stock with a nominal value of €0.01 at an issue price per unit of New Preference Stock of €1.00, conditional upon:

- (i) the passing, without amendment, of the Resolutions;
- (ii) the enactment of an amendment to the National Pensions Reserve Fund Act 2000 required to enable the NPRFC to enter into the NPRFC Investment;
- (iii) the EU Commission approving the compatibility of the NPRFC Investment with the rules governing state aid;
- (iv) financial regulators in Ireland, the United Kingdom and the United States approving the NPRFC Investment; and
- (v) the Minister for Finance being satisfied with the outcome of the ongoing due diligence exercise on the Bank being commissioned by the NPRFC.

The NPRFC has confirmed to the Bank that it intends to complete this due diligence exercise prior to the date of EGC.

The Financial Regulator has confirmed in writing to the Bank that it has no objection to the transaction. The Bank's expectation is that the due diligence exercise will be concluded, the relevant legislation will be enacted and the EU Commission's state aid approval and the United Kingdom and United States financial regulatory approvals will be obtained prior to the date of the EGC.

The Government is currently in the process of liaising with the EU Commission to confirm whether or not a merger control filing under the EC Merger Regulation would be required in respect of the NPRFC Investment. If it is, it may not be possible to implement the NPRFC Investment until approval is obtained from the EU Commission. If the EU Commission confirms that no merger control filing is necessary under the EC Merger Regulation, it is possible that national merger control regimes could apply to the NPRFC Investment. However, the Bank is not aware of any mandatory merger control notification requirements applying in any jurisdiction in which the Bank has a permanent presence and turnover. This is subject to ongoing review. If a merger control notification is required in any such jurisdiction, it may not be possible to implement the NPRFC Investment until approval is obtained from the relevant authorities.

Subject to the satisfaction of the conditions to the NPRFC Investment, it is intended that completion of the NPRFC Investment, whereby the Bank will receive €3.5 billion in return for the issue to the NPRFC of the New Preference Stock and the Warrants, will take place on 31 March 2009.

The New Preference Stock will have the following principal rights:

- The New Preference Stock will be perpetual.
- The repayment of the capital paid up (inclusive of premium) on the New Preference Stock will rank *pari passu* with the repayment of the paid up nominal value (excluding premium) of the Ordinary Stock on a winding up or other return of capital of the Bank.
- The New Preference Stock will rank ahead of Ordinary Stock as regards dividends and as regards the repayment of premium on the Ordinary Stock on a winding up or other return of capital of the Bank. The New Preference Stock will rank *pari passu* as regards dividends with other stock or securities which constitute core tier 1 capital of the Bank (other than Ordinary Stock and other than dividends to Minority Interests).
- The New Preference Stock will entitle the holder thereof to receive a non-cumulative dividend at a fixed rate of 8 per cent. of the issue price per annum, payable annually at the discretion of the Bank.



- The dividend on the New Preference Stock shall accrue day to day and shall be payable annually in arrears on 20 February. If a cash dividend is not paid by the Bank, the Bank shall issue units of Ordinary Stock to the NPRFC. The Bank's intention is to pay the dividend in cash.
- The New Preference Stock will be transferable in minimum lots of 50,000 units. If transferred to a person who is not a Government Entity, the New Preference Stock will cease to carry any voting rights or the right to appoint directors to the Court referred to below.
- The number of units of Ordinary Stock that the Bank would be required to issue to the NPRFC (in the event of non-payment of a dividend) will be calculated by dividing the amount of the unpaid dividend by the Thirty Day Average Price. If units of Ordinary Stock are issued in the event of non-payment of dividends, these units will be settled on a day determined by the Bank, in its sole discretion, provided that this must occur no later than the day on which the Bank subsequently redeems or repurchases or pays a dividend on the New Preference Stock or any class of capital stock. The issue of units of Ordinary Stock in the event of non-payment of dividends will result in the dilution of existing Ordinary Stockholders' proportionate ownership and voting interests in the Bank.
- If the dividend on the New Preference Stock is not paid in any particular year, then the Bank shall be precluded from paying any dividend on any Ordinary Stock until the Bank resumes the payment of dividends on the New Preference Stock in cash. The Bank will also be precluded from paying any dividend on any Ordinary Stock where the payment of such dividend would reduce the distributable reserves of the Bank to such an extent that the Bank would be unable to pay the next dividend due for payment on the New Preference Stock.
- The New Preference Stock may be repurchased at the option of the Bank, in whole or in part, at a price per unit equal to the issue price of €1.00 per unit of the New Preference Stock within the first five years from the date of issue and thereafter at a price per unit of €1.25, provided in either case that the consent of the Financial Regulator to the repurchase of the New Preference Stock is obtained. The New Preference Stock will not be capable of being repurchased if it would breach or cause a breach of Irish banking capital adequacy requirements from time to time applicable to the Bank. The New Preference Stock may be repurchased from profits available for distribution or from the proceeds of any issue of stock or securities that constitute core tier 1 capital. Unless repurchased prior to 31 December 2009, any repurchase or redemption of the New Preference Stock will have no impact on the Warrants (see "*The Warrants*" below).
- While the New Preference Stock is held by a Government Entity, the Minister for Finance will have the right to directly appoint 25 per cent. of the directors of the Bank (such 25 per cent. to include any directors nominated by the Minister for Finance pursuant to the Government Guarantee Scheme). Tom Considine and Joe Walsh have already been appointed as directors by the Court pursuant to the nominations of the Minister for Finance under the Government Guarantee Scheme.
- The New Preference Stock will carry voting rights equivalent to 25 per cent. of the total voting rights (being all the votes which are exercisable at a General Court of the Bank) on any resolution proposed at a General Court of the Bank in relation to the appointment or removal of a director of the Bank (inclusive of any voting rights that the NPRFC or any Government Entity may have through any holding of Ordinary Stock obtained through or in relation to the NPRFC Investment).
- The New Preference Stock will carry voting rights equivalent to 25 per cent. of the total voting rights (being all the votes which are exercisable at a General Court of the Bank) in relation to any Control Resolution (exclusive of any voting rights that the NPRFC or any Government Entity may have through any holding of Ordinary Stock obtained through or in relation to the NPRFC Investment).
- For such time as the NPRFC or a Government Entity holds the New Preference Stock or (if later) until the Warrants are exercised, the implementation of any existing, or the adoption of any proposed, Capital Stock Resolution shall be subject to the prior written consent of the Minister for Finance.
- In the event that the Ordinary Stock to be issued in the event of non-payment of cash dividends on the New Preference Stock is not settled on the dividend payment date to which it relates, the NPRFC shall be entitled to exercise the voting rights of the as yet unissued Ordinary Stock from the dividend payment date (although such voting rights will have no effect on the Bank's unfettered discretion in respect of (i) the payment of dividends on the New Preference Stock or any other securities of the Bank ranking *pari passu* with, or junior to, the New Preference Stock or the issuance of Ordinary Stock in the event of non-payment of dividends on the New Preference Stock; or (ii) the redemption or repurchase of the New Preference Stock or any other securities of the Bank ranking *pari passu* with, or junior to, the New Preference Stock).

