
THIS PROSPECTUS AND ANY ACCOMPANYING DOCUMENTS ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to consult immediately, in the case of Stockholders resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations (Nos. 1 to 3) 2007 or the Investment Intermediaries Act 1995 and, in the case of Stockholders resident in the United Kingdom, a firm authorised under the Financial Services and Markets Act 2000 ("FSMA") or another appropriately authorised adviser if you are in a territory outside Ireland or the United Kingdom.

If you sell or have sold or have otherwise transferred all of your Existing Stock (other than ex-rights) in certificated form before 20 May 2010 (the "Ex-Rights Date") please send this Prospectus and any other documents issued by Bank of Ireland (the "Bank", or the "Group") in connection with the Rights Issue and Placing, if and when received, at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to any Excluded Territories. In particular, this document should not be sent or transmitted to the United States. If you sell or have sold or have otherwise transferred all or some of your Existing Stock (other than ex-rights) held in uncertificated form before the Ex-Rights Date, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee. If you sell or have sold or have otherwise transferred only some of your Existing Stock (other than ex-rights) held in certificated form before the Ex-Rights Date, you should refer to the instruction regarding split applications in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and in the Provisional Allotment Letter.

The Proposals and participation in the Rights Issue and the Placing involve risks. See "Risk Factors" beginning on page 22 of this Prospectus.

Bank of Ireland Group

The Governor and Company of the Bank of Ireland

(Established in Ireland by Charter in 1783 and having limited liability with registered no. C-1)

Proposed Institutional Placing of 326,797,386 units of Placing Stock at

€1.53 per unit of Placing Stock and the NPRFC Placing of 575,555,556 units of Ordinary Stock at

€1.80 per unit of Ordinary Stock (payable in respect of the NPRFC by the conversion of the 2009 Preference Stock)

Proposed Rights Issue of Rights Issue Stock at a Rights Issue Price to be determined

in advance of the Extraordinary General Court (payable in respect of the NPRFC

Rights Issue Undertaking by the conversion of the 2009 Preference Stock)

Admission to trading of 184,394,378 units of NPRFC Coupon Ordinary Stock

Financial Advisers and Transaction Co-ordinators

Credit Suisse IBI Corporate Finance

Joint Bookrunners and Underwriters

Citi Credit Suisse Davy Deutsche Bank UBS

Joint Sponsors and Brokers

Davy UBS

Your attention is drawn in particular to the letter from the Governor of Bank of Ireland which is set out in Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus. You should read the whole of this Prospectus and any documents incorporated herein by reference (a list is set out in paragraph 21 (Documents incorporated by reference) of Part XVIII (Additional Information) of this Prospectus). Qualifying Stockholders and any other persons contemplating a purchase of Nil Paid Rights, Fully Paid Rights, Rights Issue Stock or Placing Stock should review the risk factors set out in Part II (Risk Factors) of this Prospectus for a discussion of certain factors that should be considered when deciding on what action to take in relation to the Rights Issue and the Institutional Placing and deciding whether or not to purchase Nil Paid Rights, Fully Paid Rights, Rights Issue Stock or Placing Stock.

The latest time and date for receipt of completed Provisional Allotment Letters and payment in full under the Rights Issue and settlement of relevant CREST instructions (as appropriate) is 11.00 a.m. (Irish time) on 8 June 2010. The procedure for application and payment is set out in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and, for Qualifying Non-CREST Stockholders only, will also be set out in the Provisional Allotment Letter.

The distribution of this Prospectus or any documents issued by Bank of Ireland in connection with the Rights Issue, the Placing and/or the transfer of and/or Admission of (as the case may be) the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Placing Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock into jurisdictions other than Ireland and the United Kingdom may be restricted by law and therefore persons into whose possession this Prospectus or any other documents issued by the Bank in connection with the Rights Issue, the Placing and/or the transfer of and/or Admission of (as the case may be) the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Placing Stock, the Ordinary Stock issued pursuant to the NPRFC Placing or the NPRFC Coupon Ordinary Stock comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this Prospectus or any other documents issued by the Bank in connection with the Rights Issue or the Placing and/or the transfer of and/or Admission of (as the case may be) the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Placing Stock, the Ordinary Stock issued pursuant to the NPRFC Placing or the NPRFC Coupon Ordinary Stock should not be distributed, forwarded to or transmitted in any Excluded Territories including the United States. The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, and/or the Rights Issue Stock are not transferable, except in accordance with, and the distribution of this Prospectus or any other documents issued by the Bank in connection with the Proposals is subject to, the restrictions set out in paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

All Overseas Stockholders and any person (including, without limitation, agents, custodians, nominees or trustees) who has a contractual or other legal obligation to forward this Prospectus or any documents issued by Bank of Ireland in connection with the Rights Issue or the Placing and/or the transfer of and/or Admission of (as the case may be) the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Placing Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock if and when received, to a jurisdiction outside Ireland and the United Kingdom should read paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

This Prospectus does not constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell, otherwise dispose of or issue, or any solicitation of any offer to sell, otherwise dispose of, issue, purchase, otherwise acquire or subscribe for, any security, in any jurisdiction in which such an offer, an invitation or a solicitation is unlawful.

This Prospectus has been drawn up in accordance with Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland, the Prospectus Regulations, and the EU Prospectus Regulations. This Prospectus has been approved by the Financial Regulator, as competent authority under the Prospectus Directive 2003/71/EC. The Financial Regulator only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive 2003/71/EC. Such approval relates only to Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock which are to be admitted to trading on the regulated market of the Irish Stock Exchange or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any EU member state of the European Economic Area. This Prospectus has been made available to the public in Ireland in accordance with Part 8 of the Prospectus Regulations by the same being made available, free of charge, in electronic form on the Bank's website www.bankofireland.com and in printed format until 14 June (being the date of Admission of the Rights Issue Stock) at the Bank's registered office and at the registered offices of the Underwriters, details of which are set out in Part VI (Directors, Group Secretary, Registered Office and Advisers) of this Prospectus. The Bank has requested that the Financial Regulator provides a certificate of approval and a copy of this Prospectus to the competent authority, for the purposes of the Prospectus Directive 2003/71/EC, in the United Kingdom.

The Ordinary Stock is listed on the Official Lists and is traded on the regulated markets for listed securities of the Irish Stock Exchange and the London Stock Exchange. Application will be made to the Irish Stock Exchange and the UK Listing Authority for up to a maximum of 19,753,818,545 units of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, and Ordinary Stock issued pursuant to the NPRFC Placing to be admitted to the Official Lists and application will be made to the Irish Stock Exchange and the London Stock Exchange for such Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing to be admitted to trading on their respective regulated markets for listed securities. It is expected that such admission will become effective in respect of and that dealings will commence in, the Placing Stock, the Rights Issue Stock, Nil Paid Rights and Ordinary Stock issued pursuant to the NPRFC Placing at 8.00 a.m. (Irish time) on 20 May 2010. Application has been made to the Irish Stock Exchange and the UK Listing Authority for the NPRFC Coupon Ordinary Stock to be admitted to the Official Lists and application has been made to the Irish Stock Exchange and the London Stock Exchange for the NPRFC Coupon Stock to be admitted to trading on their respective regulated markets for listed securities. It is expected that such admission will become effective in respect of, and that dealings will be capable of commencing in, the NPRFC Coupon Ordinary Stock at 8.00 a.m. (Irish time) on 27 April 2010.

Investors should only rely on the information contained in this Prospectus and the documents incorporated herein by reference. No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been so authorised. Subject to Irish Prospectus Law, the Prospectus Regulations, the Listing Rules, Market Abuse Regulations and the Transparency Regulations, neither the publication of this Prospectus nor any acquisition of any security made under it shall, in any circumstances, create any implication that there has been no change in the affairs of the Group since the date of this Prospectus or that the information in it and incorporated by reference herein is correct as of any subsequent date. The Bank will comply with its obligation to publish a supplementary prospectus containing further updated information required by law or by any regulatory authority but assumes no further obligation to publish additional information, subject to Irish Prospectus Law, the Prospectus Regulations, the Listing Rules, Market Abuse Regulations and the Transparency Regulations.

This Prospectus is intended for use in connection with offers and sales and/or admission to trading, as the case may be, of the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Rights Issue Stock, the Placing Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock outside the United States and any other Excluded Territory and must not be sent or given to any person within the United States or any other Excluded Territory. The Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, the Rights Issue Stock, the Placing Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock have not been and will not be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States, or any other Excluded Territory, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States or any other Excluded Territory, except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States or any other Excluded Territory. There will be no public offer in any Excluded Territory.

Bank of Ireland and the Directors whose names and positions are set out in Part VI (Directors, Group Secretary, Registered Office and Advisers) of this Prospectus, accept responsibility for the information contained in this Prospectus and to the best of the knowledge and belief of the Bank and the Directors (who have taken all reasonable care to ensure that such is the case), the

information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

None of the Minister for Finance, the Department of Finance, the Irish Government, the NTMA, the NPRFC or any person controlled by or controlling any such person, or any entity or agency of or related to the State, or any director, officer, official, employee or adviser of any such person (each such person, a **“Relevant Person”**) accepts any responsibility for the contents of, or makes any representation or warranty as to the accuracy, completeness or fairness of any information in, this Prospectus or any document referred to in this Prospectus or any supplement or amendment thereto (each a **“Transaction Document”**). Each Relevant Person expressly disclaims any liability whatsoever for any loss howsoever arising from, or in reliance upon, the whole or any part of the contents of any Transaction Document. No Relevant Person has authorised or will authorise the contents of any Transaction Document, or has recommended or endorsed the merits of the offering of securities or any other course of action contemplated by any Transaction Document.

Citigroup Global Markets U.K. Equity Limited (“Citi”) (which is authorised and regulated in the United Kingdom by the Financial Services Authority) is acting exclusively for the Bank as a Joint Bookrunner and Underwriter and no one else in relation to the Placing, the Rights Issue and Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not regard any other person (including the recipients of this Prospectus) as a client in relation to the Placing, the Rights Issue, or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not be responsible to anyone other than the Bank for providing the protections afforded to its customers or for providing advice in relation to the Placing, the Rights Issue, or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any other matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed by the Financial Regulator, the Financial Services Authority, or the FSMA, Citi makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Prospectus and accepts no responsibility for, and does not authorise, the contents of this Prospectus or its publication, including without limitation under section 41 of the Investment Funds, Companies and Miscellaneous Provisions Act, 2005 or Regulation 31 of the Prospectus Regulations, or any other statement made or purported to be made by the Bank or Citi, or on behalf of either of them, in connection with the Placing, the Rights Issue or the Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any of the other arrangements described in this Prospectus, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person in respect of this Prospectus or any other statement.

Credit Suisse Securities (Europe) Limited (which is authorised and regulated in the United Kingdom by the Financial Services Authority) is acting exclusively for the Bank as a Joint Bookrunner, Underwriter, joint financial adviser and Transaction Co-ordinator and no one else in relation to the Placing, the Rights Issue and Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not regard any other person (including the recipients of this Prospectus) as a client in relation to the Placing, the Rights Issue, or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not be responsible to anyone other than the Bank for providing the protections afforded to its customers or for providing advice in relation to the Placing, the Rights Issue, or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any other matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed by the Financial Regulator, the Financial Services Authority, or the FSMA, Credit Suisse Securities (Europe) Limited makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Prospectus and accepts no responsibility for, and does not authorise, the contents of this Prospectus or its publication, including without limitation under section 41 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 or Regulation 31 of the Prospectus Regulations, or any other statement made or purported to be made by the Bank or Credit Suisse Securities (Europe) Limited, or on behalf of either of them, in connection with the Placing, the Rights Issue or the Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock, or any of the other arrangements described in this Prospectus, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person in respect of this Prospectus or any other statement.

Davy (which is regulated in Ireland by the Financial Regulator) is acting exclusively for the Bank, as a Joint Bookrunner, Underwriter, Joint Sponsor and Broker and no one else in relation to the Placing, the Rights Issue and Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not regard any other person (including the recipients of this Prospectus) as a client in relation to the Placing, the Rights Issue or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not be responsible to anyone other than the Bank for providing the protections afforded to its customers or for providing advice in relation to the Placing, the Rights Issue or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any other matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed by the Financial Regulator, the Financial Services Authority, or the FSMA, Davy makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Prospectus and accepts no responsibility for, and does not authorise, the contents of this Prospectus or its publication, including without limitation under section 41 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, or Regulation 31 of the Prospectus Regulations or any

other statement made or purported to be made by the Bank or Davy, or on behalf of either of them, in connection with the Placing, the Rights Issue or the Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any of the other arrangements described in this Prospectus, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person in respect of this Prospectus or any other statement.

Deutsche Bank AG (which is authorised under German banking law (competent authority: BaFin — Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the Financial Services Authority) is acting exclusively for the Bank as a Joint Bookrunner and Underwriter and no one else in relation to the Placing, the Rights Issue and Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not regard any other person (including the recipients of this Prospectus) as a client in relation to the Placing, the Rights Issue or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not be responsible to anyone other than the Bank for providing the protections afforded to its customers or for providing advice in relation to the Placing, the Rights Issue or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any other matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed by the Financial Regulator, the Financial Services Authority or the FSMA, Deutsche Bank makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Prospectus and accepts no responsibility for, and does not authorise, the contents of this Prospectus or its publication, including without limitation under section 41 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 or Regulation 31 of the Prospectus Regulations, or any other statement made or purported to be made by the Bank or Deutsche Bank, or on behalf of either of them, in connection with the Placing, the Rights Issue or the Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock, or any of the other arrangements described in this Prospectus, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person in respect of this Prospectus or any other statement.

IBI Corporate Finance, a subsidiary of the Bank, (which is regulated in Ireland by the Financial Regulator) is acting exclusively for the Bank as a joint financial adviser and Transaction Co-ordinator and no one else in relation to the Placing, the Rights Issue and Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock, and will not regard any other person (including the recipients of this Prospectus) as a client in relation to the Placing, the Rights Issue or the Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not be responsible to anyone other than the Bank for providing the protections afforded to its customers or for providing advice in relation to the Placing, the Rights Issue or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any other matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed by the Financial Regulator, IBI Corporate Finance makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Prospectus and accepts no responsibility for, and does not authorise, the contents of this Prospectus or its publication, including without limitation under section 41 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, or Regulation 31 of the Prospectus Regulations or any other statement made or purported to be made by the Bank or IBI Corporate Finance, or on behalf of either of them, in connection with the Placing, the Rights Issue or the Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any of the other arrangements described in this Prospectus, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person in respect of this Prospectus or any other statement.

UBS Investment Bank (“UBS”) (which is authorised and regulated in the United Kingdom by the Financial Services Authority) is acting exclusively for the Bank as a Joint Bookrunner, Underwriter, Joint Sponsor and Broker and no one else in relation to the Placing, the Rights Issue and Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not regard any other person (including the recipients of this Prospectus) as a client in relation to the Placing, the Rights Issue or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock and will not be responsible to anyone other than the Bank for providing the protections afforded to its customers or for providing advice in relation to the Placing, the Rights Issue or Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any other matters referred to in this Prospectus. Apart from the responsibilities and liabilities, if any, which may be imposed by the Financial Regulator, the Financial Services Authority or the FSMA, UBS makes no representation, express or implied, with respect to the accuracy, verification or completeness of any information contained in this Prospectus and accepts no responsibility for and does not authorise, the contents of this Prospectus or its publication, including without limitation under section 41 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 or Regulation 31 of the Prospectus Regulations, or any other statement made or purported to be made by the Bank or UBS, or on behalf of either of them, in connection with the Placing, the Rights Issue or the Admission of the Placing Stock, the Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock or any of the other arrangements described in this Prospectus, and accordingly disclaims all and any liability whatsoever whether arising out of tort, contract or otherwise which it might otherwise have to any person in respect of this Prospectus or any other statement.

The Underwriters may, in accordance with applicable legal and regulatory provisions and subject to the Underwriting Agreement, engage in transactions in relation to the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or the units of Placing Stock, Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing or the NPRFC Coupon Ordinary Stock and/or related instruments for their own account for the purpose of hedging their underwriting exposure or otherwise. Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

During the distribution of Placing Stock, Rights Issue Stock and Ordinary Stock (including in the form of American Depositary Shares, or ADSs), certain affiliates of the Bank have engaged and intend to continue to engage in various dealing activities involving units of Ordinary Stock (including in the form of ADSs). Among other things, Bank affiliates (1) have purchased and sold and intend to continue to purchase and sell units of the Ordinary Stock and derivatives on the Ordinary Stock as part of their ordinary asset management activities; (2) have arranged and intend to continue to arrange agency lending transactions of units of Ordinary Stock and ADSs; (3) have marketed and sold and intend to continue to market and sell to customers funds, portfolios and accounts which include units of Ordinary Stock or ADSs; (4) have advised and intend to continue to advise customers to invest in funds, indices or baskets including the Ordinary Stock or ADSs; (5) have engaged and intend to continue to engage in transactions in units of the Ordinary Stock as trustees and/or personal representatives of trusts and estates; and (6) have marketed and sold and intend to continue to market and sell structured products referring to indices or baskets including the Ordinary Stock or ADSs. All of these activities have occurred and are expected to continue to occur in Ireland, the United Kingdom and elsewhere outside the United States.

None of the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or the units of Placing Stock, Rights Issue Stock, Ordinary Stock issued pursuant to the NPRFC Placing or the NPRFC Coupon Ordinary Stock issued in connection with the Proposals constitute “covered liabilities” or “eligible liabilities” for the purposes of the CIFS Guarantee Scheme or the ELG Scheme respectively.

Notice to EEA investors

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each a “Relevant Member State”) except for Ireland and the United Kingdom with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the “Relevant Implementation Date”), there may not have been made and may not be made an offer of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing or NPRFC Coupon Ordinary Stock to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing or NPRFC Coupon Ordinary Stock which has been approved by the Financial Regulator and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that there may, with effect from and including the Relevant Implementation Date, be made an offer of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing or NPRFC Coupon Ordinary Stock to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Placing Stock, Rights Issue Stock, Nil Paid Rights or Fully Paid Rights shall result in a requirement for the publication by the Bank of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of shares to the public” in relation to any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing or NPRFC Coupon Ordinary Stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and NPRFC Coupon Ordinary Stock to be offered so as to enable an investor to decide to purchase or subscribe Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing or NPRFC Coupon Ordinary Stock, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

The Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, the Provisional Allotment Letters, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock have not been registered under the US Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, vested, transferred or delivered in or into the United States except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction in the United States. There

will be no public offer of the Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, the Provisional Allotment Letters, Ordinary Stock issued pursuant to the NPRFC Placing or the NPRFC Coupon Ordinary Stock in the United States.

The Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, the Provisional Allotment Letters, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock have not been approved or disapproved by the SEC, any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, the Provisional Allotment Letters, Ordinary Stock issued pursuant to the NPRFC Placing or the NPRFC Coupon Ordinary Stock or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, the Provisional Allotment Letters, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock offered outside the United States are being offered in reliance on Regulation S under the US Securities Act. In addition, until 40 days after the commencement of the Rights Issue and Placing, an offer, sale or transfer of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, the Provisional Allotment Letters, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock within the United States by a dealer (whether or not participating in the Rights Issue and Placing) may violate the registration requirements of the US Securities Act.

SUBJECT TO CERTAIN EXCEPTIONS, THE RIGHTS ISSUE, NPRFC PLACING AND INSTITUTIONAL PLACING DESCRIBED IN THIS PROSPECTUS ARE NOT BEING MADE TO STOCKHOLDERS OR INVESTORS IN THE UNITED STATES OR ANY OTHER EXCLUDED TERRITORY AND NO DOCUMENTS ISSUED BY BANK OF IRELAND IN CONNECTION WITH THE RIGHTS ISSUE AND INSTITUTIONAL PLACING IS OR CONSTITUTES AN INVITATION OR OFFER OF SECURITIES FOR SUBSCRIPTION, SALE OR PURCHASE TO ANY PERSON WITH A REGISTERED ADDRESS, OR WHO IS RESIDENT OR LOCATED, IN THE UNITED STATES OR ANY OTHER EXCLUDED TERRITORY.

This Prospectus is dated 26 April 2010

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PART I

SUMMARY

THIS SUMMARY SHOULD BE READ AS AN INTRODUCTION TO THE PROSPECTUS. ANY DECISION TO INVEST IN THE ORDINARY STOCK SHOULD BE BASED ON CONSIDERATION BY THE INVESTOR OF THE PROSPECTUS AS A WHOLE, INCLUDING IN PARTICULAR THE RISK FACTORS.

Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff might, under the national legislation of EEA member states, have to bear the cost of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons responsible under law for the contents of this Prospectus but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus.

1. Introduction

Today, Bank of Ireland announced the Proposals to take significant steps to strengthen further its balance sheet following key developments in recent weeks. Under the Proposals, the Bank will, subject to Stockholder approval, increase Equity Tier 1 Capital by a minimum of €2.8 billion (after expenses and the Warrant Cancellation) by way of the Institutional Placing, the NPRFC Placing, the Rights Issue (including the NPRFC Rights Issue Undertaking) and the Debt for Equity Offers. The proceeds of the Institutional Placing and the Rights Issue, with the exception of the amount covered by the NPRFC Rights Issue Undertaking, will be underwritten pursuant to the Underwriting Agreement. In addition, as part of the Proposals, the Warrants held by the NPRFC will be cancelled in return for the payment of €491 million by the Bank to the NPRFC, and the non-cumulative dividend on the NPRFC's remaining 2009 Preference Stock will be increased.

The Directors believe that the Group has made significant progress in recent weeks to clarify its investment case. This has been achieved through (i) the Group's transfer of €1.9 billion of assets, and confirmation of its expected transfer of €10.5 billion of additional assets (including accrued interest and related derivatives) before the end of 2010, to NAMA, (ii) internal as well as independent confirmation of the outlook for impairment charges on the Group's non-NAMA bound loans and advances to customers, (iii) greater clarity on the EU Restructuring Plan, (iv) the Financial Regulator's assessment of the Group's capital requirements and (v) completion of a review of the Group's defined benefit pension schemes.

2. Background to the Proposals

Government and Regulatory Initiatives

As a result of the global economic downturn and financial crisis that continued during the latter part of 2008 and the early part of 2009 and the relatively more severe economic conditions in Ireland during that time and thereafter, a number of measures were implemented by the Irish Government in order to enhance the availability of liquidity and improve access to funding for the Group and other systemically important financial institutions in Ireland. These measures included (i) the CIFS Guarantee Scheme, which was introduced in September 2008 and guarantees certain liabilities of covered institutions, including the Group, until 29 September 2010; (ii) an investment in the Bank by the NPRFC on 31 March 2009 of €3.5 billion in the form of the 2009 Preference Stock and the Warrants; (iii) the ELG Scheme, introduced on 9 December 2009 which guarantees for a maturity period of up to five years certain debt securities issued and deposits received during an Issuance Window (which is currently scheduled to expire on 29 September 2010); and (iv) the establishment of NAMA on 21 December 2009, which is acquiring land and development loans and certain associated loans from Participating Institutions, including the Bank.

On 30 March 2010, the Financial Regulator published the results of its review of the capital requirements of certain institutions in the Irish banking sector, including the Group, which have to be met by 31 December 2010. New capital levels were set as a long term solution to help ensure that Irish banks move to a strong capital position to speed up their recovery and that of the Irish economy.

The Group has been involved in detailed negotiations, through the Department of Finance, with the European Commission in relation to the terms of the EU Restructuring Plan in the context of a review resulting from the State aid which has been received by the Group.

Recent Economic Environment in Ireland and the UK

The Directors believe that the economic environments in the Group's key operating geographies (being Ireland and the UK) have recently shown signs of stabilisation after the substantial fall in economic output from early in 2008.

3. The Proposals

The Group expects to increase Equity Tier 1 Capital by not less than €2.8 billion (after expenses and the Warrant Cancellation) through the implementation of the Institutional Placing, the NPRFC Placing, the Rights Issue (including the NPRFC Rights Issue Undertaking), and the Debt for Equity Offers, as further described below. The purpose of the Proposals is to raise Equity Tier 1 Capital and as such any net cash proceeds will be used in the day-to-day operations of the Bank and also a portion of the proceeds will be used to meet the requirements of the Debt for Equity Offers and the Warrant Cancellation. Over the medium term, and subject to regulatory approval, the Directors may seek to apply a portion of the proceeds to redeem some, or all, of the outstanding 2009 Preference Stock provided they are satisfied that the Group can maintain appropriate capital ratios and they deem such action to be in Stockholders' interests as a whole. The Proposals are subject to Stockholder approval and consist of:

- *Placing:* The Institutional Placing and NPRFC Placing will raise €1,536 million in Equity Tier 1 Capital (gross of expenses).

Institutional Placing: The Institutional Placing will be underwritten pursuant to the Underwriting Agreement, subject to conditions, including Admission of the Placing Stock and the approval of the Resolutions at the EGC. The Underwriters have agreed to use their reasonable endeavours to procure Placees for an aggregate of 326,797,386 units of Placing Stock at a price of €1.53 per unit of Placing Stock issued in the Institutional Placing and expect to conclude arrangements to conditionally place the Placing Stock with institutional investors today. The price at which the Placing Stock will be issued to Placees represents a 15.0% discount to the Closing Price of €1.80 of the Existing Stock on 23 April 2010. This price has been determined following a Book Building Process involving both existing and potential new institutional investors.

NPRFC Placing: Pursuant to the NPRFC Placing, the NPRFC has agreed to subscribe for 575,555,556 units of Ordinary Stock at a price of €1.80 per unit of Ordinary Stock. The consideration for the NPRFC's subscription will be the conversion of 1,036,000,000 units of 2009 Preference Stock (at their subscription price of €1.00 per unit of 2009 Preference Stock) to units of Ordinary Stock. The NPRFC Placing will be conditional upon the commencement of dealings in the Nil Paid Rights and Fully Paid Rights pursuant to the Rights Issue. Further detail is included in paragraph 4 (Government) of this Summary and paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus.

- *Rights Issue:* The Rights Issue will raise up to €1,885 million gross in Equity Tier 1 Capital (a portion of the cash proceeds of which will be due directly to noteholders electing to receive Ordinary Stock to be allotted in the Rights Issue on their behalf pursuant to the Debt for Equity Offers).

The Rights Issue (other than the NPRFC Rights Issue Undertaking) will be underwritten pursuant to the Underwriting Agreement, subject to conditions, including Admission of the Rights Issue Stock (nil paid) and the approval of the Resolutions at the EGC. The Rights Issue size and Rights Issue Price at which Qualifying Stockholders will be invited to subscribe for Rights Issue Stock will be determined by the Bank and the Joint Bookrunners in advance of the EGC. The Rights Issue Price will be equal to the higher of (i) €0.10 per unit of Rights Issue Stock, and (ii) a price per unit of Rights Issue Stock which is within the range of 38% to 42% discount to the TERP. Further information as to how Qualified Stockholders can participate in the Rights Issue is set out in Part VIII (Questions and Answers about the Placing and the Rights Issue) of this Prospectus. The Placing Stock issued pursuant to the Institutional Placing and the Ordinary Stock issued as a result of the NPRFC Placing will be eligible for participation in the Rights Issue.

NPRFC Rights Issue Undertaking. Pursuant to the NPRFC Rights Issue Undertaking, the NPRFC has agreed, subject to certain terms and conditions, to take up its entitlement of up to €685 million of Rights Issue Stock in the Rights Issue in respect of its holding of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock issued as a result of the NPRFC Placing (but excluding its other investment holdings in the Group). Subject to the passing of the Resolutions and the Rights Issue proceeding, the consideration for the take up of its Rights in respect of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock as a result of the NPRFC Placing will be the conversion of units of 2009 Preference Stock at their subscription price of €1.00 each to Ordinary Stock at the Rights Issue Price. Further detail is included in paragraph 4 (Government) of this Summary and paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus.

- *Debt for Equity Offers:* Under the Debt for Equity Offers, holders of certain of the Group's Tier 1 Securities and Upper Tier 2 Securities with an aggregate nominal value of approximately €1.49 billion will be given the opportunity to exchange these securities for (a) Allotment Instruments (which will automatically convert into Conversion Ordinary Stock on the Conversion Date); or (b) through a settlement procedure more fully described in paragraph 5 (Debt for Equity Offers) of the Appendix to Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus, cash proceeds from the allotment of Ordinary Stock in the Rights Issue on behalf of such holders; or (c) a combination thereof. The tender prices will represent a discount of up to 42.0% to the nominal value of the existing Tier 1 Securities and Upper Tier 2 Securities exchanged by these security holders. The increase in Equity Tier 1 Capital resulting from the combination of the Rights Issue and the Debt for Equity Offers will be no less than €1,885 million. A capital gain, which will increase the Group's Equity Tier 1 Capital, will be generated by the difference between the nominal value of the Tier 1 Securities and Upper Tier 2 Securities exchanged and the value of the consideration paid. The actual size of the Rights Issue (including the NPRFC Rights Issue Undertaking) will be reduced by the capital gain generated by the Debt for Equity Offers, prior to the Early US Debt for Equity Offers Expiration Date up to a maximum amount of €100 million, and the aggregate principal amount of Allotment Instruments to be issued to electing noteholders in the Debt for Equity Offers of up to €200 million.
- *Warrant Cancellation:* The Warrants held by the NPRFC will, simultaneous with the NPRFC Placing, be cancelled in return for the payment of €491 million in cash by the Bank to the NPRFC.

4. Government

Government Transaction

Through the NPRFC Investment, the NPRFC Placing, assuming it is implemented, NAMA and the participation in the Government Guarantee Schemes, the Bank has a multifaceted and important relationship with the Government and certain associated entities, in particular the Department of Finance, the NPRFC and NAMA. In particular, as at 23 April 2010, the Irish Government, through the NPRFC, held 15.73% of the Bank's Existing Stock. In addition, as at the date of this Prospectus, the NPRFC holds the Warrants to subscribe for additional Ordinary Stock. The Proposals include the implementation of the Government Transaction, which includes the NPRFC Placing, the NPRFC Rights Issue Undertaking, the Warrant Cancellation, the amendment of the dividend and voting rights attaching to the NPRFC's 2009 Preference Stock, and a number of commitments to promote the availability of credit and the development of the Irish economy.

NPRFC Placing

Pursuant to the NPRFC Placing, the NPRFC has agreed to subscribe for 575,555,556 units of Ordinary Stock at a price of €1.80 per unit. This will be effected by way of the conversion of 1,036,000,000 units of 2009 Preference Stock (at their subscription price of €1.00 per unit of 2009 Preference Stock) to units of Ordinary Stock. In consideration for the NPRFC Placing, the Bank has agreed to pay to the NPRFC a fee equal to 1% of the subscription price for all units of 2009 Preference Stock converted pursuant to the NPRFC Placing (the NPRFC Placing Fee). In addition the Bank will pay a Transaction Fee of €22 million at the closing of the NPRFC Placing. The NPRFC Placing will be conditional upon the commencement of dealings in the Nil Paid Rights and Fully Paid Rights pursuant to the Rights Issue.

NPRFC Rights Issue Undertaking

Pursuant to the NPRFC Rights Issue Undertaking, the NPRFC has agreed, subject to certain terms and conditions, to fully take up its entitlement of Rights Issue Stock, by virtue of its holding of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock as a result of the NPRFC Placing.

Subject to the passing of the Resolutions and the Rights Issue proceeding, this will be effected by way of the conversion of such number of units of the 2009 Preference Stock held by the NPRFC to units of Ordinary Stock, based on the subscription price of the 2009 Preference Stock of €1.00 each, as would be equal to the cash amount which the NPRFC would be obliged to pay to the Bank in the event it was to pay cash to take up its full entitlement under the Rights Issue.

Conditional upon the NPRFC Placing and completion of the matters contemplated by the NPRFC Rights Issue Undertaking, and in consideration for the NPRFC Rights Issue Undertaking, the Bank has also agreed to pay to the NPRFC the NPRFC Commitment Commission, which will be calculated on the same basis as the commission being paid to the Underwriters in respect of their participation in the underwriting of the Rights Issue.

Warrant Cancellation

In addition, the Warrants held by the NPRFC to subscribe for 334,737,148 units of Ordinary Stock will be cancelled in return for payment of €491 million in cash by the Bank to the NPRFC. As such, if the Proposals are approved and implemented, the NPRFC will cease to hold the Warrants and the subscription rights pursuant to the Warrants.

Amendment of the NPRFC's dividend and voting rights

As part of the Government Transaction and in connection with the NPRFC Placing and the NPRFC Rights Issue Undertaking, and conditional on the passing of the Resolutions, the rights attaching to the 2009 Preference Stock will be amended to increase the non-cumulative dividend to a fixed rate of 10.25% (from 8% currently) of the issue price per annum, payable annually in arrears at the discretion of the Bank. This reflects the agreement reached by the Bank and the NPRFC in respect of the Government Transaction overall.

In addition, if the Government Transaction is implemented, certain characteristics and restrictions of the NPRFC's voting rights attaching to the 2009 Preference Stock and any Ordinary Stock issued in lieu of cash dividends (including the NPRFC Coupon Ordinary Stock) or issued upon the exercise of the Warrants will be modified.

Other Commitments Pursuant to the Government Transaction Agreement

Under the Government Transaction Agreement, the Bank has committed to promote the availability of credit and the development of the Irish economy. Specifically, the Bank is committed to use all reasonable endeavours to meet a lending target of €3 billion per annum for new or increased credit facilities to SMEs in Ireland in each of the twelve month periods commencing on 1 April 2010 and 1 April 2011. The Bank will produce an SME lending plan to the Minister for Finance, both by geography and sector, for each of these twelve month periods to demonstrate the manner in which it intends to meet this target. In addition, the Bank has agreed to use all reasonable endeavours to provide €20 million for seed capital to Enterprise Ireland supported ventures and €100 million for environmental, clean energy and innovation projects. The Group is also required to work with Enterprise Ireland and the Irish Bankers Federation to develop sectoral expertise in the modern growth sectors of the Irish economy and to work with Enterprise Ireland to develop a range of banking services to meet the needs of Irish SMEs trading internationally. The Bank has also undertaken to take a number of steps to develop new credit products in areas where cashflow, rather than property or assets, is relied on as the basis for business lending. These various commitments described above are in addition to those previously given by the Bank in connection with the NPRFC Investment and pursuant to the terms of the Subscription Agreement.

Government Stockholding

If the Government Transaction is implemented as outlined above, the NPRFC will increase its holding of Ordinary Stock, but will have its Warrants cancelled and its holding of 2009 Preference Stock reduced. This would result in the NPRFC holding up to a maximum of 36% of the enlarged capital stock following the implementation of the Proposals (with the NPRFC subscribing fully for its rights in relation to the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing), assuming that in addition it fully takes up its Rights in respect of the units of its other Existing Stock (i.e. the Ordinary Stock held pursuant to its other investment activities in addition to the NPRFC Coupon Ordinary Stock) with no right to purchase additional Ordinary Stock pursuant to the Warrants. The implementation of the Proposals would also result in the NPRFC's holding of 2009 Preference Stock falling from the 3,500 million units held at the date of this Prospectus to a minimum of 1,779 million units and a maximum of 1,888 million units.

NAMA

At the Extraordinary General Court of Bank of Ireland on 12 January 2010, Ordinary Stockholders voted in favour of Bank of Ireland's application to participate in NAMA and in February 2010, the Minister for Finance confirmed the Group's designation as a Participating Institution. Performing and non-performing land and development loans, together with associated loans (primarily investment property loans), are being acquired by NAMA on a phased basis which started on 2 April 2010, with the largest systemic exposures to the Irish banking system having been acquired first.

The Group expects to transfer to NAMA loans of approximately €12.2 billion, before impairment provisions, together with accrued interest and related derivatives. At 31 December 2009, the profile of the loans is shown in the following table:

	<u>Republic of Ireland</u>	<u>UK & Rest of World</u>	<u>Total</u>
	€ billion	€ billion	€ billion
Land	3.1	1.0	4.1
Development	2.3	2.1	4.4
Associated (mainly investment property)	<u>2.3</u>	<u>1.4</u>	<u>3.7</u>
Total	<u>7.7</u>	<u>4.5</u>	<u>12.2</u>

The loans that are now expected to transfer to NAMA of approximately €12.2 billion, had impairment provisions of €2.8 billion at 31 December 2009 which together with accrued interest and related derivatives of €0.2 billion will give rise to an expected net transfer of €9.6 billion of Bank of Ireland Eligible Bank Assets to NAMA.

On 2 April 2010, the Group transferred to NAMA the Tranche 1 NAMA Assets of €1.9 billion (before impairment provisions), comprising €0.9 billion of land and development loans and €1.0 billion of associated loans, for aggregate consideration of €1.2 billion in Government guaranteed bonds and non-guaranteed subordinated bonds.

Applying the level of discount (approximately 36%) on the disposal of the Tranche 1 NAMA Assets to the portfolio of €12.2 billion of loans would result in a loss of €4.4 billion (before impairment provisions of €2.8 billion at 31 December 2009). At the Extraordinary General Court of 12 January 2010, the Group provided guidance that “we believe that the discount to book value that we will receive in payment for these loans by NAMA should not be greater than €4.8 billion — representing a 30% discount on the Minister’s estimate of €16 billion total loan book value of loans to be transferred”.

While the quantum of loans expected to transfer, the mix of those loans and the discount expected on those loans has changed since the Extraordinary General Court on 12 January 2010, the Group believes that the aggregate euro value of the discount of €4.4 billion on the total portfolio of Bank of Ireland Eligible Bank Assets will be within the guidance provided of €4.4 billion at the Extraordinary General Court of the Bank on 12 January 2010.

However, it should be noted that the Group is currently unable to accurately quantify the ultimate expected loss on the transfer of all the Bank of Ireland Eligible Bank Assets to NAMA. The limited number and nature of the loans involved in the first tranche mean that it may not be a representative sample of the total portfolio of assets held for sale to NAMA and consequently the loss on sale is not necessarily indicative of the loss that is expected to arise on the entire portfolio of Bank of Ireland Eligible Bank Assets that will ultimately transfer. Therefore, significant uncertainties remain as to the final discount which will be applicable to Bank of Ireland.

In consideration of the transfer of Bank of Ireland Eligible Bank Assets to NAMA, the Group receives a combination of Government guaranteed bonds, to be issued by NAMA and guaranteed by the Minister for Finance (not less than 95% of the consideration), and non-guaranteed subordinated bonds (not more than 5% of the consideration). The Government guaranteed bonds are designed 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 and the Group expects to be able to exchange such marketable instruments for cash at minimal cost.

5. Rationale and Key Benefits of the Proposals

Rationale

The Directors believe that given the completion of the transfer of the Tranche 1 NAMA Assets, the re-affirmation of the non-NAMA bound loans impairment guidance, the increased clarity on the EU Restructuring Plan, the clarity from the Financial Regulator of its requirements for additional Equity Tier 1 Capital in the Group, the completion by the Group of a review of its defined benefit pension schemes and the stabilising economic outlook in its core Irish market and the UK, where there is some evidence that economic recovery is already underway, the Group is now in a position to take significant steps to strengthen further its capital base through the initiatives more fully described in paragraph 3 (The Proposals) of this Summary.

The Group’s key business priorities are to (i) support its customers; (ii) maintain a strong capital position; (iii) fund its balance sheet effectively; (iv) manage its credit risks; (v) rigorously manage its costs; and (vi) return to profitability and achieve profitable growth.

The Directors believe that the Group has the appropriate strategy to rebuild and grow the Group as its core markets in Ireland and the UK recover and, consequently, deliver value for Stockholders.

Key Benefits of the Proposals

The Directors believe the Proposals are beneficial to the Group because they:

- will increase Equity Tier 1 Capital by not less than €2.8 billion, net of expenses and the Warrant Cancellation, which, if the Proposals had been implemented as at 31 December 2009, would have resulted in a pro forma Equity Tier 1 Capital Ratio of 8.0%, Core Tier 1 Capital Ratio of 10.1%, a Tier 1 Capital Ratio of 10.5% and Total Capital Ratio of 13.5% for the Group under Basel II, based on the assumptions and adjustments set out in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus, as compared with a reported Equity Tier 1 Capital Ratio of 5.3%, Core Tier 1 Capital Ratio of 8.9%, a Tier 1 Capital Ratio of 9.8% and Total Capital Ratio of 13.4% for the Group at 31 December 2009;
- will strengthen the Group's capital position, to provide wholesale funding markets and depositors with increased confidence in the Group and support a prudent disengagement from the Government Guarantee Schemes as market conditions allow, which should enable the Group to achieve its strategic growth objectives in its core business portfolios;
- should reduce Existing Stockholder dilution by including a rights issue as a significant part of the capital raising proposition rather than relying solely on a non pre-emptive placing that would not be available to Existing Stockholders; and
- have been selected to limit Government ownership of the Ordinary Stock — the net proceeds of the Institutional Placing and the Rights Issue (excluding the NPRFC Rights Issue Undertaking) are underwritten by a syndicate of underwriters, thus ensuring that the maximum Government ownership of Ordinary Stock arising from the implementation of the Proposals will not be higher than 36%; and the Proposals additionally include the cancellation of the NPRFC's Warrants, which will reduce the potential for the NPRFC to increase its stockholding in the Bank further following implementation of the Proposals.

In addition, by strengthening the Group's capital position, the Proposals will enable the Group to continue to play an important role in supporting the recovery of the Irish economy through the continued provision of credit.

Financial Targets

The implementation of the Proposals will place the Group in a significantly strengthened capital position, which the Group expects will facilitate the delivery of sustainable growth and over time build value for Ordinary Stockholders.

In recent periods, the Group has experienced net interest margin attrition primarily as a result of the low interest rate environment, higher cost of wholesale funding and competition on deposit pricing. This trend is expected to continue in the short term as the Group increases its quantum of term funding in pursuit of its strategy to prudently disengage from the Government Guarantee Schemes. **Margin expansion** is a key management priority. The expected continuation of recent strong lending margins on new business, increased demand for lending as economic growth returns, anticipated increases in base interest rates and the lower wholesale funding costs expected in the future, are all expected to be positive for the Group's net interest margin over time. In addition, by actively re-pricing the existing loan book, by maximising the margin from non-core portfolios and by re-pricing deposits, the Group is targeting a net interest margin in excess of 175 basis points in the year ending 31 December 2013.

Since March 2008, the Group has demonstrated the scalable nature of its **cost base** as it refocused on its core portfolios. The Group will continue to maintain its rigorous approach to cost management and is implementing a range of initiatives to further reduce costs. These initiatives, together with the expected margin expansion referred to above, are expected to lower the Group's cost income ratio to below 50% in the year ending 31 December 2013.

The Group has enhanced its approach to **credit management** and is rigorously managing all of its credit risks. It is expected that the impairment charge on non-NAMA bound loans peaked in 2009 and is expected to reduce progressively in 2010, 2011 and 2012.

The Proposals are expected to fully address, for the 3 year period to 2012, the Group's **capital requirements** as set out by the Financial Regulator in the Prudential Capital Assessment Review on 30 March 2010. The Proposals will strengthen the Group's capital position and are expected to enable it to maintain an Equity Tier 1 Capital Ratio in excess of 7%, under Basel II.

Funding — the Group is reverting to a more traditional banking model where it will substantially fund its core loan portfolios through customer deposits. The Group will leverage the potential of its extensive retail distribution platforms both in the Republic of Ireland through its branch network and internationally through its joint venture with the UK Post Office, its Business and Corporate Banking relationship management teams and its network of

treasury offices in Dublin, the UK and the US to attract deposits to fund asset growth. This more sustainable funding strategy together with the initiatives to de-lever the Group's balance sheet are expected to reduce the Group's loan to deposit ratio to below 125% in the year ending 31 December 2013.

The achievement of the above financial targets should allow the Group to deliver a **return on equity** in the low teens to mid teens percent in the year ending 31 December 2013.

6. State aid and EU Restructuring Plan

As previously announced, the NPRFC Investment, the Government Transaction and the Group's participation in NAMA are the subject of an ongoing review by the European Commission under EU State aid rules. As part of this review under State aid rules a restructuring plan was prepared by the Group and submitted by the Department of Finance to the European Commission on 30 September 2009. Any such plan is required to contain measures to address an appropriate level of burden-sharing by the Group and its Stockholders and noteholders and to limit any competition distortion resulting from any State aid received by the Group, as well as an assessment of the long-term viability of the Group.

The European Commission will require the Group to effect certain structural and behavioural measures. Accordingly, over the last number of months, the Group and the Department of Finance have been involved in detailed negotiations with the European Commission in relation to the terms of the EU Restructuring Plan.

The Group expects that the decision regarding the approval of the proposed measures, including the final binding terms of the EU Restructuring Plan, will be taken by the European Commission, by mid-2010. Therefore, at the date of this Prospectus, there can be no certainty as to the outcome of the State aid proceedings and the content of the final EU Restructuring Plan. The Group expects, however, based on the current status of its negotiations through the Department of Finance with the European Commission that the final EU Restructuring Plan is likely to consist of the key elements set out below.

Business Disposals

The Group will commit to dispose of certain businesses, namely: (i) New Ireland Assurance Company plc, a manufacturer of pension, life assurance and related products for individuals and SMEs with approximately 19% share of new business in Ireland; (ii) Bank of Ireland Asset Management Limited, an investment management business headquartered in Dublin with approximately €25 billion assets under management at 31 December 2009; (iii) ICS Building Society, an Irish intermediary-sourced mortgage business with mortgage loans of approximately €7 billion (of which the Group will commit to sell a minimum of €2 billion) and deposits of approximately €4 billion outstanding at 31 December 2009; (iv) Foreign Currency Exchange Corporation, the Group's US foreign exchange business; and (v) its stakes in Paul Capital Top Tier Investments LLC and the Irish Credit Bureau Limited.

Historical financial impact on the Group — business disposals

The assets and liabilities, and the associated income and expenses, of the businesses to be divested cannot be determined with precision until nearer the date of sale. However, the Group estimates that, as at 31 December 2009, the businesses to be divested comprised approximately €7 billion of lending and approximately €4 billion of deposits and, on this basis, approximately €0.9 billion of Risk Weighted Assets. For the nine month period ended 31 December 2009, the Group estimates that the businesses to be divested generated underlying¹ total income of approximately €200 million, generated underlying operating profit (before impairment charges) of approximately €90 million, and contributed approximately €40 million of underlying profit before tax to the Group.

Loan portfolios wind-down/sale

- The Group continues to wind down its UK intermediary sourced mortgage portfolio and also certain discontinued international corporate lending portfolios (comprising approximately 25% of customer lending at 31 December 2009). The Group will also attempt to accelerate the wind-down of these portfolios by way of sale, but will not have an obligation to sell either portfolio at less than book value.
- If the Group has not wound down or sold its UK intermediary mortgage book to below an agreed level, it will commit to meet the following target from 31 December 2013:

$$\frac{\text{Group Customer Loans}}{\text{Group Customer Deposits plus Wholesale Funding} > 1 \text{ year}} \leq 100\%$$

¹ Underlying excludes the gross-up for policyholder tax in New Ireland which amounted to a gain of approximately €60 million in the nine months ended 31 December 2009.

Historical financial impact on the Group — wind-down assets

The Group estimates that, as of 31 December 2009, the loan portfolios to be wound down comprised approximately €34 billion of lending and approximately €6 billion of Risk Weighted Assets. For the nine month period ended 31 December 2009, the Group estimates that the loan portfolios to be wound down generated total income of approximately €190 million, generated operating profit (before impairment charges) of approximately €145 million, and contributed approximately €60 million of profit before tax to the Group.

Behavioural Commitments

Certain behavioural commitments, including:

- The Group will make available a service package to other banks and financial institutions comprising a range of clearing and related operational services on a cost recovery basis;
- The Group will also facilitate customer mobility by undertaking certain direct mailings of qualifying third party financial product offerings to the Group's customer base;
- A commitment from the Group not to make discretionary payments of coupons or to exercise voluntary call options on hybrid capital securities from 1 February 2010 to 31 January 2011;
- A commitment from the Bank not to pay dividends on Ordinary Stock until the earlier of (i) 30 September 2012; or (ii) such time as the 2009 Preference Stock is redeemed or no longer owned by the State through the NPRFC or otherwise; and
- A commitment from the Bank not to make any material acquisitions.

Implementation

These measures will be required to be implemented over various time frames between now and December 2014. The implementation of the final EU Restructuring Plan may also require various approvals which may include approvals from financial regulators, Stockholders pursuant to the Listing Rules or other approvals required under competition law.

Conclusion

The Directors believe that the anticipated final EU Restructuring Plan as described above is sufficient to obtain approval from the European Commission for all State aid the Group has received including as a result of (i) the NPRFC Investment; (ii) the Group's participation in NAMA; and (iii) the extent that the Government Transaction might constitute State aid. On the basis of the impact indicated by the historical financial information set out above the Directors do not expect that an EU Restructuring Plan as described above, would be materially detrimental to the long term interests of the Group.

7. Re-affirmation of non-NAMA related loan impairment estimates

As announced on 31 March 2010, the Group has conducted an extensive internal review of its impairment charge estimates on its non-NAMA bound loans and advances to customers. The outcome of this review is to re-affirm the Group's previous impairment charge guidance of €4.7 billion on the non-NAMA bound loan portfolio for the three years ending 31 March 2011.

In parallel with this review, the Group has engaged Oliver Wyman, a leading international management consulting firm, to independently review and challenge the Group's impairment charge estimates on its non-NAMA bound loans. Oliver Wyman has confirmed to the Group that, on the basis of the work it has performed and subject to limitations and qualifications set out in the Oliver Wyman report, it believes the Group's non-NAMA impairment charge estimates to be reasonable.

8. Pensions

The Group operates a number of defined benefit and defined contribution pension schemes in Ireland and overseas, with total scheme membership at approximately 29,000. As at 31 December 2009, the pension schemes had an IAS 19 deficit of €1.63 billion, and, in January 2010, the Group launched a pensions review programme to address the deficit in its defined benefit schemes. The main objectives of the review were (i) to achieve a significant immediate reduction in the IAS 19 deficit; and (ii) to reduce the cost and risk associated with pension provision going forward.

The Group has had very significant engagement with staff representative bodies and the relevant trustee boards, and has undertaken a communications programme with current employees and the other members of the pension schemes. Extensive discussions have taken place in order to address the deficit through a shared solution, comprising a combination of benefit restructuring and additional employer contributions over a period of time.

Through this process and following a recommendation by an independent third party chairman, the Bank, the main bank union (IBOA) and the trustee board of the Bank of Ireland Staff Pensions Fund (BSPF) (which accounts for approximately 85% of the total deficit across all the schemes) have reached an agreement in principle in relation to the BSPF scheme. Where appropriate, similar changes will be proposed for other schemes, and discussions with other relevant trustee boards have commenced. Based on these discussions, the agreement in principle and other member feedback, the Directors are confident of achieving a significant upfront reduction in the pension deficit in the coming months.

Full implementation of the amendments to the Group's pension schemes would eliminate approximately 50% of the 31 December 2009 IAS 19 deficit. If such amendments are implemented, the Bank will increase its cash contributions, above existing cash contributions, to the schemes so as to eliminate the approximately 50% remaining of the 31 December 2009 IAS 19 deficit over approximately 6 years.

9. Current trading, trends and prospects

Selected Financial Information¹

For the nine month financial period ended 31 December 2009, the Group had total operating income, net of insurance claims, of €3.60 billion (compared with €3.96 billion and €4.24 billion, respectively, for the financial years ended 31 March 2009 and 31 March 2008) and loss after tax of €1.47 billion (compared with profit after tax of €18 million² and €1.70 billion, respectively, for the financial years ended 31 March 2009 and 31 March 2008).

As at 31 December 2009, the Group had total assets of €181 billion (compared with €194 billion and €197 billion, respectively, as at 31 March 2009 and 31 March 2008) and shareholders' equity of €6 billion (compared with €7 billion and €7 billion, respectively, as at 31 March 2009 and 31 March 2008).

As at 31 December 2009, the Group had an Equity Tier 1 Capital Ratio of 5.3% (compared with 6.2% as at 31 March 2009), a Core Tier 1 Capital Ratio of 8.9% (compared with 9.5% as at 31 March 2009), a Tier 1 Capital Ratio of 9.8% (compared with 12% as at 31 March 2009) and a Total Capital Ratio of 13.4% (compared with 15.2% as at 31 March 2009). The capital ratios as at 31 December 2009 and 31 March 2009 have been calculated under Basel II.

As at 31 March 2008, the Group had an Equity Tier 1 Capital Ratio of 5.6%, a Core Tier 1 Capital Ratio of 5.7%, a Tier 1 Capital Ratio of 8.1% and a Total Capital Ratio of 11.1%.

Trading Update

Trading conditions in the Group's core markets in Ireland and the UK in the 2010 financial year remained challenging though economic conditions have recently shown some signs of stabilisation after the substantial fall in economic output from early in 2008.

Net interest income is being impacted by a number of factors:

- the low interest rate environment together with the impact of continuing competition on deposit pricing, placing pressure on deposit margins;
- the higher cost of wholesale funding as the Group continues to increase the quantum of term funding (wholesale funding with a maturity of one year or greater) in pursuit of the Group's strategy to disengage in a prudent manner from the Government Guarantee Schemes; and
- while lending margins on new business remain strong, low levels of new business activity mutes the impact of this.

As a result, the Group continues to anticipate some downward pressure on net interest margin in 2010. Ongoing strong cost discipline across the Group and the benefits of business disposals and other initiatives implemented in the prior financial year continue to deliver cost savings as anticipated. The challenging economic conditions, unemployment and weak consumer sentiment continue to impact the loan impairment charge as expected. The Directors continue to believe that loan losses on non-NAMA bound loan portfolios have peaked with the

¹ This data has been extracted without material adjustment from the December 2009 Annual Report, the 2009 Annual Report and the 2008 Annual Report.

² This figure has been restated to reflect the impact of the adoption of "Amendments to IFRS 2 — Shares-based Payment Vesting Conditions and Cancellations"

impairment charge progressively reducing as previously guided. Expected loan losses on these portfolios for the three year period to 31 March 2011 remain within the loan loss guidance of €4.7 billion.

The quantum of customer lending, including loans held for sale to NAMA, remains broadly unchanged at 31 March 2010 when compared to 31 December 2009 on a constant currency basis. The demand for new loans is muted. Competition for customer deposits remains intense and customer deposits at 31 March 2010 are marginally lower compared to 31 December 2009 on a constant currency basis. In January 2010, the Group's long term and short term credit ratings were downgraded by Standard & Poor's to A- / A-2 with a stable outlook. In the quarter ended 31 March 2010 the Group raised approximately €4.5 billion in term funding (funding with a maturity greater than one year at date of issue). In line with the Group's stated goals, the maturity profile of its wholesale funding has been extended with over 37% of its overall wholesale funding having a maturity of greater than one year at 31 March 2010 compared to 32% at 31 December 2009.

Equity Tier 1 Capital and Core Tier 1 Capital were positively impacted by the Lower Tier 2 Securities exchange completed in February 2010 which generated a gain of €405 million.

10. Dividend Policy

On 13 November 2008, in light of the deteriorating economic conditions and the determination to preserve capital, the Bank announced its decision to cancel dividend payments on Ordinary Stock for the financial year ending 31 March 2009.

On 19 January 2010, following communications from the European Commission that the Bank should not make coupon payments on its Tier 1 Securities and Upper Tier 2 Securities unless under a binding legal obligation to do so, the Group announced that the non-cumulative distributions on the LP2 Securities and the LP3 Securities, which would otherwise have been payable on 1 February 2010 and 4 February 2010 respectively, would not be paid. The effect of this decision by the Bank was to trigger the "dividend stopper" provisions of the LP2 Securities. While these "dividend stoppers" remain in force, the Group is precluded for a period of one calendar year from and including 1 February 2010 from declaring and making any distribution or dividend payment on its Ordinary Stock, the non-cumulative euro and Sterling Preference Stock, the 2009 Preference Stock and the Hybrid/Preferred Securities. The Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC on Monday, 22 February 2010 in lieu of the cash dividend due to the holders of the 2009 Preference Stock on 20 February 2010.

In addition, under the terms of the CIFS Guarantee Scheme, the Bank is precluded from paying dividends on the Ordinary Stock without the prior approval of the Minister for Finance until the expiry of the CIFS Guarantee Scheme which is scheduled to take place on 29 September 2010. The prohibition can be extended under the ELG Scheme.

Under the EU Restructuring Plan, the Group will commit not to make discretionary payments of coupons or to exercise voluntary call options on hybrid capital securities on or before 31 January 2011. Thereafter, any conditions imposed by the European Commission in respect of hybrid capital securities are expected to fall away. Also under the EU Restructuring Plan, the Bank will commit not to pay dividends on its Ordinary Stock until the earlier of (i) 30 September 2012; or (ii) such date that the 2009 Preference Stock is redeemed or no longer owned by the State through the NPRFC or otherwise.

The Directors intend to resume paying dividends on Ordinary Stock after the above conditions have been satisfied and the Group has demonstrated that it can maintain appropriate capital ratios and sustainable profits.

11. Overview of Bank of Ireland

The Group provides a broad range of financial services in Ireland to all major sectors of the Irish economy. These include monetary transmission services (including current accounts) and deposit taking, overdrafts, term loans, mortgages, business and corporate lending, international asset financing, leasing, instalment credit, debt factoring, foreign exchange facilities, interest and exchange rate hedging instruments, life assurance, pension investment and investment fund management, fund administration and custodial services and financial advisory services, including mergers and acquisitions and underwriting.

The Group provides services in euro and other currencies. The Group markets and sells its products on a domestic basis through its extensive nationwide distribution network in Ireland, which consists of 251 full time branches and approximately 1,300 ATMs, its direct telephone banking service, direct sales forces and its online services.

The UK Financial Services (UKFS) division incorporates Business Banking in Great Britain and Northern Ireland, the branch network in Northern Ireland, the discontinued intermediary sourced mortgage business operating under Bristol & West and Bank of Ireland brands and the joint ventures with the UK Post Office, namely Post Office Financial and Travel Services. In addition, the Bank provides corporate lending and treasury products and services to corporate customers in Northern Ireland, England, Scotland and Wales through its corporate banking and global markets businesses which have offices in Belfast, Bristol and London.

Operations in the rest of the world are undertaken by:

- Corporate Banking, which is engaged in international lending, with operations located in France, Germany and the US;
- Global Markets, which delivers a comprehensive range of risk management products to the Group's customer base.

12. Additional Information

For further information on the capital stock of the Bank, see paragraph 2 (Capital Stock) of Part XVIII (Additional Information) of this Prospectus. For further information on related party transactions, see paragraph 7 (Related Party Transactions) of Part XVIII (Additional Information) of this Prospectus. A summary of the Bank's Charter and Bye-Laws is set out in paragraph 4 (Charter and Bye-Laws) of Part XVIII (Additional Information) of this Prospectus. For further information on the documents on display, see paragraph 20 (Documents Available For Inspection) of Part XVIII (Additional Information) of this Prospectus.

13. Risk Factors

The Group's financial results, financial condition and prospects could be materially and adversely affected by any of the risks described below:

General risks related to Bank of Ireland

- Ireland: The Group's businesses are subject to risks arising from general and sector specific economic conditions in Ireland, which have materially adversely affected the Group's earnings and are likely to continue to affect its results, financial condition and prospects;
- Further downgrades to the Irish sovereign ratings or outlook could impair the Group's access to funding, trigger additional collateral requirements and weaken its competitive position;
- In addition to Ireland, the Group's businesses are subject to inherent risks arising from general and sector specific economic conditions in other countries to which the Group has an exposure, particularly in the United Kingdom. Adverse developments, such as the recent deterioration in general economic conditions and in the global financial markets, have already materially adversely affected the Group's earnings and are likely to continue to affect its results, financial condition and prospects;
- Decreases in the credit quality of the Group's borrowers and counterparties, as well as increased difficulties in relation to the recoverability of loans and other amounts due from such borrowers and counterparties, have resulted in increases, and could result in further significant increases, in the Group's impaired loans and impairment charges;
- Increased volatility in financial markets has resulted in, and may continue to result in, reduced asset valuations which could further adversely affect the Group's results, financial condition and prospects;
- The Group is exposed to declining property values and a deterioration in the performance of the residential and commercial property markets, particularly in Ireland and the United Kingdom;
- Market risks, including interest rate risk, foreign exchange risk, bond and equity price risk and other market risks, could materially adversely affect the Group's results, financial condition and prospects;
- Constraints on liquidity, lack of availability of funding and increased cost of funding could materially adversely affect the Group's business;
- The Group relies on customer deposits to fund a considerable portion of its loan portfolio, the ongoing availability of which is sensitive to factors outside the Group's control. Loss of consumer confidence in the Group's business or in banking businesses generally, among other things, could result in unexpectedly high

levels of customer deposit withdrawals, which could have a material adverse effect on the Group's results, financial condition and liquidity prospects;

- The termination of, or changes to the operation of, or the participation by the Group in, the CIFS Guarantee Scheme and the ELG Scheme or changes in the terms of the Group's participation in such schemes could have an adverse effect on the Group's results, financial condition and prospects;
- The Irish banking system may restructure and change significantly which could have a material adverse effect on the Group's results, financial condition and prospects;
- The NPRFC Investment, the Government Transaction and NAMA are the subject of a review by the European Commission under EU State aid rules, the outcome of which is uncertain and may involve the prohibition of some or all elements of the State aid provided to the Group by the Government, the requirement for the Group to repay the State aid, or the imposition of conditions on the Group that may be materially adverse to its interests;
- The Group's participation in the CIFS Guarantee Scheme, the ELG Scheme, the NPRFC Investment, NAMA and the Government Transaction could require the Group to implement operational policies that could materially adversely affect the Group's results, financial condition and prospects;
- Participation in NAMA may subject the Group to directions from the Financial Regulator, NAMA, the Minister for Finance or the European Commission which could have a material adverse effect on the Group's results, financial condition and prospects;
- The NPRFC could exercise its voting rights in a manner which is not aligned with the interests of the Group or its other stockholders;
- A change in Government policy or the Irish Government could have a material adverse effect on the Group's results, financial condition, liquidity and prospects;
- The discount on disposal of Bank of Ireland Eligible Bank Assets to NAMA may exceed the Group's estimate of €4.4 billion (including impairment provisions of €2.8 billion at 31 December 2009), and if it did it would adversely impact the Group's capital and results of operations. Even after the transfer of assets to NAMA, the Group is exposed to some of NAMA's losses in the event that NAMA has an underlying loss at the conclusion of its operations;
- A series of further downgrades to the Group's credit ratings or credit outlook could impair the Group's access to funding, either by borrowing or through access to capital markets, trigger additional collateral requirements and/or weaken its competitive position;
- The Group operates in competitive markets (subject to some price regulation) which are subject to significant change and uncertainty which could have a material adverse effect on its results, financial condition and prospects;
- The Group is subject to extensive regulation and oversight. Failure to comply with its regulatory obligations and to manage the associated risks properly could have a material adverse effect on the Group's results, financial condition and prospects;
- The Group is subject to extensive regulation and supervision in relation to the levels of capital in its business. The minimum regulatory capital requirements, as well as the manner in which existing regulatory capital is calculated, could change in the future, which could materially adversely affect the Group's results, financial conditions and prospects;
- If the Group proceeds to transfer part of its UK business to a newly-incorporated, wholly owned subsidiary, any such subsidiary could be subject to special resolution regime powers under the UK Banking Act 2009;
- If the Group is required to hold higher levels of capital than anticipated by the market, this could have a material adverse impact on the Group's results, financial condition and prospects;
- The Group may be subject to litigation proceedings and regulatory investigations which could have a material adverse impact on its results, financial condition and prospects;
- If a court of law were to determine that the Bank is under a binding legal obligation to pay dividends on the 1992 Preference Stock, except in certain specified circumstances, the Bank could be required to compensate holders or former holders of the 1992 Preference Stock and could potentially be subject to claims by holders or former holders of Hybrid/Preferred Securities;
- The investigation into the factors which contributed to the Irish banking crisis announced by the Irish Government, may result in the Group incurring costs in facilitating and engaging with the investigation and may result, depending on the findings of the investigation, in reputational damage to the Group or further investigations into the Group's conduct;

- The Group may not succeed in implementing or fully implementing its plan to reduce the deficits in the defined benefit pension schemes it sponsors by a combination of benefit restructuring and additional employer contributions. In the event that these deficits result in the schemes becoming unable to meet their liabilities, the Group could elect to, or be required to, make additional, potentially significant, contributions to the schemes which could have a materially negative impact on the Group's financial condition and trading performance. In addition, and notwithstanding the implementation of these plans to reduce the deficits, the Group may if appropriate, elect to, or may be required to, make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations;
- Weaknesses or failures in the Group's internal processes and procedures including IT or equipment failures and other operational risks could have a material adverse effect on the Group's results, financial condition and prospects and could result in reputational damage;
- The Group's life assurance business is subject to inherent risks involving claims, as well as market conditions generally;
- In Ireland and the Isle of Man, the Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that may be unable to meet their obligations to customers;
- If the Group becomes subject to employment disputes or industrial action, this could adversely affect its business;
- The Group may not be able to recruit, retain and develop appropriate senior management and skilled personnel;
- The Group's operations have inherent reputational risk, meaning the risk to earnings and capital from negative public opinion;
- The effect of the realisation of country risk in respect of other sovereign issuers could spread to Irish financial institutions and could result in a material adverse effect on the Group's results, financial condition and prospects;
- The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate;
- Change of control may lead to adverse consequences for the Group;
- Changes in taxation rates, legislation or practice may lead to adverse consequences for the Group; and
- The Group's results of operations and the markets in which it operates may be adversely affected by terrorist, geopolitical, pandemic and natural disaster risks.

Risks relating to the Proposals

- The Proposals may not be approved by Stockholders at the Extraordinary General Court;
- If the Group does not raise capital through the Proposals (including as a result of the Resolutions not being approved or the termination of the Underwriting Agreement), it may be unable to access additional capital or find alternative methods of increasing its Equity Tier 1 Capital Ratio, Core Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio, and there will be further limits on its ability to access capital, and its business, financial condition, results of operations and stock price will suffer. As a result, it may be necessary for the Group to seek further equity investment by the Irish Government, which may lead to majority State ownership and ultimately to nationalisation; and
- Stockholders may have their percentage ownership diluted depending on the extent to which they take up their rights entitlements under the Rights Issue and to the extent that debt holders elect to receive Allotment Instruments under the Debt for Equity Offers.

Risks relating to the Rights Issue, the Institutional Placing and the NPRFC Placing

- Stockholders who do not subscribe for Rights Issue Stock in the Rights Issue will experience dilution in their ownership of the Bank;
- Stockholders will experience dilution in their ownership of the Bank as a result of the Placing and the Debt for Equity Offers;
- An active trading market in the Nil Paid Rights may not develop;
- Admission of the Placing Stock, the Rights Issue Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock to trading on the Irish Stock Exchange and the London Stock Exchange may not occur when expected; and

- It may be difficult for investors outside Ireland to serve process on or enforce foreign judgments against the Bank in connection with the Rights Issue and the Institutional Placing.

Risks relating to the Ordinary Stock

- The Bank's stock price has been and could further be subject to significant fluctuations;
- The market price of Ordinary Stock may be materially adversely affected by a significant sale of Ordinary Stock by the NPRFC;
- The Group is currently precluded from paying dividends or distributions on certain instruments affected by the terms of a "dividend stopper", including the 2009 Preference Stock and the ACSM Hybrids for a period of one calendar year from and including 1 February 2010. In the event that the Group remains, or subsequently becomes, precluded from paying, or elects not to pay, such dividends on the 2009 Preference Stock and/or the ACSM Hybrids, it will be required to issue units of Ordinary Stock to the holders of the 2009 Preference Stock (being the NPRFC) and/or to a trustee on behalf of the holders of the ACSM Hybrids, as the case may be. Consequently, the proportionate ownership and voting interests of Existing Stockholders will be diluted;
- Future issues of Ordinary Stock on a non-pre-emptive basis may further dilute the holdings of Existing Stockholders and could materially affect the market price of the Ordinary Stock. The market price of the Ordinary Stock may also be adversely affected by the sale of a large amount of Ordinary Stock by a significant stockholder; and
- The Bank is currently precluded and will be precluded for some period from paying dividends in respect of the Ordinary Stock and this may have an adverse effect on the market price of the Ordinary Stock.

PART II

RISK FACTORS

The following risks should be considered carefully by Stockholders and investors before making any investment decision. This section addresses those risks to the Group's business that are considered material by the Directors.

These risks should not be regarded as a complete and comprehensive statement of all potential risks and uncertainties: some risks are not yet known and some that are not currently considered material could later turn out to be material. All of these risks could materially adversely affect the Group, its income, operating profits, earnings, net assets, liquidity, funding and/or capital resources and its ability to meet any targets or objectives (including those set out in paragraph 4 (Rationale and Key Benefits of the Proposals) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus). In such a case, the market price of Ordinary Stock may decline and Stockholders and other investors could lose part or all of their investment.

Stockholders and investors should read this section in conjunction with the rest of this Prospectus, including the Letter from the Governor of Bank of Ireland contained in Part VII of this Prospectus.

GENERAL RISKS RELATED TO BANK OF IRELAND

Ireland: The Group's businesses are subject to risks arising from general and sector specific economic conditions in Ireland, which have materially adversely affected the Group's earnings and are likely to continue to affect its results, financial condition and prospects.

As at 31 December 2009, 63% of the Group's total assets were located in Ireland and during the 9 month period ended 31 December 2009, approximately 64% of its total income was generated in Ireland. Ireland is facing an extremely challenging economic period and is currently in recession. Unemployment has increased, with the consensus forecasting a rise to 13.6% by the end of 2010 (Source: Reuters Poll, March 2010). The property market has suffered a very significant decline, with average national house prices in Ireland falling by 18.5% in 2009 and 9.1% in 2008 (Source: Permanent TSB/ERSI House Price Index) and commercial property prices falling by 55.6% between September 2007 and December 2009 (Source: IPD Irish Commercial Property Index). Following heavy reliance on construction and property-related activity for economic growth, the Irish economy is currently experiencing a severe contraction. Irish GDP has contracted by 7.1% for the 2009 calendar year and initial estimates for the fourth quarter of 2009 show a decline, on a seasonally adjusted basis of 2.3% in GDP compared with the previous quarter (Source: CSO, *Quarterly National Accounts*, Q4 2009). The Government finances show a significant deficit with a revised estimated General Government Balance ("GGB") deficit of 11.7% of GDP in 2009 compared to a deficit of 7.2% of GDP in 2008 and a surplus of 0.3% of GDP in 2007 (Source: Department of Finance Monthly Economic Bulletin, April 2010). There has also been a significant fiscal adjustment in Ireland implemented by the Government equivalent to 7.5% of GDP in 2009 through a combination of increased taxes and a reduction in Government spending (Source: Department of Finance).

Negative macroeconomic conditions in Ireland are evident in a decline in demand for business products and services, weak business and consumer confidence, lower personal expenditure and consumption, increases in the debt service burden of consumers and businesses and limitations on the general availability of credit. These factors have significantly affected, and will continue to affect, the behaviour of the Group's customers and, by extension, the demand for, and supply of, the Group's products and services, which in turn will affect the Group's financial condition and results.

In addition, higher unemployment, reduced corporate profitability, and increased corporate and personal insolvency rates have and will continue to reduce borrowers' ability to repay loans. Due to the fall in Irish residential and commercial property prices, the value of collateral on many of the Group's loans has reduced and write-downs and impairment charges have significantly increased.

These conditions have already materially adversely affected the Group, have exerted downward pressure on share prices, liquidity and availability of credit for financial institutions, including the Group, and other corporations and have left the Irish banking system facing serious structural and funding issues. If these economic conditions continue or worsen, or if the Irish economy recovers at a slower rate than anticipated, the Group may experience further reductions in business activity, increased funding costs, decreased asset values, additional write-downs and impairment charges with consequent adverse effects on profitability and financial condition.

Further downgrades to the Irish sovereign ratings or outlook could impair the Group's access to funding, trigger additional collateral requirements and weaken its competitive position.

The sovereign rating of Ireland has a number of effects on the Irish banking sector as a whole. As at 23 April 2010, the last practicable date prior to the publication of this Prospectus, the long-term (outlook) / short-term (outlook) sovereign credit ratings for Ireland were AA(negative outlook) / A1+ from Standard & Poor's, Aa1(negative outlook) / P-1 from Moody's Investor Service, AA(stable) / F1+ from Fitch Ratings and AA(negative) / A-1+ from Ratings and Investment Information Inc. (R+I). A downgrade would be likely to increase the cost of financing the Irish public debt, which could result in increased taxation, lower Government spending and consequently an adverse effect on Irish economic conditions. As the guarantor of certain liabilities of the Group under the CIFS Guarantee Scheme and under the ELG Scheme, a downgrade is also likely to impact adversely on the Group's credit rating and cost of funding for certain securities guaranteed under these schemes and could result in the withdrawal of deposits from the Group.

In addition, as a Participating Institution in NAMA, the Group receives government guaranteed bonds and non-guaranteed subordinated bonds issued by NAMA as consideration for the transfer of assets to NAMA. In the normal course of business, the Group also has holdings in government bonds separate from those issued under NAMA. A downgrade or series of downgrades in the rating of the Government debt or the government guaranteed bonds could adversely impact the extent to which the Group can use these bonds as collateral for the purposes of accessing the liquidity provision operations offered by Monetary Authorities or secured borrowing from wholesale markets, for example if these bonds ceased to meet the eligibility criteria set by Monetary Authorities (see the risk factor entitled "*Constraints on liquidity, lack of availability of funding and increased cost of funding could materially adversely affect the Group's business*"). As such, a downgrade or series of downgrades in the sovereign rating of Ireland may have a systemic effect on the Irish banking sector, may have adverse effects for the Irish economy and may also affect the marketability of the Government guaranteed bonds held by the Group and the Group's ability to sell them, or make it more difficult and/or more expensive for the Group to access private sources of capital and funding.

In addition to Ireland, the Group's businesses are subject to inherent risks arising from general and sector specific economic conditions in other countries to which the Group has an exposure, particularly in the United Kingdom. Adverse developments, such as the recent deterioration in general economic conditions and in the global financial markets, have already materially adversely affected the Group's earnings and are likely to continue to affect its results, financial condition and prospects.

The global financial system began to experience difficulties in mid-2007. This resulted in severe dislocation of financial markets around the world, significant declines in the values of nearly all asset classes and unprecedented levels of illiquidity in capital markets. Uncertainty surrounds the pace and scale of global economic recovery and conditions could deteriorate further as fiscal and monetary supports are withdrawn.

The financial crisis and the global recession have had a negative impact on general and sector specific conditions in other jurisdictions outside Ireland in which the Group operates, including the United Kingdom and the United States. As has occurred in Ireland, this has resulted in a decline in demand for business products and services, weak business and consumer confidence, lower personal expenditure and consumption, increases in the debt service burden of consumers and businesses and limitations on the general availability of credit. These factors have significantly affected, and will continue to affect, the Group's customers and, by extension, the demand for, and supply of, the Group's products and services and in turn the Group's financial condition and results. In addition, higher unemployment, reduced corporate profitability and increased corporate and personal insolvency rates in other jurisdictions outside Ireland, may reduce borrowers' ability to repay loans.

Specifically in relation to the United Kingdom, GDP contracted by 4.9% in 2009 (Source: Office for National Statistics, Output, Income And Expenditure, Quarter 4 2009) and grew by 0.2% on a quarter by quarter basis in the first quarter of 2010 (Source: Office for National Statistics, *Statistical Bulletin*, Q1 2010). The consensus view (Source: Reuters Consensus Forecast, March 2010) is that the UK economy will grow at a pace of 1.2% in 2010 and 2.3% in 2011, although uncertainty remains on the likely impact on the economy of the pace of fiscal tightening required to reduce the UK national budget deficit. In the UK property sector after peaking in October 2007, residential house prices fell steadily over the period to February 2009 with the cumulative decline over this period amounting to 19.5% (Source: Nationwide Index). The commercial property market experienced a 45% fall in capital values from the peak in quarter two of 2007 to trough in quarter two of 2009 (Source: IPD). While these markets have recovered somewhat and residential house prices started to rise in Spring 2009 with prices rising by an annualised 9.0% to March 2010 (Source: Nationwide Index), so that prices in March 2010 were 11.5% below their peak and growth in commercial property capital values of 8.1% were recorded in the final quarter of 2009, significant uncertainty remains around the pace and scale of recovery. This reduction in the value of residential and

commercial property has reduced the value of collateral on many of the Group's loans, leading to significantly increased write-downs and impairment charges.

The precise nature of all the risks and uncertainties the Group faces as a result of the global economic outlook are difficult to predict in view of the severity of the global recession, uncertainty regarding the economic impact of the withdrawal, and the timing of such withdrawal, of the various governmental fiscal and monetary supports by Government agencies and Monetary Authorities and the fact that many of these risks are outside the Group's control.

If these levels of market disruption and volatility worsen, the Group may experience further reductions in business activity, increased funding costs, decreased asset values, additional write-downs and impairment charges with consequent adverse effects on profitability and financial condition. Moreover the worsening of the global economic environment could impact on one or more countries that are significant to the Group's business and could further adversely affect the Group's results, financial condition and prospects.

Decreases in the credit quality of the Group's borrowers and counterparties, as well as increased difficulties in relation to the recoverability of loans and other amounts due from such borrowers and counterparties, have resulted in increases, and could result in further significant increases, in the Group's impaired loans and impairment charges.

Credit risk is the risk that a borrower or counterparty will be unable or unwilling to meet a commitment that it has entered into or that any pledged collateral does not fully cover the lender's claims. Risks arising from changes in credit quality and the recoverability of both secured and unsecured loans and amounts due from counterparties are inherent in a wide range of the Group's businesses. The outlook for the global economy remains uncertain. In particular, Ireland's recent significant reliance on the construction and property industry has exacerbated the impact of Ireland's economic recession. The consensus expectation is that any recovery in the Irish economy will take longer than that of the European Union as a whole. Adverse changes in the credit quality or behaviour of the Group's borrowers, counterparties and their guarantors, including sovereign counterparties, or adverse changes arising from a general deterioration in global economic conditions or systemic risks in the financial systems, have reduced, and are expected to continue to reduce, the recoverability and value of the Group's assets. These circumstances have caused a significant increase in, and could cause further significant increases in, impaired loans and impairment charges.

The Group's primary markets are Ireland and the United Kingdom. At 31 December 2009, 47% of the Group's loans and advances to customers (including loans held for sale to NAMA) were in Ireland, 45% were in the United Kingdom and 8% were in other jurisdictions (Source: unaudited internal management information). Exposures originated and managed in Ireland and the United Kingdom represent a material concentration of credit risk. The Group has exposures to residential mortgages and to a range of corporate customers in different sectors, in particular exposures to investors in commercial property and residential property. Developers of commercial and residential property, particularly in Ireland, are facing especially challenging market conditions and commercial property prices have shown significant declines over the past two and a half years (see further details below under the risk factor "*The Group is exposed to declining property values and a deterioration in the performance of the residential and commercial property markets, particularly in Ireland and the United Kingdom*"). Beyond this sector, economic and financial conditions have deteriorated more broadly. Interest rates may rise in the Group's main markets, which may lead to, amongst other things, further declines in values of collateral and investments, increasing unemployment, weakening consumer and corporate spending, declining corporate profitability, declining equity markets and bond markets and an increase in corporate insolvencies. As further detailed below (see the risk factor "*The Group is exposed to declining property values and a deterioration in the performance of the residential and commercial property markets, particularly in Ireland and the United Kingdom*"), residential property prices continue to be under severe pressure in Ireland.

Many borrowers in Ireland and the United Kingdom borrow on short-term fixed or discounted floating rates and when such rates expire the continued reduced supply and stricter terms of lending together with the potential for higher borrowing rates has led, and may continue to lead, to higher loan default rates. In spite of the United Kingdom economy's recent improvement, unemployment rates could still increase and lead to higher loan default rates in the United Kingdom in the future. According to Central Statistics Office data, the standardised unemployment rate in March 2010 in Ireland was 13.4% (Source: CSO *Live Register*, March 2010). In Ireland, the consensus expectation is that the unemployment rate will peak at approximately 13.6% (Source: Reuters Poll, March 2010). Increased unemployment would also be likely to result in higher loan default rates. These developments could materially adversely impact the Group's ability to recover on these loans or lead to significant write-downs of investments.

The Group has also been exposed to increased counterparty risk as a result of financial institution and corporate failures and nationalisations and will continue to be exposed to the risk of loss if counterparty financial institutions or other corporate borrowers fail or are otherwise unable to meet their obligations.

Increased volatility in financial markets has resulted in, and may continue to result in, reduced asset valuations which could further adversely affect the Group's results, financial condition and prospects.

Significant falls in perceived or actual asset values have resulted from previous market events. Increased volatility and further dislocation affecting certain financial markets and asset classes could further impact the Group's financial condition, results of operations and prospects. In the future these factors could have an impact on the mark-to-market valuations of assets in the Group's available for sale ("AFS"), trading portfolios and assets and liabilities designated at fair value through profit and loss. In addition, any further deterioration in the performance of the assets in Bank of Ireland's AFS portfolio could lead to additional impairment losses. The AFS portfolio accounted for 12% of total Group assets as at 31 December 2009.

The Group is exposed to declining property values and a deterioration in the performance of the residential and commercial property markets, particularly in Ireland and the United Kingdom.

As at 31 December 2009, total loans and advances to customers (pre-impairment provisions and excluding assets held for sale to NAMA) were approximately €122.4 billion and included €61 billion of residential mortgages (of which €29 billion were in Ireland and €32 billion in the United Kingdom) and €24 billion of property and construction lending (of which €12 billion was in Ireland, €10 billion in the United Kingdom and €2 billion in the rest of the world). In respect of the property and construction lending, €21 billion was investment property lending with the remaining €3 billion being exposure to landbank and development lending.

Declining residential and commercial property prices have led to a significant slowdown in the construction sector in Ireland and the United Kingdom. Economic and other factors, including general deterioration in the economy and dislocation of the financial system, may lead to further contraction in the residential mortgage and commercial lending market and further decreases in residential and commercial property prices.

The Group has a material exposure to residential mortgages. 32% of the mortgages provided by the Group are to buy-to-let investors in Ireland and the United Kingdom (40% in Ireland and 60% in the United Kingdom). An excess supply of rental property or falls in rental demand could impact buy-to-let borrowers' income and ability to service the loans. Borrowers for residential and buy-to-let properties may also have increased difficulties in servicing loans as a result of lower rental demand because capital growth will not be available to borrowers to offset any income losses. 8% of the total mortgage book of the Group was self-certified loans in the United Kingdom. The information submitted by borrowers in respect of these self-certified loans may have been incomplete or inaccurate and, as such, the Group may have incorrectly assessed the credit quality, willingness or ability of borrowers to repay these loans, which could result in higher than anticipated rates of arrears. Income verification on these self-certified loans depends on disclosures by borrowers of their income and may be subject to higher rates of arrears as a result of income expectations which are no longer achievable, reflecting the economic downturn which, when combined with reduced property values, may result in higher loan loss levels than for other mortgage types. These effects could be exacerbated if there is an increase in the rates of interest that are payable by borrowers generally.

The Group has exposure to a range of corporate customers in different sectors, in particular exposures to investors in the commercial and residential property sectors. Economic conditions have deteriorated and interest rates may rise in the Group's main markets which may lead to, amongst other things, further declines in values of collateral and investments, increasing unemployment, weakening consumer and corporate spending, declining corporate profitability and an increase in corporate insolvencies. These developments could materially adversely impact the Group's ability to recover the loans and interest in respect of these commercial property and residential lending portfolios or lead to significant write-downs of investments.

The announcement of the establishment of NAMA has had an impact on the liquidity of property assets in Ireland. The volume of commercial property transactions, in particular, is currently at very low levels as market participants await further clarity as to what effects NAMA's operations will have on the property market. The transfer of assets to NAMA could have further adverse consequences for the liquidity and value of property assets in Ireland, as NAMA is ultimately expected to control a significant quantum of property assets or property loans giving it a significant market presence. The discount on assets transferred to NAMA may have a material adverse impact on the values and liquidity of property generally, thereby reducing the value of collateral on many of the Group's loans and thereby significantly increasing the rate of write-downs and/or impairment charges.

Developers of commercial and residential property, particularly in Ireland, are facing especially challenging market conditions. As discussed in the risk factor "*Ireland: The Group's businesses are subject to risks arising from*

general and sector specific economic conditions in Ireland, which have materially adversely affected the Group's earnings and are likely to continue to affect its results, financial condition and prospects" the property market has suffered a very significant decline, with average house prices in Ireland falling by 18.5% in 2009 and 9.1% in 2008 (Source: Permanent TSB/ERSI House Price Index) and commercial property prices falling by 55.6% between September 2007 and December 2009 (Source: IPD Irish Commercial Property Index).

Residential property supply and demand has fallen sharply. Approximately 12,000 private new houses were completed in Ireland in the first half of 2009, from over 88,000 at the peak in 2006 (Source: Department of the Environment, Heritage and Local Government) and the number of new mortgages has fallen from over 110,000 in 2006 to approximately 25,000 in 2009 (Source: Irish Banking Federation/PwC Mortgage Market Profile).

Development loans, in particular, become more difficult to service in times of negative economic growth because the success of development investment is closely linked to an increase in overall demand for property in the economy and to positive economic growth. The overhang of unsold stock of completed residential units has caused an increase in, and may cause further increases in, the number of impaired development loans and in impairment charges. It has been, and may continue to be, uneconomic to develop land purchased and intended to be developed, which has the effect of reducing the value of collateral on many of the Group's landbank and development loans and significantly increasing the rate of write-downs and impairment charges.

If the current economic downturn in Ireland continues, with further falls in house prices and increases in unemployment, the Group's commercial property and residential mortgage lending portfolios may be exposed to further substantial increases in impairment charges, which could materially affect the Group's results, financial condition and prospects. The effects of declining property values and any increases to interest rates payable by borrowers in the wider economy may also contribute to higher default rates and impairment losses on non-property commercial and consumer loans, which could materially adversely affect the Group's results, financial condition and prospects.

Market risks, including interest rate risk, foreign exchange risk, bond and equity price risk and other market risks, could materially adversely affect the Group's results, financial condition and prospects.

Market risk is the potential adverse change in the Group's earnings or the value of its net assets arising principally from movements in, and increased volatility of, interest rates, bond and equity prices, exchange rates and other market prices. The Group's average one day interest rate Trading Book Value at Risk ("VAR") in the nine month period ended 31 December 2009 was €2.1 million. The major part of the Group's proprietary risk is interest rate risk in the euro, Sterling and US dollar markets. Changes in interest rate or bond price levels in these or other markets where the Group holds proprietary risk positions may impact the value of assets, the value of liabilities or the margin received by the Group. The terms of existing loan commitments or facilities may mean that the Group is restricted in its ability to increase interest rates charged to customers in response to changes in interest rates that affect the costs of wholesale borrowing.

The Group is exposed to structural interest rate and structural foreign exchange risk. Structural interest rate risk arises from the existence of non-interest bearing assets and liabilities on the Group's balance sheet. These consist mainly of non-interest bearing current accounts plus equity less fixed assets. Due to this structural risk exposure, changes in interest rates and the volatility of such changes may affect the net assets and earnings reported by the Group. Structural foreign exchange risk is defined as an entity's non-trading net asset position in an entity's non-euro currencies. Structural foreign exchange risk arises substantially from the Group's net investment in its subsidiaries which report in Sterling. The Group's Sterling net assets account for 59% of the total Group net assets. Changes in foreign exchange rates affect the euro value of assets and liabilities denominated in other currencies. Such changes and the degree of volatility of such changes may affect the net assets and earnings reported by the Group. A 10% appreciation of the euro against Sterling and the US Dollar at 31 December 2009 would have resulted in a loss in reserves of €399 million.

The Group is also exposed to the effect of changes in exchange rates on the translation value of its non-euro earnings, particularly its Sterling and US Dollar earnings. Substantial changes in interest or foreign exchange rates could have a material adverse effect on the Group's results, financial condition and prospects.

While the Group has no significant direct exposure to equity markets (due to the fact that it does not hold proprietary equity investment or trading portfolios), it is indirectly exposed to equity markets through its asset management, custody, fund administration, private banking and life assurance businesses and its pension funds. In these business areas, equity investment is held on behalf of, or backs liabilities to, customers of the Group but revenue from these business areas is dependent on amongst other things, the market value of held equity investments. Changes in equity prices and the degree of volatility with respect thereto may affect the net assets and earnings reported by the Group.

Constraints on liquidity, lack of availability of funding and increased cost of funding could materially adversely affect the Group's business.

Liquidity risk is the risk that a bank will be unable to meet its obligations, including funding commitments and deposit withdrawals, as they fall due. This risk is inherent in banking operations and can be heightened by an over-reliance on a particular source of funding (including, for example, short-term and overnight funding, securitisations and covered bonds), changes in credit ratings or market-wide phenomena such as disruption in the functioning of markets and major events or disasters of global significance. From mid-2007, credit markets worldwide experienced a severe reduction in liquidity and term funding. During this time, perception of counterparty risk between banks and the perception of the impact of sovereign credit risk on banks has also increased significantly. This increase in perceived counterparty risk led to reductions in inter-bank lending, and hence, in common with many other banking groups, the Group's access to traditional sources of liquidity has been restricted. The availability of sources of liquidity on terms acceptable to the Group has been adversely impacted. The disruption in the functioning of funding markets led to the introduction of a range of government guarantee and liquidity assistance schemes in a number of countries, including Ireland.

Despite recent improvements in liquidity conditions and wholesale markets, the perception of counterparty and country risk has remained at elevated levels. Furthermore, despite the introduction of the CIFS Guarantee Scheme and the ELG Scheme, the terms on which such funding is available are more onerous and expensive than was the case prior to mid-2007. Should the global economy and the global financial system deteriorate further, the Group's cost of funding may rise and access to liquidity may be further constrained.

The Group qualifies for access to the liquidity operations offered by Monetary Authorities for so long as it meets certain eligibility criteria relating to collateral which it can provide to Monetary Authorities. The Group holds a significant pool of contingent liquidity collateral, comprised of debt securities and other eligible collateral which is capable of being pledged against borrowings from Monetary Authorities. If the quality of the Group's collateral fundamentally deteriorates, or if Monetary Authorities materially change eligibility criteria, the Group's ability to access Monetary Authorities' liquidity operations may become less flexible which could adversely affect the Group. The quality of the Group's collateral may also be influenced by the sovereign rating of Ireland (see the risk factor "*Further downgrades to the Irish sovereign ratings or outlook could impair the Group's access to funding, trigger additional collateral requirements and weaken its competitive position*" for further information).

The Group relies on customer deposits to fund a considerable portion of its loan portfolio, the ongoing availability of which is sensitive to factors outside the Group's control. Loss of consumer confidence in the Group's business or in banking businesses generally, among other things, could result in unexpectedly high levels of customer deposit withdrawals, which could have a material adverse effect on the Group's results, financial condition and liquidity prospects.

The Group's largest single source of funding is customer deposits, which represented approximately 50% of total Group funding at 31 December 2009. Further information about the Group's funding is set out in Part XIV (Capitalisation and Indebtedness) of this Prospectus. Medium-term growth in the Group's lending activities will depend, in part, on the availability of customer deposits on appropriate terms, for which there is increasing competition. The Group has sought to increase its reliance on customer deposits in the recent past given the challenges in accessing wholesale funding. Increases in the cost of customer deposits will affect the Group's margins and profit, while a lack of availability of such deposit funding could affect the Group's future growth.

The ongoing availability of these deposits to fund the Group's loan portfolio is subject to potential changes in certain factors outside the Group's control, such as a loss of confidence of depositors in either the economy in general, the financial services industry or the Group specifically, ratings downgrades, significant further deterioration in economic conditions and the availability and extent of deposit guarantees (including as a result of regulatory changes to deposit guarantee schemes and/or changes to the CIFS Guarantee Scheme and/or the ELG Scheme). These factors could lead to a reduction in the Group's ability to access customer deposit funding on appropriate terms in the future and to sustained deposit outflows, both of which would impact on the Group's ability to fund its operations and meet its minimum liquidity requirements. In such circumstances, if the current challenges in the wholesale funding markets were not resolved or Monetary Authority lending to financial institutions is withdrawn or curtailed, it is likely that wholesale funding would prove more difficult and costly to obtain.

