BANK OF IRELAND'S ANNOUNCEMENT ON ITS INTENDED PARTICIPATION IN THE NATIONAL ASSET MANAGEMENT AGENCY

30 NOVEMBER 2009

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1. Recommendation for Participation in NAMA

Bank of Ireland (the "Bank") confirms that its Court of Directors (the "Court") will be recommending to stockholders that they approve the Bank's participation in the National Asset Management Agency (NAMA) at a meeting of stockholders to be held in early January 2010. In arriving at this recommendation, the Court has given careful consideration to alternatives to the Bank's participation in NAMA. The Court believes that participation in NAMA and the transfer of eligible bank assets to NAMA should facilitate the removal from the Bank's balance sheet of certain assets about which the market has concerns regarding their absolute value and should further significantly enhance the Bank's liquidity and access to funding.

2. Background to NAMA

In the latter part of 2008 financial institutions across the world faced unprecedented conditions and were facing severe liquidity constraints. Irish financial institutions experienced extreme stress from this global turmoil in addition to rapidly deteriorating economic conditions particularly in Ireland.

The Bank began active discussions with the Department of Finance on these matters over 12 months ago. The Government recognised the immediate need to stabilise Irish financial institutions and create greater certainty for all stakeholders. The process commenced with the establishment of the Credit Institutions Financial Support ("CIFS") Guarantee Scheme in September 2008 under which the Minister for Finance guaranteed certain liabilities of covered institutions, including the Bank, until 29 September 2010. This was followed by the investment of €3.5 billion into the Bank by way of core tier 1 qualifying 8% coupon redeemable preference shares, with warrants over 25% of the then diluted ordinary stock of the Bank, on 31 March 2009. Subsequently, the Minister for Finance announced the Eligible Liabilities Guarantee ("ELG") Scheme in his speech on 16 September 2009 (the "Minister's Speech"), which is intended to facilitate covered institutions, including the Bank, issuing debt securities and securing deposits which are due to mature after the expiry of the CIFS guarantee scheme. The ELG scheme has been approved by the European Commission under State Aid rules and it is expected to be approved by the Houses of the Oireachtas (parliament of Ireland) in December 2009. The establishment of NAMA is an important step in the process to provide a systemic solution to the issues encountered within the Irish banking sector since September 2008 and to facilitate the flow of credit into the Irish economy.

On 7 April 2009, the Minister for Finance announced that NAMA would be established with the purpose of strengthening the Irish financial sector. The NAMA legislation was passed by the Houses of the Oireachtas (parliament of Ireland) on 12 November 2009 and was signed into law by the President of Ireland on 22 November 2009. A commencement order to effect the establishment of NAMA is expected shortly.

NAMA is to acquire from participating institutions eligible bank assets, that is, land and development loans, and certain associated loans (which are expected to comprise non-land and non-development related loans to borrowers of land and development related loans, or loans to certain associated entities of borrowers who had provided security in respect of the land or development related loans). Individual institutions may apply and be accepted as participating institutions in NAMA. The Minister's Speech announced that it was expected that NAMA would purchase loans, principally land and development loans together with associated loans with an aggregate initial book value of approximately €77 billion from five financial institutions, including the Bank. The geographic distribution of the loans relates to exposures both within and outside Ireland.

In acquiring such assets, NAMA will apply a valuation methodology which will take cognisance of both the current market value and long term economic value on a loan by loan basis. The Minister's Speech estimated that NAMA would pay approximately €54 billion for the total portfolio of loans to be transferred by all participating institutions, thus implying an estimated aggregate gross write-down of approximately 30% on average for the participating institutions. The Minister's estimates include a premium of approximately €7 billion over the estimated current market value of the assets to reflect the long-term economic value in the valuation methodology. The Minister for Finance also noted that loan quality, geographic distribution and type of loans would vary from institution to institution. He further noted that each loan would be valued individually and, on this basis, the aggregate discount applied to original loan values in determining the consideration to be paid by NAMA would vary from institution to institution.

The Bank is advised that the eligible bank assets are expected to be transferred on a phased basis from January 2010, with the largest systemic exposures to the Irish banking system transferred first. NAMA plans to complete the transfer of the eligible bank assets by the middle of 2010.

