Capital Package to Address 2009 Preference Stock

Bank of Ireland

For small steps, for big steps, for life

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Bank of Ireland Group

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Forward Looking Statement

Bank of Ireland Group

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934 and Section 27A of the US Securities Act of 1933 with respect to certain of the Bank of Ireland Group's (the Group) plans and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates, and its future capital requirements. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as 'may,' 'could,' 'should,' 'will,' 'expect,' 'intend,' 'estimate,' 'anticipate,' 'assume,' 'believe,' 'plan,' 'seek,' 'continue,' 'target,' 'goal,' 'would', or their negative variations or similar expressions identify forward looking statements. Examples of forward looking statements include among others, statements regarding the Group's near term and longer term future capital requirements and ratios, level of ownership of the Irish Government, loan to deposit ratios, expected impairment charges, the level of the Group's assets, the Group's financial position, future income, business strategy, projected costs, margins, future payment of dividends, the implementation of changes in respect of certain of the Group's defined benefit pension schemes, estimates of capital expenditures, discussions with Irish, UK, European and other regulators and plans and objectives for future operations.

Such forward looking statements are inherently subject to risks and uncertainties, and hence 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, the following:

- concerns on sovereign debt and financial uncertainties in the EU and in member countries and the potential effects of those uncertainties on the Group;
- general economic conditions in Ireland, the United Kingdom and the other markets in which the Group operates;
- the ability of the Group to generate additional liquidity and capital as required;
- the effects of the 2011 PCAR, the 2011 PLAR and the deleveraging reviews conducted by the Central Bank and any further capital assessments undertaken by regulators;
- property market conditions in Ireland and the UK;
- the potential exposure of the Group to various types of market risks, such as interest rate risk, foreign exchange rate risk, credit risk and commodity price risk;
- the continued implementation of the Irish Government's austerity measures relating to the financial support package from the EU/IMF;
- the availability of customer deposits to fund the Group's loan portfolio;
- the effects of the end of the Group's participation in the ELG scheme;
- the performance and volatility of international capital markets;
- the effects of the Irish Government's stockholding in the Group (through the NPRFC) and possible increases in the level of such stockholding;
- the impact of further downgrades in the Group's and the Irish Government's credit rating;
- changes in the Irish banking system;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates particularly banking regulation and personal insolvency laws by the Irish Government;
- the exercise by regulators of powers of regulation and oversight;
- the outcome of any legal claims brought against the Group by third parties;
- development and implementation of the Group's strategy, including the Group's deleveraging plan, competition for customer
- deposits and the Group's ability to achieve estimated net interest margin increases and cost reductions; and
- the Group's ability to address information technology issues.

Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in this document is or is intended to be a profit forecast or profit estimate. Any forward looking statements speak only as at the date they are made. The Group does not undertake to release publicly any revision to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof. The reader should however, consult any additional disclosures that the Group has made or may make in documents filed or submitted or may file or submit to the US Securities and Exchange Commission.
Bank of Ireland is regulated by the Central Bank of Ireland. In the UK, Bank of Ireland is authorised by the Central Bank of Ireland and authorised and subject to limited regulation by the Financial Conduct Authority. Details about the extent of our authorisation and regulation by the Financial Conduct Authority are available from us on request. Bank of Ireland is incorporated in Ireland with limited liability. Registered Office - Head Office, 40 Mespil Road, Dublin 4, Ireland. Registered Number - C-1.