Any loss in consumer confidence in the Group's banking businesses or in banking businesses generally, could significantly increase the amount of retail deposit withdrawals in a short space of time. Should the Group experience an unusually high level of withdrawals, this may have an adverse effect on the Group's results, financial condition and prospects and could, in extreme circumstances, prevent the Group from funding its operations and meeting its

minimum liquidity requirements. In such extreme circumstances the Group may not be in a position to continue to operate without additional funding support, which it may be unable to access.

The termination of, or changes to the operation of, or the participation by the Group in, the CIFS Guarantee Scheme and the ELG Scheme or changes in the terms of the Group's participation in such schemes could have an adverse effect on the Group's results, financial condition and prospects.

The ELG Scheme facilitates participating institutions, including the Group, in issuing debt securities and taking deposits which are due to mature after the expiry of the CIFS Guarantee Scheme on 29 September 2010. The ELG Scheme was approved by the European Commission under State aid rules on 20 November 2009 and by the Houses of the Oireachtas (parliament of Ireland) on 3 December 2009 and commenced on 9 December 2009. The Bank became a participating institution in the ELG Scheme on 11 January 2010.

The CIFS Guarantee Scheme and ELG Scheme are currently scheduled to expire on 29 September 2010 (bonds and deposits issued under the ELG Scheme before 29 September 2010 will be covered up to maturity, subject to a maximum maturity of five years). The ELG Scheme's current approval by the European Commission under EU State aid rules is subject to review by 1 June 2010. Arising from this review, the European Commission could require the amendment or cessation of the ELG Scheme.

On 30 March 2010 the Minister for Finance announced that he would be seeking European Commission approval for an extension of a modified ELG Scheme consistent with its phasing out over a realistic period of time. Notwithstanding this announcement, the nature of the proposed extension is subject to approval by the European Commission and this could be influenced by a range of factors including EU policy. In addition, on 9 November 2009, the ECB highlighted that guarantees of short term bank debt (maturity profile of less than three months) and interbank deposits should be avoided to the extent possible and, as such, there is a risk that in its review of the ELG Scheme to be completed by 1 June 2010, the European Commission could require that the ELG Scheme, which currently covers short term bank debt and interbank deposits, be amended so as to limit the guarantee coverage of these forms of liability in the future.

The cancellation or material amendment of the ELG Scheme prior to the scheduled expiry date of the Issuance Window on 29 September 2010 following the review by the European Commission by 1 June 2010 could introduce systemic weakness to the Irish banking sector and remove an important element of liquidity support for the sector as a whole. As such, the cancellation or material amendment of the ELG Scheme, or the removal of the Group from the ELG Scheme prior to its planned expiry could adversely affect the terms on which the Group would be able to access funding. The Group's financial position may also be impacted by material changes to the costs of participating in the CIFS Guarantee Scheme and/or the ELG Scheme, which may be changed at the Minister for Finance's discretion.

While a key focus for the Group is to reduce its reliance on the Government Guarantee Schemes, should the ELG Scheme be extended, the Group could, in order to meet market expectations, continue to participate in the ELG Scheme and the on-going cost of the ELG Scheme could adversely affect the Group's financial performance and delay it from achieving its financial targets.

Furthermore, should the expiry of the CIFS Guarantee Scheme and the ELG Scheme on 29 September 2010 lead to unanticipated adverse impacts on the Group's funding markets, the Group may suffer constraints on liquidity that could materially adversely affect the Group's business. Further information on the CIFS Guarantee Schemes and the ELG Schemes is set out in paragraph 3 (Government Guarantee Schemes) of Part XI (Regulation and Supervision) of this Prospectus.

The Irish banking system may restructure and change significantly which could have a material adverse effect on the Group's results, financial condition and prospects.

The banking system in Ireland was impacted by the systemic issues facing the financial sector globally caused by factors such as the collapse of sub-prime mortgage lending in the US, the failure of a number of high profile financial institutions, such as Lehman Brothers and Bear Stearns, the global credit crisis and rapidly deteriorating economic conditions, particularly in Ireland. Arising from these events, there have been a number of Government and market responses impacting or potentially impacting on the structure of the Irish banking sector, including:

- The Government has taken or has announced that it is likely to take steps to support or recapitalise substantially certain of the domestic major Irish banks and building societies and in doing so has taken, or has announced that it is likely to take, significant equity positions in certain of the major domestic Irish banks and building societies, in some cases amounting to majority voting control or nationalisation.

- On 19 January 2010 the Government announced a framework for an investigation into the factors which contributed to the Irish banking crisis within the context of the international economic and financial environment at that time (for further information see paragraph 10 (Litigation) of Part XVIII (Additional Information) of this Prospectus under the heading “Investigation into the banking system”).
- The Government also announced on 30 March 2010, the introduction of proposed new legislation that will amend the manner in which Irish financial institutions are regulated (for further information see paragraph 7 (Proposed new legislation impacting on the regulation and supervision of the banking sector) in Part XI (Regulation and Supervision) of this Prospectus).
- There is the possibility that the Government may support initiatives to develop a “third force” in Irish banking, created by the possible merger of several smaller financial institutions.

The Directors believe it is possible that, arising from these responses to the banking crisis in Ireland, a restructuring of the Irish banking system may occur in addition to the changes that have happened to date. It is unclear what form any such restructuring might take or over what timeframe it might occur.

It is also unclear whether such restructuring might take place on a market driven basis or whether other factors such as the involvement of the European Commission or the Government would have an impact. As a material part of the Group’s business and activities are in Ireland, the competitive position of the Group in the Irish banking system may be materially adversely affected by any such restructuring.

The NPRFC Investment, the Government Transaction and NAMA are the subject of a review by the European Commission under EU State aid rules, the outcome of which is uncertain and may involve the prohibition of some or all elements of the State aid provided to the Group by the Government, the requirement for the Group to repay the State aid, or the imposition of conditions on the Group that may be materially adverse to its interests.

The NPRFC Investment, the Government Transaction (which comprises the NPRFC Placing, Warrant Cancellation, the NPRFC Rights Issue Undertaking, the amendment of the rights attaching to the 2009 Preference Stock and the other transactions, rights and obligations set out in the Government Transaction Agreement as more particularly described in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus, under the heading “Government Transaction Agreement”) and the Group’s participation in NAMA are the subject of an ongoing review by the European Commission under EU State aid rules. As a consequence of the State aid provided to the Group under these measures, an EU Restructuring Plan for the Group was required to be prepared by the Group and submitted by the Department of Finance to the European Commission for approval under EU State aid rules. As part of this process, discussions are ongoing between the European Commission, the Group and the Department of Finance in relation to the draft EU Restructuring Plan. Although the EU Restructuring Plan has not been finalised, the European Commission has communicated that it will require the Group to effect certain structural (through divestments and wind-downs) and behavioural measures. Furthermore, the Irish Government is proposing to introduce a set of measures for the Irish banking sector which would complement the specific measures agreed as part of the individual European Commission restructuring plans for Irish banks that are subject to Restructuring under EU State aid rules (among which includes the EU Restructuring Plan) (“Irish Government Measures”). The exact scope and extent of the Irish Government Measures as at the date of this Prospectus is not known to the Group. Based on the status of these negotiations, details of those elements which the Group considers likely to form part of the final EU Restructuring Plan are set out in paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

The decision regarding the approval of the Irish Government Measures, including the terms of the final EU Restructuring Plan, will be taken by the European Commission. As at the date of this Prospectus, there can be no certainty as to the outcome of the State aid proceedings and the content of the final EU Restructuring Plan (including in relation to the Irish Government Measures). In particular, the final EU Restructuring Plan may differ from the Group’s expectations set out in paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

If the European Commission does not approve the EU Restructuring Plan in substantially the form prepared by the Group in consultation with the Department of Finance (as amended in discussions with the European Commission), the European Commission would instead likely open a formal investigation into State aid given to the Group. At the conclusion of this investigation, the European Commission could impose conditions that are more disadvantageous, potentially materially so, to the Group than those in the proposed EU Restructuring Plan. In particular, the Group could be required to dispose of a significantly larger proportion of its assets and/or agree to a significantly more stringent divestment timetable or more onerous behavioural restrictions than those contemplated in the proposed EU Restructuring Plan. Any more extensive remedies could have a greater and materially more negative impact on

the Group's business, operations and competitive position than would be the case if the Group implemented the proposed EU Restructuring Plan. In such circumstances, unless, during the course of the formal investigation, a revised EU Restructuring Plan was submitted that was acceptable to the European Commission, the European Commission may, instead of imposing more disadvantageous conditions as described above, require the Irish Government to recover the State aid from the Group. At any stage of the process, the Group could challenge any European Commission decision adverse to the interests of the Group in the EU courts. However, should the Group ultimately be unsuccessful in any such challenge, the Group would be required to comply with the Commission's decision and therefore, the consequences for the Group could, as described above, be significantly adverse to the Group's interests.

In addition, it is possible that even if the European Commission does approve the EU Restructuring Plan in substantially the form prepared by the Group in consultation with the Department of Finance (as amended in discussions with the European Commission), a third party may challenge that decision in the EU courts. If such a challenge were to emerge and succeed, the European Commission would need to reconsider its decision, which may result in any of the adverse outcomes described above.

The Group could be subject to a variety of risks as a result of implementing the EU Restructuring Plan in the form prepared by the Group in consultation with the Department of Finance in relation to the divestment and wind-down measures. There is no assurance that the price that the Group receives for any assets sold pursuant to the final EU Restructuring Plan will be at a level the Group considers adequate or which it could obtain in circumstances in which the Group was not required to sell such assets in order to implement the EU Restructuring Plan or if such sale were not subject to the restrictions contained in the terms thereof. In particular, should the Group fail to complete the divestments required by the EU Restructuring Plan, namely, New Ireland Assurance Company plc, Bank of Ireland Asset Management Limited, ICS Building Society, Foreign Currency Exchange Corporation and its stakes in Paul Capital Top Tier Investments LLC and the Irish Credit Bureau Limited, within the relevant time periods set out in the EU Restructuring Plan, a divestiture trustee(s) could be appointed by the European Commission to conduct the sale, with a mandate to complete the disposal with no minimum price (including at a negative price). Furthermore, if by a certain time, the Group has failed to implement its commitment to run-off its UK intermediary mortgage portfolio to a certain level under the EU Restructuring Plan, then Bank of Ireland will be required to ensure that within a certain period, on a consolidated basis, its consolidated loans to customers will at least be matched by consolidated customer deposits plus wholesale funding greater than one year (i.e., the ratio of Bank of Ireland customer loans to Bank of Ireland customer deposits plus wholesale funding greater than one year will not be more than 100%). In implementing the final EU Restructuring Plan, the Group will lose existing customers, deposits and other assets through the sale of businesses and potentially suffer damage to the rest of the Group's business arising from implementing the final EU Restructuring Plan regarding the divestment measures, and the potential for realising additional associated revenues and margins that it otherwise might have achieved in the absence of such disposals may be inhibited. Such implementation may also result in disruption to the retained business impacting on customers, and could result in separation costs which could potentially be substantial.

The Group will also be subject to a variety of other risks as a result of implementing the EU Restructuring Plan in the form prepared by the Group in consultation with the Department of Finance in relation to the expected behavioural measures. The implementation of these behavioural measures by the Group may lead to the emergence of new competitors in the Irish market and the emergence of stronger current competitors in the Irish market which could have a material adverse impact on the performance of the Group. In implementing the behavioural measures, the Group may be required to provide access to its customers for the benefit of new and current competitors, including those measures set out in paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus. This, and other potential consequences of implementing the behavioural measures, will mean that the Group could lose some existing customers and deposits and, through damage to the Group's business arising from implementing such measures, damage the potential for the Group to gain customers and realise additional associated revenues and margins that it otherwise might have achieved in the absence of such behavioural measures. Such implementation may also result in disruption to the Group's business, which may impact adversely on its customers and could result in operational costs which could potentially be substantial. A monitoring trustee(s) (and possibly a divestment trustee(s)) will be appointed in respect of the EU Restructuring Plan and the actions of the monitoring trustee(s) (and any divestment trustee(s)) may further adversely impact on the Group and its performance.

In addition, the Group could be subject to a variety of risks as a result of the implementation of the Irish Government Measures, the exact scope and extent of which is not known to the Group at the date of this Prospectus. The implementation of these Irish Government Measures may lead, for example, to the emergence of new competitors in the Irish market and the emergence of stronger current competitors in the Irish market which could have a material adverse affect on of the performance of the Group. These, and other potential consequences of the implementation of the Irish Government Measures, will mean that the Group could lose existing business, and potentially, adversely

affect the Group's business, as well as adversely affect the potential for the Group to gain customers and realise additional associated revenues and margins that it otherwise might have achieved in the absence of such Irish Government Measures.

The effect of implementing the final EU Restructuring Plan and the Irish Government Measures may be the emergence of one or more new competitors and/or a material strengthening of one or more of the Group's existing competitors in the Irish banking market. There can be no assurance that the Group will be able to continue to compete as effectively (whether against existing or new or strengthened competitors) and maintain or improve its revenues and margins in the resulting competitive environment, which could adversely affect the Group's results, operations and financial condition and its business generally.

On 26 February 2010, the European Commission approved the establishment of NAMA under EU State aid rules. The European Commission will assess the compatibility of the transferred assets under EU State aid rules as they are separately notified by the Government (in particular in relation to the transfer price). As a result, the transfer of assets by the Bank to NAMA will be subject to assessment by the European Commission to ensure the ongoing compatibility of the implementation of NAMA under the EU State aid rules. As at the date of this Prospectus, there can be no certainty as to the outcome of such an assessment by the European Commission and such an assessment could adversely affect the Group's results, operations and financial condition and its business generally.

If any or all of the risks described in this paragraph materialise or have a greater impact than expected or any other currently unforeseen risks materialise, there could be a negative impact which could be material on the Group's business, operations and competitive position.

The Group's participation in the CIFS Guarantee Scheme, the ELG Scheme, the NPRFC Investment, NAMA and the Government Transaction could require the Group to implement operational policies that could materially adversely affect the Group's results, financial condition and prospects.

The terms and conditions of the CIFS Guarantee Scheme, the ELG Scheme, the NPRFC Investment, NAMA and the Government Transaction place certain restrictions on, and require the Group to submit to a degree of governmental regulation in relation to, the operation of the Group's business.

Under the CIFS Guarantee Scheme and the ELG Scheme, the Minister for Finance may impose restrictions on the expansion of capital and lending activity of the Group as a covered institution, the declaration and payment of dividends and the implementation of buy-backs or share redemptions. No covered institution, including the Bank, may acquire shares in any other credit institution or financial institution, establish subsidiaries or enter into or acquire new business(es) where such activities would increase the liability of the covered institution under the CIFS Guarantee Scheme. In addition, the NTMA may issue directions to covered institutions to comply with some or all of the provisions of conduct, transparency and reporting requirements applicable to covered institutions under the CIFS Guarantee Scheme and the ELG Scheme.

In connection with the NPRFC Investment and pursuant to the terms of the Subscription Agreement, the Bank provided warranties in respect of certain matters relating to the financial position and commercial activities of the Bank and is required to consult with the Minister for Finance in respect of matters reasonably expected to have a public interest dimension. The Bank must also use all reasonable efforts to comply with the customer package set out in Appendix I to the announcement issued by the Department of Finance on 11 February 2009, which includes, among other things, increasing lending capacity to SMEs and providing additional mortgage lending capacity for first time buyers, compliance with the Code of Conduct for Business Lending to Small and Medium Enterprises and compliance with the Code of Conduct for Mortgage Arrears.

Under the Government Transaction Agreement the Bank has committed to promote the availability of credit and the development of the Irish economy, including the commitment to use all reasonable efforts to meet a lending target of €3 billion per annum for new or increased credit facilities to SMEs in Ireland in each of the twelve month periods starting on 1 April 2010 and 1 April 2011. Further details of these obligations are set out paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus under the heading "Government Transaction Agreement".

Under the terms of the Credit Review Guidelines, issued pursuant to the NAMA Act, Participating Institutions' decisions to refuse credit facilities to SMEs, sole traders and farming enterprises for sums of between €1,000 and €250,000 are subject to review, if requested by the applicant, by the Credit Reviewer on the grounds of the viability and repayment capacity of the applicant. While the Credit Reviewer does not have the power to override the lending decision of the Participating Institution, if a Participating Institution does not comply with a recommendation of the Credit Reviewer, it is required to provide an explanation for this refusal.

The implementation of some or all of these measures could entail the Group effecting policies that it might not otherwise implement on purely commercial grounds. In particular, implementing these policies could result in a concentration of lending by the Group to SMEs in Ireland. As such, these measures could have an adverse effect on the Group's results, financial condition and prospects.

Further details on the Group's relationship with the Government through its participation in NAMA, the NPRFC Investment, the CIFS Guarantee Scheme, the ELG Scheme and the Government Transaction are set out in Part XI (Regulation and Supervision) and paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus.

Participation in NAMA may subject the Group to directions from the Financial Regulator, NAMA, the Minister for Finance or the European Commission which could have a material adverse effect on the Group's results, financial condition and prospects.

By virtue of the Group's participation in NAMA, the Group could be subject to additional directions from the Financial Regulator and/or the Minister for Finance as to the conduct of its business in addition to the restrictions and potential restrictions arising out of the NPRFC Investment and the Group's participation in the CIFS Guarantee Scheme and ELG Scheme and the law and regulation applicable to credit institutions. See risk factor entitled "*The Group's participation in the CIFS Guarantee Scheme, the ELG Scheme, the NPRFC Investment, NAMA and the Government Transaction could require the Group to implement operational policies that could materially adversely affect the Group's results, financial condition and prospects*".

In addition, as a condition of the Group's participation in NAMA, the Group will not have control over which of the Group's loans are transferred to NAMA. The NAMA Act provides that the Group shall not, without the prior written approval of NAMA, deal with Bank of Ireland Eligible Bank Assets other than in the ordinary course of its business, in any way which may impair NAMA's interests, compromise any claim or vary any contract. These restrictions apply before any transfer to NAMA, and also apply in respect of assets eligible for transfer which do not actually transfer.

The Financial Regulator may direct the Group to provide any report that the Financial Regulator considers necessary to monitor the Group's compliance with the obligations under or by virtue of the NAMA Act. The Financial Regulator could also exercise its power under the NAMA Act to require the consolidation or merger of Participating Institutions, including Bank of Ireland. Under the NAMA Act, the Group may also be required to provide such services as NAMA may direct and to comply with such monitoring of lending and balance sheet management as the Minister for Finance or the Financial Regulator may direct. A Participating Institution may also be directed by the Minister for Finance to draw up, or amend, a restructuring or business plan; and, if the Minister for Finance approves such plan, the Participating Institution is obliged to take all reasonable steps to implement it. The European Commission will assess the compatibility (and, in particular, the actual transfer price) of the transferred assets when they are notified by the Government and this includes a claw-back mechanism in the case of excess payments. Such an assessment could have an adverse effect on the Group.

These directions could restrict the Group's balance sheet growth, limit the Group's ability to make acquisitions or require the Group to dispose of assets, including its loan portfolios. Any such directions may adversely affect the Group's profitability, financial condition and prospects.

Further details on the Group's relationship with the Government through its participation in NAMA, the NPRFC Investment, the CIFS Guarantee Scheme, the ELG Scheme and the Government Transaction are set out in Part XI (Regulation and Supervision), paragraph 7 (Government Transaction) and paragraph 10 (NAMA) of Part VII (Letter from the Governor of Bank of Ireland) and paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus.

The NPRFC could exercise its voting rights in a manner which is not aligned with the interests of the Group or its other stockholders.

The Government (through the NPRFC) is currently the largest holder of Ordinary Stock, holding 15.73% of the Existing Stock. The NPRFC also holds all of the 2009 Preference Stock. Under the terms of the 2009 Preference Stock, if the Bank does not pay the cash dividend otherwise due on the 2009 Preference Stock, payable annually on 20 February, it is required to issue units of Ordinary Stock to the NPRFC in lieu of the relevant cash dividend. This could arise if the Bank was precluded from paying dividends by virtue of the terms of a "dividend stopper" provision or by having inadequate distributable reserves at the relevant dividend declaration date. As further described in the risk factor "*The Group is currently precluded from paying dividends or distributions on certain instruments affected by the terms of a "dividend stopper", including its 2009 Preference Stock and the ACSM Hybrids for a period of one calendar year from and including 1 February 2010. In the event that the Group remains, or subsequently becomes,*

precluded from paying, or elects not to pay, such dividend on the 2009 Preference Stock and/or the ACSM Hybrids, it will be required to issue units of Ordinary Stock to the holders of the 2009 Preference Stock (being the NPRFC) and/or to a trustee on behalf of the holders of the ACSM Hybrids, as the case may be. Consequently, the proportionate ownership and voting interests of Existing Stockholders will be diluted”, on Monday 22 February 2010, the Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC in lieu of a cash dividend on the 2009 Preference Stock, which was otherwise due on 20 February 2010. As a result, this brought the NPRFC’s total holding of Ordinary Stock to the current level of 15.73% of the Existing Stock. If the Bank is precluded from paying, or elects not to pay, any future annual dividend on the 2009 Preference Stock, this will result in the issue of further units of Ordinary Stock to the NPRFC. This could ultimately result in the Government holding a significantly larger stake in the Bank.

If the NPRFC Placing, the Institutional Placing and Rights Issue proceed, the Warrants will be cancelled in return for the payment of €491 million by the Bank to the NPRFC and 1,036,000,000 units of 2009 Preference Stock will be converted to Ordinary Stock pursuant to the NPRFC Placing at a price equivalent to €1.80 per unit of Ordinary Stock with the result that the NPRFC will hold 36% of the Post-Placing Enlarged Capital Stock. As part of the NPRFC Rights Issue Undertaking, between 576 million and 685 million units of 2009 Preference Stock will be converted to Ordinary Stock, with the result that the NPRFC will hold up to a maximum of 36% of the Ordinary Stock, following the implementation of the Proposals . The implementation of the Proposals would result in the Government’s holding of 2009 Preference Stock falling to a minimum of 1,779 million units and a maximum of 1,888 million units.

Through the NPRFC’s stockholding in the Bank and other relationships with the Group, the Government is in a position to exert significant influence over the Group and its business. As the holder of the 2009 Preference Stock the NPRFC has the right to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and can exercise voting rights equivalent to 25% of the total voting rights on any resolution proposed at a General Court of the Bank in relation to the appointment or removal of a Director of the Group. The 2009 Preference Stock also carries 25% of the total voting rights in relation to any Control Resolution (exclusive of any voting rights that the NPRFC or any Government Body may have through any holding of Ordinary Stock). The tabling of any resolution at a General Court of the Bank to alter the capital structure of the Group requires the prior approval in writing of the Minister for Finance. These rights apply in full for so long as the NPRFC holds any units of 2009 Preference Stock and they are not reduced in line with any reduction in the number of units of 2009 Preference Stock held. In addition, as the holder of the NPRFC Coupon Ordinary Stock, the NPRFC is entitled to exercise the voting rights attaching to these units of Ordinary Stock.

At present, the NPRFC and other Government Bodies are restricted from exercising more than 25% of the total voting rights at a General Court of the Bank in respect of the voting rights attaching to, amongst other securities, the 2009 Preference Stock and any Ordinary Stock issued in lieu of cash dividends (including the NPRFC Coupon Ordinary Stock) or issued upon the exercise of the Warrants, on a resolution to appoint, re-elect or remove a director. This restriction does not apply to other Ordinary Stock held by the NPRFC (for example Ordinary Stock held pursuant to its other investment activities).

If the Government Transaction is implemented, the NPRFC’s voting rights will be altered. The NPRFC will no longer be subject to the restriction on exercising more than 25% of the total voting capital on resolutions for the appointment, re-election or removal of directors: as such, the NPRFC would be entitled to exercise the full ordinary voting rights attaching to its Ordinary Stock (including the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Rights Issue Undertaking). However, the 2009 Preference Stock will no longer carry an automatic block vote of 25% of the total voting rights in respect of resolutions relating to directors and Control Resolutions; instead, the 2009 Preference Stock will carry the right to “top-up” the NPRFC’s total voting rights to 25% of the total voting rights on directors and Control Resolutions where the NPRFC’s ordinary voting rights through its holding of Ordinary Stock (or other securities issued in future) falls below this level. Further details of the terms of the 2009 Preference Stock are set out in paragraph 4 (Charter and Bye-Laws) of Part XVIII (Additional Information) of this Prospectus.

As a result, the Government, through the NPRFC, is in a position to exert an even greater level of influence over the Group’s business and there is a risk that the Government could exercise its voting rights in a manner which may not always be aligned with the interests of the Group’s other Stockholders.

A change in Government policy or the Irish Government could have a material adverse effect on the Group’s results, financial condition, liquidity and prospects.

Irish Government policy in respect of the banking sector, including its supervision, regulation, recapitalisation and structure, has and will continue to have a major impact on the Group. The Irish Government can implement its

policy by utilising its extensive powers under existing legislation, the introduction of new or amended legislation or, in the Group's case, the exercise of its stockholder and other rights pursuant to the NPRFC's stockholding in the Bank (for further information see paragraph 7 (Government Transaction) of Part VII (Letter from the Governor of Bank of Ireland) and Part XI (Regulation and Supervision) of this Prospectus). There can be no guarantee that the current policies of the Irish Government will be continued and the introduction of new Government policies or the amendment of existing policies could have a significant impact on the Group's results, financial condition, liquidity and prospects. Such policies could be introduced by either the current Government or a new Government constituted by different members or parties from the currently elected Oireachtas (Irish Parliament) or appointed following a general election, which may be called by the current Government at any time before the end of the term of the current Government in July 2012.

The discount on disposal of Bank of Ireland Eligible Bank Assets to NAMA may exceed the Group's estimate of €4.4 billion (including impairment provisions of €2.8 billion at 31 December 2009), and if it did it would adversely impact the Group's capital and results of operations. Even after the transfer of assets to NAMA, the Group is exposed to some of NAMA's losses in the event that NAMA has an underlying loss at the conclusion of its operations.

As stated by the Minister for Finance on 30 March 2010, NAMA is now operational and the Group has since transferred Tranche 1 NAMA Assets of €1.9 billion (before impairment provisions) for which it received consideration of €1.2 billion in Government guaranteed bonds and non-guaranteed subordinated bonds.

A number of uncertainties remain as to the specific quantum and mix of subsequent Bank of Ireland Eligible Bank Assets which may transfer to NAMA, the timing of those transfers, the price that NAMA would pay for those loans, the fees that the Group 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 to book value on the total amount of Bank of Ireland Eligible Bank Assets transferred to NAMA and there can be no assurance that the actual discount applied to Bank of Ireland Eligible Bank Assets transferring to NAMA will not be greater than that estimated in paragraph 10 (NAMA) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

If the incremental loss which the Group is required to recognise as a result of the transfer of assets to NAMA is significantly greater than the Directors expect, this may result in a further diminution of the capital base of the Group and may result in the need for additional capital.

In addition, the application of a discount to the Bank of Ireland Eligible Bank Assets that is significantly greater than currently anticipated could result in the Group being subject to downgrades in its credit ratings. See the risk factor "A series of further downgrades to the Group's credit ratings or credit outlook could impair the Group's access to funding, either by borrowing or through access to capital markets, trigger additional collateral requirements and/or weaken its competitive position" set out in this Part II of this Prospectus for further information.

If NAMA makes a loss the shortfall up to the value of the non-guaranteed subordinated bonds issued by NAMA will be shared by the Participating Institutions, including the Group, up to the amount of the non-guaranteed subordinated bonds issued in proportion to each institution's share of the total non-guaranteed subordinated bonds issued by NAMA. Such a shortfall could occur if the ultimate sales proceeds and income generated on the Eligible Bank Assets transferred to NAMA fail to cover the initial consideration paid and interest costs and expenses incurred by NAMA. As such, in the event that NAMA makes a loss on its operations, these subordinated securities could ultimately prove to be of little or no value to the Group, which could have an adverse effect on the Group's results, financial condition and prospects.

Further, if after the sharing of losses up to the value of the non-guaranteed subordinated bonds with the Participating Institutions NAMA makes an underlying loss at the conclusion of its operations calculated by reference to the Eligible Bank Assets it acquires from all the Participating Institutions (not just Bank of Ireland), the Group may be required to pay a tax surcharge to the Government which, depending on the quantum of underlying loss, may be significant and which could have an adverse effect on the Group's results, financial condition and prospects. The tax surcharge payable to the Government will be apportioned to each Participating Institution on the basis of the book value of the Eligible Bank Assets acquired by NAMA from each Participating Institution concerned as a proportion of the total book value of the Eligible Bank Assets acquired by NAMA from all of the Participating Institutions. Further information on the Group's participation in NAMA is set out in paragraph 10 (NAMA) of Part VII (Letter from the Governor of Bank of Ireland) and paragraph 4 (NAMA) of Part XI (Regulation and Supervision) of this Prospectus.

A series of further downgrades to the Group's credit ratings or credit outlook could impair the Group's access to funding, either by borrowing or through access to capital markets, trigger additional collateral requirements and/or weaken its competitive position.

As at 23 April 2010, the last practicable date prior to publication of this Prospectus, the long-term (outlook) / short-term (outlook) credit ratings for the Group are A-(stable) / A-2 (stable) from Standard & Poor's, A1(stable) / P-1(stable) from Moody's Investor Service, A-(stable) / F1(stable) from Fitch Ratings and AA(Outlook Negative)/R-1 (Middle) (Outlook Stable) from DBRS. These credit ratings reflect the most recent action by Standard & Poor's on 26 January 2010 to lower the credit ratings of the Group from A(negative watch) / A-1(negative watch) to A-(stable) / A-2(stable) as part of a general downgrade of Irish financial institutions, which led to an outflow of some ratings sensitive international deposits. While the Group believes that the probability of a material credit rating downgrade occurring in the next 12 months is relatively low, there can be no guarantee that the Group will not be subject to further downgrades and any further downgrades in the credit ratings of the Group could have a materially negative impact on the volume and pricing of its funding and its financial position, limit the Group's access to the capital and funding markets, trigger material collateral requirements in derivative contracts or other secured-funding arrangements and weaken the Group's competitive position in certain markets. In addition, the availability of deposits is often dependent on credit ratings and a series of further downgrades would be likely to lead to significant withdrawals of corporate or retail deposits which would result in a material deterioration in the Group's funding and liquidity position and may have systemic implications for the Irish banking system.

See the risk factors "Constraints on liquidity, lack of availability of funding and increased cost of funding could materially adversely affect the Group's business" and "Further downgrades to the Irish sovereign ratings or outlook could impair the Group's access to funding, trigger additional collateral requirements and weaken its competitive position" above for further information.

The Group operates in competitive markets (subject to some price regulation) which are subject to significant change and uncertainty which could have a material adverse effect on its results, financial condition and prospects.

The Group is subject to significant competition in the markets in which it operates and some of its competitors are larger and have greater financial resources than the Group. The markets for financial services within which the Group operates are highly competitive. It is anticipated that such competition may intensify in response to regulatory actions, competitor behaviour, consumer demand, technological changes, the impact of consolidation, new market entrants and other factors. In the event that financial markets remain unstable, competitor and market consolidation may accelerate.

In particular, competitive pricing pressures may limit the Group's ability to normalise its deposit rates and increase rates on customer loans which would prevent the Group restoring its net interest margin to target average levels which is a key driver of future profitability. In addition, the Group could also encounter difficulties in increasing interest rates to borrowers, particularly in respect of residential mortgages, due to the reputational impact such increases could have on the Group in the Irish market, and the political and/or legislative consequences that such an impact could have for the Group. Any of these events could have an adverse impact on net interest margins, and consequently on the results and financial condition of the Group.

Intervention by Monetary Authorities in the banking sector may impact the competitive position of the Group relative to its international competitors who may be subject to intervention of a different quantum and nature, potentially putting the Group at a competitive disadvantage in certain markets. Competition may increase in some or all of the Group's principal markets and may have an adverse effect on its results, financial condition and prospects.

The Group is subject to extensive regulation and oversight. Failure to comply with its regulatory obligations and to manage the associated risks properly could have a material adverse effect on the Group's results, financial condition and prospects.

The Group is subject to a wide variety of banking, insurance and financial services laws and regulations together with a large number of regulatory and enforcement authorities in each of the jurisdictions in which it operates. All of these are subject to change, particularly in the current market environment, where there have been unprecedented levels of government intervention and changes to the regulations governing financial institutions, including nationalisations of financial institutions in Ireland, the United Kingdom, the United States and other European countries. In the wake of the current difficult economic conditions and ongoing concerns regarding the regulation of the financial sector, new regulatory provisions may be introduced to which Bank of Ireland could be subject either at national, EU or international level. As a result of these and other ongoing and possible future changes in the financial services regulatory landscape (including requirements imposed by virtue of the Group's participation in

any government or regulator-led initiatives), the Group expects to face greater regulation in Ireland, the United Kingdom, the United States (at a federal and state level) and other European countries in which it operates. Compliance with such regulations may increase the Group's capital requirements and costs, could materially adversely affect its business, the products and services it offers and the value of its assets or require the Group to change certain of its business practices. As a result, the Group is exposed to regulatory and other risks, including:

- the monetary, interest rate, capital adequacy and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy or changes in regulatory regimes that may significantly influence investor decisions, in particular in markets in which the Group operates or may increase the costs of doing business in those markets;
- measures required by the European Commission under the EU Restructuring plan;
- changes to the financial reporting environment and/or standards;
- changes in taxation legislation and its interpretation;
- changes to the type, amount or proportion of assets that the Group is required to hold in order to account for liquidity risk or changes to the way in which the Group is required to fund its operations;
- potential requirements to develop and maintain a wind-down plan, also known as a "living will", in respect of the Group, which would set out a proposed strategy should the Group fail, in order to limit the cost to creditors, public funds and other disruption and which may require changes to the Group's structure and operations;
- changes to the amount and quality of regulatory capital that the Group's life assurance business is required to hold;
- other general changes in regulatory requirements, such as prudential rules relating to the capital adequacy framework and the imposition of onerous compliance obligations, restrictions on activities or business growth or pricing and requirements to operate in a way that prioritises objectives other than stockholder value creation;
- changes in competition and pricing environments;
- changes in the market for banking sector assets, caused by widespread divestment of assets by financial institutions across the European Union in order to comply with State aid requirements;
- changes to competition regulation and/or the regulation of the postal sector in the United Kingdom which may affect the joint ventures between the Group and Post Office Limited;
- the application of new, or additional, regulatory regimes arising from a restructuring of the Group's business such as to bring it within the jurisdiction of new or additional regulators;
- differentiation amongst financial institutions by governments with respect to the extension of guarantees to bank customer deposits and the terms attaching to such guarantees, including requirements for the Group to accept exposure to the risk of any individual member of the Group, or even third party participants in guarantee schemes, failing;
- implementation of, or costs related to, local customer or depositor compensation, guarantee or reimbursement schemes, including in the event a bank becomes unable to meet its obligations to customers, or changes to the funding or compensation limits of such schemes (including potential EU-wide harmonisation of the funding or compensation limits of deposit guarantee schemes as a result of the European Commission's review of EC Directive 94/19/EC relating to such schemes);
- expropriation, nationalisation and confiscation of assets and changes in legislation relating to foreign ownership; and
- other unfavourable political, military or diplomatic developments producing social instability or legal uncertainty which, in turn, may affect demand for the Group's products and services.

Further information on the regulation of the Group is set out in Part XI (Regulation and Supervision) of this Prospectus.

The Group is subject to extensive regulation and supervision in relation to the levels of capital in its business. The minimum regulatory capital requirements, as well as the manner in which existing regulatory capital is

calculated, could change in the future, which could materially adversely affect the Group's results, financial conditions and prospects.

As a result of the current environment and market events, the minimum regulatory requirements imposed on the Group, the manner in which the existing regulatory capital is calculated, the instruments that qualify as regulatory capital and the capital tier to which those instruments are allocated, could be subject to change in the future. A number of regulatory initiatives have recently been proposed, which would significantly alter the Group's capital requirements. These proposed initiatives include:

- EU Directive 2009/111/EC ("CRD II") (described in Part XI (Regulation and Supervision) of this Prospectus): CRD II is due to be implemented by 31 December 2010. In particular it will make changes to the criteria for assessing hybrid capital eligible to be included in Tier 1 Capital and may require the Group to replace, over a staged grandfathering period, existing capital instruments that do not fall within these revised eligibility criteria. Whilst it has been adopted into law, there is still significant uncertainty around the interpretation and the implementation of the Directive as it relates to the Bank.
- The EU Capital Requirements Directive III ("CRD III"): CRD III is currently subject to consultation and implementation of the rules is expected by 1 January 2011. It will introduce a number of changes in response to the recent and current market conditions, which may:
 - Increase the capital requirements for trading books to ensure that a firm's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
 - Limit investments in re-securitisations and impose higher capital requirements for re-securitisations to make sure that firms take proper account of the risks of investing in such complex financial products; and
 - Increase disclosure standards.
- On 16 December 2009, the Basel Committee on Banking Supervision, a forum for regular co-operation on banking supervisory matters, published a consultation paper entitled "Strengthening the resilience of the banking sector". The consultation paper contains proposals to strengthen the global capital framework by, among other things, raising the quality of the Core Tier 1 Capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base), strengthening the risk coverage of the capital framework, promoting the build up of capital buffers and introducing a global minimum liquidity standard for the banking sector. The consultation paper was open for consultation until 16 April 2010 and any changes are not expected to be implemented until after 2012.
- On 26 February 2010, the European Commission issued a public consultation document on further possible changes to the Capital Requirements Directive IV ("CRD IV") which is closely aligned with the proposals of 16 December 2009 from the Basel Committee.
- The Solvency II Directive (Directive 2009/138/EC), adopted by the European Parliament on 22 April 2009 and endorsed by the Council of Ministers on 5 May 2009, is a fundamental review of the capital adequacy regime for the European insurance industry. When implemented (required by 31 October 2012) the capital structure and overall governance of the Group's life assurance business will alter significantly and this may have an impact on the capital structure of the Group.

Significant uncertainty remains around the final requirements and implementation of these proposed initiatives. If certain of these measures were implemented as currently proposed, in particular the changes proposed by the Basel Committee and the CRD IV consultation document relating to the definition of and instruments that are eligible to be included within the Core Tier 1 Capital base, they would be expected to have a significant impact on the capital and asset and liability management of the Group, which in turn would be expected to have an adverse effect on the Group's results, financial condition and prospects.

If the Group proceeds to transfer part of its UK business to a newly-incorporated, wholly owned subsidiary, any such subsidiary could be subject to special resolution regime powers under the UK Banking Act 2009.

The Group has been actively considering transferring part of its UK business into a newly-incorporated, wholly owned subsidiary. The subsidiary would be likely to involve the Group's Post Office joint ventures, its branch business in Northern Ireland and other parts of its UK business banking operations.

If this transfer were to take place, the newly-incorporated, wholly owned subsidiary would be regulated by the FSA, as a UK authorised bank, and be subject to the special resolution regime under the UK Banking Act 2009. If the subsidiary was in the future, in a position in which it was considered, in the opinion of the FSA, to be failing, or likely to fail, to meet the threshold authorisation conditions in the FSMA, it could become subject to the exercise of

the special resolution regime powers granted to HM Treasury, the Bank of England and the FSA under the UK Banking Act 2009. These powers are: (a) to transfer all or part of the business of the subsidiary or the shares of the subsidiary to a private sector purchaser, (b) transfer all or part of the business of the subsidiary to a “bridge bank” wholly owned by the Bank of England, or (c) take the subsidiary into temporary UK Government ownership, with the corresponding risk of the loss of the Group’s UK business within its UK wholly owned subsidiary.

If the Group is required to hold higher levels of capital than anticipated by the market, this could have a material adverse impact on the Group’s results, financial condition and prospects.

Credit institutions, including the Group, are required to hold adequate capital at levels determined by regulatory requirements and market expectations. Due to the ongoing uncertainty in financial markets, market expectations may require international banks to hold Equity Tier 1 Capital, Core Tier 1 Capital, and Tier 1 Capital at levels higher than currently expected or the definitions of these capital tiers may be subject to change. As a consequence, this could require the Group to hold higher levels of capital than the minimum 7% Equity Tier 1 Capital and 8% Core Tier 1 Capital targets set by the Financial Regulator in its Prudential Capital Assessment Review announced on 30 March 2010 (for further information on the PCAR see paragraph 2 (Financial Regulator — Prudential Capital Assessment Review) of Part XI (Regulation and Supervision) of this Prospectus). These higher expectations in turn could adversely impact the Group’s operational flexibility and reduce earnings growth and restrain the Bank’s ability to pay dividends.

Further information on regulatory requirements is set out in Part XI (Regulation and Supervision) of this Prospectus.

The Group may be subject to litigation proceedings and regulatory investigations which could have a material adverse impact on its results, financial condition and prospects.

The Group may be subject to significant litigation and regulatory investigation risks. As a result, the Group may become involved in various disputes and legal proceedings in Ireland, the United Kingdom, the United States and other jurisdictions, including litigation and regulatory investigations. For instance, in the United Kingdom, the FSA has the power to revoke the Group’s UK permissions if the FSA considers it necessary to do so in order to protect customers. Disputes and legal proceedings, if they occur, are subject to many uncertainties, and their outcomes are often difficult to predict, particularly in the earlier stages of a case or investigation. Adverse regulatory action or adverse judgments in litigation could result in restrictions or limitations on the Group’s operations or result in an adverse effect on the Group’s results, financial condition and prospects.

In addition, the outcome of current litigation and inquiries, including the outcome of appeals initiated by the Bank, disclosed in paragraph 10 (Litigation) of Part XVIII (Additional Information) of this Prospectus could be worse than expected and could have a material adverse effect on the Group’s results, financial condition and prospects.

If a court of law were to determine that the Bank is under a binding legal obligation to pay dividends on the 1992 Preference Stock, except in certain specified circumstances, the Bank could be required to compensate holders or former holders of the 1992 Preference Stock and could potentially be subject to claims by holders or former holders of Hybrid/Preferred Securities.

The Bank has received correspondence from certain holders of the 1992 Preference Stock asserting that the Bank is under a binding legal obligation to pay dividends on the 1992 Preference Stock except in certain specified circumstances. The Bank’s view, based on external legal advice, has been, and remains, that the payment of dividends on the 1992 Preference Stock is a matter for the discretion of the Bank. Accordingly, because ‘dividend stopper’ provisions applicable to the Bank precluded it from paying any dividends unless under a binding legal obligation to do so, no dividends were paid by the Bank on the 1992 Preference Stock in February 2010. If such dividends had been declared and paid, the total amounts payable to holders of the 1992 Preference Stock would have been €4.64 million and £2.4 million.

If court proceedings were initiated by any holders or former holders of the 1992 Preference Stock and a court ruled that the Bank is under a binding legal obligation to pay dividends on the 1992 Preference Stock except in certain specified circumstances and was, therefore, in breach of the terms of the 1992 Preference Stock by not paying a dividend to holders or former holders of the 1992 Preference Stock in February 2010, the Bank could be required to compensate such holders of the 1992 Preference Stock.

In relation to the Hybrid/Preferred Securities, no payments were made in February, March or April 2010 in respect of coupons which might otherwise have been paid on the Hybrid/Preferred Securities. The total amount of such payments would have been €12.4 million, £2.4 million and US\$34.5 million, respectively. Due to the provisions of the Hybrid/Preferred Securities preventing payment of dividends on the 1992 Preference Stock for a period of one year following the non payment of coupons on the Hybrid/Preferred Securities, any determination by a court of law

that the Bank is under a binding legal obligation to pay dividends on the 1992 Preference Stock except in certain specified circumstances could potentially result in claims by holders or former holders of the Hybrid/Preferred Securities.

The investigation into the factors which contributed to the Irish banking crisis announced by the Irish Government, may result in the Group incurring costs in facilitating and engaging with the investigation and may result, depending on the findings of the investigation, in reputational damage to the Group or further investigations into the Group's conduct.

On 19 January 2010, the Minister for Finance announced a framework for an investigation into the factors which contributed to the Irish banking crisis within the context of the international economic and financial environment at that time.

As part of the first stage of the investigation into the banking system, the Government has commissioned two preliminary investigatory reports. A report on the functions of the CBFSAI over the period from the establishment of the Financial Regulator in May 2003 to the end of September 2008 will be prepared by the recently appointed Governor of the CBFSAI. A second report, dealing with an investigation into the specific factors within the Irish banking sector which exacerbated the impact of the international financial crisis for Ireland, will be prepared by independent experts appointed by the Minister. It is open to the independent experts to decide what time period to investigate up to and including September 2008 and it is expected that this preliminary report will involve inquiry into the conduct, management and corporate governance of individual financial institutions, including the Group.

Both preliminary reports are due to be submitted to the Minister by the end of May 2010 and their findings will form the basis of the terms of reference of a formal statutory investigation (the "Statutory Commission of Investigation") which will be established by the Government pursuant to the Commissions of Investigation Act, 2004. At the second stage of the investigation into the banking system, it is expected that the Statutory Commission of Investigation will examine the performance of individual banks and bank directors, the performance of regulatory authorities, the response of Government and Government agencies and the structure of the banking system in Ireland generally.

The Government anticipates that the Statutory Commission of Investigation will be established by 30 June 2010 and complete its work by the end of 2010, at which point its findings will be laid before the Finance and Public Service Oireachtas Committee for its consideration. Further inquiry may result from the findings of the Statutory Commission of Investigation, including the possibility of public hearings.

Bank of Ireland may incur significant costs, including legal and financial adviser costs, in facilitating and/or engaging with these investigations, and any ancillary investigations that may arise following the initial investigations. The results of these investigations could also result in ancillary investigations that may result in sanctions or other actions being taken against the Group. In addition, the reports or findings (including preliminary findings) or submissions given in public or otherwise released in respect of these investigations could have an adverse effect on the Group's reputation. See paragraph 10 (Litigation) of Part XVIII (Additional Information) of this Prospectus for further information in relation to the inquiry into the banking sector.

The Group may not succeed in implementing or fully implementing its plan to reduce the deficits in the defined benefit pension schemes it sponsors by a combination of benefit restructuring and additional employer contributions. In the event that these deficits result in the schemes becoming unable to meet their liabilities, the Group could elect to, or be required to, make additional, potentially significant, contributions to the schemes which could have a materially negative impact on the Group's financial condition and trading performance. In addition, and notwithstanding the implementation of these plans to reduce the deficits, the Group may if appropriate, elect to, or may be required to, make further contributions to its pension schemes if the value of pension fund assets is not sufficient to cover potential obligations.

The Group sponsors a number of defined benefit pension schemes for past and current employees. As at 31 December 2009, these pension schemes had a deficit of €1.6 billion (calculated on the basis of IAS 19). As is set out in more detail in paragraph 15 (Pensions) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus, the Group has had extensive discussions with staff representative bodies in order to address this deficit by a combination of benefits restructuring and additional employer contributions over a period of time. If fully implemented, the benefits restructuring aspect of this proposed approach is estimated to deliver a reduction of approximately 50% in the total deficit across all schemes relative to the 31 December 2009 IAS 19 deficit position.

While this approach has been agreed in principle (following its recommendation by an independent third party chairman) with the main bank union, the IBOA, in respect of the main pension scheme (which accounts for approximately 85% of the total deficit across all schemes), there is no guarantee that the finalised proposals will be approved by the IBOA membership. In addition, while the Group expects that the implementation of this approach

with other member groups representing the remaining beneficiaries of the pension schemes (including executive, manager-level staff and other non-unionised employees) will be successful, there is no guarantee that this will be the case.

As such, there is a risk that the proposed approach will not be fully implemented with all of the scheme members and that the deficit will not be reduced by the amount anticipated by the Group. In the event that the proposed approach fails to reduce these deficits, there is a risk that the pension schemes could fail to meet their liabilities. This could have a significant reputational impact on the Group. In these circumstances, the Group could choose to make additional contributions to the relevant schemes or could be obliged to make additional contributions to the schemes. Such contributions could be significant and may have a materially negative impact on the Group's financial condition and trading performance.

In addition, and notwithstanding the implementation of the proposals to reduce the current pension scheme deficits outlined above, the pension funds are subject to market fluctuations and changes in the value of underlying securities, as well as interest rate risk and changes to actuarial assumptions. These fluctuations could impact on the value of the schemes' asset portfolios and result in returns on the pension funds being less than expected and/or result in there being a greater than expected increase in the estimated value of the schemes' liabilities. As a result, new or additional deficits in the schemes may arise which could result in the Group choosing or being obliged to make additional contributions to the schemes in the event those schemes became unable to meet their liabilities. Such contributions could be significant and may have a materially negative impact on the Group's financial condition and trading performance.

Weaknesses or failures in the Group's internal processes and procedures including IT or equipment failures and other operational risks could have a material adverse effect on the Group's results, financial condition and prospects and could result in reputational damage.

The Group's businesses are dependent on their ability to process and report, accurately and efficiently, a high volume of complex transactions across numerous and diverse products and services, in different currencies and subject to a number of different legal and regulatory regimes. Operational risks are inherently present in the Group's businesses, including, as a result of potentially inadequate or failed internal processes (including financial reporting and risk monitoring processes), IT or equipment failures or the failure of external systems and controls including those of the Group's suppliers or counterparties (supplier and counterparty systems, controls, and processes being entirely outside the control of the Group) or from people-related or external events, such as the risk of fraud and other criminal acts carried out against the Group.

The Group has obligations as a non-US registrant under US securities laws and regulations, including the requirement to comply, where applicable, with the Sarbanes-Oxley Act of 2002 ("SOx"). The Group has put in place a comprehensive framework to document and test its internal control structures and procedures in line with the requirements of Section 404 of SOx, which requires, among other things, certification by management regarding the effectiveness of internal controls over financial reporting. There can, however, be no assurance that the risk-controls or loss-mitigation actions implemented will be effective in controlling each of the operational risks faced by the Group. Any weakness in these controls or actions could result in a material adverse impact on the Group's results, financial condition and prospects, as well as reputational damage which could exacerbate such adverse impact.

The Group's life assurance business is subject to inherent risks involving claims, as well as market conditions generally.

Life assurance risk is the potential volatility in the amount and timing of claims caused by unexpected changes in mortality, longevity and morbidity. Mortality risk is the risk of deviations in timing and amounts of cash flows paid to policy holders (premiums and benefits) due to the incidence or non-incidence of death. Longevity risk is the risk of such deviations due to increasing life expectancy trends among policy holders and pensioners, resulting in payout ratios higher than those the Group originally accounted for. Morbidity risk is the risk of deviations in timing and amount of cash flows to policy holders (such as claims) due to the incidence or non-incidence of disability and sickness. A material change in relation to any of these risks could materially and adversely affect the Group's results, financial condition and prospects. In addition, the Group's life assurance business is subject to risks relating to the volatility in the value of the underlying assets held to meet its liabilities.

In Ireland and the Isle of Man, the Group is responsible for contributing to compensation schemes in respect of banks and other authorised financial services firms that may be unable to meet their obligations to customers.

The Group is obliged to contribute to investor compensation schemes in Ireland and the Isle of Man, (further details of which are set out in Part XI (Regulation and Supervision) of this Prospectus) (“Compensation Schemes”) which are designed to compensate (up to defined limits) certain classes of customers of authorised financial services firms where a firm is unable, or deemed likely to be unable, to pay claims against it. The Compensation Schemes are funded by levies on firms authorised by the respective financial regulators. In the event that one or more Compensation Scheme significantly increases the levies to be paid by firms or changes the coverage or funding levels, the associated costs to the Group may have a material impact on its results, operations and financial condition.

If the Group becomes subject to employment disputes or industrial action, this could adversely affect its business.

A significant number of the Group’s employees are members of trade unions. The Group currently consults with its employees and their representatives regarding pay, pensions, work practices and conditions of employment. The Group recognises that challenges may arise in relation to pay, pensions and terms and conditions of employment which may need to be resolved through established industrial relations fora. In the event that the Group becomes subject to industrial action or other labour conflicts, including strikes or other forms of industrial actions, this may result in a disruption to the Group’s business, financial condition and prospects.

The Group may not be able to recruit, retain and develop appropriate senior management and skilled personnel.

The Group’s success depends in part on the availability of skilled management and the continued service of key members of its management team. The Group depends on the availability of skilled management both at its head office and at each of its business units. Failure by the Group to staff its operations appropriately, or the loss of one or more key senior executives, and failure to replace them in a satisfactory and timely manner, may have a material adverse effect on the Group’s results, financial condition and prospects.

In addition, if the Group fails to attract and appropriately train, motivate and retain highly skilled and qualified personnel, its business may also be negatively affected. Restrictions imposed on remuneration by Government or regulatory authorities or other factors outside of the Group’s control in relation to the retention and recruitment of key executives may also adversely impact on the Group’s ability to attract and retain appropriately skilled personnel.

If the Central Bank Reform Bill 2010 is enacted as currently drafted, the Group would also be required to submit for review and approval, proposed new appointments to some senior management positions. This could have a material adverse effect on the Group if the approval process resulted in delays in filling key positions or impacted the Group’s ability to attract suitable candidates.

The Group’s operations have inherent reputational risk, meaning the risk to earnings and capital from negative public opinion.

Reputational risk is inherent in the Group’s business. Negative public or industry opinion can result from the actual or perceived manner in which the Group conducts its business activities or from actual or perceived practices in the banking industry, such as money laundering or mis-selling of financial products. Negative public or industry opinion may adversely affect the Group’s ability to keep and attract customers and, in particular, corporate and retail depositors the loss of which would in each case adversely affect the Group’s business, financial condition and prospects.

The effect of the realisation of country risk in respect of other sovereign issuers could spread to Irish financial institutions and could result in a material adverse effect on the Group’s results, financial condition and prospects.

Country risk is the risk that a counterparty is unable to meet its contractual obligations as a result of adverse economic conditions or actions taken by the government in the relevant country. This includes the risk that:

- a sovereign borrower may be unable or unwilling to fulfil contractual obligations; and/or
- a non-sovereign counterparty may be unable to fulfil its contractual obligations as a result of currency shortage due to adverse economic conditions or actions taken by the government of the country.

Country risk in a sovereign issuer other than Ireland, especially a European sovereign issuer, could have an impact on capital markets in general, in particular on the market perception of the risks associated with lending to peripheral European sovereign issuers, such as Ireland, and financial institutions in those countries, such as the

Bank. As such, country risk could have a significant adverse effect on the Group's access to funding, results, financial condition and prospects.

The value of certain financial instruments recorded at fair value is determined using financial models incorporating assumptions, judgements and estimates that may change over time or may ultimately not turn out to be accurate.

In establishing the fair value of certain financial instruments, the Group relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that utilise observable financial market data. In certain circumstances, the data for individual financial instruments or classes of financial instruments utilised by such valuation models may not be available or may become unavailable due to changes in financial market conditions. In such circumstances, the Group's internal valuation models require the Group to make assumptions, judgements and estimates to establish fair value. In common with other financial institutions, these internal valuation models are complex, and the assumptions, judgements and estimates the Group is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, residential and commercial property price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgements and estimates may need to be updated to reflect changing facts, trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on the Group's earnings and financial condition. Also, recent market volatility and illiquidity has challenged the factual bases of certain underlying assumptions and has made it difficult to value certain of the Group's financial instruments. Valuations in future periods, reflecting prevailing market conditions, may result in changes in the fair values of these instruments, which could have an adverse effect on the Group's results, financial condition and prospects.

Change of control may lead to adverse consequences for the Group.

Bank of Ireland and its subsidiaries are parties to joint ventures, contracts and other agreements containing change of control provisions that may be triggered in the event of a change of control of the relevant Group entity for example as a result of a major stockholder, such as the NPRFC, obtaining a majority stake in the Bank (see the risk factor "*If the Group does not raise capital through the Proposals (including as a result of the Resolutions not being approved or the termination of the Underwriting Agreement), it may be unable to access additional capital or find alternative methods of increasing its Equity Tier 1 Capital Ratio, Core Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio, and there will be further limits on its ability to access capital, and its business, financial condition, results of operations and stock price will suffer. As a result, it may be necessary for the Group to seek further equity investment by the Irish Government, which may lead to majority State ownership and ultimately to nationalisation*"). These include the joint ventures between the Bank and Post Office Limited ("POL") which operates the Post Office network in the United Kingdom — one in relation to foreign exchange (First Rate) and one in relation to Post Office branded retail financial services products. Agreements with change of control provisions typically provide for, or permit, the termination of the agreement upon the occurrence of a change of control of one of the parties or if the new controlling party does not satisfy certain criteria. The crystallisation of change of control provisions could also result in the loss of contractual rights and benefits, as well as the termination of joint venture agreements. On a change of control of the relevant Group entity, the exercise of such rights or the decision by a counterparty not to waive or vary its rights on a change of control could have a material effect on the Group's results, financial condition and prospects.

Changes in taxation rates, legislation or practice may lead to adverse consequences for the Group.

The Group is subject to various tax rates in various jurisdictions computed in accordance with local legislation and practice. There is a risk that such tax rates, legislation and practice may change, which could adversely affect the results, financial condition and prospects of the Group.

In accordance with applicable accounting rules, the Group has recognised deferred tax assets on losses available to relieve future profits to the extent that it is probable that such losses will be utilised. The assets are quantified on the basis of current tax legislation and are subject to change in respect of the tax rate or the rules for computing taxable profits and allowable losses. A failure to generate sufficient future taxable profits or changes in tax legislation may reduce the recoverable amount of the deferred tax assets currently recognised in the financial statements.

The Group's results of operations and the markets in which it operates may be adversely affected by terrorist, geopolitical, pandemic and natural disaster risks.

Terrorist acts, other acts of war or hostility, geopolitical, natural disaster, pandemic or other such events and responses to those acts/events may also create economic and political uncertainties, which could have a negative impact on Irish, United Kingdom, United States, European Union and international economic conditions generally, and in ways that

cannot necessarily be predicted. These events could have an adverse effect on the Group's results, financial condition and prospects.

RISKS RELATING TO THE PROPOSALS

The Proposals may not be approved by Stockholders at the Extraordinary General Court.

The Proposals are conditional on the passing of the Resolutions by Stockholders at the Extraordinary General Court, (described in paragraph 18 (Extraordinary General Court) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus). If the Resolutions, which include resolutions approving the terms of the Rights Issue and the Placing, are not approved, the Proposals will not be effected and the key benefits expected to be achieved by the Proposals, as described in paragraph 4 (Rationale and Key Benefits of the Proposals) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus will not accrue.

If the Group does not raise capital through the Proposals (including as a result of the Resolutions not being approved or the termination of the Underwriting Agreement), it may be unable to access additional capital or find alternative methods of increasing its Equity Tier 1 Capital Ratio, Core Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio, and there will be further limits on its ability to access capital, and its business, financial condition, results of operations and stock price will suffer. As a result, it may be necessary for the Group to seek further equity investment by the Irish Government, which may lead to majority State ownership and ultimately to nationalisation.

The Proposals are intended to facilitate the Group in meeting its current and long-term capital requirements, including the new regulatory capital targets announced by the Financial Regulator on 30 March 2010 in its Prudential Capital Assessment Review (as set out in paragraph 13 (Financial Regulator) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus). Had the Proposals been completed on 31 December 2009, the receipt of the net proceeds would have had the effect of increasing the Group's 31 December 2009 Equity Tier 1 Capital Ratio to 8.0%, Core Tier 1 Capital Ratio to 10.1%, Tier 1 Capital Ratio to 10.5%, and its Total Capital Ratio to 13.5%. The pro forma impact of the Proposals on capital ratios is outlined in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus.

If the Resolutions are not approved by the Stockholders, the Group will need to assess its strategic and operational position and may be required to find alternative methods for achieving requisite capital ratios. Such methods could include, amongst other things, a prolonged cessation of dividends, an accelerated reduction in Risk Weighted Assets, disposal of certain businesses or increased issuance of Tier 1 Securities. The Directors believe that there is a low probability that these alternative methods will be available or would be successful in increasing the Group's regulatory capital ratios, without Government involvement, to meet market expectations and/or the new regulatory capital targets announced by the Financial Regulator on 30 March 2010 in its Prudential Capital Assessment Review (as set out in paragraph 13 (Financial Regulator) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus) or within the timetable currently envisaged. If the Group is unable to raise sufficient capital through the Proposals and increase its capital ratios sufficiently, or if the proceeds of the Proposals ultimately prove to be insufficient, its business, results of operations and financial condition would suffer, its credit rating may be downgraded, it could be subject to censure, sanction or fine by the Financial Regulator, its ability to access funding would be reduced and its cost of funding would increase. The occurrence of any or all such events would be highly likely to cause its stock price to decline with negative implications for Stockholders. The Minister for Finance stated in a speech on 30 March 2010 that the Minister does not want institutions to operate on a bare minimum of capital and that majority State shareholdings are much more preferable than under-capitalised or only adequately capitalised entities. Therefore, the Directors believe that if the Group is unable to proceed with the Proposals or if alternative methods for increasing its capital ratios are unsuccessful, it is highly likely to lead to an even greater increased equity investment in the Group by the Government, which would likely result in majority Government ownership or nationalisation. In these circumstances, Stockholders could lose some or all of the value of their Ordinary Stock and Preference Stock.

Stockholders may have their percentage ownership diluted depending on the extent to which they take up their rights entitlements under the Rights Issue and to the extent that debt holders elect to receive Allotment Instruments under the Debt for Equity Offers.

To the extent that Qualifying Stockholders do not take up their rights or sell their Nil Paid Rights in the market, they will be significantly diluted by the implementation of the Proposals.

To the extent that Qualifying Stockholders take up their rights fully under the Rights Issue and to the extent that noteholders elect to receive cash proceeds (from the issue of ordinary shares in the Rights Issue), such stockholders' percentage ownership will not be diluted other than for the impact of the Institutional Placing and the NPRFC Placing.

To the extent that noteholders elect to receive the maximum amount of Allotment Instruments, €200 million, Stockholders will suffer further ownership dilution, even if they fully take up their rights. The extent of this further dilution will depend on the price at which the Allotment Instruments convert into Conversion Ordinary Stock.

Further details on the maximum dilutive impact of the Debt for Equity Offers on Stockholders is set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of the Appendix to Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

RISKS RELATING TO THE RIGHTS ISSUE, THE INSTITUTIONAL PLACING AND THE NPRFC PLACING

Stockholders who do not subscribe for Rights Issue Stock in the Rights Issue will experience dilution in their ownership of the Bank.

If a Qualifying Stockholder (who is not a Placee) does not take up any Rights Issue Stock under the Rights Issue, such Qualifying Stockholder's stockholding in Bank of Ireland will be diluted by a maximum of up to 95% as a result of the Proposals. Subject to certain exceptions, Ordinary Stockholders in the United States or any other Excluded Territory will, in any event, not be able to participate in the Rights Issue. Further details on the maximum dilutive effect of the Rights Issue on Ordinary Stockholders is set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of the Appendix to Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

Stockholders will experience dilution in their ownership of the Bank as a result of the Placing and the Debt for Equity Offers.

Regardless of whether a Qualifying Stockholder takes up his or her full entitlement under the Rights Issue, his or her proportionate ownership and voting interests in the Bank will be diluted by the units of Ordinary Stock issued pursuant to the Placing and any Allotment Instruments taken up by the Bank's noteholders through the Debt for Equity Offers. Further details on the maximum dilutive impact of the Placing and the Debt for Equity Offers are set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of the Appendix to Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

An active trading market in the Nil Paid Rights may not develop.

An active trading market in the Nil Paid Rights (that is, a right of an Ordinary Stockholder to subscribe for the new Ordinary Stock being offered under the Rights Issue that has not yet been taken up or paid for) may not develop on the Irish Stock Exchange and the London Stock Exchange during the nil paid trading period. In addition, because the trading price of the Nil Paid Rights depends on the trading price of the Ordinary Stock, there is a risk that the price of the Nil Paid Rights may be volatile and may be subject to the same risks described under the risk factor "*The Bank's stock price has been and could further be subject to significant fluctuations*". The fluctuation in the price of the Ordinary Stock may also magnify the price volatility of the Nil Paid Rights.

Admission of the Placing Stock, the Rights Issue Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock to trading on the Irish Stock Exchange and the London Stock Exchange may not occur when expected.

Until the Placing Stock, the Rights Issue Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock are admitted to listing on the Official Lists and to trading on the Irish Stock Exchange and the London Stock Exchange, they will not be fungible with Existing Stock currently trading on the Irish Stock Exchange and the London Stock Exchange. There is no assurance that admission to trading of the Placing Stock, the Rights Issue Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock will take place when anticipated.

It may be difficult for investors outside Ireland to serve process on or enforce foreign judgments against the Bank in connection with the Rights Issue and the Institutional Placing.

Bank of Ireland is incorporated by charter in Ireland. Most of the members of the Court of Directors and officers are resident in Ireland. As a result it may be difficult for investors outside Ireland to serve process on, or enforce foreign

judgments against the Bank, or its directors and officers in connection with the Rights Issue and Institutional Placing.

RISKS RELATING TO THE ORDINARY STOCK

The Bank's stock price has been and could further be subject to significant fluctuations.

The market price of the units of the Bank's Ordinary Stock has been, and could further be subject to, significant fluctuations in response to various factors, such as a change in sentiment in the market regarding the units of Ordinary Stock, national and global economic and financial conditions, the market's response to the Proposals, the effects of Bank of Ireland Eligible Bank Asset transfers to NAMA, the effect of the level of the NPRFC's holding in the Bank, the requirement on the Bank to issue further units of Ordinary Stock as a result of the deferral of payment of coupons on the ACSM Hybrids, the plans and proposals of the Irish, UK, US and other governments with respect to the global financial crisis, market perceptions or other indications as to when the Bank will be able to pay dividends on the units of Ordinary Stock, (including the length of time that the Bank will be unable to pay dividends on units of Ordinary Stock, whether due to direction from the European Commission or contractual obligations, such as "dividend stoppers" or due to inadequate distributable reserves), and various other facts and events, including liquidity of financial markets, regulatory changes affecting the Group's operations, variations in the Group's operating results, business developments of the Group and/or its competitors. Stock markets have for the past three years experienced significant price and volume fluctuations that have affected the market prices for the Group's securities. The Group's securities may also experience further fluctuations if the Financial Regulator's current ban on short selling is removed. Furthermore, the Group's operating results and prospects from time to time may be below the expectations of market analysts and investors. Any of these events could result in a decline in the market price of the units of Ordinary Stock.

The Group can give no assurance that the market price of the Ordinary Stock will not decline below the Rights Issue Price. Qualifying Stockholders should note that if the market price of the Ordinary Stock is lower than the Rights Issue Price during the period of the Rights Issue, it may not be economically advantageous for Qualifying Stockholders to take up their entitlements to Rights Issue Stock. Should the market price of the Ordinary Stock decline below the Rights Issue Price after Qualifying Stockholders take up their entitlements to Rights Issue Stock, such Qualifying Stockholders would suffer an immediate unrealised loss on the Rights Issue Stock issued in respect of their entitlements. Moreover, there can be no assurance that, following the take up of their Rights Issue Stock, Qualifying Stockholders will be able to sell the Rights Issue Stock at a price equal to or greater than the Rights Issue Price.

The market price of Ordinary Stock may be materially adversely affected by a significant sale of Ordinary Stock by the NPRFC.

The NPRFC's holding of Ordinary Stock is not subject to any restrictions on its disposal of Ordinary Stock. The NPRFC is a significant Stockholder of the Bank and if the NPRFC disposed of all, or a significant portion of, its holding of Ordinary Stock, this could have a material adverse affect on the market price of the Ordinary Stock and therefore the value of the Group. Furthermore, because the NPRFC is a significant Stockholder of the Bank, the possibility that the NPRFC may at any time make significant disposals of Ordinary Stock could adversely effect the price of the Ordinary Stock.

The Group is currently precluded from paying dividends or distributions on certain instruments affected by the terms of a "dividend stopper", including the 2009 Preference Stock and the ACSM Hybrids for a period of one calendar year from and including 1 February 2010. In the event that the Group remains, or subsequently becomes, precluded from paying, or elects not to pay, such dividends on the 2009 Preference Stock and/or the ACSM Hybrids, it will be required to issue units of Ordinary Stock to the holders of the 2009 Preference Stock (being the NPRFC) and/or to a trustee on behalf of the holders of the ACSM Hybrids, as the case may be. Consequently, the proportionate ownership and voting interests of Existing Stockholders will be diluted.

In line with communications to the Group from the European Commission on 19 January 2010, the Bank announced that it would not make any discretionary distributions or dividends on its Tier 1 Securities and Upper Tier 2 Securities (including the 2009 Preference Stock, its LP2 Securities and LP3 Securities and the ACSM Hybrids).

Under the terms of the ACSM Hybrids, if the payments of coupons are deferred (payable annually in March at the discretion of the Bank) such deferred coupon payments must be satisfied by the issue of Ordinary Stock to raise cash to pay the deferred coupons. As announced by the Group on 12 February 2010, in line with the communication from the European Commission described above, the Group did not pay the coupon otherwise payable on the ACSM Hybrids on 7 March 2010 and the coupon is therefore deferred. A deferral of coupon under the ACSM Hybrids triggers the "dividend stopper" provisions under those securities which prevent any dividend or coupon payments being made on Ordinary Stock, non-cumulative euro and Sterling Preference Stock, the 2009 Preference Stock and

Hybrid/Preferred Securities until the deferred coupon is satisfied through the issue of Ordinary Stock. The amount of deferred coupon itself bears interest at the applicable rate under the ACSM Hybrids, plus an additional 2%. Therefore, during the period when payment of the coupon on the ACSM Hybrids is deferred, as directed by the European Commission and as a consequence of the “dividend stopper” triggered by the non-payment of the coupon on the LP2 Securities on 1 February 2010, the obligation to issue Ordinary Stock to a trustee on behalf of the holders of the ACSM Hybrids will accrue. That Ordinary Stock will be sold by the trustee for the benefit of the holders of the ACSM Hybrids. Once the payment of cash coupons on the ACSM Hybrids resumes, these will be paid in cash. When those units of Ordinary Stock are issued the proportionate ownership and voting interests of Existing Stockholders will be diluted. As at 31 December 2009, the outstanding amount of ACSM Hybrids was €476 million (in respect of the 7.4% Coupon Guaranteed Step-up Callable Perpetual Preferred Securities) and £46 million (in respect of the 6.25% Coupon Guaranteed Callable Perpetual Preferred Securities). Based on the current net amount outstanding and assuming coupons are stopped until 31 January 2011, the number of units of Ordinary Stock having a value of €42 million (including allowance for interest on deferred coupons and assuming no take up in the Debt for Equity Offers) will be required for any ACSM Hybrid dividends that are missed.

The NPRFC, as the holder of the 2009 Preference Stock on behalf of the Government, is entitled to receive a non-cumulative dividend at a fixed rate of 8% (increasing to 10.25% pursuant to the Proposals) of the issue price, which is payable annually on 20 February, at the discretion of the Bank, with the next payment date on 20 February 2011. In the event that the Bank does not pay any cash dividends otherwise due on the 2009 Preference Stock, the Bank is required, under the terms of the 2009 Preference Stock, to issue units of Ordinary Stock to the NPRFC in lieu of the relevant cash dividend.

As a result of the “dividend stopper” on the LP2 Securities (and subsequently under the commitments to be made under the EU Restructuring Plan), the Group is currently precluded, for a period of one calendar year from and including 1 February 2010, from making discretionary payments of coupons or exercising voluntary call options on hybrid capital securities. As a result, on Monday 22 February 2010, the Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC in lieu of a cash dividend on the 2009 Preference Stock, which was otherwise due on 20 February 2010. This resulted in the dilution of Existing Stockholders’ proportionate ownership by 16%. As at 23 April 2010, the last practicable date prior to the publication of this Prospectus, the NPRFC holds 15.73% of the Existing Stock of the Bank (which includes both the NPRFC Coupon Ordinary Stock (comprising 15.51% of the Existing Stock) and other Ordinary Stock held by the NPRFC pursuant to its other investment activities).

Under the EU Restructuring Plan, Bank of Ireland also commits not to pay dividends on its Ordinary Stock until the earlier of: (i) 30 September 2012; or (ii) the date on which the 2009 Preference Stock is redeemed in full or is no longer owned by the State through the NPRFC or otherwise.

It is anticipated that pursuant to the behavioural commitments to be given by the Group under the EU Restructuring Plan the Group will be precluded from paying discretionary coupons in the period 1 February 2010 to 31 January 2011. However, at the date of this Prospectus, there can be no certainty as to the outcome of the State aid proceedings and the content of the final EU Restructuring Plan. In the event that the Group determines not to pay dividends on the LP2 Securities thereby triggering the “dividend stopper” provisions for further one year periods, or the Court otherwise elects not to pay a cash dividend otherwise due on the 2009 Preference Stock, the Bank will be required to issue further units of Ordinary Stock to the NPRFC and/or for the purposes of funding deferred coupons on the ACSM Hybrids. The issue of further units of Ordinary Stock in the event of non-payment of any cash dividend otherwise due on the 2009 Preference Stock or for the purposes of funding the ACSM Hybrids deferred coupons would result in the further dilution of Existing Stockholders’ proportionate ownership and voting interests in the Group. If there is more than one such issue of Ordinary Stock due to the non-payment of dividends on the 2009 Preference Stock and/or the ACSM Hybrids in successive years, the rate of dilution on Existing Stockholders would increase for each successive issue of Ordinary Stock, as the proportionate ownership of such Existing Stockholders would be reduced after each such issue.

Future issues of Ordinary Stock on a non-pre-emptive basis may further dilute the holdings of Existing Stockholders and could materially affect the market price of the Ordinary Stock. The market price of the Ordinary Stock may also be adversely affected by the sale of a large amount of Ordinary Stock by a significant stockholder.

It is possible that the Bank may decide to offer additional Ordinary Stock in the future, to raise capital, to make coupon payments on certain classes of preferred securities in the form of Ordinary Stock or for other purposes. In addition, the Bank is required under the terms of the 2009 Preference Stock, to issue further units of Ordinary Stock to the Government if it does not pay a cash dividend on the 2009 Preference Stock, as described in greater detail in the risk factor “*The Group is currently precluded from paying dividends or distributions on certain instruments affected by the terms of a “dividend stopper”, including the 2009 Preference Stock and the ACSM Hybrids for a*

period of one calendar year from and including 1 February 2010. In the event that the Group remains, or subsequently becomes, precluded from paying, or elects not to pay, such dividends on the 2009 Preference Stock and/or the ACSM Hybrids, it will be required to issue units of Ordinary Stock to the holders of the 2009 Preference Stock (being the NPRFC) and/or to a trustee on behalf of the holders of the ACSM Hybrids, as the case may be. Consequently, the proportionate ownership and voting interests of Existing Stockholders will be diluted.” An additional offering on a non-pre-emptive basis or payments of coupons in Ordinary Stock will have a dilutive effect on the holdings of Ordinary Stockholders and could have an adverse effect on the market price of Ordinary Stock as a whole. In addition, significant sales of Ordinary Stock by major stockholders, in the absence of market demand for such stock, could have an adverse effect on the market price of the Ordinary Stock as a whole.

The Bank is currently precluded and will be precluded for some period, from paying dividends in respect of the Ordinary Stock and this may have an adverse effect on the market price of the Ordinary Stock.

As set out in the risk factor *“The NPRFC Investment, the Government Transaction and NAMA are the subject of a review by the European Commission under EU State aid rules, the outcome of which is uncertain and may involve the prohibition of some or all elements of the State aid provided to the Group by the Government, the requirement for the Group to repay the State aid, or the imposition of conditions on the Group that may be materially adverse to its interests”* and the risk factor *“The Group is currently precluded from paying dividends or distributions on certain instruments affected by the terms of a “dividend stopper”, including the 2009 Preference Stock and the ACSM Hybrids for a period of one calendar year from and including 1 February 2010. In the event that the Group remains, or subsequently becomes, precluded from paying, or elects not to pay, such dividends on the 2009 Preference Stock and/or the ACSM Hybrids, it will be required to issue units of Ordinary Stock to the holders of the 2009 Preference Stock (being the NPRFC) and/or to a trustee on behalf of the holders of the ACSM Hybrids, as the case may be. Consequently, the proportionate ownership and voting interests of Existing Stockholders will be diluted”*, as a result of the dividend stopper the Bank is currently precluded, for a period of one calendar year from and including 1 February 2010 from declaring and paying any distribution or dividend on its Ordinary Stock, non-cumulative euro and Sterling Preference Stock, the 2009 Preference Stock, the ACSM Hybrids and the Hybrid/Preferred Securities. The ACSM Hybrids are eligible for exchange under the Debt for Equity Offers.

Under the EU Restructuring Plan, the Bank has also committed not to pay dividends on its Ordinary Stock until the earlier of: (i) 30 September 2012, or (ii) the date on which the 2009 Preference Stock is repaid in full or is no longer owned by the State through the NPRFC or otherwise.

The Group has a number of classes of securities which rank in priority to the Ordinary Stock for the payment of dividends, including the 1992 Preference Stock, the 2009 Preference Stock and the Hybrid/Preferred Securities. The determination by the Group to pay dividends on these securities could adversely affect the Bank’s ability to declare and pay dividends on the Ordinary Stock. In addition, if the Group determines not to pay dividends on certain of these securities, including the LP2 Securities and the LP3 Securities, “Dividend Stoppers” could be triggered precluding the Group from paying and declaring any distribution or dividend on, amongst securities, the Ordinary Stock for a period of one year from the date of the unpaid dividend.

Under the terms of the CIFS Guarantee Scheme, which is scheduled to expire on 29 September 2010, the Bank is precluded from paying dividends on the Ordinary Stock without the approval of the Minister for Finance. This prohibition can be extended under the ELG Scheme.

These restrictions may have an adverse effect on the market price of the Ordinary Stock.

PART III

OTHER IMPORTANT INFORMATION

STOCKHOLDER HELPLINE

Part VIII (Questions and Answers about the Placing and the Rights Issue) of this Prospectus answers some of the questions most often asked by stockholders about rights issues. If Qualifying CREST Stockholders or Qualifying Non-CREST Stockholders have any further queries regarding the procedure for acceptance and payment, they should contact the stockholder helpline on freephone 1800 930 490 (if calling from within Ireland) or freephone 0800 923 1510 (if calling from within the United Kingdom) or + 353 1 2475414 (if calling from outside Ireland and the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. During the Rights Issue subscription period beginning on 20 May 2010 and ending on 8 June 2010, all helplines will be open for the extended hours of 9.00 a.m. to 8.00 p.m. on any Business Day and 9.00 a.m. to 1.00 p.m. on Saturdays.

Please note that, for legal reasons, the stockholder helpline will only be able to provide assistance in relation to information contained in this Prospectus and information relating to Bank of Ireland's register of members and will be unable to give advice on the merits of the Proposals, or provide legal, business, financial, tax or investment advice.

HOW TO PARTICIPATE IN THE RIGHTS ISSUE

It is expected that Qualifying Non-CREST Stockholders will be sent Provisional Allotment Letters on 19 May 2010, and that Qualifying CREST Stockholders will receive a credit to their appropriate stock accounts in CREST in respect of the Nil Paid Rights to which they are entitled as at close of business on 17 May 2010. The Nil Paid Rights so credited are expected to be enabled for settlement by CREST as soon as practicable after Admission of the Nil Paid Rights expected to be 8.00 am on 20 May 2010.

The action to be taken in respect of the Rights Issue Stock depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by a Provisional Allotment Letter) or are in uncertificated form (that is, are in CREST):

- Qualifying Non-CREST Stockholders should refer to paragraphs 2.1 and 2.3 and paragraphs 2.4 to 2.8 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.
- Qualifying CREST Stockholders should refer to paragraphs 2.2 and 2.3 to 2.8 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and to the CREST Manual for further information on the CREST procedures referred to in this Prospectus.

All Overseas Stockholders and any person (including, without limitation, agents, custodians, nominees or trustees) who has a contractual or other legal obligation to forward any documents issued by the Bank in connection with the Rights Issue, if and when received, to a jurisdiction outside Ireland or the United Kingdom should read paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

CREST Sponsored Members should refer to their CREST Sponsors, as only their CREST Sponsors will be able to take the actions necessary to take up their entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

The latest time and date for acceptance and payment in full for the Rights Issue Stock by holders of the Nil Paid Rights is expected to be 11.00 a.m. on 8 June 2010.

DELIVERY OF DOCUMENTS TO COMPUTERSHARE

Any documents to be returned, posted or delivered to Computershare in connection with the Rights Issue (including any Provisional Allotment Letters, cheques or bankers' drafts) should be addressed in the following ways:

(a) **BY POST:**

To: Computershare Investor
Services (Ireland) Limited
P.O. Box 11838 Dublin 18
Ireland

(b) **BY HAND:**

**(during normal business
hours only 9.00 a.m. —
5.00 p.m.)**

To: Computershare Investor
Services (Ireland) Limited
Heron House Corrig Road
Sandyford Industrial Estate
Dublin 18 Ireland

DISTRIBUTION AND CONTENTS OF THIS PROSPECTUS

Any reproduction or distribution of this Prospectus or any other documents issued by the Bank in connection with the Proposals, in whole or in part, and any disclosure of their contents or use of any information contained in any such documents for any purpose other than considering an investment in the Placing Stock, Nil Paid Rights, the Fully Paid Rights, and/or the Rights Issue Stock is prohibited. By accepting delivery of any documents issued by the Bank in connection with the Proposals, each offeree of the Placing Stock, Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock agrees to the foregoing.

The distribution of this Prospectus or any documents issued by the Bank in connection with the Rights Issue, the Placing and/or the transfer of and/or Admission of (as the case may be) the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Placing Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock into jurisdictions other than Ireland and the United Kingdom may be restricted by law and therefore persons into whose possession this Prospectus or any other documents issued by the Bank in connection with the Rights Issue, the Placing and/or the transfer of and/or Admission (as the case may be) the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Placing Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock comes should inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of such jurisdictions. In particular, subject to certain exceptions, this Prospectus or any other documents issued by the Bank in connection with the Rights Issue or the Placing and/or the transfer of and/or Admission of (as the case may be) the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Placing Stock, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock should not be distributed, forwarded to or transmitted in any Excluded Territories including the United States. The Placing Stock, Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters, and/or the Rights Issue Stock are not transferable, except in accordance with, and the distribution of this Prospectus or any other documents issued by the Bank in connection with the Proposals is subject to, the restrictions set out in paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

No person has been authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorised by the Bank or by the Underwriters. Neither the publication of this Prospectus nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank since the date of this Prospectus or that the information in this Prospectus is correct as at any time subsequent to its date.

Nothing contained in this Prospectus is intended to constitute investment, legal, tax, accounting or other professional advice. This Prospectus is for information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. Recipients of this Prospectus should consult with an appropriate professional for specific advice rendered on the basis of their individual situation. In making an investment decision, each investor must rely on their own examination, analysis and enquiry in relation to the Bank and the terms of the Proposals.

Neither the content of the Group's website, nor any other website nor the content of any website accessible from hyperlinks on the Group's website, nor any other website is incorporated into, or forms part of, this Prospectus.

PRESENTATION OF FINANCIAL INFORMATION

The Group publishes its financial statements in euro ("€" or "euro"). The abbreviations "€m" and "€bn" represent millions and thousands of millions of euro, respectively, while references to "cent" or "c" represent the monetary unit that represents one-hundredth of a euro.

References to "£" or "sterling" are to pounds sterling. The abbreviations "£m" and "£bn" represent millions and thousands of millions of pounds.

References to "USD", "dollars" and "\$" are to US dollars. The abbreviations "\$m" and "\$bn" represent millions and thousands of millions of dollars.

The financial information presented in a number of places in this Prospectus has been rounded to the nearest whole number or the nearest decimal place. Therefore, the sum of the numbers may not conform exactly to the total figure given. In addition, certain percentages presented in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

Unless otherwise stated the financial information contained herein was derived without material adjustment from the December 2009 Annual Report.

EXCHANGE RATES

The principal rates of exchange used in the preparation of the financial statements are as follows:

one euro: pound sterling

<u>Period</u>	<u>Average Rate</u>	<u>Period End Rate</u>
Year ended 31 March 2008	0.7116	0.7958
Year ended 31 March 2009	0.8333	0.9308
9 months ended 31 December 2009	0.8851	0.8881

On 23 April 2010, being the last practicable date prior to the publication of this Prospectus, the euro: pound sterling exchange rate was €1: £0.8673, being the daily reference rate set by the European Central Bank for such date.

one euro: US dollar

<u>Period</u>	<u>Average Rate</u>	<u>Period End Rate</u>
Year ended 31 March 2008	1.4328	1.5812
Year ended 31 March 2009	1.4321	1.3308
9 months ended 31 December 2009	1.4248	1.4406

On 23 April 2010, being the last practicable date prior to the publication of this Prospectus, the euro: US dollar exchange rate was €1: \$1.3311, being the daily reference rate set by the European Central Bank for such date.

For the purposes of the assumptions relating to the number of units of Ordinary Stock and the price of such Ordinary Stock to be issued pursuant to the Proposals, including in the calculations of the maximum potential dilutive impact of the Proposals, the following rates of exchange have been used (being the daily reference rate set by the European Central Bank for 23 April 2010, being the last practicable date prior to the date of publication of this Prospectus):

euro: pound sterling

€1: £0.8673

euro: US dollar

€1: \$1.3311

INTERNATIONAL FINANCIAL REPORTING STANDARDS

As required by the Companies Acts and the European Union IAS Regulation (EC) 1606/2002, the consolidated financial statements of the Group are prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union and as issued by the International Accounting Standards Board (“IASB”). IFRS as adopted by the European Union differ in certain respects from IFRS as issued by the IASB. However, the consolidated financial statements for the financial periods presented comply with both IFRS as adopted by the European Union and IFRS as issued by the IASB. References to IFRS hereafter should be construed as references to IFRS as adopted by the European Union.

FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference certain “forward-looking statements” regarding the belief or current expectations of the Group, the Directors and other members of its senior management about the Bank’s financial condition, results of operations and business and the transactions described in this Prospectus. Generally, but not always, words such as “may”, “could”, “should”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “assume”, “believe”, “plan”, “seek”, “continue”, “target”, “goal”, “would” or their negative variations or similar expressions identify forward-looking statements, including, amongst other things, the targets set out in paragraph 4 (Rationale and Key Benefits of the Proposals) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

Such forward-looking statements are not guarantees of future performance. Rather, they are based on current views and assumptions and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of the Bank and are difficult to predict, that may cause the actual results, performance, achievements or developments of the Group or the industries in which it operates to differ materially from any future results, performance, achievements or developments expressed or implied from the forward-looking statements. A number of material factors could cause actual results to differ materially from those contemplated by the forward-looking statements including, among other factors, the following:

- general economic conditions in Ireland, the United Kingdom and the other markets in which the Group operates;
- declining property values in Ireland and the United Kingdom;
- the potential exposure of the Group to various types of market risks, such as interest rate risk, foreign exchange rate risk, credit risk and commodity price risk;
- the ability of the Group to access sufficient funding to meet its liquidity needs;
- the outcome of the Group's participation in the CIFS Guarantee Scheme and the ELG Scheme;
- the terms of the final EU Restructuring Plan to be agreed with the European Commission and the Department of Finance and the implementation of the final EU Restructuring Plan;
- changes in the Group's credit ratings;
- the effects and extent of the Government's stockholding in the Group (through the NPRFC);
- the outcome of the Group's participation in NAMA;
- changes in the Irish banking system;
- the making of further contributions to the Group's pension schemes;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates;
- the results of the Proposals;
- the effects of competition and consolidation in the markets in which the Bank operates; and
- the success of the Group in managing the risks involved in the foregoing.

See the risk factors described in Part II (Risk Factors) of this Prospectus for more information on factors that could cause actual results to differ materially from those contemplated by the forward looking statements in this Prospectus.

It is strongly recommended that investors read Part II (Risk Factors), Part X (Information on the Group) and Part XII (Operating and Financial Review of the Group) of this Prospectus for a more complete discussion of the factors which could affect the Group's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur. Due to such uncertainties and risks, investors should not place undue reliance on such forward-looking statements, which speak only to belief or current expectations as at the date of this Prospectus.

Except as required by the Financial Regulator, the Irish Stock Exchange, the FSA, the London Stock Exchange, or applicable law, the Bank does not have any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, further events or otherwise. Except as required by the Financial Regulator, the Irish Stock Exchange, the FSA, the London Stock Exchange, or applicable law, the Bank expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Bank's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

NOTICE TO EUROPEAN ECONOMIC AREA INVESTORS

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "**relevant member state**") (except for Ireland and the United Kingdom), no Placing Stock, Rights Issue Stock, Nil Paid Rights or Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing, Ordinary Stock issued pursuant to the NPRFC Rights Issue Undertaking and the NPRFC Coupon Ordinary Stock to the public in that relevant member state prior to the publication of a prospectus in relation to the Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock which has been approved by the Financial Regulator and notified to the competent

authority in the relevant member state, all in accordance with the Prospectus Directive, except that, offers of Placing Stock, Rights Issue Stock, Nil Paid Rights or Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of:
 - (i) an average of at least 250 employees during the last financial year;
 - (ii) a total balance sheet of more than €43m; and
 - (iii) an annual turnover of more than €50m, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Placing Stock, Rights Issue Stock, Nil Paid Rights or Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock shall result in a requirement for the publication by the Bank or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock to the public” in relation to any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Institutional Placing and/or the Rights Issue and any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and NPRFC Coupon Ordinary Stock to be offered so as to enable an investor to decide to acquire any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and NPRFC Coupon Ordinary Stock as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

In the case of any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing, Ordinary Stock issued pursuant to the NPRFC Rights Issue Undertaking and the NPRFC Coupon Ordinary Stock being offered to a financial intermediary as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock acquired by it in the Institutional Placing and/or the Rights Issue have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and NPRFC Coupon Ordinary Stock to the public other than their offer or resale in a relevant member state to qualified investors as so defined or in circumstances in which the prior consent of the Bank and each of the Underwriters has been obtained to each such proposed offer or resale. Each of the Bank and the Underwriters and their respective affiliates will rely on the truth and accuracy of the foregoing representation.

GENERAL

Websites

Neither the content of the Group’s website, the content of any other website nor the content of any website accessible from hyperlinks on the Group’s website, is incorporated into, or forms part of, this Prospectus.

Time

All references in this Prospectus to times are to Irish time unless otherwise stated.

Definitions

Capitalised terms used in this Prospectus have the meanings ascribed to them in Part XIX (Definitions) of this Prospectus.

General Notice

Nothing contained in this Prospectus nor the information incorporated by reference herein is intended to constitute or should be construed as business, investment, legal, tax, accounting or other professional advice. This Prospectus is for your information only and nothing in this Prospectus is intended to endorse or recommend a particular course of action. You should consult with an appropriate professional for specific advice rendered on the basis of your situation.

PART IV

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Each of the times and dates in the table below is indicative only and may be subject to change.