A number of uncertainties exist as to the specific quantum and timing of loans which may transfer to NAMA, the price that NAMA would pay for those loans, the fees that would be paid for any work undertaken in relation to such loans and the 'fair value' of the consideration to be received.

As consideration for eligible bank assets transferred, the Minister has indicated that NAMA would issue to financial institutions a combination of Government guaranteed bonds, to be either issued by the Minister for Finance or by NAMA and guaranteed by the Minister for Finance (the "Government guaranteed bonds") (not less than 95% of the consideration) and subordinated bonds (not more than 5% of the consideration). These Government guaranteed bonds are expected to be marketable instruments that are capable of being pledged as funding collateral to debt market investors and to monetary authorities such as the ECB. The precise terms of the Government guaranteed bonds and the subordinated bonds have not been published.

While the precise terms of the subordinated bonds have not yet been published, payments on the subordinated bonds may be subject to the requirement that NAMA has sufficient funds, based on a measure of financial performance of NAMA in totality (rather than on the financial performance of the eligible bank assets acquired from any particular participating institution), to repay all Government guaranteed bonds issued as consideration for eligible bank assets. The subordinated bonds will not be guaranteed by the State and therefore might not be marketable, could have a value less than their nominal face value and/or ultimately may not be paid in full.

The loss on disposal of eligible bank assets will be tax deductible. However, the use of such tax losses in future years will be restricted.

In addition, the NAMA legislation provides that, on the later of ten years after the passing of the NAMA legislation or the dissolution, restructuring or material alteration of NAMA, in the event that the accounts of NAMA disclose an underlying loss, the Minister for Finance may bring forward legislation to impose a special tax by way of surcharge on participating institutions.

NAMA will also be subject to review by the European Commission under the EU State Aid rules.

The potential benefits of NAMA to the Irish banking system include:

- increased confidence as to banks' asset quality and greater clarity on impairment charges on property and construction loans;
- a reduction in the level of banks' risk weighted assets; and
- significant improvement in banks' liquidity and funding positions, facilitating the ability of banks to support the economy.

3. Financial Implications for the Bank

3.1 Quantum

The precise quantum of the assets which would be included and the terms of their transfer have yet to be established. The details will be determined only upon conclusion by NAMA of the detailed loan-by-loan valuation exercise, the results of which will become known shortly prior to the transfer of the tranche of which the relevant loan is a component.

Based on the Minister's Speech, the Bank's portfolio of potential eligible bank assets to be transferred to NAMA could comprise a gross book value up to approximately €16 billion made up as follows:

	Land & Development [(1)] €bn	**Associated [(2)] €bn**	**Total €bn**
Ireland	5.8	2.9	8.7
UK	4.0	2.9	6.9
Rest of World	0.2	0.2	0.4
Total	10.0	6.0	16.0
Impairment Provisions at 30 September 2009	1.3[(3)]	0.1[(3)]	1.4 [(3)]

Notes

(1) Loans provided by the Bank for the acquisition of land, or secured by land, or for the purposes of funding development costs on land. Source of financial information: Internal Unaudited Management Information as disclosed in the Interim Management Statement of 17 September 2009 (Unaudited), based on the Minister's Speech.

(2) Non-land and development related loans, predominantly loans for investment property. Source of financial information: Internal Unaudited Management Information as disclosed in the Interim Management Statement of 17 September 2009 (Unaudited), based on the Minister's Speech.

(3) Source: Internal Unaudited Management Information on the basis of IFRS accounting excluding the potential impact of NAMA.

The Minister's Speech's estimate of up to approximately €16 billion equates to approximately 12% of the Bank's total loans and advances to customers at 30 September 2009.

3.2 Acquisition Price

The acquisition price to be paid by NAMA for eligible bank assets will be at a level between the market value (being the amount that would be paid by a willing buyer to a willing seller in an arm's length transaction after proper marketing (where appropriate) where both parties act knowledgeably, prudently and without compulsion) and the long-term economic value (being the value that can reasonably be expected to be attained in a stable financial system where the crisis conditions prevailing at the passing of the NAMA legislation are ameliorated) of such assets. In determining the market value of any eligible bank assets, NAMA may take account of any market value submitted by the participating institution, any valuation reports prescribed by the Minister for Finance, and any previous value determined by NAMA for a similar asset or property. The Minister for Finance may make regulations prescribing the adjustment factors that may be taken into account in determining the long-term economic value of the assets. The Bank would have limited grounds of appeal in respect of valuations imposed by NAMA.