In connection with the NPRFC Investment, the Bank and the NPRFC will enter into a subscription agreement whereby the Bank will, inter alia, agree to give to the NPRFC certain warranties on appropriate terms relating to the business and operations of the Group and to comply with the commitments given by the Bank as referred to in the Government announcement of 11 February 2009. The final terms of such warranties will be agreed with the NPRFC in conjunction with the completion of its due diligence exercise. On completion, the Bank shall pay the NPRFC an arrangement fee for the NPRFC Investment of €30 million.

### ***The Warrants***

It is proposed that the Bank will enter into a Warrant Instrument with the NPRFC pursuant to which the Bank will issue 334,737,148 Warrants to the NPRFC. Under the terms of the Warrants, the NPRFC will be entitled to subscribe for units of Ordinary Stock on the basis of one unit of Ordinary Stock for each individual Warrant.

The Warrants, if exercised in full, would on the date of this document entitle the NPRFC to acquire 334,737,148 units of Ordinary Stock, equivalent to 25 per cent. of the Existing Stock as enlarged by the Ordinary Stock issuable on exercise of the Warrants.

The NPRFC shall be entitled to exercise no more than 50 per cent. of the voting rights attaching to any units of Ordinary Stock which are issued as a result of the exercise of the Warrants.

The Warrants will be exercisable on the earlier of (i) at any time between the fifth and tenth anniversary of the date of issue of the New Preference Stock (expected to be in or around 31 March 2009); and (ii) any offer (within the meaning of the Takeover Panel Act 1997) for the Bank or other change of Control event in respect of the Bank.

The exercise price per unit of Ordinary Stock issued pursuant to the Warrants will be €0.52 for 177,213,784 units of Ordinary Stock and €0.20 for 157,523,364 units of Ordinary Stock. Any difference between the exercise price and the nominal value of the Ordinary Stock (being €0.64) shall be paid up from the Bank's undistributable reserves (including the Stock Premium Account) or (subject to there being no contravention of the rights of other stockholders) from the Bank's distributable reserves.

If the units of Ordinary Stock issued on exercise of the Warrants are transferred to any third party (other than a Government Entity), full voting rights will attach to such transferred units of Ordinary Stock.

If the Bank raises new core tier 1 capital (other than from a Government Entity) of up to €1.5 billion on or before 31 December 2009 and uses the proceeds of this capital raised to redeem up to €1.5 billion of the New Preference Stock, the number of Warrants held by the NPRFC will be reduced pro rata (on a scale from 25 per cent. to 15 per cent. of the Ordinary Stock existing as of the date of issue of the New Preference Stock, as enlarged by the Ordinary Stock issuable on the exercise of the Warrants). This reduction in Warrants will be applied to the Warrants which have an exercise price of €0.20. This means that even if €1.5 billion of the New Preference Stock is redeemed by 31 December 2009 using the proceeds of new core tier 1 capital, the NPRFC will be entitled to Warrants over a minimum of such number of units of Ordinary Stock as equals 15 per cent. of the Existing Stock, as enlarged by the Ordinary Stock issuable on the exercise of the Warrants. This amounts to 177,213,784 units of Ordinary Stock as at the date of this document.

Other than in the event of the Bank raising new core tier 1 capital (other than from a Government Entity) on or before 31 December 2009, the proceeds of which are used to repurchase units of New Preference Stock, the Warrants shall remain unaffected by any repurchase of the New Preference Stock.

The number of units of Ordinary Stock which may be acquired pursuant to the exercise of the Warrants will be subject to anti-dilution protection in line with market norms for warrants. Accordingly, the Warrants will be proportionately adjusted for any increase or decrease in the number of outstanding units of Ordinary Stock in issue resulting from a subdivision or consolidation of units of Ordinary Stock. The Warrants will also be proportionally adjusted for any capital distributions by the Bank and for certain bonus issues or rights issues by the Bank.