Announcement of the Proposals	26 April 2010
Posting of the Circular	26 April 2010
Admission of the NPRFC Coupon Ordinary Stock	27 April 2010
Announcement of the results of the Non-US Debt for Equity Offers and early US acceptances	10 May 2010
Announcement of Rights Issue Price and entitlements of Qualifying Stockholders	7.00 a.m. on 17 May 2010
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Court	11.00 a.m. on 17 May 2010
Record Date for entitlement under the Rights Issue for Qualifying CREST Stockholders and Qualifying Non-CREST Stockholders and Placees on that date)	5.00 p.m. on 17 May 2010
Extraordinary General Court	11.00 a.m. on 19 May 2010
Renominalisation becomes effective	Close of business on 19 May 2010
Closing of Institutional Placing and issue of Placing Stock (conditional on its Admission)	9.00 p.m. on 19 May 2010
Closing of NPRFC Placing and issue of Ordinary Stock (conditional on its Admission) to NPRFC	9.00 p.m. on 19 May 2010
Completion of the Warrant Cancellation	9.00 p.m. on 19 May 2010
Despatch of Provisional Allotment Letters (to Qualifying Non-CREST Stockholders only)	19 May 2010
Admission of the Placing Stock, the Ordinary Stock issued pursuant to the NPRFC Placing, the Nil Paid Rights and the Fully Paid Rights	8.00 a.m. on 20 May 2010
Dealings in the Nil Paid Rights and the Fully Paid Rights commence	8.00 a.m. on 20 May 2010
Dealings in the Placing Stock and the Ordinary Stock issued pursuant to the NPRFC Placing commence	8.00 a.m. on 20 May 2010
Start of subscription period	8.00 a.m. on 20 May 2010
Record Date Stock, the Placing Stock and the Ordinary Stock Issued pursuant to the NPRFC Placing marked “ex-rights” by the Irish Stock Exchange and the London Stock Exchange	8.00 a.m. on 20 May 2010
Nil Paid Rights and Placing Stock credited to stock accounts in CREST (Qualifying CREST Stockholders only)	as soon as possible after 8.00 a.m. on 20 May 2010
Nil Paid Rights, Fully Paid Rights and Placing Stock, enabled in CREST	as soon as possible after 8.00 a.m. on 20 May 2010
Closing of NPRFC Rights Issue Undertaking	3.00 p.m. on 20 May 2010
The latest time and date for requesting a sale of all Nil Paid Rights through the Computershare Dealing Facility	3.00 p.m. on 31 May 2010
Recommended latest time for requesting withdrawal of Nil Paid Rights and Fully Paid Rights from CREST (i.e. if your Nil Paid Rights and Fully Paid Rights are in CREST and you wish to convert them to certificated form)	4.30 p.m. on 1 June 2010

Latest time and date for splitting Provisional Allotment Letters, nil or fully paid	3.00 p.m. on 2 June 2010
Latest time for depositing renounced Provisional Allotment Letters, nil or fully paid, into CREST or for dematerialising Nil Paid Rights or Fully Paid Rights into a CREST stock account (i.e. if your Nil Paid Rights and Fully Paid Rights are represented by a Provisional Allotment Letter and you wish to convert them to uncertificated form)	3.00 p.m. on 3 June 2010
Latest time and date for acceptance, payment in full and registration or renunciation of Provisional Allotment Letters	11.00 a.m. on 8 June 2010
Announcements of results of Rights Issue	7.00 a.m. on 9 June 2010
Announcements of take up of the Debt for Equity Offers	10.00 a.m. on 9 June 2010
Trading in Fully Paid Rights ends	5.00 p.m. on 11 June 2010
Dealings in Rights Issue Stock commence on the Irish Stock Exchange and the London Stock Exchange . .	8.00 a.m. on 14 June 2010
Rights Issue Stock credited to CREST accounts	By 14 June 2010
Settlement of Debt for Equity Offers	14 June 2010
Despatch of definitive stock certificates for the Rights Issue Stock in certificated form	By 25 June 2010
Issue of Conversion Ordinary Stock	10 September 2010

Notes:

- (1) The ability to participate in the Rights Issue is subject to certain restrictions relating to Qualifying Stockholders with registered addresses outside Ireland and the United Kingdom, details of which are set out in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.
- (2) The above times and dates are indicative only. The times and dates set out in the expected timetable of principal events above and mentioned throughout this Prospectus may be adjusted by the Bank (in consultation with Citi, Credit Suisse, Davy, IBI Corporate Finance, Deutsche Bank and UBS), in which event details of the new times and dates will be notified to the Financial Regulator, the Irish Stock Exchange, the FSA, the London Stock Exchange and, where appropriate, Qualifying Stockholders.
- (3) If you hold your Existing Stock through one of the Employee Stock Schemes, please note that certain of the latest dates set out in the timetable above may not be applicable to you. Where this is the case, the latest such dates which are applicable to you will be set out in your Provisional Allotment Letter or advice from your service provider.
- (4) References to times in this Prospectus are to Irish times unless otherwise stated.

If any of the above times and/or dates change, the revised time and/or date will be notified by announcement through a Regulatory Information Service.

Different deadlines and procedures may apply in certain cases. For example, Ordinary Stockholders that hold their Ordinary Stock through a CREST Participant or other nominee may be set earlier deadlines by the CREST Participant or other nominee than the times and dates noted above.

Should you require further assistance, please call the stockholder helpline on freephone 1800 930 490 (if calling from within Ireland) or freephone 0800 923 1510 (if calling from within the United Kingdom) or + 353 1 2475414 (if calling from outside Ireland and the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. During the Rights Issue subscription period beginning on 20 May and ending on 8 June 2010, all helplines will be open for the extended hours of 9.00 a.m. to 8.00 p.m. on any Business Day and 9.00 a.m. to 1.00 p.m. on Saturdays.

Please note that for legal reasons, the stockholder helpline is only able to provide information contained in this Prospectus and information relating to Bank of Ireland's register of members and is unable to give advice on the merits of the Proposals or the Rights Issue or to provide legal, business, financial, tax, investment or other professional advice.

The contents of this Prospectus should not be construed as legal, business, financial, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice.

PART V

STATISTICS RELATING TO THE PROPOSALS

Rights Issue Price per unit of Rights Issue Stock	To be announced
Basis of Rights Issue	To be announced
Institutional Placing Price	€1.53
NPRFC Placing Price	€1.80
Number of units of Ordinary Stock in issue as at the date of this Prospectus	1,188,611,367
Number of units of Rights Issue Stock to be issued by the Bank pursuant to the Rights Issue (including the NPRFC Rights Issue Undertaking)	up to 18,851,465,603 / final number to be announced
Number of units of Placing Stock to be issued by the Bank pursuant to the Institutional Placing	326,797,386
Number of units of Ordinary Stock to be issued pursuant to the NPRFC Placing	575,555,556
Maximum Potential Enlarged Capital Stock (following completion of the Proposals)	21,683,170,653
Maximum number of units of Ordinary Stock issued pursuant to the Proposals	20,494,559,286
Maximum number of units of Ordinary Stock issued pursuant to the Proposals as a percentage of Maximum Potential Enlarged Capital Stock	up to 95%
Maximum gross proceeds of the Rights Issue	€1,885 million
Gross proceeds of the Institutional Placing	€500 million
Gross amount of the NPRFC Placing	€1,036 million
Maximum gross proceeds of the Placing and the Rights Issue	€3,421 million
Estimated expenses of the Proposals	€130 million
Maximum net proceeds of the Placing and the Rights Issue	€3,291 million
Estimated capital gain from the Debt for Equity Offers*	To be announced
Minimum net increase to Equity Tier 1 Capital following the completion of the Proposals (after expenses and the Warrant Cancellation)	€2,800 million

* Further details on the calculation of the capital gain from the Debt for Equity Offers is set out in paragraph 3 (The Proposals) and paragraph 8 (Debt for Equity Offers) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus and in paragraph 5 (Debt for Equity Offers) of the Appendix to Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

PART VI

DIRECTORS, GROUP SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors

Patrick Molloy	Governor
Dennis Holt	Deputy Governor and Senior Independent Director
Richie Boucher	Group Chief Executive
Des Crowley	Chief Executive, Retail (Ireland & UK)
Denis Donovan	Chief Executive, Capital Markets
John O'Donovan	Group Chief Financial Officer
Tom Considine ⁽¹⁾	Non-Executive Director
Paul Haran	Non-Executive Director
Rose Hynes	Non-Executive Director
Jerome Kennedy	Non-Executive Director
Declan McCourt	Non-Executive Director
Heather Ann McSharry	Non-Executive Director
Terry Neill	Non-Executive Director
Patrick O'Sullivan	Non-Executive Director
Joe Walsh ⁽¹⁾	Non-Executive Director
Helen Nolan	Group Secretary

(1) Director appointed by the Minister for Finance pursuant to the CIFS Guarantee Scheme.

Registered Office

Bank of Ireland, Lower Baggot Street, Dublin 2
Telephone No.: +353 1 661 5933
Registered in Ireland No. C-1

Joint Financial Advisers and Transaction Co-ordinators

Credit Suisse Securities (Europe) Limited One Cabot Square London E14 4QJ United Kingdom	IBI Corporate Finance 40 Mespil Road Dublin 4 Ireland
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Joint Bookrunners and Underwriters

Citi Citigroup Centre 33 Canada Square Canary Wharf London E14 5LB United Kingdom	Credit Suisse Securities (Europe) Limited One Cabot Square London E14 4QJ United Kingdom	Davy Davy House 49 Dawson Street Dublin 2 Ireland	Deutsche Bank Winchester House 1 Great Winchester London EC2N 2DB United Kingdom	UBS 1 Finsbury Avenue London EC2M 2PP United Kingdom
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Joint Sponsors and Brokers

Davy Davy House 49 Dawson Street Dublin 2 Ireland	UBS 1 Finsbury Avenue London EC2M 2PP United Kingdom
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Legal Advisers to the Bank

as to Irish law

Arthur Cox
Earlsfort Centre
Earlsfort Terrace
Dublin 2
Ireland

Legal Advisers to the Bank

as to English law

Allen & Overy LLP
One Bishops Square London,
E1 6AD
United Kingdom

Legal Advisers to the Bank

as to US law

Sullivan & Cromwell LLP
1 New Fetter Lane
London EC4A 1AN
United Kingdom

Legal Advisers to the Underwriters

as to Irish law

A&L Goodbody
International Financial Services Centre
North Wall Quay
Dublin 1
Ireland

Legal Advisers to the Underwriters

as to English and US law

Herbert Smith LLP
Exchange House
Primrose Street
London EC2A 2HS
United Kingdom

Reporting Accountants and Registered Auditors

PricewaterhouseCoopers
One Spencer Dock
North Wall Quay
Dublin 1
Ireland

Reporting Consultants on Non-NAMA Impairment

Estimates

Oliver Wyman Limited
1 Tower Place West
Tower Place
London EC3R 5BU
United Kingdom

Registrar, Receiving Agent and Paying Agent

Computershare Investor Services (Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland

Freephone 1800 930 490 (if calling from within Ireland)
Freephone 0800 923 1510 (if calling from within the United Kingdom)
+ 353 1 2475414 (if calling from outside Ireland and the United Kingdom)

PART VII

LETTER FROM THE GOVERNOR OF BANK OF IRELAND

Bank of Ireland Group

Directors:

Patrick Molloy
Dennis Holt
Richie Boucher
Des Crowley
Denis Donovan
John O'Donovan
Tom Considine
Paul Haran
Rose Hynes
Jerome Kennedy
Declan McCourt
Heather Ann McSharry
Terry Neill
Patrick O'Sullivan
Joe Walsh

Governor
Deputy Governor and Senior Independent Director
Group Chief Executive
Chief Executive, Retail (Ireland and UK)
Chief Executive, Capital Markets
Group Chief Financial Officer
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Registered Address:

Bank of Ireland
Lower Baggot Street
Dublin 2

26 April 2010

PROPOSED INSTITUTIONAL PLACING, NPRFC PLACING, RIGHTS ISSUE (INCLUDING THE NPRFC RIGHTS ISSUE UNDERTAKING), LIABILITY MANAGEMENT EXERCISE BY WAY OF THE DEBT FOR EQUITY OFFERS AND THE WARRANT CANCELLATION

1. Introduction

Today, Bank of Ireland announced Proposals to take significant steps to strengthen further its balance sheet following key developments in recent weeks. Under the Proposals, the Bank will, subject to Stockholder approval, increase Equity Tier 1 Capital by a minimum of €2.8 billion (after expenses and the Warrant Cancellation) by way of the Institutional Placing, the NPRFC Placing, the Rights Issue (including the NPRFC Rights Issue Undertaking) and the Debt for Equity Offers. The proceeds of the Institutional Placing and the Rights Issue, with the exception of the amount covered by the NPRFC Rights Issue Undertaking, will be underwritten pursuant to the Underwriting Agreement. In addition, as part of the Proposals, the Warrants held by the NPRFC will be cancelled in return for the payment of €491 million in cash by the Bank to the NPRFC and the non-cumulative dividend on the NPRFC's remaining 2009 Preference Stock will be increased.

At the Bank's Extraordinary General Court on 12 January 2010, I explained that while the Group's regulatory capital position remained robust, the Directors recognised that market expectations in relation to capital levels had evolved and that the Group intended to address these increased market expectations. I also explained that, in order to facilitate any such capital raising, several areas of material uncertainty would need to be addressed.

The Directors believe that the Group has made significant progress in recent weeks to clarify its investment case through the following:

- *NAMA is now operational:* As stated by the Minister for Finance on 30 March 2010, NAMA is now operational and the Group transferred Tranche 1 NAMA Assets on 2 April 2010 of €1.9 billion (before impairment provisions) for which it received consideration of €1.2 billion in Government guaranteed bonds and non-guaranteed subordinated bonds;
- *Transfer of assets to NAMA:* The transfer of Tranche 1 NAMA Assets on 2 April 2010 coupled with further internal preliminary valuation exercises and recent interaction with NAMA has enabled the Group to estimate

with greater certainty the overall capital impact of NAMA participation. At the Extraordinary General Court of 12 January 2010 the Group set out that the loss on the transfer to NAMA should not be greater than €4.8 billion, representing a discount of 30% on the Minister's estimate of €16 billion of loans expected to transfer. The Group now expects to transfer approximately €12.2 billion of loans to NAMA and applying the level of discount (approximately 36%) on the disposal of the Tranche 1 NAMA Assets to this portfolio would result in a loss of €4.4 billion (before impairment provisions of €2.8 billion at 31 December 2009) and therefore the loss is expected to be within the guidance provided at the Extraordinary General Court on 12 January 2010. This is discussed in greater detail in paragraph 10 (NAMA) of this Part VII of this Prospectus;

- *Non-NAMA Impairment:* In addition, the Group has confirmed that the outlook for impairment charges on the Group's non-NAMA bound loans remains as expected and therefore, re-affirms previously issued guidance of €4.7 billion of impairment charges on these assets for the three years ending 31 March 2011. The Group believes that the impairment charge on its non-NAMA loans and advances to customers peaked in 2009 and will reduce progressively in each of 2010, 2011 and 2012. These views on impairment charges have been independently reviewed by Oliver Wyman, a leading international management consulting firm, which confirmed that, on the basis of the work it has performed and subject to limitations and qualifications set out in the Oliver Wyman report, it believes the Group's non-NAMA impairment estimates to be reasonable. This is discussed in greater detail in paragraph 11 (Re-affirmation of non-NAMA related loan impairment estimates) of this Part VII of this Prospectus;
- *EU Restructuring Plan:* The Group has been involved in detailed negotiations through the Department of Finance with the European Commission in relation to the terms of the EU Restructuring Plan which is required in the context of a review by the European Commission resulting from the State aid which has been received by the Group. The Group expects that the decision regarding the approval of the proposed measures, including the final terms of the EU Restructuring Plan, will be taken by the European Commission by mid-2010. Therefore, at the date of this Prospectus, there can be no certainty as to the outcome of the State aid proceedings and the content of the final EU Restructuring Plan. While this process has not concluded, the Directors believe, based on the status of negotiations with the European Commission, that the final EU Restructuring Plan is likely to include, among other items, the disposal of New Ireland Assurance Company plc, Bank of Ireland Asset Management Limited, ICS Building Society (Irish intermediary sourced mortgage business), Foreign Currency Exchange Corporation (US foreign exchange businesses) and the Group's stakes in Paul Capital Top Tier Investments LLC (US asset management business) and in the Irish Credit Bureau Limited and the wind-down or disposal of the Group's UK intermediary sourced mortgage business and certain discontinued international corporate lending portfolios. It will also include certain behavioural measures, including commitments relating to the non-payment of discretionary coupons and the non-exercise of voluntary call options on hybrid capital securities for a specified period, a commitment relating to the non-payment of dividends on Ordinary Stock for a specified period, a commitment not to make any material acquisitions and measures to facilitate competition in the Irish banking market. The Directors do not expect that the proposed EU Restructuring Plan would be materially detrimental to the long term interests of the Group. Further details are provided in paragraph 12 (State aid and EU Restructuring Plan) of this Part VII of this Prospectus;
- *Financial Regulator:* The Group has worked closely with the Financial Regulator to assess the Group's capital requirements going forward and the Financial Regulator has carried out an exercise to determine the forward-looking prudential capital requirements of certain Irish credit institutions including the Group. As announced by the Financial Regulator on 30 March 2010, this exercise determined that the Group requires an additional €2.66 billion of Equity Tier 1 Capital by the end of 2010 to meet the base case target of a minimum 7% Equity Tier 1 Capital Ratio. Assuming implementation of the Proposals, going forward the Group expects to maintain a minimum Equity Tier 1 Capital Ratio of greater than 7% and a Core Tier 1 Capital Ratio of greater than 8%, both ratios under Basel II, which should ensure that the Group's capital position remains resilient and well positioned to meet its core business priorities;
- *Pensions:* As announced on 7 April 2010 the Group has completed a review of its defined benefit pension schemes. The proposals from this review involve changes to the schemes, primarily relating to future pension increases and how future salary increases qualify for pension which together would eliminate approximately 50% of the 31 December 2009 IAS 19 deficit of €1.6 billion. If such proposals are implemented, the Group will increase its cash contributions, above existing cash contributions, to the schemes so as to eliminate the approximate 50% balance of the 31 December 2009 IAS 19 deficit over approximately 6 years. The implementation of these proposed changes would lower the underlying pension costs and would therefore be positive to the income statement of the Group. Further details are provided in paragraph 15 (Pensions) of this Part VII of this Prospectus.

In light of these developments, the Directors have considered a range of options available to the Group to strengthen its capital position and to support the growth of the Group's core business franchises.

Stockholder approval is required to implement the Proposals and the Circular explaining the requisite approvals sought and convening an Extraordinary General Court on 19 May 2010 is being posted to Stockholders today.

Stockholder approval of the Proposals is required by the Listing Rules for a number of reasons, including that the NPRFC Placing, the NPRFC Rights Issue Undertaking, the amendment of the dividend and voting rights attaching to the 2009 Preference Stock and the Warrant Cancellation constitute related party transactions under the Listing Rules on the basis that the NPRFC is a significant stockholder in the Bank. In addition, the Listing Rules require such approval as the Placing Stock will be issued in the Institutional Placing at a discount of greater than 10% to the market price of Ordinary Stock. Stockholder approval is also required because the Proposals comprise the issue of additional capital stock (including on a non-pre-emptive basis); the issue of the Allotment Instruments pursuant to the Debt for Equity Offers; an increase in the authorised capital stock of the Bank; the Renominalisation of units of Ordinary Stock; and the amendment of the Bye-Laws.

The Proposals, if implemented, will result in Ordinary Stockholders' proportionate holding in the Bank being diluted. This is because the issue of the Placing Stock, the Ordinary Stock issued under the NPRFC Placing and the Ordinary Stock issued pursuant to the Debt for Equity Offers are not being offered to Existing Stockholders who are not Placees, part of the NPRFC Placing or noteholders. This dilution could be increased depending on a number of variables, the main ones being whether or not Stockholders take up their Rights to subscribe for Ordinary Stock under the Rights Issue and the level of participation by noteholders in the Debt for Equity Offers. A table setting out the maximum potential dilutive impact (based on a set of assumptions) is set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of the Appendix to this Part VII of this Prospectus.

As at 23 April 2010, the last practicable date prior to the date of the publication of this Prospectus, the Irish Government, through the NPRFC, held 15.73% of the Bank's Existing Stock. The NPRFC also holds, as at the date of this Prospectus, the Warrants to subscribe for additional Ordinary Stock which, if exercised (assuming no other increases to the capital stock of the Bank or to the NPRFC's stockholding), would result in the NPRFC holding a total of 34.3% of the Bank's issued Ordinary Stock as enlarged by the exercise of the Warrants. If the Proposals are implemented (with the NPRFC subscribing fully for its rights in relation to the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing), and the NPRFC subscribes fully for its rights in relation to its other Existing Stock (i.e. the Ordinary Stock held pursuant to its other investment activities in addition to the NPRFC Coupon Ordinary Stock), the NPRFC will increase its holding of Ordinary Stock, but will have its Warrants cancelled. This will result in the NPRFC holding up to a maximum 36% of the Bank's Ordinary Stock following the implementation of the Proposals, with no right to purchase additional Ordinary Stock pursuant to the Warrants.

2. Background to the Proposals

Government and Regulatory Initiatives

In the latter part of 2008 and in the early part of 2009, the continuing dislocation in financial markets, the sharp downturn in economic conditions, the substantial deterioration in credit conditions and the severe liquidity constraints, negatively impacted financial institutions around the world. In addition to these unprecedented trading conditions, Irish financial institutions experienced more severe and more rapidly deteriorating economic conditions in Ireland than elsewhere, due in large part to the severe contraction of the Irish property market. As a result of these factors, a number of measures were implemented by the Irish Government in order to enhance the availability of liquidity and improve access to funding for the Group and other systemically important financial institutions in Ireland including:

- *CIFS Guarantee Scheme:* In September 2008, the Minister for Finance introduced the CIFS Guarantee Scheme which guarantees certain liabilities of covered institutions, including the Group, until 29 September 2010. Further details of the CIFS Guarantee Scheme are contained in Part XI (Regulation and Supervision) of this Prospectus;
- *NPRFC Investment:* On 31 March 2009, the investment by the NPRFC, pursuant to a direction from the Minister for Finance, of €3.5 billion in the form of the 2009 Preference Stock and the Warrants, as detailed further in Part XI (Regulation and Supervision) of this Prospectus;
- *ELG Scheme:* On 9 December 2009, the Minister for Finance commenced the ELG Scheme which is intended to facilitate participating institutions issuing debt securities and taking deposits which are due to mature after the expiry of the CIFS Guarantee Scheme on 29 September 2010. The Group announced on 11 January 2010

that it had joined the ELG Scheme. The ELG Scheme, as notified to the European Commission, was approved by the European Commission under the EU State aid rules on 20 November 2009, is subject to a review by the European Commission by 1 June 2010, under which the European Commission could require the amendment or cessation of the ELG Scheme. The Issuance Window of the ELG Scheme is scheduled to expire on 29 September 2010 (bonds and deposits issued under the ELG Scheme before 29 September 2010 will be covered up to maturity, subject to a maximum maturity of five years). On 30 March 2010, the Minister for Finance announced that he would be seeking European Commission approval for an extension of a modified ELG Scheme consistent with its phasing out over a realistic period of time. Further details on the ELG Scheme are contained in Part XI (Regulation and Supervision) of this Prospectus;

- *Establishment and operation of NAMA:* NAMA, which is acquiring land and development loans and certain associated loans from Participating Institutions, including Bank of Ireland, was established on 21 December 2009. On 12 January 2010, Stockholders approved the Group's application to participate in NAMA (a class 1 and related party transaction under the Listing Rules). On 12 February 2010, the Minister for Finance confirmed the Group's designation as a Participating Institution. Tranche 1 NAMA Assets transferred on 2 April 2010 as detailed above and discussed further in paragraph 10 (NAMA) of this Part VII of this Prospectus.

In addition, the Financial Regulator undertook the following review:

- *Financial Regulator capital targets:* On 30 March 2010, the Financial Regulator published the results of its review of the capital requirements of certain institutions in the Irish banking sector, including the Group. New capital levels were set as a long term solution to help ensure that Irish banks move to a strong capital position to speed up their recovery and that of the Irish economy. Further detail is contained in paragraph 13 (Financial Regulator) of this Part VII and in Part XI (Regulation and Supervision) of this Prospectus.

Group Initiatives

In addition to the Government and Regulatory initiatives outlined above, the Group itself responded to the progressively deteriorating market conditions in 2008 and 2009 by implementing a number of measures to stabilise its capital and funding:

- *Ordinary dividend cancellation:* On 13 November 2008, in light of the deteriorating economic conditions and its determination to preserve capital, the Bank announced its decision to cancel dividend payments on Ordinary Stock for the financial year ended 31 March 2009 and stated that it did not expect to resume paying dividends on Ordinary Stock until more favourable economic and financial conditions returned;
- *Wind-down of certain non-core business segments:* On 8 January 2009, the Group announced its intention to withdraw from its intermediary sourced mortgage business in the United Kingdom, which would result over time in a significant reduction in the size of its UK intermediary sourced mortgage portfolio. In addition the Group commenced the process of winding down a number of non-core international niche lending businesses, including, film finance, shipping and international syndicated corporate loans. These initiatives were designed to reduce the Group's balance sheet over time (as at 31 December 2009, assets in these activities totalled approximately €34 billion) and to reduce the quantum of wholesale funding required. Commitments regarding the continued wind-down or sale of these loan books have been given to the European Commission as part of the EU Restructuring Plan. Further details are provided in paragraph 12 (State aid and EU Restructuring Plan) of this Part VII of this Prospectus;
- *Debt re-purchase programme:* On 17 June 2009, the Bank announced the successful completion of a debt re-purchase programme of a nominal value of €1.7 billion equivalent in euro, Sterling and US Dollar denominated Tier 1 securities. The debt repurchase involved a cash tender offer for six Tier 1 securities at an average discount of 59% to their nominal value. The gain generated from the repurchase increased Equity Tier 1 Capital by €1.0 billion;
- *Non-payment of dividends on Tier 1 Securities and Upper Tier 2 Securities:* On 19 January 2010, following communications from the European Commission that the Bank should not make coupon payments on its Tier 1 Securities and Upper Tier 2 Securities unless under a binding legal obligation to do so, the Bank announced that the non-cumulative distribution on the LP2 Securities and the LP3 Securities, which would otherwise have been payable on 1 February 2010 and 4 February 2010 respectively, would not be paid. The effect of this decision by the Bank was to trigger the "dividend stopper" provisions of the LP2 Securities. Under the "dividend stopper", the Bank is precluded, for a period of one calendar year, from and including 1 February 2010, from declaring and making any distribution or dividend payments on its Ordinary Stock, the 1992 Preference Stock, the 2009 Preference Stock, the Hybrid/Preferred Securities and the ACSM Hybrids. As a consequence of this, the Bank issued the NPRFC Coupon

Ordinary Stock to the NPRFC on Monday 22 February 2010 in lieu of the cash dividend otherwise due on the 2009 Preference Stock;

- *Debt for Debt Exchange:* On 11 February 2010, the Bank announced the successful completion of the exchange of certain of its Lower Tier 2 Securities for a new series of longer dated Lower Tier 2 Securities. This yielded a gain to Equity Tier 1 Capital of €405 million, whilst leaving the total net capital position unchanged. Approximately €1.6 billion in nominal value of Lower Tier 2 Securities were exchanged for €1.2 billion (an average discount of 26%) in nominal value of higher coupon Lower Tier 2 Securities, giving rise to the €405 million gain;
- *Term Funding:* Between January 2009 and March 2010, the Bank raised approximately €14 billion of term funding (wholesale funding with a maturity of one year or greater) in total;
- *EU Restructuring Plan:* The Group has been involved in detailed negotiations through the Department of Finance with the European Commission in relation to the terms of the EU Restructuring Plan which is required in the context of a review by the European Commission resulting from the State aid which has been received by the Group. The Group expects the decision regarding the approval of the proposed measures, including the final terms of the EU Restructuring Plan, will be taken by the European Commission by mid-2010. Therefore, at the date of this Prospectus, there can be no certainty as to the outcome of the State aid proceedings and the content of the final EU Restructuring Plan. While this process has not concluded, the Directors believe, based on the status of negotiations with the European Commission, that the final EU Restructuring Plan is likely to include, amongst other actions, the disposal of New Ireland Assurance Company plc, Bank of Ireland Asset Management Limited, ICS Building Society (Irish intermediary sourced mortgage business), Foreign Currency Exchange Corporation (US foreign exchange business), and the Group's stakes in Paul Capital Top Tier Investments LLC (a US asset management business) and in the Irish Credit Bureau Limited, and the wind-down or disposal of, the Group's UK intermediary sourced mortgage business and certain discontinued international corporate lending portfolios. It will also include certain behavioural measures, including commitments relating to the non-payment of discretionary coupons and the non-exercise of voluntary call options on hybrid capital securities for a specified period, a commitment relating to the non-payment of dividends on Ordinary Stock for a specified period, a commitment not to make any material acquisitions and measures to facilitate competition in the Irish banking market. The Directors do not expect that the proposed EU Restructuring Plan would be materially detrimental to the long term interests of the Group. Further details are provided in paragraph 12 (State aid and EU Restructuring Plan) of this Part VII of this Prospectus; and
- *Pensions:* The deficit (on an IAS 19 basis) across all the Group defined benefit pension schemes was €1.6 billion at 31 December 2009. In January 2010, the Group launched a pension review to address this deficit. As announced on 7 April 2010, the Group is proposing to make a number of changes affecting pension benefits. The proposed changes affecting the Group's pension schemes and the benefits available to members of the schemes require engagement with the trustees and members of these schemes. Extensive discussions have taken place with staff representative bodies and the Group's proposed approach has been agreed (following its recommendation by an independent third party chairman) with the main bank union, the IBOA, in relation to the main scheme (which accounts for approximately 85% of the total deficit). Full implementation of the amendments to the Group's pension schemes would eliminate approximately 50% of the 31 December 2009 IAS 19 deficit. If such proposals are implemented, the Group will increase its cash contributions to the schemes so as to eliminate the remaining approximate 50% of the 31 December 2009 IAS 19 deficit over approximately 6 years. The proposed changes would lower the underlying pension costs and would therefore have a positive effect on the income statement of the Group. Further details are provided in paragraph 15 (Pensions) of this Part VII of this Prospectus.

Recent economic environment in Ireland and the UK

The Directors believe that the economic environments in the Group's key operating geographies (being Ireland and the UK) have recently shown signs of stabilisation after the substantial fall in economic output from early in 2008.

Domestic demand in Ireland has been very weak, driven initially by a significant contraction in construction output and a decline in business spending, followed by a substantial fall in consumer spending which fell by 7.2% in 2009 (Source: CSO, *Quarterly National Accounts*, Q4 2009). The weakness in domestic demand is also reflected in the number of company insolvencies, which rose by 82% in 2009 on the previous year (Source: *InsolvencyJournal.ie*). Irish employment fell by 166,900, or 8.1%, in the 12 months to 31 December 2009 (Source: CSO, *Quarterly National Household Survey*, Q4 2009). The unemployment rate rose rapidly, from under 5% in early 2008 to 13.2% by the end of 2009 and was 13.4% in each of the three months January to March 2010 (Source: CSO, *Live Register*, March 2010). The ESRI forecasts a savings ratio of 10.25% in 2010 which is a decline from its figure of 10.6% for

2009 but a significant increase from the 2007 ratio of 2.3% (Source: ESRI, *Quarterly Economic Commentary*, Spring 2010).

Ireland's GDP fell by 7.1% in 2009 (Source: CSO, *Quarterly National Accounts*, Q4 2009). However, the rate of economic decline has slowed and expectations for the near-term outlook have improved, with an expected return to growth in the second half of 2010 leading to a fall in GDP of 0.5% for 2010 overall (Source: *Reuters Poll*, March 2010). The consensus expectation for 2011 is for a 3% growth in GDP (Source: *Reuters Poll*, March 2010).

The market's perception of Irish sovereign risk has also improved in recent months: the 10-year yield spread (incremental interest cost) over Germany had narrowed to 1.71% as at 23 April 2010 from a recent high of 2.84% in March 2009. Since late December 2009, concerns regarding the fiscal stability of some Eurozone countries unsettled investor confidence but Ireland's bonds have outperformed those countries on a relative basis during this period.

Exports are a primary driver of economic activity in Ireland, with the value of merchandise exports falling by just 3% in 2009 against a 22% decline in imports (Source: CSO, *External Trade*). The general view amongst forecasters is that exports should start to grow again this year, given the global recovery and in response to a fall in wages in Ireland, which is expected to boost competitiveness. The EU forecasts a fall in Irish unit labour costs in 2010 in absolute terms and relative to other EU member states (Source: European Commission, *Autumn 2009 Forecasts*).

The recession in Ireland has been deeper than the average across the European Union and this, together with the euro appreciation against Sterling (30% of Irish imports are from the United Kingdom (Source: CSO *External Trade*)) has resulted in a fall in Irish consumer prices; inflation averaged -1.7% in 2009 on the basis of the standardised European measure of inflation ("HICP"), or -4.5% on the Irish Consumer Price Index ("CPI"), which, unlike the HICP, includes mortgage interest. Inflation is expected to return to positive territory by the end of 2010, although average inflation for the year is likely to remain negative, at -1.1% on the CPI measure (Source: *Reuters Poll*, March 2010).

The quantum of bank lending has contracted in Ireland, falling by over 3% in 2009 (Source: Central Bank of Ireland, *Monthly Statistics*), excluding write-downs and valuation effects. Mortgage lending in Ireland fell by 0.3% and Irish households have reduced credit card debt by €3 billion in outstanding balances at the end of 2009, a decline of 0.7% over 2008 (Source: Central Bank of Ireland, *Monthly Statistics*).

The Government has set out a framework to reduce the general Government balance deficit to 3% of GDP by 2014. A fiscal correction of 5% of GDP in 2009 was implemented between July 2008 and April 2009. The measures included the introduction of an income tax levy, reducing the public sector pay bill through the implementation of a pension levy, and containing public expenditure across Government departments. The Government budget for 2010, presented in December 2009, delivered a further fiscal correction amounting to 2.5% of GDP. This focused on reducing public expenditure through a further reduction in the public sector pay bill and a reduction in social welfare spending (Source: *Department of Finance, Budget 2010*).

The Irish property market has yet to show clear signs of stabilisation. House prices fell 18.5% in 2009 and at 31 December 2009 were 32% below the peak reached in February 2007 (Source: Permanent-TSB House Price/ESRI index). However, industry commentators have suggested that prices for new houses in some developments have fallen by 40% below the 2006 asking price level for similar properties (Source: Construction Industry Federation/Irish Home Builders Association, *Housing Review and Outlook*, November 2009). Commercial property prices have also fallen very significantly, with capital values down by 56% between September 2007 and December 2009 (Source: Investment Property Databank Index). The pace of decline in the value of commercial property has slowed, however, with a 4.9% decline in the fourth quarter of 2009, against 8.5% in the third quarter of 2009 and 17.7% in the fourth quarter of 2008 (Source: IPD Index).

GDP in the United Kingdom economy contracted by 4.95% in 2009 but the economy returned to growth in the final quarter of 2009, with GDP rising by 0.4% (Source: *Office for National Statistics, Output, Income and Expenditure*, Q4 2009). GDP grew by 0.2% in the first quarter of 2010 (Source: *Office for National Statistics, Statistical Bulletin*, Q1 2010). The consensus view (Source: *Reuters Consensus Forecast*, March 2010) is that the UK economy will grow at a slow pace, by 1.2% in 2010 and 2.3% in 2011, although uncertainty remains on the likely impact on the economy of the pace of fiscal tightening required to reduce the UK national budget deficit.

The UK housing market has not exhibited the excess levels of supply to the extent exhibited in Ireland and as a result, house prices started to rise in the spring of 2009 as demand stabilised. In the period October 2007 to February 2009, residential house prices in the United Kingdom fell steadily with the cumulative decline over this period amounting to 19.5% (Source: *Nationwide Index*). In the 12 month period to March 2010, prices have risen by 9.0% (Source: *Nationwide Index*) and lending to the household sector has begun to rise, albeit at a slow pace. The commercial property market also appears to be recovering, having bottomed in mid-2009 on the IPD Irish Commercial Property Index, with a

45% fall in capital values from peak in the second quarter of 2007 to trough in the second quarter of 2009. Capital values grew strongly in the final quarter of 2009, at 8.1%. Employment has fallen by less than some had predicted, in part reflecting much weaker wage growth than in previous recessions. The unemployment rate has stabilised at 7.8% in each of the three months to January 2010 (Source: *Office for National Statistics Labour Market Statistics*, March 2010).

3. The Proposals

The Group expects to increase Equity Tier 1 Capital by not less than €2.8 billion (after expenses and the Warrant Cancellation) by way of the Institutional Placing, the NPRFC Placing, the Rights Issue (including the NPRFC Rights Issue Undertaking) and the Debt for Equity Offers. The proceeds of the Institutional Placing and the Rights Issue (excluding the NPRFC Rights Issue Undertaking) will be underwritten by the Underwriters pursuant to the Underwriting Agreement. In addition, the Warrants held by the NPRFC will be cancelled in return for the payment of €491 million in cash under the Warrant Cancellation. The Proposals are subject to Stockholder approval and consist of:

- *Placing:* The Placing, comprising the Institutional Placing and the NPRFC Placing, will raise €1,536 million in Equity Tier 1 Capital (gross of expenses). The proceeds of the Institutional Placing will be underwritten pursuant to the Underwriting Agreement, subject to conditions, including Admission of the Placing Stock and the approval of the Resolutions at the EGC. The Underwriters have agreed to use reasonable endeavours to procure Placees for an aggregate of 326,797,386 units of Placing Stock at a price of €1.53 per unit of Placing Stock issued in the Institutional Placing pursuant to the Underwriting Agreement. The price at which the Placing Stock will be issued to Placees represents a 15.0% discount to the Closing Price of €1.80 of the Existing Stock on 23 April 2010 (being the last practicable date prior to announcement of the Proposals). Placees will be considered Qualifying Stockholders for the purposes of the Rights Issue in respect of the Placing Stock. Pursuant to the NPRFC Placing, the NPRFC has agreed to subscribe for 575,555,556 units of Ordinary Stock at a price of €1.80 per unit of Ordinary Stock (being the Closing Price on 23 April 2010). The consideration for the NPRFC's subscription will be the conversion of 1,036,000,000 units of 2009 Preference Stock (at their subscription price of €1.00 per unit of 2009 Preference Stock) to units of Ordinary Stock. In consideration for the NPRFC Placing, the Bank has agreed to pay to the NPRFC a fee equal to 1% of the subscription price for all units of 2009 Preference Stock converted pursuant to the NPRFC Placing (the NPRFC Placing Fee). In addition, the Bank will pay a Transaction Fee of €22 million at the closing of the NPRFC Placing. The NPRFC Placing will be conditional upon the commencement of dealings in the Nil Paid Rights and Fully Paid Rights pursuant to the Rights Issue. The Ordinary Stock to be issued pursuant to the NPRFC Placing will be eligible for participation in the Rights Issue as if such Ordinary Stock was held on the Record Date;
- *Rights Issue:* A Rights Issue to raise up to €1,885 million in Equity Tier 1 Capital (a portion of the cash proceeds of which will be due directly to noteholders electing for Ordinary Stock to be allotted in the Rights Issue on their behalf pursuant to the Debt for Equity Offers). The proceeds of the Rights Issue (other than the NPRFC Rights Issue Undertaking) of up to €1.2 billion will be underwritten pursuant to the Underwriting Agreement, subject to conditions, including, amongst other things, Admission of the Rights Issue Stock (nil paid) and the approval of the Resolutions at the EGC. The Rights Issue size and Rights Issue Price at which Qualifying Stockholders will be invited to subscribe for Rights Issue Stock will be determined by the Bank and the Joint Bookrunners in advance of the EGC. The Rights Issue Price will be equal to the higher of (i) €0.10 per unit of Rights Issue Stock, and (ii) a price per unit of Rights Issue Stock which is within the range of 38% to 42% discount to the TERP. Pursuant to the NPRFC Rights Issue Undertaking, the NPRFC has agreed, subject to certain terms and conditions, to take up its entitlement of up to €685 million of Rights Issue Stock in the Rights Issue in respect of its holding of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock issued as a result of the NPRFC Placing (but excluding its other investment holdings in the Bank). Subject to the passing of the Resolutions and the Rights Issue proceeding, the consideration for the take up of its Rights in respect of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock as a result of the NPRFC Placing will be the conversion of units of 2009 Preference Stock at their subscription price of €1.00 each to Ordinary Stock at the Rights Issue Price.

Further details of the NPRFC Rights Issue Undertaking are set out in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus;

- *Debt for Equity Offers:* Under the Debt for Equity Offers, holders of certain of the Group's Tier 1 Securities and Upper Tier 2 Securities will be given the opportunity to exchange these securities for (a) Allotment Instruments (which will automatically convert into Conversion Ordinary Stock on the Conversion Date); or (b) through a settlement procedure more fully described in paragraph 5 (Debt for Equity Offers) of the Appendix to this Part VII of this Prospectus, cash proceeds from the allotment of Ordinary Stock in the Rights Issue on behalf of such holders or; (c) a combination thereof. The tender prices will represent a discount of up to 42.0% to

the nominal value of the existing Tier 1 Securities and Upper Tier 2 Securities exchanged by these security holders and will result in a capital gain, which will increase the Group's Equity Tier 1 Capital. The increase in Equity Tier 1 Capital resulting from the combination of the Rights Issue and the Debt for Equity Offers will be no less than €1,885 million. The actual size of the Rights Issue (including the NPRFC Rights Issue Undertaking) will be reduced by the capital gain arising on the Debt for Equity Offers prior to the Early US Debt for Equity Offers Expiration Date (up to a maximum of €100 million) and the principal amount of Allotment Instruments to be issued to electing noteholders in the Debt for Equity Offers of up to €200 million, and;

- *Warrant Cancellation:* The Warrants held by the NPRFC will, simultaneous with the NPRFC Placing, be cancelled in return for the payment of €491 million in cash by the Bank to the NPRFC. This reflects the market value of the Warrants, being the difference between the exercise price of the Warrants and the Closing Price of the Ordinary Stock on 23 April 2010, plus a fee of €12 million. As such, if the Proposals are approved and implemented, the NPRFC will cease to hold the Warrants and the subscription rights for Ordinary Stock pursuant to the Warrants.

Further details on each of the Institutional Placing and the Rights Issue are set out in paragraph 6 (Summary Structure of the Institutional Placing and the Rights Issue) of this Part VII of this Prospectus. Further details of the Debt for Equity Offers are set out in paragraph 8 (Debt for Equity Offers) of this Part VII of this Prospectus. Further details of the NPRFC Placing, the Warrant Cancellation and the NPRFC Rights Issue Undertaking are set out in paragraph 7 (Government Transaction) of this Part VII of this Prospectus.

Only the offer of Nil Paid Rights, Fully Paid Rights and Rights Issue Stock is being made by means of this Prospectus. Admission of the Placing Stock, the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock will also take place by way of this Prospectus. Documentation in relation to the Debt for Equity Offers will on request be sent separately to eligible holders of US Debt for Equity Offers Securities and Non-US Debt for Equity Offers Securities.

4. Rationale and Key Benefits of the Proposals

Rationale

The Directors believe that given the completion of the transfer of Tranche 1 NAMA Assets, the re-affirmation of the non-NAMA bound loans impairment guidance, the increased clarity on the EU Restructuring Plan, the clarity from the Financial Regulator of its requirements for additional Equity Tier 1 Capital in the Group, developments in respect of the proposed restructuring of the Group's defined benefit pension schemes and the stabilising economic outlook in its core Irish and UK markets, the Group is now in a position to take significant steps to strengthen further its capital base through the initiatives more fully described in paragraph 3 (The Proposals) of this Part VII of this Prospectus.

Key Business Priorities

The Group's key business priorities are to:

- Support the Group's customers;
- Maintain a strong capital position;
- Fund its balance sheet effectively;
- Manage its credit risks;
- Rigorously manage its costs; and
- Return to profitability and achieve profitable growth.

To achieve these business priorities, the Group:

- Is focusing its capital and funding on its core business portfolios where it has strong market positions and clear competitive strengths and capabilities;
- Is enhancing its capital ratios by controlling growth in Risk Weighted Assets and by increasing the quantum of Equity Tier 1 Capital in its capital structure through liability management exercises, already undertaken and through the Proposals;

- Is reverting to a banking model where the core portfolios are funded substantially by customer deposits and positioning the Group to disengage from the Government Guarantee Schemes in a prudent manner;
- Has undertaken a major review of its risk management governance. It has been implementing the recommendations from this review. Amongst the measures implemented has been the formation of a Court Risk Committee in 2009. The committee comprises non-executive Directors of the Court and its primary responsibilities are to monitor risk governance and to assist the Court in discharging its responsibilities in ensuring that risks are properly identified, reported and assessed; that risks are properly controlled and that strategy is informed by and aligned with the Group's risk appetite;
- Is targeting an increase in the Group's net interest margin through appropriate pricing for new business and, where possible, an appropriate, measured re-pricing of existing deposits and customer loan books and adjusting, on a measured basis, the fees and commissions it earns from customers for services and products provided; and
- Is further reducing its cost base to align it better to meet the needs of the Group for the future.

The Directors believe that the Group has the appropriate strategy to rebuild and grow the Group in its core markets in Ireland and the UK recover and, consequently, deliver value for Stockholders.

The Group's Strategy

Ireland

The Group's objective is to be the number one retail and commercial bank in Ireland with leading market positions across consumer, business and corporate banking and treasury management segments.

Despite recent market and economic disturbances, the Group believes that Ireland is an attractive and open marketplace with favourable demographics and a pro-business environment. In Ireland, the Group competes from a position of strength: the Group has leading market positions across its principal product and market segments. The Group strives to maintain competitive offerings in these segments and is committed to continually enhancing the service it provides to customers.

The Group is a leading provider in Ireland of: residential mortgages, in which it has a mortgage portfolio of €29 billion at 31 December 2009, representing a market share of 19% (Source: unaudited internal Bank of Ireland analysis); main personal current accounts, in which the Bank has an estimated 38% share of the market at 31 December 2009 (Source: Ipsos/MRBI surveys for 12 months ended December 2009); credit cards, in respect of which the Group has an estimated 33.4% share of credit cards in issue at 31 December 2009 (Source: Central Bank Monthly Statistics Bulletin for December 2009 and unaudited internal management information). In Business Banking, the Group has 36% of main business current accounts and 26% of main business loan accounts (Source: Ipsos/MORI survey 2009 and 2008 respectively). The Group is also a leading provider of corporate banking products to larger Irish companies and to multi-national companies operating in or from Ireland. The Group is the number two provider of foreign exchange and interest rate hedging services to businesses and corporates operating in or from Ireland. The Group is ranked number two in life and pensions in Ireland with an estimated 19% market share of new business as at 31 December 2009 (Source: Milliman Survey on New Business Full Year 2009).

Under the EU Restructuring Plan, the Irish businesses that the Group has agreed to sell comprise Bank of Ireland Asset Management Limited, New Ireland Assurance business, ICS Building Society, its intermediary sourced mortgage business, and its stake in the Irish Credit Bureau Limited. The Group will continue to distribute, but not manufacture pension, life assurance and related products for individuals and SMEs.

United Kingdom

In the United Kingdom, the Group continues to grow its consumer banking franchise through its partnership with the UK Post Office. This franchise has in excess of two million customers accessing a comprehensive range of the Group's and other financial products through over 11,500 Post Office branches.

In addition to the Group's consumer banking activities in Great Britain, the Group will maximise the opportunities offered by its network of branches in Northern Ireland and continue to develop its Business Banking, Corporate Banking and Treasury activities focused on specific customer segments in the UK.

The Group has been actively considering transferring part of its UK business into a newly-incorporated, wholly-owned subsidiary. The establishment of a UK subsidiary, directly regulated by the FSA, would enable the Group to offer products in the UK market that are directly comparable with existing UK mainstream providers from a risk and protection standpoint. The subsidiary would be likely to involve the Group's Post Office joint ventures, its branch

business in Northern Ireland and other parts of its UK business banking operations. The transfer will have no material impact on the Group's capital over the period of the transfer; however, it will be required to hold liquid assets specifically aligned to the UK subsidiary which precludes the Group from utilising these liquid assets for other purposes.

International

Internationally, the Group will continue to develop those activities in the United States, and continental Europe where the Group believes it has clear competitive strengths and capabilities. These activities are principally in its corporate banking specialist lending businesses in the areas of global project finance, mid-market leveraged acquisition finance, comprehensive asset based lending, together with treasury management services.

Group

The Group is committed to focusing its capital and funding on these core businesses where the Group has strong market positions with attractive growth opportunities and clear competitive strengths and capabilities. The profile of loans and advances to customers in the Group's core business at 31 December 2009 was as follows:

		€bn	%
Residential mortgages	Ireland	22	27%
	UK & Other	2	2%
Non-Property Corporate and SME	Ireland	14	17%
	UK & Other	16	20%
Investment property	Ireland	8	10%
	UK & Other	13	16%
Consumer	Ireland	3	4%
	UK & Other	1	1%
Land and Development	Ireland	1	1%
	UK & Other	2	2%
TOTAL		82	100%

Source: unaudited internal management information at 31 December 2009.

Non-Core Businesses

In line with the Group's continuing objective of de-leveraging its balance sheet and as a consequence of the EU Restructuring Plan, the Group aims to reduce assets in its non-core businesses through run-off and/or disposals as market opportunities allow. Under the EU Restructuring Plan, the Group will commit to the wind-down or disposal of the Group's UK intermediary sourced mortgage business (approximately €30 billion of loans at 31 December 2009) and certain discontinued international corporate lending portfolios (approximately €4 billion at 31 December 2009). The Group will also be transferring approximately €12.2 billion of property and construction loans and associated loans to NAMA.

Under the EU Restructuring Plan, the Group will also agree to sell New Ireland Assurance Company plc, Bank of Ireland Asset Management Limited, ICS Building Society (Irish intermediary sourced mortgage business), Foreign Currency Exchange Corporation (US foreign exchange business) and the Group's stakes in Paul Capital Top Tier Investments LLC (a US asset management business) and in the Irish Credit Bureau Limited. The Group will continue to distribute, but not manufacture pension, life assurance and related products for individuals and SMEs once the sale of New Ireland Assurance is completed.

Further details in relation to these expected disposals and loan book wind-downs are set out in paragraph 12 (State aid and EU Restructuring Plan) of this Part VII of this Prospectus.

Key Benefits of the Proposals

The Directors believe that the Proposals offer the following key benefits:

- **Substantially increase Equity Tier 1 Capital:** the Proposals will increase Equity Tier 1 Capital by not less than €2.8 billion, net of expenses and the Warrant Cancellation. Had the Proposals been implemented as at 31 December 2009 and based on the other assumptions and adjustments set out in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus, the Group would have had a pro forma Equity Tier 1 Capital Ratio of 8.0%, a Core Tier 1 Capital Ratio of 10.1%, a Tier 1 Capital Ratio of 10.5% and a Total Capital Ratio of 13.5% under Basel II. This compares with a reported Equity Tier 1 Capital Ratio of 5.3%, a Core Tier 1 Capital Ratio of 8.9%, a Tier 1 Capital Ratio of 9.8% and a Total Capital Ratio of 13.4% at 31 December 2009. The

Directors consider that these pro forma levels of capital represent a strong capital foundation which will support the future stability of the Group, benefit Stockholders, customers and counterparties and provide a platform for growth and delivery of long term value;

- *Strengthen funding capability:* a stronger capital position will provide wholesale funding markets and depositors with increased confidence in the Group and support a prudent disengagement from the Government Guarantee Schemes as market conditions allow;
- *Should facilitate the Group in seeking to achieve its strategic objectives:* by strengthening the Group's capital position, the Group should be able to achieve its growth objectives to expand in those areas where the Group has competitive strengths and capabilities in its chosen core markets of Ireland and the UK and selected international market segments;
- *Lower Stockholder dilution:* the Bank has sought to reduce existing Stockholder dilution by including a Rights Issue as a significant part of the capital raising proposition rather than relying solely on a non pre-emptive placing, that would not be available to Existing Stockholders; and
- *Limit Government ownership:* the net proceeds of the Institutional Placing and the Rights Issue (excluding the NPRFC Rights Issue Undertaking) are underwritten by a syndicate of underwriters thus ensuring that the maximum Government ownership of Ordinary Stock arising from the implementation of the Proposals will not be higher than 36%. In addition, the Proposals include the cancellation of the NPRFC's Warrants, which will reduce the potential for the NPRFC to increase its stockholding in the Bank further following the implementation of the Proposals.

In addition, by strengthening the Group's capital position, the Proposals will enable the Group to continue to play an important role in supporting the recovery of the Irish economy through the continued provision of credit.

Financial Targets

The implementation of the Proposals will place the Group in a significantly strengthened capital position, which the Group expects will facilitate the delivery of sustainable growth and over time build value for Ordinary Stockholders.

In recent periods, the Group has experienced net interest margin attrition primarily as a result of the low interest rate environment, higher cost of wholesale funding and competition on deposit pricing. This trend is expected to continue in the short term, as the Group increases its quantum of term funding in pursuit of its strategy to prudently disengage from the Government Guarantee Schemes. **Margin expansion** is a key management priority. The expected continuation of recent strong lending margins on new business, increased demand for lending as economic growth returns, anticipated increases in base interest rates and the lower wholesale funding costs expected in the future, are all expected to be positive for the Group's net interest margin over time. In addition, by actively re-pricing the existing loan book, by maximising the margin from non-core portfolios through re-pricing and by re-pricing deposits to more sustainable levels, the Group is targeting a net interest margin in excess of 175 basis points in the year ending 31 December 2013.

Since March 2008, the Group has demonstrated the scalable nature of its **cost base** as it re-focused on its core portfolios. The Group will continue to maintain its rigorous approach to cost management and is implementing a range of initiatives to further reduce costs including the review of pension benefits, the re-negotiation of outsourcing contracts together with increasing the levels of consolidation, standardisation and simplification of its operations. These initiatives, together with the expected margin expansion referred to above, are expected to lower the Group's cost income ratio to below 50% in the year ending 31 December 2013.

The Group has enhanced its approach to **credit management** during the recent challenging economic environment and it is rigorously managing its credit risks. It is expected that the impairment charge on non-NAMA loans peaked in 2009 and are expected to reduce progressively in 2010, 2011 and 2012.

The Proposals announced today are expected to fully address, for the 3 year period to 2012, the Group's **capital requirements** as set out by the Financial Regulator on 30 March 2010 in the Prudential Capital Assessment Review. The Proposals will strengthen the Group's capital position and are expected to enable it to maintain an Equity Tier 1 Capital Ratio in excess of 7% under Basel II.

Funding - the Group is reverting to a more traditional banking model where it will substantially fund its core loan portfolios through customer deposits. Asset growth in the future will be more dependent on the Group's ability to attract deposits. In this regard, the Group will leverage the potential of its extensive retail distribution platforms, both in the Republic of Ireland through its branch network and internationally through its joint venture with the UK

Post Office, its Business and Corporate Banking relationship management teams and its network of treasury offices in Dublin, the UK and the US. This more sustainable funding strategy together with the initiatives to de-lever the Group's balance sheet are expected to reduce the Group's loan to deposit ratio to below 125% in the year ending 31 December 2013.

The achievement of the above financial targets should allow the Group to deliver a **return on equity** in the low teens to mid teens percent in the year ending 31 December 2013.

5. Use of proceeds

The purpose of the Proposals is to raise Equity Tier 1 Capital and as such any net cash proceeds will be used in the day-to-day operations of the Bank and also a portion of the proceeds will be used to meet the requirements of those electing to take cash under the Debt for Equity Offers (up to a maximum of €1,135 million) and the Warrant Cancellation (€491 million). Over the medium term, and subject to regulatory approval, the Directors may seek to apply a portion of the proceeds to redeem some, or all, of the outstanding 2009 Preference Stock provided they are satisfied that the Group can maintain appropriate capital ratios and they deem such action to be in Stockholders' interests as a whole. As set out in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus, the proceeds raised and/or capital generated from the Proposals together with the other pro forma adjustments are expected, in aggregate, to increase the Group's Equity Tier 1 Capital Ratio by 2.7% to 8.0% on a pro forma basis as at 31 December 2009, taking into account the costs and expenses of the Proposals including the Warrant Cancellation. €491 million of the proceeds of the Placing and the Rights Issue will be required for the purpose of funding the Warrant Cancellation.

6. Summary Structure of the Institutional Placing and the Rights Issue

The Directors have carefully considered options to structure the Institutional Placing and the Rights Issue for the benefit of Existing Stockholders. The decision to structure the issue by way of a combination of an Institutional Placing and a Rights Issue reflects a number of factors, including the size of the total net proceeds to be raised and the composition of the Bank's register of Stockholders which includes a large number of retail Stockholders. Given the size of the prospective issue relative to the Bank's Existing Stock, the Directors believe that it is desirable to introduce new institutional investors so as to stimulate demand for the Rights Issue. While recognising the importance of pre-emption rights, the Directors believe that in order to attract new institutional investors the issue structure needs to include a firm allocation of all of the Placing Stock under the Institutional Placing combined with the ability for Placees to participate in the Rights Issue. The Directors have sought to restrict the size of the Institutional Placing in order to limit the dilution to Existing Stockholders. The approval of Stockholders is being sought in relation to the proposed structure of the equity fund-raising, including this non-pre-emptive element.

Under the Institutional Placing, the Underwriters have agreed to use reasonable endeavours to procure Placees for an aggregate of 326,797,386 units of Placing Stock at a price of €1.53 per unit to raise gross proceeds of €500 million. The Underwriters expect to conclude arrangements to conditionally place the Placing Stock pursuant to the Institutional Placing with institutional investors today.

The price at which the Placing Stock will be issued to Placees in the Institutional Placing represents a 15.0% discount to the Closing Price of €1.80 of the Existing Stock on 23 April 2010 (being the last practicable date prior to publication of this Prospectus). The Institutional Placing Price has been determined following a Book Building Process involving both existing and potential new institutional investors. The Directors believe the Institutional Placing Price has been set at an appropriate level taking into consideration the requirement to attract institutional investors and the dilutive impact of the Institutional Placing on Ordinary Stockholders. The Institutional Placing Price will not be affected by the Rights Issue Price.

Under the Rights Issue, Qualifying Stockholders will be invited to subscribe for Rights Issue Stock at a price equal to the higher of (i) €0.10 per unit of Rights Issue Stock, and (ii) a price per unit of Rights Issue Stock which is within the range of 38% to 42% discount to the TERP. The Rights Issue size and Rights Issue Price at which Qualifying Stockholders will be invited to subscribe for Rights Issue Stock will be determined by the Bank and the Joint Bookrunners in advance of the EGC. Placees will be considered Qualifying Stockholders for the purposes of the Rights Issue in respect of the Placing Stock. The mechanism by which the NPRFC will participate and pay for its participation in the Rights Issue is addressed separately in paragraph 7 (Government Transaction) of this Part VII of this Prospectus.

If a Qualifying Stockholder (who is not a Placee) does not take up any Rights Issue Stock under the Rights Issue, such Qualifying Stockholder's stockholding in Bank of Ireland will be diluted by a maximum of up to 95.0% as a result of the Placing, the Rights Issue (including the NPRFC Rights Issue Undertaking), and the Debt for Equity

Offers. Qualifying Stockholders (other than Placees) who take up their entitlements in full in respect of the Rights Issue will suffer a dilution of a maximum of up to 47.0% to their stockholding in Bank of Ireland as a result of the Placing and the Debt for Equity Offers. In all cases, the dilutive impact will be mitigated by the Warrant Cancellation pursuant to which the Warrants will be cancelled in return for the payment of €491 million by Bank of Ireland to the NPRFC, thereby eliminating the units of Ordinary Stock that would have been issued in the event of the exercise of the Warrants. Further details of the maximum dilutive impact of the Proposals on Ordinary Stockholders' stockholdings in Bank of Ireland are set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of the Appendix to this Part VII of this Prospectus.

The proceeds of the Institutional Placing and the Rights Issue are underwritten pursuant to the Underwriting Agreement, which is described in more detail in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus. Each element of the Proposals is conditional on, among other things, the approval by Stockholders of the Resolutions at the EGC.

Further details on each of the Institutional Placing and the Rights Issue are set out in the Appendix to this Part VII. Some questions and answers in relation to the Institutional Placing and the Rights Issue, together with details of further terms and conditions of the Rights Issue including the procedure for application and payment, are set out in Parts VIII (Questions and Answers about the Placing and the Rights Issue) and IX (Terms and Conditions of the Rights Issue) of this Prospectus and, for Qualifying Non-CREST Stockholders, will also be set out in the Provisional Allotment Letters and the Stockholder Guide.

7. Government Transaction

Through the NPRFC Investment, the NPRFC Placing, assuming it is approved by Stockholders and implemented, NAMA and the participation in the Government Guarantee Schemes, Bank of Ireland has a multifaceted and important relationship with the Government and certain associated entities, in particular the Department of Finance, the NPRFC and NAMA. In particular, as at 23 April 2010, the last practicable date prior to the date of the publication of this Prospectus, the Irish Government, through the NPRFC, held 15.73% of the Bank's Existing Stock. In addition, the NPRFC holds, as at the date of this Prospectus, the Warrants to subscribe for additional Ordinary Stock which, if exercised (assuming no other increases to the capital stock of the Bank or to the NPRFC's stockholding), would result in the NPRFC holding a total of 34.3% of the Bank's issued Ordinary Stock as enlarged by the exercise of the Warrants. The Proposals include the implementation of the Government Transaction, which includes the NPRFC Placing, the NPRFC Rights Issue Undertaking, the Warrant Cancellation, the amendment of the dividend and voting rights attaching to the NPRFC's 2009 Preference Stock, and a number of commitments to promote the availability of credit and the development of the Irish economy.

NPRFC Placing

Pursuant to the NPRFC Placing, the NPRFC has agreed to subscribe for 575,555,556 units of Ordinary Stock at a price of €1.80 per unit of Ordinary Stock (being the Closing Price on 23 April 2010). This will be effected by way of the conversion of 1,036,000,000 units of 2009 Preference Stock (at their subscription price of €1.00 per unit of 2009 Preference Stock) to units of Ordinary Stock. Resolutions to implement the NPRFC Placing will be proposed at the EGC. In consideration for the NPRFC Placing, the Bank has agreed to pay to the NPRFC the NPRFC Placing Fee. In addition, the Bank will pay a Transaction Fee of €22 million at the closing of the NPRFC Placing.

NPRFC Rights Issue Undertaking

Pursuant to the NPRFC Rights Issue Undertaking, the NPRFC has agreed, subject to certain terms and conditions, to fully take up its entitlement of Rights Issue Stock, by virtue of its holding of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock as a result of the NPRFC Placing. In consideration for the NPRFC Rights Issue Undertaking, the Bank has agreed to pay to the NPRFC the NPRFC Commitment Commission, which will be calculated on the same basis as the commission being paid to the Underwriters in respect of their participation in the underwriting of the Rights Issue.

Subject to the passing of the Resolutions at the EGC and the Rights Issue proceeding, this will be effected by way of the conversion of such number of units of the 2009 Preference Stock held by the NPRFC to units of Ordinary Stock, based on the subscription price of the 2009 Preference Stock of €1.00 each, as would be equal to the cash amount which the NPRFC would be obliged to pay to the Bank in the event it was to pay cash to take up its full entitlement under the Rights Issue.

Fees and Commissions Payable to the NPRFC

In consideration for the NPRFC agreeing to convert 2009 Preference Stock to Ordinary Stock in the NPRFC Placing, the Bank has agreed to pay to the NPRFC the NPRFC Placing Fee, which is equal to 1% of the subscription price for all units of 2009 Preference Stock converted pursuant to the NPRFC Placing. Conditional upon the NPRFC Placing and completion of the matters contemplated by the NPRFC Rights Issue Undertaking, and in consideration for the NPRFC Rights Issue Undertaking the Bank has also agreed to pay to the NPRFC the NPRFC Commitment Commission, which will be calculated on the same basis as the commission being paid to the Underwriters in respect of their participation in the underwriting of the Rights Issue. In addition, the Bank will pay a Transaction Fee of €22 million at the closing of the NPRFC Placing.

Warrant Cancellation

In addition, pursuant to the Proposals, the Warrants held by the NPRFC to subscribe for 334,737,148 units of Ordinary Stock will be cancelled in return for payment of €491 million in cash by the Bank to the NPRFC. This reflects the market value of the Warrants, being the difference between the exercise price of the Warrants and the Closing Price of the Ordinary Stock on 23 April 2010, plus a fee of €12 million. As such, if the Proposals are approved and implemented, the NPRFC will cease to hold the Warrants and the subscription rights pursuant to the Warrants.

Amendment of the NPRFC's dividend and voting rights

As part of the Government Transaction and in connection with the NPRFC Placing and the NPRFC Rights Issue Undertaking, and conditional on the passing of the Resolutions, the rights attaching to the 2009 Preference Stock will be amended to increase the non-cumulative dividend to a fixed rate of 10.25% (from 8% currently) of the issue price per annum, payable annually in arrears at the discretion of the Bank. This reflects the agreement reached by the Bank and the NPRFC in respect of the Government Transaction overall.

As the holder of the 2009 Preference Stock, the NPRFC currently has the right to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and can exercise voting rights equivalent to 25% of the total voting rights on any resolution proposed at a General Court of the Bank in relation to the appointment or removal of a Director of the Group. The 2009 Preference Stock also carries 25% of the total voting rights in relation to any Control Resolution (exclusive of any voting rights that the NPRFC or any Government Body may have through any holding of Ordinary Stock). The tabling of any resolution at a General Court of the Bank to alter the capital structure of the Group requires the prior approval in writing of the Minister for Finance. These rights apply in full for so long as the NPRFC holds any units of 2009 Preference Stock and they are not reduced in line with any reduction in the number of units of 2009 Preference Stock held. In addition, as the holder of the NPRFC Coupon Ordinary Stock, the NPRFC is entitled to exercise the voting rights attaching to these units of Ordinary Stock.

At present, the NPRFC and other Government Bodies are restricted from exercising more than 25% of the total voting rights at a General Court of the Bank in respect of the voting rights attaching to, amongst other securities, the 2009 Preference Stock and any Ordinary Stock issued in lieu of cash dividends (including the NPRFC Coupon Ordinary Stock) or issued upon the exercise of the Warrants, on a resolution to appoint, re-elect or remove a director. This restriction does not apply to other Ordinary Stock held by the NPRFC (for example Ordinary Stock held pursuant to its other investment activities).

If the Government Transaction is implemented, the NPRFC's voting rights will be altered. The NPRFC will no longer be subject to the restriction on exercising more than 25% of the total voting capital on resolutions for the appointment, re-election or removal of directors: as such, the NPRFC would be entitled to exercise the full ordinary voting rights attaching to its Ordinary Stock (including the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Rights Issue Undertaking). However, the 2009 Preference Stock will no longer carry a block vote of 25% of the total voting rights in respect of resolutions relating to directors and Control Resolutions; instead, the 2009 Preference Stock will carry the right to 'top-up' the NPRFC's total voting rights to 25% of the total voting rights on directors and Control Resolutions where the NPRFC's ordinary voting rights through its holding of Ordinary Stock (or other securities issued in future) falls below this level.

The other rights attaching to the 2009 Preference Stock or granted to the Minister for Finance under the Bank's Bye-Laws will remain unchanged following the implementation of the Government Transaction. These rights include the right of the Minister for Finance to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and the requirement for the Minister's prior consent before any resolution to alter the capital structure of the Group can be tabled at a

General Court. Consequently, these rights will remain unchanged if the Proposals are implemented, notwithstanding that the number of units of 2009 Preference Stock held by the NPRFC following the completion of the Proposals will be reduced.

Other commitments pursuant to the Government Transaction Agreement

Under the Government Transaction Agreement, the Bank has committed to promote the availability of credit and the development of the Irish economy. Specifically, the Bank is committed to use all reasonable endeavours to meet a lending target of €3 billion per annum for new or increased credit facilities to SMEs in Ireland in each of the twelve month periods commencing 1 April 2010 and 1 April 2011. The Bank will produce an SME lending plan to the Minister for Finance, both by geography and sector, for each of these twelve month periods to demonstrate the manner in which it intends to meet this target. In addition, the Bank has agreed to use all reasonable efforts to provide €20 million for seed capital to Enterprise Ireland supported ventures and €100 million for environmental, clean energy and innovation projects (this is in addition to the commitments previously met under the Subscription Agreement). The Group is also required to work with Enterprise Ireland and the Irish Bankers Federation to develop sectoral expertise in the modern growth sectors of the Irish economy and to work with Enterprise Ireland to develop a range of banking services to meet the needs of Irish SMEs trading internationally. The Bank has also undertaken to take a number of steps to develop new credit products in areas where cashflow, rather than property or assets, is relied on as the basis for business lending. These commitments are in addition to those previously given by the Bank in connection with the NPRFC Investment and pursuant to the terms of the Subscription Agreement, which include, among other things, increasing lending capacity to small and medium enterprises and providing additional mortgage lending capacity for first time buyers, compliance with the Code of Conduct for Business Lending to Small and Medium Enterprises and compliance with the Code of Conduct for Mortgage Arrears.

Government Stockholding if the Government Transaction is implemented

If the Government Transaction is implemented as outlined above, the NPRFC will increase its holding of Ordinary Stock, but will have its Warrants cancelled and its holding of 2009 Preference Stock reduced. This would result in the NPRFC holding up to a maximum of 36% of the Bank's enlarged capital stock following the implementation of the Proposals (with the NPRFC subscribing fully for its rights in relation to the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing), assuming that in addition it fully takes up its Rights in respect of the units of its other Existing Stock (i.e. the Ordinary Stock held pursuant to its other investment activities in addition to the NPRFC Coupon Ordinary Stock) with no right to purchase additional Ordinary Stock pursuant to the Warrants. The implementation of the Proposals would also result in the NPRFC's holding of 2009 Preference Stock falling from the 3,500 million units held at the date of this Prospectus to a minimum of 1,779 million units and a maximum of 1,888 million units.

Further details on the terms of the Government Guarantee Schemes, NAMA, the NPRFC Investment and the Government Transaction Agreement are set out in Part XI (Regulation and Supervision) and paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus

8. Debt for Equity Offers

The Debt for Equity Offers will offer existing holders of Eligible Debt Securities the opportunity to exchange these securities for: (a) Allotment Instruments of up to €200 million (which automatically convert into the Conversion Ordinary Stock on the Conversion Date); or (b) through a settlement process more fully described in paragraph 5 (Debt for Equity Offers) of the Appendix to this Part VII of this Prospectus, cash proceeds from the allotment of Ordinary Stock on behalf of such holders in the Rights Issue; or (c) a combination thereof. The Conversion Ordinary Stock will be identical in all respects to the Ordinary Stock. The number of units of Conversion Ordinary Stock will be calculated by dividing the principal amount of the Allotment Instruments by a price based on (i) a 25% discount to the Closing Price on 23 April 2010, as adjusted to reflect the Rights Issue Factor (being the Bonus Element of the Rights Issue), subject to a floor of €0.10, or, if greater, (ii) the average of the Volume Weighted Average Price on each Business Day between and including 2 September 2010 and 8 September 2010. The Debt for Equity Offers will be made in respect of Tier 1 Securities and Upper Tier 2 Securities with a nominal value of approximately €1.49 billion. The maximum aggregate principal amount of the Allotment Instruments will not exceed the Maximum Allotment Instruments Amount. If elections in excess of that amount are received, the Group will pro rate some or all of such elections, such that Allotment Instruments will be issued having an aggregate principal amount not exceeding the Maximum Allotment Instruments Amount of €200 million. To the extent that a participant has not elected to have its excess notes returned in that circumstance (such election being a feature of the US Debt for Equity Offers only), the holder will be automatically deemed to have opted to receive cash proceeds in respect of the excess notes from the issue of Ordinary Stock on such holder's behalf in the Rights Issue.

The purpose of the Maximum Allotment Instruments Amount is to place a limit on the level of dilution of Ordinary Stockholders pursuant to the Debt for Equity Offers.

As an illustration, the Debt for Equity Offers would result in a capital gain for the Group of €146 million (assuming acceptances are received for circa €0.57 billion of debt, at a 26% weighted average discount to nominal value and assuming 80.0% of such acceptances elect for cash proceeds from the issue of Ordinary Stock in the Rights Issue and the balance elect to receive Allotment Instruments). A capital gain arising from the Debt for Equity Offers is calculated as the difference between the nominal value of the Tier 1 Securities and Upper Tier 2 Securities exchanged and the value of the consideration paid. The actual size of the Rights Issue (including the NPRFC Rights Issue Undertaking) will be reduced by the capital gain generated by the Debt for Equity Offers, prior to the Early US Debt for Equity Offers Expiration Date, up to a maximum amount of €100 million, and the aggregate principal amount of Allotment Instruments to be issued at settlement to noteholders electing to receive Allotment Instruments in the Debt for Equity Offers of up to €200 million. Any capital gains in excess of this maximum amount will be added to the capital of the Bank.

To the extent that holders of US Debt for Equity Offers Securities elect to exchange for Allotment Instruments or cash proceeds after the Early US Debt for Equity Offers Expiration Date (but on or before the US Debt for Equity Offers Expiration Date), the size of the Rights Issue will not be reduced. Accordingly, such late acceptance of the US Debt for Equity Offers will result in the Group further increasing its Equity Tier 1 Capital, except to the extent of cash proceeds paid to holders (from the issue of Ordinary Stock in the Rights Issue).

Further details of the Debt for Equity Offers are set out in paragraph 5 (Debt for Equity Offers) of the Appendix to this Part VII of this Prospectus.

9. Renominalisation of units of Ordinary Stock and capital restructure

Pursuant to the Bye-laws, Bank of Ireland is not permitted to issue units of Ordinary Stock at a discount to their nominal value, which is currently €0.64 per unit of Ordinary Stock. It is proposed that Bank of Ireland carries out the Renominalisation, which will reduce the nominal value to €0.10 per unit of Ordinary Stock. This provides the Bank and the Joint Bookrunners with greater certainty that the Rights Issue Price will be able to be set at 38% to 42% discount to the TERP irrespective of market conditions. As noted in Part IV (Expected Timetable of Principal Events) set out on pages 55 to 56 of this Prospectus, the Rights Issue Price is expected to be announced at 7.00 am on 17 April 2010, two days before the EGC. In no circumstances will the Rights Issue Price be below €0.10. The Proposals are conditional on, amongst other things, the completion of the Renominalisation of units of Ordinary Stock.

It is proposed that, pursuant to the Renominalisation, each existing unit of Ordinary Stock in issue at the close of business on the date of the EGC will be subdivided into one unit of Ordinary Stock of €0.10 in the capital of Bank of Ireland (“€0.10 Ordinary Stock”) and one unit of deferred stock of €0.54 in the capital of Bank of Ireland (“Deferred Stock”). The purpose of the issue of Deferred Stock is to ensure that the reduction in the nominal value of the Ordinary Stock does not result in a reduction in the capital of Bank of Ireland.

Each Ordinary Stockholder’s proportionate interest in the issued Ordinary Stock of Bank of Ireland will remain unchanged as a result of the Renominalisation. Aside from the change in nominal value, the rights attaching to €0.10 Ordinary Stock (including voting and dividend rights and rights on a return of capital) will be identical in all respects to those of existing Ordinary Stock. No new stock certificates will be issued in respect of the €0.10 Ordinary Stock as existing stock certificates for existing Ordinary Stock will remain valid in respect of the same number of €0.10 Ordinary Stock arising from the Renominalisation. The Renominalisation will not affect the Bank’s net assets. Consequently, the market price of a unit of Ordinary Stock immediately after completion of the Renominalisation should be the same as the market price of a unit of Ordinary Stock immediately prior to the Renominalisation.

The Deferred Stock created on the Renominalisation becoming effective will have no voting or dividend rights and, on a return of capital on a winding up of Bank of Ireland, will have the right to receive the amount paid up thereon only after Stockholders have received, in aggregate, any amounts paid up thereon plus €10 million per unit of Ordinary Stock, the purpose of which is to ensure that the units of Deferred Stock have no economic value.

No stock certificates or documents of title will be issued in respect of the Deferred Stock, nor will CREST accounts of Stockholders be credited in respect of any entitlement to Deferred Stock, nor will they be admitted to the Official Lists or to trading on the Irish Stock Exchange, the London Stock Exchange or any other investment exchange. The Deferred Stock shall not be transferable at any time, other than with the prior written consent of the Directors.

At the appropriate time, the Bank may redeem or repurchase the Deferred Stock, make an application to the High Court of Ireland for the Deferred Stock to be cancelled, or acquire or cancel or seek the surrender of the Deferred Stock (in each case for no consideration) using such other lawful means as the Directors may determine.

Under Irish company law, any redemption of the 2009 Preference Stock by the Bank must be funded from the distributable reserves of the Bank or from the proceeds of a fresh issue of shares for that purpose. Section 72 of the Companies Act 1963 enables a company, subject to shareholder approval and the approval of the High Court, to create distributable reserves through the cancellation of share capital and/or share premium. As an unregistered corporation, the Bank is not currently subject to section 72 of the Companies Act 1963.

The Bank wishes to ensure that it is not constrained from redeeming the 2009 Preference Stock by a lack of distributable reserves in circumstances where the Bank is otherwise in a position to redeem the 2009 Preference Stock. Accordingly, the Bank has requested the Minister for Enterprise, Trade and Innovation to enact a statutory instrument to specifically apply section 72 to the Bank. In addition, the new Bye-Laws proposed to be adopted by the Bank at the EGC include a new provision permitting the Bank to reduce its stock capital and stock premium, and, separately, a special resolution will be proposed at the EGC to seek the approval of Stockholders to the cancellation of €0.8 billion of the stock premium account of the Bank, the reserve created on cancellation of stock premium to be treated as distributable reserves.

Subject to the enactment of the required statutory instrument and the approval of the resolution at the EGC to reduce the stock premium of the Bank, the Bank intends to take the necessary steps following the EGC to seek the approval of the High Court to the cancellation of €0.8 billion of the Bank's stock premium account.

10. NAMA

At the Extraordinary General Court of Bank of Ireland on 12 January 2010, Ordinary Stockholders voted in favour of the Group's application to participate in NAMA and in February 2010, the Minister for Finance confirmed the Group's designation as a Participating Institution. Performing and non-performing land and development loans, together with associated loans (primarily investment property loans), are being acquired by NAMA on a phased basis which started on 2 April 2010, with the largest systemic exposures to the Irish banking system being acquired first.

The original estimates of assets transferring to NAMA were disclosed in the Minister for Finance's speech of 16 September 2009, where the Minister indicated that approximately €16 billion of both performing and non-performing assets would transfer to NAMA from the Group. Since that date, and taking into account the impact of the European Commission's approval of NAMA on 26 February 2010, the Group has had ongoing interaction with NAMA and has conducted a comprehensive internal review to identify all loans falling within the eligibility criteria based on the Eligible Asset Regulations formulated by NAMA.

As announced by the Group on 31 March 2010, largely as a result of this review, the Group expects to retain loans of approximately €3 billion from the original estimate of €16 billion and transfer in total loans of approximately €12.2 billion before impairment provisions, together with accrued interest and related derivatives of €0.2 billion to NAMA. The following table shows the profile of loans held for sale to NAMA at 31 December 2009:

	<u>Republic of Ireland</u>	<u>UK & Rest of World</u>	<u>Total</u>
	€ billion	€ billion	€ billion
Land	3.1	1.0	4.1
Development	2.3	2.1	4.4
Associated (mainly investment property)	2.3	1.4	3.7
Total	<u><u>7.7</u></u>	<u><u>4.5</u></u>	<u><u>12.2</u></u>

The loans that are now expected to transfer to NAMA of approximately €12.2 billion, had impairment provisions of €2.8 billion at 31 December 2009 which together with accrued interest and related derivatives of €0.2 billion, will give rise to an expected net transfer of €9.6 billion of Bank of Ireland Eligible Bank Assets to NAMA. The loans are expected to comprise €8.5 billion of land and development loans and €3.7 billion of associated loans.

The Group transferred Tranche 1 NAMA Assets of €1.9 billion (before impairment provisions) to NAMA on 2 April 2010 comprising €0.9 billion of land and development loans and €1.0 billion of associated loans. The consideration received for these assets amounted to €1.2 billion in Government guaranteed bonds and non-guaranteed subordinated bonds resulting in a discount to gross loan value of approximately 36%.

The Group has developed a model which it believes replicates the NAMA valuation methodology and has put a sample of €6 billion (approximately 50% of the loans which the Group expects to transfer to NAMA, including Tranche 1 NAMA Assets) through this model. The model indicates that, on this sample, the level of discount would be similar to that pertaining to Tranche 1 NAMA Assets.

The loss on disposal of Bank of Ireland Eligible Bank Assets to NAMA will be a function of three factors: the quantum of those assets, the mix of those assets, as between land and development and associated loans, and the discount that would apply to those assets.

Applying the level of discount (approximately 36%) on the disposal of the Tranche 1 NAMA Assets to the portfolio of €12.2 billion of loans would result in a loss of €4.4 billion (before impairment provisions of €2.8 billion at 31 December 2009).

At the Extraordinary General Court of 12 January 2010, the Group provided guidance that “we believe that the discount to book value that we will receive in payment for these loans by NAMA should not be greater than €4.8 billion — representing a 30% discount on the Minister’s estimate of €16 billion total loan book value of loans to be transferred”.

While the quantum of loans expected to transfer, the mix of those loans and the discount expected on those loans has changed since the Extraordinary General Court on 12 January 2010, the Group believes that the aggregate euro value of the discount of €4.4 billion on the total portfolio of Bank of Ireland Eligible Bank Assets will be within the guidance provided of €4.8 billion at the Extraordinary General Court of the Bank on 12 January 2010.

However, it should be noted that the Group is currently unable to accurately quantify the ultimate expected loss on the transfer of all the Bank of Ireland Eligible Bank Assets to NAMA. The limited number and nature of the loans involved in the first tranche mean that it may not be a representative sample of the total portfolio of assets held for sale to NAMA and consequently the loss on sale is not necessarily indicative of the loss that is expected to arise on the entire portfolio of Bank of Ireland Eligible Bank Assets that will ultimately transfer. Therefore, significant uncertainties remain as to the final discount which will be applicable to Bank of Ireland.

In consideration of the transfer of Bank of Ireland Eligible Bank Assets to NAMA, the Group receives a combination of Government guaranteed bonds, to be issued by NAMA and guaranteed by the Minister for Finance (not less than 95% of the consideration), and non-guaranteed subordinated bonds (not more than 5% of the consideration). The Government guaranteed bonds are designed 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 and the Group expects to be able to exchange such marketable instruments for cash at minimal cost. Outline terms and conditions of these notes are provided on NAMA’s website at <http://www.nama.ie>.

The Bank estimates that the disposal of loans to NAMA of €12.2 billion will reduce the Risk Weighted Assets of the Bank by approximately €11 billion. The pro forma impact on capital ratios is outlined in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus.

11. Re-affirmation of non-NAMA related loan impairment estimates

As announced on 31 March 2010, the Bank has conducted an extensive internal review of its impairment charge estimates on its non-NAMA bound loans and advances to customers. The outcome of this review is to re-affirm the Bank’s previous impairment charge guidance of €4.7 billion on the non-NAMA bound loan portfolio for the three years ending 31 March 2011. The Bank believes that the impairment charge on its non-NAMA loans and advances to customers has peaked in 2009 and will reduce progressively in each of 2010, 2011 and 2012.

In arriving at its impairment charge estimates, the Bank has made certain key economic assumptions. In Ireland, the Bank has assumed a peak to trough decline in house prices of 45%, unemployment will decrease from a forecast figure of 14% in 2010 to a forecast figure of 13% in 2011, and there will not be annual growth in GDP before 2011. In respect of the United Kingdom, the Bank has assumed a peak to trough decline in house prices of 20%, unemployment will reach a level of 9% in 2010 and 2011 and there will be low growth in GDP in 2010.

The Bank has engaged Oliver Wyman, a leading international management consulting firm, to independently review and challenge the Bank’s impairment charge estimates on its non-NAMA bound loans. Oliver Wyman has confirmed to the Bank that, on the basis of the work it has performed and subject to limitations and qualifications set out in the Oliver Wyman report, it believes the Bank’s non-NAMA impairment charge estimates to be reasonable.

In its report, Oliver Wyman states that: “Following an independent review and challenge of Bank of Ireland’s non-NAMA impairment estimates, Oliver Wyman confirms that, on the basis of the work it has performed, and

subject to the limitations and qualifications set out in this report, it believes those estimates to be reasonable. Oliver Wyman's estimate of impairment charges for the retained (non-NAMA) book is in line with Bank of Ireland's previous guidance on forecast impairment charges for the retained portion of the book (€4.7 billion for the three years ending March 2011). Based on the output of its forecast, Oliver Wyman expects Bank of Ireland's impairment charges for the retained book to have peaked in 2009, with progressive reductions expected in each of 2010, 2011 and 2012."

Loan impairment charge estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates due to the inherent uncertainty around future events, values and timing issues.

12. State aid and EU Restructuring Plan

The investment in the Group by the National Pensions Reserve Fund Commission in March 2009, by way of the 2009 Preference Stock, and the Group's participation in NAMA, confirmed by the Minister for Finance in February 2010, are the subject of an ongoing review by the European Commission under EU State aid rules. This review also encompasses the proposed conversion by the State of part of its 2009 Preference Stock into Ordinary Stock and the cancellation (in return for payment in cash) of all of the Warrants issued in conjunction with the 2009 Preference Stock referred to in the statement made by Bank of Ireland on 31 March 2010 in response to the Financial Regulator's capital assessment review. As part of the European Commission review, a restructuring plan was prepared by the Group and submitted by the Department of Finance to the European Commission on 30 September 2009. Any such plan is required to contain measures to address an appropriate level of burden-sharing by the Group and its Stockholders and bondholders and to limit any competition distortions resulting from any State aid received by the Group as well as an assessment of the long-term viability of the Group.

The European Commission will require the Group to effect certain structural and behavioural measures. Accordingly, over the last number of months, the Group through the Department of Finance has been involved in detailed negotiations with the European Commission in relation to the terms of the EU Restructuring Plan.

The Group expects the decision regarding the approval of the proposed measures, including the final terms of the EU Restructuring Plan, will be taken by the European Commission by mid-2010. Therefore, at this stage, there can be no certainty as to the outcome of the State aid proceedings and the content of the final EU Restructuring Plan. Please see the risk factor entitled "*The NPRFC Investment, the Government Transaction and NAMA are the subject of a review by the European Commission under EU State aid rules, the outcome of which is uncertain and may involve the prohibition of some or all elements of the State aid provided to the Group by the Government, the requirement for the Group to repay the State aid or the imposition of conditions the Group that may be materially adverse to its interests*" set out in Part II (Risk Factors) of this Prospectus for further information regarding the risks in respect of the EU State aid review. However, as announced by the Group on 16 April 2010, it now expects, based on the current status of its negotiations through the Department of Finance with the European Commission, that the final EU Restructuring Plan is likely to consist of the key elements set out below.

Business Disposals

The Group will commit to dispose of the following businesses, which are briefly described below:

New Ireland Assurance Company plc ("New Ireland")

- New Ireland is a manufacturer of pension, life assurance and related products for individuals and SMEs.
- New Ireland had approximately €12 billion life assets (primarily unit-linked) at 31 December 2009.
- New Ireland distributes product through approximately 1,600 registered brokers and approximately 180 direct salespersons and through the Bank of Ireland network with these distribution channels having an aggregate 19% share of new business within the Republic of Ireland.

Following disposal, the Group will continue to distribute, but not manufacture, pension, life assurance and related products for individuals and SMEs.

Bank of Ireland Asset Management Limited ("BIAM")

- Investment management business headquartered in Dublin.
- Manages balanced and specialist mandates on behalf of institutional clients (including the Group).
- €25 billion assets under management at 31 December 2009.

ICS Building Society

- Irish intermediary sourced mortgage business.
- Distribution platform and ICS brand.
- Mortgage loans of approximately €7 billion (of which the Group will commit to sell a minimum of €2 billion) and deposits of approximately €4 billion outstanding at 31 December 2009.

Other Disposals

- The Group will also agree to sell Foreign Currency Exchange Corporation (its US foreign exchange business) and its stakes in Paul Capital Top Tier Investments LLC (asset management) and Irish Credit Bureau Limited.

Historical Financial impact on the Group — business disposals

The assets and liabilities, and the associated income and expenses, of the businesses to be divested cannot be determined with precision until nearer the date of sale. However, the Group estimates that, as at 31 December 2009, the businesses to be divested comprised approximately €7 billion of lending and approximately €4 billion of deposits and, on this basis, approximately €0.9 billion of Risk Weighted Assets. For the 9 month period ended 31 December 2009, the Group estimates that the businesses to be divested generated underlying³ total income of approximately €200 million, generated underlying operating profit (before impairment charges) of approximately €90 million, and contributed approximately €40 million of underlying profit before tax to the Group.

Loan Portfolios Wind-Down/Sale

- As per the Group's announcement of 8 January 2009, the Group is winding down its UK intermediary sourced mortgage portfolio and also certain discontinued international corporate lending portfolios (comprising approximately 25% of customer lending at 31 December 2009). This wind-down forms part of the Group's EU Restructuring Plan. The Group will also attempt to accelerate the wind-down of these portfolios by way of sale, but will not have an obligation to sell these portfolios at less than book value.
- If the Group has not run down or sold its UK intermediary mortgage book to below an agreed level, it will commit to meet the following target from 31 December 2013:

$$\frac{\text{Group Customer Loans}}{\text{Group Customer Deposits plus Group Wholesale Funding > 1 year}} \leq 100\%$$

Historical Financial impact on the Group — wind-down assets

The Group estimates that, as at 31 December 2009, the loan portfolios to be wound down comprised approximately €34 billion of lending and approximately €6 billion of Risk Weighted Assets. For the nine month period ended 31 December 2009, the Group estimates that the loan portfolios to be wound down generated total income of approximately €190 million, generated underlying operating profit (before impairment charges) of approximately €145 million, and contributed approximately €60 million of underlying profit before tax to the Group.

Behavioural Commitments

Certain behavioural commitments, including:

- The Group will make available a service package to other banks and financial institutions comprising a range of clearing and related operational services on a cost recovery basis;
- The Group will also facilitate customer mobility by undertaking certain direct mailings of qualifying third party financial product offerings to the Group's customer base;
- A commitment from the Group not to make discretionary payments of coupons or to exercise voluntary call options on hybrid capital securities from 1 February 2010 to 31 January 2011;
- A commitment from the Bank not to pay dividends on Ordinary Stock until the earlier of (i) 30 September 2012; or (ii) such date as the 2009 Preference Stock is redeemed or no longer owned by the State through the NPRFC or otherwise; and
- A commitment from the Group not to make any material acquisitions

³ Underlying figures exclude the gross-up for policyholder tax in New Ireland which amounted to a gain of approximately €60 million in the nine months ended 31 December 2009.

Implementation

These measures will be required to be implemented over various time-frames between now and December 2014.

The implementation of the final EU Restructuring Plan may also require various external approvals which may include approvals from financial regulators, Stockholders pursuant to the Listing Rules or other approvals required under competition law.

Conclusion

The Directors believe that the anticipated final EU Restructuring Plan, the key elements of which are described above, is sufficient to obtain approval from the European Commission for all State aid the Group has received including as a result of: (i) the NPRFC Investment; (ii) the Group's participation in NAMA; and (iii) the extent that the Government Transaction might constitute State aid.

On the basis of the impact indicated by the historical financial information set out above the Directors do not expect that an EU Restructuring Plan, the key elements of which are described above, would be materially detrimental to the long term interests of the Group.

13. Financial Regulator

The Financial Regulator has completed a Prudential Capital Assessment Review ("PCAR") of the Bank in order to assess its capital requirements. This review has taken into account both expected base and potential stressed loan losses, together with other financial developments, over a three year time horizon to 31 December 2012.

The PCAR has been undertaken with reference to:

- a target Core Tier 1 Capital Ratio of 8% in the base case. As a further prudent requirement, the capital to meet the base case target must be principally in the form of equity to meet a target Equity Tier 1 Capital Ratio of 7%.
- a target level of 4% Core Tier 1 Capital should be maintained in a stress scenario.

As announced on 30 March 2010, the outcome of this review is that the Financial Regulator has determined that the Group needs to raise an additional €2.66 billion of Equity Tier 1 Capital by 31 December 2010 to comply with the PCAR. The Proposals will fully address the PCAR review.

Further information on the PCAR review is set out in paragraph 2 (Financial Regulator — Prudential Capital Assessment Review) of Part XI (Regulation and Supervision) of this Prospectus.

14. Capital and Liquidity

Capital

The Proposals are expected to increase Equity Tier 1 Capital by not less than €2.93 billion (approximately €2.8 billion net of expenses after the Warrant Cancellation). Assuming the Proposals had been implemented as at 31 December 2009 and based on the other assumptions and adjustments set out in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus, the Group would have had the following pro forma capital ratios:

Capital Ratio	31 December 2009 Actual	31 December 2009 Pro Forma
Equity Tier 1 Capital Ratio (Core Tier 1 Ratio less Preference Stock) . . .	5.3%	8.0%
Core Tier 1 Ratio	8.9%	10.1%
Tier 1 Capital Ratio	9.8%	10.5%
Total Capital Ratio	13.4%	13.5%
Total Risk Weighted Assets	€98 billion	€87 billion

The Directors recognise that market expectations in relation to capital levels have evolved and the Group is committed to strengthening its capital ratios to take account of these expectations and the Financial Regulator review referred to in paragraph 13 (Financial Regulator) of this Part VII of this Prospectus. Assuming implementation of the Proposals, the Group expects to maintain a minimum Equity Tier 1 Capital Ratio of greater than 7% and a Core Tier 1 Capital Ratio of greater than 8%, both ratios under Basel II, which should ensure that the Group's capital position remains resilient and well positioned to meet its business priorities.