The Bank does not yet have details of the final discount that will be applied on the transfer of eligible bank assets. The Bank has undertaken a preliminary internal valuation analysis of a sample of the loans which may be eligible to transfer to NAMA. This analysis involved applying the principles set out in the NAMA legislation and the latest draft Valuation Regulations to the sample. The Bank's preliminary internal valuation analysis has been reviewed by NAMA and the Department of Finance. On the basis of this preliminary internal valuation exercise, recent interaction with NAMA and the

Department of Finance and the Minister's estimate of €16 billion of eligible bank assets, the Court believes that the average discount on disposal applicable to these assets (prior to any impairment previously recognised by the Bank) should not be greater than the estimated average discount for all participating institutions of 30% as indicated in the Minister's Speech. However, it should be noted that the final discount and portfolio composition will be known only on completion of the relevant due diligence and valuation exercises to be performed by NAMA on a loan by loan basis and after the transfer of the final tranche of loans to NAMA.

A number of uncertainties exist as to the specific quantum and timing of loans which may transfer to NAMA, the price that NAMA would pay for those loans, the fees that the Bank would be paid for any work undertaken in relation to such loans and the 'fair value' of the consideration to be received. Therefore a number of uncertainties remain as to the final discount which would be applicable to the Bank.

3.3 Form of Consideration

As consideration for the loans transferred, the Bank will receive Government guaranteed bonds representing no less than 95% of the consideration with the balance of no more than 5% to comprise subordinated bonds issued by NAMA. The Bank is expected to have the option to use these Government guaranteed bonds as collateral to raise liquidity from monetary authorities if the Bank considers it appropriate to do so. The ability to generate liquidity from these bonds will better position the Bank to meet its objectives of deleveraging the balance sheet while supporting sensible lending growth.

3.4 Loss on Disposal

On the basis of the Minster's Speech, if the Bank participates in NAMA it could be required to transfer up to €16 billion of eligible bank assets from its balance sheet. If one were to apply, for illustrative purposes, the Minister's estimated average discount for all participating institutions of 30% and the Minister's estimate of eligible bank assets for the Bank of up to €16 billion, the Bank would receive consideration of approximately €11.2 billion and would be required to recognise a loss before tax on disposal of approximately €3.4 billion (after adjusting for €1.4 billion of impairment provisions recognised at 30 September 2009 but before applying a fair value adjustment to the subordinated bonds). As the transfers will not take place immediately upon the commencement of participation in NAMA, but over a period of time (which is expected to be completed by mid 2010), the losses on disposal are likely to be recognised over more than one accounting period. On the basis of the Minister's Speech, the Court believes that this potential loss on disposal represents the maximum loss likely to be incurred on the sale of loans to NAMA.

The loss on disposal of eligible bank assets will be tax deductible. However, the use of such tax losses in future years will be restricted.

3.5 Capital Impact

The capital impact of NAMA will be mainly dependent on the quantum of assets transferred, the discount applied and the level of impairments recognised prior to the date of transfer.

Based on the estimate in the Minister's Speech, the Bank estimates the disposal of eligible bank assets would reduce the risk weighted assets of the Bank by approximately €15.2 billion. The loss on transfer of the eligible bank assets would also impact the Bank's capital base by reducing the Bank's capital ratios. As at 30 September 2009 (as set out in the 2009 Unaudited Interim Results), the Bank's equity tier 1 ratio was 6.6%, the core tier 1 ratio was 10.1% and the total tier 1 ratio was 11.0%. If one applies the Minister for Finance's estimated aggregate discount of 30% for all participating institutions to his estimate of potential eligible bank assets of the Bank of up to approximately €16 billion, the Bank's proforma equity tier 1, core tier 1 and total tier 1 ratios as at 30 September 2009 would have been 4.2%, 8.3% and 9.5% respectively. Further details are set out in Schedule 1. This however assumes that the transfer of assets all takes place in a single accounting period with the associated capital impact therefore being taken as at 30 September 2009.

If the quantum of loans actually transferred to NAMA is less than the approximately €16 billion estimated by the Minister, there will be a number of impacts: as less Government guaranteed bonds would be received, access to liquidity may decrease by a commensurate amount than would be the case had the full €16 billion of assets transferred to NAMA; risk weighted assets might not decrease by a commensurate amount which could lead to a higher capital requirement; and as there would be a smaller transfer of assets, there could be a smaller loss on disposal (although further impairment provisions could arise).