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Capital package in relation to €1.837bn 2009 Prefs

- Capital Package agreed with Irish State and Central Bank of Ireland
- c.€580m equity placing to redeem c.€537m Prefs and pay expenses
- Notes, secured on €1.3bn 2009 Prefs, to be sold to private investors

Significant benefits for BOI stockholders

- Step-up removed on all 2009 Prefs (removes c.€460m potential cost)
- CET1 treatment preserved for €1.3bn 2009 Prefs sold by the State
- State aid repaid
- Ordinary Stock dividend restrictions removed

State fully reimbursed for its investment in 2009 Prefs

Capital Package Summary

Bank of Ireland Group

- Capital Package, agreed with the Central Bank of Ireland ("CBI") and the State, comprises:
  - Placing of new units of ordinary stock, via a cashbox structure, to generate net proceeds of €537m to redeem €537m of 2009 Prefs
    - Placing pursuant to Bank's existing AGC authority
    - Bank has carefully considered the options to raise equity capital and believes the Capital Package, incorporating the Placing, is in stockholders best interest
  - Underwritten sale by Irish National Pensions Reserve Fund Commission ("NPRFC") of €1.3bn 2009 Prefs to Baggot Securities Limited ("Baggot")
    - Issue by Baggot of €1.3bn perpetual non-cumulative notes (the "Notes"), secured on the 2009 Prefs, to private investors
    - Sale implemented through Baggot SPV for market execution purposes
    - Bank's potential exposure to €0.25 per unit of 2009 Pref step-up removed
    - Underlying 2009 Prefs instrument unaffected by transaction
  - The Bank has advised CBI that it is not the Bank's intention to recognise 2009 Prefs as regulatory CET1 capital after July 2016, unless derecognition would mean that an adequate capital buffer cannot be maintained above applicable regulatory requirements
- Capital treatment of €1.3bn 2009 Prefs sold to private investors not impacted by the sale, following confirmation from CBI that they are grandfathered under Article 483 Capital Requirements Regulation
  - Continued CET1 capital treatment
- The Bank does not expect to redeem €1.3bn 2009 Prefs sold to private investors prior to 1 January 2016, save in certain limited circumstances[1]

[1] These circumstances would include changes in regulatory capital treatment, breach of waiver deed and taxation

Key Benefits of Capital Package

Current Position	Post Capital Package Implementation
Exposed to ‘Step-Up’ on €1.8bn 2009 Prefs (c.€460m)	‘Step-up’ removed
Annual 2009 Pref dividend of c.€188m	Reduced to c. €133m
2009 Prefs count as CET1 under CRD IV rules	CET1 treatment maintained for 2009 Prefs sold to private sector
Bank obliged to reimburse €1.8bn State aid	State aid reimbursed
EU imposed Ordinary Stock dividend restrictions	Removed

Capital Package provides clarity on 2009 Prefs and greater flexibility for the Bank’s capital management activities

Details of Ordinary Stock Placing

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Underwritten ordinary stock placing, via a cashbox structure, to raise c.€580m of CET1 capital to redeem c.€537m of Prefs and pay c.€43m Capital Package expenses

- Accelerated book build of new units of ordinary stock to raise €537m net of expenses
- New units will rank pari passu with existing ordinary stock
- Issuance of new units and settlement expected to occur 9 December 2013
  - Expected timetable of principal events in Appendix 2
- No stockholder meeting required
  - Placing pursuant to existing AGC authority

Details of 2009 Prefs Sale

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Sale of 2009 Prefs to Baggot and issue of perpetual non-cumulative notes

- Investors invited to purchase €1.3bn c.10.24% Notes
- Notes issued by Baggot for market execution purposes
- Baggot to use proceeds from issue of Notes to acquire equivalent amount of 2009 Prefs from NPRFC. Notes to be secured on the 2009 Prefs
- Notes will be admitted to trading on the Official List of the Luxembourg Stock Exchange and Luxembourg Stock Exchange's Regulated Market
- Terms and conditions of Notes will reflect those of 2009 Prefs, except that Baggot will waive right to Step-up
- The Bank does not expect to redeem €1.3bn 2009 Prefs sold to private investors prior to 1 January 2016, save in certain limited circumstances[1]
- The Bank has advised CBI that it is not the Bank's intention to recognise 2009 Prefs as regulatory CET1 capital after July 2016, unless de-recognition would mean that an adequate capital buffer cannot be maintained above applicable regulatory requirements

[1] These circumstances would include changes in regulatory capital treatment, breach of waiver deed and taxation

Appendices

Appendix I: Bank of Ireland overview

Appendix II: Expected timetable of principal events

Appendix III: Technical details concerning 2009 Prefs sale

The appendices summarise certain information for ease of reference. Please consult the prospectus for full details.