Liquidity

The Minister for Finance has introduced two initiatives in order to enhance the availability of liquidity and improve access to funding for the domestic Irish banking system. The CIFS Guarantee Scheme was introduced in September 2008 to guarantee certain liabilities of covered institutions, including Bank of Ireland, until 29 September 2010. On 9 December 2009 the Minister for Finance commenced the ELG Scheme which facilitates participating institutions issuing debt securities and taking deposits which have a maturity of up to 5 years, provided the relevant liabilities are incurred during the issuance window which expires on 29 September 2010. The Bank announced on 11 January 2010 that it had joined the ELG Scheme. The ELG Scheme, as notified to the European Commission, was approved by the European Commission under the EU State aid rules on 20 November 2009 and is subject to review by the European Commission by 1 June 2010.

On 30 March 2010, the Minister for Finance announced that he would be seeking European Commission approval for an extension of a modified ELG Scheme consistent with its phasing out over a realistic period of time. Notwithstanding this announcement, the nature of the proposed extension is subject to approval by the European Commission and this could be influenced by a range of factors. In addition, on 9 November 2009, the ECB highlighted that guarantees of short term bank debt (maturity profile of less than three months) should be avoided to the extent possible and, as such, there is a risk that the European Commission could require that the ELG Scheme, which currently covers short term bank debt be amended so as to limit the guarantee coverage of this form of liability in the future.

Despite intense market competition for retail deposits in Ireland and the UK and pressure on international deposits caused by rating downgrades, the Group's deposit base at 31 December 2009 was €85 billion, compared to €83 billion at 31 March 2009.

The Loans to Deposits ratio, including assets held for sale to NAMA, of 152% at 31 December 2009 (141% excluding assets held for sale to NAMA) compares to 161% at 31 March 2009.

The Group's wholesale funding programmes are well diversified across geographies, investor types (institutional, sovereign and high net worth individuals) and maturities (overnight to greater than 10 years). In addition, the Group has invested in recent years to build a strong technical capability which has allowed it to maximise the funding capability of its balance sheet in terms of contingent liquidity collateral. A full outline of the Bank's funding programmes is outlined in Part XIV (Capitalisation and Indebtedness) of this Prospectus.

At 31 December 2009 the Group's quantum of wholesale funding was €61 billion compared to €74 billion at 31 March 2009. Wholesale funding as a percentage of the Group total assets (excluding Bank of Ireland Life policyholder assets) reduced to 36% at 31 December 2009, compared to 40% at 31 March 2009. At 31 December 2009, 32% of wholesale funding had a term to maturity of greater than one year compared to 27% at 31 March 2009.

The Directors believe that the international wholesale funding markets have stabilised in recent months and investor sentiment towards Irish financial institutions has improved, which is evidenced by the reduction in the market cost of credit default protection in respect of such institutions. This has resulted in enhanced access to funding markets, facilitating debt issuance at lower prices and for longer maturities. While the Group's recent new debt issuance has been primarily Government guaranteed, the Directors believe that the Proposals will be supportive of debt issuance in unguaranteed format.

The Group holds a significant pool of contingent liquidity collateral, comprising debt securities and other eligible collateral which are capable of being pledged against borrowings from Monetary Authorities. The total amount of contingent liquidity collateral at 31 December 2009 was €42 billion (which is the estimated maximum amount of funding which can be accessed with this pool of contingent liquidity collateral) and which represented 25% of total funding at that date. The Group's borrowings from Monetary Authorities utilising this contingent liquidity collateral reduced from €17 billion (net) at 31 March 2009 to €8 billion (net) at 31 December 2009.

Further details on the Group's capital and liquidity can be found in Part XIV (Capitalisation and Indebtedness) of this Prospectus.

15. Pensions

The Group operates a number of defined benefit and defined contribution pension schemes in Ireland and overseas. The total scheme membership is approximately 29,000 (approximately 15,000 employed members, 9,600 deferred members and 4,400 retired members). The most significant defined benefit pension scheme in the Group is the Bank of Ireland Staff Pensions Fund ("BSPF").

The value of retirement benefit obligations across all of the Group's pension schemes was €5.36 billion as at 31 December 2009, calculated on an IAS 19 basis. Total assets in the schemes amounted to €3.73 billion, with a resulting IAS 19 deficit within schemes of €1.63 billion. In 2006, all defined benefit schemes were closed to new entrants and a hybrid scheme (which has both defined benefit and defined contribution elements) was introduced for all new employees from that time with the exception of a number of new entry-level employees (who joined from 1 October 2006 to 21 November 2007) who were offered a one-off option to join the defined benefit scheme.

In January 2010, the Bank launched a pensions review programme to address the deficit in its defined benefit schemes. The main objectives of the review were:

- a) to achieve a significant immediate reduction in the IAS 19 deficit through a shared solution with scheme members and the Bank; and
- b) to reduce the cost and risk associated with pension provision going forward.

The achievement of these objectives will facilitate the provision of affordable, sustainable pension benefits into the future. The Bank has had very significant engagement with staff representative bodies and the relevant trustee boards, and has undertaken a communications programme with current employees and the other members of the pension schemes. Extensive discussions have taken place with staff representative bodies in order to address the issue through a shared solution, comprising a combination of benefit restructuring and additional employer contributions over a period of time.

The proposed approach, which has been agreed in principle with the main bank union, the IBOA, in relation to the BSPF (which accounts for approximately 85% of the total deficit across all the schemes), following its recommendation by an independent third party chairman, is as follows:

- A temporary freeze on any salary increases qualifying for pensionable salary from April 2010 to 1 April 2012;
- From 1 April 2012 pensionable salary will increase at the lower of the actual pay rise, Consumer Price Index ("CPI") (or the Retail Price Index in the United Kingdom ("RPI")) and 4%, subject to a floor level such that pensionable salary will be based on a minimum of 85% of what pensionable salary would have been without the imposition of this cap;
- For current employees, there will be no increases in pensions for three years after their pension becomes payable. Thereafter annual increases will be capped at CPI (or RPI in the United Kingdom) subject to a maximum increase of 4% p.a.;
- For existing pensioners and deferred members annual pension increases will be capped at the lower of CPI (or RPI in the United Kingdom) and 4% from 1 April 2012; and
- Transitional arrangements are also proposed to stagger the impact of the changes on those who are close to retirement.

Similar changes will also be proposed for other schemes, where relevant.

The trustee board of the BSPF scheme has agreed in principle that any benefit restructuring agreements reached between the Bank and its employees will be reflected in the operation of the BSPF. Discussions with the other relevant trustee boards have also commenced. Based on discussions with the various trustee boards, the agreement in principle with the IBOA, and other member feedback received to-date, the Directors are confident of achieving a significant upfront reduction in the pension deficit in the coming months.

Full implementation of the amendments to the Group's pension schemes would eliminate approximately 50% of the 31 December 2009 IAS 19 deficit. If such proposals are implemented, the Group will increase its cash contributions, above existing cash contributions, to the schemes so as to eliminate approximately 50% remaining of the 31 December 2009 IAS 19 deficit over approximately 6 years.

The implementation of these proposed changes would lower the underlying pension costs and would therefore be positive to the income statement of the Group.

16. Current trading, trends and prospects

Trading conditions in the Group's core markets in Ireland and the UK in the 2010 financial year remained challenging though economic conditions have recently shown some signs of stabilisation after the substantial fall in economic output from early in 2008.

Net interest income is being impacted by a number of factors:

- the low interest rate environment together with the impact of continuing competition on deposit pricing, placing pressure on deposit margins;
- the higher cost of wholesale funding as the Group continues to increase the quantum of term funding (wholesale funding with a maturity of one year or greater) in pursuit of the Group's strategy to disengage in a prudent manner from the Government Guarantee Schemes; and
- while lending margins on new business remain strong, low levels of new business activity mutes the impact of this.

As a result, the Group continues to anticipate some downward pressure on the Group net interest margin in 2010. Ongoing strong cost discipline across the Group and the benefits of business disposals and other initiatives implemented in the prior financial year continue to deliver cost savings as anticipated. The challenging economic conditions, unemployment and weak consumer sentiment continue to impact the loan impairment charge as expected. The Directors continue to believe that loan losses on the Group's non NAMA bound loan portfolios have peaked with the impairment charge progressively reducing in 2010, 2011 and 2012 as previously guided. Expected loan losses on these portfolios for the three year period to 31 March 2011 remain within the loan loss guidance of €4.7 billion.

The quantum of customer lending, including loans held for sale to NAMA, remains broadly unchanged at 31 March 2010 when compared to 31 December 2009 on a constant currency basis. The demand for new loans is muted. Competition for customer deposits remains intense and customer deposits at 31 March 2010 are marginally lower compared to 31 December 2009 on a constant currency basis. In January 2010, the Group's long term and short term credit ratings were downgraded by Standard & Poor's to A- / A-2 with a stable outlook. This downgrade led to an initial outflow of some ratings sensitive international deposits. In the quarter ended 31 March 2010 the Group has raised approximately €4.5 billion in term funding (funding with a maturity greater than one year at date of issue). In line with the Group's stated goals, the maturity profile of its wholesale funding has been extended with over 37% of its overall wholesale funding having a maturity of greater than one year at 31 March 2010 compared to 32% at 31 December 2009.

Equity Tier 1 Capital and Core Tier 1 Capital were positively impacted by the Lower Tier 2 Securities exchange completed in February 2010 which generated a gain of €405 million.

17. Dividend Policy

On 13 November 2008, in light of the deteriorating economic conditions and the determination to preserve capital, the Bank announced its decision to cancel dividend payments on Ordinary Stock for the financial year ending 31 March 2009 and stated that it did not expect to resume paying dividends on Ordinary Stock until more favourable economic and financial conditions returned.

On 19 January 2010, and following communications from the European Commission that the Bank should not make coupon payments on its Tier 1 Securities and Upper Tier 2 Securities unless under a binding legal obligation to do so, the Group announced that the non-cumulative distributions on the LP2 Securities and the LP3 Securities, which would otherwise have been payable on 1 February 2010 and 4 February 2010 respectively, would not be paid. The effect of this decision by the Bank was to trigger the "dividend stopper" provisions of the LP2 Securities. While these "dividend stoppers" remain in force, the Group is precluded for a period of one calendar year from and including 1 February 2010 from declaring and making any distribution or dividend payment on its Ordinary Stock, non-cumulative euro and Sterling Preference Stock, the 2009 Preference Stock and Hybrid/Preferred Securities.

On that basis, (and also subsequently under the commitments to be made under the EU Restructuring Plan), the Group is therefore prevented from making discretionary dividend payments on its capital stock for a period of one calendar year from and including 1 February 2010. The Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC on Monday 22 February 2010 in lieu of the cash dividend due to the holders of the 2009 Preference Stock on 20 February 2010.

In addition, under the terms of the CIFS Guarantee Scheme, the Bank is precluded from paying dividends on the Ordinary Stock without the prior approval of the Minister for Finance until the expiry of the CIFS Guarantee Scheme which is scheduled to take place on 29 September 2010. The prohibition can be extended under the ELG Scheme.

Under the EU Restructuring Plan, the Group will commit not to make discretionary payments of coupons or to exercise voluntary call options on hybrid capital securities on or before 31 January 2011. Thereafter, any conditions imposed by the European Commission in respect of hybrid capital securities are expected to fall away.

Also under the EU Restructuring Plan, the Bank will commit not to pay dividends on its Ordinary Stock until the earlier of (i) 30 September 2012; or (ii) such date that the 2009 Preference Stock is redeemed or no longer owned by the State through the NPRFC or otherwise.

The Directors intend to resume paying dividends on Ordinary Stock after the above conditions have been satisfied and the Group has demonstrated that it can maintain appropriate capital ratios and sustainable profits.

18. Extraordinary General Court

Stockholders are today being sent a Circular containing a notice of an Extraordinary General Court (“EGC”). The EGC will be held at 11.00 a.m. on 19 May 2010 at O’Reilly Hall, UCD, Belfield, Dublin 4, Ireland. Further details of the Resolutions proposed at the EGC are set out in the notice of the EGC appended to the Circular.

The purpose of the EGC is for Stockholders to consider and, if thought fit, pass the Resolutions relating to the Proposals. All the Resolutions must be passed, without amendment, by Stockholders at the EGC in order for the Proposals to proceed.

19. Directors’ Intentions

The Executive Directors intend to take up in full their Rights to acquire Rights Issue Stock. The Non-Executive Directors intend either to take up in full their Rights to acquire Rights Issue Stock or to subscribe for not less than the number of units of Rights Issue Stock as can be funded by the sale of their Nil Paid Rights.

20. Risks relating to investment in the Bank

Acquiring Ordinary Stock in the Bank, the Proposals and participation in the Rights Issue and/or the Placing involve risks. It is strongly recommended that investors read Part II (Risk Factors) of this Prospectus for a discussion of the factors which could affect the Group’s future performance, the performance of the economies and business sectors in which the Group operates and the Ordinary Stock.

21. Further information

Your attention is drawn, in particular, to the further information set out in the Appendix to this letter and Parts II (Risk Factors) to VI (Directors, Group Secretary, Registered Office and Advisers) and Parts VIII (Questions and Answers about the Placing and the Rights Issue) to XVIII (Additional Information) of this Prospectus. You should read the whole of this Prospectus and not rely solely on the information set out in this letter.

Yours faithfully,

PATRICK J. MOLLOY
GOVERNOR

APPENDIX TO THE LETTER FROM THE GOVERNOR OF BANK OF IRELAND

1. Details of the Placing

The Placing comprises two elements, the Institutional Placing and the NPRFC Placing. Under the Institutional Placing, the Underwriters have agreed to use their reasonable endeavours to procure Placees for an aggregate of 326,797,386 units of Placing Stock at a price of €1.53 per unit of Placing Stock representing a discount of 15% to the Closing Price of €1.80 of the Existing Stock on 23 April 2010 (being the last practicable date prior to the announcement of the Proposals) to raise gross proceeds of €500 million. Under the NPRFC Placing, the NPRFC has agreed to take up 575,555,556 units of Ordinary Stock at a price of €1.80 per unit of Ordinary Stock. This will be effected by way of the conversion of 1,036,000,000 units of 2009 Preference Stock (at their subscription price of €1.00 per unit of 2009 Preference Stock). The Placing Stock and the Ordinary Stock to be issued pursuant to the NPRFC Placing will represent approximately 43% of the units of Ordinary Stock in issue immediately following completion of the Placing.

The Institutional Placing is underwritten by the Underwriters on the terms and conditions of the Underwriting Agreement.

In consideration for the NPRFC Placing, the Bank has agreed to pay to the NPRFC the NPRFC Placing Fee. In addition, the Bank will pay a Transaction Fee of €22 million at the closing of the NPRFC Placing. The NPRFC Placing will be conditional upon the commencement of dealings in the Nil Paid Rights and Fully Paid Rights pursuant to the Rights Issue.

Details of the maximum amount of dilution which Ordinary Stockholders could experience as a result of the Placing are set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of this Appendix.

An application will be made to the Irish Stock Exchange and to the UK Listing Authority for the Placing Stock and the Ordinary Stock issued pursuant to the NPRFC Placing to be admitted to listing on the Official Lists and an application will be made to the Irish Stock Exchange and the London Stock Exchange for the Placing Stock and the Ordinary Stock issued pursuant to the NPRFC Placing to be admitted to trading on the main markets for listed securities of each of the Irish Stock Exchange and the London Stock Exchange. It is expected that Admission of the Placing Stock and the Ordinary Stock issued pursuant to the NPRFC Placing will become effective and dealings in the Placing Stock and the Ordinary Stock issued pursuant to the NPRFC Placing will commence at 8.00 a.m. on 20 May 2010, the first Business Day following the EGC.

The Placing Stock and the Ordinary Stock issued pursuant to the NPRFC Placing will, when issued and fully paid, rank *pari passu* in all respects with the Existing Stock including the right to receive dividends or distributions made, paid or declared (if any) after Admission of such Placing Stock and the Ordinary Stock issued pursuant to the NPRFC Placing. The Placees in the Institutional Placing will be Qualifying Stockholders for the purposes of the Rights Issue in respect of the Placing Stock. The Ordinary Stock to be issued pursuant to the NPRFC Placing will be eligible for participation in the Rights Issue as if such Ordinary Stock was held on the Record Date.

The Placing is conditional on all of the Resolutions at the Extraordinary General Court being approved, including those Resolutions necessary to approve the Rights Issue and the other elements of the Proposals. As such, the Placing will not proceed if any of the Resolutions relating to the Proposals is not approved. The Placing is also conditional on the Underwriting Agreement not having been terminated by the time of Admission of the Placing Stock and on Admission of the Placing Stock. Although the Placing is not expressly conditional on the Rights Issue proceeding, in effect, the two transactions are conditional upon each other. It is expected that the Admission of the Placing Stock will be simultaneous with the Admission of the Rights Issue Stock (nil paid).

2. Details of the Rights Issue

The Group is proposing to raise up to € 1.89 billion by way of the Rights Issue (including the NPRFC Rights Issue Undertaking). The Rights Issue (excluding the NPRFC Rights Issue Undertaking) is underwritten pursuant to the Underwriting Agreement. The Rights Issue Stock will be issued at a price equal to the higher of (i) €0.10 per unit of Rights Issue Stock, and (ii) a price per unit of Rights Issue Stock which is within a range of 38% to 42% discount to the TERP. The Rights Issue Price and the number of units of Rights Issue Stock will be determined by the Bank and the Joint Bookrunners in advance of the EGC.

The size of the Rights Issue will be €1,885 million less the capital gain generated by the Debt for Equity Offers prior to the Early US Debt for Equity Offers Expiration Date up to a maximum amount of €100 million, and the aggregate principal amount of Allotment Instruments to be issued at settlement to noteholders electing to receive Allotment Instruments in the Debt for Equity Offers of up to €200 million. To the extent noteholders accept the US Debt for

Equity Offers after that date, the capital gain generated by and notional amount of Allotment Instruments issued pursuant to such elections will represent capital raised by the Bank in excess of the €1,885 million in capital sought to be raised by the Bank in the Rights Issue and Debt for Equity Offers.

The entitlements of Qualifying Stockholders to Rights Issue Stock, reflecting any reduction in the size of the Rights Issue, will be set out in the Provisional Allotment Letters.

Under the Rights Issue, the Rights Issue Stock will be offered by way of Rights to all Qualifying Stockholders (other than, subject to certain exceptions as set out in paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus, Qualifying Stockholders with a registered address in, or resident or located in, the United States or any other Excluded Territory).

Entitlements to units of Rights Issue Stock will be rounded down to the nearest whole number and fractions of units of Rights Issue Stock will not be allotted to Qualifying Stockholders but will be aggregated and the resulting units of Rights Issue Stock will be issued to subscribers in the market for the benefit of the Bank. Holdings of Qualifying Stockholders in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue, as will holdings under different designations and in different accounts.

If all eligible noteholders accept the Debt for Equity Offers in respect of all of their Eligible Debt Securities and all elect to receive cash proceeds (from the issue of Ordinary Stock in the Rights Issue) and not Allotment Instruments, the maximum size of the Rights Issue would be €1,785 million. Details of the maximum amount of dilution which Ordinary Stockholders will experience as a result of the Rights Issue are set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of this Appendix.

To the extent that any units of Rights Issue Stock are not subscribed for or are otherwise deemed not to be taken up or placed within the Rump Placing, the Underwriters will severally subscribe for such number of units of Rights Issue Stock at the Rights Issue Price.

The Rights Issue is conditional, among other things, on:

- Admission of the Placing Stock and the Rights Issue Stock (nil paid);
- Admission of the Nil Paid Rights occurring by not later than 8.00 a.m. on 20 May 2010 (or such later time and date as Bank of Ireland and the Joint Bookrunners may agree in writing);
- the passing without amendment of the Resolutions at the EGC; and
- the Underwriting Agreement remaining in force and not being terminated as at Admission of the Rights Issue Stock (nil paid).

The Rights Issue Stock, when issued and fully paid, will rank *pari passu* in all respects with the Existing Stock, including the right to receive dividends or distributions made, paid or declared (if any) after Admission of such Rights Issue Stock.

Applications will be made to the Irish Stock Exchange and the UK Listing Authority for the Rights Issue Stock to be admitted to the Official Lists and to the Irish Stock Exchange and the London Stock Exchange for the Rights Issue Stock to be admitted to trading on the main markets for listed securities of each of the Irish Stock Exchange and the London Stock Exchange.

It is expected that Admission of the Rights Issue Stock will occur, and that dealings in the Rights Issue Stock on the Irish Stock Exchange and the London Stock Exchange will commence at 8.00 a.m. on 14 June 2010.

Details of the maximum amount of dilution which it is expected Ordinary Stockholders will experience as a result of the Placing are set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of this Appendix.

3 Overseas Stockholders

The attention of Overseas Stockholders, who have registered addresses outside Ireland or the United Kingdom, or who are citizens of or resident or located in countries other than Ireland or the United Kingdom is drawn to the information in paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

4. Action to be taken in respect of the Rights Issue

It is intended that:

- (i) if you are a Qualifying Non-CREST Stockholder you will be sent a Provisional Allotment Letter giving you details of your Nil Paid Rights by post on 19 May 2010; and
- (ii) if you are a Qualifying CREST Stockholder, you will not be sent a Provisional Allotment Letter. Instead, you will receive a credit to your appropriate stock accounts in CREST in respect of your Nil Paid Rights as soon as practicable after 8.00 a.m. (Irish time) on 20 May 2010.

If you sell or have sold or otherwise transferred all of your Ordinary Stock held (other than ex-rights) in certificated form before 8.00 a.m. on 20 May 2010, please forward this Prospectus and any Provisional Allotment Letter, if and when received, at once to the purchaser or transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee, except that such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including, but not limited to, the United States and any of the other Excluded Territories.

If you sell or have sold or otherwise transferred only part of your holding of Ordinary Stock (other than ex-rights) held in certificated form before 8.00 a.m. on 20 May 2010, you should refer to the instructions regarding split applications in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and in the Provisional Allotment Letter.

If you sell or have sold or otherwise transferred all or some of your Ordinary Stock (other than ex-rights) held in uncertificated form before 8.00 a.m. 20 May 2010, a claim transaction will automatically be generated by Euroclear which, on settlement, will transfer the appropriate number of Nil Paid Rights to the purchaser or transferee.

The latest time and date for acceptance and payment in full in respect of the Rights Issue is expected to be 11.00 a.m. (Irish time) on 8 June 2010, unless otherwise announced by Bank of Ireland. The procedure for acceptance and payment is set out in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and, in respect of Qualifying Non-CREST Stockholders other than Qualifying Stockholders with a registered address in, or resident in, one of, subject to certain exceptions, the United States or one of the other Excluded Territories only, in the Provisional Allotment Letter.

For Qualifying Non-CREST Stockholders, the Rights Issue Stock will be issued in certificated form and will be represented by definitive stock certificates, which are expected to be despatched no later than 25 June 2010 to the registered address of the person(s) entitled to them.

For Qualifying CREST Stockholders, the Registrars will instruct Euroclear to credit the CREST stock accounts of the Qualifying CREST Stockholders with their entitlements to Rights Issue Stock. It is expected that this will take place by 8.00 a.m. (Irish time) on 14 June 2010.

Qualifying CREST Stockholders who are CREST Sponsored Members should refer to their CREST Sponsor regarding the action to be taken in connection with this Prospectus and the Rights Issue.

If you are in any doubt as to the action you should take, you are recommended to consult immediately with your stockbroker, solicitor, accountant, fund manager or other independent financial adviser (who, for the avoidance of doubt, is not a member of or an employee of the Group) being, if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations (Nos. 1 to 3) 2007 or the Investment Intermediaries Act 1995 (as amended) and, if you are resident in the United Kingdom, a firm authorised under the FSMA or, if you are not resident in Ireland or United Kingdom, another appropriately authorised independent financial adviser.

5. Debt for Equity Offers

The Debt for Equity Offers comprise the US Debt for Equity Offers and the Non-US Debt for Equity Offers, each of which is the subject of separate offer documents.

US Debt for Equity Offers

Under the terms of the US Debt for Equity Offers, certain holders of the US Debt for Equity Offers Securities will be eligible to offer to exchange those securities for:

- (a) through the settlement procedure more fully described below, cash proceeds of the issuance by the Bank of units of Ordinary Stock in the Rights Issue at the Rights Issue Price on behalf of such holder; or

- (b) Allotment Instruments issued by the Bank, which will subsequently automatically convert into Conversion Ordinary Stock on the Conversion Date; or
- (c) a combination of such cash proceeds and Allotment Instruments.

Exchange prices

The amount of cash proceeds paid and/or the principal amount of Allotment Instruments issued (as applicable) to a holder will depend on the nominal amount of such holder's existing securities accepted for exchange and the exchange price applicable to that series of existing securities, as specified in the offer document relating to the US Debt for Equity Offers.

Holders of US Debt for Equity Offers Securities who offer to exchange their securities on or before the Early US Debt for Equity Offers Expiration Date will (if such securities are accepted for exchange) benefit from a more favourable exchange price than holders who offer to exchange their securities after that date.

Exchange of existing securities for cash proceeds

Holders whose securities are accepted for exchange for cash proceeds will be eligible to receive a number of ordinary shares in BOI Nominee Holdings Limited, an indirect wholly-owned subsidiary of the Group, on the US Debt for Equity Offers settlement date, currently expected to be 14 June 2010. The Bank will place a number of units of Ordinary Stock through the Rights Issue on behalf of each such holder, and the cash proceeds generated thereby will be held in trust for the holder and paid by the Rights Issue receiving agent to such holder on the settlement date upon delivery by such holder of its BOI Nominee Holdings Limited ordinary shares to or to the order of the Bank.

Exchange of existing securities for Allotment Instruments

Holders whose securities are accepted for exchange for Allotment Instruments will be eligible to receive a principal amount of Allotment Instruments on the US Debt for Equity Offers settlement date of up to €100 million. Such Allotment Instruments will not be admitted to listing or trading on any stock exchange, but may be traded within certain clearing systems up to a record date falling shortly before the Conversion Date. Holders of the Allotment Instruments on that record date will be eligible to receive Conversion Ordinary Stock in the Bank (which will be fungible with Ordinary Stock) upon conversion of the Allotment Instruments on the Conversion Date.

The number of units of Conversion Ordinary Stock to be issued upon conversion of the Allotment Instruments will be calculated by dividing the principal amount of such Allotment Instruments by the Conversion Price. The Conversion Price will be (i) a 25% discount to the Closing Price on 23 April 2010, as adjusted to reflect the Rights Issue Factor (being the Bonus Element of the Rights Issue reflecting the fact that the Rights Issue Stock is issued at a discount to the Closing Price of the Ordinary Stock on 23 April 2010, subject to a floor of €0.10, or, if greater, (ii) the average of the Volume Weighted Average Price on each Business Day between and including 2 September 2010 and 8 September 2010.

US Debt for Equity Offers Securities

The Eligible Debt Securities which are the subject of the US Debt for Equity Offers (being the US Debt for Equity Offers Securities), are as follows:

<u>Issuer</u>	<u>Instrument</u>	<u>Amount Outstanding as at 31 December 2009</u>
Bank of Ireland	US\$150 million Perpetual Floating Rate Primary Capital Notes	US\$150 million
Bank of Ireland Capital Funding (No 2) LP	US\$800 million Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	US\$400 million
Bank of Ireland Capital Funding (No 3) LP	US\$400 million Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	US\$200 million

Non-US Debt for Equity Offers

Under the terms of the Non-US Debt for Equity Offers, certain non-US holders of the Non-US Debt for Equity Offers Securities will be eligible to offer to exchange those securities for cash proceeds or Allotment Instruments broadly in the same manner as described above in respect of the US Debt for Equity Offers, the exchange prices for each series of Non-US Debt for Equity Offers Securities being set out in the offer document relating to the Non-US Debt for Equity Offers.

The Eligible Debt Securities which are the subject of the Non-US Debt for Equity Offers (being the Non-US Debt for Equity Offers Securities), are as follows:

<u>Issuer</u>	<u>Instrument</u>	<u>Amount Outstanding as at 31 December 2009</u>
Bank of Ireland UK Holdings plc	€600 million 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities	€476 million
Bank of Ireland UK Holdings plc	Stg£350 million 6.25% Guaranteed Callable Perpetual Preferred Securities	Stg£46 million
Bank of Ireland Capital Funding (No 1) LP	€600 million Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	€350 million
Bank of Ireland Capital Funding (No 4) LP	Stg£500 million Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities	Stg£37 million

Conversion Ordinary Stock

The Conversion Ordinary Stock is not being offered or admitted to trading pursuant to this Prospectus.

The maximum aggregate principal amount of the Allotment Instruments will not exceed the Maximum Allotment Instruments Amount. If elections in excess of that amount are received, the Group will pro rate some or all of such elections, such that Allotment Instruments will be issued having an aggregate principal amount not exceeding the Maximum Allotment Instruments Amount. To the extent that a participant has not elected to have its excess notes returned in that circumstance (such election being a feature of the US Debt for Equity Offers only), the holder will be automatically deemed to have opted to receive cash proceeds in respect of the excess notes from the issue of Ordinary Stock on such holder's behalf in the Rights Issue.

The Bank intends to make applications for the admission of the Conversion Ordinary Stock to the Official Lists in accordance with the Listing Rules, and for the admission of such stock to trading on the Irish Stock Exchange's and London Stock Exchange's markets for listed securities in accordance with the Listing Rules of the Irish Stock Exchange and the Admission and Disclosure Standards, respectively, on or around 10 September 2010.

6. Maximum Potential Dilutive Impact of the Proposals

Maximum Potential Enlarged Capital Stock ⁽¹⁾	21,683,170,653
Number of Ordinary Stock units in issue as at 23 April 2010 as a percentage of the Maximum Potential Enlarged Capital Stock	5.50%
Maximum potential dilution to holders of units of Ordinary Stock as at 23 April 2010 who do not participate in the Rights Issue ⁽²⁾⁽³⁾	95%
Maximum potential dilution to holders of units of Ordinary Stock as at 23 April 2010 assuming participation in full in the Rights Issue ^(3,4)	47%

Notes:

- (1) The Maximum Potential Enlarged Capital Stock is the sum of: (i) Ordinary Stock units in issue at 23 April 2010 (being the latest practicable date prior to the publication of this Prospectus); (ii) Ordinary Stock units to be issued pursuant to the Placing (902,352,942); (iii) the maximum number of Ordinary Stock units to be issued pursuant to the Rights Issue (including the NPRFC Rights Issue Undertaking) i.e. assuming an issue price of €0.10 (which is the lowest price at which Rights Issue Stock can be issued) (18,851,465,603); and (iv) the maximum number of Ordinary Stock units to be issued pursuant to acceptances of the US Debt for Equity Offers after the Early US Debt for Equity Offers Expiration 8 June 2010 (740,740,741) calculated using the minimum possible Conversion Price (i.e. the minimum possible Rights Issue Factor that results from a €0.10 Rights Issue Price).
- (2) Maximum potential dilution to Existing Stockholders who do not participate in the Rights Issue is achieved when the maximum potential number of units of Ordinary Stock issuable pursuant to the Proposals (i.e. the Maximum Potential Enlarged Capital Stock) is in fact issued on completion of the Proposals (see note 1).
- (3) The cancellation of the Warrants in consideration for the €491 million payment to the NPRFC pursuant to the Warrant Cancellation has the effect of eliminating the dilutive effect of the Warrants should they be exercised. If the Warrants were exercised in full on 23 April 2010, being the latest practicable date prior to the publication of this Prospectus, Existing Stockholders would be diluted by 22%.
- (4) Maximum potential dilution to Existing Stockholders who participate in full in the Rights Issue (equivalent to maximum potential dilution from the Placing and the Debt for Equity Offers) is achieved when the following occurs: (i) acceptance in full and maximum elections for Allotment Instruments in the Non-US Debt for Equity Offers; (ii) acceptances in full of, and maximum elections for Allotment Instruments in, the US Debt for Equity Offers prior to the Early US Debt for Equity Offers Expiration Date; and (iii) the lowest possible number of shares is issued through the Rights Issue.

PART VIII

QUESTIONS AND ANSWERS ABOUT THE PLACING AND THE RIGHTS ISSUE

The questions and answers set out in this Part VIII are intended to be in general terms only and, as such, you should read Part IX (Terms and Conditions of the Rights Issue) of this Prospectus for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, solicitor, accountant, fund manager or other independent financial adviser being, if you are resident in Ireland, an organisation or firm authorised or exempted pursuant to the European Communities (Markets in Financial Instruments) Regulations (Nos. 1 to 3) 2007 or the Investment Intermediaries Act 1995 (as amended) and, if you are resident in the United Kingdom, a firm authorised under the FSMA or if you are in a territory outside Ireland or the United Kingdom, from another appropriately authorised independent financial adviser.

This Part VIII deals with general questions relating to the Placing, the Rights Issue and the Institutional Placing and more specific questions relating to units of Ordinary Stock held by persons resident in Ireland and the United Kingdom who hold their units of Ordinary Stock in certificated form only. If you are an Overseas Stockholder, you should read paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your rights. If you hold your units of Ordinary Stock in uncertificated form (that is, through CREST) you should read Part IX (Terms and Conditions of the Rights Issue) of this Prospectus for full details of what action you should take. If you are a CREST Sponsored Member, you should consult your CREST Sponsor. If you do not know whether your units of Ordinary Stock are in certificated or uncertificated form, please call the stockholder helpline on freephone 1800 930 490 (if calling from within Ireland) or freephone 0800 923 1510 (if calling from within the United Kingdom) or + 353 1 2475414 (if calling from outside Ireland and the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. During the Rights Issue subscription period beginning on 20 May 2010 and ending on 8 June 2010, all helplines will be open for the extended hours of 9.00 a.m. to 8.00 p.m. on any Business Day and 9.00 a.m. to 1.00 p.m. on Saturdays. Please note that, for legal reasons, the stockholder helpline is only able to provide information contained in this Prospectus and information relating to the Group's register of members and is unable to give advice on the merits of the Rights Issue or to provide legal, business, financial, accounting, tax, investment or other professional advice.

The information in this Part VIII in respect of the Rights Issue is addressed to answering the questions of Qualifying Stockholders excluding the NPRFC and, as such, the following commentary does not relate to the NPRFC Rights Issue Undertaking. Different provisions apply to the mechanism for participation in the NPRFC Rights Issue Undertaking and the issue of units of Ordinary Stock pursuant to the NPRFC Rights Issue Undertaking.

1. What is the Placing?

The Placing comprises two elements, the Institutional Placing, pursuant to which the Placing Stock will be offered for cash, and the NPRFC Placing, where the consideration for the issue of units of Ordinary Stock will be the conversion of 2009 Preference Stock held by the NPRFC. The Institutional Placing is a proposed issue of Ordinary Stock on a non-pre-emptive basis by which Placees will subscribe for a total of 326,797,386 units of Placing Stock at a price of €1.53 per unit of Placing Stock. Assuming certain conditions are met, Placees will be issued with the units of Placing Stock and will be eligible to participate in the Rights Issue in respect of their units of Placing Stock in the same manner as other Qualifying Stockholders. Under the NPRFC Placing, the NPRFC has agreed to take up 575,555,556 units of Ordinary Stock at a price of €1.80 per unit of Ordinary Stock. This will be effected by way of the conversion of 1,036,000,000 units of 2009 Preference Stock.

2. Can all Stockholders participate in the Placing?

Participation in the Placing will be restricted to those investors invited to participate, who are expected to comprise of institutional investors and, in the case of the NPRFC Placing, the NPRFC. As such, unless invited to be a Placee, a Qualifying Stockholder will not be entitled to participate in the Placing.

3. What is a rights issue?

A rights issue is a way for companies to raise money. Companies do this by giving their existing Stockholders a right to subscribe for further stock in proportion to their existing stockholding.

The Rights Issue comprises an equity raising of up to €1,885 million at a price per unit of Rights Issue Stock to be determined in advance of the Extraordinary General Court. If you hold units of Ordinary Stock on the Record Date

("Record Date Stock"), and, subject to certain exceptions, are not an Ordinary Stockholder with a registered address in the United States or any other Excluded Territory, you will be entitled to subscribe for units of Rights Issue Stock under the Rights Issue. If you hold your Record Date Stock in certificated form, your entitlement will be set out in your Provisional Allotment Letter.

The Rights Issue will be made on the basis of a fixed ratio, to be determined simultaneously with the Rights Issue Price, of Rights Issue Stock to units of Record Date Stock held by Qualifying Stockholders on the Record Date.

If you are a Qualifying Stockholder other than a stockholder with a registered address in, or who is resident or located in the United States or any other Excluded Territory, subject to certain exceptions, and you do not want to subscribe for the units of Rights Issue Stock to which you are entitled, you can instead sell or transfer your rights (called Nil Paid Rights) to those units of Rights Issue Stock and receive the net proceeds, if any, of the sale or transfer in cash. This is referred to as dealing "nil paid".

4. Will the Proposals result in my stockholding being diluted?

If you are not eligible to participate in the Placing or the Debt for Equity Offers, the Proposals and the Debt for Equity Offers will result in your proportionate stockholding of Ordinary Stock being diluted. This is because the Ordinary Stock issued under the Placing and the Debt for Equity Offers (through the Allotment Instruments) is not being offered to Existing Stockholders who are not Placees or noteholders. This dilution could be increased depending on a number of variables, the main ones being whether or not Stockholders take up their Rights to subscribe for Ordinary Stock under the Rights Issue and the level of participation by noteholders in the Debt for Equity Offers. A table setting out the maximum potential dilutive impact is set out in paragraph 6 (Maximum Potential Dilutive Impact of the Proposals) of the Appendix to Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus. Assuming the completion of the Proposals, an Ordinary Stockholder (who is not a Placee or the NPRFC) who fully takes up Rights to subscribe for Ordinary Stock will be diluted by a maximum of up to 47%, while the maximum potential dilution for an Ordinary Stockholder who does not take up Rights in these circumstances will be up to 95%.

5. What is being offered under the Rights Issue by the Bank?

Under the terms of the Proposals, units of new Ordinary Stock will be issued in a number of different ways including pursuant to the Placing and the Debt for Equity Offers, both of which will not generally be open to Ordinary Stockholders and the Rights Issue. For those units of new Ordinary Stock that are offered under the Rights Issue, Qualifying Stockholders are being given the opportunity to buy such new stock in the Bank in proportion to their Record Date Stock (note that this right does not arise in respect of other elements of the Proposals). The Rights Issue Price at which Qualifying Stockholders will be invited to subscribe for Rights Issue Stock will be determined by the Bank and its advisers in advance of the EGC and will be announced on 17 May 2010.

6. Will my entitlements under the Rights Issue be impacted by the results of the Debt for Equity Offers?

Yes. To the extent holders of Eligible Debt Securities elect to accept the Debt for Equity Offers, your entitlement will be reduced on a pro rata basis, because elections will result in a capital gain for the Bank and in some cases will result in the issue of Ordinary Stock (to satisfy elections for Ordinary Stock) both of which will reduce the amount of capital the Bank needs to raise and accordingly will result in less stock being issued in the Rights Issue. If you hold your Record Date Stock in certificated form, your entitlement to units of Rights Issue Stock (as reduced) will be set out in your Provisional Allotment Letter.

7. What are Rights, Nil Paid Rights and Fully Paid Rights?

A Right is the right, but not the obligation, of an Existing Stockholder to subscribe for new Ordinary Stock under the Rights Issue in proportion to their current holding of Ordinary Stock. These Rights are being issued to all Qualifying Stockholders under the Rights Issue. When it is issued, a Right is a Nil Paid Right, by which it is meant that the right to subscribe for the new Ordinary Stock has not yet been taken up or paid for. If an application is made to subscribe for new Ordinary Stock pursuant to the Right, and payment has been received and recorded in respect of this application, the Nil Paid Right becomes a Fully Paid Right.

The Rights will be admitted to trading pursuant to their Admission and will be capable of being sold, even where they remain as Nil Paid Rights. Rights may have a value even where they are Nil Paid Rights, since the Rights could (depending on market price) be a right to purchase Ordinary Stock at less than the prevailing market price for

Ordinary Stock. Further details on dealing in Rights, including Nil Paid Rights, is set out in paragraphs 11 and 20 below of this Part VIII of this Prospectus.

8. I hold my Record Date Stock in certificated form. How do I know if I am able to subscribe for units of Rights Issue Stock under the Rights Issue?

If you receive a Provisional Allotment Letter and are, subject to certain exceptions, not a holder with a registered address in the United States or any other Excluded Territory, then you should be eligible to subscribe for units of Rights Issue Stock under the Rights Issue (as long as you have not sold all of your Record Date Stock before 8.00 a.m. on 20 May 2010 (the time when the units of Record Date Stock are expected to be marked “ex-rights” by the Irish Stock Exchange and the London Stock Exchange)).

Stockholders located in, or who are citizens of, or who have a registered address in a jurisdiction other than Ireland or the United Kingdom may be subject to the laws of that jurisdiction and their ability to participate in the Rights Issue may be affected accordingly. Stockholders are responsible for complying with all local laws and regulations to which they are subject in relation to the Rights Issue.

Stockholders with a registered address outside of Ireland or the UK should read paragraph 2.5 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and you should take professional advice as to whether you are eligible and/or you need to observe and any formalities to enable you to take up your rights.

9. I hold my Record Date Stock in certificated form. What do I need to do in relation to the Rights Issue?

Subject to Stockholders approving the Resolutions at the Extraordinary General Court to be held on 19 May 2010, if you hold your Record Date Stock in certificated form or through the corporate sponsored nominee and, other than in the case of a Qualified Institutional Buyer, do not have a registered address in the United States or any other Excluded Territory, you will be sent a Provisional Allotment Letter that shows:

- (i) how many units of Record Date Stock you held at the close of business on 17 May 2010 (the Record Date for the Rights Issue for Qualifying Stockholders);
- (ii) how many units of Rights Issue Stock you are entitled to subscribe for; and
- (iii) how much you need to pay if you want to take up your right to buy all the units of Rights Issue Stock provisionally allotted to you in full.

Other than in the case of a Qualified Institutional Buyer, if you have a registered address in the United States or any other Excluded Territory, you will not receive a Provisional Allotment Letter.

10. When will I be told what the Rights Issue Price is and how many units of Rights Issue Stock I will be entitled to subscribe for?

The Rights Issue Price will be determined before the Extraordinary General Court, and publicly announced through a Regulatory Information Service on 17 May 2010. The announcement will detail both the price per unit of Rights Issue Stock, and the ratio of units of Rights Issue Stock to units of Record Date Stock that a Qualifying Stockholder (other than Placees) shall be entitled to subscribe for in proportion to its current stockholding. In addition, Qualifying Stockholders who are not, subject to certain exceptions, holders with a registered address in the United States or any other Excluded Territory will be able to access pricing terms on the Group’s website that contains these details. The Rights Issue Price will also be included in the Provisional Allotment Letters sent out to Qualifying Stockholders who, subject to certain exceptions, do not have a registered address in the United States or any other Excluded Territory on 19 May 2010.

11. I am a Qualifying Stockholder with a registered address in Ireland or the United Kingdom and I hold my Record Date Stock in certificated form. What are my choices and what should I do with the Provisional Allotment Letter?

(a) If you want to take up all of your Rights

If you want to take up all of your Rights to subscribe for the units of Rights Issue Stock to which you are entitled, all you need to do is send the Provisional Allotment Letter, together with your cheque, banker’s draft or postal order for the full amount, payable to Computershare — Bank of Ireland Rights Issue and crossed “A/C payee only”, by post to Computershare Investor Services (Ireland) Limited, P.O. Box 11838, Dublin 18 or by hand (during normal business hours) to Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial

Estate, Dublin 18, Ireland to arrive by no later than 11.00 a.m. on 8 June 2010. You can use the reply-paid envelope which will be enclosed with the Provisional Allotment Letter. Full instructions are set out in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and will be set out in the Provisional Allotment Letter. Stockholders should allow adequate time for delivery.

Please note third party cheques may not be accepted other than building society cheques or banker's drafts. All payments must be in euro and payment by CHAPS/BACS/SWIFT or electronic transfer will not be accepted.

If payment is made by building society cheque (not being drawn on an account of the applicant) or a banker's draft, the building society or bank must endorse on the cheque or draft the applicant's name and the number of an account held in the applicant's name at the building society or bank, such endorsement being validated by a stamp and an authorised signature.

A definitive stock certificate will then be sent to you for the Rights Issue Stock that you take up. Your definitive stock certificate for Rights Issue Stock is expected to be despatched to you by no later than 25 June 2010. You will need your Provisional Allotment Letter to be returned to you if you want to deal in your Fully Paid Rights. Your Provisional Allotment Letter will not be returned to you unless you tick the appropriate box on the Provisional Allotment Letter.

(b) If you do not want to take up your Rights at all

If you do not want to take up your Rights, you do not need to do anything. If you do not return your Provisional Allotment Letter subscribing for the units of Rights Issue Stock to which you are entitled by 11.00 a.m. on 8 June 2010, the Bank has made arrangements under which the Underwriters will try to find investors to take up your Rights and the Rights of others who have not taken them up. If the Underwriters do find investors who agree to pay a premium above the Rights Issue Price and the related expenses of procuring those investors (including any applicable brokerage and commissions and amounts in respect of value added tax), you will be sent a cheque for your share of the amount. Cheques are expected to be despatched on or around 25 June 2010 and will be sent to your existing address appearing on the Bank's register of members (or to the first-named holder if you hold your units of Record Date Stock jointly). If the Underwriters cannot find investors who agree to pay a premium over the Rights Issue Price, you will not receive any payment. Alternatively, if you do not want to take up your Rights, you can sell or transfer your Nil Paid Rights (see paragraph 11(d) below).

(c) If you want to take up some but not all of your Rights

If you want to take up some but not all of your Rights and wish to sell some or all of those you do not want to take up, you should first apply to have your Provisional Allotment Letter split by completing Form X on the Provisional Allotment Letter, and returning it by post or by hand (during normal business hours) to Computershare Investor Services (Ireland) Limited, P.O. Box 11838, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland to be received by 3.00 p.m. on 2 June 2010, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights to be comprised in each split Provisional Allotment Letter. You should also state the number of units of Rights Issue Stock you wish to accept and insert your cheque or banker's draft for the relevant amount to Computershare — Bank of Ireland Rights Issue (see paragraph (a) above). The Provisional Allotment Letters for the units of Rights Issue Stock you wish to sell will be returned to you. If you are intending to sell some or all of your Rights, you are recommended to check with your broker first regarding timings and costs of such a transaction as these may vary between brokers.

Alternatively, if you want to take up only some of your rights, but do not want to sell some or all of those you do not want to take up, you should complete Form X and the appropriate section on the Provisional Allotment Letter indicating the number of units of Rights Issue Stock you wish to take up and return it with a cheque or banker's draft in accordance with the provisions set out in the Provisional Allotment Letter.

Further details are set out in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus and will be set out in the Provisional Allotment Letter.

(d) If you want to sell all of your rights

If you want to sell all of your rights, you should complete and sign Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and pass the entire letter to your stockbroker or other appropriate financial adviser or to the transferee (provided they are not resident or located in the United States or one of the Excluded Territories).

The latest time and date for selling all of your rights is 11.00 a.m. on 8 June 2010. Please ensure, however, that you allow enough time so as to enable the person acquiring your rights to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 8 June 2010.

If you are intending to sell some or all of your rights, you are recommended to check with your broker first regarding timings and costs of such a transaction as these may vary between brokers.

12. Will I have to pay any fees for taking up my Rights?

There will be no fee for taking up your Rights other than the Rights Issue Price. If you sell some or all of your Rights you may be charged by the person who arranges the sale for you. If you take your Provisional Allotment Letter to a broker or other appropriate financial adviser and have them arrange the sale, they may charge you a fee in accordance with whatever terms you agree.

13. I subscribed for my units of Ordinary Stock prior to the Record Date and hold my units of Ordinary Stock in certificated form. What if I do not receive a Provisional Allotment Letter?

If you do not receive a Provisional Allotment Letter but hold your units of Ordinary Stock in certificated form, this probably means that you are not able to subscribe for units of Rights Issue Stock under the Rights Issue. Some Qualifying Stockholders who do not hold their units of Ordinary Stock in CREST, however, will not receive a Provisional Allotment Letter but may still be eligible to subscribe for Rights Issue Stock under the Rights Issue, namely:

- (i) Qualifying Stockholders who held their units of Ordinary Stock in uncertificated form on 17 May 2010 and who have converted them to certificated form;
- (ii) Qualifying Stockholders who bought units of Ordinary Stock before 8.00 a.m. on 20 May 2010 and who hold such stock units in certificated form but were not registered as the holders of those at the close of business on 17 May 2010; and
- (iii) certain Overseas Stockholders.

If you do not receive a Provisional Allotment Letter but think that you should have received one, please contact the stockholder helpline on freephone 1800 930 490 (if calling from within Ireland) or freephone 0800 923 1510 (if calling from within the United Kingdom) or + 353 1 2475414 (if calling from outside Ireland and the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any business day. During the Rights Issue subscription period beginning on 20 May and ending on 8 June 2010, all helplines will be open for the extended hours of 9.00 a.m. to 8.00 p.m. on any business day and 9.00 a.m. to 1.00 p.m. on Saturdays. Please note that for legal reasons, the stockholder helpline is only able to provide information contained in this Prospectus and information relating to the Bank's register of members and is unable to give advice on the merits of the Rights Issue or to provide legal, business, financial, accounting, tax, investment or other professional advice.

14. What happens if I don't return my Provisional Allotment Letter in time?

The Rights Issue process must run according to a strict timetable. If your completed Provisional Allotment Letter is received after the relevant deadline, your election will not be processed and your Rights will lapse. If you are posting your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery.

15. If I buy units of Ordinary Stock after the Record Date will I be eligible to participate in the Rights Issue?

If you bought units of Ordinary Stock after the Record Date but prior to 8.00 a.m. on 20 May 2010 (the time when the units of Record Date Stock are expected to start trading ex-rights on the Irish Stock Exchange and the London Stock Exchange) and, subject to certain exceptions, you do not have a registered address nor are you a resident or located in the United States or any other Excluded Territory, you may be eligible to participate in the Rights Issue.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your stock purchase, to ensure you claim your entitlement.

If you buy units of Ordinary Stock at or after 8.00 a.m. on 20 May 2010, you will not be eligible to participate in the Rights Issue in respect of those units of Ordinary Stock.

16. I hold my units of Record Date Stock in certificated form. If I take up my Rights, when will I receive the certificate representing my Rights Issue Stock?

If you take up your Rights under the Rights Issue, stock certificates for the Rights Issue Stock are expected to be posted by no later than 25 June 2010. If you have converted some or all of your Rights into uncertificated form, new units of Ordinary Stock will be issued in uncertificated form to you in respect of such Rights by close of business on 14 June 2010 being the day after the date on which the Rights are disabled.

17. What if the number of units of Rights Issue Stock to which I am entitled is not a whole number: am I entitled to fractions of units of Rights Issue Stock?

Your entitlement to Rights Issue Stock will be calculated as at the Record Date (other than in the case of those who bought stock units after the Record Date but prior to 8.00 a.m. on 20 May 2010 who are eligible to participate in the Rights Issue). If the result is not a whole number, you will not receive a unit of Rights Issue Stock in respect of the fraction of a unit of Rights Issue Stock and your entitlement will be rounded down to the nearest whole number. The units of Rights Issue Stock representing the aggregated fractions that would otherwise be allotted to Qualifying Stockholders will be aggregated and, if possible, issued to subscribers in the market for the benefit of the Bank.

18. Will I be taxed if I take up or sell my Rights or if my Rights are sold on my behalf?

Please see Part XVI (Taxation Considerations) of this Prospectus for information about Irish and United Kingdom taxation in relation to the Rights Issue. If you are in any doubt as to your tax position or you are subject to tax in a jurisdiction other than Ireland or the United Kingdom, you should consult your own independent tax adviser without delay. Please note that the stockholder helpline will not be able to assist you with taxation issues.

19. Can I change my decision to take up my Rights?

Once you have returned your Provisional Allotment Letter, you cannot withdraw your application or change the number of units of Rights Issue Stock that you have applied for, except in the very limited circumstances set out at paragraph 2.3.2 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

20. I understand that there is a period when there is trading in the Nil Paid Rights. What does this mean?

If you do not want to buy the units of Rights Issue Stock being offered to you under the Rights Issue, you can instead sell or transfer your rights (called “Nil Paid Rights”) to those units of Rights Issue Stock and receive the net proceeds of the sale or transfer in cash. This is referred to as dealing “nil paid”. This means that, during the Rights Issue offer period (i.e. between 20 May 2010 and 11.00 a.m. on 8 June 2010), you can either purchase units of Ordinary Stock (which will not carry any entitlement to participate in the Rights Issue) or you can trade in the Nil Paid Rights.

21. How will I know the price of the Nil Paid Rights and how much will I actually receive if I decide to sell my Nil Paid Rights?

The price you will receive for selling your rights will vary with market conditions. It is important to note that the market price for Nil Paid Rights is different from the issue price of the new units of Ordinary Stock. The value of the Nil Paid Rights reflects the difference between the market price of Existing Stock ex-rights and the issue price of new units of Ordinary Stock. It is possible that you may receive little or no proceeds from the sale of some or all of your Nil Paid Rights. For example, if the market price of the Existing Stock ex-rights falls to below the issue price of the new units of Ordinary Stock then the Nil Paid Rights may have no value.

22. I hold my Existing Stock in certificated form. What if I want to sell the Rights Issue Stock for which I have paid?

Provided the units of Rights Issue Stock have been paid for and you have requested the return of the receipted Provisional Allotment Letter, you can transfer the Fully Paid Rights by completing Form X (the form of renunciation) on the receipted Provisional Allotment Letter in accordance with the instructions set out in the Provisional Allotment Letter until 11.00 a.m. on 8 June 2010. After that time, you will be able to sell your units of Rights Issue Stock in the normal way. The stock certificate relating to your units of Rights Issue Stock is expected to be despatched to you by no later than 25 June 2010. Pending despatch of the stock certificate, instruments of transfer will be certified by the Registrar against the register.

Further details are set out in Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

23. What if I hold options and awards under the Employee Stock Schemes?

If the Directors consider it appropriate in the circumstances, options and conditional awards granted under the Employee Stock Schemes may be adjusted to compensate for the effect of the Rights Issue. Such adjustments will be subject to approval by the Bank's auditors and where appropriate, the Revenue Commissioners in Ireland or Her Majesty's Revenue and Customs in the United Kingdom, but will only be made in the event that relevant performance conditions or hurdles will be achieved.

In relation to Employee Stock Schemes in respect of which participants are beneficially entitled to units of Ordinary Stock, they will be entitled to participate in the Rights Issue and will be contacted separately with further information on what actions (if any) they may need to take.

24. What should I do if I live outside Ireland or the UK?

Whilst you have an entitlement to participate in the Rights Issue, your ability to take up rights to units of Rights Issue Stock may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your rights. Ordinary Stockholders located or with registered addresses in an Excluded Territory including the United States are, subject to certain exceptions, not able to subscribe for the Nil Paid Rights, the Fully Paid Rights, the Provisional Allotment Letters or the units of Placing Stock or Rights Issue Stock. Your attention is drawn to the information in paragraph 2.5.3 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus.

The Bank has made arrangements under which the Underwriters will try to find investors to take up your Rights and those of other Qualifying Stockholders who have not taken up their Rights. If the Underwriters do find investors who agree to pay a premium above the Rights Issue Price you will be sent a cheque for your share of the amount of that premium provided that this is €0.01 or more. Cheques are expected to be despatched on or around 25 June 2010 and will be sent to your address appearing on the Bank's register of members (or to the first-named holder if you hold your units of Ordinary Stock jointly). If the Underwriters cannot find investors who agree to pay a premium over the Rights Issue Price and the related expenses so that your entitlement would be €0.01 or more, you will not receive any payment.

25. Will the Rights Issue affect the future dividends the Bank pays?

The Court announced on 13 November 2008 its decision to cancel dividends payments on Ordinary Stock for the financial period ending 31 March 2009 and stated that it did not expect to resume paying dividends on Ordinary Stock until more favourable economic and financial conditions return. Your attention is drawn, however, to the Risk Factor "*The NPRFC Investment, the Government Transaction and NAMA are the subject of a review by the European Commission under EU State aid rules, the outcome of which is uncertain and may involve the prohibition of some or all elements of the State aid, provided to the Group by the Government, the requirement for the Group to repay the State aid or the imposition of conditions on the Group that may be materially adverse to its interests*", and the fact that the Bank is prevented from paying dividends on Ordinary Stock while it is precluded from making coupon payments on certain of its other securities. As discussed in paragraph 17 (Dividend Policy) of Part VII (Letter from the Governor of Bank of Ireland), under the EU Restructuring Plan, the Bank will commit not to pay dividends on its Ordinary Stock until the earlier of (i) 30 September 2012; or (ii) such date that the 2009 Preference Stock is redeemed or no longer owned by the State through the NPRFC or otherwise.

26. How do I transfer my rights into the CREST system?

If you are a Qualifying Non-CREST Stockholder, but are a CREST Member and want your units of Rights Issue Stock to be in uncertificated form, you should complete Form X and the CREST Deposit Form (both on the Provisional Allotment Letter), and ensure they are delivered to CREST Courier and Sorting Service to be received by 3.00 p.m. on 3 June 2010 at the latest. CREST Sponsored Members should arrange for their CREST Sponsors to do this. If you have transferred your rights into the CREST system, you should refer to paragraph 2.2 of Part IX (Terms and Conditions of the Rights Issue) of this Prospectus for details on how to pay for the units of Rights Issue Stock.

27. What should I do if I think my holding of stock units is incorrect?

If you have bought or sold stock units shortly before 8.00 a.m. on 20 May 2010, your transaction may not be entered on the register of members in time to appear on the register at the Record Date. If you are concerned about the figure in the Provisional Allotment Letter or otherwise concerned that your holding of stock units is incorrect, please contact the stockholder helpline on freephone 1800 930 490 (if calling from within Ireland) or freephone 0800 923

1510 (if calling from within the United Kingdom) or + 353 1 2475414 (if calling from outside Ireland and the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. During the Rights Issue subscription period beginning on 20 May and ending on 8 June 2010, all helplines will be open for the extended hours of 9.00 a.m. to 8.00 p.m. on any Business Day and 9.00 a.m. to 1.00 p.m. on Saturdays. Please note that for legal reasons, the stockholder helpline is only able to provide information contained in this Prospectus and information relating to the Bank's register of members and is unable to give advice on the merits of the Rights Issue or to provide legal, business, financial, accounting, tax, investment or other professional advice.

28. Further assistance

Should you require further assistance please call the stockholder helpline on freephone 1800 930 490 (if calling from within Ireland) or freephone 0800 923 1510 (if calling from within the United Kingdom) or + 353 1 2475414 (if calling from outside Ireland and the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. During the Rights Issue subscription period beginning on 20 May and ending on 8 June 2010, all helplines will be open for the extended hours of 9.00 a.m. to 8.00 p.m. on any Business Day and 9.00 a.m. to 1.00 p.m. on Saturdays. Please note that, for legal reasons, the stockholder helpline is only able to provide information contained in this Prospectus and information relating to the Group's register of members and is unable to give advice on the merits of the Rights Issue or to provide legal, business, financial, accounting, tax, investment or other professional advice.

PART IX

TERMS AND CONDITIONS OF THE RIGHTS ISSUE

1 Introduction

The Bank is proposing to raise up to €1,885 million by way of a Rights Issue of up to an aggregate of 18,851,465,603 units of Rights Issue Stock. The size of the Rights Issue will be reduced by the capital gain generated by, and quantum of elections for Allotment Instruments by noteholders who have accepted the Debt for Equity Offers by 7 May 2010 (being the Early US Debt for Equity Offers Expiration Date and the Non-US Debt for Equity Offers Expiration Date). Holders of the US Debt for Equity Offers Securities will be able to accept the US Debt for Equity Offers after the Early US Debt for Equity Offers Expiration Date until the US Debt for Equity Offers Expiration Date. To the extent holders of the US Debt for Equity Offers Securities accept the US Debt for Equity Offers after that date the capital gain generated by and Ordinary Stock issued pursuant to such elections will represent capital raised by the Bank in excess of the €1,885 million in capital sought to be raised by the Bank in the Rights Issue and Debt for Equity Offers.

The actual size of the Rights Issue (including the NPRFC Rights Issue Undertaking) will be reduced by the capital gain generated by the Debt for Equity Offers, prior to the Early US Debt for Equity Offers Expiration Date up to a maximum amount of €100 million, and the aggregate principal amount of Allotment Instruments to be issued to electing noteholders in the Debt for Equity Offers of up to €200 million.

Subject to the fulfilment of the conditions of the Underwriting Agreement, the Rights Issue Stock will be offered under the Rights Issue by way of Nil-Paid Rights at a price per unit of Rights Issue Stock, to be determined in advance of the Extraordinary General Court payable in full on acceptance by Qualifying Stockholders eligible to subscribe for Rights Issue Stock.

The number of units of Rights Issue Stock to which a Qualifying Stockholder (including Placees) shall be entitled to subscribe will be determined by reference to, and in proportion to, the number of units of Existing Stock held by a Qualifying Stockholder on the Record Date (Record Date Stock) (or in the case of a Placee, as if such a Placee held its Placing Stock on the Record Date; or in the case of the Ordinary Stock to be issued pursuant to the NPRFC Placing, as if the NPRFC held such Ordinary Stock on the Record Date) and otherwise on the terms and conditions as set out in this Prospectus and, in the case of Qualifying Non-CREST Stockholders (other than subject to certain exceptions, Ordinary Stockholders with a registered address in, or located in, the United States or any other Excluded Territory) the PALs. Holdings of Record Date Stock in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating entitlements under the Rights Issue.

Assuming the completion of the Proposals, an Ordinary Stockholder (who is not a Placee) who fully takes up Rights to subscribe for Ordinary Stock will be diluted by a maximum of up to 47%, while the maximum potential dilution for an Ordinary Stockholder who does not take up his or her Rights in these circumstances will be up to 95%.

The Nil Paid Rights (also described as Rights Issue Stock, nil paid) are entitlements to subscribe for the Rights Issue Stock subject to payment of the Rights Issue Price. The Fully Paid Rights are entitlements to receive the Rights Issue Stock, for which payment has already been made.

Entitlements to units of Rights Issue Stock will be rounded down to the next lowest whole number and fractions of units of Rights Issue Stock will not be allotted to Qualifying Stockholders. Such fractions will be aggregated and, if possible, placed as soon as practicable after the commencement of dealings in the Rights Issue Stock, nil paid. The net proceeds of such placings (after deduction of expenses) will be aggregated and will ultimately accrue for the benefit of Bank of Ireland.

The attention of Overseas Stockholders or any person (including, without limitation, agents custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus into a jurisdiction other than Ireland or the United Kingdom is drawn to paragraph 2.5 and, in particular, the representations and warranties set out in 2.5.6(i) and 2.5.6(ii) below. Subject to the provisions of paragraph 2.5 below, Qualifying Stockholders with a registered address in the United States or any other Excluded Territory are not being sent this Prospectus, will not have their CREST stock accounts credited with Nil Paid Rights and will not be sent Provisional Allotment Letters.

Application will be made to the Irish Stock Exchange and the UK Listing Authority for the Rights Issue Stock, nil paid and fully paid, to be admitted to the Official Lists and application will be made to the Irish Stock Exchange and the London Stock Exchange for the Rights Issue Stock, nil paid and fully paid, to be admitted to trading on their respective regulated markets for listed securities. It is expected that Admission of the Nil Paid Rights and Fully Paid

Rights will become effective on 20 May 2010 and that dealings in the Rights Issue Stock, nil paid, will commence by 8.00 a.m. on that date. The Existing Stock is, and the Rights Issue Stock will be, in registered form and can be, and will be capable of being held in certificated or uncertificated form via CREST.

The Existing Stock is already admitted to CREST. No further application for admission to CREST is required for the Rights Issue Stock and all of the Rights Issue Stock when issued and fully paid may be held and transferred by means of CREST.

Applications will be made for the Nil Paid Rights and the Fully Paid Rights to be admitted to CREST. Euroclear requires the Bank to confirm to it that certain conditions (imposed by the CREST Manual) have been satisfied before Euroclear will admit any security to CREST. It is expected that these conditions will be satisfied, in respect of the Nil Paid Rights and the Fully Paid Rights, on their Admission. As soon as practicable after satisfaction of the conditions, the Bank will confirm this to Euroclear.

The ISIN for the Rights Issue Stock will be the same as that of the Existing Stock, being IE0030606259. The ISIN for the Nil Paid Rights is IE00B67QZG36 and for the Fully Paid Rights is IE00B64RD66.

None of the Rights Issue Stock has been marketed or will be made available in whole or in part to the public other than pursuant to the Rights Issue.

The Rights Issue has been underwritten pursuant to the Underwriting Agreement. There are, however, certain conditions to the underwriting of the Rights Issue including, amongst others:

- (i) Admission of the Nil Paid Rights occurring by not later than 8.00 a.m. on 20 May 2010 (or such later time and date as the Bank and the Joint Bookrunners may agree);
- (ii) the Debt for Equity Offers, NPRFC Placing, NPRFC Rights Issue Undertaking and the Warrant Cancellation remaining in full force and effect and not having been withdrawn or terminated; and
- (iii) the passing, without amendment, of the Resolutions.

Each of the Sponsors is entitled to terminate the Underwriting Agreement (insofar as such termination relates to its obligations as sponsor only) under certain limited circumstances prior to Admission of the Nil Paid Rights. The Underwriters may terminate the Underwriting Agreement under certain limited circumstances prior to Admission of the Nil Paid Rights. The Underwriting Agreement is not capable of termination following Admission of the Nil Paid Rights. The Joint Bookrunners may arrange sub-underwriting for some, all or none of the Rights Issue Stock. A summary of the principal terms and conditions of the Underwriting Agreement is contained in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus.

The Underwriters and any of their respective affiliates may engage in trading activity, other than in connection with their roles under the Underwriting Agreement, and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for their own account in securities of the Bank and related or other securities and instruments (including Ordinary Stock, the Placing Stock, the Nil Paid Rights and Fully Paid Rights). Except as required by applicable law or regulation, the Underwriters do not propose to make any public disclosure in relation to such transactions.

In addition, the Bank reserves the right to decide not to proceed with the Rights Issue at any time prior to Admission of the Nil Paid Rights and Fully Paid Rights and commencement of dealings in the Rights Issue Stock (nil paid). Following Admission of the Nil Paid Rights and commencement of the dealings, the Bank will not be entitled to revoke any offers made in connection with the Rights Issue.

Subject to the conditions referred to above being satisfied (other than the condition relating to Admission of the Nil Paid Rights and Fully Paid Rights and save as provided in paragraph 2.5 below in respect of Overseas Stockholders), it is intended that:

- (i) Provisional Allotment Letters in respect of Nil Paid Rights will be despatched to Qualifying Non-CREST Stockholders, other than, subject to certain exceptions, Ordinary Stockholders with a registered address in the United States or any other Excluded Territory on 19 May 2010;
- (ii) Computershare will instruct Euroclear to credit the appropriate stock accounts of Qualifying CREST Stockholders with such stockholders' entitlements to Nil Paid Rights other than, subject to certain exceptions, Ordinary Stockholders with a registered address in the United States or any other Excluded Territory with effect from 8.00 a.m. on 20 May 2010;

- (iii) the Nil Paid Rights and the Fully Paid Rights will be enabled for settlement by Euroclear as soon as practicable after the Bank has confirmed to Euroclear that all the conditions for admission of such rights to CREST have been satisfied, which is expected to be by 8.00 a.m. on 20 May 2010;
- (iv) Rights Issue Stock will be credited to the relevant Qualifying CREST Stockholders (or their renounees) who validly take up their Rights by no later than 14 June 2010; and
- (v) stock certificates for the Rights Issue Stock will be despatched to relevant Qualifying Non-CREST Stockholders who validly take up their Rights by no later than 25 June 2010.

Qualifying Non-CREST Stockholders other than, subject to certain exceptions, Ordinary Stockholders with a registered address, or who are resident or located in the United States or any other Excluded Territory will be sent a Provisional Allotment Letter (as described in step (i) above) to enable them to participate in the Rights Issue. Qualifying CREST Stockholders other than, subject to certain exceptions, Ordinary Stockholders with a registered address, or who are resident or located in the United States or any other Excluded Territory can participate in the offer by way of the enablement of the Nil Paid Rights and the Fully Paid Rights (as described in step (iii) above) (such Ordinary Stockholders' stock accounts having been credited as described in step (ii) above).

The Rights Issue Stock will, when issued and fully paid, rank *pari passu* in all respects with the Existing Stock, including the right to receive all dividends or other distributions made, paid or declared after the date of this Prospectus. There will be no restrictions on the free transferability of the Rights Issue Stock save as provided in the Bye-Laws. The rights attaching to the Rights Issue Stock are governed by the Bye-Laws, a summary of which is set out in paragraph 4 (Charter and Bye-Laws) of Part XVIII (Additional Information) of this Prospectus.

All documents, including Provisional Allotment Letters (which constitute temporary documents of title), cheques and certificates sent to, by, from or on behalf of Qualifying Stockholders and/or their transferees or renounees (or their agents, as appropriate) will be sent entirely at their own risk.

Stockholders taking up their rights by completing a Provisional Allotment Letter or by sending a Many-To-Many ("MTM") instruction to Euroclear will be deemed to have given the representations and warranties set out in paragraph 2.5.6 of this Part IX, unless the requirement is waived by the Bank.

If the Bank does not proceed with the Rights Issue, Stockholders will be notified by announcement through a Regulatory Information Service.

2 Action to be taken

The action to be taken in respect of the Rights Issue Stock depends on whether, at the relevant time, the Nil Paid Rights or the Fully Paid Rights in respect of which action is to be taken are in certificated form (that is, are represented by Provisional Allotment Letters) or are in uncertificated form (that is, are in CREST).

If you are a Qualifying Non-CREST Stockholder other than, subject to certain exceptions, an Ordinary Stockholder with a registered address, or who is resident in the United States or any other Excluded Territory, please refer to Paragraphs 2.1, 2.3, 2.4 and 2.5 to 2.8 of this Part IX.

If you are a Qualifying CREST Stockholder other than, subject to certain exceptions, an Ordinary Stockholder with a registered address, or who is resident or located in the United States or any other Excluded Territory, please refer to Paragraphs 2.2, 2.3, 2.4 and 2.5 to 2.8 of this Part IX and to the CREST Manual for further information on the CREST procedures referred to below.

If you are a Qualifying CREST Stockholder or a Qualifying Non-CREST Stockholder with a registered address, or, subject to certain exceptions, who is resident in an Excluded Territory other than the United States, please refer to paragraph 2.5.3 of this Part IX.

If you are a Qualifying CREST Stockholders or a Qualifying Non-CREST Stockholder holding Ordinary Stock on behalf of, or for the amount or benefit of any person on a non-discretionary basis who is in the United States or any state of the United States, please refer to paragraph 2.5.2 of this Part IX (Terms and Conditions of the Rights Issue).

CREST Sponsored Members should refer to their CREST Sponsors, as only their CREST Sponsors will be able to take the necessary actions specified below to take up the entitlements or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of CREST Sponsored Members.

All enquiries in relation to the Provisional Allotment Letters should be addressed to the stockholder helpline on freephone 1800 930 490 (if calling from within Ireland) or freephone 0800 923 1510 (if calling from within the United Kingdom) or + 353 1 2475414 (if calling from outside Ireland and the United Kingdom) between 9.00 a.m. and 5.00 p.m. on any Business Day. During the Rights Issue subscription period beginning on 20 May 2010 and ending on 8 June 2010, all helplines will be open for the extended hours of 9.00 a.m. to 8.00 p.m. on any Business Day and 9.00 a.m. to 1.00 p.m. on Saturdays. Please note that, for legal reasons, the stockholder helpline is only able to provide information contained in this Prospectus and information relating to Bank of Ireland's register of members and is unable to give advice on the merits of the Rights Issue or to provide legal, business, financial, accounting, tax, investment or other professional advice.

2.1 Action to be taken by Qualifying Non-CREST Stockholders in relation to the Nil Paid Rights represented by Provisional Allotment Letters

2.1.1 General

Provisional Allotment Letters are expected to be despatched to Qualifying Non-CREST Stockholders (other than, subject to certain exceptions as set out in paragraph 2.5 of this Part IX (Terms and Conditions of the Rights Issue), Qualifying Non-CREST Stockholders with a registered address in the United States or any other Excluded Territory) on 19 May 2010. Each Provisional Allotment Letter will set out:

- (i) the holding at the Record Date of Record Date Stock in certificated form on which the relevant Qualifying Stockholder's entitlement to Rights Issue Stock has been based;
- (ii) the aggregate number and cost of units of Rights Issue Stock in certificated form which have been provisionally allotted to the relevant Qualifying Stockholders;
- (iii) the procedures to be followed if the relevant Qualifying Stockholders wishes to dispose of all or part of his or her entitlement or to convert all or part of his or her entitlement into uncertificated form;
- (iv) instructions regarding acceptance and payment, consolidation, splitting and registration of renunciation;
- (v) the procedure to be followed if a Qualifying Non-CREST Stockholder wishes to dispose of his/her Nil Paid Rights through the Computershare Dealing Facility.

The latest time and date for requesting the sale of all Nil Paid Rights through the Computershare Dealing Facility will be 3.00 p.m. on 31 May 2010.

On the basis that Provisional Allotment Letters are posted on 19 May 2010, and that dealings in Nil Paid Rights commence on 20 May 2010, the latest time and date for acceptance and payment in full will be 11.00 a.m. on 8 June 2010.

If the Rights Issue is delayed so that Provisional Allotment Letters cannot be despatched on 19 May 2010, the expected timetable, as set out at the front of this Prospectus, will be adjusted accordingly and the revised dates will be set out in the Provisional Allotment Letters and announced through a Regulatory Information Service. All references in this Part IX should be read as being subject to such adjustment.

2.1.2 Procedure for acceptance and payment

(i) Qualifying Non-CREST Stockholders who wish to accept in full

Holders of Provisional Allotment Letters who wish to take up all of their Rights must return the Provisional Allotment Letter, together with payment of the full amount payable on acceptance, in accordance with the provisions of paragraph 2.1.2(v) (Payments) of this Part IX and in accordance with the instructions printed on the Provisional Allotment Letter, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 49 of this Prospectus, so as to arrive as soon as possible and in any event so as to be received by not later than 11.00 a.m. on 8 June 2010. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose. If you post your Provisional Allotment Letter, it is recommended that you allow sufficient time for delivery.

(ii) Qualifying Non-CREST Stockholders who wish to accept in part

Holders of Provisional Allotment Letters who wish to take up some but not all of their Rights and wish to sell some or all of those Rights which they do not want to take up should first apply for split Provisional Allotment Letters by completing Form X on the Provisional Allotment Letter and returning it, together with a covering letter stating the number of split Provisional Allotment Letters required and the number of Nil Paid Rights or Fully Paid Rights (if

appropriate) to be comprised in each split Provisional Allotment Letter, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 49 of this Prospectus by 3.00 p.m. on 2 June 2010, the last date and time for splitting Nil Paid Rights or Fully Paid Rights. The Provisional Allotment Letter will then be cancelled and exchanged for the split Provisional Allotment Letters required. Such holders of Provisional Allotments Letters should then deliver the split Provisional Allotment Letter representing the Rights they wish to take up together with the payment for the amount payable on acceptance of such Rights, in accordance with the provisions of paragraph 2.1.2(v)(Payments) of this Part IX, by not later than 11.00 a.m. on 8 June 2010, the last time and date for acceptance and payment in full. The further split Provisional Allotment Letters (representing the Rights Issue Stock such holder does not wish to take up) will be required in order to sell those rights not being taken up and will be returned by post.

Alternatively, Qualifying Non-CREST Stockholders who wish to take up some of their Rights, without selling or transferring the remainder, should complete Form X and the appropriate section on the original Provisional Allotment Letter indicating the number of units of Rights Issue Stock they wish to take up and return it, together with a covering letter confirming the number of such Rights to be taken up together with payment for the amount payable on acceptance of such Rights in accordance with the provisions of paragraph 2.1.2(v)(Payments) of this Part IX, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 49 of this Prospectus. In this case, the Provisional Allotment Letter and payment must be received by Computershare by 3.00 p.m. on 2 June 2010, the last date and time for splitting Nil Paid Rights.

(iii) *Qualifying Non-CREST Stockholders who wish to dispose of all of their Nil Paid Rights through the Computershare Dealing Facility*

Qualifying Non-CREST Stockholders who wish to dispose of all of their Nil Paid Rights through the Computershare Dealing Facility should tick the box under Option C “Sell all your rights” on page 1 of the Provisional Allotment Letter, sign and date the bottom of page 1 of the Provisional Allotment Letter, and return their Provisional Allotment Letter, by post or by hand (during normal business hours only) to Computershare at the relevant address set out on page 49 of this Prospectus by 3.00 p.m. on 31 May 2010, the latest time and date for requesting disposals of Nil Paid Rights through the Computershare Dealing Facility. A reply-paid envelope will be enclosed with the Provisional Allotment Letter for this purpose and for use in Ireland only. Qualifying Non-CREST.

(iv) *The Bank’s discretion as to validity of acceptances*

If payment is not received in full by 11.00 a.m. on 8 June 2010, the provisional allotment will be deemed to have been declined and will lapse. Bank of Ireland may elect, with the agreement of the Joint Bookrunners, but shall not be obliged, to treat as valid Provisional Allotment Letters and accompanying remittances for the full amount due which are received through the post with a post mark dated prior to 11.00 a.m. on 8 June 2010.

Bank of Ireland may also (in its sole discretion) treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged even if it is not completed in accordance with the relevant instructions or is not accompanied by a valid power of attorney where required.

Bank of Ireland reserves the right to treat as invalid any acceptance or purported acceptance of the Rights Issue Stock that appears to Bank of Ireland to have been executed in, dispatched from or that provided an address for delivery of definitive stock certificates for Rights Issue Stock in the United States or any other Excluded Territory unless the Bank is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

A Qualifying Non-CREST Stockholder who makes a valid acceptance and payment in accordance with this paragraph 2 is deemed to request that the Rights Issue Stock to which they will become entitled be issued to them on the terms set out in this Prospectus and subject to the Bye-Laws.

(v) *Payments*

All payments must be in euro and made by cheque or banker’s draft made payable to Computershare - Bank of Ireland Rights Issue and crossed “A/C payee only”. Cheques or banker’s drafts must be drawn on a licensed bank or licensed building society or branch of a licensed bank or licensed building society in Ireland. Banker’s drafts (or equivalent instruments) may be drawn on any licensed credit institution or branch of a licensed credit institution within the Eurozone or the United Kingdom. From Admission of the Nil Paid Rights and Fully Paid Rights, Qualifying Non-CREST Stockholders agree that Computershare will hold such moneys in trust for Bank of Ireland or, as the case may be for the holders of Eligible Debt Securities entitled to such money pursuant to the terms of the Debt for Equity Offers. Third party cheques may not be accepted with the exception of building society cheques or

banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Cheques or banker's drafts will be presented for payment upon receipt. Bank of Ireland reserves the right to instruct Computershare to seek special clearance of cheques and banker's drafts to allow the Bank to obtain value for remittances at the earliest opportunity. No interest will be paid on payments made before they are due. It is a term of the Rights Issue that cheques or banker's drafts shall be honoured on first presentation and the Bank may elect to treat as invalid acceptances in respect of which cheques or banker's drafts are not so honoured. All documents, cheques and banker's drafts sent through the post will be sent by, to, from or on behalf of the Qualifying Non-CREST Stockholder at their own risk. Payments via CHAPS, BACS or electronic transfer will not be accepted.

If the Rights Issue Stock has already been allotted to a Qualifying Non-CREST Stockholder prior to any payment not being so honoured upon first presentation or such acceptances being treated as invalid, Bank of Ireland may (in its absolute discretion as to manner, timing and terms) make arrangements for the sale of such Rights Issue Stock on behalf of such Qualifying Non-CREST Stockholder and hold the proceeds of sale (net of Bank of Ireland's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any stamp duty payable on the transfer of such Rights Issue Stock, and of all amounts payable by such Qualifying Non-CREST Stockholder pursuant to the terms of the Rights Issue in respect of the acquisition of such Rights Issue Stock) on behalf of such Qualifying Non-CREST Stockholder. Neither the Bank nor the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such Qualifying Non-CREST Stockholder as a result.

(vi) *Representations and Warranties*

Holders of Provisional Allotment letters who are Overseas Stockholders and who wish to take up any of their entitlements must make the representations and warranties set out in paragraph 2.5.6 of this Part IX.

2.1.3 Anti-Money Laundering Legislation

It is a term of the Rights Issue that, to ensure compliance with Anti-Money Laundering Legislation, the Bank and/or the Registrars, may require verification of the identity of the person by whom or on whose behalf a Provisional Allotment Letter is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). The person(s) (the "acceptor") who, by lodging a Provisional Allotment Letter with payment, as described above, accept(s) the allotment of the Rights Issue Stock (the "relevant Rights Issue Stock") comprised in such Provisional Allotment Letter (being the provisional allottee or, in the case of renunciation, the person named in such Provisional Allotment Letter) shall thereby be deemed to agree to provide the Registrars and/or the Bank with such information and other evidence as they or either of them may require to satisfy the verification of identity requirements and agree for the Registrars to make a search via a credit reference agency where deemed necessary (a record of the search results will be retained).

If the Registrars determine that the verification of identity requirements apply to an acceptance of an allotment and the verification of identity requirements have not been satisfied (which the Registrars shall in their absolute discretion determine) by 11.00 a.m. on 8 June 2010, Bank of Ireland may, in its absolute discretion, and without prejudice to any other rights of the Bank, treat the acceptance as invalid or may confirm the allotment of the relevant Rights Issue Stock to the acceptor but (notwithstanding any other term of the Rights Issue) such Rights Issue Stock will not be issued to him or her or registered in his or her name until the verification of identity requirements have been satisfied (which the Registrars shall in their absolute discretion determine). If the acceptance is not treated as invalid and the verification of identity requirements are not satisfied within such period, being not less than seven days after a request for evidence of identity is despatched to the acceptor, as Bank of Ireland may in its absolute discretion allow, Bank of Ireland will be entitled to make arrangements (in its absolute discretion as to manner, timing and terms) to place the relevant Rights Issue Stock (and for that purpose Bank of Ireland will be expressly authorised to act as agent of the acceptor). Any proceeds of sale (net of expenses) of the relevant Rights Issue Stock which shall be issued to and registered in the name of the purchaser(s) or an amount equivalent to the original payment, whichever is the lower, will be held by Bank of Ireland in trust for the acceptor, subject to the requirements of the Anti-Money Laundering Legislation. The Registrars are entitled in their absolute discretion to determine whether the verification of identity requirements apply to any acceptor and whether such requirements have been satisfied. Neither the Bank nor the Registrars will be liable to any person for any loss suffered or incurred as a result of the exercise of any such discretion or as a result of any sale of relevant Rights Issue Stock.

Return of a Provisional Allotment Letter with the appropriate remittance will constitute a warranty from the acceptor that the Anti-Money Laundering Legislation will not be breached by acceptance of such remittance. If the verification of identity requirements apply, failure to provide the necessary evidence of identity may result in your acceptance being treated as invalid or in delays in the despatch of a receipted fully paid Provisional Allotment Letter or a stock certificate.

The verification of identity requirements will not usually apply:

- (i) if the acceptor is an organisation required to comply with the Money Laundering Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending the Council Directive 91/308/EEC on the prevention of the use of the financial system for the purposes of money laundering or the Money Laundering Directive 2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or
- (ii) if the acceptor is a regulated Irish broker or intermediary acting as agent and is itself subject to the Anti-Money Laundering Legislation; or
- (iii) if the acceptor (not being an acceptor who delivers his or her acceptance in person) makes payment by way of a cheque drawn on an account in the name of such acceptor; or
- (iv) if the aggregate subscription price for the relevant shares is less than €13,000.

Where the verification of identity requirements apply, please note the following as this will assist in satisfying the requirements. Satisfaction of the verification of identity requirements may be facilitated in the following ways:

- (i) if payment is made by cheque or banker's draft in euro drawn on a licensed bank, building society or credit institution or branch of a licensed bank, building society or credit institution and bearing a bank sort code number in the top right-hand corner, the following applies. Cheques should be made payable to Computershare-Bank of Ireland Rights Issue and crossed "A/C payee only". Third-party cheques may not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the building society cheque/banker's draft to such effect. The account name should be the same as that shown on the application; or
- (ii) if the Provisional Allotment Letter is lodged with payment by an agent which is an organisation of the kind referred to in (i) above or which is subject to anti money-laundering regulation in a country which is a member of the Financial Action Task Force (the non-European Union members of which are Argentina, Australia, Brazil, Canada, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, the Russian Federation, Singapore, South Africa, Switzerland, Turkey, the United States of America and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE), the agent should provide written confirmation with the Provisional Allotment Letter that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the persons for whom it acts and that it will on demand make such evidence available to the Registrars or the relevant authority; or
- (iii) if a Provisional Allotment Letter is lodged by hand by the acceptor in person, he/she should ensure that he/she has with him or her evidence of identity bearing his or her photograph (for example, his or her passport) and evidence of his or her address.

In order to confirm the acceptability of any written assurance referred to above or any other case, the acceptor should contact the Registrars.

2.1.4 Dealings in Nil Paid Rights

Assuming the Rights Issue becomes unconditional, dealings on the Irish Stock Exchange and the London Stock Exchange in the Nil Paid Rights are expected to commence at 8.00 a.m. on 20 May 2010. A transfer of Nil Paid Rights can be made by renunciation of the Provisional Allotment Letter in accordance with the instructions printed on it and delivery of the letter to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters is expected to be 11.00 a.m. on 8 June 2010. Registration cannot be effected unless and until the Rights comprised in a Provisional Allotment Letter are fully paid.

2.1.5 Dealings in Fully Paid Rights

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this Prospectus and the Provisional Allotment Letter, the Fully Paid Rights may be transferred by renunciation of the

relevant Provisional Allotment Letter and delivering it, by post or by hand (during normal business hours) to Computershare, at the relevant address set out at page 49 of this Prospectus, by not later than 11.00 a.m. on 8 June 2010. To do this, Qualifying Non-CREST Stockholders will need to have their fully paid Provisional Allotment Letters returned to them after acceptance has been effected by Computershare. However, fully paid Provisional Allotment Letters will not be returned to Qualifying Non-CREST Stockholders unless their return is requested by ticking the appropriate box on the Provisional Allotment Letter. After 14 June 2010, the Rights Issue Stock will be in registered form and transferable in the usual way (see paragraph 2.1.10 of this Part IX).

2.1.6 Renunciation and splitting of Provisional Allotment Letters

Qualifying Non-CREST Stockholders who wish to transfer all of their Nil Paid Rights or, after acceptance of the provisional allotment and payment in full, Fully Paid Rights comprised in a Provisional Allotment Letter may (save as required by the laws of certain overseas jurisdictions) renounce such allotment by completing and signing Form X on the Provisional Allotment Letter (if it is not already marked "Original Duly Renounced") and passing the entire Provisional Allotment Letter to their stockbroker or bank or other appropriate financial adviser or to the transferee. Once a Provisional Allotment Letter has been renounced, the letter will become a negotiable instrument in bearer form and the Nil Paid Rights or Fully Paid Rights (as appropriate) comprised in the PAL may be transferred by delivery of the PAL to the transferee. The latest time and date for registration of renunciation of Provisional Allotment Letters, fully paid, is 11.00 a.m. on 8 June 2010.

If a holder of a Provisional Allotment Letter wishes to have only some of the Rights Issue Stock registered in his or her name and to transfer the remainder, or wishes to transfer all of his or her Nil Paid Rights or (if appropriate) Fully Paid Rights but to different persons, he/she may have the Provisional Allotment Letter split, for which purpose he or his or her agent must complete and sign Form X on the Provisional Allotment Letter. The Provisional Allotment Letter must then be delivered by post or by hand (during normal business hours only) to Computershare, at the relevant address set out at page 49 of this Prospectus, by not later than 3.00 p.m. on 2 June 2010, to be cancelled and exchanged for the number of split Provisional Allotment Letters required. The number of split Provisional Allotment Letters required and the number of Nil Paid Rights or (as appropriate) Fully Paid Rights to be comprised in each split letter should be stated in an accompanying letter. Form X on split Provisional Allotment Letters will be marked "Original Duly Renounced" before issue.

Bank of Ireland reserves the right to refuse to register any renunciation in favour of any person in respect of which the Bank believes such renunciation may violate applicable legal or regulatory requirements, including (without limitation) any renunciation in the name of any person with an address outside Ireland or the United Kingdom.

Alternatively, Qualifying Non-CREST Stockholders who wish to take up some of their rights, without transferring the remainder, should complete Form X and the appropriate section on the original Provisional Allotment Letter indicating the number of units of Rights Issue Stock they wish to take up and return it, together with a covering letter confirming the number of units of Rights Issue Stock to be taken up together with payment of the amount payable on acceptance of such Rights Issue Stock, in accordance with the provisions of paragraph 2.1.2(v)(Payments) of this Part IX, by post or by hand (during normal business hours only) to Computershare, at the relevant address set out at page 49 of this Prospectus. In this case, the Provisional Allotment Letter and payment must be received by Computershare by 11.00 a.m. on 8 June 2010.

2.1.7 Registration in names of Qualifying Stockholders originally entitled

A Qualifying Non-CREST Stockholder who wishes to have all of the Rights Issue Stock to which he/she is entitled registered in his or her name must accept and make payment for such allotment in accordance with the provisions set out in this Prospectus and the Provisional Allotment Letter but need take no further action. A stock certificate in respect of the Rights Issue Stock subscribed for is expected to be sent to such Qualifying Non-CREST Stockholders by no later than 25 June 2010.

2.1.8 Registration in names of persons other than Qualifying Stockholders originally entitled

In order to register Fully Paid Rights in certificated form in the name of someone other than the Qualifying Stockholders(s) originally entitled, Form X must be completed and the renounee or his or her agent(s) must complete Form Y on the Provisional Allotment Letter (unless the renounee is a CREST Member who wishes to hold such Rights Issue Stock in uncertificated form, in which case Form X and the CREST Deposit Form must be completed (see paragraph 2.1.9 of this Part IX)) and deliver the entire Provisional Allotment Letter, when fully paid, by post or by hand (during normal business hours) to Computershare, at the relevant address set out at page 49 of this Prospectus, by not later than the latest time for registration of renunciations, which is expected to be 11.00 a.m. on

8 June 2010. Registration cannot be effected unless and until the Rights Issue Stock comprised in a Provisional Allotment Letter are fully paid.

The Rights Issue Stock comprised in several renounced Provisional Allotment Letters may be registered in the name of one holder (or joint holders) if Form Y on the Provisional Allotment Letter is completed on one Provisional Allotment Letter (the “Principal Letter”) and all the Provisional Allotment Letters are delivered in one batch. Details of each Provisional Allotment Letter (including the Principal Letter) should be listed in a separate letter.

2.1.9 Deposit of Nil Paid Rights or Fully Paid Rights into CREST

The Nil Paid Rights or Fully Paid Rights represented by the Provisional Allotment Letter may be converted into uncertificated form, that is, deposited into CREST (whether such conversion arises as a result of a renunciation of those rights or otherwise). Similarly, Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Subject as provided in the next following paragraph or in the Provisional Allotment Letter, normal CREST procedures and timings apply in relation to any such conversion. You are recommended to refer to the CREST Manual for details of such procedures.

