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26 April 2010

EXCHANGE OFFERS AND PUBLICATION OF EXCHANGE OFFER MEMORANDUM

THE GOVERNOR AND COMPANY OF THE BANK OF IRELAND ANNOUNCES EXCHANGE OFFERS IN RESPECT OF CERTAIN OF ITS OUTSTANDING EURO AND STERLING TIER 1 SECURITIES.

The Governor and Company of the Bank of Ireland (the "**Bank**") today announces its invitation to all holders ("**Holders**") (subject to certain offer restrictions) of the Tier 1 securities listed in the table below (the "**Existing Securities**") to Offer to Exchange their Existing Securities for Option 1 Consideration or Option 2 Consideration (as further described below).

Issuer	Description	Outstanding amount	Option 1 Consideration Amount*	Option 2 Consideration Amount*
Bank of Ireland UK Holdings plc	7.40 per cent. Guaranteed Step-up Callable Perpetual Preferred Securities (ISIN: XS0125611482)	€476,000,000	€860	€900
BOI Capital Funding (No.1) LP	Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities (ISIN: XS0213178295)	€350,316,000	€600	€650
Bank of Ireland UK Holdings plc	6.25 per cent. Guaranteed Callable Perpetual Preferred Securities (ISIN: XS0165122655)	£46,432,000	£630**	£670
BOI Capital Funding (No.4) LP	Fixed Rate/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities (ISIN: XS0268599999)	£37,290,000	£580**	£620

* per €1,000 or £1,000 (as applicable) in principal amount of Existing Securities accepted for exchange

** sterling Option 1 Consideration Amounts are subject to adjustment, as described in the Exchange Offer Memorandum.

The Exchange Offers are made on the terms of, and subject to the conditions set out in, the Exchange Offer Memorandum dated 26 April 2010 (the "**Exchange Offer Memorandum**"). Capitalised terms used and not otherwise defined in this announcement have the meanings given to them in the Exchange Offer Memorandum.

Rationale for the Exchange Offers

The Exchange Offers are part of a range of proposals to enhance the regulatory capital base of the Bank. The proposals include the Exchange Offers, a separate U.S. exchange offer, a concurrent rights issue (the "**Rights Issue**") launched today and placings to institutional investors and the National Pension Reserve Fund.

Existing Securities

The Existing Securities constitute Tier 1 capital of the Bank. The Bank is precluded, for a period of one calendar year from and including 1 February 2010 (being the first date on which, in accordance with the discretion afforded to the Bank in the terms thereof, a scheduled distribution was not made on the Fixed Rate/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities issued by BOI Capital Funding (No. 2) LP) from declaring and paying any distribution or dividend on, or redeeming, (*inter*

alia) the Existing Securities. Thereafter, subject to the final decision by the EU Commission on the Bank's restructuring plan, no such restrictions are expected to apply provided that no similar dividend stoppers are triggered in future.

Although there can be no certainty as to the outcome of the State aid proceedings and the content of the final EU restructuring plan, the Bank believes (based on the status of negotiations with the European Commission) that the final restructuring plan is likely to include, among other items, a commitment from the Group not to exercise voluntary call options on hybrid capital securities until 31 January 2011. Thereafter, any decisions by the Bank as to whether it will exercise calls in respect of any Existing Securities that are not exchanged pursuant to the Exchange Offers will, following expiry of the subsisting dividend and capital stopper period, be taken on an economic basis. Other factors which the Bank will have regard to include prevailing market conditions and conventions, regulatory approval and final decisions of the European Commission in respect of the Bank's restructuring plan.

Exchange Offers

Pursuant to the Exchange Offer Memorandum, the Bank invites all Holders (subject to certain offer restrictions) to offer to exchange any or all of their Existing Securities, upon the terms and subject to the conditions set out in the Exchange Offer Memorandum, for the Option 1 Consideration or the Option 2 Consideration.