The Bank has undertaken that application will be made in due course for the Ordinary Stock to be issued on exercise of the Warrants or in the event of non-payment of dividends on the New Preference Stock to be admitted to the Official Lists and to trading on the main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange. As well as agreeing to allow the Government Entities to make use of any public offer prospectus issued by the Bank for the purposes of placing this Ordinary Stock with investors, the Bank will also undertake to cooperate on a one-off basis at its own expense in the preparation and issue of a public offer prospectus where this is required or appropriate for the purpose of placing this Ordinary Stock with investors. The placing of this Ordinary Stock will be subject to orderly market provisions.

The Warrants shall not be transferable (other than to a Government Entity).

The exercise of the Warrants will result in the dilution of existing Ordinary Stockholders' proportionate ownership and voting interests in the Bank. However, the Court believes that the positive benefits of the NPRFC Investment significantly outweigh the negative impact of the dilution associated with the Warrants.

It is expected that the final form of the Warrant Instrument will be agreed with the NPRFC prior to the date of the EGC.

#### ***Summary of Amendments to Bye-Laws***

The Resolutions set out in the Notice of Extraordinary General Court, if passed, will result in a number of amendments to the Bye-Laws of the Bank:

- The rights attaching to the New Preference Stock will be inserted as new Bye-Laws. These rights are summarised under the heading "*The New Preference Stock*" above.
- The voting rights attaching to the units of Ordinary Stock issued pursuant to the exercise of the Warrants will carry only 50 per cent. of the normal voting rights attaching to Ordinary Stock that would otherwise attach to such units of Ordinary Stock, for so long as these units of Ordinary Stock are held by the NPRFC or a Government Entity. This restriction on voting rights will cease to apply to these units of Ordinary Stock if transferred to a person other than the NPRFC or a Government Entity.
- The Minister for Finance will have a veto on the implementation or adoption of any existing or new Capital Stock Resolution for so long as the NPRFC holds the New Preference Stock or (if later) until the Warrants have been exercised.

#### **4. Financial Impact of the NPRFC Investment on the Capital Ratios of the Bank**

As at 30 September 2008 (the most recent date for which the Group has published financial information (as set out in the 2008 Interim Statement)), the Group's Core Tier 1 Ratio was 6.3 per cent, its total Tier 1 Ratio was 8.7 per cent and its total capital ratio was 12.2 per cent. Had the 3.5 billion units of New Preference Stock been in issue on 30 September 2008, the Group's pro-forma Core Tier 1, total Tier 1 and total capital ratios would have been 9.3 per cent (€10.8 billion), 11.7 per cent (€13.6 billion) and 15.2 per cent. (€17.7 billion) respectively.

#### **5. Extraordinary General Court**

This Circular contains the Notice of Extraordinary General Court at pages 19 to 21. The Extraordinary General Court will be held at 11.00 a.m. on 27 March 2009 at the Savoy Cinema, O'Connell Street, Dublin 1. The Extraordinary General Court is being held for the purpose of considering and, if thought fit, passing the following resolutions related to the NPRFC Investment. All Ordinary Stockholders will be entitled to vote on the Resolutions. The Resolutions are interconditional, meaning all Resolutions will need to be passed to permit the NPRFC Investment to proceed.

##### ***Resolution 1 – To increase the authorised capital stock***

Resolution 1 seeks Ordinary Stockholder approval to increase the Bank's authorised capital stock from approximately €1.43 billion to approximately €1.79 billion by the creation of 3,500,000,000 units of New Preference Stock and 500,000,000 units of Ordinary Stock, which amounts to an increase of approximately 25 per cent. in the Bank's current authorised capital stock.

The reason for this increase is to create the class of stock for which the NPRFC will subscribe under the terms of the NPRFC Investment and to create additional units of Ordinary Stock for the purposes of the exercise of the Warrants and the possibility of issuing units of Ordinary Stock to the NPRFC in the event of non-payment of dividends on the New Preference Stock.

##### ***Resolution 2 – To amend the Bye-Laws***

Resolution 2 seeks Ordinary Stockholder approval to make certain amendments to the Bye-Laws, which will be effected by adopting new Bye-Laws in substitution for the existing Bye-Laws. The amendments set out the detailed rights of the New Preference Stock and other consequential changes, as set out under the heading "*Summary of Amendments to Bye-Laws*" above. A copy of the proposed new Bye-Laws (showing all changes from the existing Bye-Laws) will be available for inspection at the principal office of the Bank at Lower Baggot Street, Dublin 2, Ireland and the Bank's offices at Bow Bells House, 1 Bread Street, London EC4M 9BE, England during normal business hours up to, and including, 27 March 2009 and at the Savoy Cinema, O'Connell Street, Dublin 1 from at least 15 minutes prior to the Extraordinary General Court until the conclusion of that meeting.

***Resolution 3 – To authorise the allotment of New Preference Stock on a non-pre-emptive basis***

Resolution 3 seeks Ordinary Stockholder approval to allot New Preference Stock on a non-pre-emptive basis.

***Resolution 4 - To authorise the allotment of Ordinary Stock on a non-pre-emptive basis***

Resolution 4 seeks Ordinary Stockholder approval to allot Ordinary Stock on a non-pre-emptive basis pursuant to the terms of the New Preference Stock in the event of the non-payment of dividends or on the exercise of the Warrants under the Warrant Instrument.