Once the eligible bank assets are transferred to NAMA, the Bank will no longer receive income from these assets. The Bank expects this loss of income would be partially offset by the interest income the Bank would receive from the securities issued as consideration by NAMA or the Minister for Finance on transfer of eligible bank assets. The interest rate on these securities is not yet known. There may also be some benefits to the Bank's funding costs from the impact of the increased liquidity provided by NAMA to the Irish banking system, including the Bank.

The Bank understands that the credit management of the transferred loans will be undertaken by NAMA with the day-to-day administrative management of most loans remaining with the Bank. It is expected that NAMA will pay fees to the Bank for this management. Routine credit decisions in respect of borrowers who do not comprise the largest 100/150 borrowers by value of loans could be delegated by NAMA to the Bank.

4. Why the Court has decided to recommend participation in NAMA

While participation in NAMA would mean that the Bank will not have control over those eligible bank assets which may transfer to NAMA and the price at which they would be bought, nevertheless the Court believes participation in NAMA should facilitate:

- Greater market certainty, by the removal from the Bank's balance sheet of certain assets about which the market has concerns regarding their absolute value and thereby reducing the tail risk of future impairments.
- A reduction in the requirement to hold capital against such assets.
- Further progress towards the Bank's objective of deleveraging its balance sheet, allowing it to focus its liquidity and capital on its core profitable activities.
- A significant enhancement of the liquidity of the Bank through the receipt of the Government guaranteed bonds for the eligible bank assets sold.
- The continuation of the improved funding conditions experienced by the Bank in recent months which reflected anticipation by the financial markets of the Bank's participation in NAMA.
- The prospects of the Bank in raising new capital from private sources as a consequence of the greater market certainty.

The Court believes non-participation in NAMA would have a number of consequences:

- The Bank would not receive the Government guaranteed bonds to be issued in consideration for assets transferred to NAMA and accordingly the Bank would not have the option to use these guaranteed bonds as funding collateral to debt market investors and to monetary authorities, such as the ECB, for liquidity purposes.
- As the Bank's participation in NAMA is widely anticipated, the liquidity and funding of the Bank from retail and wholesale funding sources could materially deteriorate.
- The relevant risk weighted assets of the Bank would not be reduced leading to a higher capital requirement than would be the case were the Bank to participate in NAMA.

- Uncertainty would remain with regard to the quantum of impaired assets and impairment charges in respect of the eligible bank assets.
- The eligible bank assets would remain on the balance sheet of the Bank, which could adversely affect loan impairments on such of these assets located in Ireland in an Irish real estate market that may be significantly impacted by NAMA activities and consequently affect the Bank’s ability to manage such assets in that market.
- The combination of the failure to reduce risk weighted assets and the deterioration in the liquidity position of the Bank could adversely affect the Bank’s credit and funding metrics, thereby increasing the potential for ratings downgrades, which in turn could make it more difficult to source funding on terms acceptable to the Bank.

The Court has devoted considerable efforts to considering alternatives to NAMA, including non-participation in NAMA. The Government has confirmed to the Bank that NAMA will be the only scheme implemented to provide assistance to Irish banks in dealing with the significant issues created by challenged property loans and, furthermore, the Government has indicated that it would not be supportive of any alternative proposals by the Bank requiring Government support. NAMA is the only solution which is supported by the Irish Government and the ECB to address the systemic issues facing the Irish banking sector.

The Minister’s Speech confirmed that, in the event of participation in NAMA, the Government would provide the necessary support to enable the Irish banks to meet their capital requirements, should such support not be available from private sources.

Non-participation in NAMA may reduce the Bank’s access to potential private sources of capital and increase further the Bank’s reliance on Government liquidity and capital support. As such, non-participation in NAMA could increase the risk of further State investment in the Bank which could ultimately lead to nationalisation.

Consequently, the Court believes the non-participation of the Bank in NAMA may have material adverse consequences for the Bank's business, operating results, financial condition and prospects.

Credit Suisse Securities (Europe) Limited is acting as the independent financial adviser to the Bank.