Investment Case

- Attractive franchises in Ireland and overseas:
  - Leading Irish retail and commercial bank in evolving market
  - Challenger consumer banking franchise in the UK, through Post Office partnership
  - Niche international business with appealing characteristics
- Improving macroeconomic environments in our main markets
- Loan portfolios continue to perform in line with expectations
- Stable funding profile
  - Diversified multi-geography retail oriented deposit base
  - Demonstrated ongoing wholesale market access at improving prices
- Clarity on capital structure post 2009 Prefs transaction and AQR
  - No capital requirement arising from BSA/AQR
  - Expect to maintain buffer over 10% CET 1 ratio, on Basel III transitional basis

Medium Term Targets

	Metrics	Dec 12	Jun 13	Target
Balance Sheet	Loans and advances to customers[1]	€93bn	€87bn	c.€90bn
Balance Sheet	Group loan / deposit ratio	123%	121%	≤ 120%
Balance Sheet	Capital - Core tier 1 ratio[2]	13.8%	14.2%	Buffer maintained over regulatory minimum
Balance Sheet	ELG covered liabilities ELG fees	€26bn €388m	€8bn €99m	Fully disengaging (ELG expired 28 Mar 13)
Profitability	Net interest margin	1.25%	1.65%	>2.0%
Profitability	Cost / income ratio	88%	68%	<50%
Profitability	Impairment charges	165bps	151bps	55bps - 65bps

1 Loans and advances to customers are stated net of impairment provisions.
2 A Core tier 1 ratio of 14.4% was reported at Dec 12. With effect from 1 Jan 2013 an amount of 0.6% for the Group's participation in its life and pensions business was deducted. For ease of comparison purposes, the Dec 12 Core tier 1 ratio has been presented on a pro-forma basis to take account of this deduction.

Bank of Ireland Group

Interim Management Statement – 1 November 2013

Trading
The positive momentum in re-building the Group's net interest margin (NIM) has continued since 30 June 2013, with an average NIM in excess of 190bps achieved during the third quarter to 30 September 2013. This reflects the on-going actions being taken by management to reduce the cost of money to the Group, reprice assets and restructure the Group's balance sheet.

Fees for the Exceptional Liabilities Guarantee (ELG) are reducing in line with expectations.

Other income is broadly in line with the first half of 2013.

We have the capital and the liquidity available to support our growth objectives in Ireland and in our core overseas franchises. We are actively seeking new lending opportunities of the appropriate credit quality and at appropriate levels of return.

The Group remains focused on tight cost control while continuing to invest in its core franchises. Restructuring and redundancy programmes are on-going.

In October 2013, following conciliation under the auspices of the Labour Relations Commission, the Group agreed a shared solution with the Irish Bank Officials Association (IBOA) in respect of the largest Group sponsored defined benefit pension scheme, the Bank Staff Pensions Fund (BSPF). This shared solution involves changes to members' potential defined benefits which, on a fully implemented basis, would reduce the IAS 19 BSPF defined benefit pension deficit by approximately €400m and would be income positive for the Group. In return, the Bank would increase its support for the BSPF, above existing support arrangements, so as to broadly match the deficit reduction arising from proposed changes to potential defined benefits. The IBOA has recommended this solution to its members and an IBOA members' ballot will take place before the end of November 2013.

Bank of Ireland Group

Interim Management Statement – 1 November 2013

Asset Quality

The macroeconomic environments in Ireland and the UK, the main markets in which we do business with our customers, have remained broadly stable to slightly improved from the first half of the year and our loan portfolios are continuing to perform in line with our expectations. The Group is continuing to meet all targets for the provision of commercially appropriate restructuring arrangements to cooperating customers who are having difficulty in meeting contractual repayments. Total arrears in our Irish mortgage loan books stabilised in the third quarter of 2013, with the level of early arrears declining.