Exchange Consideration Amounts

Holders whose Existing Securities are accepted for exchange in the Option 1 Settlement or Option 2 Settlement will be allocated the Option 1 Consideration Amount or Option 2 Consideration Amount (each an "**Exchange Consideration Amount**"), respectively, set out in the above table for each €1,000 or £1,000 (as applicable) in nominal amount of the relevant series of Existing Securities accepted for exchange. Each Exchange Consideration Amount in sterling will be converted to a Euro-Equivalent Exchange Consideration Amount at a foreign currency exchange rate (the "**FX Rate**") to be determined in accordance with the terms of the Exchange Offer Memorandum on or around 10 May 2010. The Euro-Equivalent Exchange Consideration Amount for each series of sterling-denominated Existing Securities will be announced on or about 10 May 2010.

Further, in the event that the FX Rate (expressed as the number of pounds sterling per one euro) is less than 0.7542 (the "**Threshold Rate**"), each Option 1 Consideration Amount expressed in sterling in the above table will be adjusted downwards by a factor equal to the FX Rate divided by the Threshold Rate, as more fully described in the Exchange Offer Memorandum.

Option 1 Consideration

Option 1 Consideration will be delivered to Holders in the form of a number of ordinary shares in BOI Nominee Holdings Limited ("**BOINH**", an indirectly wholly-owned subsidiary of the Bank) on the Settlement Date. The Bank will purchase (or arrange for the purchase on its behalf of), without further action by such Holder, all such BOINH ordinary shares from such Holder on the Settlement Date, immediately following their issue to such Holder, in consideration for the Bank:

- (i) allotting, on behalf of such Holder, a number of units of ordinary stock of the Bank pursuant to the Rights Issue to qualifying stockholders (or failing which places in the Rump Placing or failing which the Rights Issue Underwriters); and
- (ii) directing the Rights Issue Receiving Agent to pay to such Holders the relevant cash proceeds generated therefrom (converted, where applicable, into sterling) on the Settlement Date upon transfer of such Holder's BOINH ordinary shares to or to the order of the Bank.

The allotment of ordinary stock pursuant to the Rights Issue will generate cash proceeds in euro. The cash proceeds payable to a Holder will be paid in the currency in which the relative Existing Securities accepted in the Option 1 Settlement of such Holder are denominated. Accordingly, any cash proceeds payable to a Holder in respect of sterling-denominated Existing Securities will be converted into sterling pursuant to a foreign currency swap before payment to such Holder.

As a consequence of the Option 1 Settlement Mechanism, Holders will receive cash proceeds from the issue of ordinary stock pursuant to the Rights Issue equal to the aggregate of the Option 1 Consideration Amounts for their Existing Securities accepted for exchange in the Option 1 Settlement.

Option 2 Consideration

Option 2 Consideration will be delivered to Holders in the form of euro-denominated Allotment Instruments issued by the Bank and having a principal amount equal to the aggregate of such Holder's Aggregate Option 2 Consideration Amount. The Allotment Instruments may be traded in Euroclear, Clearstream, Luxembourg and CREST and will automatically convert into units of ordinary stock of the Bank on the conversion date (which is approximately 90 days after the Settlement Date) by dividing the aggregate principal amount of such Allotment Instruments by the applicable conversion price.

If the Bank receives valid Option 2 Offers which would, if accepted in full, require the Bank to issue Allotment Instruments having an aggregate principal amount exceeding the Maximum Allotment Instrument Amount (being €100,000,000 or such other amount as the Bank may determine), the Bank will pro rate some or all of such Option 2 Offers such that Allotment Instruments will be issued having an aggregate principal amount not exceeding the Maximum Allotment Instrument Amount. The Existing Securities excluded from the Option 2 Settlement by virtue of such pro ration shall be deemed to have been the subject of an Option 1 Offer and treated accordingly.

Conditions to the Exchange Offers

The Bank will not accept any offers to exchange Existing Securities unless (i) all resolution(s) as may be necessary to approve, effect and implement the Proposals (including the Rights Issue and the Exchange Offers) and authorise and permit the allotment and issue of the Allotment Instruments and the Conversion Ordinary Stock into which the Allotment Instruments will convert are passed at the Bank's Extraordinary General Court (or any adjournment thereof); and (ii) the conditions to the Rights Issue (other than to the extent any condition refers to the Exchange Offers) are satisfied.

Indicative Timetable

The times and dates referred to below are indicative only and are subject to the right of the Bank (with the prior consent of the Lead Dealer Managers) to extend, re-open, amend and/or terminate the Exchange Offers or any of them at any time. Accordingly, the actual timetable may differ significantly from the expected timetable set out below. If any of the above times and/or dates change, the revised time and/or date will be notified by announcement as soon as reasonably practicable.

