

## Capital Raising Update

10 May 2010

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### Introduction

On 26 April 2010, Bank of Ireland announced proposals (the "Proposals") intended to meet its current and long term capital requirements. The fully underwritten Proposals to raise a minimum of €3.421 billion Equity Tier 1 Capital comprise a firm Institutional Placing of €0.5 billion, a firm placing to the State of €1.036 billion and a Rights Issue of up to €1.885 billion, potentially reduced through equity generation and profit impact of Debt for Equity Offers. The Proposals are subject to Stockholder approval.

### Debt for Equity Offers Update

Bank of Ireland has today separately announced the results of (i) the Non US Debt for Equity Offers and (ii) the US Debt for Equity Offers up to 7 May 2010. Under the Debt for Equity Offers, existing holders of certain Tier 1 securities and Upper Tier 2 securities have been offered the opportunity to exchange these securities for (a) cash proceeds from the allotment of Ordinary Stock on behalf of such holders in the Rights Issue ('Option 1'); or (b) Allotment Instruments of up to €200 million, which automatically convert into the Ordinary Stock on 10 September 2010 ('Option 2'); or (c) a combination thereof.

The table below summarises the results of (i) the Non US Debt for Equity Offers and (ii) the US Debt for Equity Offers up to 7 May 2010:

	Nominal Amount Outstanding € m	Nominal Amount of Acceptances to Date €m	Option 1 Consideration €m	Option 2 Consideration €m	Capital Gain €m
Non US Debt for Equity Offers	922	401	270	29	102
US Debt for Equity Offers	575	451	287	32	131
	1,497	852	557	61	233

### Implications for the Rights Issue and the Bank's Capital

The Rights Issue of up to €1.885 billion announced on 26 April 2010 is to be reduced by the quantum of Allotment Instruments issued under Option 2, and by the amount of the capital gain arising under the Debt for Equity Offers (€233 million), the latter being subject to a cap of €100 million. As a consequence of the Debt for Equity Offers results detailed above, the Rights Issue is expected to be reduced by approximately €0.161 billion to €1.723 billion, with the undertaking of the NPRFC to take up its rights being reduced to approximately €0.626 billion and the balance of the rights issue, which is fully underwritten, being reduced to approximately €1.097 billion.

The rights issue will be priced at a 38% to 42% discount to TERP, based on the closing share price on 14 May 2010. The final rights issue terms will be announced on 17 May 2010.

The amount of the capital gain in excess of €100 million generated by the Debt for Equity Offers to date (i.e. €133 million), will be applied to the capital of the Bank.

The US Debt for Equity Offers are expected to remain open until 8 June 2010. The Non US Debt for Equity Offers closed on 7 May 2010.

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