5. Next Steps

Participation in NAMA is conditional, *inter alia*, on the Bank making a successful application to be designated as a participating institution. If accepted as a participating institution, NAMA will review the eligible bank assets of the Bank and determine, at its sole discretion, which assets to acquire and the terms on which they will be acquired. The Bank will be required to transfer eligible bank assets in accordance with directions issued by NAMA (subject only to limited grounds of appeal). The Bank will not have control over the identity or quantity of the eligible bank assets to transfer to NAMA, or over the terms on which they transfer.

As a class 1 transaction, the Bank's participation in NAMA requires the approval of 75% of the votes cast by ordinary stockholders at an Extraordinary General Court ("EGC"). Through the National Pension Fund Reserve Commission's ("NPRFC") investment, the Minister for Finance and the NPRFC are together deemed to exercise significant influence over the affairs of the Bank and are consequently deemed to be a related party under the listing rules. As a Government agency, NAMA is also deemed to be a related party. The Bank's participation in NAMA and the transfer of eligible bank assets to NAMA is therefore a related party transaction for the purposes of the listing rules, in addition to being a class 1 transaction for the purposes of the listing rules. The NPRFC's stock in the Bank does not carry voting rights in respect of the Bank's participation in NAMA, but in any event, as a related party transaction under the listing rules, the NPRFC would not be permitted to vote on this matter, even if it had such voting rights.

The Bank has 60 days from the date that NAMA is established, in which to apply to participate in NAMA. The Bank would apply promptly to participate in NAMA following approval by ordinary stockholders. Once this application is accepted, the Bank will be legally bound to participate in NAMA and will be subject to NAMA's statutory powers.

The Bank expects to post a circular in December 2009 containing further information on the background and reasons for the application to participate in NAMA and notice of our intention to convene an EGC to be held in early January 2010.

Ends.

Conference call details

Bank of Ireland will host a conference call today, Monday 30 November 2009 at 12 noon GMT. Participants are requested to dial in to the call 15 minutes before the conference call start time.

Conference call dial-in details

Ireland Free Call	1800 932 417
Ireland Local Call	353 (0) 1 247 5166
United Kingdom Local Call	44 (0) 1452 588 268
United Kingdom Free Call	0844 493 6806
Conference call identity number	44237471

Replay facility available 30 minutes after the conference call concludes

Ireland Free Call	1800 931 692
International dial-in	44 (0) 1452 550 000
Access code:	44237471#

In addition, a recording of the call will be available on the Bank's website:
www.bankofireland.ie/investor later this evening.

Contact details:

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SCHEDULE 1

UNAUDITED PROFORMA FINANCIAL INFORMATION

On the basis of the Minster's Speech, if the Bank participates in NAMA it could be required to transfer up to €16 billion of eligible bank assets from its balance sheet. If one applies, for illustrative purposes, the Minister's estimated average discount for all participating institutions of 30% and the Minister's estimate of the Bank's eligible bank assets of up to €16 billion, the Bank would receive consideration of approximately €11.2 billion and would be required to recognise a loss before tax on disposal of approximately €3.4 billion (after adjusting for €1.4 billion of impairment provisions recognised at 30 September 2009 but before applying a fair value adjustment to the subordinated bonds). As the transfers will not take place immediately upon the commencement of participation in NAMA, but over a period of time (which is expected to be completed by mid 2010), the losses on disposal are likely to be recognised over more than one accounting period.

The unaudited pro forma financial information set out in this Schedule has been prepared to illustrate the effect of the Bank's participation in NAMA as if it had occurred on 30 September 2009 and if the loss on disposal was 30%, before impairment charges, on eligible bank assets of €16 billion. The unaudited pro forma financial information has been prepared for illustrative purposes only and, because of its nature, the pro forma statement of financial information addresses a hypothetical situation and does not, therefore, represent the Bank's actual financial position or results that would follow its participation in NAMA.