Events	Dates and Times (All times are Dublin time)
Commencement of the Exchange Offer Period Exchange Offers announced. Exchange Offer Memorandum available from the Lead Dealer Managers and the Exchange Agent.	26 April 2010
Expiration Deadline Deadline for receipt of all Exchange Instructions and end of Exchange Offer Period.	5.00 p.m., on 7 May 2010
FX Rate Determination Date	10 May 2010

The date on which the Swap Counterparty will determine the FX Rate.

Results Announcement

10 May 2010

Announcement of the following: (i) the aggregate nominal amount of each Series of Existing Securities Offered for Exchange for each of the Option 1 Consideration and the Option 2 Consideration, (ii) the FX Rate, (iii) (if the FX Rate is less than the Threshold Rate) the sterling Option 1 Consideration Amounts as adjusted by the Sterling Option 1 Consideration Amounts Adjustment Formula, (iv) the Euro-Equivalent Option 1 Consideration Amount for each Series of sterling-denominated Existing Securities, (v) the Euro-Equivalent Option 2 Consideration Amount for each Series of sterling-denominated Existing Securities, (vi) the Maximum Allotment Instrument Amount (if other than €100,000,000), (vii) each Pro Ration Factor (if any) to be applied to Option 2 Offers, (viii) the nominal amount of each Series of Existing Securities which the Bank will accept in each of the Option 1 Settlement and the Option 2 Settlement, (ix) the aggregate amounts of Cash Proceeds to be paid in euro and Sterling Cash Proceeds to be paid in sterling to Holders in the Option 1 Settlement, and (x) the aggregate principal amount of Allotment Instruments which the Bank will issue pursuant to the Option 2 Settlement.

Rights Issue Terms Announcement

17 May 2010

Announcement of the final terms of the Rights Issue and (i) the Rights Issue Price, (ii) the aggregate number of units of Ordinary Stock to be issued in the Rights Issue in connection with the Option 1 Settlement, and (iii) the corresponding aggregate number of BOINH Ordinary Shares to be issued to Holders in the Option 1 Settlement.

EGC of the Bank

19 May 2010

The date on which the Bank's EGC is to be held to approve, amongst other things, the Proposals.

Minimum Conversion Price Announcement

20 May 2010

Announcement of the following: (i) the Rights Issue Factor, and (ii) the Minimum Conversion Price.

Settlement Date

Expected on 14 June 2010

Settlement Date of the Exchange Offers, including issue and delivery of the Allotment Instruments and payment of the Cash Proceeds and Sterling Cash Proceeds (as applicable) to the relevant Holders.

Conversion Price VWAP Period

The reference period for which the Lead Dealer Managers will determine the Volume-Weighted Average Price per unit of the Ordinary Stock by reference to which the Conversion Price will, subject to the Minimum Conversion Price, be set.

2 September 2010 to 8 September 2010

Record Date

8 September 2010

The holders of Allotment Instruments as at close of business on the Record Date will be eligible to receive the Conversion Ordinary Stock upon conversion of such Allotment Instruments on the Conversion Date.

Conversion Announcement

9 September 2010

Announcement of the following: (i) the results of the Conversion Price VWAP Period, (ii) the Conversion Price, and (iii) the total number of units of

Conversion Ordinary Stock to be issued upon conversion of the Allotment Instruments.

Conversion Date

Expected on 10 September 2010

Conversion of the Allotment Instruments and delivery of the Conversion Ordinary Stock.

*Holder*s are advised to check with any bank, securities broker or other Intermediary through which they hold Existing Securities whether such Intermediary needs to receive instructions from a Holder before the deadlines specified in the Exchange Offer Memorandum in order for that Holder to be able to participate in, or (in the limited circumstances in which revocation is permitted) revoke their instruction to participate in, any Exchange Offer. The deadlines set by each Clearing System for the submission and withdrawal of Exchange Instructions (in the limited circumstances in which Exchange Instructions may be revoked) will also be earlier than the relevant deadlines specified in the Exchange Offer Memorandum. No acknowledgement of receipt of any Exchange Instruction or other document(s) of title will be given by or on behalf of the Bank or the Exchange Agent.