***Resolution 5 – To authorise the capitalisation of reserves***

Resolution 5 seeks Ordinary Stockholder approval to apply sums standing to the credit of the Bank's undistributable reserves (including the Stock Premium Account) or (subject to there being no contravention of the rights of other stockholders) the Bank's distributable reserves for the purposes of capitalising issues of Ordinary Stock pursuant to the rights attaching to the New Preference Stock or the terms of the Warrant Instrument.

***Resolution 6 - To authorise the grant of the Warrants***

Resolution 6 seeks Ordinary Stockholder approval to grant the Warrants to the NPRFC.

***Resolution 7 – To authorise the purchase of the New Preference Stock***

Resolution 7 seeks Ordinary Stockholder approval to authorise the repurchase of the New Preference Stock by the Bank from the NPRFC.

If the authorities referred to in Resolutions 3, 4 and 6 above were utilised in full, then the maximum amount of relevant securities which the Directors will have authority to allot will be:

- (i) 3,500,000,000 units of New Preference Stock (which represents approximately 348 per cent. of the total number of units of Ordinary Stock in issue (excluding treasury stock) as at 2 March 2009 (the latest practicable date before publication of this Circular));
- (ii) 334,737,148 Warrants (which represents approximately 33 per cent. of the total number of units of Ordinary Stock in issue (excluding treasury stock) as at 2 March 2009 (the latest practicable date before publication of this Circular)); and
- (iii) all of the other authorised but unissued units of Ordinary Stock, being 639,037,173 units of Ordinary Stock (which represents approximately 64 per cent. of the total number of units of Ordinary Stock in issue (excluding treasury stock) as at 2 March 2009 (the latest practicable date before publication of this Circular)). These units will be issued inter alia to the extent necessary to satisfy the Bank's obligation to issue Ordinary Stock in the event of non-payment of dividends on the New Preference Stock. This deferrable obligation to issue Ordinary Stock will only arise in circumstances where the Bank does not pay a dividend on the New Preference Stock.

As at 2 March 2009 (the latest practicable date before publication of this Circular), 1,004,211,445 units of Ordinary Stock (excluding treasury stock held directly by the Bank) were in issue.

The number of units of treasury stock held by the Bank as at 2 March 2009 (the latest practicable date before publication of this Circular) was 22,014,234. Such treasury stock represents approximately 2 per cent. of the total number of units of Ordinary Stock in issue (excluding treasury stock) as at 2 March 2009 (the latest practicable date before publication of this Circular).

The Directors presently intend to exercise the authorities referred to in Resolutions 3, 4 and 6 above to allot and issue 3.5 billion units of New Preference Stock and 334,737,148 Warrants to the NPRFC only in connection with the NPRFC Investment.

The authorities referred to in Resolutions 3, 4 and 6 above will not lapse.

**6. The action to be taken by Ordinary Stockholders**

A Form of Proxy is enclosed which allows Ordinary Stockholders to appoint a proxy to vote on their behalf on each of the Resolutions to be proposed at the Extraordinary General Court.

To be effective, Forms of Proxy must be completed by Ordinary Stockholders and returned either electronically via the internet at [www.computershare.com/ie/voting/bankofireland](http://www.computershare.com/ie/voting/bankofireland) or via the CREST system or by hand or post to Computershare Investor Services (Ireland) Limited, Heron House, P.O. Box 954, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to arrive by no later than 11.00 a.m. on 25 March 2009. Completion and return of a Form of Proxy will not prevent you from attending and voting at the Extraordinary General Court if you so wish.

At the Extraordinary General Court the Bank will disclose, for each Resolution, the total of the proxy votes received and any votes cast at the meeting, the proportion for and against each Resolution and the number of votes withheld. Votes withheld will not be counted in the calculation of the proportion of votes 'for' and 'against' a Resolution.

Voting at the Extraordinary General Court in respect of each Resolution will be conducted by way of a poll. The Directors believe it is important that the intentions of all Ordinary Stockholders who register a vote are fully taken into account. Voting on a poll is more transparent and equitable and it reflects evolving best practice. Ordinary Stockholders who attend the meeting will be able to ask questions relevant to the business of the meeting prior to voting on the Resolutions.

#### **7. Consents – state aid and financial regulators**

The NPRFC Investment is subject to approval by the EU Commission as to compatibility with state aid rules and by the financial regulators in Ireland, the United Kingdom and the United States. The Financial Regulator has confirmed in writing to the Bank that it has no objection to the transaction.

#### **8. Consents – merger control**

The Government is currently in the process of liaising with the EU Commission to confirm whether or not a merger control filing under the EC Merger Regulation would be required in respect of the NPRFC Investment. If it is, it may not be possible to implement the NPRFC Investment until approval is obtained from the EU Commission. If the EU Commission confirms that no merger control filing is necessary under the EC Merger Regulation, it is possible that national merger control regimes could apply to the NPRFC Investment. However, the Bank is not aware of any mandatory merger control notification requirements applying in any jurisdiction in which the Bank has a permanent presence and turnover. This is subject to ongoing review. If a merger control notification is required in any such jurisdiction, it may not be possible to implement the NPRFC Investment until approval is obtained from the relevant authorities.

