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7 September 2010

**THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND ANNOUNCES AN EXCHANGE OFFER FOR ITS EXISTING CANADIAN DOLLAR LOWER TIER 2 NOTES TO BE EXCHANGED INTO NEW CANADIAN DOLLAR LOWER TIER 2 NOTES**

The Governor and Company of the Bank of Ireland (the **Bank**) today announces its invitation to holders (subject to the offer restrictions referred to below) of its outstanding CAD400,000,000 Fixed/Floating Dated Subordinated Notes due September 2015 (the **Existing Notes**), to offer to exchange their Existing Notes for Canadian dollar Denominated Fixed/Floating Dated Subordinated Notes due September 2018 (the **New Notes**) (such invitation, the **Exchange Offer**).

The Exchange Offer is made on the terms and subject to the conditions set out in the Exchange Offer Memorandum dated 7 September 2010 (the **Exchange Offer Memorandum**).

The purpose of the Exchange Offer is to enhance the capital base of the Bank. Any decisions by the Bank as to whether it will exercise calls in the future in respect of any Existing Notes that are not exchanged pursuant to the Exchange Offer or in respect of the New Notes when they become callable will be taken on an economic basis. Other factors which the Bank will have regard to include prevailing market conditions and conventions, regulatory approval, the Bank's restructuring plan and decisions of the European Commission in respect of such restructuring plan.

**Existing Notes**

Ratings (Moody's/ S&P)	Coupon to first call date	Coupon from first call date to maturity	Aggregate amount outstanding	First call date	Maturity date	ISIN/CUSIP	Amount subject to Exchange Offer	Exchange Ratio (%)
A2/BBB+	3.80 per cent. fixed rate	3 month BA CDOR +0.79 per cent. floating rate	CAD400m	22 September 2010	22 September 2015*	CA 062786AA67/ 062786AA6	Any and all	81.25

\* Subject to adjustment for non-business days in accordance with the Terms and Conditions of the Existing Notes.

**New Notes**

Expected ratings (Moody's/S&P)	Coupon to first call date	Coupon from first call date to maturity	Minimum New Issue Size	Expected first call date	Expected maturity date
A2/BBB+	8.50 per cent. fixed rate	3 month BA CDOR +6.85 per cent. floating rate	CAD100,000,000	22 September 2013	22 September 2018*

\* Subject to adjustment for non-business days in accordance with the Terms and Conditions of the Existing Notes.

Copies of the Exchange Offer Memorandum are available from the Dealer Managers and the Exchange Agent as set out below. Capitalised terms used in this announcement but not defined have the meanings given to them in the Exchange Offer Memorandum.

**Exchange Consideration**

The amount of New Notes each Holder whose Existing Notes are accepted for exchange pursuant to the Exchange Offer will receive on the Settlement Date will be calculated by reference to (a) the aggregate nominal amount of the Existing Notes validly offered for exchange and accepted for exchange and (b) the Exchange Ratio.

The Bank will also pay holders of the Existing Notes on the Settlement Date an Accrued Payment (if any) and a Cash Rounding Amount (if applicable). For the avoidance of doubt, in the event that the Settlement Date is 22 September

2010, no Accrued Payment will be payable to Holders since the Settlement Date will co-incide with an interest payment date on the Existing Notes.

### **Indicative Exchange Offer Timetable**

<b>Event</b>	<b>Date and time (all times are Toronto time)</b>
<i>Commencement of Exchange Offers</i>	Tuesday, 7 September 2010 at or around 8.30 a.m.
<i>Expiration Deadline</i>	Wednesday, 15 September 2010 at 5.00 p.m.
<i>Announcement of Exchange Offer Results</i>	Thursday, 16 September 2010 at or around 9.00 a.m.
<i>Settlement</i>	Wednesday, 22 September 2010

The Bank may, in its sole discretion, extend, re-open, amend, waive any condition of or terminate the Exchange Offer at any time (subject to applicable law and as provided in the Exchange Offer Memorandum) and the above times and dates are subject to the right of the Bank to so extend, re-open, amend, waive and/or terminate the Exchange Offer.