Publication of Exchange Offer Memorandum

The Exchange Offer Memorandum has been published today. Copies of the Exchange Offer Memorandum may be obtained from the Lead Dealer Managers and the Exchange Agent as set out below.

Procedures for Participation

Holders are advised to read carefully the Exchange Offer Memorandum for full details of and information on the procedures for participating in the Exchange Offers. In order to participate in the Exchange Offers, Holders must validly offer Existing Securities for exchange by delivering, or arrange to have delivered on their behalf, a valid Exchange Instruction complying with the requirements set out in the Exchange Offer Memorandum, that is received by the Exchange Agent by the Expiration Deadline.

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

Requests for information in relation to the procedures for exchanging Existing Securities in the Exchange Offer should be directed to the Exchange Agent.

Separate U.S. Exchange Offer

The Bank is, pursuant to a separate exchange offer memorandum dated 26 April 2010, making a separate exchange offer to the holders of certain series of outstanding capital securities in certain countries outside the United States and to certain sophisticated holders in the United States who are "qualified institutional buyers" as defined in Rule 144A of the Securities Act.

Further Information

Any questions regarding the terms of the Exchange Offers may be directed to the Lead Dealer Managers and any questions or requests for assistance or copies of the Exchange Offer Memorandum may be directed to the Exchange Agent:

LEAD DEALER MANAGERS

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Attention: Liability Management Group
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Attention: Yves Theis, Lee Pellicci
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DISCLAIMER

This announcement must be read in conjunction with the Exchange Offer Memorandum. This announcement and the Exchange Offer Memorandum contain important information which must be read carefully before any decision is made with respect to the Exchange Offers. If any Holder is in any doubt as to the action it should take, it is recommended to

seek its own legal, tax, financial and accounting advice, including as to any tax consequences, from its stockbroker, bank manager, solicitor, accountant or other independent financial adviser. Any individual or company whose Existing Securities are held on its behalf by a broker, dealer, bank, custodian, trust company, or other nominee must contact such entity if it wishes to participate in the Exchange Offers. None of the Dealer Managers, the Exchange Agent or any person who controls, or is a director, officer, employee or agent of such persons, or any affiliate of such persons, makes any recommendation as to whether Holders should participate in the Exchange Offers. No offer or invitation to acquire or exchange any securities is being made pursuant to this announcement. Neither this announcement nor the Exchange Offer Memorandum constitute an invitation to participate in the Exchange Offers in any jurisdiction in which, or to or from any person to or from whom, it is unlawful to make such invitation under applicable securities laws and offers of Existing Securities for exchange pursuant to the Exchange Offers will not be accepted from Holders in any jurisdiction where such invitation is unlawful.

OFFER RESTRICTIONS

United States

The Exchange Offers are 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 of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, this announcement, copies of the Exchange Offer Memorandum and any other documents or materials relating to the Exchange Offers are not being, and must not be, directly or indirectly, mailed or otherwise transmitted, distributed or forwarded in or into the United States or to persons located or resident in the United States and none of the Exchange Offers can be accepted by any such use, means, instruments or facilities or from within the United States. Any purported Offer to Exchange Existing Securities resulting directly or indirectly from a violation of these restrictions will be invalid, and any purported offer to exchange made by a person located or resident in the United States or from 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 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. The Existing Securities, the BOINH Ordinary Shares, the Conversion Ordinary Stock and the Allotment Instruments have not been, and will not 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. The purpose of this announcement and the Exchange Offer Memorandum is limited to the Exchange Offers, and neither this announcement nor the Exchange Offer Memorandum may be sent or given other than in an offshore transaction in accordance with Regulation S under the Securities Act. Each Holder of Existing Securities participating in an Exchange Offer will represent that it is offering its Existing Securities in an offshore transaction 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 an agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States.

Ireland

The Exchange Offers are not being made, directly or indirectly, to the general public in Ireland and no offers or sales of any securities under or in connection with such Exchange Offers may be effected except in conformity with the provisions of Irish law including the Irish Companies Acts 1963 to 2009, the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland and the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland.