Balance Sheet

The Group's net loan volumes at the end of September 2013 were marginally below the c.€87 billion reported at 30 June 2013 while customer deposits were marginally above the c.€72 billion reported at 30 June 2013, resulting in a loan to deposit ratio of below 120% (30 June 2013: 121%).

Usage of wholesale funding has decreased further since 30 June 2013 and the Group has continued to demonstrate its access to international capital markets, including the issuance in September 2013 of 7 year Asset Covered Securities (ACS), backed by Irish mortgage collateral.

The Group's capital ratios are broadly in line with the levels reported at 30 June 2013 and remain significantly above regulatory requirements.

Other

In relation to the 2009 Preference Shares, while noting yesterday's posting on the European Banking Authority website[1], the Group continues to proactively formulate and assess a range of options in relation to the 2009 reference Shares with our assessment of such options carefully taking into consideration our various stakeholders including the regulatory authorities.

Bank of Ireland Group

Interim Management Statement – 1 November 2013

The Central Bank of Ireland is currently conducting a Balance Sheet Assessment of the credit institutions covered under the ELG, including the Group. This exercise is a point in time capital adequacy assessment and is reviewing the risk classification, the level of impairment provisions and the level of risk weighted assets associated with selected loan portfolios of the relevant institutions. It is expected that this exercise will continue during this fourth quarter.

The Group notes the recent Irish budget and associated Finance Bill including the introduction of an annual banking levy in each of 2014, 2015 and 2016. The Group estimates the levy will give rise to a charge of c.€40m per annum for the Group. The Group also notes the proposals to abolish the tax provision which currently restricts (by 50% in any year) the use of Irish tax losses carried forward by banks which participated in NAMA, including the Group. This change would accelerate the Group's ability to utilise its tax losses carried forward and consequently the recovery of its Irish deferred tax asset would be expedited. Of the Group's total deferred tax asset of c.€1.7bn at 30 June 2013, c.€1.1bn related to Irish tax losses.

1 Response to Question ID 2013_11 - "State aid instruments issued prior to 1 January 2014 and initially subscribed by the Member State that comply with the provisions of Article 483 may be grandfathered fully in accordance with this Article during the period from 1 January 2014 to 31 December 2017.

The subsequent sale of those instruments to private investors does not alter the grandfathering arrangements applicable to those instruments which are still considered state aid instruments for the purposes of the Article 483 of CRR. They will be disqualified from regulatory own funds from 1 January 2018 unless they are fully eligible to either Common Equity Tier 1, Additional Tier 1 or Tier 2 in their own right."

Appendix II: Expected timetable of principal events

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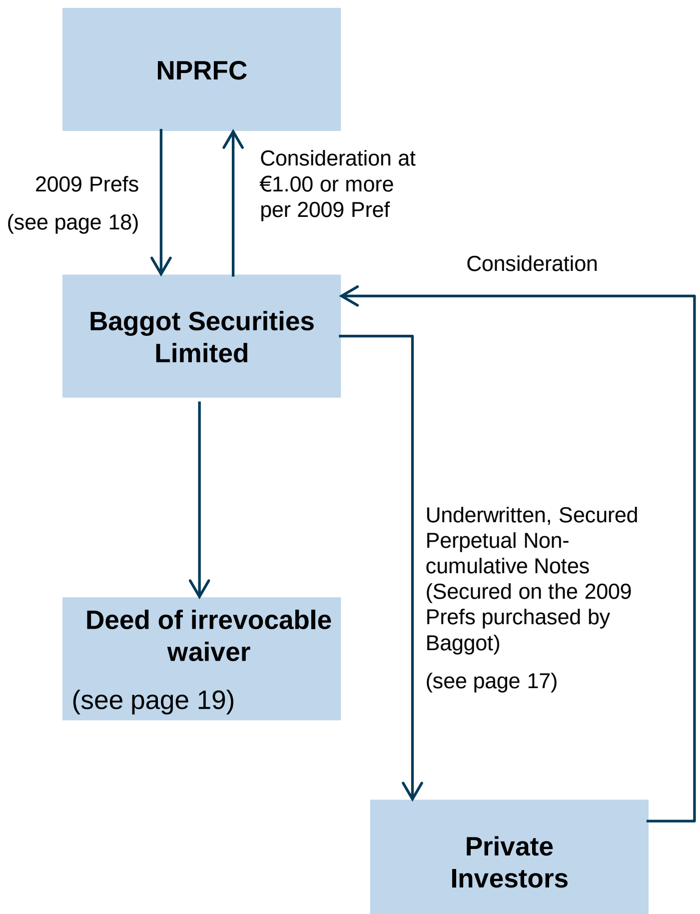
Announcement of Ordinary Stock Placing and 2009 Prefs sale	4 December 2013
Announcement of results of the Placing	4 December 2013
Announcement of results of the 2009 Prefs sale	4 / 5 December 2013
Settlement and dealings commence in Placing Stock and redemption of c.€537 million 2009 Prefs	9 December 2013
Settlement of 2009 Prefs sale	11 / 12 December 2013