1. Unaudited proforma balance sheet as at 30 September 2009

	As at 30 September 2009	**Adjustments for the Bank's participation in NAMA**	**Pro forma as at 30 September 2009**
	€ million	**€ million**	**€ million**
ASSETS	(1)	(2)	(3)
Cash and balances at central banks	4,111	-	4,111
Items in the course of collection from other banks	421	-	421
Trading securities	426	-	426
Derivative financial instruments	6,928	(114)[(2(i))]	6,814
Other financial assets at fair value through profit or loss	9,129		9,129
Loans and advances to banks	3,739	-	3,739
Available for sale financial assets	22,735	11,119[(2(ii))]	33,854
Loans and advances to customers	131,315	(14,600)[(2(iii))]	116,715
Interest in associated undertakings	22	-	22
Interest in joint ventures	176	-	176
Intangible assets – goodwill	47	-	47
Intangible assets – other	475	-	475
Investment properties	1,290	-	1,290
Property, plant and equipment	476	-	476
Deferred tax assets	572	582[(2(iv))]	1,154
Other assets	2,424	(45)[(2(v))]	2,379
Retirement benefit asset	9	-	9
Total assets	184,295	(3,058)	181,237

EQUITY AND LIABILITIES	As at 30 September 2009 € million (1)	Adjustments for the Bank's participation in NAMA € million (2)	Pro forma as at 30 September 2009 € million (3)
Deposits by banks	20,956	-	20,956
Customer accounts	86,616	-	86,616
Items in the course of transmission to other banks	202	-	202
Derivative financial instruments	6,618	-	6,618
Liabilities to customers under investment contracts	4,887	-	4,887
Debt securities in issue	39,953	-	39,953
Insurance contract liabilities	6,478	-	6,478
Other liabilities	2,930	-	2,930
Provisions	67	-	67
Deferred tax liabilities	72	-	72
Retirement benefit obligations	1,486	-	1,486
Subordinated liabilities	6,100	-	6,100
Total liabilities	176,365	-	176,365
Equity			
Capital stock	699	-	699
Stock premium account	4,092	-	4,092
Retained earnings	5,004	(3,058)[(2(vi))]	1,946
Other reserves	(1,828)		(1,828)
Own shares held for the benefit of life assurance policyholders	(90)		(90)
Stockholders' equity	7,877	(3,058)	4,819
Minority interests	53	-	53
Total equity	7,930	(3,058)	4,872
Total equity and liabilities	184,295	(3,058)	181,237

Notes:

(1) Information on the assets, liabilities and equity of the Bank as at 30 September 2009 has been extracted without material adjustment from the unaudited consolidated balance sheet included in the Interim Results for the 6 months ended 30 September 2009.

(2) This column represents the adjustments made to show how the potential transfer of the Bank's eligible bank assets to NAMA based on the Minister for Finance's estimate of 16 September 2009 might have affected the Balance Sheet of the Bank as shown if the transfer took place as at 30 September 2009 as follows:

- (i) The €114 million reduction in derivative financial instruments represents an estimate of the impact of the transfer of derivatives associated with the potential eligible bank assets to NAMA;
- (ii) The €11,119 million increase in available for sale financial assets represents an estimate of the fair value of the Government guaranteed bonds and subordinated bonds that would issue to the Bank as consideration for the potential eligible bank assets transferred to NAMA. This is calculated as €16,000 million Group eligible bank assets plus the estimated value of derivatives transferred (c. €114 million) and accrued interest transferred (c. €45 million), totaling €16,159 million, less a discount of 30% thereon (€4,848 million) and net of an adjustment of €192 million arising on the valuation of NAMA subordinated bonds (reflecting for illustrative purposes, an assumed, 66% fair value for the subordinated bonds);
- (iii) The €14,600 million of loans and advances to customers represents the potential eligible Bank assets to be transferred to NAMA net of existing impairment provisions of €1,400 million;
- (iv) The €582 million adjustment to Deferred tax assets represents the estimated tax benefit arising from the loss on eligible bank assets transferred to NAMA at a blended tax rate of 16% which approximates to the tax rates applicable in jurisdictions in which the potential eligible bank assets are based;
- (v) The €45 million adjustment to Other assets relates to an estimate of the accrued interest on the transfer of potential eligible bank assets to NAMA;
- (vi) The adjustment to Retained earnings of €3,058 million is the loss on transfer of the potential eligible bank assets estimated to arise from the NAMA valuation adjustment based on a gross discount rate of 30% (€4,848 million) offset by existing provisions of €1,400 million and the estimated €582 million future allowable tax benefit which is included as an adjustment to deferred tax as described above and the adjustment of €192 million which arises on the valuation adjustment applied to the NAMA subordinated bonds.

