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19 September 2011

**£75m 13 3/8 per cent. Unsecured Perpetual Subordinated Bonds offer**

**Offer to holders of the outstanding £75,000,000 13 3/8 per cent. Unsecured Perpetual Subordinated Bonds (ISIN: GB0000510312) (“the Bonds”) to tender their bonds for cash.**

**Offer expires 4.00 p.m. (London Time) on 22 September 2011  
(Unless extended, re-opened or terminated as provided in the Tender Offer Memorandum dated 24 August 2011)**

**Before making a decision whether to tender Bonds pursuant to the Offer, Bondholders should carefully consider all of the information in the Tender Offer Memorandum dated 24 August 2011, including the risk factors described in the section headed "*Risk Factors and Other Considerations*".**

**The questions and answers below are being provided as the expiry date approaches to remind holders of the imminence of the closing date and in response to a number of queries that the Bank has received.**

**The document is not a market announcement.**

**1. Why have you launched another offer for the 13.375 per cent Bonds?**

On 8 June 2011, the Bank of Ireland (the “Bank”) launched an offer for the 13.375 per cent Bonds (the “Bonds”) offering eligible noteholders (the “Bondholders”) the option to elect ordinary shares plus accrued interest or cash without accrued interest. On 28 June 2011, the offer for the Bonds was terminated in light of the unique difficulties that Bondholders experienced in participating in the original offer. The Bank said that it intended to instigate a new offer to the Bondholders at a future date seeking to address the unique difficulties. This offer is that revised offer.

The purpose of the offer is to generate core tier 1 capital by purchasing the Bonds at a discount to their par value.

Further, the Minister for Finance of Ireland (the “Minister”) has a publicly stated policy of requiring investors who have provided regulatory capital to Irish banks (which would include investors in the Bonds) to contribute toward the capital raising exercises by Irish banks. The Minister has indicated that he will take whatever steps he considers necessary to pursue this policy. The Bank does not exercise any control or influence over the actions of the Minister and is not in a position to predict whether the Minister will take any steps in respect of the Bonds in the future or, if so, what steps the Minister will take. However, the Bank recognises the uncertainty for the holders of its subordinated liabilities, including the Bonds, and wishes to give the Bondholders an opportunity to sell their Bonds back to the Bank on a voluntary basis.

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**2. What is the form of the new offer being put forth to the 13.375 per cent Bonds?**

The new offer is an any-and-all, fixed price, voluntary tender for cash plus accrued interest.

**3. Does the new offer also include a noteholder meeting proposing an extraordinary resolution for Bondholders to vote upon?**

No, there is no noteholder meeting proposing an extraordinary resolution requiring Bondholders to undertake any voting action.

**4. Why have you launched the tender offer?**

Following the deadline extension by the Central Bank of Ireland for the Bank to raise the additional capital required to 31 December 2011, the Bank believed it was appropriate to revisit the 13.375 per cent. Bonds now that the original offer for the other capital securities has been concluded.

**5. How have you addressed the “unique difficulties” experienced by holders of the 13.375 per cent Bonds in the original offer?**

The Bank is seeking to address the unique difficulties in a number of ways. The revised offer is being made on a cash-only basis. The offer is available to all holders in the UK including those holding the Bonds in certificated form outside of the Clearing Systems. The new offer is open for approximately 4 weeks, with a single offer price available throughout that period. The offer no longer includes a proposal for the noteholders to authorise the Bank to redeem any remaining Bonds for a nominal amount.

**6. What are the key dates for the new offer?**

The new offer expires on 22 September 2011 and the offer is expected to settle on 26 September 2011.

**7. Is the Minister going to use a SLO after the tender is complete?**

On 8 July 2011 the Bank received notice from the Central Bank of Ireland that given the time line required to complete the liability management exercises and the likely requirement for a Subordinated Liabilities Order (“SLO”) it had been granted an extension, with respect to €0.51 billion, to its capital raising requirement to 31 December 2011. Bondholders should be aware that the powers granted to the Minister under a subordinated liabilities order, have been exercised by the Minister already in respect of AIB.

The Bank does not exercise any control or influence over the actions of the Minister and is not in a position to predict whether the Minister will take any steps in respect of the Bonds in the future or, if so, what steps the Minister will take. However, the Bank recognises the uncertainty for the holders of its subordinated liabilities, including the Bonds, and wishes to give the Bondholders an opportunity to sell their Bonds back to the Bank on a voluntary basis.

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## **8. Who is the issuer of the Bonds?**

The Issuer as set out in the prospectus dated 24 September 2007 is "The Governor and Company of the Bank of Ireland (acting through its United Kingdom branch) (established in Ireland by Charter in 1783)" which is regulated by the Central Bank of Ireland. The risk factors in the prospectus highlight that the performance of the Bank of Ireland and the group will impact on the ability of the UK branch to fulfil its obligations.

## **9. How do I participate in the offer?**

How to participate in the offer will depend upon the form in which you hold your existing Bonds. Bondholders should review the section in the Tender Offer Memorandum titled "Procedures for Participating in the Offer" which will outline the submission procedures for investors holding their Bonds in certificated form outside of CREST and investors holding their Bonds in CREST.

Any questions may be addressed to the Receiving Agent with the following contact details:

### **Capita Registrars Limited**

Corporate Actions

The Registry

34 Beckenham Road

Beckenham

Kent BR3 4TU

United Kingdom

Telephone: 0871 664 0321/+44 20 8639 3399

Attention: Corporate Actions