The procedure for depositing the Nil Paid Rights represented by the Provisional Allotment Letter into CREST, whether such rights are to be converted into uncertificated form in the name(s) of the person(s) whose name(s) and address appear on page 1 of the Provisional Allotment Letter or in the name of a person or persons to whom the Provisional Allotment Letter has been renounced, is as follows: Form X and the CREST Deposit Form (both on the Provisional Allotment Letter) will need to be completed and the Provisional Allotment Letter deposited with the CCSS. In addition, the normal CREST Stock Deposit procedures will need to be carried out, except that (a) it will not be necessary to complete and lodge a separate CREST Transfer Form with the CCSS and (b) only the whole of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter may be deposited into CREST. Qualifying Non-CREST Stockholders who wish to deposit some only of the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letter into CREST, must first apply for split Provisional Allotment Letters by following the instructions in paragraph 2.1.2 of this Part IX. If the rights represented by more than one Provisional Allotment Letter are to be deposited, the CREST Deposit Form on each Provisional Allotment Letter must be completed and deposited. The consolidation procedure described in paragraph 2.1.8 of this Part IX must not be used.

A holder of the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) represented by a Provisional Allotment Letter who is proposing to convert those rights into uncertificated form (whether following a renunciation of such rights or otherwise) is recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 8 June 2010. **In particular, having regard to processing times in CREST and on the part of Computershare, the latest recommended time for depositing a renounced Provisional Allotment Letter (with Form X and the CREST Deposit Form on the Provisional Allotment Letter duly completed) with the CCSS in order to enable the person acquiring the Nil Paid Rights (or, if appropriate, the Fully Paid Rights) in CREST as a result of the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 8 June 2010 is 3.00 p.m. on 3 June 2010.**

When Form X and the CREST Deposit Form (on the Provisional Allotment Letter) have been completed, the title to the Nil Paid Rights or the Fully Paid Rights represented by the Provisional Allotment Letters will cease to be renounceable or transferable by delivery, and, for the avoidance of doubt, any entries in Form Y will not subsequently be recognised or acted upon by Computershare. All renunciations or transfers of Nil Paid Rights or Fully Paid Rights must be effected through the CREST system once such Nil Paid Rights or Fully Paid Rights have been deposited into CREST.

CREST Sponsored Members should contact their CREST Sponsor as only their CREST Sponsor will be able to take the necessary action to take up the entitlement or otherwise to deal with the Nil Paid Rights or Fully Paid Rights of the CREST Sponsored Member.

2.1.10 Issue of Rights Issue Stock in definitive form

Definitive stock certificates in respect of the Rights Issue Stock to be held in certificated form are expected to be despatched by post by 25 June 2010 at the risk of the persons entitled thereto to Qualifying Non-CREST Stockholders (or their transferees who hold Fully Paid Rights in certificated form), or in the case of joint holdings, to the first-named Qualifying Non-CREST Stockholders, at their registered address (unless lodging agent details have been completed on the Provisional Allotment Letter). After despatch of the definitive stock certificates, Provisional

Allotment Letters will cease to be valid for any purpose whatsoever. Pending despatch of definitive stock certificates, instruments of transfer of the Rights Issue Stock will be certified by Computershare against the register.

Notwithstanding any of the provisions of this Prospectus or of the Provisional Allotment Letters, Bank of Ireland reserves the right to allot and/or issue any Rights Issue Stock in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or of facilities and/or systems operated by Computershare in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided in the CREST Deposit Form in the Provisional Allotment Letter where these are required.

2.1.11 Posting

All documents sent to, by, from or on behalf of Stockholders or renounees, or their agents, will be sent entirely at their own risk.

2.2 Action to be taken by Qualifying CREST Stockholders in relation to Nil Paid Rights and Fully Paid Rights in CREST

2.2.1 General

It is expected that each Qualifying CREST Stockholder (other than, subject to certain exceptions as set out in paragraph 2.5 of this Part IX, Qualifying CREST Stockholders with a registered address in the United States or any other Excluded Territory) will receive a credit to his or her stock account in CREST of his or her entitlement to Nil Paid Rights on 20 May 2010. The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Record Date Stock in uncertificated form held at the close of business on the Record Date by the Qualifying CREST Stockholder in respect of which the Nil Paid Rights are provisionally allotted.

The Nil Paid Rights will constitute a separate security for the purposes of CREST and can accordingly be transferred, in whole or in part, by means of CREST in the same manner as any other security that is admitted to CREST.

If, for any reason, it is impracticable to credit the stock accounts of such Qualifying CREST Stockholders, or to enable the Nil Paid Rights by 8.00 a.m. on 20 May 2010, Provisional Allotment Letters shall, unless the Bank determines otherwise, be sent out in substitution for the Nil Paid Rights which have not been so credited and the expected timetable as set out in this Prospectus will be adjusted as appropriate. References to dates and times in this Prospectus should be read as subject to any such adjustment. The Bank will make an appropriate announcement to a Regulatory Information Service giving details of any revised dates but Qualifying CREST Stockholders may not receive any further written communication.

CREST Members who wish to take up their entitlements in respect of or otherwise to transfer Nil Paid Rights or Fully Paid Rights held by them in CREST should refer to the CREST Manual for further information on the CREST procedures referred to below. If you are a CREST Sponsored Member, you should consult your CREST Sponsor if you wish to take up your entitlement as only your CREST Sponsor will be able to take the necessary action to take up your entitlements or otherwise to deal with your Nil Paid Rights or Fully Paid Rights.

2.2.2 Procedure for acceptance and payment

(i) MTM instructions

CREST Members who wish to take up all or some of their entitlement in respect of Nil Paid Rights in CREST must send (or, if they are CREST Sponsored Members, procure that their CREST Sponsor sends) an MTM instruction to Euroclear that, on its settlement, will have the following effect:

- (a) the crediting of a stock account of Computershare under the participant ID and member account ID specified below, with the number of Nil Paid Rights to be taken up;
- (b) the creation of a settlement bank payment obligation (as this term is defined in the CREST Manual), in accordance with the RTGS payment mechanism (as this term is defined in the CREST Manual), in favour of the RTGS settlement bank of Computershare in euro in respect of the full amount payable on acceptance in respect of the Nil Paid Rights referred to in paragraph 2.2.2(i)(a) of this Part IX; and

- (c) the crediting of a stock account of the accepting CREST Member (being an account under the same participant ID and member account ID as the account from which the Nil Paid Rights are to be debited on settlement of the MTM instruction) of the corresponding number of Fully Paid Rights to which the CREST Member is entitled on taking up his or her Nil Paid Rights referred to in paragraph 2.2.2(i)(a) of this Part IX.

(ii) Contents of MTM instructions

The MTM instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (a) the number of Nil Paid Rights to which the acceptance relates;
- (b) the participant ID of the accepting CREST Member;
- (c) the member account ID of the accepting CREST Member from which the Nil Paid Rights are to be debited;
- (d) the participant ID of Computershare, in its capacity as a CREST receiving agent. This is RA81;
- (e) the member account ID of Computershare, in its capacity as a CREST receiving agent. This is BANKIREL;
- (f) the number of Fully Paid Rights that the CREST Member is expecting to receive on settlement of the MTM instruction. This must be the same as the number of Nil Paid Rights to which the acceptance relates;
- (g) the amount payable by means of the CREST assured payment arrangements on settlement of the MTM instruction. This must be the full amount payable on acceptance in respect of the number of Nil Paid Rights referred to in paragraph 2.2.2(ii)(a) of this Part IX;
- (h) the intended settlement date. This must be on or before 11.00 a.m. on 8 June 2010;
- (i) the Nil Paid Rights ISIN number, which is IE00B67QZG36 ;
- (j) the Fully Paid Rights ISIN number, which is IE00B64RD66 ;
- (k) the Corporate Action Number for the Rights Issue. This will be available by viewing the relevant corporate action details in CREST;
- (l) a contact name and telephone number in the shared note field; and
- (m) input with standard delivery instruction priority of 80.

(iii) Valid acceptance

An MTM instruction complying with each of the requirements as to authentication and contents set out in paragraph 2.2.2(ii) of this Part IX will constitute a valid acceptance where either:

- (a) the MTM instruction settles by not later than 11.00 a.m. on 8 June 2010; or
- (b) at the discretion of the Bank:
 - (I) the MTM instruction is received by Euroclear by not later than 11.00 a.m. on 8 June 2010; and
 - (II) a number of Nil Paid Rights at least equal to the number of Nil Paid Rights inserted in the MTM instruction is credited to the CREST stock member account of the accepting CREST Member specified in the MTM instruction at 11.00 a.m. on 8 June 2010.

An MTM instruction will be treated as having been received by Euroclear for these purposes at the time at which the instruction is processed by the Network Providers' Communications Host (as this term is defined in the CREST Manual) at Euroclear of the network provider used by the CREST Member (or by the CREST Sponsored Member's CREST Sponsor). This will be conclusively determined by the input time stamp applied to the MTM instruction by the Network Providers' Communications Host.

(iv) Representations, warranties and undertakings of CREST Members

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with this paragraph 2.2.2 represents, warrants and undertakes to the Bank and the Underwriters that he/she has taken (or procured to be taken), and will take (or will procure to be taken), whatever action is required to be taken by him or her or by his or her CREST Sponsor (as appropriate) to ensure that the MTM instruction concerned is capable of settlement at 11.00 a.m. on 8 June 2010. In particular, the CREST Member or CREST Sponsored Member represents, warrants and undertakes that, at 11.00 a.m. on 8 June 2010 (or until such later time and date as the Bank

and the Underwriters may determine), there will be sufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account to be debited with the amount payable on acceptance to permit the MTM instruction to settle. CREST Sponsored Members should contact their CREST Sponsor if they are in any doubt. Such CREST Member CREST Sponsored Member taking up entitlements must make the representations and warranties set out in paragraph 2.5.6 below of this Part IX.

If there is insufficient Headroom within the Cap (as those terms are defined in the CREST Manual) in respect of the cash memorandum account of a CREST Member or CREST Sponsored Member for such amount to be debited or the CREST Member's or CREST Sponsored Member's acceptance is otherwise treated as invalid and units of Rights Issue Stock have already been allotted to such CREST Member or CREST Sponsored Member, the Bank and the Underwriters may (in their absolute discretion as to the manner, timing and terms) make arrangements for the sale of such Rights Issue Stock on behalf of that CREST Member or CREST Sponsored Member and hold the proceeds of sale (net of the Bank's reasonable estimate of any loss that it has suffered as a result of the acceptance being treated as invalid and of the expenses of sale, including, without limitation, any stamp duty payable on the transfer of such Rights Issue Stock, and of all amounts payable by the CREST Member or CREST-sponsored member pursuant to the Rights Issue in respect of the acquisition of such Rights Issue Stock) on behalf of such CREST Member or CREST-sponsored member. Neither the Bank, the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by such CREST Member or CREST Sponsored Member as a result.

(v) *CREST procedures and timings*

CREST Members and CREST Sponsors (on behalf of CREST Sponsored Members) should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of an MTM instruction and its settlement in connection with the Rights Issue. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST-sponsored member, to procure that his or her CREST Sponsor takes) the action necessary to ensure that a valid acceptance is received as stated above by 11.00 a.m. on 8 June 2010. In connection with this, CREST Members and (where applicable) CREST Sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(vi) *CREST Member's undertaking to pay*

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this paragraph 2.2.2(vi) undertakes to pay to the Bank, or procure the payment to the Bank of, the amount payable in euro on acceptance in accordance with the above procedures or in such other manner as the Bank may require (it being acknowledged that, where payment is made by means of the CREST RTGS payment mechanism, the creation of an RTGS payment obligation in euro in favour of Computershare's RTGS settlement the Bank (as defined in the CREST Manual) in accordance with the RTGS payment mechanism shall, to the extent of the obligation so created, discharge in full the obligation of the CREST Member (or CREST Sponsored Member) to pay the amount payable on acceptance) and (b) requests that the Fully Paid Rights and/or Rights Issue Stock to which he/she will become entitled be issued to him or her on the terms set out in this Prospectus and subject to the Bye-Laws. From Admission Nil Paid Rights and Fully Paid Rights Qualifying CREST Stockholders agree that to the extent that as such monies are paid to Computershare, Computershare will hold such moneys in trust for Bank of Ireland or, as the case may be, for the holders of Eligible Debt Securities entitled to such money pursuant to the terms of the Debt for Equity Offers.

If the payment obligations of the relevant CREST Member or CREST Sponsored Member in relation to such Rights Issue Stock are not discharged in full and such Rights Issue Stock has already been allotted to the CREST Member or CREST Sponsored Member, Bank of Ireland and the Underwriters may (in their absolute discretion as to manner, timing and terms) make arrangements for the sale of such Rights Issue Stock on behalf of the CREST Member or CREST-sponsored member and hold the proceeds of sale (net of the Bank's reasonable estimate of any loss it has suffered as a result of the same and of the expenses of the sale, including, without limitation, any stamp duty on the transfer of such Rights Issue Stock, and of all amounts payable by such CREST Member or CREST Sponsored Member pursuant to the terms of the Rights Issue in respect of the acquisition of such Rights Issue Stock) or an amount equal to the original payment of the CREST Member or CREST Sponsored Member. Neither the Bank nor the Underwriters nor any other person shall be responsible for, or have any liability for, any loss, expense or damage suffered by the CREST Member or CREST Sponsored Member as a result.

(vii) *The Bank's discretion as to rejection and validity of acceptances*

Bank of Ireland may agree in its absolute sole discretion to:

- (a) reject any acceptance constituted by an MTM instruction, which is otherwise valid, in the event of breach of any of the representations, warranties and undertakings set out or referred to in this paragraph 2.2.2. Where an acceptance is made as described in this paragraph 2.2.2, which is otherwise valid, and the MTM instruction concerned fails to settle by 11.00 a.m. on 8 June 2010 (or by such later time and date as the Bank and the Underwriters have determined), each of Bank of Ireland and the Underwriters shall be entitled to assume, for the purposes of its right to reject an acceptance contained in this paragraph 2.2.2, that there has been a breach of the representations, warranties and undertakings set out or referred to in this paragraph 2.2.2 unless Bank of Ireland is aware of any reason outside the control of the CREST Member or CREST Sponsor (as appropriate) for the failure to settle;
- (b) treat as valid (and binding on the CREST Member or CREST Sponsored Member concerned) an acceptance which does not comply in all respects with the requirements as to validity set out or referred to in this paragraph 2.2.2;
- (c) accept an alternative properly authenticated dematerialised instruction from a CREST Member or (where applicable) a CREST Sponsor as constituting a valid acceptance in substitution for, or in addition to, an MTM instruction and subject to such further terms and conditions as Bank of Ireland and the Underwriters may determine;
- (d) treat a properly authenticated dematerialised instruction (in this paragraph 2.2.2 (the "first instruction") as not constituting a valid acceptance if, at the time at which the Registrar receives a properly authenticated dematerialised instruction giving details of the first instruction, either Bank of Ireland or the Registrar has received actual notice from Euroclear of any of the matters specified in article 35(5)(a) of the Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and
- (e) accept an alternative instruction or notification from a CREST Member or CREST Sponsored Member or (where applicable) a CREST Sponsor, or extend the time for acceptance and/or settlement of an MTM instruction or any alternative instruction or notification, if, for reasons or due to circumstances outside the control of any CREST Member or CREST Sponsored Member or (where applicable) CREST Sponsor, the CREST Member or CREST Sponsored Member is unable validly to take up all or part of his or her Nil Paid Rights by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of facilities and/or systems operated by Computershare in connection with CREST.

2.2.3 *Anti-Money Laundering Legislation*

If you hold your Nil Paid Rights in CREST and apply to take up all or part of your entitlement as agent for one or more persons and you are not an Irish or EU regulated person or institution (such as an Irish financial institution), then, irrespective of the value of the application, Computershare is entitled to take reasonable measures to establish the identity of the person or persons (or the ultimate controller of such person or persons) on whose behalf you are making the application. You must therefore contact Computershare before sending any MTM instruction or other instruction so that appropriate measures may be taken.

Submission of an MTM instruction which constitutes, or which may on its settlement constitute, a valid acceptance (as described above) constitutes a warranty and undertaking by the applicant to provide promptly to Computershare any information Computershare may specify as being required for the purposes of the verification of the identity requirements in the Anti-Money Laundering Legislation or the FSMA. Pending the provision of such information and other evidence as Computershare may require to satisfy the verification of identity requirements, Computershare, having consulted with the Bank and the Underwriters, may take, or omit to take, such action as it may determine to prevent or delay settlement of the MTM instruction. If such information and other evidence of identity has not been provided within a reasonable time, then Computershare will not permit the MTM instruction concerned to proceed to settlement but without prejudice to the right of the Bank and/or the Underwriters to take proceedings to recover any loss suffered by any of them as a result of failure by the applicant to provide such information and other evidence.

2.2.4 Dealings in Nil Paid Rights in CREST

Assuming the Rights Issue becomes unconditional, dealings in the Nil Paid Rights on the Irish Stock Exchange and on the London Stock Exchange are expected to commence at 8.00 a.m. on 20 May 2010. A transfer (in whole or in part) of Nil Paid Rights can be made by means of CREST in the same manner as any other security that is admitted to CREST. The Nil Paid Rights are expected to be disabled in CREST after the close of CREST business on 8 June 2010.

2.2.5 Dealings in Fully Paid Rights in CREST

After acceptance of the provisional allotment and payment in full in accordance with the provisions set out in this Prospectus, the Fully Paid Rights may be transferred by means of CREST in the same manner as any other security that is admitted to CREST. The last time for settlement of any transfer of Fully Paid Rights in CREST is expected to be at close of CREST business on 11 June 2010. The Fully Paid Rights are expected to be disabled in CREST after the close of CREST business on 11 June 2010. After 14 June 2010, the Rights Issue Stock will be registered in the name(s) of the person(s) entitled to them in Bank of Ireland's register of members and will be transferable in the usual way (see paragraph 2.2.7 of this Part IX).

2.2.6 Withdrawal of Nil Paid Rights or Fully Paid Rights from CREST

Nil Paid Rights or Fully Paid Rights held in CREST may be converted into certificated form, that is, withdrawn from CREST. Normal CREST procedures (including timings) apply in relation to any such conversion.

The recommended latest time for receipt by Euroclear of a properly authenticated dematerialised instruction requesting withdrawal of Nil Paid Rights or, if appropriate, Fully Paid Rights from CREST is 4.30 p.m. on 1 June 2010, so as to enable the person acquiring or (as appropriate) holding the Nil Paid Rights or, if appropriate, Fully Paid Rights following the conversion to take all necessary steps in connection with taking up the entitlement prior to 11.00 a.m. on 8 June 2010. You are recommended to refer to the CREST Manual for details of such procedures.

2.2.7 Issue of Rights Issue Stock in CREST

Fully Paid Rights in CREST are expected to be disabled in CREST after the close of CREST business on 11 June 2010 (the latest date for settlement of transfers of Fully Paid Rights in CREST). Rights Issue Stock (in definitive form) will be issued in uncertificated form to those persons registered as holding Fully Paid Rights in CREST at the close of business on the date on which the Fully Paid Rights are disabled. Computershare will instruct Euroclear to credit the appropriate stock accounts of those persons (under the same participant ID and member account ID that applied to the Fully Paid Rights held by those persons) with their entitlements to Rights Issue Stock with effect from the next business day (expected to be 14 June 2010).

2.2.8 Right to allot/issue in certificated form

Despite any other provision of this Prospectus, the Bank reserves the right to allot and/or issue any Nil Paid Rights, Fully Paid Rights or Rights Issue Stock in certificated form. In normal circumstances, this right is only likely to be exercised in the event of an interruption, failure or breakdown of CREST (or of any part of CREST) or on the part of the facilities and/or systems operated by Computershare in connection with CREST.

2.3 Procedure in respect of Rights not taken up (whether certificated or in CREST) and withdrawal

2.3.1 Procedure in respect of Rights Issue Stock not taken up

If an entitlement to Rights Issue Stock is not validly taken up by 11.00 a.m. on 8 June 2010, in accordance with the procedure laid down for acceptance and payment, then that provisional allotment will be deemed to have been declined and will lapse. The Joint Bookrunners will use reasonable endeavours to procure, by not later than 4.30 p.m. on the second Business Day after 8 June 2010, subscribers for all of those Rights Issue Stock not taken up at a price per unit of Ordinary Stock which is at least equal to the aggregate of the Rights Issue Price and the expenses of procuring such subscribers (including any applicable brokerage and commissions and amounts in respect of value added tax).

Notwithstanding the above, the Joint Bookrunners may cease or decline to endeavour to procure any such subscribers if, in their opinion, it is unlikely that any such subscribers can be procured at such a price and by such a time. If and to the extent that subscribers for Rights Issue Stock cannot be procured on the basis outlined above, the relevant Rights Issue Stock will be subscribed for by the Underwriters or sub-underwriters (if any) at the Rights Issue Price pursuant to the terms of the Underwriting Agreement.

Any premium over the aggregate of the Rights Issue Price and the expenses of procuring subscribers (including any applicable brokerage and commissions and amounts in respect of value added tax) shall be paid (subject as provided in this paragraph 2.3.1 and subject to compliance with the Anti-Money Laundering Legislation):

- (i) where the Nil Paid Rights were, at the time they were not taken up, represented by a Provisional Allotment Letter, to the person whose name and address appeared on the Provisional Allotment Letter;
- (ii) where the Nil Paid Rights were, at the time they were not taken up, in uncertificated form, to the person registered as the holder of those Nil Paid Rights at the time of their disablement in CREST; and
- (iii) where an entitlement to Rights Issue Stock was not taken up by an Overseas Stockholder, to that Overseas Stockholder.

Rights Issue Stock for which subscribers are procured on this basis will be reallocated to the subscribers, and the aggregate of any premiums (being the amount paid by the subscribers after deducting the Rights Issue Price and the expenses of procuring the subscribers, including any applicable brokerage and commissions and amounts in respect of value added tax), if any, will be paid (without interest) to those persons entitled (as referred to above) *pro rata* to the relevant lapsed provisional allotments. Cheques for the amounts due will be sent by post, at the risk of the person(s) entitled, to their registered addresses (the registered address of the first-named in the case of joint holders), provided that, where any entitlement concerned was held in CREST, the amount due will, unless the Bank (in its absolute discretion) otherwise determines, be satisfied by the Bank procuring the creation of an assured payment obligation in favour of the relevant CREST Member's (or CREST Sponsored Member's) RTGS settlement the Bank in respect of the cash amount concerned in accordance with the RTGS payment mechanism.

Any transactions undertaken pursuant to this paragraph 2.3 or paragraph 2.5.1 of this Part IX shall be deemed to have been undertaken at the request of the persons entitled to the lapsed provisional allotments and neither the Bank nor the Underwriters nor any other person procuring subscribers shall be responsible for any loss, expense or damage (whether actual or alleged) arising from the terms or timing of any such subscription, any decision not to endeavour to procure subscribers or the failure to procure subscribers on the basis so described. The Underwriters will be entitled to retain any brokerage fees, commissions or other benefits received in connection with these arrangements.

2.3.2 Withdrawal rights

Persons who have the right to withdraw their acceptances under article 52 of the Prospectus Regulations after a supplementary prospectus (if any) has been published and who wish to exercise such right of withdrawal must do so by lodging a written notice of withdrawal which must include the full name and address of the person wishing to exercise such statutory withdrawal rights and, if such person is a CREST Member, the participant ID and the member account ID of such CREST Member, with Computershare by facsimile (only during normal business hours) on +353 (0) 1 2163151 or by post or by hand (only during normal business hours) at the relevant address set out on page 49 of this Prospectus, so as to be received no later than two Business Days after the date on which the supplementary prospectus was published, withdrawal being effective as at receipt of the written notice of withdrawal. Notice of withdrawal given by any other means or which is deposited with or received by Computershare after the expiry of such period will not constitute a valid withdrawal. Furthermore, based on advice received by the Bank as to the effect of statutory withdrawal rights where the allotment contract is fully performed, the Bank will not permit the exercise of withdrawal rights after payment by the relevant stockholder of its subscription in full and the allotment of the Rights Issue Stock to such stockholder becoming unconditional, in the event that a supplemental prospectus is published after such payment. This does not affect Stockholders' statutory withdrawal rights under the Prospectus Regulations. In such circumstances, Stockholders are advised to consult their professional advisers including their legal advisers.

Provisional allotments of entitlements to Rights Issue Stock which are the subject of a valid withdrawal notice will be deemed to be declined. Such entitlements to Rights Issue Stock will be subject to the provisions of paragraph 2.3.1 of this Part IX as if the entitlement had not been validly taken up.

2.4 Taxation

The information contained in Part XVI (Taxation Considerations) of this Prospectus is intended only as a general guide to the current tax position in Ireland and the United Kingdom and Qualifying Stockholders should consult their own tax advisers regarding the tax treatment of the Proposals in light of their own circumstances.

2.5 Overseas Stockholders

This Prospectus has been approved by the Financial Regulator, being the competent authority in Ireland for the purposes of the Prospectus Directive. The Bank intends to request the Financial Regulator to provide a certificate of approval and a copy of this Prospectus to the relevant competent authority in the United Kingdom.

The making of the offer of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock to persons who have a registered address, or are registered or located in jurisdictions other than Ireland or the United Kingdom, may be affected by the law or regulatory requirements of the relevant jurisdictions. Accordingly, any such person, who is in any doubt as to his or her position should consult an appropriate professional adviser without delay.

2.5.1 General

The distribution of this Prospectus or any other documents issued by the Bank in connection with the Rights Issue and the making of the Rights Issue to persons who have registered addresses in, or who are located resident, or who are generally resident in, or which are corporations, partnerships or other entities created or organised under the laws of countries other than Ireland or the United Kingdom, or to persons who are agents or nominees of or custodians, trustees or guardians for residents in countries other than Ireland or the United Kingdom may be affected by the laws or regulatory requirements of the relevant jurisdictions. Those persons should consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements or other formalities to enable them to take up their Rights. In particular, subject to certain exceptions, this Prospectus or any other documents issued by the Bank in connection with the Rights Issue should not be distributed, forwarded to or transmitted in any Excluded Territory.

Receipt of this Prospectus or any other documents issued by the Bank in connection with the Rights Issue and/or the crediting of the Nil Paid Rights to a stock account in CREST will not constitute an invitation or offer of securities for subscription, sale or purchase in those jurisdictions in which it would be illegal to make such an invitation or offer and, in those circumstances, this Prospectus or any other documents issued by the Bank in connection with the Rights Issue must be treated as information only and should not be copied or redistributed.

It is also the responsibility of any person (including, without limitation, custodians, agents, nominees and trustees) outside Ireland or the United Kingdom wishing to take up rights under the Rights Issue to satisfy himself/herself as to the full observance of the applicable laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents which may be required, observing any other requisite formalities and paying of any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 2.5.1 are intended as a general guide only and any Overseas Stockholder who is in doubt as to his or her position should consult his or her professional adviser without delay. None of the Bank or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the Rights Issue Stock regarding the legality of an investment in the Rights Issue Stock by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Rights Issue Stock will be provisionally allotted (nil paid) to all Qualifying Stockholders, including Overseas Stockholders. However, Provisional Allotment Letters will not be sent to Qualifying Non-CREST Stockholders and Nil Paid Rights will not be credited to the CREST accounts of Qualifying CREST Stockholders with registered addresses in the United States or any other Excluded Territory or their agent or intermediary, except where the Bank and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction.

No person receiving a copy of this Prospectus and/or a Provisional Allotment Letter and/or receiving a credit of Nil Paid Rights to a stock account in CREST with a bank or financial institution in any territory other than Ireland and the United Kingdom may treat the same as constituting an invitation or offer to him or her nor should he/she in any event use the Provisional Allotment Letter or deal in Nil Paid Rights or Fully Paid Rights in CREST unless, in the relevant territory, such an invitation or offer could lawfully be made to him or her, or the Provisional Allotment Letter could lawfully be used or dealt with, without contravention of any registration or other legal requirements. In such circumstances, this Prospectus and the Provisional Allotment Letter are to be treated as sent for information only and should not be copied or redistributed.

Neither the Bank nor the Underwriters nor any of their representatives are making any representation to any offeree or purchaser of the Rights Issue Stock regarding the legality of an investment in the Rights Issue Stock by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Persons (including, without limitation, agents, custodians, nominees and trustees) receiving a copy of this Prospectus and/or a Provisional Allotment Letter or whose stock account is credited with Nil Paid Rights or Fully Paid Rights should not, in connection with the Rights Issue, distribute or send the same or transfer Nil Paid Rights or Fully Paid Rights in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If a Provisional Allotment Letter or a credit of Nil Paid Rights or Fully Paid Rights is received by any person in any such territory, or by his or her agent or nominee, he/she must not seek to take up the rights referred to in the Provisional Allotment Letter or in this Prospectus or renounce the Provisional Allotment Letter or transfer the Nil Paid Rights or Fully Paid Rights unless the Bank determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, without limitation, custodians, nominees and trustees) who does forward this Prospectus or a Provisional Allotment Letter or transfer Nil Paid Rights or Fully Paid Rights into any such territories (whether pursuant to a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this paragraph 2.5 of this Part IX of this Prospectus.

Subject to paragraphs 2.5.2, 2.5.3, 2.5.4 and 2.5.5 of this Part IX, any person (including, without limitation, custodians, agents, nominees and trustees) outside Ireland and the United Kingdom wishing to take up Rights under the Rights Issue must satisfy himself/herself as to the full observance of the applicable laws of any relevant territory in connection therewith, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The comments set out in this paragraph 2.5 are intended as a general guide only and any Overseas Stockholders who are in any doubt as to their position should consult their professional advisers without delay. None of the Bank or the Underwriters, or any of their respective representatives, is making any representation to any offeree or purchaser of the Rights Issue Stock regarding the legality of an investment in the Rights Issue Stock by such offeree or purchaser under the laws applicable to such offeree or purchaser.

Bank of Ireland and the Underwriters reserve the right to treat as invalid and will not be bound to allot or issue any Rights Issue Stock in respect of any acceptance or purported acceptance of the offer of Rights Issue Stock which:

- (i) appears to the Bank and the Underwriters or their respective agents to have been executed, effected or despatched from the United States or any other Excluded Territory unless the Bank and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal requirement; or
- (ii) in the case of a Provisional Allotment Letter, provides an address for delivery of the stock certificates in or, in the case of a credit of Rights Issue Stock in CREST, to a CREST Member or CREST Sponsored Member whose registered address would be in the United States or any other Excluded Territory or any other jurisdiction outside Ireland and the United Kingdom in which it would be unlawful to deliver such stock certificates or make such a credit unless the Bank and the Underwriters are satisfied that such action would not result in the contravention of any registration or other legal requirement.

The attention of Overseas Stockholders located or with registered addresses in the United States or any other Excluded Territory is drawn to paragraphs 2.5.2 to 2.5.6 of this Part IX of this Prospectus.

The provisions of paragraph 2.3.1 of this Part IX will apply to Overseas Stockholders who do not take up Rights Issue Stock provisionally allotted to them or are unable to take up Rights Issue Stock provisionally allotted to them because such action would result in a contravention of applicable law or regulatory requirements. Accordingly, such Overseas Stockholders will be treated as Qualifying Stockholders that have not taken up their entitlement for the purposes of paragraph 2.3.1 above and the Joint Bookrunners will use reasonable endeavours to procure subscribers for the relevant Rights Issue Stock. The net proceeds of such subscriptions (after deduction of expenses) will be paid to the relevant Qualifying Stockholders pro-rated to their holdings of Record Date Stock at the Record Date as soon as practicable after receipt. Neither the Bank nor the Underwriters or any other person shall be responsible or have any liability whatsoever for any loss or damage (actual or alleged) arising from the terms or the timing of the subscription or the procuring of it or any failure to procure subscribers.

Despite any other provision of this Prospectus or the Provisional Allotment Letter, the Bank and the Underwriters reserve the right to permit any stockholder to take up his or her rights if Bank of Ireland and the Underwriters in their sole and absolute discretion are satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

Those Qualifying Stockholders who wish, and are permitted, to take up their entitlement should note that payments must be made as described in paragraphs 2.1.2 and 2.2.2 of this Part IX of this Prospectus.

Overseas Stockholders who wish, and are permitted, to apply for Rights Issue Stock should note that payment must be made in accordance with paragraph 2.1.2 (v) (Payments) of this Part IX of this Prospectus.

2.5.2 United States of America

None of the Placing Stock, the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the NPRFC Coupon Ordinary Stock or Ordinary Stock issued pursuant to the NPRFC Placing have been or will be registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

Accordingly, the Bank is not extending the offer under the Institutional Placing and the Rights Issue into the United States unless an exemption from the registration requirements of the US Securities Act is available and, subject to certain exceptions, none of this Prospectus, the Provisional Allotment Letter or the crediting of Nil Paid Rights to CREST accounts of Qualifying CREST Stockholders constitutes or will constitute an offer or an invitation to apply for or an offer or an invitation to subscribe any Placing Stock, Nil Paid Rights, Fully Paid Rights or Rights Issue Stock in the United States. Subject to certain exceptions, neither this Prospectus nor a Provisional Allotment Letter will be sent to, and no Nil Paid Rights will be credited to a CREST account of, any Stockholder with a registered address, or who is located in the United States. Subject to certain exceptions, Provisional Allotment Letters or renunciations thereof sent from or postmarked in the United States or including a United States registered address will be deemed to be invalid.

Subject to certain exceptions, any person who acquires the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock, the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock will be deemed to have declared, warranted and agreed, by accepting delivery of this Prospectus or any other documents issued by the Bank in connection with the Placing Stock, the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock and Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock, the representations and warranties as set out in paragraphs 2.5.6(i) or 2.5.6(ii). Accordingly, the Bank and the Underwriters reserve the right to treat as invalid any Provisional Allotment Letter (or renunciation thereof) that appears to the Bank or the Underwriters or their respective agents to have been executed in or despatched from the United States, or that provides an address in the United States for the acceptance or renunciation of the Rights Issue, or which does not make the representations and warranties set out in paragraph 2.5.6 of this Part IX below or where the Bank or the Underwriters believe acceptance of such Provisional Allotment Letter may infringe applicable legal or regulatory requirements. The Bank and the Underwriters will not be bound to allot (on a non-provisional basis) or issue any Nil Paid Rights, Fully Paid Rights or Rights Issue Stock to any person with an address in, or who is otherwise located in, the United States in whose favour a Provisional Allotment Letter or any Nil Paid Rights, Fully Paid Rights or Rights Issue Stock may be transferred or renounced. In addition, the Bank and the Underwriters reserve the right to reject any MTM instruction sent by or on behalf of any CREST Member with a registered address in the United States or appears to the Bank or the Underwriters to have been despatched from the United States or any other Excluded Territory, in a manner which may involve a breach of the laws of any jurisdiction or they or their agents believe may violate any applicable legal or regulatory requirement, or which does not make the representations and warranties set out in paragraph 2.5.6 of this Part IX of this Prospectus.

From the day before the closing of the Institutional Placing until 6 December 2010, or such other date as the Depository may determine, the Bank of New York Mellon as Depository for our American Depository Receipt facility, will not accept deposits of any stock in that facility unless the depositing stockholder certifies that the stock to be deposited was not acquired in this offering.

In addition, until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the Rights Issue Stock, the Nil Paid Rights, the Fully Paid Rights or the Provisional Allotment Letters within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the US Securities Act.

The provisions of paragraph 2.3 of this Part IX of this Prospectus will apply to any rights not taken up.

2.5.3 Excluded Territories other than the United States

Due to restrictions under the securities laws of the Excluded Territories (other than the United States for which see 2.5.2 above), and subject to certain exceptions, no Provisional Allotment Letters will be sent to Stockholders with registered addresses in the Excluded Territories (other than the United States for which see 2.5.2 above) and their entitlements will be sold in accordance with the provisions of paragraph 2.3.1 above. Although Nil Paid Rights may be credited to the CREST stock accounts of Qualifying CREST Stockholders with registered addresses, or resident in, the Excluded Territories (other than the United States for which see 2.5.2 above), the crediting of Nil Paid Rights

does not constitute an offer to Stockholders in any jurisdiction. Any such Qualifying CREST Stockholders will not be entitled to take up rights in the Rights Issue unless such action would not result in the contravention of any registration or other legal requirement in any jurisdiction. Subject to certain exceptions, the Provisional Allotment Letters, the Placing Stock, the Nil Paid Rights, the Fully Paid Rights, the Rights Issue Stock or the NPRFC Coupon Ordinary Stock may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the Excluded Territories (other than the United States for which see 2.5.2 above). No offer of Rights Issue Stock is being made by virtue of this document or the Provisional Allotment Letters into the Excluded Territories (other than the United States for which see 2.5.2 above).

2.5.4 Overseas territories other than the Excluded Territories

Provisional Allotment Letters will be posted to Qualifying Non-CREST Stockholders other than to Qualifying Non-CREST Stockholders with, subject to certain exceptions, a registered address, in the United States or any other Excluded Territory and Nil Paid Rights will be credited to the CREST stock accounts of Qualifying CREST Stockholders other than to Qualifying CREST Stockholders with, subject to certain exceptions, a registered address, in the United States or any other Excluded Territory. Such Qualifying Stockholders if not resident or located in the United States or any other Excluded Territory may, subject to the laws of the relevant jurisdictions, accept their rights under the Rights Issue in accordance with the instructions set out in this Prospectus and, if relevant, the Provisional Allotment Letter. In cases where Overseas Stockholders do not take up Nil Paid Rights, their entitlements will be dealt with if possible in accordance with the provisions of paragraph 2.3.1 of this Part IX of this Prospectus.

Qualifying Stockholders who have registered addresses in or who are resident or located in, or who are citizens of, all countries other than Ireland and the United Kingdom should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their rights.

Japan

Neither the Institutional Placing, the Rights Issue, Placing Stock nor Rights Issue Stock have been and will be registered under Paragraph 1, Article 4 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the “FIEA”). Accordingly, neither the Placing Stock nor the Rights Issue Stock may be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws and regulations of Japan.

As the primary offering, the Placing Stock may only be offered, sold, resold or otherwise transferred, directly or indirectly to, or for the benefit of, (i) a person who is not a Resident of Japan or (ii) a Qualified Institutional Investor (“QII”) defined in Article 10 of the Cabinet Ordinance Concerning Definitions under Article 2 of the FIEA (Ordinance No. 14 of 1993, as amended) or (iii) less than 50 non-QIIs in aggregate as counted in accordance with the FIEA. A person who purchased or otherwise obtained the Placing Stock as QII cannot re-sell or otherwise transfer the Placing Stock in Japan to any person except another QII. A person who purchased or otherwise obtained the Placing Stock as non-QII may only re-sell or otherwise transfer in Japan all the Placing Stock held by such person at that time to one person.

2.5.5 Member States of the European Economic Area (other than Ireland and the United Kingdom)

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive 2003/71/EC (the “Prospectus Directive”) (each, a “relevant member state”) (except for Ireland and the United Kingdom), with effect from and including the date on which the Prospectus Directive was implemented in that relevant member state (the “relevant implementation date”) no Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock have been offered or will be offered pursuant to the Proposals to the public in that relevant member state prior to the publication of a prospectus in relation to the Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock which has been approved by the Financial Regulator, and notified to the competent authority in the relevant member state, all in accordance with the Prospectus Directive, except that with effect from and including the relevant implementation date, offers of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant

to the NPRFC Placing and the NPRFC Coupon Ordinary Stock may be made to the public in that relevant member state at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43 million; and (iii) an annual turnover of more than €50 million, as shown in its last annual or consolidated accounts; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock shall result in a requirement for the publication by the Bank or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For this purpose, the expression “an offer of any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock to the public” in relation to any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the Institutional Placing, Rights Issue or the Proposals and any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock to be offered so as to enable an investor to decide to subscribe for any Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock, as the same may be varied in that relevant member state by any measure implementing the Prospectus Directive in that relevant member state.

The Bank intends to request the Financial Regulator to provide a certificate of approval and a copy of this Prospectus to the relevant competent authority in the United Kingdom pursuant to the passporting provisions of the Prospectus Regulations.

Prior to completion of the passporting process, any offer of Placing Stock, Rights Issue Stock, Nil Paid Rights, Fully Paid Rights, Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Coupon Ordinary Stock in the United Kingdom shall be made subject to the restrictions applicable in the other Member States (except Ireland) as described above in this section.

It is expected that Qualifying Stockholders in all member states of the European Economic Area will be able to participate in the Rights Issue.

2.5.6 Representations and warranties relating to Overseas Stockholders

(i) Qualifying Non-CREST Stockholders

Any person accepting and/or renouncing a Provisional Allotment Letter or requesting registration of the Rights Issue Stock comprised therein, making or accepting an offer to subscribe for Rights Issue Stock or acquiring Rights or Rights Issue Stock, represents and warrants to the Bank and the Underwriters that, except where proof has been provided to the Bank’s and the Underwriters’ satisfaction that such person’s use of the Provisional Allotment Letter will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction, (a) such person is not accepting and/or renouncing the Provisional Allotment Letter, or requesting registration of the relevant Rights Issue Stock, from within the United States or any other Excluded Territory; (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for Rights Issue Stock or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (c) such person is not accepting or renouncing for the account of a person located within the United States unless (i) the instruction to accept or renounce was received from a person outside the United States and (ii) the instructing person has advised such person that it has the authority to give such instruction and that either (x) it has authority to give such instruction and either (i) has investment discretion over such account or (ii) is an investment manager or investment company that in the case of (i) and (ii) is acquiring the Rights Issue Stock in an offshore transaction within the meaning of Regulation S under the US Securities Act; and (d) such person is not acquiring Rights or Rights Issue Stock with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Rights or Rights Issue Stock into the United States or any Excluded Territory or any territory referred to in (b) above. The Bank and each of the Underwriters may treat as invalid any acceptance or purported acceptance of the allotment of Rights Issue Stock comprised in, or renunciation or purported renunciation of, a Provisional Allotment Letter if it (a) appears to the Bank and the Underwriters to have been executed in or despatched from the United States or any

other Excluded Territory or otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it believes the same may violate any applicable legal or regulatory requirement; (b) provides an address in the United States or any other Excluded Territory for delivery of definitive stock certificates for Rights Issue Stock (or any jurisdiction outside Ireland and the United Kingdom in which it would be unlawful to deliver such certificates); or (c) purports to exclude the warranty required by this paragraph 2.5.4.

(ii) *Qualifying CREST Stockholders*

A CREST Member or CREST Sponsored Member who makes a valid acceptance in accordance with the procedures set out in this Part IX represents and warrants to the Bank and the Underwriters that, except where proof has been provided to the Bank's and the Underwriters' satisfaction that such person's acceptance will not result in the contravention of any applicable regulatory or legal requirement in any jurisdiction, (a) such person is not within the United States or any other Excluded Territory; (b) such person is not in any jurisdiction in which it is unlawful to make or accept an offer to subscribe for Rights Issue Stock; (c) such person is not accepting for the account of a person located within the United States unless (i) the instruction to accept was received from a person outside the United States and (ii) the instructing person has advised such person that it has the authority to give such instruction and that either (x) it has authority to give such instruction and either (i) has investment discretion over such account or (ii) is an investment manager or investment company that in the case of (i) and (ii) is acquiring the Rights Issue Stock in an offshore transaction within the meaning of Regulation S under the US Securities Act; and (d) such person is not acquiring Rights or Rights Issue Stock with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, into the United States or any such Excluded Territory or any jurisdiction referred to in (b) above.

2.5.7 *Waiver*

The provisions of this paragraph 2.7 and of any other terms of the Rights Issue relating to Overseas Stockholders may be waived, varied or modified as regards specific Qualifying Stockholders or on a general basis by the Bank and the Underwriters in their absolute discretion. Subject to this, the provisions of this paragraph 2.7 supersede any terms of the Rights Issue inconsistent herewith. References in this paragraph 2.7 to Stockholders shall include references to the person or persons executing a Provisional Allotment Letter and, in the event of more than one person executing a Provisional Allotment Letter, the provisions of this paragraph 2.7 shall apply to them jointly and to each of them.

2.6 **Times and dates**

The Bank shall, in its discretion and after consultation with its financial and legal advisers and the Underwriters, be entitled to amend the dates that Provisional Allotment Letters are despatched or dealings in Nil Paid Rights commence or amend or extend the latest date for acceptance under the Rights Issue and all related dates set out in this Prospectus and in such circumstances shall notify the Financial Regulator, the Irish Stock Exchange, Financial Services Authority and the London Stock Exchange, and make an announcement or a Regulatory Information Service. **In the event that such an announcement is made, Qualifying Stockholders might not, and will not be entitled to, receive any further written communications.**

If a supplementary prospectus is issued by the Bank two or fewer business days prior to the latest time and date for acceptance and payment in full under the Rights Issue specified in this Prospectus (or such later date as may be agreed between Bank of Ireland and the other parties to the Underwriting Agreement), the latest date for acceptance under the Rights Issue shall be extended to the date that is three business days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date shall be extended accordingly).

2.7 **Governing law**

The terms and conditions of the Rights Issue as set out in this Prospectus and, where appropriate, the Provisional Allotment Letter, and any non-contractual obligation related thereto, shall be governed by, and construed in accordance with, the laws of Ireland.

2.8 **Jurisdiction**

The courts of Ireland are to have exclusive jurisdiction to settle any dispute that may arise out of or in connection with the Rights Issue, this Prospectus or the Provisional Allotment Letter (including, without limitation, disputes arising relating to any non-contractual obligations arising out of or in connection with the Rights Issue, this Prospectus or the Provisional Allotment Letter). By accepting rights under the Rights Issue in accordance with the

instructions set out in this Prospectus and, in the case of Qualifying Non-CREST Stockholders (other than, subject to certain exceptions, those with a registered address, or resident in, the United States or any other Excluded Territory only) the Provisional Allotment Letter, Qualifying Stockholders irrevocably submit to the jurisdiction of the courts of Ireland and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

NOTE IN RESPECT OF THE TERMS AND CONDITIONS OF THE NPRFC RIGHTS ISSUE UNDERTAKING

The terms and conditions of the Rights Issue set out above in this Part IX of this Prospectus do not apply to the NPRFC Rights Issue Undertaking and the Ordinary Stock to be issued thereunder, which are governed by the terms and conditions of the Government Transaction Agreement (see paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus).

Under the Government Transaction Agreement, the NPRFC has agreed, subject to certain terms and conditions, to fully take up its entitlement of Rights Issue Stock, by virtue of its holding of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock as a result of the NPRFC Placing. In consideration for the NPRFC Rights Issue Undertaking, the Bank has agreed to pay to the NPRFC the NPRFC Commitment Commission, which will be calculated on the same basis as the commission being paid to the Underwriters in respect of their participation in the underwriting of the Rights Issue.

Subject to the passing of the Resolutions and the Rights Issue proceeding, this will be effected by way of the conversion of such number of units of the 2009 Preference Stock held by the NPRFC to units of Ordinary Stock, based on the subscription price of the 2009 Preference Stock of €1.00 each, as would be equal to the cash amount which the NPRFC would be obliged to pay to the Bank in the event it was to pay cash to take up its full entitlement under the Rights Issue.

The units of Ordinary Stock to be issued to the NPRFC pursuant to the NPRFC Rights Issue Undertaking will be issued on the day of Admission of the Placing Stock.

PART X

INFORMATION ON THE GROUP

1 Overview

The Group provides a broad range of financial services in Ireland to all major sectors of the Irish economy. These include monetary transmission services (including current accounts) and deposit taking, overdrafts, term loans, mortgages, business and corporate lending, international asset financing, leasing, instalment credit, debt factoring, foreign exchange facilities, interest and exchange rate hedging instruments, life assurance, pension investment and investment fund management, fund administration and custodial services and financial advisory services, including mergers and acquisitions and underwriting.

The Group provides services in euro and other currencies. The Group markets and sells its products on a domestic basis through its extensive nationwide distribution network in Ireland, which consists of 251 full time branches and approximately 1,300 ATMs, its direct telephone banking service, direct sales forces and its online services.

The UK Financial Services (UKFS) division incorporates Business Banking in Great Britain and Northern Ireland, the branch network in Northern Ireland, the discontinued intermediary sourced mortgage business operating under Bristol & West and Bank of Ireland brands and the joint ventures with the UK Post Office, namely Post Office Financial and Travel Services. In addition, the Bank provides corporate lending and treasury products and services to corporate customers in Northern Ireland, England, Scotland and Wales through its corporate banking and global markets businesses which have offices in Belfast, Bristol and London.

Operations in the rest of the world are undertaken by:

- Corporate Banking, which is engaged in international lending, with operations located in France, Germany and the US;
- Global Markets, which delivers a comprehensive range of risk management products to the Group's customer base.

2. History and development of the Group

The Group is one of the largest indigenous financial services groups in Ireland with total assets of approximately €181 billion at 31 December 2009. The address of the principal executive offices is 40, Mespil Road, Dublin 4 (Telephone +353 1 661 5933).

The history of the Group goes back to the 18th century with its establishment as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. During the late 20th century the Group entered into a number of acquisitions and mergers, significantly increasing the number of its banking offices in Ireland and the UK and broadening its product offering. Bank of Ireland acquired the Hibernian Bank in 1958 and merged with the National Bank of Ireland in 1966. In the early 1970's the Group expanded into the UK initially with the opening of an office in London, which was soon followed by the establishment of a number of offices throughout Britain. In 1985, the Group acquired ICS Building Society, a building society in Ireland. In 1997, the Bank acquired Bristol & West, a UK building society, and New Ireland Assurance Company plc, one of Ireland's largest life assurance companies.

In 2003 the Group announced a joint venture with the UK post office, Post Office Financial Services Limited ("POFS") for the sale of consumer financial services through the POFS branch network.

Between 2002 and 2006, the Group expanded its Asset Management business in the United States through the acquisition of stakes in Iridian Asset Management LLC ("Iridian") and Guggenheim Alternative Asset Management LLC ("Guggenheim") and a joint venture with Paul Capital Top Tier Investments LLC. During the 6 months ended 30 September 2009 the Group disposed of its interests in "Guggenheim" and "Iridian".

The global financial system began to experience difficulties in mid 2007. This resulted in severe dislocation of financial markets around the world (including in Ireland and the United Kingdom, where the Group primarily operates), unprecedented levels of illiquidity in the global capital markets and significant declines in the values of nearly all asset classes. Governments throughout the world took decisive action to support their financial systems and banks, given the critical role which properly functioning financial systems and banks have for their economies. The Irish Government likewise recognised the pressing need to stabilise Irish financial institutions and to create greater certainty for all stakeholders. The first action was the establishment of the CIFS Guarantee Scheme on 30 September 2008, by which the Minister for Finance guaranteed certain liabilities of covered institutions, including the Bank, until 29 September 2010. This was followed by the NPRFC Investment on 31 March 2009 of

€3.5 billion into the Bank by way of the 2009 Preference Stock, with Warrants over 25% of the then enlarged Ordinary Stock. Subsequently, the Minister for Finance established the ELG Scheme in December 2009 which facilitates participating institutions, including the Group, issuing debt securities and taking deposits during an Issuance Window until 29 September 2010 (subject to the EU State aid approval by June 2010) and with a maximum maturity of 5 years. The Group joined the ELG Scheme in January 2010. In December 2009, the Irish Government officially established NAMA which will acquire certain performing and non-performing land and development and associated loans from participating banks, freeing up banks' balance sheets and facilitating the easier flow of credit throughout the Irish economy. Ordinary Stockholders approved, amongst other things, the participation of the Group in NAMA at an Extraordinary General Court meeting on 12 January 2010. Further details on NAMA are set out in paragraph 10 (NAMA) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

3 Business and Activities

The Group organises its businesses into Retail Republic of Ireland, Bank of Ireland Life, Capital Markets, UK Financial Services, ("UKFS") and the Group Centre. The Group's operations extend geographically throughout Ireland, the United Kingdom, Continental Europe and the United States. The operating segments note, shown in note 2 to the consolidated financial statements for the financial periods ended 31 December 2009 (nine months), 31 March 2009 (note 2) and 31 March 2008 (note 2), which are incorporated by reference into this Prospectus, includes an analysis of profit contributions by both geographic segments and by operating segments.

Retail Republic of Ireland

Retail Republic of Ireland incorporates the Branch Network, Mortgage Business, Consumer Banking, Business Banking and Private Banking activities in the Republic of Ireland. Together with Bank of Ireland Life, it is the leading bank assurance franchise in Ireland, built on a broad distribution platform, a comprehensive set of retail and business products and services, a commitment to service excellence and a strong focus on operating efficiency.

Branch banking in the Republic of Ireland operates 251 full service branches. A full range of banking services is provided to all major sectors of the Irish economy, including small and medium sized commercial and industrial companies. Branches provide current accounts, demand and term deposit accounts, overdrafts, term loans and home loans as well as money transmission and foreign exchange services. Also available through branches are credit cards, life assurance, pension and investment products, as well as loan and deposit products of other Group businesses. Customers also have access to online and telephone banking services.

Bank of Ireland Mortgage Bank's principal activities are the issuance of Irish residential mortgages together with the issuance of mortgage covered securities in accordance with the Asset Covered Securities Act, 2001 to 2007 to provide funding to the Group. As at 31 December 2009, the total amount outstanding in respect of mortgage covered securities issued was €9 billion. As at the same date, the total value of the mortgage covered pool, including mortgage assets and cash, securing the mortgage covered securities was €12.7 billion.

ICS Building Society is involved in mortgage lending secured by residential properties and the collection of deposits. Its mortgage business is generated principally by referrals from intermediaries. ICS Building Society deposits are generated by referrals from the Bank's branches. In addition, ICS Building Society currently operates a mortgage servicing centre which processes the Group's Irish mortgage portfolio. For information on ICS Building Society and on the EU Restructuring Plan, see paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

Bank of Ireland Private Banking provides wealth management solutions to high net worth individuals in Ireland. It offers a complete private banking service utilising an extensive range of investment, fiduciary and banking products.

Bank of Ireland Finance provides instalment credit and leasing facilities. Its products are marketed to the personal, commercial and agricultural sectors by a direct sales force, through the Bank's branches and by intermediaries such as dealers, retailers and professionals with whom it has established relationships. Its products include secured instalment credit, leasing and insurance premium finance. Bank of Ireland Commercial Finance also provides current asset financing through invoice discounting, factoring and stocking facilities.

First Rate Enterprises Limited specialises in the provision of foreign exchange services. In Ireland, it currently operates through Bank of Ireland branches and a network of outlets located in hotels, shops, airports and tourist sites.

Bank of Ireland Life

The Group operates in the life and pensions market in Ireland through New Ireland Assurance Company plc trading as Bank of Ireland Life. Bank of Ireland Life offers life assurance, protection, pensions and investment products to the Group customers in Ireland through the branch network. The Bank also operates in the independent intermediary market under the New Ireland brand and through a direct sales force. For further information on New Ireland Assurance Company plc and on the EU Restructuring Plan, see paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

UK Financial Services

UK Financial Services brings together the Group's retail activities in the sterling area.

Until recently, Personal Lending UK provided standard and non-standard (buy-to-let and self-certified) residential mortgages and motor finance products, operating through broker and intermediary channels. The Bank announced in January 2009 that it was exiting its intermediary-originated residential mortgage business. Since then, the mortgage operation has been closed to new business from the intermediary channel. Business Banking UK operates solely as a business bank in Great Britain and as both a retail and business bank in Northern Ireland. For information on the UK intermediary mortgage portfolio and the EU Restructuring Plan, see paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus. The Group will also attempt to accelerate the wind down of the UK intermediary mortgage book by way of sale, but will not have an obligation to sell this book at less than book value (for further information see paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

The retail business in Northern Ireland has a 44 strong branch network and offers deposit products, lending, current account and other money transmission services typically offered by retail banks. The business banking unit mainly provides loan facilities to medium to large corporate clients while also providing international banking, treasury, current asset financing, leasing and electronic banking services. Offshore deposit taking services are offered through the Isle of Man operations.

Post Office Financial Services ("POFS") sells banking and insurance products directly and through the UK post office branch network. The banking products offered include savings accounts, credit cards and mortgages. The principal insurance products are car, home and life insurance.

First Rate Exchange Services Limited provides personal foreign exchange services through the UK post office branch network and online channel. The Group also has a contract to provide an ATM infrastructure (over 2,000 ATMs) and related services in various Post Office locations.

The Group has been actively considering transferring part of its UK business into a newly-incorporated, wholly-owned subsidiary. The establishment of a UK subsidiary, directly regulated by the FSA, would enable the Group to offer products in the UK market that are directly comparable with existing UK mainstream providers from a risk and protection standpoint. The subsidiary would be likely to involve the Group's Post Office joint ventures, its branch business in Northern Ireland and other parts of its UK business banking operations. The transfer will have no material impact on the Group's capital over the period of the transfer; however, it will be required to hold liquid assets specifically aligned to the UK subsidiary.

Capital Markets

The principal constituents of the Capital Markets division are Corporate Banking, Global Markets, Asset Management Services and IBI Corporate Finance.

Corporate Banking provides integrated relationship banking services to a significant number of the major Republic of Ireland and Northern Ireland corporations, financial institutions and multi national corporations operating in or out of the island of Ireland. The range of lending products provided includes, but is not limited to, overdraft and short term loan facilities, term loans, project finance and structured finance. Corporate Banking is also engaged in international lending, with offices located in London, Paris, Frankfurt and the United States. Its international lending business includes, but is not limited to, acquisition finance, project finance, term lending, asset based financing, principally in the United Kingdom, Continental Europe and the US.

Global Markets is responsible for managing the Group's interest rate and foreign exchange risks, while also responsible for executing the Group's liquidity and funding requirements. Global Markets trades in a range of market instruments on behalf of the Group itself and the Group's customers. The trading activities include, but are not limited to, dealing in foreign exchange spot and forward contracts, options, inter bank deposits and loans,

financial futures, bonds, swaps and forward rate agreements and equity tracker products. Global Markets is also represented outside of Ireland in the United Kingdom and the US.

Bank of Ireland Asset Management Services provides comprehensive investment management, custody and administration services to investors globally. It is comprised of Bank of Ireland Asset Management, Bank of Ireland Securities Services, and the Group's stake in Paul Capital Top Tier Investments LLC. Pursuant to the EU Restructuring Plan, the Bank will be required to dispose of Bank of Ireland Asset Management Services and the Group's stake in Paul Capital Top Tier Investments LLC (for further information see paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

IBI Corporate Finance provides independent financial advice to public and private companies on takeovers, mergers and acquisitions, disposals and restructurings, in addition to fund raisings, public flotations and stock exchange listings.

For information on Bank of Ireland Asset Management Limited, the Group's stakes in Irish Credit Bureau Limited and Paul Capital Top Tier Investments LLC, Foreign Currency Exchange Corporation and certain discontinued corporate loan portfolios and the EU Restructuring Plan, see paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

Group Centre

In the Group organisation structure, Group Centre comprises the central support functions for the Group including Finance, Group Credit and Market Risk, Group Governance Risk and Human Resources. In the Group's financial statements, Group Centre also reflects the costs associated with capital management activities, unallocated support costs and the cost of the CIFS Guarantee Scheme and ELG Scheme.

4. Competitive Environment

The Group faces strong competition in all of its major markets. Other financial services groups, including indigenous and international local banks and domestic and foreign financial services companies, compete for business in these markets.

The Group provides a comprehensive range of banking services in Ireland and Northern Ireland and the Group's main competitors are other domestic and foreign banks. The Group also competes in the corporate banking area with a range of other domestic and foreign banks. There is also competition from building societies, credit unions and government savings schemes in both Ireland and Northern Ireland.

The general competitive environment in Ireland is subject to the operation of the Competition Act, 2002 (as amended), and in the United Kingdom (including Northern Ireland) to the Competition Act 1998, both of which are modeled closely on Articles 81 and 82 of the EC Treaty, and the Second Banking Co-ordination Directive, which permits in Ireland and the UK (including Northern Ireland) the establishment of branches and the provision of cross border services by banks headquartered elsewhere in the European Union.

Despite strong competition the Group has a leading market position in its market segments in Ireland. The Group has approximately 1.18 million customers over the age of 16 with a personal current account (Source: internal report, February 2010). Overall, it has the leading market share in main personal current accounts, at 38% (Source: Ipsos/MORI for 12 months ended 31 December 2009). The Group also has the leading market share in respect of mortgages held (19% share) (Source: unaudited internal Bank of Ireland analysis) and credit cards in issue (33.4% share) Source: Central Bank Monthly Statistics Bulletin for December 2009 and unaudited internal management information. In Business Banking, the Bank has 36% of main business current accounts and 26% of main business loan accounts (Source: Ipsos/MORI survey 2009 and 2008 respectively). The Bank also holds approximately 600,000 life, pension and investment policies and has a market share of 19% of new business (Source: Milliman Survey on New Business Full Year 2009).

The Group's operations in Great Britain focus on specific business niches, in particular business and corporate banking, mortgage lending and consumer financial services (the latter through a joint venture with the UK Post Office) and treasury services. Great Britain is a highly competitive and sophisticated financial market with over 500 licensed banking institutions, some with very extensive retail networks. In addition, there are approximately 80 building societies, and the major insurance companies, which also operate nationwide branch networks.

In Great Britain, the Group's principal competitors include other providers of personal and business and corporate financial services, such as banks, building societies and insurance companies. Each of these types of financial services providers has expanded the range of services offered in the United Kingdom in recent years.

In international market areas, where the Group has a presence, the range and number of competitors is even more extensive than Ireland or the UK. In addition, certain businesses based in Ireland, such as corporate banking, treasury, corporate finance and asset management, face competition on an international, rather than a national basis.

The Group's businesses are subject to inherent risks arising from general and sector-specific economic conditions in the markets in which it operates, particularly Ireland, where the Group's earnings are predominantly generated. Over the past two years or so, the global economy and the global financial system have experienced a period of significant turbulence and uncertainty, which contributed to related problems at many large global and Irish commercial banks, investment banks, insurance companies and other financial and related institutions.

Government and EU intervention in the banking sector has, and may in the future, affect the competitive position of banks within a country. Potentially, international competitors, may be subject to different or lesser forms of government intervention, which may put the Group at a competitive disadvantage relative to other banks.

PART XI
REGULATION AND SUPERVISION
SECTION A
IRELAND

1. General regulation and supervision

Recent measures by the Government to support the Irish financial sector have resulted in closer supervision of financial institutions as well as additional regulatory requirements relating to the specific measures implemented, such as the CIFS Guarantee Scheme, the NPRFC Investment, the ELG Scheme and NAMA.

Banking activities in Ireland are regulated and supervised by the Financial Regulator. The Irish banking law regulations consist primarily of the Central Bank Acts, the Central Bank and Financial Services Authority of Ireland Act, 2003, the Central Bank and Financial Services Authority of Ireland Act, 2004, the 1992 Consolidated Supervision Regulations, the 1992 Licensing Regulations, regulations made by the Minister for Finance under the European Communities Act, 1972, and regulatory notices issued by the Financial Regulator. These ministerial regulations and regulatory notices implement EU directives relating to banking regulation, including the First Banking Co-ordination Directive, the Second Banking Co-ordination Directive, the Solvency Ratio Directive, the Own Funds Directive, the Large Exposures Directive, the Deposit Guarantee Scheme Directive, the Capital Adequacy Directive and the Capital Requirements Directive. To the extent that areas of banking activity are the subject of EU directives, the provisions of Irish banking law reflect the requirements of those directives.

In Ireland, the Financial Regulator sets the requirements for liquidity for Irish licensed banks. The Group operates under the regulatory liquidity regime introduced by the Financial Regulator in July 2007. This regime requires that banks have sufficient payment resources (cash inflows and marketable assets) to cover 100% of expected cash outflows in the 0 to 8 day time horizon and 90% of expected cash outflows in the 8 day to 30 day time horizon.

The Central Bank and Financial Services Authority of Ireland Act, 2003 brings under one supervisory umbrella all of the financial services activities in Ireland. The Financial Regulator is a constituent part of the CBFSAI and is entrusted with the supervisory activities of the former Central Bank of Ireland. Two particular features of the Central Bank and Financial Services Authority of Ireland Act, 2003 should be noted. First, it established as a separate function the Office of the Consumer Director with particular responsibility for the administration of the Consumer Credit Act, 1995 and the consumer protection provisions of other supervisory enactments. The Consumer Credit Act had been administered by a separate office, the Director of Consumer Affairs, since its implementation on 13 May 1996. Second, it established the Irish Financial Services Appeal Tribunal, which hears and determines appeals under any of the designated enactments or statutory instruments referred to above that have the effect of imposing a sanction or liability on any person. The provisions relating to the Irish Financial Services Appeal Tribunal became effective on 1 August 2004. The CBFSAI has responsibility for contributing to the stability of the financial system, promoting the efficient and effective operating of payment and settlement systems, for holding and managing the foreign reserves of Ireland, promoting the efficient and effective operations of settlement systems and for the performance of functions imposed on the CBFSAI under the Rome Treaty or the European System of Central Banks Statute (the sole responsibility of the Governor of the CBFSAI).

On 30 March 2010, the Minister for Finance published the Central Bank Reform Bill, 2010. The purpose of that bill is to create a single, fully-integrated, Central Bank with a unitary board, “the Central Bank Commission”, chaired by the Governor of the Central Bank. Assuming the bill becomes law, the Financial Regulator would be dissolved and most of its existing functions would be merged into the new structure. The Central Bank would be responsible and accountable for the prudential supervision of individual financial firms, the conduct of business, including protection of customer interests and the stability of the financial system overall.

All Irish licensed banks are obliged to draw up and publish their annual accounts in accordance with the European Communities (Credit Institutions: Accounts) Regulations, 1992 (as amended by the European Community (Credit Institutions) (Fair Value Accountancy) Regulations, 2004). As a listed entity Bank of Ireland is required to prepare its financial statements in accordance with IFRS and with those parts of the Companies Acts applicable to companies reporting under IFRS and Article 4 of the EU Council Regulation 1606/2002 of 19 July 2002.

Subject to the provisions of the 1992 Licensing Regulations relating to mutual recognition of credit institutions authorised elsewhere in the EU, the Central Bank Act, 1971 (as amended) (the “1971 Act”) restricts the carrying on of banking business in Ireland to holders of licenses granted under the 1971 Act. The 1971 Act stipulates that licence holders must maintain a minimum deposit with the CBFSAI. The Financial Regulator has a qualified

discretion to grant or refuse a licence and may attach conditions to any licenses granted. Bank of Ireland holds a licence granted under the 1971 Act with one condition attached — that Bank of Ireland must notify the Financial Regulator of its intention to close any branch in Ireland. The Financial Regulator, after consultation with the Minister for Finance, may revoke a licence under certain circumstances specified in the 1971 Act.

The Financial Regulator has statutory power to carry out inspections of the books and records of licence holders and to obtain information from licence holders about their banking and bank related business. Pursuant to this power, the Financial Regulator carries out regular review meetings and periodically inspects licensed banks. The Financial Regulator is also empowered by law to obtain information from licence holders about their banking and bank related business.

The Financial Regulator may also prescribe ratios to be maintained between, and requirements as to the composition of, the assets and liabilities of licensed banks and to make regulations for the prudent and orderly conduct of banking business of such banks. The Financial Regulator has completed a Prudential Capital Assessment Review for the Bank and further information on this review is set out below in paragraph 2 (Financial Regulator — Prudential Capital Assessment Review) of this Part XI of this Prospectus.

The Group is also subject to EU Directives relating to capital adequacy, and in the area of monitoring and control of large exposures, which are implemented in Ireland by way of the Banking Consolidation Directive. The capital framework as set out in the Capital Requirements Directive has been transposed into Irish law via European Communities (Capital Adequacy of Investment Firms) Regulations 2006 (S.I. No. 660 of 2006), European Communities (Capital Adequacy of Credit Institutions) Regulations 2006 (S.I. No. 661 of 2006) and by way of administrative notice. These regulations set forth minimum start up and ongoing capital requirements for banks licensed by the Financial Regulator and require applicants for a licence to notify the Financial Regulator of the identity of certain shareholders and the size of their holdings in the applicant. The Financial Regulator also sets requirements and standards from time to time for the assessment of applications for licenses. The most recent requirements and standards were published initially in the “Quarterly Review of the Central Bank of Ireland, Winter 1995”, have been updated regularly and are non-statutory requirements which are applied by the Financial Regulator to credit institutions as a supplement to the statutory requirements referred to generally in this paragraph but do not purport to interpret or refer comprehensively to the statutory provisions applicable to credit institutions.

The Group is subject to extensive regulation and regulatory supervision in relation to the levels of capital in its business. As a result of the current environment and market events, the minimum regulatory requirements imposed on the Group, as well as the manner in which the existing regulatory capital is calculated could change in the future.

Capital Requirements Directive II is a package of measures adopted by the European Parliament and Council on 16 September 2009. The effective date of changes to be implemented under CRD II is 31 December 2010, the most important of which are as follows:

- Technical changes to the capital requirements for the trading book, including credit risk mitigation (“CRM”) for counterparty credit risk;
- Rules and regulations to strengthen the co-operation between supervisors in crisis situation and to strengthen the powers of (host) supervisors to collect information about systemically relevant branches of supervised financial institutions;
- Improving the quality of firms’ capital by establishing clear EU-wide criteria for assessing the eligibility of hybrid capital to be counted as part of a firm’s overall capital. The Proposals specify the features that hybrid capital must have regarding permanence, flexibility of payments and loss absorbency to be eligible as Tier 1 Capital;
- Enhancing the management of large exposures by restricting a firm’s lending beyond a certain limit to any one party;
- Further elaboration of the rules on liquidity risk management;
- Improving the risk management of securitisation, including a requirement to ensure that a firm does not invest in a securitisation unless the originator retains an economic interest;

Capital Requirements Directive III would amend Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC. CRD III is

currently subject to consultation and implementation of the rules is expected by 1 January 2011. It introduces a number of changes in response to the recent and current market conditions, including:

- Strengthening the capital requirements for the trading book to ensure that a firm's assessment of the risks connected with its trading book better reflects the potential losses from adverse market movements in stressed conditions;
- Limiting investment in re-securitisations and imposing higher capital requirements for re-securitisations to make sure that firms take proper account of the risks of investing in such complex financial products; and
- Upgrading disclosure standards to increase market confidence.

As discussed in the risk factor “*The Group is subject to extensive regulation and oversight. Failure to comply with its regulatory obligations and to manage the associated risks properly could have a material adverse effect on the Group's results, financial condition and prospects*”, there is still significant uncertainty around the final requirements and the implementation by the Financial Regulator of both CRD II and CRD III as it relates to the Group. If implemented as currently proposed both CRD II and CRD III will have a significant impact on the capital and asset and liability management (“ALM”) of the Group which in turn could have a material effect on the Group results, financial condition and prospects.

On 16 December 2009 the Basel Committee, a forum for regular co-operation on banking supervisory matters, published a consultation paper entitled “Strengthening the resilience of the banking sector”. This consultation paper contains proposals to strengthen the global capital framework by, among other things, raising the quality of the equity and Tier 1 Capital base in a harmonised manner, with more emphasis on common equity and more adjustments to common equity, strengthening the risk coverage of the capital framework, promoting the build up of capital buffers and introducing a global minimum liquidity standard for the banking sector. The consultation paper was open for consultation until 16 April 2010 and any changes are not expected to be implemented until after 2012. If the draft changes were implemented as currently proposed, they could have a significant impact on the capital and asset and liability management of the Group, which in turn could have a material effect on the Group's results, financial condition and prospects.

The Group's operations in overseas locations are subject to the regulations and reporting requirements of the regulatory and supervisory authorities in the overseas locations with the Financial Regulator having overall responsibility for their regulation and supervision. The Financial Regulator is required to supervise the Group on a consolidated basis, i.e. taking account of the entire Group activities and relationships.

Licensed banks must notify their existing fees and charges and related terms and conditions, and any changes therein from time to time to the Consumer Director of the Financial Regulator, who can direct that no fees, charges or increases or changes therein be made without his or her approval.

All credit institutions are obliged to take the necessary measures to counteract money laundering effectively in accordance with the Criminal Justice Act, 1994 (as amended) and the Guidance Notes for Credit Institutions, which were issued with the approval of the Money Laundering Steering Committee which was set up in 1994 under the chairmanship of the Department of Finance. Revised guidance notes were issued in 2003.

The Third Money Laundering Directive is due to be transposed into Irish law shortly under the Criminal Justice (Money Laundering and Terrorist Financing) Bill 2009.

Under the European Communities (Deposit Guarantee Schemes) Regulations, 1995 (as amended) the Financial Regulator also operates a statutory depositor protection scheme (the “Deposit Guarantee Scheme”) to which both licensed banks (including Bank of Ireland) and building societies (including ICS Building Society) are required to make contributions amounting to 0.2% of their total deposits. The Deposit Guarantee Scheme provides compensation in respect of current accounts, demand deposit accounts, term deposit accounts, share accounts and deposit accounts with building societies and credit unions. The maximum level of compensation payable to any one depositor was increased in 2008 to €100,000 per depositor per institution. Previously it was 90% of the aggregate deposits held by that depositor subject to a maximum compensation of €20,000. The Deposit Guarantee Scheme does not have an end date. The CIFS Guarantee Scheme and the ELG Scheme apply in addition to the Deposit Guarantee Scheme. The first €100,000 of a depositor's funds at an institution are covered by the Deposit Guarantee Scheme and any excess is covered by either the CIFS Guarantee Scheme or the ELG Scheme.

Under the Deposit Protection Scheme, the compensation payment process is initiated by either the CBFSAI determining that a credit institution is unable to repay deposits due to its financial condition, or a court making a ruling, for reasons directly related to a credit institution's financial circumstances, that suspends depositors' ability to make claims against that institution. The CBFSAI is expected to pay compensation to depositors within three

months of a determination that deposits are unavailable, or of a ruling by the court (subject to the terms and conditions set out in the regulations). This timeframe will be reduced to 20 working days after 30 December 2010.

In 1997, the EU Investor Compensation Directive laid down basic requirements for investor compensation schemes. This was done to provide a harmonised minimum level of investor protection across the EU. In Ireland, this Directive was transposed into Irish law pursuant to the Investor Compensation Act, 1998 under which the Investor Compensation Company Limited (“ICCL”) was established. The main purpose of the scheme is to provide adequate funds out of which eligible investors (private clients) of failed investment firms are compensated for financial losses arising. The funds are generated solely from contributions from investment firms. The current contribution rate varies depending on the nature of the investment services provided and in certain situations, on the number of clients being provided with services by the firm. In the Group, Bank of Ireland Insurance and Investments Limited and Bank of Ireland Private Banking contribute to this fund.

This scheme covers certain investment products i.e. non-deposit based products where the investment intermediary is unable, due to its financial circumstances, to return client money or investment instruments owed or belonging to a private client. The amount recoverable from the ICCL is currently 90% of the customer’s net loss from the investment product, or €20,000, whichever is the smaller. The ICCL can only begin the process of making compensation payments to eligible investors once it has been advised by the Financial Regulator that an authorised investment firm has either: been the subject of a court ruling which prevents the firm returning money or investment instruments to clients; or been the subject of a determination by the Financial Regulator that the firm is unable to meet its obligations arising from claims by clients.

The Financial Regulator has implemented Consumer Protection Code and Minimum Competency Requirements. The Consumer Protection Code, fully effective from July 2007, applies to banks and building societies, insurance undertakings, investment business firms, mortgage intermediaries and credit unions. The Consumer Protection Code requires regulated entities to know their customers and their suitability for products or services, to prepare terms of business and minimum levels of information for customers, including disclosure requirements and customer record obligations, to identify all charges, fees or other rewards connected with the supply of a service and to establish processes to deal with errors, complaints and conflicts of interest. There are also detailed rules on the fairness of advertising, and specific sectoral rules on banking products, loans, insurance services and investment products. The Minimum Competency Requirements, effective from January 2007, requires employees of regulated entities who provide advice on or sell retail financial products to acquire the competencies set out therein and to engage in continuing professional development on an ongoing basis.

A financial services ombudsman’s bureau and a financial services ombudsman council have been established under the Central Bank and Financial Services Authority Act of 2004. This also sets out the functions and powers of that council and bureau, respectively, and establishes consultative panels to advise the Financial Regulator on matters relating to its statutory functions.

2. Financial Regulator — Prudential Capital Assessment Review

The Financial Regulator announced on 30 March 2010 that the Central Bank and the Financial Regulator had carried out an exercise to determine the forward-looking prudential capital requirements of certain Irish credit institutions, including the Bank, covered by Government Guarantee Schemes. The Prudential Capital Assessment Review (“PCAR”) assessed the capital requirements arising for expected base and potential stressed loan losses, and other financial developments, over the three year period 2010-2012. It involved the Central Bank and the Financial Regulator making an assessment of the recapitalisation requirements of the credit institutions in order to satisfy both a base case and stressed target capital requirement.

The PCAR was undertaken to determine the recapitalisation requirements of certain Irish credit institutions with reference to both:

- *Base case:* A target level of 8% Core Tier 1 Capital after taking account of the realisation of future expected losses and other financial developments under a base case scenario. This test is designed to ensure the credit institutions are capitalised to a level which reflects prudential requirements and current market expectations, after taking into account forecasted loan losses through to 2012. As a further prudential requirement, the capital used to meet the base case target must be principally in the form of equity, the highest quality form of capital, with 7% equity as the target level.
- *Stressed scenario:* A target level of 4% Core Tier 1 Capital that should be maintained to meet a stress scenario or a portfolio level sensitivity analysis. This capital test, which is similar to that employed by US and UK supervisory authorities, is designed to ensure that the credit institutions have a sufficient capital buffer to withstand losses under an adverse scenario significantly worse than that currently anticipated.

The Financial Regulator stated that recapitalisation to the target requirements specified in the PCAR will provide market participants with confidence that the credit institutions have a strong capital base after realising forecasted expected losses and that a prudent capital buffer is in place to withstand additional losses in adverse stress conditions.

Methodology

The PCAR involved the Central Bank and the Financial Regulator making an assessment of the recapitalisation requirements of the credit institutions involved in the exercise in order to satisfy both a base case and stressed target capital requirement.

A team of prudential supervisors, credit specialists and treasury specialists in the Financial Regulator, supported by Central Bank economists and financial stability specialists, conducted the PCAR by:

- Assessing the provisioning estimates of each relevant credit institution, their Basel capital model outputs, expected loss forecasts, funding costs and projected operating income;
- Reviewing independent third party estimates of provisions and expected losses conducted on specific credit institutions' portfolios;
- Reviewing likely and stressed scenario loan loss projections for portfolio categories by credit rating agencies and other sources including regulatory agencies;
- Reviewing the outcome of modelled base and stress macro-economic scenarios that the Financial Regulator specified and mandated each credit institution to calculate;
- Using information received from NAMA in respect of the discounts on the first tranche of Bank of Ireland Eligible Bank Assets as the basis for estimating the NAMA loan losses;
- Applying prudent buffers to estimates of expected loan losses;
- Applying prudent adjustments to base case and stress scenario funding costs and treasury asset losses;
- Applying knowledge of the quality of loan portfolios gained through the Financial Regulator's more intensive supervisory interaction with the various credit institutions, including observation of the Bank's credit committee deliberations; and
- Benchmarking the Financial Regulator's analysis to the approaches taken by other leading international financial supervisors.

The PCAR required the assessment to take account of changes to EU prudential banking capital requirements that have been formally adopted, even if they have yet to be implemented. This does not include the "Basel II plus" changes that are still at consultation stage, although the potential changes were noted as part of the Financial Regulator's overall assessment of target capital levels.

Stress Test

In stress test, the capital requirement of 4% Core Tier 1 Capital is designed to ensure that the relevant credit institutions will be adequately capitalised even after experiencing a hypothetical adverse macroeconomic scenario or unexpected severe losses on particular loan portfolios. This capital level is equivalent to that established by the FSA and similar to that established by the US Federal Reserve, Federal Deposit Insurance Corporation and Office of the Comptroller of the Currency.

The stress test requirement is based on a severe scenario of hypothetical adverse macroeconomic conditions and therefore involves an element of judgment. The stress test inputs do not represent a forecast of likely economic developments by the Central Bank and the Financial Regulator, instead they are much more adverse than what is considered likely.

The Central Bank and the Financial Regulator required credit institutions to stress test their portfolios to the higher of:

- The institutions' estimated loan losses in a stress scenario based on a delayed macroeconomic recovery scenario prescribed by the Central Bank and the Financial Regulator;* and

* The Financial Regulator provided a specified macroeconomic scenario based on a hypothetical delayed economic recovery involving negligible GDP growth in 2011 and 2012, unemployment increasing to 14.7% in 2012, a further cumulative house price decline of 24.8% in the years 2010 to 2012 beyond the decline reported and other parameters.

- Application of severe sensitivity shocks to the loan book at a portfolio specific level. This included loan loss rates of 5% for mortgages in Ireland and non-NAMA developments property loan losses of 60% in Ireland and 35% in the United Kingdom.

The Financial Regulator emphasised that these are not forecast or expected loss levels, and are disclosed to show the extent of the stress that has been applied in the stress test and that these loss rates are not based on any macroeconomic scenario and therefore should not be interpreted in that manner. The Financial Regulator also noted that it is the losses established under the portfolio level sensitivity approach that have provided the binding stress case capital requirements, rather than the macroeconomic scenario and that the use of stress testing to benchmark prudential capital requirements will become a part of the regulatory framework operated by the Central Bank and the Financial Regulator.

Recapitalisation Plans

The Financial Regulator required the credit institutions that have completed the exercise to prepare recapitalisation plans in light of the PCAR results. The amount of capital set by the PCAR process must be in place by the end of 2010 to a level calculated by reference to the base capital target, after taking into account projected expected losses, including institution-specific and other adjustments.

The Financial Regulator also requires credit institutions to set out their plans to ensure that capital is in place by the end of 2010 to a level calculated with reference to the stress capital target, taking account of stressed losses and other adjustments.

In the case of Bank of Ireland, based on the Financial Regulator's assessment of the estimated impact of NAMA, a detailed review of the Bank's loan book and capital position and the results of a range of stress testing scenarios, the Financial Regulator concluded that the Bank requires an additional €2.66 billion of Equity Tier 1 Capital, to be in place by the end of the 2010 calendar year in order to meet the base case and stress targets.

The Bank believes that raising this level of capital would result in its Equity Tier 1 Capital Ratio and Core Tier 1 Capital Ratio, as at 31 December 2010, being greater than the 7% and 8% levels respectively targeted by the Financial Regulator, the NAMA process having been completed by that date. The Bank believes that a capital raising of this size would ensure that its trough Equity Tier 1 Capital Ratio through the cycle will not fall below 7%. This level of capital will permit the Bank to pass the higher of the stress scenarios based on a delayed macroeconomic recovery and the severe sensitivity shock test set by the Financial Regulator at the 4% Core Tier 1 level. The Bank has confirmed to the Financial Regulator that it would maintain an Equity Tier 1 Capital Ratio in excess of 4% in the case of the delayed macroeconomic recovery stress scenario.

3. Government Guarantee Schemes

Under the CIFS Guarantee Scheme the covered liabilities of Bank of Ireland, ICS Building Society, Bank of Ireland Mortgages and Bank of Ireland (IOM) Limited ("the covered institutions") for the period 30 September 2008 to 29 September 2010 inclusive are guaranteed under the laws of Ireland by the Minister for Finance. Covered liabilities are all retail and corporate deposits (to the extent not covered by existing deposit protection schemes in Ireland or any other jurisdiction and excluding those liabilities which are now covered by the ELG Scheme), interbank deposits, senior unsecured debt, covered bonds (including asset covered securities) (issued prior to the commencement of the ELG Scheme) and dated subordinated debt (Lower Tier 2 (issued prior to the commencement of the ELG Scheme)). In the event of a default in respect of a covered liability, the Minister for Finance will pay to the relevant creditor, on demand, an amount equal to the unpaid covered liabilities. The guarantee is unconditional and irrevocable. Should any of the covered institutions be removed from the CIFS Guarantee Scheme, all of its fixed term covered liabilities outstanding at that time will continue to have the full benefit of the guarantee to 29 September 2010 or their maturity, whichever is earlier. All covered liabilities, including on-demand deposits, will be protected by notice of at least 90 days prior to any covered institution being removed from the CIFS Guarantee Scheme. No call can be made under the guarantee after 29 September 2010. Further information on the CIFS Guarantee Scheme is outlined in note 55 in the consolidated financial statements for the year ended 31 March 2009.

On 9 December 2009, the Minister for Finance commenced the ELG Scheme which is intended to facilitate participating institutions issuing debt securities and taking deposits with a maturity of up to five years on either a guaranteed or unguaranteed basis, provided the relevant liabilities are acquired during an Issuance Window which expires on 29 September 2010. The Bank joined the scheme on 11 January 2010. The ELG Scheme is subject to European Commission review by 1 June 2010, under which the European Commission could require the amendment or cessation of the ELG Scheme. All liabilities guaranteed under the existing CIFS Guarantee Scheme as at 11 January 2010 will remain guaranteed under and in accordance with the terms of the CIFS Guarantee Scheme

unless guaranteed by the ELG Scheme. The costs of participating in the ELG Scheme may be changed at the Minister for Finance's discretion.

The Minister for Finance announced on 30 March 2010 that he would be seeking European Commission approval for an extension of a modified ELG Scheme consistent with its phasing out over a realistic period of time. The Minister noted that the ELG Scheme is due to be reviewed by the EU Commission before 1 June 2010 and that an announcement about the future of the ELG Scheme would be made in advance of that date.

Under the terms of the CIFS Guarantee Scheme and the ELG Scheme, the Minister for Finance may regulate the competitive behaviour and commercial conduct of a covered institution, having regard to capital ratios, market share and balance sheet growth, including imposing restrictions on the expansion of capital and lending activity, the declaration and payment of dividends and the implementation of buy-backs or share redemptions. Under the terms of the CIFS Guarantee Scheme, covered institutions may not acquire shares in any other credit institution or financial institution, establish subsidiaries or enter into or acquire new business(es) where such activities would increase the liability of the institution under the CIFS Guarantee Scheme and the ELG Scheme. The Minister for Finance, after consultation with the Financial Regulator, may require a covered institution to draw up and implement a restructuring plan to ensure compliance with the objectives of the CIFS Guarantee Scheme and the ELG Scheme. A covered institution is required to comply with any targets on assets and liabilities to be set by the Financial Regulator, after consultation with the Minister for Finance. The Minister for Finance may issue directions to Participating Institutions to comply with some or all of the provisions of conduct, transparency and reporting requirements applicable to covered institutions under the CIFS Guarantee Scheme and the ELG Scheme.

4. NAMA

As a Participating Institution in NAMA, the Bank is subject to additional directions from the Financial Regulator and/or the Minister for Finance as to the conduct of its business. Under section 206 of the NAMA Act, the Financial Regulator may, with the approval of the Minister for Finance, give a direction to a Participating Institution in order to achieve the purposes of the NAMA Act. A direction under this section may restrict balance sheet growth, restrict the institution's ability to take over other credit institutions, require balance sheet reductions, or restrict or require consolidation and merger of Participating Institutions. Under section 207 of the NAMA Act the Financial Regulator may also direct a Participating Institution in writing to make any report that the Financial Regulator considers necessary to monitor the Participating Institution's compliance with the obligations under or by virtue of the NAMA Act. Pursuant to section 208 of the NAMA Act, a Participating Institution may also be directed by the Minister for Finance to draw up, or amend, a restructuring or business plan and take reasonable steps to ensure that any draft business plan submitted to the Minister for Finance accurately contains all relevant information. If the Minister for Finance approves a draft business plan, the Participating Institution is obliged to take reasonable steps to implement that plan.

Credit Review Guidelines under the NAMA Act

On 30 March 2010 the Minister for Finance brought into force the Credit Review Guidelines regarding lending practices and procedures relating to the review of decisions of Participating Institutions, including the Bank, to refuse credit. The guidelines set out the procedures to be operated by the Credit Reviewer. The Credit Reviewer has the power to review a Participating Institution's decision to refuse a credit application for between €1,000 and €250,000 by an SME, a sole trader or a farming enterprise. Where the Credit Reviewer makes a recommendation that, considering the viability and repayment capacity of the applicant, the credit facilities should have been granted, the Participating Institution is required to either comply with the recommendation or issue an explanation as to why compliance with the recommendation is not appropriate. The guidelines do not grant the Credit Reviewer the power to override the lending decision of the Participating Institution.

In addition to the power to review individual applications, the Credit Reviewer also has a general power to review the lending policies (including from the perspective of a particular sector) of each Participating Institution and to issue reports to the Minister for Finance following such a review.

5. NPRFC Investment

Through the NPRFC Investment, the Government holds a significant interest in the capital stock of the Bank. See paragraph 12 (Significant Stockholdings) of Part XVIII (Additional Information) of this Prospectus.

2009 Preference Stock

Pursuant to the Subscription Agreement, the NPRFC invested €3.5 billion in the Bank through the issue of the 2009 Preference Stock and Warrants to the NPRFC on 31 March 2009. The 2009 Preference Stock is perpetual. The repayment of the capital paid up (inclusive of premium) on the 2009 Preference Stock ranks *pari passu* with the repayment of the paid up nominal value (excluding premium) of the Ordinary Stock on a winding up or other return of capital of the Bank. The 2009 Preference Stock ranks ahead of the Ordinary Stock as regards dividends and as regards the repayment of premium on the Ordinary Stock or a winding up or other return of capital of the Bank. The 2009 Preference stock ranks *pari passu* as regards dividends with other stock or securities which constitute Core Tier 1 Capital of the Bank (other than Ordinary Stock and other than dividends to minority interests).

The 2009 Preference Stock may be repurchased at the option of Bank of Ireland, in whole or in part, at a price per unit equal to the issue price of €1.00 per unit of the 2009 Preference Stock within the first five years from the date of issue and thereafter at a price per unit of €1.25, provided in either case that the consent of the Financial Regulator to the repurchase of the 2009 Preference Stock is obtained. Any repurchase will have no impact on the Warrants described below.

The 2009 Preference Stock entitles the NPRFC to receive a non-cumulative dividend at a fixed rate of 8% of the issue price per annum (which will increase to 10.25% under the Proposals), payable annually in arrears at the discretion of the Bank. If a cash dividend on the 2009 Preference Stock is not paid by Bank of Ireland, it shall issue units of Ordinary Stock to the NPRFC. The number of units of Ordinary Stock that Bank of Ireland would be required to issue to the NPRFC (in the event of non-payment of a dividend) is calculated by dividing the amount of the unpaid dividend by the Thirty Day Average Price.

As announced by Bank of Ireland on 19 January 2010, the European Commission has indicated that, in line with its policy and pending its assessment of the Bank's restructuring plan (which is required in compliance with State aid rules), that the Bank should not make coupon payments on its Tier 1 Securities and Upper Tier 2 Securities unless under a binding legal obligation to do so. Arising from this and arising from the terms of the "dividend stopper" triggered by the non-payment of the dividend on the LP2 Securities, Bank of Ireland is precluded from paying any cash dividends on the 2009 Preference Stock for a period of one calendar year from and including 1 February 2011. As announced by the Bank on 19 February 2010, the Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC on Monday 22 February 2010 in lieu of the cash dividend otherwise due on the 2009 Preference Stock. As a result, the NPRFC holds 15.73% of the Existing Stock (which includes both the NPRFC Coupon Ordinary Stock and other Ordinary Stock held by the NPRFC pursuant to its other investment activities). The issue of Ordinary Stock to the NPRFC in lieu of any cash dividend otherwise due on the 2009 Preference Stock does not reduce the number of units of 2009 Preference Stock held by the NPRFC.

As the holder of the 2009 Preference Stock the NPRFC currently has the right to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and can exercise voting rights equivalent to 25% of the total voting rights on any resolution proposed at a General Court of the Bank in relation to the appointment or removal of a Director of the Group. The 2009 Preference Stock also carries 25% of the total voting rights in relation to any Control Resolution (exclusive of any voting rights that the NPRFC or any Government Body may have through any holding of Ordinary Stock). The tabling of any resolution at a General Court of the Bank to alter the capital structure of the Group requires the prior approval in writing of the Minister for Finance. These rights apply in full for so long as the NPRFC holds any units of 2009 Preference Stock and they are not reduced in line with any reduction in the number of units of the 2009 Preference Stock held. In addition, as the holder of the NPRFC Coupon Ordinary Stock, the NPRFC is entitled to exercise the voting rights attaching to these units of Ordinary Stock.