(3) This column is the sum of column (1) and column (2) and represents the unaudited proforma consolidated balance sheet as at 30 September 2009 based on the assumption that the transfer of potential Bank eligible bank assets to NAMA took place on 30 September 2009.

(4) No account has been taken of the trading results of the Bank since 30 September 2009.

(5) No account has been taken of any Ordinary Stock which may have been issued on the exercise of options granted or which may be granted under the Bank of Ireland stock schemes after 30 September 2009.

(6) No account has been taken of any fees to be paid by NAMA for administrative / servicing work on the transferred loans which Bank of Ireland may carry out on NAMA's behalf in the future.

2. Unaudited proforma capital ratios as at 30 September 2009

	As at 30 September 2009 (1)	Adjustments for the Bank participating in NAMA (2)	Proforma as at 30 September 2009 (3)
Key Balance Sheet metrics			
Total Risk Weighted Assets (€ billion)	100.7	(15.2)(2(i))	85.5
Equity tier 1 capital (€ billion)	6.6	(3.1)(2(ii))	3.5
Core tier 1 capital (€ billion)	10.2	(3.1)(2(ii))	7.1
Total tier 1 capital (€ billion)	11.1	(3.0)(2(iii))	8.1
Total capital (€ billion)	14.6	(3.3)(2(iii))	11.3
Equity tier 1 capital (% ratio)	6.6%	(2.4%)(2(iv))	4.2%
Core tier 1 capital (% ratio)	10.1%	(1.8%)(2(iv))	8.3%
Total tier 1 capital (% ratio)	11.0%	(1.5%)(2(v))	9.5%
Total capital (% ratio)	14.5%	(1.3%)(2(vi))	13.2%

Notes:

(1) Information on the risk weighted assets, capital amounts and capital ratios of the Group have been extracted without material adjustment from the unaudited Interim Results for the 6 months ended 30 September 2009.

(2) This column represents the adjustments made to show how the transfer of potential Bank eligible bank assets to NAMA might have affected the total risk weighted assets, equity tier 1, core tier 1, total tier 1 and total capital and equity tier 1, core tier 1, total tier 1 and total capital ratios as at 30 September 2009

- (i) Reduction of €15.2 billion in risk weighted assets due to the transfer of loans to NAMA. This is stated net of the risk weighting of the subordinated bonds and the deferred tax asset. No adjustment has been made for any reduction in liquid asset levels which may also reduce risk weighted assets over time;
- (ii) Adjustments to proforma equity tier 1 capital and proforma core tier 1 capital of €3.1 billion relates to the discount on transferred loans, derivatives and accrued interest after adjusting for the deferred tax asset and the assumed adjustments to the fair value of the subordinated bonds;
- (iii) Adjustments to proforma total tier 1 capital of €3 billion relate to the impact of expected loss adjustments net of relevant provisions whilst adjustments to proforma total capital also reflects the reduction on IBNR provisions post the transfer of loans to NAMA.
- (iv) Adjustments to equity tier 1 and core tier 1 capital ratios for the proforma reduction of €3.1 billion in equity and core tier 1 capital.
- (v) Adjustment to Total Tier 1 capital ratio for the proforma reduction of €3 billion in total tier 1 capital.
- (vi) Adjustment to the Total Capital Ratio for the proforma reduction in total capital of €3.3 billion.

(3) This column is the sum of column (1) and column (2) and reflects the unaudited proforma total risk weighted assets, equity tier 1, core tier 1, total tier 1 and total capital and equity tier 1, core tier 1,total tier 1, and total capital ratios based on the assumption that the transfer of potential Bank eligible bank assets took place on 30 September 2009.

FORWARD LOOKING STATEMENT

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 and the markets in which it operates. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements sometimes use words such as 'aim','anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward looking statements include among others, statements regarding the Group's future financial position, income growth, business strategy, projected costs, projected impairment losses, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, 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, risks and uncertainties relating to profitability targets, prevailing interest rates, the performance of the Irish and UK economies and the performance and volatility of international capital markets, the expected level of credit defaults, the impact of the National Asset Management Agency, the outcome from the review by the European Commission under EU state aid rules of the plan submitted by the Group, the Group's ability to expand certain of its activities, development and implementation of the Group's strategy, including the ability to achieve estimated cost reductions, competition, the Group's ability to address information technology issues, and the availability of funding sources. 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.

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