Holders are advised to check with any bank, securities broker or other intermediary through which they hold Existing Notes whether such intermediary would require to receive instructions to participate in the Exchange Offer before the deadlines specified above. The deadlines set by CDS for the submission of Exchange Instructions will also be earlier than the relevant deadlines set out above and in the Exchange Offer Memorandum.

Unless stated otherwise, announcements in relation to the Exchange Offer will be made: (i) by the issue of a press release to a Notifying News Service; (ii) by the delivery of notices to CDS for communication to CDS Participants; (iii) via the Company Announcements section of the Irish Stock Exchange, and may also be found on the relevant Reuters International Insider Screen; and (iv) as required by the rules of any stock exchange on which any Existing Notes may be listed and/or admitted to trading. Copies of all such announcements, press releases and notices can also be obtained from the Exchange Agent, the contact details for which are below. Significant delays may be experienced where notices are delivered to CDS and Holders are urged to contact the Dealer Managers or the Exchange Agent for the relevant announcements during the course of the Exchange Offer.

### **Exchange Instructions**

In order to participate in, and be eligible to receive New Notes pursuant to, the Exchange Offer, Holders must validly offer Existing Notes for exchange by delivering, or arranging to have delivered on their behalf, a valid Exchange Instruction that is received by the Exchange Agent by the Expiration Deadline.

To participate in the Exchange Offer, Holders must validly offer for exchange at least CAD100,000 in nominal amount of Existing Notes.

**Exchange Instructions will be irrevocable** except in the limited circumstances described in the Exchange Offer Memorandum.

### **General**

**Holders are advised to read carefully the Exchange Offer Memorandum for full details of, and information on the procedures for participating in, the Exchange Offer.**

Merrill Lynch Canada Inc. and RBC Dominion Securities Inc. are acting as Dealer Managers and Equity Transfer & Trust Company is acting as Exchange Agent.

Questions and requests for assistance in connection with the Exchange Offer may be directed to any Dealer Manager.

*Dealer Managers*

**Merrill Lynch Canada Inc.**

181 Bay Street  
Suite 400  
Toronto, Ontario  
M5J 2V8 Canada

**RBC Dominion Securities Inc.**

2nd Floor, North Tower  
Royal Bank Plaza  
200 Bay Street  
Toronto, Ontario  
M5J 2W7 Canada

For information in Canada:

Telephone: +1 416 369 7645/4028

Attention: Ian Morrison/Steven Castle

Email: [ian.morrison@baml.com](mailto:ian.morrison@baml.com)/[steven.castle@baml.com](mailto:steven.castle@baml.com)

For information by telephone:

+1 877 381 2099 (Toll-free)/+1 416 842 6311

Attention: Chris Laham/Salim Mawani

Email: [liability.management@rbccm.com](mailto:liability.management@rbccm.com)

For information in the UK and Europe:

Telephone: +44 (0)20 7995 3715

Attention: John Cavanagh/Tommaso Gros-Pietro

Email: [john.m.cavanagh@baml.com](mailto:john.m.cavanagh@baml.com)/  
[tommaso.gros-pietro@baml.com](mailto:tommaso.gros-pietro@baml.com)

Questions and requests for assistance in connection with the delivery of Exchange Instructions may be directed to the Exchange Agent.

*Exchange Agent*

**Equity Transfer & Trust Company**

200 University Avenue, Suite 400  
Toronto, Ontario  
M5H 4H1 Canada

Telephone: +1 416 361 0152

Attention: Corporate Actions

Email: [investor@equitytransfer.com](mailto:investor@equitytransfer.com)

**DISCLAIMER** This announcement must be read in conjunction with the Exchange Offer Memorandum. This announcement and the Exchange Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Exchange Offer. If you are in any doubt as to the contents of this announcement or the Exchange Offer Memorandum or the action you should take, you are recommended to seek your own financial and legal advice, including as to any tax consequences, immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Existing Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to offer Existing Notes for exchange pursuant to the Exchange Offer. None of the Dealer Managers, the Exchange Agent or the Bank makes any recommendation as to whether Holders should offer Existing Notes for exchange pursuant to the Exchange Offer.