At present, the NPRFC and other Government Bodies are restricted from exercising more than 25% of the total voting rights at a General Court of the Bank in respect of the voting rights attaching to, amongst other securities, the 2009 Preference Stock and any Ordinary Stock issued in lieu of cash dividends (including the NPRFC Coupon Ordinary Stock) or issued upon the exercise of the Warrants, on a resolution to appoint, re-elect or remove a director. This restriction does not apply to other Ordinary Stock held by the NPRFC (for example Ordinary Stock held pursuant to its other investment activities).

If the Government Transaction is implemented, the NPRFC's voting rights will be altered. The NPRFC will no longer be subject to the restriction on exercising more than 25% of the total voting capital on resolutions for the appointment, re-election or removal of directors: as such, the NPRFC would be entitled to exercise the full ordinary voting rights attaching to its Ordinary Stock (including the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Rights Issue Undertaking). However, the 2009 Preference Stock will no longer carry an automatic block vote of 25% of the total voting rights in respect of resolutions relating

to directors and Control Resolutions; instead, the 2009 Preference Stock will carry the right to “top-up” the NPRFC’s total voting rights to 25% of the total voting rights on directors and Control Resolutions where the NPRFC’s ordinary voting rights through its holding of Ordinary Stock (or other securities issued in future) falls below this level.

The other rights attaching to the 2009 Preference Stock or granted to the Minister for Finance under the Bank’s Bye-Laws will remain unchanged following the implementation of the Government Transaction. These rights include the right of the Minister for Finance to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and the requirement for the Minister’s prior consent before any resolution to alter the capital structure of the Group can be tabled at a General Court. Consequently, these rights will remain unchanged if the Proposals are implemented, notwithstanding that the number of units of 2009 Preference Stock held by the NPRFC following the completion of the Proposals will be reduced.

In connection with the NPRFC Investment and pursuant to the terms of the Subscription Agreement, Bank of Ireland agreed, amongst other things, to certain terms and warranties and to comply with the commitments given by the Bank referred to in the Government announcement of 11 February 2009. Further details on the Subscription Agreement are set out in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus. Further details on the 2009 Preference Stock are contained in paragraph 4 (Charter and Bye-Laws) of Part XVIII (Additional Information) of this Prospectus.

In connection with the NPRFC Placing and the NPRFC Rights Issue Undertaking, and conditional on the passing of the Resolutions, the rights attaching to the 2009 Preference Stock will be amended to increase the non-cumulative dividend to a fixed rate of 10.25% of the issue price per annum, payable annually in arrears at the discretion of the Bank. This reflects the agreement reached by the Bank and the NPRFC in respect of the Government Transaction overall.

The Warrants

As part of the NPRFC Investment, Bank of Ireland issued 334,737,148 Warrants to the NPRFC on 31 March 2009 pursuant to the Warrant Instrument. Under the terms of the Warrants, the NPRFC would be entitled, at any time between 31 March 2014 and 31 March 2019 or following an offer for the Bank, to subscribe for units of Ordinary Stock on the basis of one unit of Ordinary Stock for each individual Warrant. The Warrants, if exercised in full, would on 23 April 2010, being the latest practicable date prior to the publication of this Prospectus, entitle the NPRFC to acquire 334,737,148 units of Ordinary Stock, equivalent to approximately 22% of the then issued Ordinary Stock as enlarged by the Ordinary Stock issued on exercise of the Warrants. Pursuant to the Proposals, the Warrants will be cancelled in return for payment of €491 million in cash by the Bank to the NPRFC. This reflects the market value of the Warrants, being the difference between the exercise price of the Warrants and the Closing Price of the Ordinary Stock on 23 April 2010, plus a fee of €12 million. As such, if the Proposals are approved and implemented, the NPRFC will cease to hold the Warrants and the subscription rights pursuant to the Warrants.

6. Government Transaction pursuant to the Proposals

Information on the Government Transaction included as part of the Proposals is set out at paragraph 7 (Government Transaction) of Part VII (Letter from the Governor of Bank of Ireland) and details of the Government Transaction Agreement are set out in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus under the heading “Government Transaction Agreement”.

7. Proposed new legislation impacting the regulation and supervision of the banking sector

On 30 March 2010 the Government published the draft Central Bank Reform Bill 2010. The draft bill contains a number of provisions which will, if enacted, impact on the regulation of the Bank, including:

- the requirement for the Central Bank of Ireland (as the CBSFAI will be known once reconstituted under the bill) to approve, prior to their appointment, key office-holders in financial service providers (the types of office-holder to which this obligation will apply will be prescribed by secondary legislation or by orders issued by the Central Bank of Ireland, which as at the date of this Prospectus have not been published);
- the power of the Central Bank of Ireland to suspend or remove a director, chief executive or other senior executive prescribed in secondary legislation from his or her position in a financial services provider;
- the power of the Central Bank of Ireland to impose levies for the purposes of funding regulation of financial service providers.

The draft bill proposes the removal of the promotion of financial services as one of the functions of the Central Bank of Ireland. The draft bill also provides for the transfer of some of the consumer information and education functions from the Central Bank of Ireland to the National Consumer Agency, with the National Consumer Agency being granted the power to impose levies on financial service providers, including the Bank, for the purposes of funding its performance of these functions.

The draft bill is subject to amendment in the legislative process and might not be enacted or might be enacted with material amendments to the current draft.

The Minister for Finance announced on 30 March 2010 that a second bill will be introduced in the autumn of 2010 which will contain additional new and enhanced regulatory powers and functions for the Central Bank of Ireland, and that a third bill would be subsequently proposed for the purposes of consolidating the current legislation on banking regulation.

As part of the EU Restructuring Plan, the Irish Government is proposing to enact legislation to enhance competition in the Irish banking sector.

SECTION B

UNITED KINGDOM

In respect of its banking operations in the United Kingdom, Bank of Ireland has the status of “credit institution” under the Banking Consolidation Directive. Pursuant to the Banking Consolidation Directive, Bank of Ireland has the right to provide banking services on a cross-border basis, or through the establishment of a branch, to clients located in other EEA member states (known as “host” member states) on the basis of its “home” (Irish) authorisation, without the need for separate authorisation by the competent authorities of those “host” member states. This is known as “passporting”, and Bank of Ireland has exercised its EU “passport” rights to provide banking services in the United Kingdom through the establishment of branches and also the provision of services on a cross-border basis.

The powers of the FSA in relation to EEA credit institutions are less extensive than those in relation to United Kingdom credit institutions because, pursuant to the principle of “home country” control incorporated in the Banking Consolidation Directive, the competent authority of the “home country” (in Ireland, the Financial Regulator) has primary responsibility for the supervision of credit institutions incorporated in another EEA state. The FSA, however, retains specific responsibility, in conjunction with the Financial Regulator, for supervising the liquidity of branches of EEA credit institutions which operate in the United Kingdom. The FSA also has the right to carry out on-the-spot verifications of supervisory information relating to branches and for ensuring that EEA credit institutions carrying on activities listed in the Banking Consolidation Directive in the United Kingdom take sufficient steps to cover risks arising from their open positions on financial markets in the United Kingdom. The FSA is also able to apply conduct of business rules to credit institutions providing banking services in the United Kingdom. For example, in relation to deposit taking, it has made rules about conduct of business, approval of advertisements, the handling of complaints and the avoidance of money laundering.

Under the Banking Consolidation Directive as implemented in the United Kingdom, the FSA is empowered in specified circumstances to impose a prohibition on, or to restrict the listed activities of, an EEA credit institution providing services into the United Kingdom. Consistent with the allocation of supervisory responsibilities in the Banking Consolidation Directive, the FSA would usually exercise its power only after consulting the relevant home state authority which, as “consolidated supervisor” under the Banking Consolidation Directive, amongst other things, coordinates the gathering and dissemination of information amongst any relevant supervisory authorities. The home state authority also provides for the exchange of information and the planning and co-ordination of supervisory activities in crisis situations and in cases where the authorities become aware of contraventions of the law by institutions covered by the Banking Consolidation Directive operating in their territory. The FSA can also enforce its conduct of business rules and has certain other enforcement powers under UK legislation.

Because Bank of Ireland has established a place of business in England, it is subject to the provisions of the United Kingdom Companies Act 2006 which affect overseas companies.

In respect of its banking operations in Northern Ireland, Bank of Ireland is empowered under the Bank of Ireland Act, 1821 to issue bank notes as local currency, and is subject to the provisions of the Bankers (Northern Ireland) Act, 1928, the Bank of Ireland and Subsidiaries Act, 1969 and the Financial Services and Markets Act 2000, as amended (“FSMA”) in respect thereof.

Since 1 December 2001, the FSA’s power and responsibilities derive from the FSMA. The scope of the FSMA was extended in 2004 to include the sale and administration of retail mortgages and long-term care insurance, and in 2005 for general insurance intermediation. It was further extended in 2009 to include the provision of certain banking services that were previously covered by the Banking Code. In January 2005, Post Office Limited became an appointed representative of Bristol & West plc (a wholly owned subsidiary of the Group), which is regulated by the FSA, in respect of its activities in relation to the POFS joint venture with the Group and remained such a representative until 30 September 2007. With effect from 1 October 2007, Post Office Limited became an appointed representative of Bank of Ireland.

The FSA’s basic method of supervising banks involves the regular reporting of statistical information and a regular set of returns giving balance sheet and consolidated statement of income data, material on the maturity structure of assets and liabilities, sector — analysis of business and details of concentration of risk in assets and deposits. Review meetings are held by the FSA with the management of regulated firms. Under the risk based approach introduced in 2001, the FSA’s supervision of banks is based on a systematic analysis of the risk profile of each bank. The FSA also publishes requirements it expects banks to meet on matters such as capital adequacy, limits on large exposures to individual entities and groups of closely connected entities and liquidity.

In order to maintain authorisation under the FSMA, regulated firms must be able to demonstrate that they meet, (and will continue to meet) a number of “threshold conditions” set out in the FSMA. For example, authorised firms must have adequate financial resources, not have “close links” of a nature that would impede the FSA’s supervision of the firm and generally satisfy the FSA that they are a “fit and proper” person. In addition, firms are subject to the rules set out in the FSA Handbook, which also provides guidance on the application and interpretation of these rules. The FSA Handbook contains rules governing senior management arrangements, systems and controls, conduct of business, training and competence, money laundering and complaints handling. Any person within an FSA-regulated firm performing a “controlled function” will also need to be personally approved by the FSA under its “Approved Persons” regime. Approved persons are individually regulated by the FSA, and personally accountable to it, and must meet ongoing standards of conduct and fitness and propriety.

The FSA has the power to take a wide range of disciplinary actions against regulated firms and any FSA approved persons, including private warnings, public censure, the imposition of fines, the variation, suspension or termination of the firm’s authorisation or the removal of approved status from individuals.

In the United Kingdom, persons carrying on consumer credit business, consumer hire business or an ancillary credit business need a consumer credit licence from the UK Office of Fair Trading under the UK Consumer Credit Act 1974. The licences cover only the activities listed in the licence and business carried out in the names specified in the licence. Various members of the Group hold such licences in relation to regulated consumer credit lending and mortgage broking. The Director General of Fair Trading has certain powers in relation to these licences and these activities. The Office of Fair Trading from time to time issues general or sector-specific guidance on what it expects of fit persons who hold licences, and breaches of the Consumer Credit Act 1974 may be taken into account by the Office of Fair Trading in determining whether a person is fit to hold a licence.

The Isle of Man operates the Depositors Compensation Scheme (the “DCS”), in which Bank of Ireland IOM Limited participates. The DCS compensates people with money in current and deposit accounts in financial institutions in the Isle of Man (including in the Bank) with up to £50,000 of net deposits (loans may be netted off against any deposits held with the same deposit taker) per individual depositor or £20,000 for most other categories of depositor. Cover is calculated per depositor, per deposit taker, if a bank fails. Participants in the DCS may be directed, by written notice, to make contribution levies in respect of the DCS compensation fund. These levies may, in any one financial year, equate to the greater of £35,000 and a sum representing 0.125% of the average deposits of the participant as determined by the manager of the scheme, up to a maximum of £350,000. In addition, participants in the DCS may be directed to provide security in respect of any present or future levy contributions.

If the Bank proceeds to transfer part of its UK business to a newly-incorporated, wholly owned subsidiary (as detailed in paragraph 4 (Rationale and Key Benefits of the Proposals) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus, any such subsidiary would be directly regulated by the FSA.

SECTION C

UNITED STATES

In the United States, Bank of Ireland, its Connecticut branch, its representative offices and certain US subsidiaries are subject to a comprehensive regulatory structure involving numerous statutes, rules and regulations.

Bank of Ireland operates a branch in Connecticut from which it conducts a wholesale banking business. The branch is licensed by and is subject to regulation and examination by the Connecticut Department of Banking. Bank of Ireland has representative offices in the States of New York and Illinois. These representative offices are licensed by their respective states and are subject to the laws and regulations of those states. In addition, the Board of Governors of the Federal Reserve System exercises examination and regulatory authority over the branch and the representative offices. The regulation of the Connecticut branch imposes restrictions on its activities, as well as prudential restrictions, such as limits on extensions of credit to a single borrower. The branch does not accept retail deposits and its deposits and obligations are not insured by the US Federal Deposit Insurance Corporation or any other United States government agency. All covered liabilities of the branch are guaranteed by the CIFS Guarantee Scheme.

The Connecticut Department of Banking has the authority to take possession of the business and property of the Group located in Connecticut in certain circumstances relating to the branch. Such circumstances generally include violations of law, unsafe business practices and insolvency.

By operating a branch in the United States, Bank of Ireland and its subsidiaries are subject to regulation by the Board of Governors of the Federal Reserve System under various laws, including the International Banking Act of 1978 and the Bank Holding Company Act of 1956. In this regard, Bank of Ireland has elected to become a “financial holding company” under the Bank Holding Company Act of 1956. Financial holding companies may engage in a broader spectrum of activities, including underwriting and dealing in securities and merchant banking activities, than are permitted to banking organisations that are not financial holding companies. To maintain its financial holding company status, Bank of Ireland is required to meet or exceed certain capital ratios and its branch is required to meet or exceed certain examinations ratings. The failure to maintain financial holding company status could limit the activities of Bank of Ireland and its subsidiaries in the US and it may have other adverse consequences.

A major focus of US governmental policy relating to financial institutions in recent years has been combating money laundering and terrorist financing and enforcing compliance with US economic sanctions issued by the Office of Foreign Assets Control. Regulations applicable to the US operations of Bank of Ireland and its subsidiaries impose obligations to maintain appropriate policies, procedures and controls to detect, prevent and report money laundering and terrorist financing and to ensure compliance with US economic sanctions against designated foreign countries, nationals and others. Failure of a financial institution to maintain and implement adequate programmes to combat money laundering and terrorist financing or to ensure economic sanction compliance, could have serious legal, monetary and reputational consequences for the institution.

Bank of Ireland’s subsidiaries in the United States are also subject to regulation by applicable federal and state regulations with regard to their activities in the asset based lending, currency exchange asset management and investment advisory businesses.

PART XII

OPERATING AND FINANCIAL REVIEW OF BANK OF IRELAND

1. Operating & financial review relating to the Group for the nine month period ended 31 December 2009

A review of the Group's financial condition and operating results for the financial period ended 31 December 2009, including selected statistical and other information, can be found on pages 9 to 59 of the December 2009 Annual Report and is incorporated by reference herein.

A review of the Group's risk management practices can be found on pages 60 to 108 of the December 2009 Annual Report and is incorporated by reference herein.

2. Operating and financial review relating to the Group for the periods ended 31 March 2009 and 31 March 2008 and selected statistical and other information

A review of the Group's financial condition and operating results for the financial periods ended 31 March 2009 and 2008, including selected statistical and other information, can be found on pages 27 to 83 of the 2009 Annual Report on Form 20-F and is incorporated by reference herein.

PART XIII

HISTORICAL FINANCIAL INFORMATION

HISTORICAL FINANCIAL INFORMATION RELATING TO THE GROUP FOR THE FINANCIAL PERIODS ENDED 31 DECEMBER 2009, 31 MARCH 2009 AND 31 MARCH 2008

1 Basis of financial information

The financial statements of the Group included in the consolidated audited annual reports and accounts of the Group for the financial periods ended 31 December 2009, 31 March 2009 and 31 March 2008 together with the independent auditors' reports, are incorporated by reference into this Prospectus. The independent auditors' reports for the financial periods ended 31 December 2009, 31 March 2009 and 31 March 2008 were unqualified. The financial statements for the periods ended 31 December 2009, 31 March 2009 and 31 March 2008 were prepared in accordance with IFRS.

2 Cross reference list

The following list is intended to enable investors to identify easily specific items of information which have been incorporated by reference into this Prospectus.

(a) *Financial Statements for the nine months ended 31 December 2009 and Independent Auditors' Report thereon.*

The page numbers below refer to the relevant pages of the December 2009 Annual Report:

- Independent Auditors' Report — pages 147 to 148;
- Consolidated income statement — page 149;
- Consolidated statement of other comprehensive income — page 150;
- Consolidated balance sheet — page 151;
- Consolidated statement of changes in equity—pages 152 to 153;
- Consolidated cash flow statement — pages 154 to 155;
- Group accounting policies and critical accounting estimates and judgements — pages 156 to 179; and
- Notes to the consolidated financial statements — pages 180 to 297.

(b) *Financial Statements for the period ended 31 March 2009 and Independent Auditors' Report thereon.*

The page numbers below refer to the relevant pages of the 2009 Annual Report:

- Independent Auditors' Report — pages 101 to 102;
- Consolidated income statement — page 103;
- Consolidated balance sheet — page 104;
- Consolidated statement of recognised income and expense — page 105;
- Consolidated cash flow statement — pages 106 to 107;
- Group accounting policies and critical accounting estimates and judgements — pages 108 to 127; and
- Notes to the consolidated financial statements — pages 128 to 227.

(c) *Financial Statements for the period ended 31 March 2008 and Independent Auditors' Report thereon*

The page numbers below refer to the relevant pages of the 2008 Annual Report:

- Independent Auditors' Report — pages 69 to 70;
- Consolidated income statement — page 71;
- Consolidated balance sheet — pages 72 to 73;
- Consolidated statement of recognised income and expense — page 74;
- Consolidated cash flow statement — pages 75 to 76;
- Group accounting policies and critical accounting estimates and judgments — pages 77 to 95; and
- Notes to the consolidated financial statements — pages 96 to 173.

PART XIV

CAPITALISATION AND INDEBTEDNESS

1. Capitalisation and indebtedness

The tables below show the capitalisation and indebtedness of the Group as at 31 December 2009 and as at 31 January 2010.

Capitalisation

	<u>31 January 2010</u>	<u>31 December 2009</u>
	(unaudited)	(audited)
	million	million
Capital Stock — authorised		
Stg£	Stg£	Stg£
100 million units of non-cumulative preference stock of Stg£1 each	100	100
100 million units of undesignated preference stock of Stg£0.25 each	25	25
Euro	€	€
2,000 million units of €0.64 of ordinary stock	1,280	1,280
100 million units of non-cumulative preference stock of €1.27 each	127	127
100 million units of undesignated preference stock of €0.25 each	25	25
3.5 billion units of non-cumulative preference stock (2009 Preference Stock) of €0.01 each	35	35
US dollar	US\$	US\$
8 million units of non-cumulative preference stock of US\$25 each	200	200
100 million units of undesignated preference stock of US\$0.25 each	25	25
Capital Stock — Allotted and fully paid	€	€
Ordinary stock of €0.64 each	636	636
Treasury stock of €0.64 each	21	21
Preference stock of Stg£1 each	3	3
Preference stock of €1.27 each	4	4
Preference stock of €0.01 each (2009 Preference Stock)	35	35
	<u>699</u>	<u>699</u>
Reserves	5,892	5,775
Own stock held for the benefit of life assurance policyholders	(87)	(87)
Total stockholders equity	<u>6,504</u>	<u>6,387</u>

Source: December 2009 Annual Report and unaudited internal management information for 31 January 2010

Group Indebtedness

	<u>31 January 2010</u>	<u>31 December 2009</u>
	(unaudited)	(audited)
	€m	€m
Subordinated liabilities		
Preferred securities		
Undated subordinated liabilities	1,539	1,521
Dated subordinated liabilities	4,578	4,532
Total subordinated liabilities	<u>6,117</u>	<u>6,053</u>
Debt securities		
Debt securities in issue	44,790	42,672
Liabilities held at fair value through profit or loss (Debt securities)	484	472
Total Debt Securities	<u>45,274</u>	<u>43,144</u>
Total indebtedness	<u>51,391</u>	<u>49,197</u>

Source: December 2009 Annual Report and unaudited internal management information for 31 January 2010

2. Cash flow analysis

The cash flow analysis of the Group for (i) the year ended 31 March 2008 is set out on pages 75 to 76 of the 2008 Annual Report, (ii) the year ended 31 March 2009 is set out on pages 106 to 107 of the 2009 Annual Report; and (iii) the nine months ended 31 December 2009 is set out on pages 154 to 155 of the December 2009 Annual Report, such pages being incorporated by reference into this document.

3. Capital Resources

The objectives of the Group's capital management policy are to at all times comply with regulatory capital requirements and to ensure that the Group has sufficient capital to cover the risks of its business and support its future development.

The capital adequacy requirements set by the Financial Regulator in Ireland which reflect the requirements as set out in the Capital Requirements Directive and its preceding directives are used by the Group as the basis for its capital management. These requirements set a floor under which capital levels must not fall. The Group seeks to maintain sufficient capital to ensure that even under stressed conditions these requirements are not breached.

The Group also looks at other methodologies of capital measurement including the capital definitions set out by rating agencies. It also calculates economic capital based on its own internal models.

The Group meets its objectives in terms of capital management through the maintenance of capital ratios above the minimum levels set by the Financial Regulator and relative to market expectations for banks with its business profile. Regulatory and market expectations regarding capital ratios for banks have risen following the rise in loss expectations across the international banking industry, driven by exposures to assets vulnerable to the downturn in residential and commercial property prices and the deteriorating economic climate.

The Group stress tests the capital held to ensure that under stressed conditions, it continues to comply with regulatory minimum ratios. It also seeks to minimise refinancing risk by managing the maturity profile of non-equity capital. In addition the currency mix of capital is managed to ensure that the sensitivity of capital ratios to currency movements is minimised.

The Group's regulatory capital includes the Group's Stockholders' funds (which includes €3.5 billion 2009 Preference Stock issued to the NPRFC) together with perpetual and dated subordinated securities with appropriate regulatory adjustments and deductions applied.

Regulatory adjustments applied to the Core Tier 1 Capital include replacing the IAS 19 pension deficit with deductions of either three or five years supplementary contributions, removing AFS reserves and cash flow hedge reserves from Core Tier 1 Capital and also deducting goodwill and other intangible assets from Core Tier 1 Capital.

The adjustments applied in respect of the Tier 1 Capital and Tier 2 Capital adjustments, taken equally from Tier 1 Capital and Tier 2 Capital, include a deduction with respect to the difference between expected losses and actual provisions on Internal Ratings Based Approach ("IRBA") portfolios first losses on securitisations and investments in financial services companies (other than Bank of Ireland Life) which are excluded from the Group consolidation. IBNR provisions on standardised portfolios are included in Tier 2 Capital. An adjustment is applied to total capital in respect of the investment in Bank of Ireland Life.

Capital Adequacy Requirements

The Group's capital management policy has been developed within the supervisory requirements of the Financial Regulator.

The Capital Requirements Directive ("CRD") which came into force from 1 January 2007 through the implementation of the Banking Consolidation Directive and the Capital Adequacy Directive, introduced significant amendments to the existing capital adequacy framework. The implementation of the CRD results in a more risk sensitive approach to the derivation of a bank's capital requirements.

The CRD is divided into three sections commonly referred to as pillars. Pillar 1 introduced the Internal Ratings Based Approach ("IRBA") which permits banks to use their own internal rating systems to calculate their capital requirements for credit risk. Use of the IRBA is subject to regulatory approval. Where credit portfolios are not subject to IRBA, the calculation of the minimum capital requirements is subject to the standardised approach, which is a more granular approach to the calculation of risk weightings than under Basel I. As disclosed on 31 July 2009, the Group had regulatory approval at 31 March 2009, to use the IRBA to calculate its capital requirements for the majority of its credit exposures by Exposure at Default (61.5%) with the remainder utilising the Standardised Approach (38.5%).

Pillar II of the CRD deals with the regulatory response to the first pillar whereby banks undertake an Internal Capital Adequacy Assessment Process (ICAAP) which is then subject to supervisory review. Pillar III of the CRD (Market Discipline) involves the disclosure of a range of qualitative and quantitative information relating to capital and risk. The Group most recently disclosed this information on 31 July 2009.

The CRD also introduced a requirement to calculate capital requirements, and to set capital aside, with respect to operational risk. The Group is also required to set capital aside for market risk.

The following table outlines the components of the Group's capital together with key capital ratios as at 31 January 2010, 31 December 2009 and 31 March 2009. The information for 31 December 2009 and 31 March 2009 contained in this table is extracted without material adjustment from the December 2009 Annual Report and from unaudited internal management reports for 31 January 2010.

	<u>31 January 2010</u> (unaudited)	<u>31 December 2009</u> (unaudited)	<u>31 March 2009</u> (unaudited)
	€m	€m	€m
Share capital and reserves	6,553	6,437	6,913
Regulatory retirement benefit obligation adjustments	1,648	1,632	1,478
Available for sale reserve and cash flow hedge reserve	1,089	1,118	2,124
Goodwill & other intangible assets	(488)	(488)	(511)
Preference stock and warrants	(3,522)	(3,521)	(3,520)
Other adjustments	129	80	22
Equity Tier 1 Capital	5,409	5,258	6,506
Preference stock	60	59	58
2009 Preference stock and warrants	3,462	3,462	3,462
Core Tier 1 Capital	8,931	8,779	10,026
Innovative hybrid debt	761	752	1,197
Non-innovative hybrid debt	581	574	1,798
Supervisory deductions	(543)	(454)	(372)
Tier 1 Capital	9,730	9,651	12,649
Tier 2 Capital			
Undated loan capital	232	225	229
Dated loan capital	3,758	3,716	3,827
IBNR provisions	768	772	307
Revaluation reserves	36	40	80
Supervisory deductions	(543)	(454)	(372)
Other Adjustments	11	11	
Tier 2 Capital	4,262	4,310	4,071
Total Capital before supervisory deductions	13,992	13,961	16,720
Supervisory deductions			
Life and Pensions Business	(799)	(797)	(749)
Total capital	13,193	13,164	15,971
Risk Weighted Assets (RWA) — Basel II	€m	€m	€m
Risk Weighted Assets			
Credit risk	90,036	89,785	96,395
Market risk	2,187	2,133	2,509
Operational risk	6,415	6,415	6,473
Total Risk Weighted Assets	98,638	98,333	105,377
Key Capital Ratios			
Equity Tier 1 Capital Ratio (Core Tier 1 less Preference Stock)	5.5%	5.3%	6.2%
Core Tier 1 Capital Ratio	9.1%	8.9%	9.5%
Tier 1 Capital Ratio	9.9%	9.8%	12.0%
Total Capital Ratio	13.4%	13.4%	15.2%

Source: December 2009 Annual Report and unaudited internal management information for 31 January 2010

In June 2009 the Bank announced the successful completion of a debt re-purchase programme of €1.7 billion equivalent of euro, Sterling and US Dollar denominated non-Core Tier 1 securities. This initiative increased the Equity Tier 1 Capital by €1 billion.

On 19 January 2010, following communications from the European Commission that the Bank should not make coupon payments on its Tier 1 Securities and Upper Tier 2 Securities unless under a binding legal obligation to do so, the Bank announced that the non-cumulative distribution on the LP2 Securities and the LP3 Securities, which would otherwise have been payable on 1 February 2010 and 4 February 2010 respectively, would not be paid. The effect of this decision by the Bank was to trigger the “dividend stopper” provisions of the LP2 Securities. Under the “dividend stopper”, the Bank is precluded, for a period of one calendar year, from and including 1 February 2010, from declaring and making any distribution or dividend payments on its Ordinary Stock, the 1992 Preference Stock, the 2009 Preference Stock, the Hybrid/Preferred Securities and the ACSM Hybrids. The Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC on Monday 22 February 2010 in lieu of the cash dividend otherwise due on the 2009 Preference Stock on 20 February 2010.

On 11 February 2010 the Bank completed the exchange of certain Lower Tier 2 Securities for new series of longer dated Lower Tier 2 Securities with a bullet maturity. This yielded a gain to Equity Tier 1 Capital and Core Tier 1 Capital of €405 million whilst leaving the total capital position unchanged. €1.62 billion in nominal value of Lower Tier 2 Securities were exchanged for €1.2 billion in nominal value of higher coupon Lower Tier 2 Securities, giving rise to the €405 million gain.

Impact of NAMA on Capital

Participation in NAMA will enable the Group to dispose of certain land and development loans and certain associated loans to NAMA and thereby determine the Group’s impairment charges associated with those loans. It is expected that this will increase market certainty because the Eligible Bank Assets to be transferred to NAMA in general are perceived to carry a higher risk than other classes of assets on the Bank’s balance sheet.

Further details on NAMA can be found in paragraph 10 (NAMA) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

The loans that are now expected to transfer to NAMA of approximately €12.2 billion had impairment provisions of €2.8 billion at 31 December 2009 which together with accrued interest and related derivatives of €0.2 billion will give rise to an expected net transfer of €9.6 billion of Bank of Ireland Eligible Bank Assets to NAMA. The loans are expected to comprise €8.5 billion of land and development loans and €3.7 billion of associated loans.

The Group estimates that the disposal of approximately €12.2 billion, before impairment provisions, together with accrued interest and related derivatives of €0.2 billion to NAMA, will reduce the Risk Weighted Assets of the Bank by approximately €11 billion.

The Group transferred Tranche 1 NAMA Assets of €1.9 billion (before impairment provisions) to NAMA on 2 April 2010 comprising €0.9 billion of land and development loans and €1.0 billion of associated loans. The consideration received for these assets amounted to €1.2 billion in Government guaranteed bonds and non-guaranteed Subordinated bonds.

Any additional impairment charges together with any asset quality deterioration will continue to be borne by the Group on all Bank of Ireland Eligible Bank Assets until these assets are transferred to NAMA. This may result in a different impact on the Bank’s capital ratios than that shown in the pro forma capital ratios set out in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus.

Prudential Capital Assessment Review

The Financial Regulator announced on 30 March 2010 that the Central Bank and the Financial Regulator had carried out an exercise to determine the forward-looking prudential capital requirements of certain Irish credit institutions, including the Group, covered by Government Guarantee Schemes. The Prudential Capital Assessment Review (“PCAR”) assessed the capital requirements arising for expected base case and potential stressed loan losses, and other financial developments, over the three year period 2010-2012. It involved the Central Bank and the Financial Regulator making an assessment of the recapitalisation requirements of the credit institutions in order to satisfy both a base and stressed case target capital requirement.

The PCAR was undertaken to determine the recapitalisation requirements of certain Irish credit institutions with reference to both:

- *Base case:* A target level of 8% Core Tier 1 Capital after taking account of the realisation of future expected losses and other financial developments under a base case scenario. This test is designed to ensure the credit institutions are capitalised to a level which reflects prudential requirements and current market expectations, after taking into account forecasted loan losses through to December 2012. As a further prudential requirement, the capital used to meet the base case target must be principally in the form of equity, the highest quality form of capital, with 7% Equity Tier 1 Capital as the target level.
- *Stressed scenario:* A target level of 4% Core Tier 1 Capital should be maintained to meet a stress scenario or a portfolio level sensitivity analysis. This capital test, which is similar to that employed by US and UK supervisory authorities, is designed to ensure that the credit institutions have a sufficient capital buffer to withstand losses under an adverse scenario significantly worse than that currently anticipated.

As announced on 30 March 2010, the outcome of this review is that the Financial Regulator has determined that the Group needs to raise an additional €2.66 billion of Equity Tier 1 Capital by 31 December 2010 to comply with the PCAR. The implementation of the Proposals is expected to enable the Group to comply with the capital requirements arising from the PCAR.

Capital Resources

Capital strategy is integrated into the overall strategy of the Group reflecting its importance as a key enabler.

The Group has a portfolio approach to its businesses to ensure that optimum returns are targeted and earned with a focus on ensuring growth in value enhancing activities. New lending activity and transactions are subject to RAROC (risk adjusted return on capital) return criteria.

The following table sets out the Group's capital resources:

	<u>31 January 2010</u> (unaudited)	<u>31 December 2009</u> (audited)	<u>31 March 2009</u> (audited)
	€m	€m	€m
Stockholders' funds			
Equity (including other equity reserves)	6,461	6,345	6,810
Non-cumulative preference stock	42	42	42
Minority interests — equity	50	50	61
Undated loan capital	1,539	1,521	3,385
Dated loan capital	<u>4,578</u>	<u>4,532</u>	<u>4,557</u>
Total capital resources	<u>12,670</u>	<u>12,490</u>	<u>14,855</u>

Source: December 2009 Annual Report and unaudited internal management information for 31 January 2010

In the nine month period ended 31 December 2009 the Group's total capital resources reduced by €2,365 million to €12,490 million. The movement of €2,365 million includes a decrease of €465 million relating to Stockholders' equity (including other equity reserves) and a decrease of €1,864 million relating to undated loan capital.

The movement of €465 million in Stockholders' funds was mainly driven by an after tax loss of €1,460 million which included the impact of the June 2009 Tier 1 buyback (increase in Stockholders' funds of €1,037 million), net actuarial loss on pension funds of €74 million and an increase in other reserves (AFS reserves of €924 million, cash flow hedging reserve of €82 million) along with a positive movement in foreign exchange reserves of €117 million primarily due to the strengthening of Sterling against euro. Other items gave a negative movement of €54 million. The movement of €1,864 million in undated loan capital primarily relates to the Tier 1 buyback in June 2009 together with fair value movements on the remaining securities.

The Debt for Debt Exchange, completed in February 2010, resulted in a reduction of €413 million in dated loan capital. This was offset by an increase of €405 million in Stockholders' funds.

As at 31 December 2009, the Group had €1,521 million of undated loan capital and €4,532 million of dated loan capital (including fair value adjustments), a total of €6,053 million in aggregate of subordinated liabilities. Of the dated loan capital €3,778 million is repayable in five or more years.

The cost and availability of subordinated debt is influenced by credit ratings. A reduction in the ratings assigned to the Group's securities could increase financing costs and reduce market access. The credit ratings of the Group, some of which were downgraded during the year, at 19 March 2010 were as follows:

<u>Senior Debt</u>	<u>Long-Term (Outlook) / Short-Term (Outlook)</u>
Moody's Investor Service	A1 (Outlook Stable)/P1 (Outlook Stable)
Standard & Poor's	A- (Outlook Stable)/A2 (Outlook Stable)
Fitch	A- (Outlook Stable)/F1 (Outlook Stable)
DBRS	AA (Outlook Negative)/R-1 (Middle) (Outlook Stable)

Depending on the degree of subordination, the ratings assigned to subordinated loan capital will be one or more notches below the level for senior debt. Credit ratings are not a recommendation to buy, hold or sell any security and each rating should be evaluated independently of every other rating. These ratings are based on current information furnished to the rating agencies by the Bank and information obtained by the rating agencies from other sources. The ratings are accurate only as of 23 April 2010 and may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information.

4. Liquidity Management, Liquidity Risk and Funding Strategy

Liquidity risk arises from differences in timing between cash inflows and outflows. Cash inflows are driven among other things, by the maturity structure of loans and investments held by the Group, while cash outflows are driven by the term of its debt and the outflows from deposit accounts held "on demand" for customers. Liquidity risk can increase due to the unexpected lengthening of maturities or non-repayment of assets, a sudden withdrawal of deposits or the inability to refinance maturing debt. The latter are often associated with times of distress or adverse events, such as a credit downgrade or economic or financial turmoil.

The Group's exposure to liquidity risk is governed by policy approved by the Court and the Group Risk Policy Committee ("GRPC"). The operation of this policy is delegated to the Group's Asset and Liability Committee ("ALCO") who are responsible for monitoring the liquidity risk of the Group and for the development and monitoring of liquidity policy. Under ALCO, Bank of Ireland Global Markets is responsible for the day to day execution of the Group's wholesale liquidity position under the direction of the group treasurer.

The objective of the Group's liquidity management policy is to ensure that the Group can meet its obligations, including deposit withdrawals and funding commitments, as they fall due.

Liquidity management within the Group focuses on the overall balance sheet structure, the control, within prudent limits, of risk arising from the mismatch of maturities of assets and liabilities across the balance sheet and the risks arising from undrawn commitments and other contingent obligations.

Liquidity management within the Group consists of two main activities:

- Tactical liquidity management focuses on monitoring current and expected future daily cashflows to ensure that the Group's liquidity needs can be met. This takes into account the Group's access to unsecured funding (customer deposits and wholesale funding) and the liquidity characteristics of a portfolio of highly marketable assets and contingent assets that can be quickly and easily converted into funding to cover unforeseen cash outflows.
- Structural liquidity management focuses on assessing the optimal balance sheet structure taking account of the maturity profile of assets and liabilities and the Group's debt issuance strategy.

In addition, the Group complies with the liquidity requirements applied by the Financial Regulator and with the requirements of local regulators in those jurisdictions in which the liquidity requirements apply to the Group. The Financial Regulator requires that banks have sufficient payment resources (cash inflows and marketable assets) to cover 100% of the expected cash outflows in the 0 to 8 day time horizon and 90% of expected cash outflows in the eight 8 to 30 day time horizon. The Group has implemented a series of internal measures that are more restrictive than these minimum regulatory requirements.

The Group aims to maintain substantial funding diversification, minimise concentration across the Group's various funding sources and control the level of reliance on total short-term wholesale sources of funds. As part of the Group's planning process, it regularly reviews the forecast funding of the Group's balance sheet over the internal forecast period, and updates the funding forecast, as appropriate.

The largest, single source of funding for the Group is customer deposits which comprises demand deposits, current accounts, notice and term deposits. Together these account for 46% of the funding requirement of the balance sheet of the Group as at 31 January 2010 (excluding Bank of Ireland Life funds held on behalf of policyholders). A

significant proportion of customer deposits are repayable on demand or at short notice although the Group manages these deposits on a “behavioural life” basis (that is based on precedent and the Bank’s experience) in common with other banks (€18 billion of total customer deposits as at 31 January 2010 had a residual contractual maturity of less than 3 months). However, the Court believes that the Group’s strong customer relationship focus and product range, together with the nature and geographic spread of its customer base, are generally mitigating factors against deposit outflows. The Group’s wholesale funding programmes which account for a further 40% of the Group’s funding requirements as at 31 January 2010 (excluding Bank of Ireland Life funds held on behalf of policyholders) are diversified across geographies, investor types and maturities.

The Group’s funding programmes are as follows:

- ECP (European Commercial Paper): securities issued pursuant to the ECP are either guaranteed or unguaranteed and are available from 1 month to 12 month maturities in a range of core and non-core currencies including EUR, GBP, USD, CHF, CAD, HKD, JPY, AUD, NZD, SEK, NOK;
- FCD (French Certificates of Deposit): securities issued pursuant to the FCD are guaranteed and available in 1 month to 12 month maturities in euro. The FCD is a French domestic programme regulated by the Banque de France;
- USCP (US Commercial Paper): securities issued pursuant to the USCP are either guaranteed or unguaranteed and available from 1 month to 12 month maturities in USD;
- YCD (Yankee Certificate of Deposit): securities issued pursuant to the YCD are either guaranteed or unguaranteed and available from 1 month to 5 year maturities in USD. There are a range of structures available;
- LCD (London Certificate of Deposit): securities issued pursuant to the LCD are guaranteed and available in 1 month to 5 year maturities in a range of core and non-core currencies including EUR, GBP, USD, CHF, CAD, HKD, JPY, AUD, NZD, SEK, NOK. There are a range of structures available;
- €25 billion EMTN (euro Medium Term Note) programme: securities issued pursuant to the EMTN are either guaranteed or unguaranteed. The EMTN facilitates the issuance of senior unsecured term securities in all currencies and in a range of structures. Lower Tier 2 Securities (in all currencies) are also issued pursuant to the EMTN;
- €4 billion EMTN/section 144A programme: The EMTN/section 144A programme was set up in January 2010 for issues of securities under the ELG Scheme. This programme facilitates the issuance of guaranteed senior unsecured term securities in all currencies and in a range of structures. This programme enables the issuance of transactions for sale into the US domestic market. The EMTN/section 144A programme is rated by Moody’s Investor Service and Standard & Poor;
- €10 billion Asset Covered Security (“ACS”) programme: Bank of Ireland Mortgage Bank’s ACS programme enables the issuance of covered bond benchmarks and private placements backed by a pool of prime Irish residential mortgage. Issuances pursuant to this programme are in euro and the programme is rated by Moody’s Investor Service and Standard & Poor;
- BOI UK Covered Bond programme: this is a €15 billion programme and is rated by Fitch Ratings and Standard & Poor.
- SEC registered US MTN (Medium Term Note) Programme.

The remainder of the Group’s balance sheet is funded by capital and other liabilities.

The Group’s focus on asset and liability management as outlined above, as well as its diversified funding structures and strategies, have ensured that it has been able to manage its balance sheet effectively since the liquidity crises intensified in September 2008. At 31 January 2010, the Group had a loan to deposit ratio of 157% including loans held for sale to NAMA which represented a disimprovement of 5 percentage points from 152% at 31 December 2009 and an improvement of 4 percentage points from 161% at 31 March 2009. In addition, the Group has maintained a liquidity buffer in excess of the minimum regulatory requirements throughout these periods. (Comparative figures for 31 January 2010 was 157% including NAMA and 146% excluding the impact of NAMA). At 31 January 2010, the Group had a loan to deposit ratio of 146% excluding loans held for sale to NAMA which represented a disimprovement of 5 percentage points from 141% at 31 December 2009.

Government and Central Bank funding and liquidity support

The global financial turmoil and constraints on liquidity experienced by financial institutions in September 2008 placed a significant strain on the funding position of banks internationally. The extremely distressed market

conditions of the time led Governments and Monetary Authorities such as the ECB and the Bank of England to announce a broad range of measures intended to ease the strain on the liquidity positions of the banks and to reduce the level of turbulence being experienced in financial markets. The Group participates in global central bank operations as part of its normal day to day funding operations. In addition, the Group has availed of certain additional liquidity schemes introduced by central banks for all market participants during the recent dislocation within funding markets. Monetary Authorities have commenced the gradual reduction of support initiatives, for example the ECB has begun the process of gradually reducing the level of non-standard liquidity operations available to financial institutions, including the Bank. The Group has maintained a disciplined approach to the use of funding from Monetary Authorities and the Group's funding from these sources reduced to approximately €6 billion as at 31 January 2010 from approximately €8 billion net at 31 December 2009 and approximately €17 billion net at 31 March 2009.

The Government, recognising the adverse impact of the global financial crisis on Irish financial institutions in accessing wholesale funding markets, and the systemic importance of certain financial institutions, including Bank of Ireland, to the Irish economy introduced the CIFS Guarantee Scheme on 30 September 2008 which guarantees the deposits and certain liabilities of covered institutions up to 29 September 2010. Further information on the Group's participation in the CIFS Guarantee Scheme is set out in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus.

On 9 December 2009 the Minister for Finance commenced the ELG Scheme which is intended to facilitate participating institutions issuing debt securities and taking deposits with a maturity of up to five years on either a guaranteed or unguaranteed basis, provided the relevant liabilities are incurred during an Issuance Window which expires on 29 September 2010, subject to further State aid approval by 1 June 2010. The Bank joined the scheme on 11 January 2010. The ELG Scheme is subject to European Commission review by 1 June 2010 under which the European Commission could require the amendment or cessation of the ELG Scheme. All liabilities guaranteed under the existing CIFS Guarantee Scheme as at 11 January 2010 will remain guaranteed under and in accordance with the terms of the CIFS Guarantee Scheme. The costs of participating in the ELG Scheme may be changed at the Minister for Finance's discretion. On 30 March 2010 the Minister for Finance announced that he would be seeking European Commission approval for an extension of a modified ELG Scheme consistent with its phasing out over a realistic period of time. Notwithstanding this announcement the proposed extension is subject to European Commission approval and this could be influenced by a range of factors including EU policy. In addition, on 9 November 2009, the ECB highlighted that guarantees of short term bank debt (maturity profile of less than three months) should be avoided to the extent possible and, as such, there is a risk that the European Commission could require that the ELG Scheme, which currently covers short term bank debt, be amended so as to limit the guarantee coverage of this form of liability in the future.

The Group's total liabilities (excluding both equity and Bank of Ireland Life policyholder liabilities) at 31 January 2010 amounted to €171 billion. Of this amount, €44 billion or 26% is guaranteed under the CIFS Guarantee Scheme, €38 billion or 22% is guaranteed under ELG Scheme with a further €32 billion or 19% guaranteed under the Government's deposit protection scheme. In the nine months ended 31 December 2009 the cost of the Government Guarantee Schemes was €105 million (an increase of €73 million when compared to the nine month period ended 31 December 2008).

The Group has taken advantage of the recent improvements in sentiment in financial markets and has extended the duration of its money market funding, issued debt securities in partially unguaranteed format and reduced its reliance on secured funding sources. Since the Group joined the ELG Scheme it has raised approximately €4 billion in term funding up to 14 April 2010.

The Group is focusing on disengaging from the Government Guarantee Schemes in a prudent and safe manner as market conditions permit.

In advance of the expiry of the Government Guarantee Schemes, the Group will extend the maturity of wholesale funding under the ELG Scheme with a view to reducing the wholesale funding re-financing risk in the period around the expiry of the Government Guarantee Schemes.

Should the ELG Scheme be extended, in order to meet market expectations, it may be necessary for the Group to continue to participate in the ELG Scheme, particularly if competitor banks in the Irish market continue to participate.

Over recent years, the Group has invested in building a strong technical capability to support contingent liquidity strategies which has allowed the Group to maximise the funding potential from its balance sheet. Using this capability the Group has developed significant pools of eligible collateral from its balance sheet which can be pledged in the secondary market and through the normal market operations of Monetary Authorities (including the

ECB, the Bank of England and the US Federal Reserve) to provide access to secured funding. At 31 January 2010, the Group's contingent liquidity collateral pool would facilitate approximately €41 billion of funding from Monetary Authorities. The Group's borrowings from Monetary Authorities utilising this contingent liquidity collateral reduced from €17 billion (net) at 31 March 2009 to €8 billion (net) at 31 December 2009 to €6 billion (net) at 31 January 2010.

The Group's focus on deleveraging its balance sheet, supported by the participation in NAMA, should reduce the Group's funding and liquidity risk in the future. In addition, the Directors believe that the Proposals will be supportive of the Group's ability to raise funding. A key priority for the Group is to reduce its reliance on these support schemes as market conditions continue to improve — details of the Group's funding structure, profile and initiatives to improve the Group's funding and liquidity position are set out in the following paragraphs.

Funding Structure and Profile

The following table shows the Group's funding sources:

The CIFS Guarantee Scheme and the Issuance Window of the ELG Scheme are due to expire on 29 September 2010. The ELG Scheme is subject to review by the European Commission by 1 June 2010.

Summary Liabilities (excluding Bank of Ireland Life policyholder liabilities)	31 January 2010 (unaudited)		31 December 2009 (audited)		31 March 2009 (audited)	
	€bn	%	€bn	%	€bn	%
Deposits from banks	26	14%	18	11%	29	16%
Senior Debt / Asset Covered Securities	30	17%	27	16%	25	14%
Commercial Paper / Certificates of deposits	10	6%	10	6%	14	7%
Securitisations	5	3%	6	3%	6	3%
Total wholesale funding	71	40%	61	36%	74	40%
Subordinated Debt	6	3%	6	4%	8	4%
Customer Deposits	82	46%	85	50%	83	45%
Stockholders' equity	6	4%	6	4%	7	4%
Other	13	7%	11	6%	12	7%
Total Group Funding (excluding Bank of Ireland Life Liabilities)	178	100%	169	100%	184	100%

Source: December 2009 Annual Report and unaudited internal management information for 31 January 2010

The following table provides a maturity analysis of wholesale funding:

Wholesale funding maturity analysis	31 January 2010 (unaudited)		31 December 2009 (audited)		31 March 2009 (audited)	
	€bn	%	€bn	%	€bn	%
Less than 3 months	30	42%	23	38%	42	57%
3 months to one year	19	27%	19	31%	10	14%
One to five years	13	18%	10	16%	15	20%
More than five years	9	13%	9	15%	7	9%
Total wholesale funding	71	100%	61	100%	74	100%

Source: Extracted from information in the December 2009 Annual Report and unaudited internal management information for 31 January 2010

Balance Sheet Deleverage

In early 2009, the Group announced a number of initiatives to deleverage the balance sheet. These included the cessation of mortgage lending through the intermediary channel in the United Kingdom and putting this business, together with certain discontinued international corporate lending portfolios, into run-off. Together these initiatives relate to loans which amount to 25% of the Group's total loans and advances to customers at 31 December 2009 (31 March 2009: 28%).

Customer Deposits

Deposit gathering remains a key priority and the Group continues to leverage the potential of its extensive retail distribution platforms, both in Ireland through its 251 full time branches, in Northern Ireland through its 44 branches, and internationally through its joint venture with the UK Post Office, its Business and Corporate Banking relationship management teams and its network of treasury offices in Dublin, the UK and the US.

<u>Customer deposits</u>	31 January 2010 (unaudited)		31 December 2009 (unaudited)		31 March 2009 (unaudited)	
	€bn	%	€bn	%	€bn	%
Retail Ireland	35	43%	35	41%	33	40%
— Deposits	24		24		23	
— Current account credit balances	11		11		10	
UK Financial Services (€bn equivalent)	21	26%	21	25%	21	25%
<i>UK Financial Services (£bn)</i>	19		19		19	
— <i>POFS</i>	9		9		8	
— <i>Business Banking</i>	10		10		11	
Capital Markets	26	31%	29	34%	29	35%
Total customer deposits	82	100%	85	100%	83	100%

Source: December 2009 Annual Report and unaudited internal management information for 31 January 2010

Despite intense market competition in the Republic of Ireland and pressure on international deposits caused by rating downgrades, the Group's deposit base has stabilised in the nine months to 31 December 2009. From 31 March 2009 to 31 December 2009 customer deposits increased by €2 billion due principally to the €2 billion increase in deposits in the Group's Retail Republic of Ireland division.

The Group's loans to deposit ratio has improved from 161% at 31 March 2009 to 152% at 31 December 2009 including loans held for sale to NAMA. In the month to 31 January 2010, the Group's deposits decreased to €82 billion from €85 billion at 31 December 2009, following the downgrade from Standard & Poors on 26 January 2010, the ratio was 157% at 31 January 2010.

Wholesale Funding

During the second half of 2009 funding conditions improved for Bank of Ireland, reflecting an upturn in the general funding market backdrop and an increased appetite for Irish debt. Investors' perception of Irish sovereign risk improved based on economic data indicating the pace of contraction in the Irish economy is moderating, on-going efforts by the Government to stabilise public finances through budgetary measures and measures of support for the Irish banking system (particularly NAMA).

The Group has taken advantage of the improved market sentiment and has extended the duration of its money market funding, issued debt securities in partially unguaranteed format and reduced its reliance on secured funding sources. A highlight of the Group's funding activity during the period was the 5 year issue of a covered bond in September 2009. This was the first partially unguaranteed public benchmark fund-raising transaction by an Irish institution since the introduction in September 2008 of the CIFS Guarantee Scheme. Separately, on 29 September 2009, the Group issued a €1 billion, unsecured benchmark senior debt security with a maturity of 3.5 years, unguaranteed after 29 September 2010. The Bank has raised approximately €4 billion in term funding, i.e. funding with a maturity of one year and greater.

Wholesale funding as a percentage of the Group total assets (excluding Bank of Ireland Life policyholder assets) remained constant at 40% (€71 billion) at 31 January 2010, compared to 40% (€74 billion) at 31 March 2009. It increased from 36% (€61 billion) at 31 December 2009 primarily as a result of a prudent and temporary increase of c.€7 billion (from the 31 December 2009 level) in the volume of liquid assets held by the Group at the time of the ratings downgrade by Standard & Poors on 26 January 2010. The increased quantum of liquid assets was funded in the wholesale markets. Subsequent to the ratings downgrade, the outflow of customer deposits was less than had been anticipated and, as a result, the quantum of liquid assets and consequent wholesale funding was reduced during February 2010. At 31 January 2010, 31% or €22 billion of this wholesale funding had a term to maturity of greater than one year i.e. beyond the expiry date of the Government Guarantee Schemes, compared to 29% at 31 March 2009 and 31% at 31 December 2009.

Impact of NAMA on Funding and Liquidity

A critical feature of participation in NAMA is the additional liquidity that is expected to arise. As consideration for the loans transferred, NAMA will issue to financial institutions a combination of Government guaranteed bonds (approximately 95% of the consideration) and non-guaranteed subordinated bonds (approximately 5% of the consideration). The Government guaranteed bonds are designed 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 and the Group expects to be able to exchange such marketable instruments for cash at minimal cost. Outline terms and conditions of these notes are provided on the NAMA website at <http://www.nama.ie>.

Assuming a transfer from the Group of approximately €12.2 billion of loans before impairment provisions, together with accrued interest and related derivatives of €0.2 billion to NAMA, the Group would be expected to receive Government guaranteed bonds of approximately €7.5 billion (applying the estimate of 95%) which would significantly improve the liquidity position of the Group. Please see Part XV (Unaudited Pro Forma Financial Information) of this Prospectus for further details.

The Government guaranteed bonds will provide the Group with access to additional liquidity and funding, if required, for its ordinary business activities. They may also reduce the cost of liquidity and funding to the Group.

Participation in NAMA will also reduce the leverage of the Bank by removing approximately €9.4 billion (after impairment provisions) of customer loans from its balance sheet, resulting in a reduction in the Group's loan-to-deposit ratio. The Group estimates that the Group's loan-to-deposit ratio of 152% at 31 December 2009 would fall to a pro forma loan-to-deposit ratio of 141% if all its estimated eligible assets had been transferred to NAMA on that date.

Impairment charges for the loans due to be transferred to NAMA, before the actual transfer, follow normal impairment accounting rules and the Group does not account for the loss on disposal to NAMA until the loans are actually transferred.

At 31 December 2009, the Group considered that the estimated Bank of Ireland Eligible Bank Assets which were expected to be transferred to NAMA met the criteria for classification as assets held for sale. Thus, the relevant loans and advances to customers, derivatives and accrued interest have been reclassified to assets held for sale as at 31 December 2009. The assets classified as assets held for sale to NAMA continue to be measured on the same basis as prior to their classification as assets held for sale. In particular, loans and advances to customers continue to be measured at amortised cost less any incurred impairment losses. In accordance with accounting standards, de-recognition of these assets held for sale will occur when substantially all the risks and rewards of ownership have been transferred to NAMA. This will only occur on a phased basis as ownership of each tranche is legally transferred to NAMA.

Impact of the Proposals on Funding and Liquidity

The strengthened capital position resulting from the Proposals is likely to support credit ratings and debt investor sentiment which may be reflected in greater access and improved pricing of funding.

5. The Potential Impact of the EU Restructuring Plan

The implementation of the EU Restructuring Plan may have a negative impact on the Group's loan to deposit ratio and/or the level of wholesale funding required should a divestment be required of a business with deposits which are not matched by the level of loans transferring sufficient to retain the Group's target loan to deposit ratio and may also have a negative impact on capital resources should a divestment of a business at below net book value be required, although it is anticipated that the designated divestment period should allow any negative impacts to be materially mitigated. Further details on the EU Restructuring Plan are provided in paragraph 12 (State aid and EU Restructuring Plan) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.

6. Working Capital

As discussed above, the global markets for short and medium-term sources of funding on which banks rely to support their business activities remain constrained as a result of which support by the Minister for Finance to directly supplement existing sources of funding and create the environment for an improvement in the availability of other traditional sources of funding remains necessary. Due to the uncertainty surrounding the implementation and/or continuation of the Government schemes, the Financial Regulator has agreed that a statement regarding the adequacy of working capital for at least the next 12 months should not be required in this document. There is, therefore, no working capital statement in this document.

PART XV

UNAUDITED PRO FORMA FINANCIAL INFORMATION

SECTION A

Effect of the Proposals and participation of the Bank in NAMA, the Debt for Debt Exchange and the issue of NPRFC Coupon Ordinary Stock

The unaudited pro forma financial information set out in this Part XV is based on the audited results of the Group for the 9 months ended 31 December 2009, prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU) and with those parts of the Companies Act, 1963 to 2009 applicable to companies reporting under IFRS with the European Communities (Credit Institutions: Accounts) Regulations, 1992 after applying the adjustments described in the notes set out below, and in accordance with Annexes I and II of the EU Prospectus Regulations. The unaudited pro forma financial information has been prepared to illustrate the effect of the Proposals, participation of the Group in NAMA, the Debt for Debt Exchange and the issue of NPRFC Coupon Ordinary Stock as if they had occurred on 31 December 2009. 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 Group's actual financial position or results.

1. Unaudited pro forma net assets as at 31 December 2009

	As at 31 December 2009 € million ⁽¹⁾	Placing € million ⁽²⁾	Rights Issue € million ⁽³⁾	Debt for Equity Offers € million ⁽⁴⁾	Warrant Cancellation € million ⁽⁵⁾	Cost of Proposals € million ⁽⁶⁾	Other € million ⁽⁷⁾	Pro forma as at 31 December 2009 € million ⁽⁸⁾
ASSETS								
Cash and balances at central banks	4,241	500 ⁽²⁽ⁱ⁾⁾	747 ⁽³⁽ⁱ⁾⁾	—	(491)	(130)	—	4,867
Items in the course of collection from other banks	400	—	—	—	—	—	—	400
Trading securities	403	—	—	—	—	—	—	403
Derivative financial instruments	5,824	—	—	—	—	—	—	5,824
Other financial assets at fair value through profit or loss . .	9,679	—	—	—	—	—	—	9,679
Loans and advances to banks . .	5,031	—	—	—	—	—	—	5,031
Available for sale financial assets	20,940	—	—	—	—	—	7,775 ^{(7(a)(i))}	28,715
Loans and advances to customers	119,439	—	—	—	—	—	—	119,439
Assets held for sale to NAMA	9,581	—	—	—	—	—	(9,581) ^{(7(a)(ii))}	—
Interest in associates	23	—	—	—	—	—	—	23
Interest in joint ventures	194	—	—	—	—	—	—	194
Intangible assets — goodwill	48	—	—	—	—	—	—	48
Intangible assets — other	459	—	—	—	—	—	—	459
Investment properties	1,265	—	—	—	—	—	—	1,265
Property, plant and equipment	404	—	—	—	—	—	—	404
Deferred tax assets	865	—	—	—	—	—	288 ^{(7(a)(iii))}	1,153
Other assets	2,304	—	—	—	—	—	—	2,304
Retirement benefit asset	6	—	—	—	—	—	—	6
Total assets	181,106	500	747	—	(491)	(130)	(1,518)	180,214

	As at 31 December 2009 € million ⁽¹⁾	Placing € million ⁽²⁾	Rights Issue € million ⁽³⁾	Debt for Equity Offers € million ⁽⁴⁾	Warrant Cancellation € million ⁽⁵⁾	Cost of Proposals € million ⁽⁶⁾	Other € million ⁽⁷⁾	Pro forma as at 31 December 2009 € million ⁽⁸⁾
EQUITY AND								
LIABILITIES								
Deposits from banks	17,903	—	—	—	—	—	—	17,903
Customer accounts	84,812	—	—	—	—	—	—	84,812
Items in the course of transmission to other banks	198	—	—	—	—	—	—	198
Derivative financial instruments	6,037	—	—	—	—	—	—	6,037
Debt securities in issue	43,144	—	—	—	—	—	—	43,144
Liabilities to customers under investment contracts	5,050	—	—	—	—	—	—	5,050
Insurance contract liabilities	6,658	—	—	—	—	—	—	6,658
Other liabilities	2,899	—	—	—	—	—	—	2,899
Provisions	142	—	—	—	—	—	—	142
Deferred tax liabilities	134	—	—	—	—	—	—	134
Retirement benefit obligations	1,638	—	—	—	—	—	—	1,638
Subordinated liabilities	6,053	—	—	(528)	—	—	(405) ^{(7(b))}	5,120
Liabilities classified as held for sale to NAMA	1	—	—	—	—	—	(1)	—
Total liabilities	174,669	—	—	(528)	—	—	(406)	173,735
Equity								
Capital stock & Stock premium account	4,791	500⁽²⁽ⁱ⁾⁽ⁱⁱ⁾⁾	747⁽³⁽ⁱ⁾⁽ⁱⁱ⁾⁾	421	—	(61)	—^{(7(c))}	6,398
Retained earnings	3,263	—	—	146	(381)	(69)	(1,112) ^{(7(d))}	1,847
Other reserves	(1,580)	—	—	(39)	(110)	—	—	(1,729)
Own shares held for the benefit of life assurance policyholders	(87)	—	—	—	—	—	—	(87)
Stockholders' equity	6,387	500	747	528	(491)	(130)	(1,112)	6,429
Minority interests	50	—	—	—	—	—	—	50
Total equity	6,437	500	747	528	(491)	(130)	(1,112)	6,479
Total equity and liabilities	181,106	500	747	—	(491)	(130)	(1,518)	180,214

Notes:

- (1) Information on the assets, liabilities and equity of the Group as at 31 December 2009 has been extracted without material adjustment from the audited consolidated balance sheet included in the December 2009 Annual Report as published on 16 April 2010. Capital stock and stock premium account have been combined in the analysis above.
- (2) This column represents the adjustments made to show the expected effect of the Institutional Placing, the NPRFC Placing and conversion of 2009 Preference Stock as follows:
 - (i) Private placement of units of Ordinary Stock to institutional placees equivalent to a value of €500 million; and
 - (ii) Issue of units of Ordinary Stock to the NPRFC as conversion of circa €1 billion of 2009 Preference Stock (offset in full by the reduction in capital stock and share premium to reflect the conversion).
- (3) This column represents the adjustments made to show the expected effect of the Rights Issue as follows:
 - (i) Issue of units of Rights Issue Stock (to a total value of €1,080 million) to Existing Stockholders to a value of €815 million and Placees to a value of €265 million assuming a full take up of Rights. Of the total proceeds, €333 million will be applied in the settlement of the cash option under the Debt for Equity Offers (as per the assumptions in footnote 4 below) resulting in an increase in cash of €747 million and an increase in capital stock & stock premium of €747 million; and
 - (ii) Issue of units of Rights Issue Stock to the NPRFC to a value of €618 million (offset in full by a reduction in capital stock and share premium of €618 million to reflect the partial conversion of 2009 Preference Stock) assuming full take up of Rights.
- (4) This represents the adjustments made to show the expected effect of the Debt for Equity Offers assuming, for illustrative purposes, €567 million of Eligible Debt Securities are tendered at a weighted average discount of circa 25% to nominal value, with a circa 20% take up of the offer to receive Allotment Instruments and a circa 80% take up of the cash option. The €528 million reduction in subordinated liabilities and €39 million reduction in other reserves (from the US\$150 million Perpetual Floating Rate Primary Capital Note) is offset by:
 - (i) Issue of Ordinary Stock to the value of €88 million in ultimate settlement of Allotment Instruments; (ii) Proceeds of €333 million from the Rights Issue in settlement of the noteholders electing to take up the cash option; (iii) The resulting gain of €146 million; being the difference between the nominal value of the Eligible Debt Securities tendered and items (i) and (ii) above. This results in an increase in both Equity Tier 1 Capital and Core Tier 1 Capital of €567 million. Depending on the actual take up of the Debt for Equity Offers, the total Rights Issue will be resized to reflect the gain realised on the Debt for Equity Offers subject to a cap of €100 million and the amount of consideration to be settled in Allotment Instruments, issued subsequent to the Rights Issue. If there is no take up of the Debt for Equity Offers, the Rights Issue size assumed above increases by circa €0.2 billion.
- (5) This column represents the adjustments made to show the effect of the repurchase of the Warrants.
- (6) The estimated aggregate costs and expenses (inclusive of VAT) payable by the Bank in connection with the Proposals which are taken as a deduction against stock premium or retained earnings as appropriate and include underwriting fees; legal, accounting and other professional fees of €79 million, the NPRFC Placing Fee and transaction cost of €32 million and the NPRFC Underwriting Fee of €19 million.

- (7) This column shows the combined effect of (a) the Group's participation in NAMA and (b) the exchange of Lower Tier 2 Securities as follows:
- (a) This represents the adjustments made to show how the potential transfer of approximately €12.2 billion of loans before impairment provisions, together with accrued interest and derivatives of €0.2 billion to NAMA might have affected the balance sheet of the Group as shown if the transfer took place as at 31 December 2009 as follows:
- (i) The €7,775 million increase in Available for sale financial assets represents an estimate of the fair value of the senior debt (95% of the consideration equating to €7,514 million) and subordinated debt securities (5% of the consideration equating to €261 million after valuation adjustment of €135 million) issued by NAMA as part of the consideration for the potential Bank of Ireland Eligible Bank Assets transferred to NAMA;
- (ii) The €9,581 million of the reduction in Assets held for sale to NAMA represents the potential Bank of Ireland Eligible Bank Assets to be transferred to NAMA net of existing impairment provisions but before the application of the NAMA valuation process and also includes derivatives with a fair value of €93 million and accrued interest of €31 million;
- (iii) The €288 million adjustment to deferred tax assets represents the estimated tax benefit arising from the loss on sale of Eligible Bank Assets to NAMA at a blended tax rate of 16% which equates to the jurisdictions in which the potential Bank of Ireland Eligible Bank Assets are based;
- (iv) No account has been taken of any fees to be paid by NAMA for administrative / servicing work on the transferred loans which the Bank may carry out on NAMA's behalf in the future; and
- (v) The estimated loss on the sale of Bank of Ireland Eligible Bank Assets to NAMA is €1,518 million which is calculated by applying a gross discount rate of 36% (€4,449 million) and a 34% reduction related to the valuation adjustment applied to the nominal value of the NAMA subordinated debt securities (€135 million) less the existing impairment provisions (€2,778 million) and less the estimated future allowable tax benefit (€288 million). No adjustment has been made to the value of the senior debt securities which have been acquired at par. The Group is currently unable to accurately quantify the ultimate expected loss on the transfer of all the Bank of Ireland Eligible Bank Assets to NAMA. The discount to gross loan value incurred on the first tranche of loans transferred to NAMA on 2 April 2010 was 36%. For the purposes of presenting the pro forma balance sheet, a gross discount rate of 36% has been applied to all Bank of Ireland Eligible Bank Assets. The limited number and nature of the loans involved in this first tranche means that it may not be a representative sample of the total portfolio of assets held for sale to NAMA and consequently the loss on sale is not necessarily indicative of the loss that is expected to arise on the entire portfolio of Bank of Ireland Eligible Bank Assets that will ultimately transfer. Further information regarding NAMA is set out in paragraph 10 (NAMA) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus.
- (b) The effect of the exchange of Lower Tier 2 Securities as if it had taken place at 31 December 2009 is to show a net reduction of circa €0.4 billion in subordinated liabilities. New securities issued by the Group with a value of €1.2 billion were exchanged for securities with a value of €1.6 billion. The corresponding net increase of €405 million in retained earnings is to reflect the gain arising on the exchange;
- (c) The effect of the issue of 184,394,378 units of Ordinary Stock to the NPRFC in settlement of the dividend of €250.4 million due on the 2009 Preference Stock on 20 February 2010 is to increase capital stock by €118 million with a corresponding reduction in Stock Premium account. The offsetting reduction in Stock Premium account is due to the increase of €132 million that arises on issue being offset by the capitalisation of Stock Premium of €250 million to reflect the fact that no cash proceeds are received on issue of the Ordinary Stock; and
- (d) The adjustment to retained earnings is the net of the loss on sale of assets to NAMA of €1,518 million and the gain of €405 million on the exchange of Lower Tier 2 Securities as described above.
- (8) This column is the sum of columns (1) to (7) and represents the unaudited consolidated balance sheet as at 31 December 2009 based on the assumption that the relevant transactions set out in columns (2) to (7) took place on 31 December 2009.
- (9) No account has been taken of the trading results of the Group since 31 December 2009.

The adjustments in columns (2) to (6) reflect the expected effects of the Proposals; column (7) reflects other matters and column (8) reflects the adjustments on a pro forma basis as if they had all occurred on 31 December 2009.

2. Unaudited pro forma regulatory capital ratios as at 31 December 2009

	As at 31 December 2009	Placing	Rights Issue	Debt for Equity Offers	Warrant Cancellation	Cost of Proposals	Other	Pro forma as at 31 December 2009
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Key Balance Sheet metrics								
Total Risk Weighted Assets (€ billion)	98	—	—	—	—	—	(11) ^{(7(a)(i))}	87
Equity Tier 1 Capital (€ billion)	5.3	1.5	1.3	0.6	(0.5)	(0.1)	(1.1) ^{(7(a)(ii)(v)7(b)(i))}	7.0
Core Tier 1 Capital (€ billion) . .	8.8	0.5	0.7	0.6	(0.5)	(0.1)	(1.1) ^{(7(a)(ii)(v)7(b)(i))}	8.9
Tier 1 Capital (€ billion)	9.7	0.5	0.7	0.0	(0.5)	(0.1)	(1.1) ^{(7(a)(ii)(v)7(b)(i))}	9.2
Total Capital (€ billion)	13.2	0.5	0.7	0.0	(0.5)	(0.1)	(2.0) ^{(7(a)(iii))}	11.8
Equity Tier 1 Capital Ratio	5.3%						(7(a)(iv)(v)7(b)(ii))	8.0%
Core Tier 1 Capital Ratio	8.9%						(7(a)(iv)(v)7(b)(ii))	10.1%
Tier 1 Capital Ratio	9.8%						(7(a)(iv)(v)7(b)(ii))	10.5%
Total Capital Ratio	13.4%						(7(a)(v)7(a)(vi))	13.5%

Notes:

- (1) Information on the risk weighted assets, capital amounts and capital ratios of the Group have been extracted without material adjustment from the December 2009 Annual Report as published on 16 April 2010.
- (2) This column represents the adjustments made to show the effect of the Placing. See note (2)(i)(ii) above for further details;

- (3) This column represents the adjustments made to show the effect of the Rights Issue. See note (3)(i)(ii) above for further details;
- (4) This column represents the adjustments made to show the effect of the Debt for Equity Offers. See note (4) above for further details;
- (5) This column represents the adjustments made to show the effect of the Warrants cancellation. See note (5) above for further details;
- (6) This column represents the adjustments made to show the effect of the cost of the Proposals (including amounts in respect of VAT) See note (6) above for further details;
- (7) This column shows the combined effect of (a) of the Group's participation in NAMA and (b) the exchange of Lower Tier 2 Securities as follows:
- (a) This represents the adjustments made to show how the transfer of potential Bank of Ireland Eligible Bank Assets to NAMA might have affected the Total Risk Weighted Assets, Equity Tier 1 Capital, Core Tier 1 Capital, Tier 1 Capital and Total Capital and Equity Tier 1 Capital Ratio, Core Tier 1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio as at 31 December 2009 as follows:
 - (i) Reduction of circa. €11 billion in Risk Weighted Assets due to the expected transfer of loans to NAMA. No adjustment has been made for any reduction in liquid asset levels which may also reduce Risk Weighted Assets over time;
 - (ii) Adjustments to pro forma Equity Tier 1 Capital, pro forma Core Tier 1 Capital and pro forma Tier 1 Capital of €1.5 billion relates to the expected discount on transferred loans, derivatives and accrued interest after adjusting for existing provisions, the deferred tax asset and the assumed adjustments to the fair value of the non-guaranteed subordinated bonds;
 - (iii) Adjustments to pro forma Total Capital includes the €1.5 billion expected discount as described above and also reflects the reduction in IBNR provisions of circa €500 million post the transfer of loans to NAMA giving a combined adjustment of €2.0 billion;
 - (iv) Adjustments to Equity Tier 1 Capital Ratio; Core Tier 1 Capital Ratio and Tier 1 Capital Ratio for the pro forma reduction of €1.5 billion in Equity Tier 1 Capital, Core Tier 1 Capital and Tier I Capital; and
 - (v) Adjustment to all ratios for the pro forma reduction of circa €11 billion in Risk Weighted Assets; and
 - (vi) Adjustment to the Total Capital Ratio for the pro forma reduction in Total Capital of €2.0 billion.
 - (b) This represents the adjustments made to show the effect of the Debt for Debt Exchange as follows:
 - (i) Adjustment to pro forma Equity Tier 1 Capital, Core Tier 1 Capital, and Tier 1 Capital of €0.4 billion in respect of the gain on exchange of Lower Tier 2 Securities; and
 - (ii) Adjustment to pro forma Equity Tier 1 Capital Ratio, Core Tier 1 Capital Ratio, and Tier 1 Capital Ratio in respect of the gain on exchange of Lower Tier 2 Securities.
- (8) This column is the sum of column (1) to (7) and reflects the unaudited Pro forma Total Risk Weighted Assets, Equity Tier 1 Capital, Core Tier 1 Capital, Tier 1 Capital and Total Capital and Equity Tier 1 Capital Ratio, Core Tier 1 Capital Ratio, Tier 1 Capital Ratio, and Total Capital Ratio based on the assumption that the Proposals and certain other matters took place on 31 December 2009.
- (9) No account has been taken of the trading results of the Group since 31 December 2009.

SECTION B

REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The Directors
The Governor and Company of the
Bank of Ireland,
Lower Baggot Street
Dublin 2
Ireland (“the Bank”)



The Directors
J&E Davy
Davy House
49 Dawson Street
Dublin 2
Ireland

UBS Limited
1 Finsbury Avenue
London EC2M 2PP
United Kingdom

26 April 2010

Ladies and Gentlemen,

Accountants Report in respect of the pro forma unaudited financial information

We report on the unaudited pro forma financial information (the “**Pro forma Information**”) set out in Section A of Part XV of the Bank’s prospectus dated 26 April 2010 (the “**Prospectus**”) which has been prepared on the basis described in the notes to the Pro forma Information, for illustrative purposes only, to provide information about how, the Proposals, the costs of the Proposals, the participation of the Bank in NAMA, the Debt for Debt Exchange and the issue of NPRFC Coupon Ordinary Stock might have affected the financial information presented on the basis of the accounting policies adopted by the Bank in preparing the financial statements for the nine month period ended 31 December 2009. This report is required by item 20.2 of Annex I of the EU Prospectus Regulations and is given for the purpose of complying with the EU Prospectus Regulations and for no other purpose.

Responsibilities

It is the responsibility of the Directors of the Bank to prepare the Pro forma Information in accordance with item 20.2 of Annex I to the EU Prospectus Regulations.

It is our responsibility to form an opinion, as required by item 7 of Annex II to the EU Prospectus Regulations as to the proper compilation of the Pro forma Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro forma Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and for any responsibility arising under Paragraph 2(2)(f) of Schedule 1 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Prospectus Regulations”) to any person as and to the extent there provided, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report, required by and given solely for the purposes of complying with Section 45 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, consenting to its inclusion in this Prospectus.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom and published by Chartered Accountants Ireland. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro forma Information with the Directors of the Bank.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro forma Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Bank.

Our work has not been carried out in accordance with auditing standards or other standards and practices generally accepted in the United States of America or auditing standards of the Public Company Oversight Board (United States) and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

- (a) the *Pro forma Information* has been properly compiled on the basis stated; and
- (b) such basis is consistent with the accounting policies of the Bank.

Declaration

For the purposes of Paragraph 2(2)(f) of Schedule 1 of the Prospectus Regulations we are responsible for this report as part of this Prospectus and we declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in this Prospectus in compliance with item 1.2 of Annex I and III to the EU Prospectus Regulations.

Yours faithfully,

PricewaterhouseCoopers
Dublin, Ireland

Chartered Accountants

PART XVI

TAXATION CONSIDERATIONS

PART A

IRELAND

The following is a general summary of the main Irish tax considerations applicable to certain Irish investors who are the beneficial owners of units of Rights Issue Stock and Placing Stock and is based on existing Irish law and practices in effect on the date of this Prospectus. Legislative, administrative or judicial changes may modify the tax consequences described below.

The statements do not constitute tax advice and are intended only as a general guide. Furthermore, this information applies only to units of Rights Issue Stock and Placing Stock, and are held as capital assets and does not apply to all categories of stockholders, such as dealers in securities, trustees, insurance companies, collective investment schemes and stockholders who have, or who are deemed to have, acquired their units of Rights Issue Stock or Placing Stock by virtue of an office or employment. This summary is not exhaustive and prospective purchasers should consult their own tax advisers as to the tax consequences in Ireland, or other relevant jurisdictions, of the purchase, ownership and disposition of the units of Rights Issue Stock or Placing Stock.

Renominalisation of Ordinary Stock

The Renominalisation will be treated as a reorganisation of the Bank's capital stock for the purposes of Irish taxation of chargeable gains. Accordingly a Stockholder will not be treated as making a disposal of any part of his or her existing holding of Ordinary Stock by reason of the Renominalisation. The units of stock retain their original cost and acquisition date for the purposes of any future disposal.

Rights Issue Stock acquired pursuant to the Rights Issue

The issue of units of Rights Issue Stock to Qualifying Stockholders up to their entitlements as Qualifying Stockholders, pursuant to the Rights Issue should be treated as a reorganisation of the capital stock of the Bank for the purposes of taxation of chargeable gains. Accordingly, the units of Rights Issue Stock issued to Qualifying Stockholders in accordance with their entitlements as Qualifying Stockholders should be treated as the same asset as the Existing Stock.

The base cost for tax purposes of the Existing Stock (which will be treated as including the units of Rights Issue Stock) will be deemed to have been increased by the amount of consideration paid for the units of Rights Issue Stock. For indexation purposes the original base cost will retain its original acquisition date.

Rights Issue Stock acquired under the Rights Issue in excess of a Qualifying Stockholder's entitlement or under the Institutional Placing shall be treated as a new and separate acquisition.

Disposal of Rights Issue Stock acquired pursuant to the Rights Issue

If a Qualifying Stockholder disposes of all his or her right to subscribe for Rights Issue Stock, or if he/she allows or is deemed to allow his or her rights to lapse and receives a cash payment in respect of his or her rights, he/she may, depending on his or her circumstances, incur a liability to tax on any capital gain realised.

The rate of capital gains tax in Ireland is currently 25%. An individual is entitled to a small gains exemption annually whereby currently the first €1,270 of an individual's chargeable gain is exempt.

Disposal of Rights Issue Stock and Placing Stock acquired pursuant to the Rights Issue or the Institutional Placing

A disposal of units of Rights Issue Stock or Placing Stock acquired pursuant to the Rights Issue or the Institutional Placing may, depending on the circumstances of the person making the disposal, and on the proper calculation using the appropriate portion of the base cost, result in a liability to Irish tax on chargeable gains.

A holder of Rights Issue Stock or Placing Stock will not be subject to capital gains tax on a disposal of such Rights Issue Stock or Placing Stock provided that such holder (i) is neither resident nor ordinarily resident in Ireland at the time of the disposal and (ii) does not hold Rights Issue Stock or Placing Stock through or for the purposes of a trade carried on by an Irish branch or agency. Notwithstanding this, a holder who is an individual and who is temporarily a

non-resident of Ireland may under anti-avoidance legislation still be liable to Irish taxation on any chargeable gain realised (subject to the availability of exemptions or reliefs).

The rate of capital gains tax in Ireland is currently 25%. An individual is entitled to a small gains exemption annually whereby currently the first €1,270 of an individual's chargeable gain is exempt.

Withholding Tax on Dividends

Distributions made by the Bank are generally subject to dividend withholding tax (“DWT”) at the standard rate of income tax (currently 20%) unless the stockholder is within one of the categories of exempt Stockholders referred to below. Where DWT applies, the Bank is responsible for withholding DWT at source and forwarding the relevant payment to the Irish Revenue Commissioners. For DWT purposes, a dividend includes any distribution made by the Bank to its Stockholders, including cash dividends, non-cash dividends and additional stock or units taken in lieu of a cash dividend.

Certain Stockholders (both individual and corporate) are entitled to an exemption from DWT provided that the Bank or a relevant qualifying intermediary (the qualifying intermediary from whom the dividend is received (“**Relevant Qualifying Intermediary**”)) has received all of the necessary documentation required by the relevant legislation from the stockholder prior to payment of the dividend

In particular, certain categories of Irish resident Stockholders are entitled to an exemption from DWT, including (but not limited to) Irish resident companies, qualifying employee stock ownership trusts, collective investment undertakings, charities and pension funds so long as the stockholder has provided its broker, for onward transmission to the Relevant Qualifying Intermediary (or other designated agent) (in the case of stock held beneficially), or the Bank (in the case of stock held directly), with all the necessary documentation prior to payment of the dividend. Except in very limited circumstances, distributions to Irish resident Stockholders who are individuals are not exempt from DWT.

A stockholder who is not resident in Ireland for Irish tax purposes is not subject to DWT on dividends received from the Bank if the stockholder is:

- an individual stockholder resident for tax purposes in a “relevant territory,” and the individual is neither resident nor ordinarily resident in Ireland and, in this context “relevant territory” means a Member State of the European Union (other than Ireland) and, not being such a Member State, a territory with which Ireland has signed a double taxation convention whether ratified or not ;
- a corporate stockholder that is resident for tax purposes in a “relevant territory” provided that the corporate stockholder is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland;
- a corporate stockholder that is not resident for tax purposes in Ireland and which is ultimately controlled, directly or indirectly, by persons resident in a “relevant territory”;
- a corporate stockholder that is not resident for tax purposes in Ireland and whose principal class of shares (or those of its 75% parent) is substantially and regularly traded on a recognised stock exchange either in a “relevant territory” or on such other stock exchange approved by the Minister for Finance; or
- a corporate stockholder that is not resident for tax purposes in Ireland and is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a recognised stock exchange in a “relevant territory” or on such other stock exchange approved by the Minister for Finance,

and provided that, in all cases noted above but subject to the matters described below, the stockholder has provided the appropriate forms to such stockholder's broker for onward transmission to the Bank or to the Relevant Qualifying Intermediary (or other designated agent) (in the case of stocks held beneficially), or to the Bank or its transfer agent (in the case of stocks held directly) prior to payment of the dividend.

Tax on Dividends paid on Rights Issue Stock or Placing Stock

Irish resident individual Stockholders are subject to Irish income tax and levies on the gross dividends received from the Bank at their marginal rate of tax. The gross dividend is the dividend received plus DWT withheld by the Bank. Irish resident individual Stockholders are generally entitled to a credit for the DWT deducted against their Irish income tax liability and to have refunded to them any amount by which DWT exceeds such Irish income tax liability provided that they furnish the statement of DWT suffered to the Irish Revenue Commissioners.

Irish resident corporate Stockholders are generally exempt from Irish tax on dividends received from the Bank. If an Irish resident corporate stockholder is a close company, as defined under Irish legislation, it may, in certain circumstances, be liable to investment income surcharge.

Non-Irish resident Stockholders are, unless entitled to exemption from DWT, liable to Irish income tax on dividends received from the Bank. However, the DWT deducted by the Bank discharges such liability to Irish income tax provided that they furnish the statement of DWT suffered to the Irish Revenue Commissioners. Where a non-resident stockholder is entitled to exemption from DWT, then no Irish income tax arises.

Capital Acquisitions Tax

Irish capital acquisitions tax (“CAT”) comprises of gift tax and inheritance tax. CAT could apply to a gift or inheritance of units of Rights Issue Stock or Placing Stock irrespective of the place of residence, ordinary residence or domicile of the parties. This is because units of Rights Issue Stock and Placing Stock are regarded as property situated in Ireland as the stock register of the Bank is held in Ireland. The person who receives the gift or inheritance is responsible for the payment of CAT.

CAT is currently levied at a rate of 25% above certain tax-free thresholds. The appropriate tax-free threshold is dependent upon (1) the relationship between the donor and the donee and (2) the aggregation of the values of previous gifts and inheritances received by the donee from persons within the same group threshold. Gifts and inheritances passing between spouses are exempt from CAT. The first €3,000 of the total value of all gifts received by an individual from any one disponent in any tax year is exempt. This exemption does not apply to inheritances.

Stockholders should consult their own tax adviser as to whether CAT is creditable or deductible in computing any tax liabilities in their country of domicile or residence.

Stamp Duty

No stamp duty should be payable on (i) the issue of the units of Rights Issue Stock or Placing Stock, (ii) the issue of Provisional Allotment Letters or split Provisional Allotment Letters, (iii) the renunciation of Provisional Allotment Letters (whether nil paid or fully paid) or split Provisional Allotment Letters on or before the latest time and date for registration or renunciation (iv) the registration of the holders of Provisional Allotment Letters, (v) the crediting of Nil Paid Rights or Fully Paid Rights to stock accounts in CREST, or (vi) the transfer of Nil Paid or Fully Paid Rights held in CREST where the transfer is a renunciation of those Rights and is effected on or before the latest day for renunciation of those Rights.

A subsequent transfer of units of Rights Issue Stock or Placing Stock (including a transfer effected through CREST) will (unless an exemption or relief is available) generally be liable to Irish stamp duty at the rate of 1% of the consideration paid or, in the case of a gift or where the purchase price is inadequate or unascertainable, the market value of the units of Rights Issue Stock or Placing Stock being transferred. The person acquiring the units of Rights Issue Stock or Placing Stock is liable for the stamp duty. However, in the case of a gift or a transfer at undervalue, all parties to the transfer are liable for the duty. To avoid interest and penalties, stamp duty should be paid within 30 days after the transfer is first executed.

PART B

UNITED KINGDOM

The following is a general summary of the main United Kingdom tax considerations applicable to certain United Kingdom resident investors who are the beneficial owners of units of Rights Issue Stock or Placing Stock and is based on existing United Kingdom law and practices in effect on the date of this Prospectus. Legislative, administrative or judicial changes may modify the tax consequences described below.

The statements do not constitute tax advice and are intended only as a general guide. Furthermore, this information applies only to units of Rights Issue Stock or Placing Stock which constitute Ordinary Stock, and are held as capital assets and does not apply to all categories of Stockholders, such as dealers in securities, trustees, insurance companies, collective investment schemes, securitisation companies and Stockholders who have, or who are deemed to have, acquired their units of Rights Issue Stock or Placing Stock by virtue of an office or employment. This summary is not exhaustive and prospective purchasers should consult their own tax advisers as to the tax consequences in the United Kingdom, or other relevant jurisdictions, of the purchase, ownership and disposition of the units of Rights Issue Stock or Placing Stock.

TAXATION OF CHARGEABLE GAINS

Renominalisation of Ordinary Stock

The Renominalisation will be treated as a reorganisation of the Bank's capital stock for the purposes of United Kingdom taxation of chargeable gains. Accordingly, a stockholder will not be treated as making a disposal of any part of his or her existing holding of Ordinary Stock by reason of the Renominalisation.

Placing Stock acquired and disposed pursuant to the Institutional Placing

For the purposes of United Kingdom taxation of chargeable gains any Placing Stock acquired pursuant to the Institutional Placing will be treated as a separate acquisition. If a Placee sells or otherwise disposes of all or some of the Placing Stock issued to him or her, this may, depending on the Placee's circumstances (including the availability of exemptions and reliefs) give rise to a chargeable gain or an allowable loss.

Disposal of Rights to Rights Issue Stock acquired pursuant to the Rights Issue

If a Qualifying Stockholder sells all or any of his or her rights to Rights Issue Stock, or if he/she allows or is deemed to allow his or her rights to lapse and receives a cash payment in respect of them, he/she may, depending on his or her circumstances (including the availability of exemptions, reliefs and/or allowable losses), incur a liability to taxation on chargeable gains or realise an allowable loss.

However, save in relation to certain Stockholders with a low or nil base cost for their existing holding of Ordinary Stock, if the proceeds resulting from a lapse or disposal of the rights are small as compared with the market value (on the date of lapse or disposal) of the existing holding of Ordinary Stock, a stockholder can be treated as not having made a disposal for the purposes of tax on chargeable gains and instead the proceeds can be deducted from the acquisition cost of the existing holding for the purposes of computing any chargeable gain or allowable loss on a subsequent disposal. Current practice is to apply this treatment where either (i) the proceeds of the disposal or lapse of rights do not exceed 5% of the market value (at the date of the disposal or lapse) of the shares in respect of which the rights arose or (ii) the amount of the proceeds is £3,000 or less, regardless of whether the 5% test is satisfied.

Rights Issue Stock acquired pursuant to the Rights Issue

The issue of units of Rights Issue Stock to Qualifying Stockholders pursuant to the Rights Issue will be treated as a reorganisation of the Bank's capital stock for the purposes of United Kingdom taxation of chargeable gains. Accordingly, Qualifying Stockholders will not be treated as making a disposal of any part of their existing holding of Ordinary Stock by reason of taking up their rights to Rights Issue Stock. No liability to taxation on chargeable gains should arise in respect of the issue of Rights Issue Stock to the extent that a stockholder takes up his or her entitlement to Rights Issue Stock.

For the purposes of the taxation of chargeable gains, if a stockholder takes up all or any of his or her rights to Rights Issue Stock, his or her existing holding of Ordinary Stock and his or her Rights Issue Stock will be treated as the same asset, acquired at the time he/she acquired his or her existing Ordinary Stock. The subscription monies will be added to the base cost of the stockholder's existing holding.

Subsequent sale of Rights Issue Stock

A disposal by a Qualifying Stockholder of all or any of the Rights Issue Stock following their acquisition may, depending on the stockholder's circumstances (including the availability of exemptions and reliefs) give rise to a chargeable gain or an allowable loss.

(i) Individuals

A disposal by a stockholder within the charge to United Kingdom capital gains tax, such as an individual, trustee or personal representative, will, subject to the availability to the stockholder of any exemptions, reliefs (including an annual exemption currently of £10,100) and/or allowable losses, be subject to tax at the rate of 18%.

Individuals who are temporarily non-United Kingdom resident may, in certain circumstances, be subject to tax in respect of gains realised whilst they are not resident in the United Kingdom.

(ii) Companies

Stockholders within the charge to United Kingdom corporation tax will, subject to the availability to the Stockholder of any exemptions, reliefs and/or allowable losses, be subject to tax on gains at the rate of 28%. For the purposes of computing gains but not losses such Stockholders will be allowed to claim an indexation allowance in respect of the subscription monies paid for their Rights Issue Stock. This indexation allowance will generally only apply from the date the stockholder became liable to make or made payment of the subscription monies.

TAXATION OF DIVIDENDS RECEIVED

The United Kingdom is a relevant territory for the purposes of dividend withholding tax in Ireland and accordingly no such tax should be withheld from payment to United Kingdom residents.

(i) Individuals

An individual stockholder who is resident in the United Kingdom for tax purposes and who receives a dividend from the Bank may (subject to satisfaction of certain conditions) be entitled to a tax credit which may be set off against his or her total income tax liability on the dividend. Whether the conditions for entitlement to a tax credit are met will depend on the particular circumstances.

Such an individual stockholder's liability to income tax is calculated on the aggregate of the dividend and the tax credit (the "gross dividend") which will be regarded as the top slice of the individual's income. The tax credit will be equal to 10% of the "gross dividend" (i.e. the tax credit will be one-ninth of the amount of the dividend).

A United Kingdom resident individual stockholder who is not liable to income tax in respect of the gross dividend will generally not be entitled to claim repayment of any part of the tax credit.

A United Kingdom resident stockholder who is liable to income tax at the basic rate and is entitled to a tax credit in respect of the dividend will be subject to income tax on the dividend at the rate of 10% of the gross dividend so that the tax credit will satisfy in full such stockholder's liability to income tax on the dividend.

A United Kingdom resident stockholder who is liable to income tax at the higher rate, entitled to a tax credit in respect of the dividend and has taxable income for a tax year which does not exceed £150,000 will be subject to income tax on the gross dividend at 32.5% but will be able to set the tax credit off against part of this liability. The effect is that such a stockholder will have to account for additional tax equal to one quarter of the cash dividend received.

A United Kingdom resident stockholder who is liable to income tax at the higher rate, entitled to a tax credit in respect of the dividend and has taxable income for a tax year which exceeds £150,000 will be liable to tax on the gross dividend at 42.5% but will be able to set the tax credit off against part of this liability. The effect is that such a stockholder will have to account for additional tax equal to 36.1% of the cash dividend received.