Republic of Italy

The Exchange Offers are not being made, directly or indirectly, in the Republic of Italy. The Exchange Offers, this announcement and the Exchange Offer Memorandum have not been submitted to the clearance procedure of the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian laws and regulations. Accordingly, Holders are hereby notified that, to the extent such Holders are persons resident and/or located in the Republic of Italy, no Exchange Offer is available to them and they may not offer to exchange Existing Securities pursuant to any Exchange Offer nor may the Allotment Instruments, the BOINH Ordinary Shares or the Conversion Ordinary Stock be offered, sold or delivered in the Republic of Italy and, as such, any Exchange Instruction received from such persons shall be ineffective and void, and neither this announcement nor the Exchange Offer Memorandum nor any other offering material

relating to the Exchange Offers, the Existing Securities, the Allotment Instruments, the BOINH Ordinary Shares or the Conversion Ordinary Stock may be distributed or made available in the Republic of Italy.

United Kingdom

The communication of the Exchange Offer Memorandum is not being made and the Exchange Offer Memorandum has not been approved by an authorised person for the purposes of section 21 of the Financial Services and Markets Act 2000. The Exchange Offer Memorandum is only for circulation to persons within the United Kingdom falling within the definition of Investment Professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**")) or within Article 43 of the Order, or other persons to whom it may lawfully be communicated in accordance with the Order.

Belgium

In Belgium, the Exchange Offers are not being made, directly or indirectly, to, or for the account of, any person other than "qualified investors" within the meaning of Article 6, paragraph 3 of the Law of 1 April 2007 on public acquisition offers (*Loi relative aux offres publiques d'acquisition / Wet op de openbare overnamebiedingen*) and, therefore, the Exchange Offers do not constitute a public offer pursuant to Article 6, paragraph 3, 2° of the Law of 1 April 2007 and Article 3, paragraph 2, a) of the Law of 16 June 2006 on the public offering of securities and the admission of securities to trading on a regulated market (*Loi relative aux offres publiques d'instruments de placement et aux admissions d'instruments de placement à la négociation sur des marchés réglementés / Wet op de openbare aanbieding van beleggingsinstrumenten en de toelating van beleggingsinstrumenten tot de verhandeling op een gereglementeerde markt*). Neither the Exchange Offers nor this announcement nor the Exchange Offer Memorandum has been notified to the Belgian Banking, Finance and Insurance Commission (*Commission bancaire, financière et des assurances / Commissie voor het Bank-, Financien en Assurantiewezen*) nor has this announcement or the Exchange Offer Memorandum or any other information circular, brochure or similar document relating to the Exchange Offers been, nor will it be, approved by the Belgian Banking, Finance and Insurance Commission. Accordingly, the Exchange Offers may not be advertised and both this announcement and the Exchange Offer Memorandum and any other information circular, brochure or similar document relating to the Exchange Offers may be distributed, directly or indirectly, in Belgium only to "qualified investors" within the meaning of Article 6, paragraph 3 of the Law of 1 April 2007, acting for their own account.

France

The Exchange Offers are not being made, directly or indirectly, to the public in France and only qualified investors ("*Investisseurs Qualifiés*") as defined in and in accordance with Articles L.411-1, L.411-2 and D.411-1 and D.411-3 of the French *Code Monétaire et Financier* are eligible to participate in the Exchange Offers described herein. This announcement and the Exchange Offer Memorandum and any other offering material relating to the Exchange Offers have not been and shall not be distributed to the public in France. Neither this announcement nor the Exchange Offer Memorandum has been submitted to the clearance of the *Autorité des marchés financiers*.

General

The distribution of the Exchange Offer Memorandum in certain jurisdictions may be restricted. Persons into whose possession the Exchange Offer Memorandum comes are required to inform themselves about and to observe any such restrictions. The Exchange Offer Memorandum does not constitute, and may not be used for the purpose of, an offer or solicitation to the public or to anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

Nothing contained in the Exchange Offer Memorandum nor the information incorporated by reference therein is intended to constitute or should be construed as legal, financial, accounting or tax advice. The Exchange Offer Memorandum is for the information of eligible Holders of Existing Securities only and nothing in the Exchange Offer Memorandum is intended to endorse or recommend a particular course of action. Holders of Existing Securities should consult with an appropriate professional for specific advice rendered on the basis of their particular situation.