

The Governor and Company of the Bank of Ireland
(Company only, not consolidated)

Interim Accounts
(Unaudited)

for the year ended 31 December 2010

Basis of Presentation

These interim accounts (unaudited) of the Governor and Company of the Bank of Ireland ("Bank") are prepared in accordance with the measurement principles of International Financial Reporting Standards (IFRSs) as adopted by the European Union and International Financial Reporting Interpretations Committee (IFRIC) interpretations endorsed by the European Union and with those parts of the Companies Acts 1963 to 2009 applicable to companies reporting under IFRS. They are interim accounts (unaudited) of the Bank only and do not consolidate the results of any subsidiaries.

The accounting policies and methods of computation and presentation applied by Bank in the preparation of these interim accounts are consistent with those set out in the Bank of Ireland Group Annual Report for the nine months ended 31 December 2009.

The interim accounts are presented in EUR millions except where otherwise indicated.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

On 1 November 2010, the Governor and Company of the Bank of Ireland transferred a substantial part of its UK banking business to a new, wholly owned UK subsidiary Bank of Ireland (UK) plc. The main businesses that transferred from the Governor and Company of the Bank of Ireland were Business Banking UK and certain UK residential and commercial mortgage books.

These interim accounts were approved by the Court of Directors on 17 February 2011.

The Governor and Company of the Bank of Ireland

Unaudited balance sheet
as at 31 December 2010

ASSETS	€m
Cash and balances at central banks	914
Items in the course of collection from other banks	193
Trading securities	151
Derivative financial instruments	5,953
Other financial assets at fair value through profit or loss	94
Loans and advances to banks	59,340
Available for sale financial assets	17,261
NAMA senior bonds	5,075
Loans and advances to customers	73,059
Assets held for sale to NAMA	2,924
Shares in Group undertakings	2,839
Intangible assets – other	313
Property, plant and equipment	320
Deferred tax assets	1,086
Other assets	868
Retirement benefit asset	10
Total assets	170,400
EQUITY AND LIABILITIES	
Deposits from banks	87,952
Customer accounts	50,632
Items in the course of transmission to other banks	155
Derivative financial instruments	5,850
Debt securities in issue	12,448
Other liabilities	3,816
Provisions	275
Retirement benefit obligations	368
Subordinated liabilities	2,690
Total liabilities	164,186
Equity	
Capital stock	1,210
Stock premium account	3,920
Retained earnings (inclusive of foreign exchange reserve)	1,839
Other reserves	(755)
Stockholders' equity	6,214
Total equity and liabilities	170,400

Patrick J Molloy
Governor

Jerome Kennedy
Director

Richie Boucher
Chief Executive

Helen Nolan
Secretary

The Governor and Company of the Bank of Ireland
Unaudited statement of changes in equity
as at 31 December 2010

	€m
Capital stock	
Balance at the beginning of the period	699
Dividend on 2009 preference stock paid in ordinary stock	118
Issue of ordinary stock	238
Conversion of 2009 preference stock	155
Balance at the end of the period	1,210
Stock Premium Account	
Balance at the beginning of the period	4,090
Dividend on 2009 preference stock paid in ordinary stock	(118)
Reduction in stock premium transferred to retained earnings	(800)
Premium on issue of ordinary stock	1,409
Conversion of 2009 preference stock to ordinary stock	(155)
Cancellation of warrants transferred from retained earnings	(381)
Transaction costs, net of tax	(125)
Balance at the end of the period	3,920
Retained Earnings (inclusive of foreign exchange reserve)	
Balance at the beginning of the period	(474)
Profit for period attributable to stockholders & foreign exchange adjustments	1,176
Transferred from stock premium account	800
Net actuarial gain on defined benefit pension schemes	327
Other movements	10
Balance at the end of the period	1,839
Other Reserves:	
Available for sale reserve	
Balance at the beginning of the period	(264)
Net change in fair value	(503)
Transfer to income statement	60
Deferred tax on fair value changes	53
Balance at the end of the period	(654)
Cash flow hedge reserve	
Balance at the beginning of the period	(503)
Changes in fair value net of transfers to income statement	313
Deferred tax on reserve movements	(41)
Balance at the end of the period	(231)

The Governor and Company of the Bank of Ireland
Unaudited statement of changes in equity
as at 31 December 2010 – (continued)

	€m
Capital reserve	
Balance at the beginning of the period	48
Balance at the end of the period	<u>48</u>
Share based payments reserve	
Balance at the beginning of the period	22
Charge to the income statement	(10)
Balance at the end of the period	<u>12</u>
Revaluation reserve	
Balance at the beginning of the period	23
Revaluation of property	(18)
Deferred tax on revaluation of property	4
Balance at the end of the period	<u>9</u>
Other equity reserves	
US\$150 million capital note	
Balance at the beginning of the period	114
Repurchase of capital note	(53)
Balance at the end of the period	<u>61</u>
Core and secondary tranche warrants	
Balance at the beginning of the period	110
Cancellation of warrants	(110)
Balance at the end of the period	<u>-</u>
Total other reserves	(755)
Total stockholders' equity	<u>6,214</u>

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The Governor and Company of the Bank of Ireland
Distributable reserves

The distributable Stockholders' Equity of the Bank at 31 December 2010 has been calculated as follows:

	Unaudited Balance Sheet €m	Distributable €m	Non-Distributable €m
Capital Stock	1,210	-	1,210
Stock Premium	3,920	-	3,920
Retained Earnings (inclusive of foreign exchange reserve)	1,839	1,418	421
Other Reserves			
AFS Reserve	(654)	(620)	(34)
Cash Flow Hedge Reserve	(231)	-	(231)
Capital Reserve	48	-	48
Share Based Payments	12	12	-
Revaluation Reserve	9	-	9
Other Equity reserves	61	-	61
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	(755)	(608)	(147)
Total Stockholders' equity	<hr/>	<hr/>	<hr/>
	6,214	810	5,404