(ii) Companies

It is expected that dividends paid by the Bank to a corporate stockholder resident in the United Kingdom for tax purposes will generally be exempt. Whether a dividend falls within an exempt class and the other conditions for exemption are met will depend on the particular circumstances. Such corporate stockholders will not be able to claim repayment of the tax credit attaching to any dividend. Dividends received by a corporate stockholder which are not exempt will be subject to United Kingdom corporation tax.

STAMP DUTY AND STAMP DUTY RESERVE TAX

No United Kingdom stamp duty or stamp duty reserve tax (“SDRT”) will be payable on the issue of Provisional Allotment Letters, split letters of allotment, provided they are renounceable within six months of issue, or definitive stock certificates, on the registration of the original holders of Provisional Allotment Letters or their renounees, on the crediting of the Nil Paid Rights or Fully Paid Rights to stock accounts in CREST or on the issue in uncertificated form of the Rights Issue Stock or the Placing Stock.

The purchase of Nil Paid Rights or Fully Paid Rights represented by a Provisional Allotment Letter or held in CREST on or before the latest time for registration or renunciation or transfer, will not be liable to United Kingdom stamp duty or SDRT.

Subject to an exemption for certain low value transactions and depending on the circumstances of the transfer, an instrument transferring on sale of Rights Issue Stock or Placing Stock held outside CREST may be liable to United Kingdom stamp duty at the rate of 0.5% of the consideration paid (rounded up to the nearest £5.00). If duty is not paid the instrument of transfer shall not (except in criminal proceedings) be given in evidence or be available for any other purpose.

PART XVII

DIRECTORS, CORPORATE GOVERNANCE AND EMPLOYEES

1. Responsibility Statement

Bank of Ireland and the Directors whose names and positions are set out in Part VI (Directors, Group Secretary, Registered Office and Advisers) of this Prospectus, accept responsibility for the information contained in this Prospectus and to the best of the knowledge and belief of the Bank and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Director Profiles

Non-Executive Officers

Patrick Molloy **Governor**

Appointed to the Court in June 2009 and Governor in July 2009. He was Group CEO of the Bank from 1991 — 1998 and subsequently served as a Non Executive Director from 1998 — 2001. He has served as a Non Executive Director on the Boards of CRH plc (1997 — 2007); Eircom plc (1999 — 2001) and Waterford Wedgwood plc (2002 — 2009). He was Chairman of Enterprise Ireland (1998 — 2008) and CRH plc (2000 — 2007). His current Directorships are Blackrock Hospital Ltd (Chairman), Dublin Adult Learning Centre and Hugh Lane Gallery Trust (Chairman). (Age 72)

Dennis Holt BA, ACIB **Deputy Governor and Senior Independent Director**

Appointed to the Court in 2006. Chairman of Group Audit Committee from October 2008 to August 2009 when he was appointed Deputy Governor and Senior Independent Director. 39 years experience in Financial Services, including Retail Banking Executive Director on the Main Board of Lloyds TSB (2000-2001) and CEO of global insurer AXA's UK and Ireland businesses (2001-2006). Chairman of Liverpool Victoria Friendly Society Ltd and Non Executive Director of Principle Insurance Holdings Ltd. (Age 61)

Executive Directors

Richie Boucher **Group Chief Executive**

Appointed to the Court in October 2006 and appointed Group Chief Executive in February 2009. Joined the Group as Chief Executive, Corporate Banking in December 2003 from Royal Bank of Scotland. He was appointed Chief Executive, Retail Financial Services Ireland in January 2006. He is a past President of the Institute of Bankers in Ireland (2008) and of the Irish Banking Federation (2006). (Age 51)

Des Crowley BA(Mod) Econ, FCMA **Chief Executive Officer — Retail (Ireland & UK)**

Appointed to the Court in 2006. Joined the Bank in 1988 from Arthur Andersen & Co. Appointed Chief Executive, Retail Banking and Distribution and joined the Group Executive Committee in 2000. In 2004 he was appointed Chief Executive, Retail Financial Services, Chief Executive, UK Financial Services in 2006 and Chief Executive — Retail (Ireland & UK) in May 2009. He is a Director of Post Office Financial Services and First Rate Exchange Services, the Bank's joint ventures with the UK Post Office and a Director of New Ireland Assurance Company plc. (Age 50)

Denis Donovan B Comm, MBA **Chief Executive, Capital Markets**

Appointed to the Court in 2006. Joined the Bank in 1985 from the Central Bank of Ireland. Appointed Chief Executive of the Group's Capital Markets Division in 2006, having held the position of Chief Executive, Wholesale Financial Services Division since 2003. He was CEO of Global Markets from 1999 - 2003 and Chief Operating Officer — International, with Bank of Ireland Asset Management from 1993 — 1999. (Age 56)

John O'Donovan B Comm, F.C.A.
Group Chief Financial Officer

Joined the Group in 2001 as Group Chief Financial Officer. Appointed to the Court in 2002. Formerly Group Finance Director/Company Secretary of Aer Lingus Group plc. (Age 58)

Non-Executive Directors

Tom Considine BA, F.C.C.A.

Appointed to the Court in January 2009. Appointed Chairman of the Court Risk Committee in August 2009. President of the Institute of Public Administration and a member of the Forum of the Economic & Social Research Institute. Former Secretary General of the Department of Finance. Former Board member of the Central Bank and Financial Services Authority of Ireland and former member of the Council of the Economic & Social Research Institute. (Age 65)

Paul Haran M.Sc, B.Sc

Appointed to the Court in 2005. Spent his career in public service and was Secretary General of the Department of Enterprise, Trade and Employment (1997 — 2004) during a period of significant economic and social transformation. In that period he was also a member of the National Economic and Social Council (1997 — 2004) and the Board of Forfas (1997-2004). He is Chairman of the National Qualifications Authority of Ireland, of Edward Dillon & Company and of the UCD Michael Smurfit Graduate Business School and the UCD College of Business & Law. A member of the Forum of the Economic & Social Research Institute and the Road Safety Authority, he is also a Director of Glanbia plc, the Mater Private Hospital and Drury Communications. He serves on the councils of Camerata Ireland, the Irish Taxation Institute and the Irish Insurance Federation. (Age 52)

Rose Hynes BCL, AITI, Solr

Appointed to the Court in 2007. A Solicitor by profession. Previously held senior management positions in GPA Group plc, including General Counsel and Head of Commercial. Appointed Chairman of Bord Gais in 2009. Director of Total Produce plc, where she is its Senior Independent Director and chairs the Compensation Committee. Also a Director of a number of other companies. Former Director of Fyffes plc, Shannon Airport Authority plc and Aer Lingus Group plc. (Age 52)

Jerome Kennedy F.C.A.

Appointed to the Court in 2007. Appointed Chairman of Group Audit Committee in August 2009. Spent 24 years (1980-2004) as a Partner in KPMG providing audit and advisory services to a range of Irish companies and Irish subsidiaries of multinational groups. Managing Partner of KPMG Ireland and a Board member of KPMG Europe from 1995-2004. Director of Bank of Ireland Life Holdings Limited, New Ireland Assurance Company plc and Total Produce plc where he chairs the Audit Committees. Also Chairman of Caulfield McCarthy Group Retail and is on the Irish Board of the UCD Michael Smurfit Graduate Business School. (Age 61)

Declan McCourt BL, MA, MBA

Appointed to the Court in 2004. Chairman of the Audit Committee 2006-2008. Appointed Chairman of the Remuneration Committee in August 2009. Partner and Chief Executive of automotive distributor the OHM Group. Director of Fyffes plc since 2003, where he is Senior Independent Director and Chairman of both the Audit and Compensation & Nomination Committees. Director of Blackrock International Land plc. Chairman of the Mater Hospital Foundation and of UCD Law School Development Council. (Age 64)

Heather Ann McSharry B.Comm, MBS

Appointed to the Court in 2007. Director of IDA Ireland and Council member of the Institute of Directors. Previously Managing Director of Reckitt Benckiser and Boots Healthcare in Ireland. Former Director of Enterprise Ireland and the Irish Pharmaceutical Healthcare Association, and a former member of Governing Authority of University College Dublin. (Age 48)

Terry Neill MA, M.Sc (Econ)

Appointed to the Court in 2004. A member of the Governing Body and chairman of the Finance Committee of London Business School. A member of the Boards of CRH plc, Trinity Foundation and United Business Media plc.

Former Senior Partner in Accenture and former chairman of its global Board. Chairman, Camerata Ireland. (Age 64)

Patrick O’Sullivan BBS, MsC, FCA

Appointed to the Court in July 2009. Previously Vice Chairman, Chief Growth Officer and Group Finance Director of Zurich Financial Services; Chief Executive Officer, Eagle Star Insurance (London); Chief Operating Officer, Barclays De Zoete Wedd Holdings (London); Managing Director, Financial Guaranty Insurance Co. (part of GE Capital) (London & New York); Executive Director, Goldman Sachs International (London) and General Manager, Bank of America Futures (London). He is currently Non Executive Director of Man Group plc, Cofra Holdings AGC and Chairman of Old Mutual plc. (Age 61)

Joe Walsh

Appointed to the Court in January 2009. Served as Minister for Agriculture from 1994 —2004, having previously served as Minister for Food from 1987. He retired from the Cabinet in 2004. Chairman of Cork Racecourse (Mallow) Limited, Horse Sport Ireland and Irish Hunger Task Force. (Age 66)

Senior Executives

Liam McLoughlin B Comm, FCA
Head of Group Manufacturing

Joined Bank of Ireland in 2004. Appointed Head of Group Manufacturing and a member of the Group Executive Committee in July 2009. Held a number of senior management positions, including Director of Group Finance, Chief Operating Officer, Corporate Banking and Divisional Finance Officer, Capital Markets Division. Previously held a number of senior finance roles at Ulster Bank Group and, prior to that, was financial controller for the National Treasury Management Agency. A Fellow of Chartered Accountants Ireland. (Age 46)

Vincent Mulvey B Comm, FCCA
Chief Credit & Market Risk Officer

Joined Bank of Ireland in 1979. Appointed Chief Credit and Market Risk Officer and a member of the Group Executive Committee in May 2009. Held a number of senior management positions, including Head of Group Credit. A Fellow of The Institute of Bankers. (Age 49)

Ronan Murphy BA Econ
Chief Governance Risk Officer

Joined Bank of Ireland in 1987. Appointed Group Chief Risk Officer and a member of the Group Executive Committee in 2004. Appointed Chief Governance Risk Officer in May 2009. Held senior positions in Corporate Banking as Managing Director of Bank of Ireland International Finance. Previous experience in corporate banking, finance and venture capital in Citibank. (Age 57)

Helen Nolan B Comm, FCA
Group Secretary

Appointed Group Secretary in July 2009. Previously Head of Group Internal Audit since 2003. Prior to joining Group Internal Audit, was Divisional Finance Officer for the Capital Markets Division. She has also held senior finance positions in the Retail Division, the Bancassurance business and in the UK.

Prior to joining Bank of Ireland in 1992, worked with Lloyds Abbey Life (Ireland) and Warner Lambert Pharmaceuticals (Ireland). (Age 52)

Senior Independent Director

Dennis Holt

Group Audit Committee

Jerome Kennedy (Chairman)

Tom Considine

Paul Haran

Rose Hynes

Heather Ann McSharry

Patrick O'Sullivan

Group Remuneration Committee

Declan McCourt (Chairman)

Patrick Molloy

Rose Hynes

Terry Neill

Joe Walsh

Group Nomination and Governance Committee

Patrick Molloy (Chairman)

Dennis Holt

Heather Ann McSharry

Declan McCourt

Terry Neill

Joe Walsh

Court Risk Committee

Tom Considine (Chairman)

Rose Hynes

Jerome Kennedy

Terry Neill

Patrick O'Sullivan

Trustees of the Bank Staff Pension Fund

Paul Haran (Chairman)

Dennis Holt

Heather Ann McSharry

Group Risk Policy Committee

Vincent Mulvey (Chairman)

Richie Boucher

Sean Casey

Des Crowley

Denis Donovan

Liam McLoughlin

Ronan Murphy

Declan Murray

Helen Nolan

John O'Donovan

Mick Sweeney

Group Investment Committee

Richie Boucher (Chairman)
Des Crowley
Denis Donovan
Liam McLoughlin
Vincent Mulvey
Ronan Murphy
Helen Nolan
John O'Donovan

Terms of Office of the Directors

In accordance with the Bye-Laws of the Bank, each Director, if eligible, must submit himself/herself for re-election by the Stockholders every three years. The normal retirement age for Non-Executive Directors is 68 unless the Court determines otherwise in exceptional circumstances. The normal retirement age for Executive Directors is 60.

3. Directors', Secretary's and Senior Executives' interests

Save as set out in this paragraph 3, no Director, Secretary or Senior Executive has any interest (beneficial or non-beneficial) in the stock units or options of the Bank or the Group.

Directors' interests in capital stock

The table below sets out the interests of the Directors in the Bank's Ordinary Stock as at 23 April 2010, the last practicable date prior to the publication of this Prospectus. The Executive Directors intend to take up in full their Rights to acquire Rights Issue Stock. The Non-Executive Directors intend either to take up in full their Rights to acquire Rights Issue Stock or to subscribe for not less than the number of units of Rights Issue Stock as can be funded by the sale of their Nil Paid Rights. The maximum potential interests held by the Directors following the implementation of the Proposals is set out in the table below:

	<u>No. of Units of Ordinary Stock</u>	<u>Maximum Potential No. of Units of Ordinary Stock held following the Proposals⁽¹⁾</u>
Richie Boucher	33,127	331,789
Tom Considine	5,000	50,078
Des Crowley	130,454	1,306,585
Denis Donovan	185,078	1,853,682
Paul Haran	8,443	84,562
Dennis Holt	16,284	163,095
Rose Hynes	25,000	250,392
Jerome Kennedy	8,062	80,746
Declan McCourt	50,674	507,534
Heather Ann McSharry	11,354	113,718
Patrick Molloy	1,167,333	11,691,634
Terry Neill	114,461	1,146,404
John O'Donovan	91,126	912,688
Patrick O'Sullivan	10,000	100,156
Joe Walsh	10,733	107,498

Notes

(1) The maximum potential number of units of Ordinary Stock held following the Proposals assumes: (i) no take up of the debt for Equity Offers; (ii) a Rights Issue Price of €0.10; and (iii) all the Directors taking up in full their Rights to acquire Rights Issue Stock.

Secretary and Senior Executives' Interest in capital stock

The table below sets the interests of the Secretary and Senior Executives in the Bank's Ordinary Stock as at 23 April 2010, the last practicable date prior to the publication of this Prospectus.

	<u>No. of Units of Ordinary Stock</u>
Helen Nolan	21,883
Liam McLaughlin	4,812
Vincent Mulvey	29,322
Ronan Murphy	70,346

Stock options held by Directors, Secretary and Senior Executives

Executive stock options

Options granted between 2006 and 2007

The vesting of options granted in 2006 and 2007 is conditional upon underlying earnings per share achieving a cumulative growth of at least 5% per annum compounded above the increase in the Consumer Price Index over the three year performance period.

Options granted in 2006 matured on 4 July 2009 and did not vest as the performance conditions were not achieved.

Options granted in 2007 are due to mature on 12 June 2010, but are likely to lapse as the performance conditions are unlikely to be achieved.

Options granted in 2008

For options granted in 2008, 25% will vest if the Group's underlying earnings per share growth is 3% per annum compounded over the three year performance period covering March 2009 to March 2011. 100% of options granted in 2008 will vest if the Group's underlying earnings per share growth is 6% compounded over the three year performance period. A scaled level of vesting will occur between these two targets, with options lapsing if the minimum target of underlying earnings per share of 3% per annum compounded is not achieved over the three year performance period.

Options to subscribe for Ordinary Stock in the Bank granted to the Directors, Secretary and Senior Executives, at 23 April 2010, the last practicable date prior to the publication of this Prospectus, are set out in the following table:

	<u>Date of Grant</u>	<u>Earliest exercise date</u>	<u>Expiry date</u>	<u>Exercise Price</u>	<u>No. of Options</u>
Richie Boucher	Jul 26, 2004	Jul 26, 2007	Jul 26, 2014	10.76	26,000
	Jun 21, 2005	Jun 21, 2008	Jun 21, 2015	12.85	23,000
	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	33,950
	Jun 3, 2008	Jun 3, 2011	Jun 3, 2018	8.10	71,600
					<u>154,550</u>
Des Crowley	May 21, 2001	May 21, 2004	May 21, 2011	11.05	25,000
	Jun 24, 2002	Jun 24, 2005	Jun 24, 2012	12.50	25,000
	Jun 18, 2003	Jun 18, 2006	Jun 18, 2013	10.77	50,000
	Jul 26, 2004	Jul 26, 2007	Jul 26, 2014	10.76	35,000
	Jun 21, 2005	Jun 21, 2008	Jun 21, 2015	12.85	32,500
	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	33,950
	Jun 3, 2008	Jun 3, 2011	Jun 3, 2018	8.10	68,800
					<u>270,250</u>
Denis Donovan	Jun 24, 2002	Jun 24, 2005	Jun 24, 2012	12.50	30,000
	Jun 18, 2003	Jun 18, 2006	Jun 18, 2013	10.77	50,000
	Jul 26, 2004	Jul 26, 2007	Jul 26, 2014	10.76	35,000
	Jun 21, 2005	Jun 21, 2008	Jun 21, 2015	12.85	32,500
	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	33,950
	Jun 3, 2008	Jun 3, 2011	Jun 3, 2018	8.10	81,450
					<u>262,900</u>

	<u>Date of Grant</u>	<u>Earliest exercise date</u>	<u>Expiry date</u>	<u>Exercise Price</u>	<u>No. of Options</u>
Helen Nolan	May 21, 2001	May 21, 2004	May 21, 2011	11.05	10,000
	Jun 18, 2003	Jun 18, 2006	Jun 18, 2013	10.77	10,000
	Jul 26, 2004	Jul 26, 2007	Jul 26, 2014	10.76	12,000
	Jun 21, 2005	Jun 21, 2008	Jun 21, 2015	12.85	11,000
	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	9,700
	Jun 3, 2008	Jun 3, 2011	Jun 3, 2018	8.10	16,400
					<u>69,100</u>
Liam McLoughlin	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	11,900
	Jun 3, 2008	Jun 3, 2011	Jun 3, 2018	8.10	20,650
					<u>32,550</u>
Vincent Mulvey	May 25, 2000	May 25, 2003	May 25, 2010	6.96	10,000
	Jun 24, 2002	Jun 24, 2005	Jun 24, 2012	12.50	10,000
	Jun 18, 2003	Jun 18, 2006	Jun 18, 2013	10.77	12,000
	Jul 26, 2004	Jul 26, 2007	Jul 26, 2014	10.76	14,000
	Jun 21, 2005	Jun 21, 2008	Jun 21, 2015	12.85	10,500
	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	17,300
	Jun 3, 2008	Jun 3, 2011	Jun 3, 2018	8.10	34,350
					<u>108,150</u>
Ronan Murphy	Jul 26, 2004	Jul 26, 2007	Jul 26, 2014	10.76	33,000
	Jun 21, 2005	Jun 21, 2008	Jun 21, 2015	12.85	29,000
	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	27,150
	Jun 03, 2008	Jun 3, 2011	Jun 3, 2018	8.10	54,300
				<u>143,450</u>	
John O'Donovan	Jun 24, 2002	Jun 24, 2005	Jun 24, 2012	12.50	25,000
	Jun 18, 2003	Jun 18, 2006	Jun 18, 2013	10.77	50,000
	Jul 26, 2004	Jul 26, 2007	Jul 26, 2014	10.76	35,000
	Jun 21, 2005	Jun 21, 2008	Jun 21, 2015	12.85	32,500
	Jun 12, 2007	Jun 12, 2010	Jun 12, 2017	15.45	33,950
	Jun 3, 2008	Jun 3, 2011	Jun 3, 2018	8.10	67,900
				<u>244,350</u>	

Sharesave Scheme Options

Under the terms of the Sharesave Schemes offered in 2006 and 2007, options were granted in December of each of those years to all eligible Group employees who elected to participate. Option prices were set at a discount of 25% to the then market price as permitted by the rules of the scheme in Ireland (€12.28 in 2006; €6.96 in 2007) and at a discount of 20% to the then market price as permitted by the rules of the scheme in the United Kingdom (£13.09 in 2006; £7.43 in 2007). Under the terms of the 2006 and 2007 Sharesave offers, participants could save for three years.

The options held under the Sharesave Schemes by the Directors, Secretary and Senior Executives as at 23 April 2010, the last practicable date prior to the publication of this Prospectus, are set out in the table below:

	<u>Sharesave Scheme date of Grant</u>	<u>Sharesave options granted</u>	<u>Market value at date of grant</u>	<u>Sharesave options held at 23 April 2010</u>
2006				
Richie Boucher	22 December 2006	301	€17.33	301
Ronan Murphy	22 December 2006	301	€17.33	301
Helen Nolan	22 December 2006	301	€17.33	301
2007				
Vincent Mulvey	24 December 2007	531	€10.11	531
Ronan Murphy	24 December 2007	531	€10.11	531
Helen Nolan	24 December 2007	531	€10.11	531

Long Term Incentive Plan (LTIP)

Conditional awards of units of Ordinary Stock are made to Group senior executives annually since 2004 under the terms of the LTIP.

These awards do not vest in the individuals unless demanding performance criteria are achieved. Prior to the introduction of the LTIP in 2004, conditional awards of units of Ordinary Stock were made under the Long Term Performance Stock Plan (LTPSP).

The performance conditions attached to the award of conditional units of stock made in June 2006 under the LTIP were not met in June 2009 and the awards granted under the scheme lapsed. Further information is set out in paragraph 4 (Remuneration of Directors, Secretary and Senior Executives) of this Part XVII of this Prospectus.

The Group Remuneration Committee decided that no award was to be made to the Executive Directors, Secretary and Senior Executives in June 2009 under the LTIP plan.

The conditional awards of units of Ordinary Stock made to the Directors, Secretary and the Senior Executives under the LTIP as at 23 April 2010, the last practicable date prior to the publication of this Prospectus, are set out in the table below:

<u>Name</u>	<u>No. of Conditional Awards of units Ordinary Stock</u>	<u>Maturity Date</u>
Richie Boucher	33,950	12 June 2010
	<u>71,600</u>	3 June 2011
Total	<u>105,550</u>	
Des Crowley	33,950	12 June 2010
	<u>68,800</u>	3 June 2011
Total	<u>102,750</u>	
Denis Donovan	33,950	12 June 2010
	<u>81,450</u>	3 June 2011
Total	<u>115,400</u>	
John O'Donovan	33,950	12 June 2010
	<u>67,900</u>	3 June 2011
Total	<u>101,850</u>	
Ronan Murphy	27,150	12 June 2010
	<u>54,300</u>	3 June 2011
Total	<u>81,450</u>	
Helen Nolan	6,950	12 June 2010
	<u>12,300</u>	3 June 2011
Total	<u>19,250</u>	
Vincent Mulvey	12,100	12 June 2010
	<u>34,350</u>	3 June 2011
Total	<u>46,450</u>	
Liam McLoughlin	10,400	12 June 2010
	<u>16,200</u>	3 June 2011
Total	<u>26,600</u>	

Prior to the introduction of the LTIP in 2004, conditional awards of units of Ordinary Stock were made under the Long Term Performance Stock Plan (LTPSP). A minimum of 80% of the vested stock must be retained by the Directors, Secretary or Senior Executives for a period of two years from the maturity of the award. After the two year retention period, an additional award of units of Ordinary Stock equal to 20% of the retained stock is made. If the award is retained for an additional five years, a further award of Ordinary Stock equal to 30% of the initial award is made.

The conditional awards of units of Ordinary Stock made to the Directors, Secretary and the Senior Executives under the LTPSP as at 23 April 2010, the last practicable date prior to the publication of this Prospectus are set out in the table below:

<u>Name</u>	<u>Retained Awards under the LTPSP Scheme⁽²⁾</u>	<u>Additional 30% Conditional Awards of Ordinary Stock</u>	<u>Maturity Date of Additional 30% Conditional Awards</u>
Des Crowley	13,079	3,269	25 May 2010
	9,496	2,373	21 May 2011
	<u>7,070</u>	<u>1,767</u>	24 June 2012
	<u>29,645</u>	<u>7,409</u>	
Denis Donovan	11,494	2,873	25 May 2010
	7,067	1,766	21 May 2011
	<u>4,714</u>	<u>1,178</u>	24 June 2012
	<u>23,275</u>	<u>5,817</u>	
John O'Donovan	<u>6,034</u>	<u>1,508</u>	24 June 2012
	<u>6,034</u>	<u>1,508</u>	

(2) This includes the additional 20% award made on the expiry of the two year retention period

4. Remuneration of Directors, Secretary and Senior Executives

Remuneration for the nine month period ended 31 December 2009 (all figures in €'000s)

	<u>Gross Salary⁽¹⁾</u>	<u>Fees⁽²⁾</u>	<u>Performance bonus⁽³⁾</u>	<u>Other remuneration⁽⁴⁾</u>	<u>Pension funding contributions⁽⁵⁾</u>	<u>Total to 31 Dec 2009 (before amounts waived)</u>	<u>Amounts waived during the period⁽⁶⁾</u>	<u>Total to 31 Dec 2009 (after amounts waived)</u>
Governor								
R Burrows (retired 3 July 09)	** 103					103		103
P Molloy Δ (appointed to Court on 10 June 2009 and Governor on 3 July)	** 194	4				198		198
Deputy Governor								
G M Magan (retired 3 July 2009)	** 33					33		33
D Holt (appointed Deputy Governor 25 August 2009)	** 45	41				86		86
Executive Directors								
R Boucher	508			43	# 1,490	2,041	(45)	1,996
D Crowley	428			107	(7)	528	(48)	480
D Donovan	495			223	(106)	612	(44)	568
J O'Donovan	412			151	8	571	(37)	534
Non-Executive Directors								
T Considine		60				60		60
D Dilger (retired 3 July 2009)		* 26				26		26
P Haran		67				67		67
R Hynes		+ 81				81		81
J Kennedy		+ 96				96		96
D McCourt		60				60		60
HA McSharry		65				65		65
T Neill		59				59		59
P O'Sullivan (appointed 3 July 2009)		* 37				37		37
J Walsh		59				59		59
Senior Executives	<u>957</u>	<u>—</u>	<u>—</u>	<u>125</u>	<u>258</u>	<u>1,340</u>	<u>(29)</u>	<u>1,311</u>
Totals	<u>3,175</u>	<u>655</u>	<u>—</u>	<u>649</u>	<u>1,643</u>	<u>6,122</u>	<u>(203)</u>	<u>5,919</u>

The majority of this amount is one-off amount paid to the Bank Staff Pensions Fund required to cover the contractual option allowing R. Boucher to retire at age 55 on a pension without actuarial reduction. This option was waived by Richie Boucher on 21 April 2010.

* From date of appointment or to date of retirement as a Director, as indicated.

** From date of appointment or to date of retirement as Governor/Deputy Governor, as indicated.

+ Includes fees paid in respect of services as Directors of subsidiary companies (R. Hynes €18,750, J. Kennedy €31,500)

Δ In addition to amounts shown, P Molloy is also in receipt of a pension from the Bank Staff Pensions Fund relating to his previous employment with the Group which ended prior to his current appointment as Governor:

Notes:

- (1) The Group Chief Executive Officer, Richie Boucher, has, with effect from 1 May 2009, waived a portion of his salary (€44,667 for the period ended 31 December 2009). The salary shown in the table is the gross amount before that waiver. In addition, the full amount of his pension cash allowance ceased with effect from 1 May 2009. Further information on the pension cash allowance is set out on page 174.
The other Executive Directors have waived payment of at least 10% of their salary with effect from 1 May 2009. The amounts shown in Column (1) are before that waiver. The amounts waived during the nine months ended 31 December 2009 are D. Crowley €48,199, D. Donovan €44,000 and J. O'Donovan €36,667.
The Governor and Deputy Governor, as Non-Executive Officers of the Bank, are not paid Court fees but are remunerated by way of non-pensionable salary.
- (2) Fees are paid only to Non-Executive Directors and a basic fee of €63,000 per annum applies. Additional fees were paid to Committee Chairmen, the Senior Independent Director and for Committee membership. On 1 February 2009, the Governor, Deputy Governor and all Non-Executive Directors agreed to reduce their salary (in the case of the Governor and Deputy Governor) and their fees (in the case of all other Non-Executive Directors) by 25%.
All Committee fees were also reduced by 25%. Where Non-Executive Directors took on additional Committee roles in the period ended 31 December 2009 they received the reduced fee applicable to that role in addition to their basic fee of €63,000 per annum and any other Committee fee they were already receiving.
- (3) Payments under the performance bonus scheme, are linked to individual performance and overall Group performance versus pre-determined targets for the financial year. No bonuses were awarded in respect of the nine months ended 31 December 2009.
- (4) The figures include car allowances and where applicable a taxable cash allowance in lieu of pension foregone for those Executives whose contractual pension promise would exceed the pensions cap introduced by the Finance Act, 2006. Further information on the pension cash allowance is set out on page 174. No amount is payable in respect of a taxable cash allowance in lieu of pension foregone for R. Boucher with effect from 1 May 2009.
- (5) In the case of D. Donovan and D. Crowley their pension accrual is now "capped" at the increase in pension thresholds set out in the Finance Act each year, and as a result, a release back to the fund of previously funded benefits arises on an annual basis.
Following his appointment as Group Chief Executive Officer, the pension contribution for R. Boucher includes a one-off amount paid to the Bank Staff Pensions Fund required to cover the contractual option allowing him to retire at age 55 on a pension of c.59% of salary. This option was waived by R. Boucher on 21 April 2010.
All pension amounts at (4) and (5) have been determined by Towers Watson, the Group's actuary, and approved by the Group Remuneration Committee.
- (6) Amounts waived are as set out in note (1) above.

Remuneration for the year ended 31 March 2009

	Gross Salary ⁽¹⁾	Fees ⁽²⁾	Performance bonus ⁽³⁾	Other remuneration ⁽⁴⁾	Pension funding contributions ⁽⁵⁾	Payment in lieu of notice ⁽⁶⁾	Total 2008/09
Governor							
R Burrows	503						503
Deputy Governor							
G M Magan	161						161
Executive Directors							
R Boucher	580		—	284	202	—	1,066
D Crowley	478		—	386	(103)	—	++761
D Donovan	660		—	518	(121)	—	1,057
B J Goggin * (resigned as a director 25 Feb 2009)	1,172		—	843	(382)	1,462	3,095
J O'Donovan	550		—	420	102	—	1,072
Non-Executive Directors							
T Considine** (appointed 1 Jan 2009)		19					19
D Dilger		127					127
P Haran		119					119
D Holt		117					117
R Hynes		+121					121
J Kennedy		+133					133
D McCourt		104					104
HA McSharry		106					106
T Neill		102					102
J Walsh** (appointed 1 Jan 2009)		21					21
Senior Executives	<u>1,162</u>		—	<u>299</u>	<u>238</u>		<u>1,699</u>
Totals	<u>5,266</u>	<u>969</u>	—	<u>2,750</u>	<u>(64)</u>	<u>1,462</u>	<u>10,383</u>

* Figures in the above table for B J Goggin reflect his employment up to the end of March 2009

** From date of appointment as a Director, as indicated.

+ Includes fees paid in respect of services as Directors of subsidiary companies (R Hynes €25,000, J Kennedy €42,000)

++ Sterling equivalent 2008/09 — £700,000

Notes:

- (1) The Governor and Deputy Governor, as Non-Executive Officers of the Bank, are not paid Court fees but are remunerated by way of non-pensionable salary.

- (2) Fees are paid only to Non-Executive Directors; a basic fee of €84,000 per annum applied up to the end of January 2009. Additional fees were paid to Committee Chairmen, the Senior Independent Director and for Committee membership. On 1 February 2009, the Governor, Deputy Governor and all Non-Executive Directors agreed to reduce their salary (in the case of the Governor and Deputy Governor) and their fees (in the case of all other Non-Executive Directors) by 25%.
- (3) Payments under the performance bonus scheme, are linked to individual performance and overall Group performance versus pre determined targets for the financial year. No bonuses were awarded for the financial year 2008/09.
- (4) The figures include car allowances and a taxable cash allowance in lieu of pension foregone for those Executives whose contractual pension promise would exceed the pensions cap introduced by the Finance Act 2006 together with the value of awards under the Employee Stock Issue Scheme.
- (5) In the case of B J Goggin, D Crowley and D Donovan their pension accrual is now 'capped' at the increase in pension thresholds set out in the Finance Act each year, and as a result, a release back to the fund of previously funded benefits arises on an annual basis. All pension amounts at (4) and (5) have been determined by Watson Wyatt, the Group's actuary, and approved by the Group Remuneration Committee.
- (6) B J Goggin resigned as a Director in February 2009 and left the employment of the Group in March 2009. As per his contractual notice period arrangements, he received twelve months pay in lieu of notice.

Controls on remuneration under the Subscription Agreement

The Group is currently governed by obligations in relation to remuneration as contained in the Subscription Agreement with the NPRFC and the Minister for Finance dated 31 March 2009 and the CIFS Guarantee Scheme. Certain of these obligations are laid out in greater detail in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus. These requirements have been complied with and are in effect for the current financial year.

Remuneration package for Directors, Secretary and Senior Executives

The total remuneration package is reviewed by the Group Remuneration Committee on an annual basis with assistance from external remuneration consultants who provide independent remuneration advice and analysis to the committee. Remuneration levels are benchmarked versus similar level roles in Ireland and the United Kingdom.

For the period ended 31 December 2009 the remuneration packages for the Executive Directors, Secretary and Senior Executives are governed by obligations contained in the Subscription Agreement.

The key elements of the remuneration package for the period ended 31 December 2009 were as follows:

- **Salary** — is payable monthly and is set at a level as approved under the Subscription Agreement. Salaries are reviewed annually by the Group Remuneration Committee.
- **Performance-related bonus scheme** — the level earned by each of the Directors, Secretary and Senior Executives is based on the Remuneration Committee's assessment of the individual's performance against pre-determined financial goals and required leadership behaviours.

A decision was taken by the Group Remuneration Committee during the year ended 31 March 2009 that no performance related bonuses would be paid for the financial year ended 31 March 2009 and the year ended 31 March 2010.

- **Long Term Incentive Plan** — since 2004, the Group has operated a Long Term Incentive Plan (LTIP) with Stockholder approval, for key senior executives, to align the interests of those executives with the interests of Stockholders. Under the LTIP, conditional awards had been made to the Executive Directors, Secretary and senior executives as set out in greater detail in paragraph 3 (Directors', Secretary's and Senior Executives' interests) of this Part XVII of this Prospectus.

As set out previously the Group Remuneration Committee decided that it was not appropriate to make a conditional award under this plan in June 2009. It is also likely that any conditional grants which have been made but which have not vested to date will lapse.

- **Stock Options** — in 2004, the Group updated the Executive Stock Option Scheme (ESOS), with Stockholder approval. The ESOS is designed to strongly align the interests of Executive Directors and senior executives with the interests of Stockholders through having a significant element of their remuneration based on stock price performance.

As set out previously the Group Remuneration Committee decided that it was not appropriate to make a grant of stock options under the ESOS in June 2009. It is also likely that grants made in 2007 and 2008 will lapse. All ESOS grants made in respect of the financial periods ending 31 March 2004 to 31 March 2008 inclusive currently have no value. Further information is set out in greater detail in paragraph 3 (Directors', Secretary's and Senior Executives' interests) of this Part XVII of this Prospectus.

- **Employee Stock Issue Scheme** — the Bank operates an Employee Stock Issue Scheme under which the Court of Directors may set aside an element of the Group profit before taxation for allocation to the trustees of the scheme to enable them to acquire units of Ordinary Stock on behalf of the scheme participants. The amount set aside is related to overall Group performance. The Executive Directors, Secretary and Senior Executives participate on the same basis as staff. As the performance conditions were not achieved, there was no issue under the Employee Stock Issue Scheme in 2009. Further information on the Employee Stock Issue Scheme is available at page 230 of the December 2009 Annual Report, which is incorporated by reference into this Prospectus.
- **Sharesave Scheme (SAYE)** — in 1999, the Group established a Sharesave Scheme for all eligible employees. Under the Sharesave Scheme the Executive Directors, Secretary and Senior Executives who participated were granted options over units of Ordinary Stock as set out in paragraph 3 (Directors', Secretary's and Senior Executives' interests) of this Part XVII of this Prospectus. There was no Sharesave Scheme launched in 2009.
- **Retirement Benefits** — the Executive Directors, with the exception of Denis Donovan, are members of the Bank Staff Pensions Fund, which is a contributory scheme at the rate of 2.5% of salary. Denis Donovan is a member of the Bank of Ireland Asset Management Pension Scheme, which is currently a non-contributory scheme. Both the Bank Staff Pensions Fund and Bank of Ireland Asset Management Pension Scheme are defined benefit plans. Richie Boucher's contract as Group Chief Executive Officer provides for an option, exercisable by the Group or by him, allowing him to retire at age 55, on a pension of approximately 59% of his salary. This option was waived by Richie Boucher on 21 April 2010.

The Finance Act, 2006 introduced a substantial tax charge on pension assets in excess of €5 million or the value of individual prospective pension entitlements as at 7 December 2005 (each to be indexed annually). Having reviewed market responses to this development and having taken actuarial advice, the Group Remuneration Committee agreed that Executive Directors be offered an option (a) to continue with unchanged pension funding arrangements or (b) to elect for a revised arrangement whereby their prospective pension fund would be limited to the value of the standard pension cap (or their personal fund threshold, if applicable) together with a taxable, non-pensionable, cash allowance in lieu of the pension benefit foregone. All the Executive Directors originally opted for the revised arrangement, the income statement impact of which is broadly similar to that of continuing to fund these pensions under the earlier pre-2006 arrangements. There have been further (downward) revisions to this arrangement, which apply from 1 May 2009. Pension cash allowances in respect of Richie Boucher ceased from 1 May 2009. His prospective pension fund is therefore no longer limited to the value of the standard pension cap, and the value of the fund in excess of the cap will be subject to the additional taxation prescribed by the Finance Act, 2006.

5. Directors' Service Contracts & Letters of Appointment

Executive Directors Service Contracts

Each of the Executive Directors, Richie Boucher, Des Crowley, Denis Donovan and John O'Donovan has a service contract with the Bank. The service contracts of Richie Boucher, Des Crowley and John O'Donovan are permanent contracts which may be terminated by the Bank giving not less than twelve months' written notice of termination. Each of these Executive Directors is entitled to terminate the contract by giving not less than twelve months' notice of termination, or such lesser period as may be mutually agreed. Each of these service contracts reserves the right of the Bank to make a payment in lieu of the notice period. Denis Donovan's service contract is a permanent contract which may be terminated by the Bank or by Denis Donovan giving three months' written notice of termination. Each of the Executive Directors' service contracts may be terminated by the Bank on giving the applicable statutory notice only (or payment in lieu thereof in respect of Richie Boucher, Des Crowley and John O'Donovan) in certain prescribed circumstances to include fraud, dishonesty, gross misconduct or wilful neglect in the discharge of duties on the part of the Executive Director. Each service contract terminates automatically on the sixtieth birthday of the Executive Director to which it relates. Richie Boucher, Des Crowley and John O'Donovan are entitled to receive a pension from the Bank Staff Pension Fund for Executives on retirement. Denis Donovan is entitled to receive a pension from Bank of Ireland Asset Management Pension Scheme for Executives. Save as set out in this paragraph, the service contracts of the Executive Directors do not provide for any payments or benefits on termination.

Non-Executive Directors Letters of Appointment

Each of the Non-Executive Directors has a letter of appointment with the Governor and Company of Bank of Ireland. Each letter of appointment is for a fixed period of three years, subject to the provisions of the Bye-Laws or other applicable law or at the discretion of either party. The letters of appointment provide that Non-Executive Directors are typically expected to serve a second three year term subject to satisfactory performance, the needs of

the business and stockholder re-election as required at Annual General Courts. The letters also provide that Non-Executive Directors may, in exceptional circumstances, be invited to serve a further and final term of up to three years. Save as set out in this paragraph, the letters of appointment of the Non-Executive Directors do not provide for any payments or benefits on termination.

6. Corporate Governance

The Court is accountable to Stockholders for the overall direction and control of the Group. It is committed to high standards of governance designed to protect the interests of Stockholders and all other stakeholders while promoting the highest standards of integrity, transparency and accountability.

A key objective of the Group's governance framework is to ensure compliance with applicable legal and regulatory requirements and the Combined Code. The Directors believe that the Group meets this objective and expect it to continue to do so. Specifically, the Group has complied with the provisions of the Combined Code throughout the 9 month period ended 31 December 2009, except in the case of Tom Considine's membership of the Group Audit Committee and Joe Walsh's membership of the Group Remuneration Committee as discussed in greater detail below.

The Court of Directors

The Court has the following schedule of matters specifically reserved for its decision:

- the determination of strategy;
- overseeing the management of the business including control systems and risk management;
- approving material acquisitions, disposals and investment decisions;
- overseeing corporate governance and succession planning;
- approving guarantees entered into by the Group, other than in the normal course of business; and
- approving changes in the Group pension schemes.

Management is responsible for the execution of agreed strategy and for all operational matters.

The Non-Executive Directors meet at least once annually without the Executive Directors present.

The Bank has put in place directors' and officers' liability insurance in respect of legal actions against its Directors; however, this insurance cover does not extend to fraudulent or dishonest behaviour.

Governor and the Group Chief Executive

The respective roles of the Governor, who is Chairman of the Court, and the Group Chief Executive, are set out in writing and have been agreed by the Court. The Governor oversees the operation and effectiveness of the Court. He also ensures that there is effective communication with Stockholders and promotes compliance with the highest standards of corporate governance. The Governor commits a substantial amount of time to the Group and his role has priority over any other business commitment. The Group Chief Executive is responsible for execution of strategy and holds delegated authority from the Court for the day to day management of the business.

Board Balance and Independence

The Court has considered the principles relating to independence contained in the Combined Code. The Court has determined that the Governor, Deputy Governor and each current Non-Executive Director, with the exception of Tom Considine and Joe Walsh, is independent within the meaning of the Combined Code. Tom Considine and Joe Walsh were nominated by the Minister for Finance under the terms of the CIFS Guarantee Scheme and under the terms of the NPRFC Investment, are not required to stand for election or regular re-election by Stockholders. They are not, therefore, considered independent by reference to the terms of the Combined Code. The Court values and has benefited from their judgement and the quality of their contribution to the deliberations of the Court and its Committees. Each of the Governor, Deputy Governor and all of the Non-Executive Directors brings independent challenge and judgement to the deliberations of the Court through their character, objectivity and integrity and all are considered independent of management in accordance with the criteria set out in the NYSE Corporate Governance Standards.

Appointments to the Court

The Group Nomination and Governance Committee (“GNC”) is chaired by the Governor and its composition is fully compliant with the Combined Code. The GNC is responsible for leading the process for succession to the position of the Group Chief Executive and for Court and overseeing the selection process for key subsidiary Board Non-Executive appointments and renewals.

The GNC regularly reviews succession plans for the Court in the context of the Group’s strategy and the skills, knowledge and experience of current Directors and makes appropriate recommendations to the Court. Prior to any appointment of any Director, the GNC approves a job specification, assesses the time involved and identifies the skills and experience required for the role. The recruitment process for Non Executive Directors is supported by an experienced third party professional search firm which develops an appropriate pool of candidates and provides a level of independent assessment to the process. The Group then works with that firm to shortlist candidates, conduct interviews/meetings and complete comprehensive due diligence.

All newly appointed Directors are provided with a comprehensive letter of appointment detailing their responsibilities as Directors, the terms of their appointments and the expected time commitment for the role. A copy of the standard terms and conditions of appointment of Non-Executive Directors can be inspected during normal business hours by contacting the Group Secretary.

In addition the GNC, with the support of the Group Secretary, monitors developments in corporate governance, assesses the implications of such developments for the Group and advises the Court accordingly. It is also charged with overseeing the Group’s Corporate Responsibility Programme.

Information and Professional Development

On appointment, all Non-Executive Directors receive comprehensive briefing documents designed to familiarise them with the Group’s operations, management and governance structures; these include the functioning of the Court and the role of the key committees. In addition, new Directors undertake an induction programme, including visits to the Group businesses and briefings with senior management. On an ongoing basis, briefings appropriate to the business of the Group are provided to all Non-Executive Directors.

The Directors have access to the advice and services of the Group Secretary, who is responsible for advising the Court on all governance issues and for ensuring that the Directors are provided with relevant information on a timely basis to enable them to consider issues for decision and to discharge their oversight responsibilities. The Directors also have access to the advice of the Group Legal Adviser and to independent professional advice, at the Group’s expense, if and when required. Committees of the Court have similar access and are provided with sufficient resources to undertake their duties.

Performance Evaluation

Each committee of the Court reviews its performance and discusses its conclusions with the Court. The Court evaluates its own performance annually and also reviews the conclusions of the GNC in relation to the performance of individual Directors standing for election or re-election. The objective of all of these evaluations is to identify any scope for improvement and, in the case of the individual evaluations, to determine whether each Director continues to contribute effectively and to demonstrate commitment to the role.

The Court and individual Director performance evaluation process involves completion of questionnaires by Directors, one-to-one discussions between the Governor and each Director and presentation of the overall findings to the Court for its consideration and action as required.

As part of the overall performance evaluation process, the Senior Independent Director meets annually with each of the Directors without the Governor being present to appraise the Governor’s performance. They may also meet on such other occasions as are deemed appropriate.

Re-Election of Directors

All Directors appointed between the Annual General Courts are submitted to Stockholders for election at the first Annual General Court following their appointment and for re-election at intervals of not more than three years thereafter.

At the forthcoming Annual General Court, all Directors, with the exception of Tom Considine and Joe Walsh are retiring. Declan McCourt and Terry Neill, who will each have completed two terms this year, are to retire at the end

of the Annual General Court. Other than the four Directors mentioned above, all Directors are offering themselves for re-election.

Non-Executive Directors are normally appointed for an initial three year term, with an expectation of a further term of three years assuming satisfactory performance. A Non Executive Director is not normally expected to serve any longer than two terms, except where a clear benefit is expected to accrue to the Group, as determined following a particularly rigorous assessment of the skills and experience available to the Court. In the unlikely event that a Non-Executive Director is invited to serve longer than nine years, he/she is then subject to annual re-election by Stockholders. In the case of Tom Considine and Joe Walsh, the requirement to stand for election and regular re-election is dispensed with for as long as the NPRFC Investment remains in place.

Internal Controls

The Directors acknowledge their overall responsibility for the Group's systems of internal control and for reviewing their effectiveness. Such systems are designed to control, rather than eliminate, the risk of failure to achieve business objectives and can provide reasonable, but not absolute, assurance against material misstatement or loss. Such losses could arise because of the nature of the Group's business in undertaking a wide range of financial services that inherently involve varying degrees of risk.

The Court has obligations as a non-US registrant under US securities laws and regulations, including the requirement to comply, where applicable, with the Sarbanes-Oxley Act of 2002 (SOx). The Group has put in place a comprehensive framework to document and test its internal control structures and procedures in line with the requirements of section 404 of SOx, which requires, among other things, certification by management regarding the effectiveness of internal controls over financial reporting.

The Group's overall control systems include:

- a clearly defined organisation structure with defined authority limits and reporting mechanisms to higher levels of management and to the Court, which support the maintenance of a strong control environment;
- Court and establishment of management committees with responsibility for core policy areas;
- a comprehensive set of policies and procedures relating to financial controls, asset and liability management (including interest rate, foreign currency and liquidity risk), operational risk and credit risk management;
- a Code of Conduct setting out the standards of behaviour expected of all directors, officers and employees of the Group. This covers arrangements, should the need arise, for the independent investigation and follow up of any concerns raised by staff regarding matters of financial and non-financial reporting; and
- monthly reporting by business units which enables progress against business objectives to be monitored, trends to be evaluated and variances to be acted upon.

These controls, which are embedded within the operations of the Group, are reviewed by the Group Internal Audit. In these reviews, emphasis is focused on areas of greater risk as identified by risk analysis.

Speak up Policy

The Group has a speak up policy in place for all staff, which is in accordance with international best practice for whistleblowing arrangements and is compliant with the Sarbanes-Oxley Act. The policy encourages staff to raise concerns openly and locally. Where this is not possible or the problem has not been resolved effectively at that level, there are clear alternative senior contacts within the Group to whom the concern may be addressed. Confidential advice is available from Public Concern at Work, an independent, not-for-profit organisation, through a freephone number and a dedicated email address. In the case of concerns regarding financial reporting, fraudulent accounting or irregularities in audit work, these can be passed directly to the Chairman of the Group Audit Committee, whose contact details are available from Public Concern at Work. The Chairman of the Group Audit Committee is a Non-Executive Director.

The Group Audit Committee

The Group Audit Committee ("GAC") comprises six Non-Executive Directors. The Court has determined that the Committee members' collective skills and recent and relevant financial experience enable them to discharge their responsibilities. In close liaison with the Court Risk Committee, which monitors risk governance and assists the Court in discharging its responsibilities in ensuring (i) that risks are properly identified, reported and assessed, (ii) that risks are properly controlled and (iii) that strategy is informed by and aligned with the Group's risk appetite, the GAC reviews the appropriateness and completeness of the system of internal control, reviews the manner and

framework in which management ensures and monitors the adequacy of the nature, extent and effectiveness of internal control systems, including accounting control systems, and the Group thereby maintains an effective system of internal control.

The GAC has responsibility for:

- monitoring the integrity of the financial statements;
- assisting the Court in meeting obligations under relevant Listing Rules and other applicable laws and regulations including the Sarbanes-Oxley Act in the United States of America;
- overseeing all matters relating to the relationship between the Group and the External Auditors;
- discharging the statutory responsibility of the Bank under section 42 of the Companies (Auditing and Accounting) Act, 2003 and other statutes or regulations;
- overseeing compliance with the requirements of the Irish Government associated with their support for Bank of Ireland.

It conducts an annual review of the procedures and processes by which non-audit services are provided by the external auditors in order to ensure, among other things, that auditor objectivity and independence are not compromised. In this regard, a key procedural control requires that any engagement of the external auditors to provide non-audit services must be pre-approved by the GAC, which also receives reports on the performance of such services.

Remuneration Committee

The Remuneration Committee is responsible for considering and making recommendations to the Court in respect of remuneration policy for Directors, senior management and top earners across the Group. In addition, the Committee is responsible for ensuring that the reward structure for the Group executive committee members supports the objectives of the CIFS Guarantee Scheme and the ELG Scheme, which are:

- Maintaining financial stability in the best interests of the public and the economy of Ireland;
- Remedying a serious disturbance in the economy by safeguarding the financial system and economy of Ireland from the threat caused by the unprecedented turmoil in the international financial markets and the particular macro-economic conditions in Ireland;
- Providing lasting systemic stability in the banking system and ensuring its long-term sustainability;
- Preventing abuse of the guarantee;
- Ensuring compliance with the requirements of EU State aid and competition law; and
- Minimising the potential cost to the Exchequer and taxpayers.

The duties of the Remuneration Committee include:

- Determining, after consultation with the Court, the Group Chief Executive's annual performance assessment and remuneration terms;
- Determining the total remuneration package of each Executive Director and members of Senior Management, as defined from time to time by the Court including salary, bonus payments, all incentive payments, stock options, stock awards under the LTIP, service contracts and pension rights. In their deliberations, the Committee will have regard to the ongoing appropriateness and relevance of the remuneration policy, relevant market comparisons and practice together with any other relevant guidance;
- Considering the implications of compensation policy/commitments for Executive Directors and senior management in the event of early termination, in order to ensure that any such payments are fair to all parties;
- The remuneration of Non-Executive Directors of the Court shall be a matter for the Governor in consultation with the Group Chief Executive, the Group Secretary and the Head of the Group HR. Such fees to be determined by the Court itself (Non-Executive Directors not participating in the decision);
- Reviewing annually the level of board fees paid by subsidiary boards and recommending to the Court, increases (if any), to be proposed to the board of that subsidiary;
- Reviewing annually all long term incentive arrangements and Employee Stock Schemes operated in the Group and general pension increase applicable to all pensioners;

- Determining the powers delegated to any management committees and considering the minutes of their deliberations;
- Periodically reviewing the remuneration policy for all the Group staff and in particular reviewing the basis of the overall remuneration of the top earners within the Group each year;
- Approving any contract of employment or related contract, and any proposed amendments to these (including salary changes), with any Executive Director or with the Governor;
- Considering and recommending to the Court, policy on stockholder disclosure and related matters for all remuneration issues including the contents of the Directors' Remuneration Report; and
- Performing any other duties or responsibilities relating to remuneration issues delegated to the Group Remuneration Committee by the Court from time to time.

The Group Nomination and Governance Committee

The Group Nomination and Governance Committee is responsible for leading the process for Court, Court Committee and subsidiary Board appointments and renewals, as appropriate, and making recommendations in this regard to the Court for its approval, monitoring developments in corporate governance, assessing the implications for the Group and advising the Court accordingly and agreeing the Group's Corporate Responsibility Policy and overseeing its implementation.

The Group Nomination and Governance Committee duties include:

- Regularly reviewing succession plans for the Court, committees of the Court and subsidiary boards in the context of their structure, size and composition (including the skills, knowledge and experience) and making recommendations to the Court with regard to any changes it considers desirable;
- Meeting annually, without any management present, to satisfy itself that plans are in hand for the orderly succession to the position of the Group Chief Executive;
- Making recommendations to the Court concerning the extension of the terms of office of Non-Executive Directors and concerning the re-election by Stockholders of Directors retiring by rotation;
- Reviewing, approving and amending, as appropriate, a code of ethics for the Chief Executive, Chief Financial Officer and senior financial officers;
- Ensuring that on appointment to the Court, Non-Executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Court meetings; and
- Induction preparation designed to enable effective contribution from the outset.

Court Risk Committee

The Court Risk Committee ("CRC") is comprised of non-executive Directors and was established in response to a recommendation from a Court-sponsored review of risk governance. Under its terms of reference the CRC is required to monitor risk governance and assist the Court in discharging its responsibilities in ensuring that risks are properly identified, reported, and assessed; that risks are properly controlled; and that strategy is informed by and aligned with the Group's risk appetite. To ensure co-ordination with the work of the Group Audit Committee ("GAC") the chairman of GAC, is a member of the CRC and the chairman of the CRC is a member of the GAC. Membership is reviewed annually by the Group Nomination and Governance Committee. The CRC meets at least quarterly; it met four times in 2009, and is scheduled to meet six times in 2010.

The Court Risk Report is produced by the Chief Credit and Market Risk Officer and covers material risk types to which the Group has exposure. The Court Risk Report is presented quarterly to the Group Risk Policy Committee (the "GRPC"), the CRC and the Court of Directors. In addition, monthly updates on credit, liquidity and capital risks are submitted to the GRPC and the Court of Directors.

The primary responsibilities of the CRC are to assist the Court in discharging its responsibilities in overseeing risk management in the Group. To that end the CRC develops views on the key risks facing the Group, including determining if they are appropriately identified, reported, assessed and controlled. In discharging these responsibilities the CRC reviews the recommendations of the GRPC to the Court on key risk documents including, the Group Risk Framework, Risk Appetite, Risk Strategy and key documents on liquidity, credit, capital and funding.

On an annual basis, the CRC reviews the Group's Risk Management Framework which is approved by the Court. The Group's Risk Management Framework defines risk management processes for material risk types on the basis of, among other things, a comprehensive risk identification and assessment process. Where this exercise highlights risks or areas not effectively covered by existing risk management and governance processes, appropriate changes are proposed to the Court.

The CRC also discusses results of the Group's stress testing programme. These results are used to inform Risk Appetite as well as capital targets and buffers as part of the Group's Internal Capital Adequacy Assessment Process (ICAAP).

Court Appointed Executive Committees

Group Risk Policy Committee (GRPC) — Within the parameters of Court approved high level policies, frameworks and principles, the GRPC approves risk policies and actions and makes recommendations to the Court on risk issues where the Court has reserved authority. In addition the committee ensures that risks are properly identified and assessed; that risks are properly controlled and managed; and that strategy is informed by and aligned with the Group's risk appetite.

Group Investment Committee — The Group Investment Committee is responsible for evaluating all material investment/divestment capital expenditure proposals, determining those within its authority and recommending those outside its authority to the Court for its approval. It is also responsible for monitoring the implementation of such proposals and ensuring satisfactory delivery of expected benefits.

Relations with Stockholders

Communication with Stockholders is given high priority. The Group seeks to provide through its Annual Report a balanced, clear assessment of the Group's performance and prospects. It also uses its website (www.bankofireland.com) to provide investors with the full text of the Annual Report and Interim Statement, the Form 20-F (which is filed annually with the US Securities and Exchange Commission) and copies of presentations to analysts and investors as they are made, so that information is available to all Stockholders. Annual and interim results presentations are webcast live so that all Stockholders can receive the same information at the same time. Additionally, the investor relations section on the Group's website is updated with all Stock Exchange releases as they are made by the Group. The outcome of every general meeting of the Group, including detailed voting results, is published on the Group's website as well as being released to all Stock Exchanges where the Group's securities are traded.

The Group has an active and well developed investor relations programme, which involves regular meetings by the Group Chief Executive, members of his senior executive team and the Head of Group Investor Relations with the Bank's principal institutional Stockholders and with financial analysts and brokers. The Directors are kept informed on investor issues through regular reports from Group Investor Relations on the outcome of these meetings. All meetings with Stockholders are conducted in such a way as to ensure that price sensitive information is not divulged. In addition, all Directors are encouraged and facilitated to hear the views of investors and analysts at first hand through their participation in conference calls following major announcements.

The Governor and/or the Senior Independent Director are available to Stockholders if they have concerns that cannot be resolved through the normal channels.

The Group's policy is to make constructive use of the Annual General Court and all Stockholders are encouraged to participate.

Stockholders are given the opportunity to ask questions at the Annual General Court. The notice of Annual General Court is issued at least 20 working days before the meeting, in line with the requirements of the Combined Code. Following the implementation in Ireland of the EU Shareholders' Rights Directive, the Bye-Laws have been amended to allow an Extraordinary General Court, other than an Extraordinary General Court, called for passing of a special resolution, to be convened by giving 14 days notice of the meeting. At Annual General Courts, separate resolutions are proposed on each substantially separate issue and voting is conducted by way of poll. The votes for, against, and abstaining, on each resolution, including proxies, are posted on the Group's website as soon as possible afterwards and released to the Stock Exchange. It is usual for all Directors to attend all General Courts to meet Stockholders and for the Chairs of the Group's Audit, Nomination and Governance and Remuneration Committees to be available to answer relevant questions. In addition a "Help Desk" facility is available at all General Courts to assist Stockholders to resolve any specific queries that they may have.

NYSE corporate governance requirements

All non-US companies listed on the NYSE are required to disclose any significant differences between their corporate governance practices and the requirements of the NYSE applicable to US companies.

As a company formed by Charter of Ireland, listed on the Irish and London Stock Exchanges and with an ADR listing on the NYSE, the Group's corporate governance practices reflect Irish law, the Listing Rules of both the Irish Stock Exchange and the UK Listing Authority and the Combined Code. The Group believes there are no significant differences between its corporate governance practices and the requirements of the NYSE.

7. Employees

For the three financial periods ended 31 December 2009, 31 March 2009 and 31 March 2008, and the period ending 23 April 2010, being the last practicable date prior to the publication of this Prospectus, the average number of staff (full time equivalents) employed by the Group is set out below:

	<u>23 April 2010¹</u>	<u>31 December 2009</u>	<u>31 March 2009</u>	<u>31 March 2008</u>
Total number of staff	14,382	14,755	15,868	16,026

¹ This date being the latest practicable date

The staff numbers can be categorised in line with the business segments, as follows:

	<u>23 April 2010</u>	<u>31 December 2009</u>	<u>31 March 2009</u>	<u>31 March 2008</u>
Retail Republic of Ireland	5,651	5,698	5,951	8,467
Bank of Ireland Life	1,045	1,071	1,132	1,183
Capital Markets	1,446	1,557	1,801	1,737
UK Financial Services	2,572	2,865	3,514	3,599
Group Centre	3,668	3,564	3,470 ⁽¹⁾	1,040
Total	14,382	14,755	15,868	16,026

(1) Group Centre number of full time equivalents at 31 March 2009 includes the Retail Financial Support Unit which was included in the Retail Republic of Ireland Division in the year ended 31 March 2008 (Retail Financial Support — 2,357 number of full time equivalents 31 March 2009).

The majority of the employees are located in Ireland.

8. Director and Senior Executive Confirmations

Except as disclosed in this paragraph 8, within the period of five years preceding the date of this Prospectus, none of the Directors or the Senior Executives:

- (i) has any convictions in relation to fraudulent offences;
- (ii) has been a director or senior manager (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company) of any company at the time of any bankruptcy, receivership or liquidation of such company; or
- (iii) has received any official public incrimination and/or sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

Patrick Molloy was a director of Waterford Wedgwood plc when this company went into receivership on 5 January 2009. Terry Neill was a director of Meridea Financial Software Oy, a company based in Finland, when bankruptcy proceedings were filed against this company on 6 August 2007.

9. Conflict of Interest of Directors and Senior Executives

In respect of any Director or Senior Executive, there are no actual or potential conflicts of interest between any duties they have to the Bank and the private interests and/or other duties they may also have.

Save as disclosed in paragraph 3 (Directors', Secretary's and Senior Executives' interests) of this Part XVII of this Prospectus, which sets out the interests of the Directors and the Senior Executives in the capital stock of the Bank, there are no interests, including conflicting ones, that are material to the Proposals.

No Director or Senior Executive has or had during the nine month period ended 31 December 2009 a material interest in any significant contract with the Bank or any of its subsidiaries.

Save as disclosed in this paragraph 9, none of the Directors or Senior Executives were selected to be a director or senior executive of the Bank pursuant to any arrangement or understanding with any major stockholder, customer, supplier or other person having a business connection with the Group.

Under the terms of the NPRFC Investment, the Minister for Finance has the right to directly appoint 25% of the Directors of the Bank (such 25% to include any Directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme). Tom Considine and Joe Walsh have been appointed by the Minister for Finance pursuant to the CIFS Guarantee Scheme.

No restrictions have been agreed by any Director or Senior Executive on the disposal within a certain period of time of his or her holding in the capital stock of the Bank.

There are no family relationships between any of the Directors or Senior Executives.

10. Directorships and Partnerships

Save as set out below, the Directors and Senior Executives have not held any directorships of any company, other than those companies in the Group which are subsidiaries, or been a partner in a partnership, at any time in the 5 years prior to the date of this Prospectus:

<u>Director</u>	<u>Current directorships/partnerships</u>	<u>Former directorships/partnerships</u>
Patrick Molloy	Blackrock Clinic Limited Blackrock Hospital Limited Dublin Adult Learning Centre Limited Hugh Lane Gallery Trust Limited	CRH plc Enterprise Ireland Waterford Wedgwood plc
Dennis Holt.	Liverpool Victoria Friendly Society Limited Principle Insurance Company Limited Principle Insurance Holdings Ltd Principle Marketing Services Limited	Automobile Association Underwriting Services Ltd Automobile Association Insurance Services Limited AXA Art Insurance Limited AXA Business Services Private Limited AXA Direct Insurance Limited AXA General Insurance Limited AXA Insurance Limited AXA Insurance plc AXA Insurance UK plc AXA Ireland Limited AXA PPP Healthcare Group plc AXA PPP Healthcare Limited AXA Sun Life Holdings Public Limited Company AXA Sun Life plc AXA Sun Life Services plc AXA Technology Services UK Limited AXA UK plc Guardian Royal Exchange plc PPP Lifetime Care plc Saga Services Ltd Sun Life Assurance Society plc Sun Life Corporation plc Sun Life Pensions Management Limited Sun Life Unit Assurance Limited The Association of British Insurers
Richie Boucher	None	None in the last five years
Des Crowley	Midasgrange Limited First Rate Exchange Services Holdings Ltd First Rate Exchange Services Ltd	None in the last five years

<u>Director</u>	<u>Current directorships/partnerships</u>	<u>Former directorships/partnerships</u>
Denis Donovan	None	First Rate Exchange Services Holdings Limited First Rate Exchange Services Limited Quantum Actuarial Consultants Limited
John O'Donovan	None	None in the last five years
Tom Considine	Institute of Public Administration	The Central Bank and Financial Services Authority of Ireland The Council of the Economic and Social Research Institute
Paul Haran	Drury Communications (Holdings) Ltd Drury Communications Ltd Edward Dillon & Company Limited Glanbia plc Irish Insurance Federation Ltd Irish Taxation Institute MP Healthcare Ltd	Copperway Ltd
Rose Hynes	Airspeed Group Companies Airspeed Limited Aviateur Capital Limited Beechwood Consultancy Services Blade Engine Securitization Group Blade Leasing Ireland Bord Gáis Eireann Chasseral Aircraft Leasing Limited Total Produce plc	Aer Lingus Group plc Aerco Limited Alfred Leasing Limited ARX Capital Limited Astra Worldwide International Leasing Limited Chasseron Aircraft Leasing Limited Concern Debis AirFrance Ireland plc Fyffes plc GPA-ATR Limited Giulietta Aircraft Leasing Northern Ireland Water Limited Seven Air Leasing Limited VGS Aircraft Holdings (Ireland) Limited VGS Group Companies Shannon Airport Authority
Jerome Kennedy	Caulfield McCarthy Group (Holdings) Limited Caulfield McCarthy Group Property Limited Caulfield McCarthy Group Retail Limited HCJV Limited Milodren Limited Saranna Unlimited Slaney River Foundation Limited The Cheshire Foundation Limited Total Produce plc UCD Michael Smurfit School of Business	None in the last five years
Declan McCourt	Armalou Limited Armalou Holdings Limited Blackrock International Land Public Limited Company C.J. Ireland Concessionaires Limited Cosford Limited	Cork Truck Services Limited DAF Truck Services Cork Limited Dublin Docklands Development Authority

<u>Director</u>	<u>Current directorships/partnerships</u>	<u>Former directorships/partnerships</u>
	Croxley Limited DAF Distributors Ireland Limited DAF Holdings Limited DAF Ireland Limited DAF Sales Limited Daihatsu Ireland Limited Delfern Motors Limited EII Real Estate Securities Advisors Limited EII Voyager Fund plc Fyffes plc GPA Fund Managers (Ireland) Limited Grise Limited Hillpath Limited Hispano Cars Limited Irish Industrial Lift Trucks Limited Jaguar Landrover Ireland Limited Man Importers Ireland Limited Mater Foundation Oakmill Limited Reloton Limited Scanveco Limited Bojinov Company Ohmput Ireland Ltd Safe Harbour Ltd	
Heather Ann McSharry . . .	Institute of Directors IDA Ireland	Boots Retail (Ireland) Limited Conway Institute of Bio molecular and Biomedical Research Enterprise Ireland Irish Pharmaceutical Healthcare Association Reckitt Benckiser Healthcare (Ireland) Limited Reckitt Benckiser Ireland Limited Reckitt Ireland Pension Fund Trustees Limited University College Dublin (Governing Authority)
Terry Neill	CRH plc Trinity Foundation United Business Media plc	AMT-Sybex Group Limited AMT-Sybex Limited Camerata Ireland Meridea Financial Software Oy Allied Zurich Limited Collins Stewart plc
Patrick O’Sullivan	Cofra Group Holdings Man Group Old Mutual plc	
Joe Walsh	Cork Racecourse (Mallow) Ltd Horse Sport Ireland Irish Horse Board Irish Hunger Task Force	None in the last five years
Helen Nolan	None	None in the last five years
Liam McLoughlin	First Rate Exchange Services Holdings Ltd First Rate Exchange Services Ltd Midasgrange Limited	None in the last five years
Ronan Murphy	Royal Victoria Eye and Ear Hospital	None in the last five years
Vincent Mulvey	None	None in the last five years

PART XVIII

ADDITIONAL INFORMATION

1. Information on the Group

The Bank was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Bank is registered in Ireland with registered no. C-1 and has limited liability.

The address of the registered office of the Bank is Bank of Ireland, Lower Baggot Street, Dublin 2, Ireland (Telephone No.: +353 1 661 5933).

The auditors of the Group are, and have been throughout the period covered by the financial information in this Prospectus, PricewaterhouseCoopers who are authorised by Chartered Accountants Ireland.

2. Capital stock

Capital stock as at 23 April 2010 (all figures in millions)

As at 23 April 2010, being the latest practicable date prior to the publication of this Prospectus, the authorised, issued and fully paid up capital stock of the Bank is as follows:

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Ordinary Stock of €0.64 each	2,000	€1,280	1,188*	€761*
2009 Preference Stock of €0.01 each	3,500	€35	3,500	€ 35
Non-cumulative 1992 Preference Stock of €1.27 each	100	€127	3	€ 4
Undesignated 1992 Preference Stock of €0.25 each	100	€25	—	—
Non-cumulative 1992 Preference Stock of Stg£1 each	100	£100	1.9	€ 3
Undesignated non-cumulative 1992 Preference Stock of Stg£0.25 each	100	£25		
Non-cumulative 1992 Preference Stock of US\$25 each	8	US\$200		
Undesignated non-cumulative 1992 Preference Stock of US\$0.25 each	100	US\$25		

* Ordinary Stock units include 11 million units (value €7 million) held by the Group's life assurance company.

Capital stock immediately following the completion of the Proposals (all figures in millions)

The maximum authorised, issued and fully paid capital stock of the Bank immediately following completion of the Proposals⁽¹⁾ will be as follows:

	<u>Authorised</u>		<u>Issued and fully paid</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Maximum Potential Enlarged Capital Stock units of €0.10 each ⁽²⁾	24,000	€24,000	21,672	€2,167
Deferred Stock of €0.54 each	2,000	€1,080	1,189	€642
2009 Preference Stock of €0.01 each	3,500	€35	1,779 ⁽³⁾	€18 ⁽³⁾
Non-cumulative 1992 Preference Stock of €1.27 each	100	€127	3	€4
Undesignated 1992 Preference Stock of €0.25 each	100	€25	—	—
Non-cumulative 1992 Preference Stock of Stg£1 each	100	£100	1.9	€3
Undesignated non-cumulative 1992 Preference Stock of Stg£0.25 each	100	£25		
Non-cumulative 1992 Preference Stock of US\$25 each	8	US\$200	—	—
Undesignated non-cumulative 1992 Preference Stock of US\$0.25 each	100	US\$25	—	—

Note:

- (1) The number of units of Ordinary Stock in issue immediately following the completion of the Proposals assumes that no options are exercised under Employee Stock Schemes between the date of this Prospectus and completion of the completion of the Proposals.
- (2) The maximum potential Ordinary Stock units in issue following completion of the Proposals is the sum of: (i) Ordinary Stock units in issue at 23 April 2010 (being the latest practicable date prior to the publication of this Prospectus); (ii) Ordinary Stock units to be issued pursuant to the Placing (902,352,942); (iii) the maximum number of Ordinary Stock units to be issued pursuant to the Rights Issue (including the NPRFC Rights Issue Undertaking) i.e. assuming an issue price of €0.10 (which is the lowest price at which the Rights Issue Stock can be issued) (18,851,463,603); (iv) the maximum number of Ordinary Stock units to be issued pursuant to acceptances of the US Debt for Equity Offers after the Early US Debt for Equity Offers Expiration Date (8 June 2010) calculated using the minimum possible Rights Issue Factor that results from a €0.10 Rights Issue Price.
- (3) Since the Maximum Potential Enlarged Capital Stock assumes, amongst other things, the maximum number of units of 2009 Preference Stock being converted into Ordinary Stock pursuant to the Proposals, the number of units and amount of 2009 Preference Stock shown in these columns is the minimum number of units and amount of 2009 Preference Stock immediately following the completion of the Proposals.

As at 31 March 2009 and 31 December 2009, the allotted and fully paid share capital of the Bank was as follows:

Class			Number		Value €	
	As at 31 March 2009	Movement	As at 31 December 2009	As at 31 March 2009	As at 31 December 2009	
Ordinary Stock of €0.64 each	994,107,002	(1,105,138)	993,001,864	636,228,481	635,521,193	
2009 Preference Stock of €0.01 each . .	3,500,000,000	—	3,500,000,000	35,000,000	35,000,000	
Non-cumulative 1992	3,026,598	—	3,026,598	3,843,779	3,843,779	
Preference Stock of €1.27 each						
Undesignated 1992 Preference Stock of €0.25 each	—	—	—	—	—	
Non-cumulative 1992 Preference Stock of Stg£1 each	1,876,090	—	1,876,090	£1,876,090	£1,876,090	
Undesignated non-cumulative 1992 Preference Stock of Stg£0.25 each . .	—	—	—	—	—	
Non-cumulative 1992	—	—	—	—	—	
Preference Stock of US\$25 each						
Undesignated non-cumulative 1992 Preference Stock of US\$0.25 each . .	—	—	—	—	—	

As at 23 April 2010, being the latest practicable date prior to the publication of this Prospectus, the Bank held 33.1 million units of treasury stock.

Other than in connection with the employee stock schemes of the Bank, (which are described in greater detail in paragraph 6 (Employee Stock Schemes) of this Part XVIII), and the Warrants issued by the Bank on 31 March 2009 pursuant to the Warrant Instrument (which are described in greater detail in this paragraph 2), no Ordinary Stock or any of its subsidiaries is under option or agreed conditionally or unconditionally to be put under option.

Save as disclosed in this paragraph 2, since 23 February 2010 there has been no issue of units of Ordinary Stock fully or partly paid, either in cash or for other consideration, and (other than in connection with the Rights Issue and Placing and the exercise of options under the employee stock schemes of the Bank) no such issues are proposed.

As announced by the Bank on 19 February 2010, the Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC on Monday 22 February 2010 in lieu of the cash dividend otherwise due on the 2009 Preference Stock.

History of capital stock

Movements in issued Ordinary Stock and treasury stock (units)

The following table and paragraphs show the changes in the issued share capital which have occurred between 1 April 2007 and 23 April 2010, being the latest practicable date prior to the publication of this Prospectus:

Movements in units of Ordinary Stock

	1 January 2010 — 23 April 2010	1 April 2009 — 31 December 2009	1 April 2008 — 31 March 2009	1 April 2008 — 31 December 2008	1 April 2007 — 31 March 2008
Period Start	993,001,864	994,107,002	980,482,472	980,482,472	955,356,605
Allotment of Stock to NPRFC in lieu of Preference Stock cash dividend	184,394,378	—	—	—	—
ESOS	—	—	—	—	378,386
SAYE Scheme	—	(1,189)	8,429	8,429	3,035,654
LTIP	—	6,733	—	—	247,373
Employee Stock Issue	—	—	4,157,268	4,157,268	2,599,085
Stock Alternative Scheme	—	—	—	—	11,379,394
Stock sold / purchased and held for the benefit of life assurance policyholders	77,046	(1,110,682)	9,458,833	6,490,443	7,485,975
Period End	1,177,473,288	993,001,864	994,107,002	991,138,612	980,482,472

Movements in units of Treasury Stock

	1 January 2010 — 23 April 2010	1 April 2009 — 31 December 2009	1 April 2008 — 31 March 2009	1 April 2008 — 31 December 2008	1 April 2007 — 31 March 2008
Period Start	33,223,815	32,118,677	45,734,778	45,734,778	70,192,621
ESOS	—	—	—	—	(52,000)
SAYE Scheme	—	1,189	—	—	(2,708,545)
LTIP	—	(6,733)	—	—	(232,844)
Employee Stock Issue	—	—	(4,157,268)	(4,157,268)	(2,599,085)
Stock Alternative Scheme	—	—	—	—	(11,379,394)
Stock sold / purchased and held for the benefit of life assurance policyholders	(77,046)	1,110,682	(9,458,833)	(6,490,443)	(7,485,975)
Period End	33,146,769	33,223,815	32,118,677	35,087,067	45,734,778

During the year ended 31 March 2008 the total Ordinary Stock in issue increased from 955,356,605 units of nominal value of €0.64 each to 980,482,472 units of nominal value of €0.64 each as a result of:

- 378,386 units of Ordinary Stock were issued to option holders on the exercise of their options under the terms of the ESOS at prices ranging from €4.53 to €12.85 by the reissue of treasury stock (52,000 units) and by the issue of new Ordinary Stock (326,386 units);
- 3,035,654 units of Ordinary Stock were issued to option holders on the exercise of their options under the terms of the SAYE Scheme at prices of €5.40, €7.84, €8.37, €12.28, and €13.09 by the reissue of treasury stock (2,708,545 units) and by the issue of new units of Ordinary Stock (327,109 units);
- 247,373 units of Ordinary Stock were issued on the vesting of awards under the terms of the LTIP at prices of €10.76 and €12.73 per unit, by the reissue of treasury stock (232,844 units) and by the issue of new Ordinary Stock (14,529 units);
- 2,599,085 units of Ordinary Stock were issued to employees under the terms of the Stock Issue Scheme at prices of €15.00 and €12.92 per unit, by the reissue of units of treasury stock;

- 11,379,394 units of Ordinary Stock were issued to Stockholders under the terms of the Stock Alternative Scheme at prices of €15.22 and €9.28 per unit, by the reissue of units of treasury stock. The Stock Alternative Scheme was approved by Stockholders at the 2006 Annual General Court. This gave Stockholders the choice of receiving their dividend by way of cash or in stock units;
- 27,049,251 units of Ordinary Stock held by the Group's life assurance company as at 31 March 2007 are categorised as "own shares"; and
- 7,485,975 units of Ordinary Stock were disposed of by the life assurance company during the year ended 31 March 2008.

At 31 March 2008 the Group's life assurance company held 19,563,276 units of Ordinary Stock as "own shares".

During the nine month period ended 31 December 2008, the total Ordinary Stock in issue increased from 980,482,472 units of nominal value of €0.64 each to 991,138,612 units of nominal value of €0.64 each as a result of:

- 8,429 units of Ordinary Stock were issued to option holders on the exercise of their options under the terms of the SAYE Scheme at prices of €7.43, €7.84, €8.37 and €13.09, by the issue of new Ordinary Stock;
- 4,157,268 units of Ordinary Stock were issued to employees under the Employee Stock Issue Scheme at prices of €4.51 and €5.23 per unit, by the reissue of units of treasury stock;
- 19,563,276 units of Ordinary Stock held by the Group's life assurance company as at 31 March 2008 were categorised as "own shares"; and
- 6,490,443 units of Ordinary Stock were disposed of by the life assurance company during the period ended 31 December 2008.

At 31 December 2008 the Group's life assurance company held 13,072,833 units of Ordinary Stock as "own shares".

At an EGC of the Bank held on 27 March 2009, the Bank's authorised ordinary stock was increased from 1,500 million units to 2,000 million units at a par value of €0.64 per unit to facilitate the issue of the Warrants as part of the NPRFC Investment.

During the year ended 31 March 2009 the total Ordinary Stock in issue increased from 980,482,472 units of nominal value of €0.64 each to 994,107,002 units of nominal value of €0.64 each as a result of:

- 8,429 units of Ordinary Stock were issued to option holders on the exercise of their options under the terms of the SAYE Scheme at prices of €7.43, €7.84, €8.37 and €13.09, by the issue of new Ordinary Stock;
- 4,157,268 units of Ordinary Stock were issued to employees under the Employee Stock Issue Scheme at prices of €4.51 and €5.23 per unit, by the reissue of units of treasury stock;
- 19,563,276 units of Ordinary Stock held by the Group's life assurance company as at 31 March 2008 were categorised as "own shares"; and
- 9,458,833 units of Ordinary Stock were disposed of by the life assurance company during the year ended 31 March 2009.

At 31 March 2009 the Group's life assurance company held 10,104,443 units of Ordinary Stock as "own shares".

During the nine month period ended 31 December 2009 the total Ordinary Stock in issue decreased from 994,107,002 units of nominal value of €0.64 each to 993,001,864 units of nominal value of €0.64 each as a result of:

- 1,189 units of Ordinary Stock were redeemed due to a correction in relation to the exercise of options under the terms of the SAYE Scheme at prices of €7.84;
- 6,733 units of Ordinary Stock were issued under the 1999 LTIP under the matching stock rule; and
- 1,110,682 units of Ordinary Stock were acquired by the Group's life assurance company during the nine month period ended 31 December 2009.

At 31 December 2009 the Group's life assurance company held 11,215,125 units of Ordinary Stock as "own shares".

During the period ending on 23 April 2010, the total Ordinary Stock in issue increased from 993,001,864 units of nominal value of €0.64 each to 1,177,473,288 units of nominal value of €0.64 each as a result of:

- 184,394,378 units of Ordinary Stock were issued to NPRFC in lieu of a cash dividend on the 2009 Preference Stock
- 77,046 units of Ordinary Stock were disposed of by the Group's life assurance company during the period ended 23 April 2010.

At 23 April 2010 the Group's life assurance company held 11,138,079 units of Ordinary Stock as "own shares".

All units of Ordinary Stock in issue carry the same voting rights. All issued stock is fully paid.

1992 Preference Stock — Sterling, euro and Dollar

The 1992 Preference Stock is non-redeemable. The holders of 1992 Preference Stock are eligible at the discretion of the Bank to receive a non-cumulative preferential dividend, which in the case of the Sterling denominated 1992 Preference Stock will be payable in Sterling, in a gross amount of £1.2625 per unit per annum and in the case of the euro denominated 1992 Preference Stock will be payable in euro in a gross amount of €1.523686 per unit per annum, in equal semi-annual instalments, in arrears, on 20 February and 20 August in each year. No dividend was paid on the 1992 Preference Stock on 20 February 2010 as the Bank was (and remains) precluded, under the "dividend stopper" currently applicable to it, from paying dividends unless under a binding obligation to do so. On a winding up of, or other return of capital by the Bank (other than on a redemption) the holders of 1992 Preference Stock will be entitled to receive an amount equal to the amount paid up on each unit of the 1992 Preference Stock held (including the premium) out of the surplus assets available for distribution to the holders of Ordinary Stock. The holders of 1992 Preference Stock are not entitled to vote at any AGC or EGC except in certain circumstances.

Under the Bank's Bye-Laws, the holders of 1992 Preference Stock are entitled to vote on the Resolutions, together with Ordinary Stockholders, since the most recent dividend on the 1992 Preference Stock was not paid in cash. The holders of euro-denominated 1992 Preference Stock are entitled to cast two votes for every unit of euro-denominated 1992 Preference Stock held and each holder of sterling-denominated 1992 Preference Stock has one vote for every €0.64 of the euro equivalent to the nominal amount of his holding of sterling-denominated 1992 Preference Stock (based on the exchange rate on the date of issue of the sterling-denominated 1992 Preference Stock). As a result, the holders of the 1992 Preference Stock have 0.79% of the total voting rights. The Bank has an obligation to increase the cash dividend payable on each unit of 1992 Preference Stock so that the sum of the cash dividend paid or payable together with the associated dividend tax credit shall equal the appropriate gross amounts. As at 31 March 2009 and 31 March 2008, 1,876,090 units of Sterling Preference Stock and 3,026,598 units of euro Preference Stock and no units of Dollar Preference Stock were in issue. As at 31 December 2009, 1,876,090 units of Sterling denominated 1992 Preference Stock, 3,026,598 units of euro denominated 1992 Preference Stock and no units of Dollar Preference Stock were in issue.

The Bank has received correspondence from certain holders of the 1992 Preference Stock asserting that the Bank is under a binding legal obligation to pay dividends on the 1992 Preference Stock except in certain specified circumstances. The Bank's view, based on external legal advice, has been, and remains, that the payment of dividends on the 1992 Preference Stock is a matter for the discretion of the Bank. Please see the risk factor "*If a court of law were to determine that the Bank is under a binding legal obligation to pay dividends on the 1992 Preference Stock, except in certain specified circumstances, the Bank could be required to compensate holders or former holders of the 1992 Preference Stock and could potentially be subject to claims by holders or former holders of the Hybrid/Preferred Securities*" for further details.

2005 Preference Stock

The Bye-Laws enable the Directors to issue and allot new preference stock (the "2005 Preference Stock") which can be either redeemable or non-redeemable, and can be denominated in US dollars (\$0.25 per unit), in euro (€0.25 per unit) or in Sterling (£0.25 per unit). Any 2005 Preference Stock issued will rank equivalent to the existing euro and Sterling 1992 Preference Stock as regards entitlements to dividends. Bye-Law 7 permits the Directors to withhold the payment of a dividend under the 2005 Preference Stock in the event of the occurrence of a "trigger event". A trigger event will occur when the capital adequacy requirements of the Financial Regulator have been, or are expected to be, breached. As at 31 December 2009, no units of 2005 Preference Stock were in issue.

2009 Preference Stock

On 31 March 2009, the Bank issued 3,500,000,000 units of 8% non-cumulative Preference Stock of €0.01 each (the 2009 Preference Stock) in the capital of the Bank to the NPRFC. The repayment of the capital paid up (inclusive of premium) on the 2009 Preference Stock ranks *pari passu* with the repayment of the paid up nominal value (excluding premium) of the Ordinary Stock on a winding up or other return of capital of the Bank. The 2009 Preference Stock ranks ahead of the Ordinary Stock as regards dividends and as regards the repayment of premium on the Ordinary Stock or a winding up or other return of capital of the Bank. The 2009 Preference Stock ranks *pari passu* as regards dividends with other stock or securities which constitute Core Tier 1 Capital of the Bank (other than Ordinary Stock and other than dividends to minority interests). The 2009 Preference Stock entitles the holder to receive a non-cumulative dividend at a fixed rate of 8% of the issue price comprising €0.01 nominal value and €0.99 premium per annum, payable annually at the discretion of the Bank. In connection with the NPRFC Placing and the NPRFC Rights Issue Undertaking, and conditional on the passing of the Resolutions, the rights attaching to the 2009 Preference Stock will be amended to increase the non-cumulative dividend to a fixed rate of 10.25% of the issue price per annum, payable annually in arrears at the discretion of the Bank. This reflects the agreement reached by the Bank and the NPRFC in respect of the Government Transaction overall. The 2009 Preference Stock is described in greater detail below in paragraph 4 (Charter and Bye-Laws) of this Part XVIII of this Prospectus.

Warrants

On 31 March 2009, the Bank issued Warrants to the NPRFC. Under the terms of the Warrants, the NPRFC will be entitled to subscribe for units of Ordinary Stock on the basis of one unit of Ordinary Stock for each individual Warrant. The Warrants, if exercised in full, would entitle the NPRFC to acquire 334,737,148 units of Ordinary Stock. The Warrants will be exercisable on the earlier of (i) at any time between the fifth and tenth anniversary of the date of issue of the 2009 Preference Stock (issued 31 March 2009); and (ii) any offer (within the meaning of the Takeover Panel Act, 1997) for the Bank or other change of control event in respect of the Bank.

Pursuant to the Proposals, the Warrants held by the NPRFC will be cancelled in return for the payment of €491 million in cash from the Bank to the NPRFC. As such, if the Proposals are approved and implemented, the NPRFC will cease to hold the Warrants and the subscription rights pursuant to the Warrants.

Existing Stockholder Authorities

At the Annual General Court of the Bank held on 3 July 2009, a special resolution was passed granting the Directors the authority to allot, grant options over or otherwise dispose of Ordinary Stock for cash on a non-pre-emptive basis (including the issue of securities convertible into Ordinary Stock) up to a nominal amount of €32 million for the period up to 2 October 2010 or up to the date of the Annual General Court of the Bank in 2010, whichever is the earlier. Any Ordinary Stock which may be issued pursuant to any employee stock issue or stock option scheme approved by a General Court shall be disregarded for the purpose of both the maximum limit and the expiry date.

At the same Annual General Court, a special resolution was passed granting the Directors the authority to allot, grant options over or otherwise dispose of Ordinary Stock otherwise than for cash on a non-pre-emptive basis (including the issue of securities convertible into Ordinary Stock) up to a nominal amount of the lesser of 10% of the issued Ordinary Stock or the authorised but unissued Ordinary Stock in the capital of the Bank. The authority was granted for the period up to 2 October 2010 or the date of the Annual General Court of the Bank in 2010, whichever is the earlier. Any Ordinary Stock which may be issued pursuant to any employee stock issue or stock option scheme approved by a General Court shall be disregarded for the purpose of both the maximum limit and the expiry date.

3. Dividends

Dividend terms

On 19 January 2010, and following communications from the European Commission that the Bank should not make coupon payments on its Tier 1 Securities and Upper Tier 2 Securities unless under a binding legal obligation to do so, the Group announced that the non-cumulative distributions on the LP2 Securities and the LP3 Securities, which would otherwise have been payable on 1 February 2010 and 4 February 2010 respectively, would not be paid. The effect of this decision by the Bank was to trigger the “dividend stopper” provisions of the LP2 Securities. While this “dividend stopper” remains in force, the Group is precluded for a period of one calendar year from and including 1 February 2010 from declaring and making any distribution or dividend payment on its Ordinary Stock, non-cumulative euro and Sterling Preference Stock, the 2009 Preference Stock, Hybrid/Preferred Securities and the ACSM Hybrids.

On that basis, (and also under the commitments to be made under the EU Restructuring Plan), the Group is therefore prevented from making discretionary dividend payments on its capital stock for a period of one calendar year from and including 1 February 2010. As a consequence of the dividend stopper, the Bank issued the NPRFC Coupon Ordinary Stock to the NPRFC on Monday 22 February 2010 in lieu of the cash dividend due to the holders of the 2009 Preference Stock on 20 February 2010.

In addition, under the terms of the CIFS Guarantee Scheme, the Bank is precluded from paying dividends on the Ordinary Stock without the prior approval of the Minister for Finance until the expiry of the CIFS Guarantee Scheme which is scheduled to take place on 29 September 2010. The prohibition can be extended under the ELG Scheme.

Under the EU Restructuring Plan, the Group will commit not to make discretionary payments of coupons or to exercise voluntary call options on hybrid capital securities on or before 31 January 2011. Thereafter, any conditions imposed by the European Commission in respect of hybrid capital securities are expected to fall away.

Also under the EU Restructuring Plan, the Bank will commit not to pay dividends on its Ordinary Stock until the earlier of (i) 30 September 2012; and (ii) such date that the 2009 Preference Stock is redeemed or no longer owned by the State through the NPRFC or otherwise.

Historical dividends

The following table sets out the five-year dividend history for the Bank:

<u>Year ended 31 March</u>	<u>Dividend per unit of Ordinary Stock (cent)</u>
2005	45.6
2006	52.5
2007	60.4
2008	63.6
2009	Nil
<i>Period ended 31 December 2009</i>	Nil

4. Charter and Bye Laws

Objects and Registration Details

The Bank was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Bank is registered in Ireland under registered number C-1 and has limited liability.

The Bye-Laws of the Bank were adopted by resolution passed by an Extraordinary General Court on 27 March 2009 and amended by resolution passed by an Extraordinary General Court on 12 January 2010.

It is proposed to adopt new Bye-Laws at the EGC. The amendments allow for the 2009 Preference Stock to be converted into units of Ordinary Stock pursuant to the NPRFC Placing and the NPRFC Rights Issue Undertaking. The amendments also provide for the amendment of the dividend rights attaching to the 2009 Preference Stock and the amendment of the NPRFC's voting rights in accordance with the terms of the Government Transaction (for further information on the proposed amendment to these dividend and voting rights, see under the heading "2009 Preference Stock" in this paragraph 4 of this Part XVIII of this Prospectus). Included in the proposed new Bye-Laws is a new provision authorising the Bank to reduce its issued stock capital, capital redemption reserve fund or any stock premium account where this has been authorised by a special resolution at a General Court of the Bank.

The Bank's objects and purposes were set out originally in the Charter and have been amended by legislation (in 1872 and 1929) and by resolutions passed by Stockholders meetings, in General Court in 1972 and 1995. The principal objects of the Bank are to carry on the business of banking and to undertake all types of financial services.

Recapitalisation of the Bank by the Government

On 27 March 2009 the Ordinary Stockholders of the Bank approved resolutions enabling the subscription by the NPRFC for the 2009 Preference Stock at an aggregate issue price of €3.5 billion, pursuant to an agreement between the Minister for Finance, the NPRFC and the Bank. The NPRFC Investment was on foot of the Government's commitment to recapitalise the Bank, announced on 22 December 2008 and as part of the investment the Bank issued to the NPRFC Warrants to subscribe for new units of Ordinary Stock. The Warrants are described in greater detail below.