Appendix III: Technical details concerning 2009 Prefs sale

Bank of Ireland Group

Structural overview



- Baggot Securities Limited ("Baggot") has been incorporated in Ireland in accordance with Section 110 of the Irish Taxes Consolidation Act (1997)
- Baggot will issue listed Perpetual Non-cumulative Notes (the "Notes") to the market
- The proceeds obtained from the issue of the Notes will be used by Baggot to acquire part of the Bank of Ireland's Perpetual Non-cumulative redeemable 10.25% 2009 Preference Stock currently held by the Irish National Pensions Reserve Fund Commission (the "2009 Prefs")
- The Notes will be secured on the 2009 Prefs acquired, will be limited in recourse and will be issued on terms and conditions which broadly mirror those of the 2009 Prefs, with certain exceptions
- The 2009 Prefs are redeemable at €1.00 each prior to 31st March 2014 and at €1.25 thereafter. However, Baggot has irrevocably waived its right to any redemption or purchase amount over €1.00 per unit of 2009 Pref, so the Notes will be redeemable at par
- The cash interest on the Notes will be c.10.24%, payable if the Bank resolves to pay a cash dividend on the 2009 Prefs
- If the Bank does not declare a cash dividend on the Prefs, it must issue Ordinary Stock ("Bonus Stock") in lieu on a date decided by the Bank, but no later than the date on which the Bank pays a cash dividend on, redeems for cash or purchases the 2009 Prefs or any capital stock of the Bank. The number of units of Bonus Stock to be issued will be calculated by reference to the originally scheduled dividend payment date, rather than the date they are delivered
- Non-US persons will be able to opt to take delivery of such Bonus Stock (subject to compliance with applicable terms) but the default option (which will necessarily apply to US persons and non-qualified investors), will be for Baggot to arrange the sale of such Bonus Stock, with the net proceeds disbursed to noteholders
- If the Bank does not pay a cash dividend on the 2009 Prefs, then it may not pay a dividend on any other Preference Stock or on its Ordinary Stock until it resumes payment of dividend on the 2009 Prefs
- The Bank does not expect to redeem €1.3bn 2009 Prefs sold to private investors prior to 1 January 2016, save in certain limited circumstances[1]
- The Bank has advised CBI that it is not the Bank's intention to recognise 2009 Prefs as regulatory CET1 capital after July 2016, unless derecognition would mean that an adequate capital buffer cannot be maintained above applicable regulatory requirements

[1] These circumstances would include changes in regulatory capital treatment, breach of waiver deed and taxation

Bank of Ireland Group

The Secured Perpetual Non-cumulative Notes

The Notes issued by Baggot will be secured on the units of 2009 Prefs purchased from the NPRFC with the net proceeds of the sale of the Notes