#### **9. Importance of all Resolutions**

All the Resolutions must be passed, without amendment, by Ordinary Stockholders as special resolutions at the Extraordinary General Court in order for the NPRFC Investment to proceed. Special resolutions require the approval of not less than 75 per cent. by value of units of Ordinary Stock, present (in person or by proxy) and voting. The purpose of the NPRFC Investment is to allow the Bank to strengthen its capital position in the face of continuing turbulence and dislocation in global financial markets and uncertainty over the levels of loan impairment losses that will be experienced by banks given difficult economic circumstances. If all the Resolutions are not approved and the NPRFC Investment does not proceed, the Group will need to assess its strategic and operational position and will be required to find alternative methods to strengthen capital ratios. There can be no assurance that the Bank will be successful in identifying and implementing any alternative methods for increasing the Bank's capital ratios. The inability of the Bank to complete the NPRFC Investment and increase its capital ratios sufficiently may have material adverse consequences for the Bank's business, operating results, financial condition and prospects.

#### **10. Recommendation**

Ordinary Stockholders have suffered very significant losses in the value of their holdings in the Bank. I and my fellow directors deeply regret this. Our total focus remains on safely managing the Bank through these difficult times by maintaining strong capital ratios, improving key funding metrics, prudently managing credit risk and rigorously managing its cost base while continuing to be fully committed to our customers and to increasing lending capacity to certain key groups. We believe the combination of these actions can recover value for Ordinary Stockholders over time. This recapitalisation is a significant step in that long term rebuilding of value.

The Directors, who have been so advised by IBI and Citi, consider the allotment and issue of the New Preference Stock and the grant of the Warrants to the NPRFC to be in the best interests of the Bank and Ordinary Stockholders as a whole. In providing advice to the Directors, IBI and Citi have taken into account the Directors' commercial assessments.

**Accordingly, the Directors unanimously recommend that Ordinary Stockholders vote in favour of the Resolutions to be put to the Extraordinary General Court as they intend to do, or procure, in respect of their own beneficial holdings, which amount in aggregate to approximately 1,167,895 units of Ordinary Stock, representing approximately 0.12 per cent. of the issued Ordinary Stock, as of the date of this Circular.**

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Richard Burrows". The signature is fluid and cursive, with a long horizontal stroke at the end.

Richard Burrows, Governor

**PART II -  
ADDITIONAL INFORMATION**

**1. Directors**

The Directors of the Bank are:

Richard Burrows	Governor
George Magan	Deputy Governor
Richie Boucher	Group Chief Executive, Chief Executive, Retail Financial Services Ireland
Des Crowley	Chief Executive, UK Financial Services
Denis Donovan	Chief Executive, Capital Markets
John O'Donovan	Group Chief Financial Officer
Tom Considine	Non-Executive Director
David Dilger	Non-Executive Director
Paul Haran	Non-Executive Director
Dennis Holt	Non-Executive Director
Rose Hynes	Non-Executive Director
Jerome Kennedy	Non-Executive Director
Declan McCourt	Non-Executive Director
Heather Ann McSharry	Non-Executive Director
Terry Neill	Non-Executive Director
Joe Walsh	Non-Executive Director

**2. Principal Office**

The principal office of the Bank is Head Office, Lower Baggot Street, Dublin 2, Ireland (telephone number +353 1 6615933).

**3. Consent to inclusion of names**

- (a) IBI has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which they appear.
- (b) Citi has given and has not withdrawn its written consent to the inclusion in this Circular of references to its name in the form and context in which they appear.

**4. Documents available for inspection**

Copies of:

- (i) the Bye-Laws (as amended by Resolution 2);
- (ii) the written consents referred to in paragraph 3 above; and
- (iii) this Circular,

will be available for inspection at the following addresses during normal business hours on each Business Day from the date of this Circular up to and including the date of the Extraordinary General Court:

- (A) the principal office of the Bank at Head Office, Lower Baggot Street, Dublin 2, Ireland; and
- (B) the Bank's offices at Bow Bells House, 1 Bread Street, London EC4M 9BE, England.

They will also be available for inspection at the Savoy Cinema, O'Connell Street, Dublin 1 from at least 15 minutes prior to the Extraordinary General Court until the conclusion of that meeting.

Dated: 4 March 2009

## DEFINITIONS

In this Circular, the following expressions have the following meaning unless the context otherwise requires:

<b>Bank or Bank of Ireland</b>	The Governor and Company of the Bank of Ireland, established in Ireland by Charter in 1783 and having limited liability;
<b>Business Day</b>	a day (excluding Saturdays and Sundays or public holidays in Ireland) on which banks generally are open for business in Dublin for the transaction of normal business;
<b>Bye-Laws</b>	the bye-laws of the Bank, as amended from time to time;
<b>Capital Stock Resolution</b>	any resolution proposed at a general court of the Bank to alter the capital stock of the Bank by way of: <ul style="list-style-type: none"><li>(a) an increase in the capital stock of the Bank, the reissue of treasury stock or the allotment of any unissued capital stock of the Bank save for the issue of additional preference stock pursuant to the rights attaching to existing preference stock or the issue of capital stock to fund a repurchase or redemption of the New Preference Stock; or</li><li>(b) the redemption, consolidation, conversion or sub-division of the capital stock of the Bank save for the repurchase or redemption of the New Preference Stock; or</li><li>(c) any other changes in the capital structure of the Bank;</li></ul>
<b>Circular</b>	this document;
<b>Citi</b>	Citigroup Global Markets Limited;
<b>Companies Acts</b>	the Companies Acts, 1963 to 2005 (as amended) (insofar as they apply to the Bank) having regard to the Ninth Schedule to the Companies Act 1963;
<b>Control</b>	the holding, whether directly or indirectly, of stock of the Bank that confer, in aggregate, more than 50 per cent. of the voting rights in the Bank;
<b>Control Resolution</b>	a resolution of those Stockholders who are entitled to so vote for the approval of any agreement or transaction (including a merger) whereby, or in consequence of which, Control of the Bank, or substantially all of the Bank's business, is or may be acquired by any person or persons (excluding any government concert party) acting in concert and which for the avoidance of doubt shall include any resolution to approve a scheme of arrangement pursuant to section 201 of the Companies Act 1963 pursuant to which a takeover of the Bank (within the meaning of the Irish Takeover Panel Act 1997 Takeover Rules (as amended, replaced or substituted from time to time)) would be effected or approved or a merger or division of the Bank pursuant to the European Communities (Mergers And Divisions of Companies) Regulations, 1987 (Statutory Instrument 137 of 1987) or a merger of the Bank pursuant to the European Communities (Cross-Border Mergers) Regulations 2008 (Statutory Instrument 157 of 2008);
<b>Core Tier 1 Ratio</b>	the amount of the Bank's core tier 1 capital as a proportion of



	its risk weighted assets on a consolidated basis;
<b>Court</b>	the Court of Directors of the Bank;
<b>Directors</b>	the directors of the Bank, whose names appear on page 13 of this Circular;
<b>ECB</b>	the European Central Bank;
<b>EC Merger Regulation</b>	Council Regulation (EC) No 139/2004 of 20 January, 2004 on the control of concentrations between undertakings;
<b>EU or European Union</b>	the European Union;
<b>Euro Preference Stock</b>	the 100,000,000 units of Non-Cumulative Preference Stock of €1.27 each in the capital of the Bank;
<b>Exercise Price</b>	(i) €0.52 per unit of Ordinary Stock in respect of units of Ordinary Stock issued on exercise of the Warrants in respect of 15 per cent. of the Ordinary Stock of the Bank, existing on the date of issue of the New Preference Stock, as enlarged by the Ordinary Stock issuable on exercise of the Warrants. This amounts to 177,213,784 units of Ordinary Stock as of the date of this document; and (ii) €0.20 per unit of Ordinary Stock in respect of 157,523,364 units of Ordinary Stock as of the date of this document;
<b>Existing Stock</b>	the units of Ordinary Stock in issue on the date of issue of the New Preference Stock;
<b>Extraordinary General Court or EGC</b>	the Extraordinary General Court of the Bank to be held on 27 March 2009;
<b>Financial Regulator</b>	the Irish Financial Services Regulatory Authority;
<b>Financial Services Authority or FSA</b>	the Financial Services Authority of the United Kingdom;
<b>Form of Proxy</b>	the form of proxy for use by Ordinary Stockholders in connection with the Extraordinary General Court, a copy of which is enclosed with this Circular;
<b>FSMA</b>	the UK Financial Services and Markets Act 2000, as amended;
<b>General Court</b>	a general court of the Bank;
<b>Government</b>	the Government of Ireland;
<b>Government Entity</b>	(i) the NTMA, the NPRFC, the NRPF, the Minister for Finance or any Minister or Department of the Government, in each case holding New Preference Stock, but excludes any other holder of New Preference Stock provided however this shall not include any occupational pension scheme approved by the Revenue Commissioners and registered with the Pension Board; and  (ii) any custodian or nominee holding New Preference Stock on behalf of the NPRFC, the Minister for Finance, any Minister or Department of the Government provided however that where such custodian or nominee holds New Preference Stock for any other person, such holding shall be not be taken into account for the purpose of determining the voting rights of the Stockholder;
<b>Government Guarantee Scheme</b>	the guarantee scheme implemented by the Government in relation to participating Irish credit institutions pursuant to the

	Credit Institutions (Financial Support) Act 2008;
<b>Great Britain</b>	the territories of England, Scotland and Wales;
<b>Group</b>	the Bank, and each of its subsidiaries and subsidiary undertakings from time to time;
<b>IBI</b>	IBI Corporate Finance Limited;
<b>Interim Statement</b>	the interim financial statements of the Bank for the 6 months ended 30 September 2008;
<b>Ireland</b>	Ireland, excluding Northern Ireland, and the word “Irish” shall be construed accordingly;
<b>Irish Stock Exchange</b>	The Irish Stock Exchange Limited;
<b>London Stock Exchange</b>	London Stock Exchange plc;
<b>Manager</b>	the person appointed as manager of the NPRPF under section 21 of the National Pensions Reserve Fund Act, 2000;
<b>Minister for Finance</b>	the Minister for Finance of Ireland;
<b>Minority Interests</b>	such minority interests in subsidiaries of the Bank as have been or may in the future be agreed in writing between the Bank and the Minister for Finance;
<b>New Preference Stock</b>	the 3,500,000,000 units of 8 per cent. non-cumulative preference stock of €0.01 each in the capital of the Bank to be issued to the NPRFC in connection with the NPRFC Investment;
<b>Notice of Extraordinary General Court</b>	the notice of the Extraordinary General Court set out in this Circular;
<b>NPRF</b>	the National Pensions Reserve Fund, a fund established under the National Pensions Reserve Fund Act 2000;
<b>NPRFC</b>	the National Pensions Reserve Fund Commission, established by the National Pensions Reserve Fund Act 2000 to, inter alia, control, manage and invest the assets of the NPRF. References herein to the NPRFC mean the NPRFC acting in its capacity as controller and manager of the NPRF;
<b>NPRFC Investment</b>	the subscription by the NPRFC subject to certain conditions, for €3.5 billion of New Preference Stock and the issue or, as the case may be, the exercise of the Warrants;
<b>NTMA</b>	the National Treasury Management Agency as established by the National Treasury Management Agency Act 1990 and appointed Manager of the NPRF to act as agent of the NPRFC pursuant to section 21 of the National Pensions Reserve Fund Act 2000;
<b>Official Lists</b>	the official list of the Irish Stock Exchange and/or, as appropriate, the official list maintained by the UK Listing Authority;
<b>Ordinary Stock or units of Ordinary Stock</b>	the units of Ordinary Stock of €0.64 each in the capital stock of the Bank;
<b>Ordinary Stockholder</b>	a holder of units of Ordinary Stock;