**OFFER AND DISTRIBUTION RESTRICTIONS**

Neither this announcement nor the Exchange Offer Memorandum constitutes an offer to sell or buy or the solicitation of an offer to sell or buy the Existing Notes and/or New Notes, as applicable, and offers of Existing Notes for exchange pursuant to the Exchange Offer will not be accepted from Holders in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities, blue sky or other laws require the Exchange Offer to be made by a licensed broker or dealer and either of the Dealer Managers or any of their respective affiliates is such a licensed broker or dealer in any such jurisdiction, that Exchange Offer shall be deemed to be made by such Dealer Manager or affiliate, as the case may be, on behalf of the Bank in such jurisdiction.

The distribution of this announcement and the Exchange Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement or the Exchange Offer Memorandum comes are required by the Bank, the Dealer Managers, and the Exchange Agent to inform themselves about, and to observe, any such restrictions.

**United States**

The Exchange Offer is not being made, and will not be made, directly or indirectly, in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce or of any facilities of a national securities exchange of, the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act). This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this announcement and the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offer are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded (including without limitation, by custodians, nominees or trustees) in or into the United States or to persons located or resident in the United States or to U.S. persons and the Existing Notes cannot be Offered for Exchange by any such use, means, instruments or facilities or from

within the United States or by U.S. persons. Any purported Offer to Exchange Existing Notes resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported Offer to Exchange made by a U.S. person, a person located or resident in the United States or from within the United States or from any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person will be invalid and will not be accepted.

Neither this announcement nor the Exchange Offer Memorandum is an offer of securities for sale in the United States or to U.S. persons. None of the Existing Notes and the New Notes have been, or will be, registered under the Securities Act or the securities laws of any state or jurisdiction of the United States, and may not be offered, sold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of U.S. persons. The purpose of this announcement and the Exchange Offer Memorandum is limited to the Exchange Offer, and this announcement and the Exchange Offer Memorandum may not be sent or given to any person other than in an offshore transaction in accordance with Regulation S under the Securities Act.

Each Holder of Existing Notes participating in the Exchange Offer will represent that it is participating in the Exchange Offer in accordance with Regulation S under the Securities Act and that it is not participating in the Exchange Offer from within the United States nor is it a U.S. person or an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States or for a U.S. person.

#### **Italy**

None of the Exchange Offer, this announcement, the Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offer have been or will be submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* (CONSOB) pursuant to Italian laws and regulations, and the Exchange Offer is not being made, and will not be made, directly or indirectly, in or into the Republic of Italy (“Italy”) as a public offer (as defined in article 1, paragraph 1, letter v) of the Legislative Decree no. 58 of February 24, 1998). Accordingly, Holders of Existing Notes are hereby notified that the Exchange Offer is not intended to be addressed, and the New Notes may not be offered, sold or delivered, and none of this announcement, the Exchange Offer Memorandum or any other documents or materials relating to the Exchange Offer, the Existing Notes, or the New Notes has been prepared in order to be sent, by any means, distributed or otherwise made available, as part of the Exchange Offer, to any person in Italy.

#### **Other**

The Exchange Offer is not being made, and will not be made, directly or indirectly, to the public in Canada, Ireland, Belgium, the United Kingdom or France. In the United Kingdom, Belgium, France and Canada, only the following persons may participate in the Exchange Offer and receive this announcement and the Exchange Offer Memorandum (as more fully set out in the Exchange Offer Memorandum):

**United Kingdom** (investment professionals and persons within Article 43 or otherwise of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) / **Belgium** (qualified investors) / **France** (qualified investors, other than individuals) / **Canada** (accredited investors).

#### **NOTICE**

The Dealer Managers are acting exclusively for the Bank and no one else in connection with the arrangements described in this announcement and will not be responsible to anyone other than the Bank for providing the protections afforded to customers of the Dealer Managers, or for advising any other person in connection with the arrangements described in this announcement.

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