Issuer	Baggot Securities Limited (“Baggot")
The Notes	Perpetual Non-Cumulative Notes (the "Notes")
Security	The Notes will be secured on units of 2009 Preference Stock, (the “2009 Prefs”) issued by Bank of Ireland (the "Bank") Recourse of the Noteholders will be limited to the relevant Mortgaged Property
Redemption	The Notes are perpetual but will be redeemed either by: (a) Cash settlement at the Principal Amount plus any accrued but unpaid dividends (the “Redemption Amount”) if and when the 2009 Prefs are redeemed by the Bank. The Bank intends not to call the 2009 Prefs before at least January 2016, save in certain limited circumstances, but reserves the right to do so (b) Physical Settlement by delivery of a proportionate share of the 2009 Prefs less expenses and prior claims in the event of (i) Default of the Bank (ii) Winding up of the Bank
Cash interest	The cash dividend on the 2009 Prefs is 10.25% per annum, fixed, payable on 20th February annually at the discretion of the Bank. Should a cash dividend payment be made on the 2009 Prefs, the interest payment to Noteholders net of Baggot's expenses will be c.10.24% payable on 21st February annually If a cash dividend is not paid, Bonus Stock will be issued in lieu on a date determined by the Bank in accordance with the Bye Laws of the Bank
Non Cumulative	If Baggot does not receive a cash dividend in relation to its holding of the 2009 Prefs, interest for the corresponding interest period under the Notes shall not be payable, accrue or accumulate
Bonus Stock interest	If Baggotreceives Bonus Stock in lieu of a cash dividend, Baggot shall (where a Noteholder has not opted for Physical Delivery or is not eligible for Physical Delivery) convert such amount of Bonus Stock that the relevant Noteholder is entitled to into cash by liquidating the appropriate quantum of Bonus Stock. Baggot will pay the proceeds to the relevant Noteholder net of costs Noteholders (outside of the United States and who are Qualified Investors) may only elect for physical delivery of the Bonus Stock instead of a cash payment upon issuance of a Asset Transfer Notice to Baggot
Denominations	€100,000+1,000
Selling Restrictions	144a and Qualified Purchasers under 3(c) (7) of the Investment Company Act / Reg S
Listing / Clearing / Governing Law	Luxembourg / In clearing de-materialised form within Euroclear & Clearstream / English Law