<b>Preference Stock</b>	the preference capital stock of the Bank in issue at the date of the Circular;
<b>Preference Stockholders</b>	the registered holders of Preference Stock from time to time;
<b>Resolutions</b>	each of the special resolutions set out in the Notice of Extraordinary General Court;
<b>Sterling Preference Stock</b>	the 100,000,000 units of Non-Cumulative Preference Stock of Stg£1.00 each in the capital of the Bank;
<b>Stg£</b>	Sterling, the lawful currency of the United Kingdom;
<b>Stock Premium Account</b>	a reserve comprising the amount of capital raised by the Bank through the issue of capital stock, which is in excess of the nominal value of such capital stock;
<b>Stockholder</b>	an Ordinary Stockholder and/or a Preference Stockholder;
<b>Thirty Day Average Price</b>	<ul style="list-style-type: none"> <li>(i) 100 per cent. of the average daily closing price of the Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date, (in the event that the Ordinary Stock issued in the event of non-payment of dividends on the New Preference Stock is settled on the dividend payment date to which it relates); or</li> <li>(ii) 95 per cent. of the average daily closing price of the Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date (in the event that the Ordinary Stock, issued in the event of non-payment of dividends on the New Preference Stock, is settled after the dividend payment date to which it relates);</li> </ul>
<b>Tier 1 Ratio</b>	the amount of the Bank's core tier 1 capital and its non-core tier 1 capital less any required deductions as a proportion of its risk weighted assets on a consolidated basis;
<b>UK Listing Authority</b>	the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA;
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>United States or US</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
<b>Warrant Instrument</b>	the warrant instrument to be entered into between the Bank and the NPRFC, which is to constitute and regulate the Warrants; and
<b>Warrants</b>	the detachable warrants in respect of such number of units of Ordinary Stock to be issued to the NPRFC so as to represent up to 25 per cent. of the number of units of Existing Stock on an as converted basis, as part of the NPRFC Investment.

Notes:

- (i) Unless otherwise stated in this Circular, all reference to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- (ii) The symbols “€” and “c” refer to euro and cent respectively, the lawful currency of Ireland pursuant to the provisions of the Economic and Monetary Union Act 1998.
- (iii) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.
- (iv) Expressions defined in the manual published by Euroclear from time to time in connection with the operation of CREST bear the same meaning when used in this Circular.
- (v) Terms defined in the Companies Acts and in the European Communities (Companies: Group Accounts) Regulations, 1992 shall have the same meaning when used in this Circular.

## NOTICE OF EXTRAORDINARY GENERAL COURT

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

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Court of the Bank of Ireland (the “**Bank**”) will be held at 11.00 a.m. on 27 March 2009 at the Savoy Cinema, O’Connell Street, Dublin 1 to consider and, if thought fit, pass the following resolutions:

#### RESOLUTIONS

##### *Special Business of the Meeting relating to the New Preference Stock and Warrants*

1. As a special resolution (**Resolution 1**):

“**THAT**, subject to all other Resolutions in the Notice of this Extraordinary General Court being duly passed, the capital stock of the Bank be and is hereby enlarged by €355,000,000 comprising:

- (a) 3,500,000,000 units of New Preference Stock of €0.01 each, each carrying the rights and obligations, including special rights and obligations, set out in the new Bye-Laws of the Bank proposed for adoption pursuant to Resolution 2; and
- (b) 500,000,000 units of Ordinary Stock of €0.64 each, each ranking *pari passu* with the existing units of Ordinary Stock, subject to the restrictions set out in the new Bye-Laws of the Bank proposed for adoption pursuant to Resolution 2.”

2. As a special resolution (**Resolution 2**):

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

\* See note 1 below in respect of the availability of the proposed Bye-Laws for inspection.

3. As a special resolution (**Resolution 3**):

“**THAT**, subject to all other Resolutions in the Notice of this Extraordinary General Court being duly passed, the Directors be and are hereby generally empowered and authorised to issue, allot or otherwise dispose of the New Preference Stock of the Bank (carrying such rights as are set out in the Bye-Laws of the Bank) (as adopted pursuant to Resolution 2) for cash on a non-pre-emptive basis, or to agree to do any of the foregoing acts, up to and including the entire nominal amount of the New Preference Stock of the Bank (as created by Resolution 1) not previously allotted, provided that this authority is without prejudice to and in addition to the authority granted pursuant to resolutions 7 and 8 passed at the Annual General Court of the Bank held on 8 July 2008.”