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The 2009 Preference Stock

Issuer	The Governor and Company of the Bank of Ireland (the "Bank")
Security	Perpetual Non-Cumulative Redeemable Preference Stock ("2009 Prefs")
Liquidation	Repayment of the 2009 Prefs (including premium) ranks pari passu with Ordinary Stock (excluding premium) and ahead of Deferred Stock and the premium of Ordinary Stock but behind repayment of capital on all other classes of stock, including other classes of preference stock of the Bank
Dividends	Non-cumulative Preferential Dividend at a fixed rate of 10.25% paid annually on 20th February at the discretion of the Bank. The 2009 Prefs rank ahead of the Deferred Stock and ahead of the Ordinary Stock as regards dividends. The 2009 Prefs rank pari passu as regards dividends with the 1992 Preference Stock of the Bank and stock or securities which constitute Core Tier 1 Capital of the Bank (other than Ordinary Stock and other than dividends to minority interests) Where a dividend on the 2009 Prefs is not paid in cash in any particular year, the Bank is precluded from paying dividends on its Ordinary Stock and the 1992 Preference Stock until it resumes the payment of dividends in cash on the 2009 Prefs
Bonus Stock	If a cash dividend is not paid by the Bank on the relevant Dividend Payment Date then Bonus Stock will be issued, subject to the requirements of the Bye Laws The number of units of Bonus Stock to be issued will be calculated by reference to the 30 Day Average Trading Price of a unit of Ordinary Stock on the Irish Stock Exchange (the "Average Stock Price") prior to the date when the relevant dividend would have been paid (the "relevant Dividend Payment Date") If issued (i) on the relevant Dividend Payment Date, at 100% of the Average Stock Price or; (ii) After the relevant Dividend Payment Date, at 95% of the Average Stock Price
Bonus Stock Ranking	Bonus Stock will rank pari passu in all respects with units of fully paid Ordinary Stock (*please see page 21 for further details*)
Delivery of Bonus Stock	Bonus Stock will be issued on a date determined by the Bank, provided that the date of issue is not later than the date on which the Bank subsequently redeems, purchases or pays a cash dividend on the 2009 Prefs or any other capital stock of the Bank
Redemption conditions	The 2009 Prefs may be redeemed and/or purchased at the option of the Bank at any time, in whole or in part, at a price of €1.00 per unit of the 2009 Prefs before 31 March 2014 and currently thereafter at a price per unit of €1.25, provided that the consent of the Central Bank of Ireland as the Bank's regulator to the purchase of the 2009 Prefs has been obtained and subject to the requirements of Irish company law in relation to the financing of redemptions and purchases This step up in the redemption and purchase price will be waived by Baggot and Baggot has issued its consent to amend the terms of the 2009 Prefs to remove the step up
Bye Laws	The Terms and Conditions of the 2009 Prefs are enshrined in the Bye Laws of Bank of Ireland and may only be changed with the consent of both the Preference Stockholders and Ordinary Stockholders of the Bank
Regulatory Treatment	The 2009 Prefs qualify under the Capital Requirements Directive II (transposed into Irish Law) as Core Tier 1 capital and the CBI has confirmed that the 2009 Prefs will qualify in full as grandfathered Common Equity Tier 1 capital until 31 December 2017 under Article 483 of the Capital Requirements Regulations IV. The Bank has advised CBI that it is not the Bank's intention to recognise 2009 Prefs as regulatory CET1 capital after July 2016, unless derecognition would mean that an adequate capital buffer cannot be maintained above applicable regulatory requirements
Clearing and Listing	The 2009 Prefs are in definitive registered form and are currently unlisted.

Bank of Ireland Group

Agreement between Baggot and Bank of Ireland

Under the Waiver Deed, Baggot will waive its right to receive any premium redemption or purchase price on the 2009 Prefs above the original subscription price of the stock

Waiver Deed	➢ When the Bank first issued the Preference Stock in 2009 (to the NPRFC) a redemption/purchase step up of 25% was inserted into the terms of the 2009 Prefs if they were not redeemed within 5 years of issuance ➢ This applies to redemption occurring on or after 31 March 2014. Under the terms of the Waiver Deed, Baggot has agreed to waive any claim to the redemption/purchase Step-up ➢ Baggot has also agreed that transfers of the 2009 Prefs without the prior consent of the Bank are restricted. Any transfer of the 2009 Prefs (from Baggot or any subsequent holders) will be subject to the transferee also agreeing to be bound by the terms of the Waiver Deed with the Bank

Bank of Ireland Group

Regulatory Treatment of the 2009 Prefs

The 2009 Prefs will qualify as grandfathered CET1 capital in full until 31 December 2017. Bank of Ireland has advised the Central Bank of Ireland, however that it is not the Bank's intention to recognise the 2009 Prefs as regulatory CET1 capital after July 2016 unless dereocognition would mean that an adequate capital buffer cannot be maintained above applicable capital requirements

Article 483	➢ The 2009 Prefs are not eligible as capital under the new Capital Requirements Regulation ("CRR") due to enter into force in Jan-2014 and will therefore be grandfathered from that date ➢ As the 2009 Prefs are currently subscribed to by the State and constitute State Aid they qualify to be grandfathered under the provisions of Article 483 of the CRR (unlike privately subscribed "old style" capital instruments which are grandfathered pursuant to Article 484) ➢ Under Article 483, the 2009 Prefs will be eligible to be recognised as grandfathered CET1 capital of the Bank in whole until 31 December 2017 and thereafter they will be fully derecognised from capital ➢ The EBA confirmed in October 2013 on its official Q&A that if an instrument subscribed to by the State qualifying for Article 483 treatment were to be remarketed to a private investor base, the instrument will still retain its Article 483 grandfathering treatment ➢ Therefore the instrument will be able to count in full as grandfathered CET1 until 31 December 2017 if not redeemed, regardless of the owner
2016 Voluntary De-recognition	➢ The Bank does not expect to redeem €1.3bn 2009 Prefs sold to private investors prior to 1 January 2016, save in certain limited circumstances[1] ➢ The Bank has advised CBI that it is not the Bank's intention to recognise 2009 Prefs as regulatory CET1 capital after July 2016, unless derecognition would mean that an adequate capital buffer cannot be maintained above applicable regulatory requirements

[1] These circumstances would include changes in regulatory capital treatment, breach of waiver deed and taxation

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Bonus Stock

Should Bank of Ireland not pay a cash dividend on the 2009 Prefs, interest for that corresponding period will be satisfied through issuance of Bonus Stock, on a date determined by Bank of Ireland

Bonus Stock Issuance	➢ Payment of a cash dividend is solely at the discretion of the Bank ➢ Bonus Stock will be issued in the event that a cash dividend is not paid on the 2009 Prefs
Bonus Stock	➢ The Bonus Stock constitutes units of Ordinary Stock of the Bank ➢ Bonus Stock will be issued at the same nominal value as Ordinary Stock (as of 2 December 2013 €0.05 per unit) ➢ Bonus Stock ranks pari passu in all respects with the Bank's fully paid Ordinary Stock ➢ The Bonus Stock shall be issued fully paid at an issue price equal to its nominal value, by a capitalisation of available reserves of the Bank (subject to the requirements of the Bye-Law in relations to the capitalisation of the stock)
Timing of Bonus Stock Issuance	➢ The timing of Bonus Stock issuance is at the sole discretion of the Bank and can occur on or after the relevant Dividend Payment Date ➢ However, Bonus Stock must be issued prior to (i) payment of cash dividends on the 2009 Prefs or other capital stock (ii) redemption or purchase for cash of the 2009 Prefs or any other capital stock
Calculation of Bonus Stock Issuance Amount	➢ The number of units of Bonus Stock that the Bank would be required to issue to the holders of units of the 2009 Prefs in the event of non-payment of a cash dividend is calculated by reference to the average price per unit of Ordinary Stock on the Irish Stock Exchange in the 30 trading days prior to the original Dividend Payment Date (the "Average Stock Price") and will be: – (i) 100 per cent. of the Average Stock Price, in the event that the Bonus Stock is issued on the originally scheduled Dividend Payment Date; or – (ii) 95 per cent. of the Average Stock Price, in the event that the Bonus Stock is issued later than the originally scheduled Dividend Payment Date
Cancellation or delay of Bonus Stock issuance	➢ Timing of issuance of the Bonus Stock being at the sole discretion of the Bank (apart from the restrictions mentioned above), under the Bye-Laws of the Bank issuance of the Bonus Stock and is also subject to the Bank having sufficient reserves ➢ No Bonus Stock will be issued if the Bank enters liquidation (or analogous proceedings)

Appendix III: Technical details concerning 2009 Prefs sale

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	Baggot Securities Limited c.10.24% Notes	Bank of Ireland 10% Contingent Capital Notes
Tenor	▪ Perpetual, callable at anytime	▪ July 2016 maturity, no early redemption right
Distribution	▪ c.10.24% payable annually fixed for life coupon	▪ 10% fixed for life coupon payable annually
Distribution Discretion	▪ Fully Discretionary; non cumulative	▪ Non deferrable coupons
Dividend Stopper	▪ Junior Dividend Stopper protection	▪ Not applicable
ACSM	▪ Missed Cash dividends will be satisfied through issuance of Bonus Stock, on a date determined by Bank of Ireland	▪ Not applicable
Contingent Loss absorption trigger	▪ No Contingent Loss Absorption trigger	▪ 8.25% CT1 / Transitional CET1
Loss absorption mechanism	▪ Not applicable	▪ Variable price equity conversion subject to a floor price
Point of non viability	▪ Statutory (2009 Prefs)	▪ Contractual PONV loss absorption