4. As a special resolution (**Resolution 4**):

“**THAT**, subject to all other Resolutions in the Notice of this Extraordinary General Court being duly passed, the Directors be and are hereby generally empowered and authorised to issue, allot or otherwise dispose of Ordinary Stock of the Bank on a non-pre-emptive basis, or to agree to do any of the foregoing acts, pursuant to the terms of the warrant instrument to be granted by the Bank to the National Pensions Reserve Fund Commission or pursuant to Bye-Laws 6(I)(4) (relating to the issue of Ordinary Stock pursuant to the rights attaching to the New Preference Stock) and Bye-Law 133 (relating to the capitalisation of the Bank’s undistributable reserves (including the Stock Premium Account) or (subject to there being no contravention of the rights of other stockholders) the Bank’s distributable reserves for the purposes of issuing Ordinary Stock pursuant to Bye-Law 6(I)(4) or the warrant instrument referred to in this resolution) of the Bye-Laws of the Bank (as adopted pursuant to Resolution 2), up to and including the entire Ordinary Stock of the Bank (as enlarged by Resolution 1) not previously allotted, provided that this authority is without prejudice to and in addition to the authority granted pursuant to resolutions 7 and 8 passed at the Annual General Court of the Bank held on 8 July 2008.”

5. As a special resolution (**Resolution 5**):

“**THAT**, subject to all other Resolutions in the Notice of this Extraordinary General Court being duly passed, the Directors be and are hereby generally empowered and authorised to appropriate and apply any sum standing to the credit of the Bank’s undistributable reserves (including any Stock Premium Account) or (subject to there being no contravention of the rights of other stockholders) the Bank’s distributable reserves for the purposes of capitalising new issues of Ordinary Stock in accordance with Bye-Law 133 of the Bye-Laws of the Bank (as adopted pursuant to Resolution 2).”

6. As a special resolution (**Resolution 6**):

“**THAT**, subject to all other Resolutions in the Notice of this Extraordinary General Court being duly passed, the Directors be and are hereby generally empowered and authorised to grant to the National Pensions Reserve Fund Commission for and on behalf of National Pensions Reserve Fund warrants to subscribe for units of Ordinary Stock of the Bank at a price per unit of Ordinary Stock of €0.52 and units of Ordinary Stock of the Bank at a price per unit of Ordinary Stock of €0.20 in each case pursuant to the warrant instrument between the Bank and the National Pensions Reserve Fund Commission (in each case as such number of warrants and exercise prices may be amended pursuant to the terms of the warrant instrument), notwithstanding that the exercise prices pursuant to such warrants may be less than:

- (a) the market value of the units of Ordinary Stock of the Bank as at the date of the warrant instrument;
- (b) the market value per unit of Ordinary Stock of the Bank on the Business Day before the date referred to in paragraph (a) of this resolution; or
- (c) the average of the market rate for the period of 30 days prior to the date referred to in paragraph (a) of this resolution,

and the grant of such warrants is approved for the purposes of the Listing Rules of the Irish Stock Exchange and of the UK Listing Authority.”

7. As a special resolution (**Resolution 7**):

“**THAT** subject to all other Resolutions in the Notice of this Extraordinary General Court being duly passed, the Bank be and is hereby authorised for the purposes of Sections 213 and 214 of the Companies Act 1990 to purchase the 2009 Preference Stock in accordance with the terms of Bye-Law 40 of the Bye-Laws of the Bank (as adopted pursuant to Resolution 2).”

## **BY ORDER**

J.B. Clifford  
*Secretary*

The Governor and Company of the Bank of Ireland  
Head Office  
Lower Baggot Street  
Dublin 2  
Ireland

Dated: 4 March 2009

## **Notes:**

1. A copy of the proposed new Bye-Laws referred to in Resolution 2 and showing all changes from the existing Bye-Laws of the Bank is available for inspection at the principal office of the Bank at Lower Baggot Street, Dublin 2, Ireland during normal business hours up to and including 27 March 2009 and will also be available for inspection at the Savoy Cinema, O’Connell Street, Dublin 1 from at least 15 minutes prior to the Extraordinary General Court until the conclusion of that meeting.
2. Any member entitled to attend and vote at the meeting is entitled to appoint a proxy (who need not be a member of the Bank) to attend, speak and vote in his/her place. Completion of a form of proxy will not affect the right of a member to attend, speak and vote at the meeting in person.

3. To be valid, Forms of Proxy should be completed and returned either electronically via the internet at [www.computershare.com/ie/voting/bankofireland](http://www.computershare.com/ie/voting/bankofireland) or via the CREST system or by hand or post to Computershare Investor Services (Ireland) Limited, Heron House, P.O. Box 954, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to arrive by no later than 11.00 a.m. on 25 March 2009.
4. In accordance with Regulation 14 of the Companies Act 1990 (Uncertified Securities) Regulations 1996 and the Bye-Laws for the purposes of determining which persons are entitled to attend or vote at the Extraordinary General Court and the number of votes which such persons may cast, only those persons on the register of members of the Bank at the close of business on 25 March 2009 shall be entitled to attend or vote at the Extraordinary General Court.
5. Holders of the Sterling Preference Stock and the Euro Preference Stock, although entitled to receive a copy of this Notice of Extraordinary General Court, are not entitled to attend and vote at this meeting in respect of their holdings of such stock.