2009 Preference Stock

The 2009 Preference Stock, comprising units of 8% non-cumulative Preference Stock of €0.01 each in the capital of the Bank, ranks *pari passu* with the Ordinary Stock on a repayment of capital on a winding-up of the Bank, and ranks ahead of the Ordinary Stock as regards the payment of dividends. The 2009 Preference Stock ranks *pari passu* as regards dividends with other stocks or securities which constitute Core Tier 1 Capital of the Bank (other than Ordinary Stock and other than dividends to minority interests). The 2009 Preference Stock will entitle the holder to receive a non-cumulative dividend at a fixed rate of rate 8% of the issue price per annum, payable annually at the discretion of the Bank. If the Proposals are implemented, the Bye-laws will be amended pursuant to the Resolutions and the dividend rate on the 2009 Preference Stock will be increased to a fixed rate of 10.25% of the issue price per annum.

If the dividend on the 2009 Preference Stock is not paid in any particular year, then the Bank shall be precluded from paying any dividend on any Ordinary Stock until the Bank resumes the payment of dividends on the 2009 Preference Stock in cash. The Bank will also be precluded from paying any dividend on any Ordinary Stock where the payment of such dividend would reduce the distributable reserves of the Bank to such an extent that the Bank would be unable to pay the next dividend due for payment on the 2009 Preference Stock. The number of units of Ordinary Stock that the Bank would be required to issue to the NPRFC (in the event of non-payment of a dividend) will be calculated by dividing the amount of the unpaid dividend by the Thirty Day Average Price. If units of Ordinary Stock are issued in the event of non-payment of dividends, these units will be settled on a day determined by the Bank, in its sole discretion, provided that this must occur no later than the day on which the Bank subsequently redeems or repurchases or pays a dividend on the 2009 Preference Stock or any class of capital stock. The issue of units of Ordinary Stock in the event of non-payment of dividends will result in the dilution of Existing Stockholders' proportionate ownership and voting interests in the Bank.

As announced by the Bank on 19 February 2010, the Bank issued 184,394,378 units of Ordinary Stock (the NPRFC Coupon Ordinary Stock) to the NPRFC in lieu of a cash dividend on the 2009 Preference Stock, which was otherwise due on 20 February 2010.

The 2009 Preference Stock may be repurchased at the option of the Bank, in whole or in part, at a price per unit equal to the issue price of €1.00 per unit of the 2009 Preference Stock within the first five years from the date of issue and thereafter at a price per unit of €1.25, provided in either case that the consent of the Financial Regulator to the repurchase of the 2009 Preference Stock is obtained.

The 2009 Preference Stock will not be capable of being repurchased if it would breach or cause a breach of Irish banking capital adequacy requirements applicable to the Bank. The 2009 Preference Stock may be repurchased from profits available for distribution or from the proceeds of any issue of stock or securities that constitute Core Tier 1 Capital. Any repurchase or redemption of the 2009 Preference Stock will have no impact on the Warrants. The Warrants are described in greater detail below.

As the holder of the 2009 Preference Stock, the Minister for Finance through the NPRFC currently has the right to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and can exercise voting rights equivalent to 25% of the total voting rights on any resolution proposed at a General Court of the Bank in relation to the appointment or removal of a Director of the Group. The 2009 Preference Stock also carries 25% of the total voting rights in relation to any Control Resolution (exclusive of any voting rights that the NPRFC or any Government Body may have through any holding of Ordinary Stock). The tabling of any resolution at a General Court of the Bank to alter the capital structure of the Group requires the prior approval in writing of the Minister for Finance. These rights apply in full for so long as the NPRFC holds any units of 2009 Preference Stock and they are not reduced in line with any reduction in the number of units of 2009 Preference Stock held. In addition, as the holder of the NPRFC Coupon Ordinary Stock, the NPRFC is entitled to exercise the voting rights attaching to these units of Ordinary Stock.

At present, the NPRFC and other Government Bodies are restricted from exercising more than 25% of the total voting rights at a General Court of the Bank in respect of the voting rights attaching to, amongst other securities, the 2009 Preference Stock and any Ordinary Stock issued in lieu of cash dividends (including the NPRFC Coupon Ordinary Stock) or issued upon the exercise of the Warrants, on a resolution to appoint, re-elect or remove a director. This restriction does not apply to other Ordinary Stock held by the NPRFC (for example Ordinary Stock held pursuant to its other investment activities).

If the Government Transaction is implemented, the NPRFC's voting rights will be altered. The NPRFC will no longer be subject to the restriction on exercising more than 25% of the total voting capital on resolutions for the appointment, re-election or removal of directors: as such, the NPRFC would be entitled to exercise the full ordinary voting rights attaching to its Ordinary Stock (including the NPRFC Coupon Ordinary Stock and the Ordinary Stock

issued pursuant to the NPRFC Placing and the NPRFC Rights Issue Undertaking). However, the 2009 Preference Stock will no longer carry an automatic block vote of 25% of the total voting rights in respect of resolutions relating to directors and Control Resolutions; instead, the 2009 Preference Stock will carry the right to 'top-up' the NPRFC's total voting rights to 25% of the total voting rights on directors and Control Resolutions where the NPRFC's ordinary voting rights through its holding of Ordinary Stock (or other securities issued in future) falls below this level.

The other rights attaching to the 2009 Preference Stock or granted to the Minister for Finance under the Bank's Bye-Laws will remain unchanged following the implementation of the Government Transaction. These rights include the right of the Minister for Finance to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and the requirement for the Minister's prior consent before any resolution to alter the capital structure of the Group can be tabled at a General Court. Consequently, these rights will remain unchanged if the Proposals are implemented, notwithstanding that the number of units of 2009 Preference Stock held by the NPRFC following the completion of the Proposals will be reduced.

The Warrants

On 31 March 2009, the Bank issued 334,737,148 Warrants to the NPRFC. Under the terms of the Warrants, the NPRFC will be entitled to subscribe for units of Ordinary Stock on the basis of one unit of Ordinary Stock for each individual Warrant.

The NPRFC shall be entitled to exercise no more than 50% of the voting rights attaching to any units of Ordinary Stock which are issued as a result of the exercise of the Warrants. The Warrants will be exercisable on the earlier of (i) at any time between the fifth and tenth anniversary of the date of issue of the 2009 Preference Stock (issued 31 March 2009); and (ii) any offer (within the meaning of the Takeover Panel Act, 1997) for the Bank or other change of control event in respect of the Bank.

The exercise price per unit of Ordinary Stock issued pursuant to the Warrants will be €0.52 for 177,213,784 units of Ordinary Stock and €0.20 for 157,523,364 units of Ordinary Stock. Any difference between the exercise price and the nominal value of the Ordinary Stock (being €0.64) shall be paid up from the Bank's undistributable reserves (including the stock premium account) or (subject to there being no contravention of the rights of other stockholders) from the Bank's distributable reserves.

If the units of Ordinary Stock issued on exercise of the Warrants are transferred to any third party (other than a Government Body), full voting rights will attach to such transferred units of Ordinary Stock.

The Warrants are unaffected by any repurchase of the 2009 Preference Stock. The number of units of Ordinary Stock which may be acquired pursuant to the exercise of the Warrants will be subject to anti-dilution protection in line with market norms for warrants. Accordingly, the Warrants will be proportionately adjusted for any increase or decrease in the number of outstanding units of Ordinary Stock in issue resulting from a subdivision or consolidation of units of Ordinary Stock. The Warrants will also be proportionally adjusted for any capital distributions by the Bank and for certain bonus issues or rights issues by the Bank. The Bank has undertaken that application will be made in due course for the Ordinary Stock to be issued on exercise of the Warrants or in the event of non-payment of dividends on the 2009 Preference Stock to be admitted to the Official Lists and to trading on the main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange. As well as agreeing to allow the Government Bodies to make use of any public offer prospectus issued by the Bank for the purposes of placing this Ordinary Stock with investors, the Bank will also undertake to cooperate on a one-off basis at its own expense in the preparation and issue of a public offer prospectus where this is required or appropriate for the purpose of placing this Ordinary Stock with investors. The placing of this Ordinary Stock will be subject to orderly market provisions.

The Warrants shall not be transferable (other than to a Government Body).

Pursuant to the Proposals, the Warrants held by NPRFC will be cancelled in return for the payment of €491 million in cash from the Bank to the NPRFC. This reflects the market value of the Warrants, being the difference between the exercise price of the Warrants and the Closing Price of the Ordinary Stock on 23 April 2010, plus a fee of €12 million. As such, if the Proposals are approved and implemented, the NPRFC will cease to hold the Warrants and the subscription rights pursuant to the Warrants.

Directors

Proceedings of Directors

The business of the Bank shall be managed by the Directors, who may exercise all such powers of the Bank as are not, by the Charter, the Bank of Ireland Act 1929 or the Bye-Laws, required to be exercised by the Bank in General Court, subject to any of the provisions of the Charter, the Bank of Ireland Act 1929 or the Bye-Laws and to such directions given by the Bank in a General Court. No direction given by a General Court shall invalidate any prior act of the Directors which would have been valid if that direction had not been given.

The common seal of the Bank shall be used only by the authority of the Directors (or a committee appointed by the Directors authorised by the Directors in that behalf). Every instrument to which the common seal shall be affixed shall be signed by a Director or by the Secretary or by some other person appointed by the Directors for the purpose (or by a committee appointed by the Directors authorised by the Directors in that behalf).

The Bank shall also have an official seal for the purpose of sealing securities issued by the Bank and for sealing documents creating or evidencing securities issued. The official seal may be used only on the authority of the Directors (or a committee appointed by the Directors authorised by the Directors in that behalf), except that every instrument to which the official seal shall be affixed shall be signed by the Secretary and some other person appointed by the Directors for the purpose (or by a committee appointed by the Directors authorised by the Directors in that behalf) and provided that the system of authorising the affixing of the official seal to such instruments is first approved by the Bank's auditors, all or any such signatures may be applied by some mechanical means.

The Bank shall also have for use in Britain (and if the Directors consider it expedient, in any other territory, district or place where the Bank has an established place of business) a local seal, which shall be a facsimile of the common seal with the addition on its face of the word "Britain" (or the name of the territory, district or place, as the case may be, where it is to be used). The local seal may be used only under the authority of the Directors (or a committee appointed by the Directors authorised by the Directors in that behalf), except that all instruments to which the local seal shall be affixed shall be signed by two persons appointed by the Directors or a committee appointed by the Directors authorised by the Directors in that behalf.

The Directors may meet together as the Court of Directors for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. Where there is an equality of votes, the Chairman shall have a second or casting vote. The Governor or Deputy Governor may, and the Group Secretary, on the requisition of a Director shall, at any time summon a Court of Directors. If the Directors so resolve, it shall not be necessary to give notice of a Court of Directors to any Director who, being resident in Ireland, is for the time being absent from Ireland.

A Director may participate in a meeting of the Directors or any committee of the Directors by means of conference telephone, televisual link or other telecommunications equipment by means of which all persons participating in the meeting can hear each other speak and such participation in a meeting shall constitute presence in person at the meeting.

The quorum necessary for the transaction of the business at a Court of Directors may be fixed by the Directors, and unless so fixed shall be five.

The Governor, or in his absence a Deputy Governor, shall preside as Chairman at every Court of Directors, but if at any Court of Directors none of them is present within 15 minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of that Court.

The Directors may delegate any of their powers, authorities and discretions to any committee or board established or to any appointment (made pursuant to Bye-Law 106) and to any wholly owned subsidiary of the Bank for such a period and on such terms and conditions as the Directors may determine. The Directors may authorise any such committee, board, appointment or subsidiary to sub-delegate any of the powers, authorities and discretions delegated to them but any such committee, board, appointment or subsidiary shall conform to any regulations which may from time to time be imposed by the Directors in respect of any such delegation or sub-delegation. The Directors may at any time vary or revoke any delegation made to any such committee, board, appointment or subsidiary, or any regulation made in respect of sub-delegation by any of them.

Any Director interested in a contract must declare his or her interest at a meeting of the Directors at which the question of entering into such contract first arises, or if later, at the first meeting after the Director has become so interested and any Director may become interested in any company which is promoted by the Bank or in which the Bank has shares. The Bye-Laws also require that a Director may not vote in respect of any proposal in which his/her

or any person connected with him or her has a material interest in making this determination. Interests in stock, shares, debentures or other securities of the Group are disregarded for the purpose. A Director cannot be counted in a quorum of the Court of Directors or of the meeting of a committee in relation to any resolution on which he/she is debarred from voting. The prohibition on voting in respect of contracts in which a Director is interested is disappplied in respect of the following matters:

- the giving of security or an indemnity to a Director in respect of money lent or obligations incurred by him or her for the benefit of the Group;
- the giving of security or an indemnity to a third party in respect of a debt or obligation of the Group for which he/she has assumed responsibility, in whole or in part;
- an offer of debentures or securities of the Group in which a Director is interested as an underwriter;
- any proposal concerning any other company in which a Director is interested, directly or indirectly, provided that the director does not hold or is not beneficially interested in more than 1 % of any class of equity share capital or of voting rights of that company;
- the adoption or operation of any superannuation fund or retirement benefit scheme or stock option scheme from which a Director might benefit and which has been approved or conditional on approval from the Revenue Commissioners; and
- the purchase of insurance against any liability incurred by directors and officers of the Group in respect of any act or omission in the discharge of their duties or exercise of their powers.

A Director who has been appointed by a Government Body holding 2009 Preference Stock (“Government Preference Stockholder”) and/or by the Minister for Finance pursuant to the CIFS Guarantee Scheme (each a “Government Appointee”) is not restricted from participating in any meeting of the Directors or voting on any matter unless he/she has an interest in the matter in a manner which concerns him or her personally. None of the following shall be regarded as giving rise to such an interest:

- the fact that he/she was appointed by a Government Body holding 2009 Preference Stock;
- the fact that a Government Preference Stockholder may have an interest in the matter;
- the matter relates to a matter that requires the consent of the Government Preference Stockholder;
- the matter relates to a circumstance that may entitle the Government Preference Stockholder to exercise his voting rights attaching to the 2009 Preference Stock;
- the payment of dividends on the 2009 Preference Stock or the issue of bonus stock or the exercise of the Warrants;
- the matter concerns compliance with the laws of Ireland; or
- a Government Preference Stockholder has made or issued any statement or policy in respect of such matter.

Remuneration of Directors

The remuneration of Directors is fixed from time to time by the Stockholders in General Court. Such remuneration is divided among them as the Directors determine. Such remuneration shall be independent of any remuneration to which a Director may be entitled in respect of any other office or appointment within the Group. In the absence of an independent quorum, the Directors are not competent to vote compensation to themselves or any members of their body. The Governor and Deputy Governor, are elected from time to time by the Directors from among their own number, and are remunerated on terms established by the Directors.

Borrowing powers

Directors may exercise all the borrowing powers of the Group and may give security in connection therewith. The powers of the Directors may be amended or restricted only by the Stockholders in General Court.

Stockholding qualification

The Governor, Deputy Governor and each director, except for Government Appointees, must hold at least 1,000 units of Ordinary Stock.

Appointment and removal of Directors

Directors may be appointed by ordinary resolution at a General Court or by the Court of Directors. Any Director appointed by the Court shall retire at the next following Annual General Court and shall then be eligible for re-election. A General Court may by ordinary resolution remove a Director before the expiration of his or her period of office.

The Government Preference Stockholder has the right to directly appoint 25% of the directors of the Bank (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme). The Government Preference Stockholder may at any time by notice in writing to the Bank, remove from office as a Director any of the Government Appointees. Subject to the Companies Acts, a Government Appointee shall not be removed from the Court other than by the Government Preference Stockholder.

The number of Directors shall not be increased to more than 18 Directors without the prior written consent of the Government Preference Stockholder.

Retirement of Directors

There is no age limit requirement in the Bye-Laws that specifies when a Director must retire. However the Directors have adopted as a guideline that the normal retirement age for Non-Executive Directors is age 68 unless the Court determines otherwise in exceptional circumstances.

In accordance with the Combined Code, adopted by the Irish Stock Exchange and the London Stock Exchange, all Directors retire by rotation every three years and, if eligible, may offer themselves for re-election subject to satisfactory performance evaluation. A Government Appointee is not subject to retirement by rotation and Bye-Laws 92 to 94 inclusive (Retirement of Directors) shall not apply to the Government Appointees. A Government Appointee may not serve as a Director for a period longer than nine years after the date of his or her appointment.

The Directors on behalf of the Bank may pay a gratuity or pension or allowance on retirement to any Director or to his or her spouse or dependants, and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Vacation of office

The office of Director shall be vacated if the Director:

- ceases to be a Director as a result of non-compliance with Bye-Law 76 (Residence and stock qualifications of Directors); or
- is adjudged bankrupt in the State or in Northern Ireland or Great Britain or makes any arrangement or composition with his or her creditors generally; or
- fails to make and deliver the declaration required by Bye-Law 77 within the time therein specified or within such further period as may be allowed by the Court of Directors; or
- becomes of unsound mind; or
- resigns his or her office by notice in writing to the Bank; or
- is convicted of an indictable offence unless the Directors otherwise determine; or
- is for more than 6 months absent without permission of the Directors from Courts of Directors held during that period; or
- ceases to be a Director by virtue of any provision of the Companies Acts or becomes prohibited by law from being a Director; or
- in the case of a Government Appointee, if removed from office by the Government Preference Stockholder.

Rights and Restrictions Attaching to the capital stock

Ordinary Stock

Dividend Rights

Under Irish law, and under the Bye-Laws of the Bank, dividends are payable on the Ordinary Stock only out of profits available for distribution. Holders of the Ordinary Stock are entitled to receive such dividends as may be declared by the Stockholders in General Court, provided that the dividend cannot exceed the amount recommended

by the Directors. Pursuant to the Bye-Laws, no dividend on the Ordinary Stock may be declared unless the dividend on the 1992 Preference Stock and the 2005 Preference Stock most recently payable prior to the relevant General Court shall have been paid in cash. The Bank may pay Stockholders such interim dividends as appear to the Directors to be justified by the profits of the Bank. Any dividend which has remained unclaimed for 12 years from the date of its declaration may be forfeited and cease to remain owing by the Bank.

Voting Rights

Voting at any General Court is by a show of hands unless a poll is properly demanded. On a show of hands, every stockholder who is present in person or by proxy has one vote regardless of the number of units of stock held by him or her. On a poll, every stockholder who is present in person or by proxy has one vote for every unit of Ordinary Stock. A poll may be demanded by the chairman of the meeting or by at least nine members of the Group present in person or by proxy and entitled to vote on a poll. The necessary quorum for a General Court is ten persons present in person or by proxy and entitled to vote.

All business is considered to be special business if it is transacted at an Extraordinary General Court, as is all business transacted at an Annual General Court other than the declaration of a dividend, the consideration of the accounts, the balance sheet and reports of the Directors and auditors, the election of Directors in the place of those retiring, the re-appointment of the retiring auditors, and the determination of the remuneration of the auditors, all of which is deemed ordinary business. Special business will be dealt with by way of an ordinary resolution, except where a special resolution is expressly required by the Bye-Laws or by the Companies Acts in so far as they apply to the Bank from time to time, in which case such special business shall be dealt with by way of special resolution. Ordinary business is dealt with by way of an ordinary resolution. An ordinary resolution requires a simple majority of the votes cast by the members voting in person or, where proxies are allowed, by proxy at a General Court. A special resolution must be passed by not less than three fourths of the votes cast by such members as being entitled so to do, vote in person or, where proxies are allowed, by proxy at a General Court, at which not less than 21 days' notice specifying the intention to propose a resolution as a special resolution has been duly given. Where an equal number of votes has been cast on any resolution the chairman of the meeting is entitled to a second or casting vote.

An Annual General Court may, by resolution, before the issue of Ordinary Stock, determine that the same or any of it shall be offered, either at par or at a premium, to all the holders of the existing Ordinary Stock in such proportion as nearly as may be to the amount of such Ordinary Stock held by them respectively, or make any other provisions as to the issue of such new Ordinary Stock.

Liquidation Rights

In the event of any surplus arising on the occasion of the liquidation of the Bank the Ordinary Stockholders would be entitled to a share in that surplus *pro rata* to their holdings of Ordinary Stock.

1992 Preference Stock

The capital of the Bank is divided into Ordinary Stock, non-cumulative dollar denominated 1992 Preference Stock, non-cumulative Sterling denominated 1992 Preference Stock, non-cumulative euro denominated 1992 Preference Stock and the 2009 Preference Stock. On 23 April 2010, being the last practicable date prior to the publication of this Prospectus, there were 1,876,090 units of non-cumulative Sterling denominated 1992 Preference Stock, 3,026,598 units of non-cumulative euro denominated 1992 Preference Stock and no units of non-cumulative Dollar denominated 1992 Preference Stock in issue. Subject to the terms and conditions relating to the issue of the 1992 Preference Stock, the holders thereof are eligible (subject to exercise of the Bank's discretion) to receive a fixed annual dividend. Any dividend which has remained unclaimed for 12 years from the date of its declaration may be forfeited and cease to remain owing by the Bank.

The Sterling denominated 1992 Preference Stock and the euro 1992 Preference Stock rank *pari passu inter se* to the extent that they are expressed to so rank and the right to a fixed dividend is in priority to the dividend rights of Ordinary Stock in the capital of the Bank. On a winding up or other return of capital by the Bank, the holders of Sterling denominated 1992 Preference Stock and holders of euro denominated 1992 Preference Stock are entitled to receive, out of the surplus assets available for distribution to the Bank's members, an amount equal to the amount paid up on their preference (including any premium paid to the Bank in respect thereof) stock, including any preference dividend outstanding at the date of the commencement of the winding-up or other return of capital. Otherwise the Preference Stockholders are not entitled to any further or other right of participation in the assets of the Bank.

2005 Preference Stock

Bye-Law 7 enables the Directors to issue and allot new preference stock (the “2005 Preference Stock”) which can be either redeemable or non-redeemable, and can be denominated in US dollars, in euro or in Sterling. Any 2005 Preference Stock issued will (under Bye-Law 7) rank equivalently to the existing euro and Sterling 1992 Preference Stock as regards entitlements to dividends. Bye-Law 7 permits Directors to withhold the payment of a dividend under the 2005 Preference Stock in the event of the occurrence of a “trigger event”. A trigger event will occur when the capital adequacy requirements of the Financial Regulator have been, or are expected to be, breached. As at 31 December 2009, no units of 2005 Preference Stock were in issue.

2009 Preference Stock

The ranking and dividend entitlements of the 2009 Preference Stock are described in greater detail above (Recapitalisation of the Bank by the Government).

Variation of Class Rights

The rights attached to the Ordinary Stock may be varied or abrogated, either while the Bank is a going concern or during or in contemplation of a winding-up, with the sanction of a resolution passed at a class meeting of the holders of the Ordinary Stock. Similarly, the rights, privileges, limitations or restrictions attached to the 2009 Preference Stock may be varied, altered or abrogated, either while the Bank is a going concern or during or in contemplation of a winding-up, with the written consent of the holders of not less than 75% in nominal value of such class of stock or with the sanction of a resolution passed at a class meeting at which the holders of 75% in nominal value of those in attendance and voting, vote in favour of the resolution.

Convening of General Courts

Annual General Courts and a General Court called for the passing of a special resolution must be called by 21 days notice in writing at the least. General Courts (other than General Courts called for the passing of a special resolution) can be called by 14 days notice in writing where the Bank offers the facility for Stockholders to vote by electronic means and where a special resolution reducing the period of notice to 14 days has been passed at the immediately preceding Annual General Court or at an Extraordinary General Court held since the immediately preceding Annual General Court. The notice must specify the place and date of the meeting and, in the case of special business, must give the general nature of that business. Attendance at General Courts is limited to Stockholders of the Bank, validly appointed proxies and corporate representatives.

For the purposes of determining those persons entitled to attend or vote at a General Court, and how many votes such persons may cast, the Bank may specify in the notice convening the General Court a time, not more than forty eight hours before the time fixed for the Court, by which a person must be entered on the register of Stockholders in order to have the right to attend or vote at such General Court.

Notices

A notice may be given by the Bank to any Stockholder either personally or by sending it by post to him to his registered address or by delivering it to his registered address. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of the notice of a meeting, at the expiration of 24 hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

If the Directors are of opinion and resolve that for any reason it is unlikely that delivery of a notice to be given by the Bank to members can be effected by post, the notice may be given to members whose registered addresses are in the State by advertisement published in at least one national daily newspaper in the State or to Stockholders whose registered addresses are outside the State by advertisement published in at least one London daily newspaper, in respect of the United Kingdom and in the Wall Street Journal, or such other daily newspaper in respect of the United States as the Directors consider appropriate.

Limitation on the Rights to Own Securities

Neither the Bank’s Charter nor the Bye-Laws impose restrictions on the right of non-resident or foreign Stockholders to own securities in the Bank.

Further Capital Calls

Bye-Laws 17 to 22 deal with the mechanisms that enable the Directors to make calls upon members in respect of any moneys unpaid on their stock. All of the issued Ordinary Stock and 1992 Preference Stock is fully paid up.

Limitation on a Change of Control

The voting rights of the 2009 Preference Stock concerning a change in control of the Bank are described above (Recapitalisation of the Bank by the Government) in this paragraph 4.

Transfer Restrictions

The Directors may decline to register the transfer of stock where such transfer is contrary to the Bye-Laws or the terms of issue of the relevant stock. The Directors may also decline to register the transfer of stock in certificated form (not being fully paid up stock) to a person of whom they do not approve, and they may decline to register the transfer of stock in certificated form on which the Bank has a lien.

The Directors may also decline to permit any transfer of stock in certificated form unless the transfer is accompanied by a certificate or (where no certificate has been issued) the receipt for the stock to which it relates, and such other evidence as the Directors may reasonably require to show the right of a person to make the transfer. The Directors may also decline to permit any transfer of stock in certificated form unless the transfer is in respect of one class of stock only, and the transfer is lodged with Computershare. The Directors may decline to register a transfer of stock in certificated form or uncertificated form in favour of more than four transferees jointly.

The registration of transfers may be suspended at such times and for such periods not exceeding 30 days in each year as the Directors may determine.

The Bank has a first and paramount lien on all capital stock (not being fully paid stock) for all money called (whether immediately payable or not) or payable at a fixed time in respect of that stock and the Bank shall have a first and paramount lien on all stock (other than fully paid stock) standing registered in the name of a single person for all moneys immediately payable by him or her to the Bank. The Directors can declare stock to be exempt from this provision.

Disclosure of Stock Ownership

Under Irish company law where a person acquires an interest in shares in a public limited company (and the Bank is considered to be a public limited company for these purposes) or ceases to be interested in such shares, he/she has an obligation to notify the company of the interests he or she has, or had, in its shares.

As recently modified by the Transparency Rules, stockholders must now notify both the Financial Regulator and the Bank if the percentage of voting rights held by the stockholder exceeds, or falls below, a threshold of 3% and each 1% thereafter up to 100% as a result of an acquisition or disposal of voting rights in shares.

On 10 June 2009, the European Communities (Assessment of Acquisitions in the Financial Sector) Regulations 2009 introduced a number of changes into Irish law relating to the acquisition and disposal of holdings in credit institutions. These regulations provide that those who are seeking to acquire or dispose of certain percentage holdings in financial institutions must notify the CBFSAI before proceeding. A proposed acquirer or disposer who has a holding representing 10% or more of the capital of or voting rights in the credit institution or has a holding giving significant influence over management is required to notify the CBFSAI provided that, upon acquisition or disposal, the percentage of the capital of or voting rights in the credit institution would reach or exceed (upon acquisition), or fall to or below (upon disposal), 20%, 33% or 50%; or where the credit institution would become (upon acquisition) or cease to become (upon disposal) a subsidiary of the acquirer or disposer. Where an institution itself becomes aware of such acquisition or disposal, they are also obliged to inform the CBFSAI without delay. Upon being notified of a proposed acquisition the CBFSAI has a set period in which to consider it, following which the CBFSAI must either oppose it, approve it, or approve it with conditions. If the CBFSAI fails to make its decision within the period, the transaction is deemed to be approved. The CBFSAI can only oppose an acquisition upon consideration of particular criteria and must carry out its assessment with the objective of ensuring the sound and prudent management of the credit institution concerned. Any decision by the CBFSAI to oppose an acquisition or approve it with conditions can be appealed to the Irish Financial Services Appeals Tribunal; any decision of that Tribunal is appealable to the High Court.

Pursuant to the non-statutory bulletin entitled "Licensing and Supervision Requirements and Standards for Credit Institutions" which was issued and updated by the CBFSAI on 22 April 1998, where a stockholding, registered in the name of a nominee, constitutes more than 5% of stock or of the voting rights attaching to stock in a credit

institution, the ultimate beneficial ownership of stock so held should be made known by the credit institution to the CBSFAI. Prior approval of the CBSFAI should be sought for the registration of any transfer of units of stock which would result in the transferee controlling more than 5% of the stock or of the voting rights attaching to stock in a credit institution. A credit institution should provide the CBSFAI once in each financial year, or at such other times as the CBSFAI may direct, with a detailed statement of stockholders or beneficial owners of 10% or more of its capital stock.

Under the Bye-Laws of the Bank any member may be requested to declare by statutory declaration whether he/she is beneficially entitled to Ordinary Stock of which he/she is the registered owner and, if not, to disclose the person or persons for whom he/she holds such Ordinary Stock in trust. Such a declaration must be made within 14 days of service of the notice. Failure to respond to the notice in the prescribed period entitles the Directors to serve a disenfranchisement notice on such member with the consequence that the member may not attend or vote, either personally or by proxy, at any General Court of the Bank or exercise any other rights conferred by membership in respect of his or her holding Ordinary Stock (the "Default Stock"). In addition, where the Default Stock amounts to more than 5% of the Ordinary Stock then in issue of the Bank then the disenfranchisement notice can state that no dividend will be payable on the Default Stock, and that no transfer of the Default Stock will be registered by, or on behalf of, the Bank. A disenfranchisement notice may continue in effect for as long as the default in respect of which it was issued continues.

Changes in capital stock

The capital stock of the Bank shall be at the disposal of the Directors and they may allot, grant options over or otherwise dispose of the capital on such terms as they consider are in the best interests of the Bank. No stock may be issued at a discount and in the case of stock offered to the public for subscription, the amount payable on application shall not be less than 5% of the nominal amount of the stock. The Bank is also entitled to convert uncertificated stock into certificated form and certificated stock into uncertificated form.

The Ordinary Stockholders may, by resolution in a General Court, enlarge the capital stock of the Bank by such amount as they think fit. Whenever the capital stock of the Bank is so enlarged, the Directors may, subject to the provisions of Bye-Laws 4 to 7 (provisions relating to the Preference Stock) issue stock to such amount not exceeding the amount of such enlargement as they think proper and may issue such stock at par or at a premium and may receive from any person subscriptions in money or money's worth for such stock. For as long as the NPRFC or a Government Body holds the 2009 Preference Stock, the tabling of any resolution at a General Court of the Bank to alter the capital structure of the Bank requires the prior approval in writing of the Minister for Finance.

Subject to the provisions of the Companies Acts, to any rights conferred on any class of stock in the Bank and to the Bye-Laws, the Bank may purchase any of its stock of any class (including redeemable stock) and may cancel any stock so purchased. The Bank may hold such stock as treasury stock, in accordance with section 209 of the Companies Act, 1990, with the ability to re-issue any such treasury stock on such terms and in such manner as the Directors may from time to time determine. The Bank shall not make material purchases of its own stock unless such purchases shall have been authorised by a special resolution passed by the Ordinary Stockholders at a General Court.

Preference Stock may be issued by the Bank with such rights and privileges, and subject to such restrictions and limitations as the Directors shall determine in the resolution approving the issue of the stock and the Preference Stock may be consolidated, divided and/or sub-divided into any stock of larger or smaller amount. If Preference Stock issued carries rights, privileges, limitations, or restrictions that are not the same as those attached to the Preference Stock already issued, then such stock shall constitute a separate class of stock.

5. Takeover Rules and Merger Control Legislation

The Bank is subject to the Takeover Rules and mandatory bid, squeeze-out and buy-out rules will apply. The Irish Takeover Panel and the Financial Regulator together, would monitor and supervise a takeover bid for the Bank.

Mandatory Bid

Under the Takeover Rules, if an acquisition of Ordinary Stock were to increase the aggregate holding of the acquirer and its concert parties to Ordinary Stock carrying 30% or more of the voting rights in the Bank, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make an offer for the outstanding shares at a price not less than the highest price paid for the Ordinary Stock by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties) shares carrying between 30% and

50% of the voting rights in the Bank if the effect of such acquisition were to increase that person's percentage of the voting rights by 0.05% within a twelve month period. No mandatory takeover bids, or public takeover bids have been made for the Bank since 1 April 2009. In accordance with section 5 of the Investment of the National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009, no acquisition by the NPRFC of shares or securities in connection with a relevant acquisition constitutes an offer or any takeover transaction for the purposes of the Takeover Rules or the Takeover Panel Act.

Squeeze-Out

Under the European Community (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, if an offeror were to acquire 90% of the Ordinary Stock, it could, within four months of making its offer compulsorily acquire the remaining 10%. It would do so by sending a notice to outstanding stockholders telling them that it will compulsorily acquire their shares and then, unless the High Court of Ireland determines otherwise, one month later it would execute a transfer of the outstanding shares in its favour and pay the consideration to the Bank, which would hold the consideration in trust for the outstanding stockholders.

Buy-Out

The European Community (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 also give minority stockholders in the Bank a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer related to all of the Ordinary Stock in the Bank and at any time before the end of the period within which the offer could be accepted, the offeror held or had agreed to acquire not less than 90% of the Ordinary Stock, any holder of stock to which the offer related who had not accepted the offer could by written communication to the offeror require it to acquire that stock. The offeror would be required to give any stockholder notice of his or her rights to be bought out within one month of that notice arising.

Substantial Acquisition Rules

The Substantial Acquisition Rules are designed to restrict the speed at which a person may increase a holding of voting securities (or rights over such securities) of a company which is subject to the Irish Takeover Rules, including the Bank. The Substantial Acquisition Rules prohibit the acquisition by any person (or persons acting in concert with that person) of shares or rights in shares carrying 10% or more of the voting rights in the Bank within a period of seven calendar days if that acquisition would take that person's holding of voting rights to between 15% and 30% of the voting rights in the Bank.

Irish Merger Control Legislation

Subject to the provisions of the Credit Institutions (Financial Support) Act 2008 noted below, under Irish merger control legislation, any person or entity proposing to acquire direct or indirect control of the Bank through the acquisition of Ordinary Stock or otherwise must, subject to various exceptions and if various financial thresholds are met or exceeded, provide advance notice of such acquisitions to the Irish Competition Authority. Failure to notify when obliged to do so is an offence under the Competition Act, 2002 (as amended). The Competition Act 2002, as amended, defines "control" as existing if, by reason of securities, contracts or any other means, decisive influence is capable of being exercised with regard to the activities of a company. Under Irish law, any transaction subject to the mandatory notification obligation set out in the legislation (or any transaction which has been voluntarily notified to the Irish Competition Authority) will be void, if put into effect before the approval of the Irish Competition Authority is obtained or before the prescribed statutory period following notification of such transaction lapses without the Irish Competition Authority having made an order.

Under the Credit Institutions (Financial Support) Act 2008, the Minister for Finance will be able to review a proposed merger or acquisition involving a participating institution where he/she believes that it is necessary to maintain the stability of the financial system in the State and that there will be a serious threat to the stability of the system if the merger does not proceed. The Minister for Finance, rather than the Competition Authority, will review the proposed merger and he must do so as soon as reasonably practicable. He must clear the merger where it will not result in a substantial lessening of competition. Even if it will so result, he may clear the merger where this is necessary in order to: maintain the stability of the financial system in the State; avoid a serious threat to the stability of credit institutions; or remedy a serious disturbance in the economy of the State.

In addition, the Investment of The National Pensions Reserve Fund and Miscellaneous Provisions Act, 2009 states that the Competition Act, 2002 does not apply to certain acquisitions or transactions or an interest in a listed credit institution involving the Minister, the NPRF or an NPRF investment vehicle. Accordingly, the Competition Act, 2002 does not apply to the Government Transaction.

The Central Bank Acts provide that the prior consent of the CBFSAI is required in respect of the acquisition of shares which will result in a person holding more than 10% of the capital or voting shares of a licensed credit institution. Under the 1992 Licensing Regulations, if an investment firm or a credit institution authorised by a competent authority of another EU member state proposes to acquire 50% or more of the capital stock or voting rights in the Bank, the CBFSAI shall consult that authority before approval.

6. Employee Stock Schemes

Stockholders of the Bank have from time to time approved (and renewed) executive stock option schemes and more broadly based employee profit participation plans.

The SAYE Scheme (1999), established under similar enabling legislation in both Ireland and the UK, enables participating employees, who enter into a savings related contract, to be granted an option to acquire units of Ordinary Stock on completion of that contract at a price related to the market price which prevailed at the time of the granting of the option. Eligible employees, whose remuneration is subject to Irish or UK income tax, may be awarded options over stock the exercise price of which may be set at a discount of up to 25% of the prevailing stock market price (20% in the United Kingdom). Participants must take out an approved savings contract and may contribute from €12 to €320 per month.

The LTIP (2004) is restricted to senior executive officers and focuses on the Group's TSR relative to a group of European financial services businesses. The TSR takes into account both the Group's stock price performance and dividend payments to Stockholders. The LTIP is median based and provides incentives for eligible management that are aligned with Stockholders' interests, and is designed to ensure that the Group continues to recruit, retain and motivate high quality executives. Under the LTIP, senior executives may receive conditional awards of stock worth up to 1 times salary each year (or up to 1.5 times' salary in the case of the Group Chief Executive). These awards will only vest if the Group's average ROE over the three-year performance period equals or exceeds 20% per annum. Once this performance hurdle is achieved these awards will vest in full only if the Group's TSR over three years is ranked first or second relative to a group of European financial services businesses. No awards will vest if the Group's total stockholder return is below the median relative to those companies.

The ESOS (2004) focuses on underlying EPS growth. The ESOS, which is median based also provides incentives for eligible management that are aligned with Stockholders' interests and to ensure that the Group can continue to recruit, retain and motivate high quality executives. Under the ESOS, executives may be granted options to purchase stock up to 1 times salary each year. These options, under the 2007 grants, will only be exercisable if the Group's underlying EPS growth over three years exceeds the increase in the Consumer Price Index by at least 5% per annum compound. For options granted in 2008, 25% will become capable of being exercised if the Group's underlying EPS growth is 3% per annum compounded over the three year performance period. If the Group's underlying EPS growth is 6% compounded over the three year performance period, 100% of options granted in 2008 will become capable of being exercised. A scaled level of vesting will occur between these two targets, with options lapsing if the minimum target of underlying EPS of 3% per annum compounded is not achieved over the three year performance period.

The Employee Stock Issue Scheme (2006) was established under profit sharing legislation and approved by the Revenue Commissioners in Ireland. All Irish resident employees (including executive directors of the Bank and of participating companies) are eligible to participate in the scheme. As presently implemented the Employee Stock Issue Scheme allows the Group to make an award of free stock up to a maximum of 6% of the salary of eligible employees in any one year, up to a ceiling of €12,700. Subject to being held in trust for a period of three years, the stock is passed to the employee tax free and is thereby a tax efficient mechanism for creating employee stock ownership. The amount of stock allocated by the directors reflects the Group's performance but cannot exceed 5% of the consolidated profits of the Group in any year. The Stock Incentive Plan (2003) approved by Her Majesty's Revenue and Customs in the United Kingdom, makes similar provisions for employees of the Group or any participating company resident in the United Kingdom.

All of the above stock issue and stock option schemes are subject to a range of flow rate controls approved by the Stockholders and which conform to current institutional investor guidelines.

The Bank has commenced a review of remuneration frameworks, strategies and principles in order to ensure alignment with regulatory principles and external best practice.

Further information on the Employee Stock Schemes is available at pages 230 - 234 of the December 2009 Annual Report, which is incorporated by reference into this Prospectus.

7. Related Party Transactions

The related party transactions which must be disclosed in accordance with the standards adopted pursuant to Commission Regulation (EC) No. 1606/2002, are set out below.

Other than as disclosed in this Prospectus, no related party transactions were entered into by the Bank or any other member of the Group during the financial periods ended 31 March 2008, 31 March 2009 or 31 December 2009 or during the period between 1 January 2010 and 23 April 2010 (being the latest practicable date prior to publication of this Prospectus). A number of banking transactions are entered into between Bank of Ireland and its subsidiaries in the normal course of business. These include loans, deposits and foreign currency transactions.

Associated undertakings and joint ventures

The Group provides and receives from its associates and joint ventures certain banking and financial services, which are not material to the Group, on similar terms to third party transactions. These include loan, deposit and foreign currency transactions. The volumes outstanding as at 23 April 2010, the last practicable date prior to the publication of this Prospectus, are set out below:

	<u>Associates and joint ventures</u>
	(€m)
Loans and advances to customers	100
Customer accounts	101

Government

During the 12 months ended 31 March 2009, the Government through both the Group's participation in the CIFS Guarantee Scheme and the recapitalisation through the NPRFC became a related party of the Bank. An amount of €105 million has been paid to the Government for fees due under the CIFS Guarantee Scheme for the period from 1 April 2009 to 31 December 2009. This payment was disclosed in the December 2009 Annual Report (see note 5 to the financial statements). For the period from 1 January 2010 to 31 March 2010, an amount of €57 million has been paid in respect of the CIFS Guarantee Scheme and €27 million in respect of the ELG Scheme. Details of the recapitalisation are set out in note 55 to the financial statements in the December 2009 Annual Report.

National Asset Management Agency Investment Limited ("NAMAIL")

On 30 March 2010, the Group, through its wholly-owned subsidiary, New Ireland Assurance Company plc, acquired 17 million "B" shares in NAMAIL, corresponding to one third of the 51 million "B" shares issued by NAMAIL. The cost to the Group of acquiring these "B" shares was €17 million. The balance of NAMAIL's "B" shares are held in equal proportions by Irish Life Assurance and major pension and institutional clients of AIB Investment Managers. NAMAIL have also issued the 49 million A shares to NAMA. As a result, the Group will hold 17% of the total ordinary share capital of NAMAIL. NAMAIL is a holding company and its subsidiaries are the entities to which Participating Institutions will transfer Eligible Bank Assets.

The "A" shares and "B" shares generally rank equally, except as otherwise provided in the articles of association of NAMAIL. NAMA may appoint up to six directors to the board of NAMAIL. In total, the "B" shareholders may also jointly appoint up to six directors. As holder of the "A" shares, NAMA has veto rights in relation to: the declaration of dividends; the appointment or removal of directors; the exercise of voting rights in respect of any subsidiary of NAMAIL and the appointment of a Chairman. In addition NAMA can veto any actions by NAMAIL which NAMA considers in any manner to be inconsistent with its objectives. A holder of the "B" shares may not sell the shares without the consent of NAMA.

A discretionary non-cumulative dividend on the capital invested may be paid on an annual basis and this is limited to the yield on ten year Irish Government bonds. On a winding-up of NAMAIL, the return on "B" shares is capped at 110% of the capital invested, which is €18.7 million in the case of the Group, and the maximum loss that may be suffered by the Group is limited to the original amount invested (€17 million in the case of the Group).

The Group had no involvement with NAMAIL prior to 30 March 2010.

Pension funds

As at 23 April 2010, the last practicable date prior to the publication of this Prospectus, the Group provides a number of normal banking and financial services to various pension funds operated by the Group for the benefit of its

employees (principally for the Bank of Ireland Staff Pension Fund), which are conducted on similar terms to third party transactions and are not material to the Group.

The Group occupies a number of premises owned by the Group's various pension schemes; the total value of these properties as at 31 December 2009 was €25 million.

Transactions with key management personnel

Key management personnel comprises the Directors of the Court, the members of the Group Executive Committee ("GEC") and the Group Secretary. In addition to the Executive Directors, the GEC comprises the Group Chief Governance Risk Officer; the Chief Credit and Market Risk Officer; the Head of Group Human Resources and the Head of Group Manufacturing.

Other than as disclosed in the financial information incorporated by reference into this Prospectus for the financial periods ended 31 March 2008 (as set in *Note 50(c) Related Party Transactions* on page 167 and the *Remuneration Report* on pages 50 to 58 of the 2008 Annual Report), 31 March 2009 (as set out in *Note 52(d) Related Party Transactions* on pages 193 to 194 and the *Remuneration Report* on pages 79 to 88 of the 2009 Annual Report) and 31 December 2009 (as set out in *Note 51(d) Related Party Transactions* on pages 247 to 250 and the *Remuneration Report* on pages 119 to 130 of the December 2009 Annual Report), no transactions with key management personnel were entered into by the Group during the financial periods ended 31 March 2008, 31 March 2009 or 31 December 2009. Other than the changes in loans and deposits to key management personnel set out below, no transactions with key management personnel were entered into during the period between 1 January 2010 and 23 April 2010 (being the latest practicable date prior to publication of this Prospectus). The Bank maintains a register of Directors' loans constituting related party transactions, as required by the Financial Regulator's disclosure requirements introduced in March 2009.

The aggregate amounts outstanding and the number of persons concerned, in respect of all loans, quasi-loans, credit transactions and deposits between the Bank and its key management personnel, as defined above, including members of their close families and entities influenced by them together with the disclosure of the balances as at 23 April 2010 are shown in the table below.

Key Management Personnel in office as at 23 April 2010	Balance as at 23 April 2010	Number of Persons
	€'000	as at 23 April 2010
Loans *	6,898	17
Deposits	20,262	19

* In all cases key management personnel have not exceeded their approved limits. The maximum approved credit limit on any credit card held by key management personnel is €30,000

There have been no material changes to the terms of loans to Directors including interest rates and collateral since 31 December 2009.

There have been no material changes in Directors' guarantees since 31 December 2009 and there were no calls on these guarantees since the year end.

There are no provisions in respect of any failure or anticipated failure to repay any of the above loans or interest thereon. There is no interest which having fallen due on the above loans has not been paid.

8. Material Contracts

The following are all of the contracts (not being contracts entered into in the ordinary course of business) that have been entered into by members of the Group (a) within the two years immediately preceding the date of this Prospectus which are, or may be, material to the Group; or (b) at any time and contain obligations or entitlements which are, or may be, material to the Group as at the date of this Prospectus:

Underwriting Agreement

Pursuant to a placing and rights issue underwriting agreement dated 26 April 2010 between the Bank, the Sponsors, the Joint Bookrunners and the Underwriters: (a) the Underwriters have agreed severally to use reasonable endeavours to procure Places for Placing Stock at the Institutional Placing Price pursuant to the Institutional Placing and, failing which, the Underwriters have agreed severally to subscribe themselves for the Placing Stock not otherwise taken up at the Institutional Placing Price; and (b) the Joint Bookrunners have agreed severally to use reasonable endeavours to procure subscribers for Rights Issue Stock at a price not lower than the Rights Issue Price to the extent not taken up under the Rights Issue and, failing which, the Underwriters have agreed severally to subscribe themselves for the Rights Issue Stock at the Rights Issue Price. The Rights Issue Stock will be issued at a

price equal to the higher of (i) €0.10 per unit of Rights Issue Stock and (ii) a price per unit of Rights Issue Stock which is within a range of 38% to 42% discount to the TERP.

In consideration of their services under the Underwriting Agreement, and subject to their obligations under the Underwriting Agreement having become unconditional and the Underwriting Agreement not having been terminated prior to Admission of the Nil Paid Rights the Underwriters will be paid:

- (i) a sum equal to 2.00% of the gross proceeds of the Institutional Placing;
- (ii) a Rights Issue underwriting fee of 2.75% of the maximum possible gross proceeds under the Rights Issue (excluding the maximum possible gross proceeds from the NPRFC Rights Issue Undertaking); and
- (iii) at Bank of Ireland's sole discretion (as to amount and allocation), an incentive fee of in aggregate up to 0.5% of the Rights Issue Price multiplied by the aggregate number of units of Rights Issue Stock issued under the Rights Issue (excluding any new Ordinary Stock to be subscribed for by NPRFC under the NPRFC Rights Issue Undertaking),

in each case, whether or not called upon to subscribe or procure subscribers for units of new Ordinary Stock and in each case together with any applicable value-added tax. Out of the Rights Issue underwriting fees referred to in (ii) above (to the extent received by the Underwriters), the Underwriters will pay any sub-underwriting commissions (to the extent that sub-underwriters are or have been procured). The Underwriters may arrange sub-underwriting in respect of some, all or none of the Rights Issue Stock.

The Bank has agreed to pay all costs and expenses of, or in connection with, the Placing, the Rights Issue, the EGC, the allotment and issue of the Placing Stock and the Rights Issue Stock.

The obligations of the Underwriters under the Underwriting Agreement are subject to certain limited conditions including, amongst others:

- (i) the passing, without amendment, of the Resolutions;
- (ii) Admission of the Nil Paid Rights occurring not later than 8.00am on 20 May 2010, or such later time as the Bank and the Joint Bookrunners may agree;
- (iii) each condition to enable the Nil Paid Rights and the Fully Paid Rights to be admitted as a participating security in CREST (other than Admission) of the Nil Paid Rights and Fully Paid Rights being satisfied on or before 19 May 2010;
- (iv) the fulfilment by the Bank of its obligations under the Underwriting Agreement which fall to be performed before Admission of the Nil Paid Rights by the dates and times specified therein; and
- (v) the warranties given by the Bank pursuant to the Underwriting Agreement being true, accurate and not misleading on and as of the date of the Underwriting Agreement and such other specified dates, including immediately before Admission of the Nil Paid Rights, as though such warranties had been given and made on such date and time by reference to the facts and circumstances then subsisting.

Each of the Sponsors is entitled to terminate the Underwriting Agreement (insofar as such termination relates to its obligations as sponsor only) under certain limited circumstances prior to Admission of the Nil Paid Rights. The Underwriters may terminate the Underwriting Agreement in its entirety prior to Admission of the Nil Paid Rights under certain limited circumstances, including, but not limited to, if:

- (i) a matter arises which gives rise to an indemnity claim under the Underwriting Agreement or under the agreements with the Dealer Managers pursuant to the Debt for Equity Offers against the Bank which is material in the context of the Rights Issue, Admission of, and/or trading in the Nil Paid Rights, the Fully Paid Rights or the new Ordinary Stock;
- (ii) any condition to the Underwriting Agreement has not been satisfied or waived by the Joint Bookrunners or if any matter or circumstances arises as a result of which there is no reasonable prospect that any of the conditions to the Underwriting Agreement will be satisfied at the required time(s) (if any) or will continue to be satisfied at Admission of the Nil Paid Rights;
- (iii) a force majeure event occurs;
- (iv) an application by the Bank for Admission of the Placing Stock or the Nil Paid Rights is withdrawn or refused by the Irish Stock Exchange, the UKLA or the London Stock Exchange;
- (v) there has been a breach by the Bank of any of its undertakings or covenants or any of the warranties contained in the Underwriting Agreement are not, or have ceased to be, true, accurate and not misleading;

- (vi) a downgrade occurs by at least one of Standard and Poor's or Fitch Ratings that results in a reduction of two notches or more in the senior long-term ratings accorded to debt securities of the Bank; or
- (vii) in the opinion of the Joint Bookrunners there shall have been a material adverse change (meaning, in this context, any material adverse change, or any development reasonably likely to involve a prospective material adverse change, in the condition (financial, operational, legal or otherwise) or in the earnings, management, business affairs, financial affairs, solvency, operations or prospects of the Bank and its Group taken as a whole, whether or not arising in the ordinary course of business, whether or not foreseeable at the date of the Underwriting Agreement).

Pursuant to the Underwriting Agreement, the parties to the Underwriting Agreement have agreed that if a supplementary prospectus is issued by the Bank two Business Days or fewer prior to the date specified as the latest date for acceptance and payment in full, such date shall be extended to the date which is three Business Days after the date of issue of the supplementary prospectus and all dates in the Underwriting Agreement referable to the date for acceptance shall also be extended *mutatis mutandis*.

The Bank has given certain representations, warranties, undertakings and indemnities to the Underwriters. The liabilities of the Bank in respect of such representations, warranties, undertakings and indemnities are unlimited as to time and amount.

Government Transaction Agreement

On or around the date of this Prospectus, the Bank will enter into a Government Transaction Agreement with the NPRFC and the Minister for Finance, under which the NPRFC and the Bank will agree to the NPRFC Placing, the NPRFC Rights Issue Undertaking, the Warrant Cancellation and the amendment of the NPRFC's voting and dividend rights under the Bank's Bye-Laws (as set out in more detail in paragraph 7 (Government Transaction) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus under the heading "*Amendment of the NPRFC's dividend and voting rights*"). The Government Transaction Agreement also sets out the Admission of Ordinary Stock, settlement and consideration arrangements in respect of the NPRFC Rights Issue Undertaking (as reflected in Part IV (Expected Timetable of Principal Events) of this Prospectus). In addition, under the Government Transaction Agreement, the Bank has agreed to pay the NPRFC Placing Fee, the NPRFC Commitment Commission and the Transaction Fee to the NPRFC and to give the NPRFC and the Minister for Finance identical warranties and termination rights as those provided to the Underwriters in the Underwriting Agreement. The Government Transaction Agreement also includes a commitment from the NPRFC to vote in favour of the Resolutions (to the extent it is permitted to do so).

The NPRFC has agreed, subject to certain terms and conditions, to fully take up its entitlement of Rights Issue Stock, by virtue of its holding of the NPRFC Coupon Ordinary Stock and its holding of Ordinary Stock as a result of the NPRFC Placing. In consideration for the NPRFC Rights Issue Undertaking, the Bank has agreed to pay to the NPRFC the NPRFC Commitment Commission, which will be calculated on the same basis as the commission being paid to the Underwriters in respect of their participation in the underwriting of the Rights Issue. Subject to the passing of the Resolutions and the Rights Issue proceeding, this will be effected by way of the conversion of such number of units of the 2009 Preference Stock held by the NPRFC to units of Ordinary Stock, based on the subscription price of the 2009 Preference Stock of €1.00 each, as would be equal to the cash amount which the NPRFC would be obliged to pay to the Bank in the event it was to pay cash to take up its full entitlement under the Rights Issue. The units of Ordinary Stock to be issued to the NPRFC pursuant to the NPRFC Rights Issue Undertaking will be issued on the day of Admission of the Placing Stock.

Under the Government Transaction Agreement the Bank commits to promote the availability of credit and the development of the Irish economy. Specifically, the Bank is committed to use all reasonable efforts to meet a lending target of €3 billion per annum for new or increased credit facilities to SMEs in Ireland in each of the twelve month periods commencing 1 April 2010 and 1 April 2011. The Bank will produce an SME lending plan to the Minister for Finance, both by geography and sector, for each of these twelve month periods to demonstrate the manner in which it intends to meet this target. In addition, the Bank is committed to use all reasonable efforts to provide €20 million for seed capital to Enterprise Ireland supported ventures and €100 million for environmental, clean energy and innovation projects (this is in addition to the commitments previously met under the Subscription Agreement). The Bank is also required to work with Enterprise Ireland and the Irish Bankers Federation to develop sectoral expertise in the modern growth sectors of the Irish economy and to work with Enterprise Ireland to develop a range of banking services to meet the needs of Irish SMEs trading internationally. The Bank has also undertaken to take a number of steps to develop new credit products in areas where cashflow, rather than property or assets, is relied on as the basis for business lending. These commitments are in addition to those previously given by the Bank in connection with the NPRFC Investment and pursuant to the terms of the Subscription Agreement, which include,

among other things, increasing lending capacity to small to medium enterprises and providing additional mortgage lending capacity for first time buyers, compliance with the Code of Conduct for Business Lending to Small and Medium Enterprises and compliance with the Code of Conduct for Mortgage Arrears.

IT Services Agreement

The IT Services Agreement dated 28 November 2003 and made between the Bank and Hewlett Packard (together with certain ancillary agreements) dealing with the provision to the Bank and designated members of the Group of information technology infrastructure support services. Subject to the termination provisions set out in the agreement, its duration is 7 years from 1 April 2004.

Master Services Agreement (Training and Procurement)

The Master Services Agreement dated 25 November 2005 and made between Bank of Ireland and Accenture deals with the provision by Accenture to the Bank of certain training services for staff, and procurement services to support designated purchasing activities of the Bank. Subject to the termination provision set out in the agreement, its duration is 7 years.

Network Services Agreement (Telecommunications)

The Network Services Agreement (as amended) dated 26 February 2004 between Bank of Ireland and BT concerns the provision of certain telecommunications and network services to the Bank and certain Group companies. Subject to the termination provision set out in the agreement, it runs to May 2013.

Post Office Joint Venture Agreements.

The Bank has two joint ventures with Post Office Limited (“POL”), which operates the Post Office network in the United Kingdom.

POL and a wholly owned subsidiary of the Bank jointly own First Rate Exchange Services Limited which provides foreign currency through Post Office branches in the United Kingdom through other outlets and direct to businesses.

The Bank and POL jointly own Midasgrange Limited which arranges for insurance, savings accounts, mortgages, and personal loans to be provided to over 2 million customers (in the period ended 31 December 2009) by the Bank, its subsidiaries or third party providers through POL branches and the POL website. Subject to the termination provisions set out in the agreement, which include a change of control provision, the agreement runs to March 2020 from which time it can be terminated.

TSYS Outsourcing Agreement (Payment Processing)

The agreement dated 16 April 2004 entered into between the Bank and Total Systems Services, Inc (TSYS) concerns the outsourcing of its payment card processing services. The agreement covers all of the Bank’s credit cards and charge cards as well as some ATM and debit cards. The agreement is for a period of 8 years subject to the termination rights of the parties.

Guarantee Acceptance Deeds in respect of the CIFS Guarantee Scheme

The CIFS Guarantee Scheme gave effect to the bank guarantee announced by the Government on 30 September 2008. Under the CIFS Guarantee Scheme, the Minister for Finance guaranteed certain types of liabilities (“covered liabilities”) of certain participating named institutions (“covered institutions”) for the period 30 September 2008 to 29 September 2010, whereby if a covered institution defaulted in respect of a covered liability, the Minister for Finance was obliged to pay to the creditor, on demand, an amount equal to the unpaid covered liabilities, with no monetary cap. Each of the Bank, Bank of Ireland Mortgage Bank, Bank of Ireland (I.O.M.) Limited and ICS Building Society executed guarantee acceptance deeds in respect of the CIFS Guarantee Scheme in favour of the Minister for Finance on 24 October 2008, whereby each of the Bank, Bank of Ireland Mortgage Bank, Bank of Ireland (I.O.M.) Limited and ICS Building Society consented to all of the terms and conditions of the CIFS Guarantee Scheme and agreed to indemnify the Minister for Finance against any payments the Minister for Finance was required to make under the CIFS Guarantee Scheme in respect of covered liabilities of the Bank, Bank of Ireland Mortgage Bank, Bank of Ireland (I.O.M.) Limited and ICS Building Society.

ELG Scheme

On 11 January 2010, the Group joined the ELG Scheme by executing a eligible liability guarantee deed in favour of the Minister for Finance and has been issued a “participating institution certificate” (as defined in regulation 2.15 of the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009) pursuant to the ELG Scheme. Pursuant to the eligible liability guarantee deed, the Bank has given certain covenants in favour of the Minister and also given an indemnity for costs incurred by the Minister in respect of the ELG Scheme. Further details can be found in Part XI (Regulation and Supervision) of this Prospectus.

Application to be designated a Participating Institution in NAMA

On 12 February 2010, the Bank’s application pursuant to section 62 of the NAMA Act to become a Participating Institution in NAMA was accepted. Further details can be found in paragraph 10 (NAMA) of Part VII (Letter from the Governor of Bank of Ireland) and in Part XI (Regulation and Supervision) of this Prospectus.

Subscription Agreement relating to the NPRFC Investment

The Bank entered into a Subscription Agreement with the NPRFC and the Minister for Finance dated 31 March 2009, under which, in consideration for the payment of €3.5 billion, the Bank issued to the NPRFC the 2009 Preference Stock and the Warrants. Under the terms of the agreement, the Bank is restricted from using these proceeds to make a contribution to a pension fund in excess of an amount which the Bank is required to contribute by law. The Bank provided warranties in respect of certain matters relating to the financial position and commercial activities of the Bank. In addition, this agreement required the Bank to consult with the Minister for Finance in respect of matters reasonably expected to have a public interest dimension. The Bank also agreed to use all reasonable efforts to comply with the customer package set out in Appendix I to the announcement issued by the Department of Finance on 11 February 2009 in connection with the recapitalisation of the Bank. The Bank is also restricted from entering into “cash box” transactions (that is the issue of shares for shares which are readily realisable for cash, the effect of which is to enable an issuer to issue shares for cash without complying with the pre-emption rights of Stockholders of an issue of shares for cash) or the issue of shares in any Group company for non-cash consideration without the consent of the Minister for Finance. Details of the voting rights attaching to the 2009 Preference Stock and Ordinary Stock issued pursuant to the exercise of the Warrants are set out above in paragraph 12 (Significant Stockholdings) of this Part XVIII of this Prospectus.

The Subscription Agreement provides that the Bank shall ensure that the aggregate remuneration of the Group’s senior executives employed by the Group at any time during the year ended 31 March 2010 for that year shall be 33% less than the aggregate remuneration of each of these senior executives for the year ended 31 March 2008 for that year and the aggregate fees paid to any Non-Executive Director during the year ended 31 January 2010 for that year shall be 25% less than the aggregate fees paid to that Non-Executive Director during the year ended 31 January 2009. The fees payable to any new Non-Executive Director appointed during the year ended 31 January 2010 were also to be adjusted accordingly. The Subscription Agreement also provides that no bonus calculated on the basis of or related to the performance of any individual shall be paid to any of the Group’s senior executives in respect of the financial year ended 31 March 2010 and the annual base salary of any employee or services provider of the Group shall not, for a period of two years from 31 March 2009, exceed a maximum amount equal to the lower of €500,000 or the amount recommended by the CIROC Report in any financial year. Further, from 31 March 2011, any proposal to increase base salary for any employee or service provider of the Group or to pay an annual bonus to any of the Group’s senior executives will be subject to agreement between the Bank and the NPRFC. No pension augmentation which enhances the retirement benefits of a senior executive under the current rules of the Group’s pension scheme of which he is a member may be awarded by the Bank without the prior consent of the NPRFC.

All the requirements listed in the paragraph above have been complied with and, where relevant, are in effect for the current financial year.

Warrant Instrument relating to the NPRFC Investment

The Warrants issued pursuant to the NPRFC Investment are governed by the terms of a Warrant Instrument between the Bank and the NPRFC dated 31 March 2009. The Warrant Instrument contains customary anti-dilution protection for the NPRFC allowing for the adjustment of the number of units of Ordinary Stock into which the Warrants convert in certain circumstances, such as the consolidation or subdivision of units of Ordinary Stock and certain capital distributions and issues of bonus stock but not the issue of Bonus Ordinary Stock. Further details in respect of the Warrants are set out in paragraph 12 (Significant Stockholdings) of this Part XVIII of this Prospectus.

9. Significant Subsidiaries

The principal Group undertakings at 31 December 2009 were:

<u>Name</u>	<u>Percentage ownership, interest & voting power</u>	<u>Field of Activity</u>	<u>Country of Incorporation</u>	<u>Registered Address</u>
Bank of Ireland Mortgage Bank	100%	Mortgage Lending & Mortgage Covered Securities	Ireland	New Century House, Mayor St Lower, IFSC, Dublin 1
ICS Building Society	100% voting power	Building Society	Ireland	New Century House, Mayor St Lower, IFSC, Dublin 1
Bank of Ireland International Finance Limited	100%	International Asset Financing	Ireland	Bank of Ireland, Lower Baggot St., Dublin 2
Bank of Ireland (IOM) Ltd	100% owned by Bank of Ireland Holdings (IOM) Limited	Retail Banking	Isle of Man	4, Christian Road, Douglas, Isle of Man
New Ireland Assurance Company plc	100% owned by Bank of Ireland Life Holdings Ltd.	Life Assurance, pensions and savings	Ireland	11/12 Dawson St., Dublin 2
Bank of Ireland UK Holdings plc	100%	Intermediate holding and finance company	United Kingdom	1 Donegall Sq. Sth., Belfast, BT1 5LR
Bank of Ireland Life Holdings Ltd.	100%	Life assurance and pensions	Ireland	11-12 Dawson Street, Dublin 2
Midasgrange Limited (T/A Post Office Financial Services)	50.1% owned by Bank of Ireland UK Holdings Plc	Retail financial services	United Kingdom	1st Floor Eastcheap Court, 11 Philpot Lane, London EC3M 8BA England
First Rate Exchange Services Ltd.	100% owned by First Rate Exchange Holdings Limited **	Foreign exchange	United Kingdom	Falcon House 115-123 Staines Road Hounslow Middlesex TW3 3LL England

** 50% of First Rate Exchange Services Holdings Limited is owned by First Rate Enterprises UK Limited

Except as otherwise indicated, the Group owns 100% of the equity of the principal group undertakings and 100% of the voting shares of all these undertakings and in the case of ICS Building Society, 100% of the investment shares.

10. Litigation

Save as disclosed in the paragraphs below, there are no governmental, legal or arbitrational proceedings (including any such proceedings which are pending or threatened of which the Bank is aware) during the 12 months preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the financial position or profitability of the Bank or its subsidiaries.

Procom litigation

In May 2007, the Bank, through Bank of Ireland Private Banking, entered into an agreement with Procom Desarrollos Urbanos, SA and Cecosa Hipermercados S.L.U (the “Plaintiff”) to purchase the entire issued share capital of Procom Desarrollo Comercial de Zaragoza, SA which is a Spanish incorporated company involved in the development of a shopping centre and retail park in Zaragoza, Spain. The agreement contained a number of pre-conditions. The Bank contends that one of the pre-conditions was not satisfied and accordingly did not proceed to purchase Procom Desarrollo Comercial de Zaragoza, SA. In February 2009, the Plaintiff initiated legal proceedings against Bank of Ireland Private Banking and the Bank (the “Defendant”) for specific performance or, failing this, damages in relation to the terminated agreement claiming €142 million in damages. On 10 February 2010, the Madrid Court of First Instance ruled in favour of Plaintiff and awarded damages of €90.87 million. An appeal has been lodged by both the Bank and the Plaintiff. The Bank is advised that the appeal process will take between six and eighteen months. Either party may then ultimately appeal this matter to the Supreme Court in Spain, which is likely to take a further two years.

Investigation into the banking system

On 19 January 2010, the Minister for Finance announced a framework for an investigation into the factors which contributed to the Irish banking crisis within the context of the international economic and financial environment at that time.

As part of the first stage of the investigation into the banking system, the Government has commissioned two preliminary investigatory reports. A report on the functions of the CBFSAI over the period from the establishment of the Financial Regulator in May 2003 to the end of September 2008 will be prepared by the recently appointed Governor of the CBFSAI. A second report, dealing with an investigation into the specific factors within the Irish banking sector which exacerbated the impact of the international financial crisis for Ireland, will be prepared by independent experts appointed by the Minister. It is open to the independent experts to decide what time period to investigate up to and including September 2008 and it is expected that this preliminary report will involve inquiry into the conduct, management and corporate governance of individual financial institutions, including the Bank.

Both preliminary reports are due to be submitted to the Minister by the end of May 2010 and their findings will form the basis of the terms of reference of a formal statutory investigation (the “Statutory Commission of Investigation”) which will be established by the Government pursuant to the Commissions of Investigation Act, 2004. At the second stage of the investigation into the banking system, it is expected that the Statutory Commission of Investigation will examine the performance of individual banks and bank directors, the performance of regulatory authorities, the response of Government and Government agencies and the structure of the banking system in Ireland generally.

The Government anticipates that the Statutory Commission of Investigation will be established by 30 June 2010 and complete its work by the end of 2010, at which point its findings will be laid before the Finance and Public Service Oireachtas Committee for its consideration. Further inquiry may result from the findings of the Statutory Commission of Investigation, including the possibility of public hearings.

11. Pension Schemes

The Group operates a number of pension plans in Ireland and overseas. The plans are funded and are primarily of the defined benefit type and the assets of the plans are held in separate trustee administered funds. Payments to these defined benefit funds are determined on an actuarial basis, designed to build up reserves during the working life of employees to pay the employees, or their dependants, a pension after retirement.

A formal actuarial valuation is undertaken at least once every three years to determine the payments to each of these defined benefit funds. The funds’ actuaries assess annually whether the liabilities of each fund, based on current salary levels, are fully funded on a discontinuance basis.

The total pension charge for the Group in respect of the nine month period ended 31 December 2009 was €149 million, of which €119 million related to the main scheme (period ended 31 March 2009: €180 million of which €139 million related to the main scheme).

12. Significant Stockholdings

Significant Interests held by the NPRFC

Pursuant to the NPRFC Investment, the NPRFC acquired voting rights equivalent to 25% of all votes capable of being cast by Stockholders on a poll at a General Court of the Bank on any resolution proposed at such a General

Court of the Bank involving the appointment, re-election or removal of directors and certain matters relating to a proposed change of control of the Bank (being a change in the holding of more than 50% of the voting stock of the Bank or of substantially all of the Group's business and assets).

The 2009 Preference Stock entitles the NPRFC to receive a non-cumulative cash dividend at a fixed rate of 8% (increasing to 10.25% if the Proposals are implemented) of the subscription price of €3.5 billion, payable annually in arrears at the discretion of the Bank. If a cash dividend is not paid by the Bank, the Bank must issue units of Ordinary Stock in the Bank to the NPRFC (the "Bonus Ordinary Stock").

The number of units of Bonus Ordinary Stock that the Bank would be required to issue to the NPRFC in the event of non-payment of a cash dividend, is calculated by reference to the net amount of the unpaid dividend amount divided by:

- (i) 100% of the average daily closing price of Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date, in the event that the Bonus Ordinary Stock is issued on the originally scheduled dividend payment date; or
- (ii) 95% of the average daily closing price of Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date, in the event that the bonus Ordinary Stock is issued later than the originally scheduled dividend payment date.

The Bonus Ordinary Stock will rank *pari passu* with the Ordinary Stock as to voting, save that, in respect of a resolution to appoint, re-elect or remove a director of the Bank, the maximum aggregate number of votes that shall be capable of being cast by the NPRFC is 25%. This restriction does not apply to other Ordinary Stock held by the NPRFC (for example Ordinary Stock held pursuant to its other investment activities). Following the implementation of the Government Transaction, this restriction will no longer apply to the NPRFC's Ordinary Stock (including the NPRFC Coupon Ordinary Stock, the Ordinary Stock issued pursuant to the NPRFC Placing or the NPRFC Rights Issue Undertaking and any Bonus Ordinary Stock issued to the NPRFC) and the NPRFC will be entitled to exercise the full voting rights attaching to those stock units.

The Bonus Ordinary Stock will be issued on a date determined by the Bank, provided that the date of issue is not later than the date on which the Bank subsequently redeems or repurchases or pays a dividend on the 2009 Preference Stock or any other class of capital stock. If any Bonus Ordinary Stock becomes due, but is not issued to the Bank, the NPRFC will be entitled, at a General Court of the Bank, to cast up to the number of votes that would have attached to the bonus Ordinary Stock had it been so issued on the relevant dividend payment date.

As announced by the Bank on 19 January 2010, the Bank is currently precluded from declaring and paying any distribution or dividend on its capital stock, including the 2009 Preference Stock. As a result, the Bank issued 184,394,378 units of bonus Ordinary Stock to the NPRFC in lieu of a cash dividend on the 2009 Preference Stock, which was otherwise due on 20 February 2010. As a result, the NPRFC currently holds 15.73% of the Existing Stock (which includes both the NPRFC Coupon Ordinary Stock and other Ordinary Stock held by the NPRFC pursuant to its other investment activities). Following completion of the Proposals, the NPRFC will hold up to a maximum of 36% of the Ordinary Stock following the implementation of the Proposals.

As part of the NPRFC Investment, Bank of Ireland issued 334,737,148 Warrants to the NPRFC on 31 March 2009 pursuant to the Warrant Instrument. Under the terms of the Warrants, the NPRFC would be entitled, at any time between 31 March 2014 and 31 March 2019 or following an offer for the Bank, to subscribe for units of Ordinary Stock on the basis of one unit of Ordinary Stock for each individual Warrant. The Warrants, if exercised in full, would on the date of this Prospectus entitle the NPRFC to acquire 334,737,148 units of Ordinary Stock. Pursuant to the Proposals, the Warrants held by the NPRFC will be cancelled in return for the payment of €491 million in cash from the Bank to the NPRFC. As such, if the Proposals are approved and implemented, the NPRFC will cease to hold the Warrants and the subscription rights pursuant to the Warrants.

The NPRFC intends to take up all of its Rights in respect of the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing. Following the implementation of the NPRFC Placing and the NPRFC Rights Issue Undertaking, the NPRFC would hold up to a maximum of 36% of the Ordinary Stock following the implementation of the Proposals.

Further information regarding the Subscription Agreement for the NPRFC Investment is set out in paragraph 8 (Material Contracts) of this Part XVIII of this Prospectus.

In addition, if the Government Transaction is implemented, the NPRFC's voting rights will be altered. The NPRFC will no longer be subject to the restriction on exercising more than 25% of the total voting capital on resolutions for the appointment, re-election or removal of directors: as such, the NPRFC would be entitled to exercise the full

ordinary voting rights attaching to its Ordinary Stock (including the NPRFC Coupon Ordinary Stock and the Ordinary Stock issued pursuant to the NPRFC Placing and the NPRFC Rights Issue Undertaking). However, the 2009 Preference Stock will no longer carry an automatic block vote of 25% of the total voting rights in respect of resolutions relating to directors and Control Resolutions; instead, the 2009 Preference Stock will carry the right to “top-up” the NPRFC’s total voting rights to 25% of the total voting rights on directors and Control Resolutions where the NPRFC’s ordinary voting rights through its holding of Ordinary Stock (or other securities issued in future) falls below this level.

The other rights attaching to the 2009 Preference Stock or granted to the Minister for Finance under the Bank’s Bye-Laws will remain unchanged following the implementation of the Government Transaction. These rights include the right of the Minister for Finance to directly appoint 25% of the directors of the Group (such 25% to include any directors nominated by the Minister for Finance pursuant to the CIFS Guarantee Scheme) and the requirement for the Minister’s prior consent before any resolution to alter the capital structure of the Group can be tabled at a General Court. Consequently, these rights will remain unchanged if the Proposals are implemented, notwithstanding that the number of units of 2009 Preference Stock held by the NPRFC following the completion of the Proposals will be reduced.

Other Significant Interests

As at 23 April 2010, being the latest practicable date prior to publication of this Prospectus, the Bank had received notification of the following other significant interests in the issued Ordinary Stock:

- Harris Associates L.P.: 44,425,502 units of Ordinary Stock comprising 3.74% of the total Ordinary Stock in issue; and
- Capital Research and Management Company (“CRMC”): 37,224,744 units of Ordinary Stock comprising 3.13% of the total Ordinary Stock in issue.

Assuming Harris Associates L.P. and CRMC take up all of their Rights pursuant to the Rights Issue and assuming no take-up of the Debt for Equity Offers and no participation by Harris Associates L.P. and CRMC in the Institutional Placing, following the Proposals, Harris Associates L.P. and CRMC would hold 2.1% and 1.8% respectively of the Ordinary Stock in the Bank. These stockholdings are not beneficially owned but are held on behalf of a range of clients of Harris Associates L.P. and CRMC, none of whom hold, so far as the Directors have been notified, more than 3% of the issued Ordinary Stock.

As at 23 April 2010, the last practicable date prior to the publication of this Prospectus, the Bank had not been notified of any holding of capital stock in the Bank carrying greater than 3% of voting rights in the Bank save as discussed in this paragraph 12 of this Part XVIII of this Prospectus.

13. Costs of the Proposals

The aggregate costs and expenses payable by the Bank in connection with the Proposals are estimated to amount to approximately €130 million (including amounts in respect of VAT). The net proceeds of Proposals are estimated to amount to €2,800 million.

14. Sources and basis of selected financial information

Unless otherwise stated financial information relating to the Bank and the Group has been extracted (without any adjustment) from the annual reports.

The sources and bases of statements relating to the market position of the Bank are set out in this Prospectus where the statement is made. Certain information has been obtained from external publications and is sourced in this Prospectus where the information is included. The Bank confirms that this information has been accurately reproduced and, so far as the Bank is aware and is able to ascertain from the information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Unless otherwise stated, such information has not been audited.

15. No significant change

There has been no significant change in the financial or trading position of the Group since 31 December 2009 (the date to which the latest published audited financial information of the Group was prepared).

16. Consent to inclusion of names

PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, One Spencer Dock, North Wall Quay, Dublin 1 has given and has not withdrawn its written consent to the inclusion in this Prospectus of its report as set out in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus in the form and context in which it appears, and has authorised the contents of such reports for the purposes of paragraph 2 (2)(f) of Schedule 1 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Prospectus Regulations”). Such consent is different from a consent filed with the SEC under Section 7 of the Securities Act, which is applicable only to transactions involving securities registered under the Securities Act. As the Rights Issue Stock, Placing Stock, Ordinary Stock issued pursuant to the NPRFC Placing, NPRFC Coupon Ordinary Stock, Nil Paid Rights and/or Fully Paid Rights, have not been and will not be registered under the Securities Act, PricewaterhouseCoopers has not filed a consent under Section 7 of the Securities Act.

Credit Suisse, whose address is 1 Cabot Square, London E14 4QJ, United Kingdom has given and has not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.

Davy, whose address is Davy House, 49 Dawson Street, Dublin 2, Ireland has given and has not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.

IBI Corporate Finance, whose address is 40 Mespil Road, Dublin 4, Ireland has given and has not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.

UBS of 1 Finsbury Avenue, London EC2M 2PP, United Kingdom has given and has not withdrawn its written consent to the inclusion in this Prospectus of references to its name in the form and context in which they appear.

Oliver Wyman, whose address is 1 Tower Place West, Tower Place, London EC3R 5BU, United Kingdom strategic management consultants, has given and has not withdrawn its written consent to the inclusion in this Prospectus of references to its name and its report in the form and context in which they appear.

17. Property and environmental

As at 8 March 2010, the Bank occupied 360 properties in Ireland. Of these, 149 were held as freeholds, 25 as long-term leaseholds and 186 as short-term leaseholds. The majority of these properties are retail branches, widely distributed throughout Ireland. Other buildings include the Group’s registered office in Dublin, and customer service and support properties located to suit business needs in Dublin, Kilkenny, Cork and Galway.

Of these 360 properties, 21 properties are vacant and 14 are sub-let or sub-let in part. The Group also owns, leases or uses under licence properties for business operations elsewhere in the world, principally in the United Kingdom, France and the United States.

The Directors are of the opinion that there are currently no actual or potential environmental liabilities that affect the Group’s utilisation of any property or other tangible fixed assets.

18. General

The financial information concerning the Group contained in this Prospectus does not constitute statutory accounts within the meaning of the Companies Acts. The consolidated financial statements of the Bank in respect of the four financial periods ended 31 December 2009 were prepared under IFRS and reported on by PricewaterhouseCoopers, Chartered Accountants and Registered Auditors of One Spencer Dock, North Wall Quay, Dublin 1, the auditors of the Bank, within the meaning of the Companies Acts for the period of the historical financial information incorporated by reference into this Prospectus. The auditors of the Bank made reports under the Companies Acts in respect of the four financial periods ended 31 December 2009 and such reports were unqualified reports within the meaning of the Companies Acts.

The report on the Group’s impairment charge on its non-NAMA loans and advances to customers by Oliver Wyman referred to in this Prospectus was prepared by Oliver Wyman Limited, strategic management consultants of 1 Tower Place West, Tower Place, London EC3R 5BU.

The Bank remains subject to the continuing obligations of the Listing Rules including those relating to the issue of securities for cash.

The units of Existing Stock are in registered form, are capable of being held in uncertificated form and are admitted to the Official Lists and are traded on the main markets for listed securities of the Irish Stock Exchange and the London Stock Exchange.

The Placing Stock and the Rights Issue Stock will be in registered form and, from their Admission, will be capable of being held in uncertificated form and title to such stocks may be transferred by means of a relevant system (as defined in the CREST Regulations). Where units of Placing Stock and the Rights Issue Stock are held in certificated form, certificates will be sent to the registered members by pre-paid post. Where units of Rights Issue Stock are held in CREST, the relevant CREST stock account of the registered members will be credited. The units of Placing Stock and Rights Issue Stock have the ISIN IE0030606259. The ISIN for the Nil Paid Rights is IE00B67QZG36 and for the Fully Paid Rights is IE00B64RD66

None of the Rights Issue Stock has been marketed or will be made available in whole or in part to the public other than pursuant to the Rights Issue. None of the Placing Stock has been marketed or will be made available in whole or in part to the public other than pursuant to the Institutional Placing.

19. Announcement of results of Rights Issue, Placing and Debt for Equity Offers

The Bank will make (an) appropriate announcement(s) to a Regulatory Information Service giving details of the results of the Rights Issue, Placing and Debt for Equity Offers.

20. Documents available for inspection

Paper copies of:

- the Bye-Laws;
- the proposed Bye-Laws to be adopted at the EGC;
- December 2009 Annual Report, 2009 Annual Report and 2008 Annual Report;
- 2009 Annual Report on Form 20-F;
- Report on the unaudited pro forma financial information by PricewaterhouseCoopers set out in Part XV (Unaudited Pro Forma Financial Information) of this Prospectus;
- Report from Oliver Wyman;
- Consent letters referred to in paragraph 16 (Consent to inclusion of names) of this Part XVIII;
- the Government Transaction Agreement;
- the Circular; and
- this Prospectus,

will be available for inspection at the following addresses during normal business hours on each Business Day from the date of this Prospectus up to 14 June 2010 (being the date of Admission of the Rights Issue Stock):

- the principal executive offices of the Bank at Bank of Ireland, 40, Mespil Road, Dublin 4, Ireland; and
- the Bank's offices at Bow Bells House, 1 Bread Street, London EC4M 9BE, England.

They will also be available for inspection at O'Reilly Hall, UCD, Belfield, Dublin 4, Ireland from at least 15 minutes prior to the Extraordinary General Court until the conclusion of that meeting.

21. Documents incorporated by reference

The December 2009 Annual Report, the 2009 Annual Report, the 2008 Annual Report and the 2009 Annual Report on Form 20-F are available for inspection in accordance with paragraph 20 (Documents available for inspection) of this Part XVIII of this Prospectus and contains information which is relevant to the Proposals. These documents are also available on the Bank's website at www.bankofireland.com.

The Circular is available for inspection in accordance with paragraph 20 (Documents available for inspection) of this Part XVIII of this Prospectus and contains information which is relevant to the Proposals. The Circular and this Prospectus are also available on the Bank's website at www.bankofireland.com.

The table below sets out the various sections of such documents which are incorporated by reference into this Prospectus so as to provide the information required under the EU Prospectus Regulations and to ensure that

Stockholders and others are aware of all information which, according to the particular nature of the Bank is necessary to enable Stockholders and others to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Bank.

<u>Document</u>	<u>Section</u>	<u>Page numbers in such document</u>
December 2009 Annual Report.	Independent Auditors Report	147 to 148
	Consolidated income statement	149
	Consolidated statement of other comprehensive income	150
	Consolidated balance sheet	151
	Consolidated statement of changes in equity	152 to 153
	Consolidated cash flow statement	154 to 155
	Group accounting policies and critical accounting estimates and judgements	156 to 179
	Notes to the consolidated financial statements	180 to 297
	2009 Annual Report.	Independent Auditors' Report
Consolidated income statement		103
Consolidated balance sheet		104
Consolidated statement of recognised income and expense		105
Consolidated cash flow statement		106 to 107
Group accounting policies and critical accounting estimates and judgements		108 to 127
Notes to the consolidated financial statements		128 to 227
2008 Annual Report.	Independent Auditors' Report	69 to 70
	Consolidated income statement	71
	Consolidated balance sheet	72 to 73
	Consolidated statement of recognised income and expense	74
	Consolidated cash flow statement	75 to 76
	Group accounting policies and critical accounting estimates and judgements	77 to 95
	Notes to the consolidated financial statements	96 to 173
2009 Annual Report on Form 20-F		the entire document

The parts of the documents other than those incorporated by reference (as per the table above) are either not relevant or covered elsewhere in the Prospectus. Information that is itself incorporated by reference in the above documents is not incorporated by reference into this Prospectus. It should be noted that, except as set forth above, no other parts of the above documents are incorporated by reference into this Prospectus.

Dated: 26 April 2010

PART XIX

DEFINITIONS

€0.10 Ordinary Stock	the units of Ordinary Stock following Renominalisation;
1971 Act	the Central Bank Act, 1971;
1992 Consolidated Supervision Regulations	European Communities (Consolidated Supervision of Credit Institutions) Regulations, 1992 (as amended);
1992 Licensing Regulations	European Communities (Licensing and Supervision of Credit Institutions) Regulations, 1992 (as amended);
1992 Preference Stock	the preference capital stock of the Bank, other than the 2009 Preference Stock and the 2005 Preference Stock, as at the date of this Prospectus;
2005 Preference Stock	new units of preference stock which may be allotted by the Directors pursuant to Bye-Law 7 and which can be either redeemable or non-redeemable, and can be denominated in US dollars, in euro or in Sterling;
2008 Annual Report	the Bank's annual report and accounts for the year ended 31 March 2008;
2009 Annual Report	the Bank's annual report and accounts for the year ended 31 March 2009;
2009 Annual Report on Form 20-F	the annual report on form 20-F for the year ended 31 March 2009, filed by the Bank with the US Securities and Exchange Commission;
2009 Preference Stock	the 3,500,000,000 units of 8% (increasing to 10.25% if the Proposals are implemented) non-cumulative preference stock of €0.01 each in the capital of the Bank issued to the NPRFC as part of the NPRFC Investment;
ACSM Hybrids	Bank of Ireland UK Holdings plc €600 million (of which €476 million is outstanding) 7.4% Guaranteed Step-up Callable Perpetual Preferred Securities and Bank of Ireland UK Holdings plc £350 million (of which £46.432 million is outstanding) 6.25% Guaranteed Callable Perpetual Preferred Securities;
Admission	the admission of units of stock to the Official Lists becoming effective in accordance with the Listing Rules and the admission of such stock to trading on the Irish Stock Exchange's and London Stock Exchange's markets for listed securities becoming effective in accordance with the Admission to Trading Rules and the Admission and Disclosure Standards respectively;
Admission and Disclosure Standards	the requirements contained in the publication of the London Stock Exchange "Admission and Disclosure Standards" (as amended from time to time) containing, amongst other things, the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange's main market for listed securities;
Admission to Trading Rules	the rules issued by the Irish Stock Exchange setting out, amongst other things, the application procedures for admission to the Irish Stock Exchange markets and continuing obligation requirements;
AFS	available for sale;
Allotment Instruments	each instrument delivered to holders thereof pursuant to the Debt for Equity Offers and issued with the benefit of the Allotment Instrument Deed Poll convertible into Conversion Ordinary Stock, the nominal value of which will not exceed €200,000,000;

Allotment Instrument Deed Poll	the instrument by way of deed poll relating to the Allotment Instruments, to be executed by the Bank on or about 19 May 2010;
Annual General Court or AGC	an annual general court of the Bank;
Anti-Money Laundering Legislation	Part IV and Section 57 of the Criminal Justice Act 1994 of Ireland (as supplemented and amended by Section 21 and 23 of the Criminal Justice Act (Theft and Fraud) Offences Act 2001 of Ireland and the Criminal Justice (Terrorist Offences) Act of Ireland and the Money Laundering Regulation 2007 (SI 2007/2057) of the United Kingdom, as applicable;
ATM	automated teller machine;
Audit Committee	the audit committee established by the Court;
the Bank or Bank of Ireland	the Governor and Company of the Bank of Ireland, established in Ireland by Charter in 1783 and having limited liability;
Banking Code	voluntary code setting standards for good banking practice for banks in the United Kingdom which was replaced by the Banking Conduct of Business Sourcebook;
Banking Conduct of Business Sourcebook	a sourcebook issued by the FSA that applies to firms with respect to the regulated activity of accepting deposits from banking customers in the United Kingdom;
Bank of Ireland Eligible Bank Assets	those assets of the Group that are designated as Eligible Bank Assets;
Banking Consolidation Directive	Directive 2000/12/EC of March 2000, repealed and recast as part of Directive 2000/48/EC;
Basel Committee	the Basel Committee on Banking Supervision;
Basel I	the International Convergence of Capital Measurements and Capital Standards published by the Basel Committee in July 1988;
Basel II	the New Capital Adequacy Framework issued in June 2004 by the Basel Committee, as implemented by Directive 2006/48/EC and Directive 2006/49/EC;
BIS	Bank of International Settlement;
Bonus Element of the Rights Issue	a rights issue consists of a bonus element as the shares are issued at a discount to the current share price so effectively some shares have been given away as a consequence of the discounted rights price;
Bonus Ordinary Stock	units of Ordinary Stock in the Bank issued to the NPRFC if a cash dividend is not paid by the Bank pursuant to the rights attaching to the 2009 Preference Stock;
Book Building Process	the solicitation of interest by the Joint Bookrunners of likely institutional investors in the Placing;
Bps	Basis point, 0.01 of 1%;
BSPF	Bank of Ireland Staff Pensions Fund;
Business Day	a day (excluding Saturdays, Sundays and public holidays) on which banks are generally open for business in London and Dublin;
Bye-Laws	the bye-laws of the Bank, as amended from time to time;
Capital Adequacy Directive	Council Directive 1993/6/EC of 15 March 1993;
Capital Requirements Directive	Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006, together, relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC on the capital adequacy of investment firms and credit institutions;

Capital Requirements Directive II	Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management;
Capital Requirements Directive III	proposal for a Directive of the European Parliament and of the Council amending Directives 2006/48/EC and 2009/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies;
Capital Requirements Directive IV	proposal for a Directive of the European Parliament and of the Council amending Directives 2006/48/EC, 2006/49/EC supplementing the two sets of revisions adopted by the Commission in October 2008 (“CRD II”) and July 2009 (“CRD III”) as regards liquidity standards, definition of capital, leverage ratio, counterparty credit risk, countercyclical measures, systemically important financial institutions and single rule book in banking;
CBFSAI	Central Bank and Financial Services Authority of Ireland;
CCSS	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities;
Central Bank	the Central Bank of Ireland;
Central Bank Acts	the Central Bank Acts, 1942 to 1998 (as amended);
certificated or in certificated form	where stock or other security is not in uncertificated form;
CIFS Guarantee Scheme	the Credit Institutions (Financial Support) Scheme 2008 (S.I. No 411 of 2008);
Circular	the circular to be sent to Stockholders and the NPRFC convening the Extraordinary General Court to approve the Proposals published in accordance with the Listing Rules of the ISE and UKLA;
CIROC Report	the Covered Institution Remuneration Oversight Committee report to the Minister dated 27 February 2009;
Citi	Citigroup Global Markets U.K. Equity Limited of Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB;
Closing Price	the closing middle-market quotation of a unit of Ordinary Stock as derived from the Daily Official List;
Code of Conduct for Business Lending to Small to Medium Enterprises	Code of Conduct for Business Lending to Small to Medium Enterprises published by the Financial Regulator on 13 February 2009 (as amended or replaced from time to time);
Code of Conduct for Mortgage Arrears	Code of Conduct for Mortgage Arrears published by the Financial Regulator on 13 February 2009 (as amended or replaced from time to time);
Combined Code	the Combined Code on Corporate Governance issued by the UK Financial Reporting Council;
Companies Acts	the Companies Acts, 1963 to 2009 (as amended) of Ireland (insofar as they apply to Bank of Ireland having regard to the Ninth Schedule to the Companies Act, 1963);
Computershare	Computershare Investor Services (Ireland) Limited, Registrars and Receiving Agents for the Bank;
Computershare Dealing Facility	the dealing service in respect of the Nil Paid Rights provided by Computershare;

Consumer Protection Code	code issued by the Financial Regulator in August 2006 which applies to entities regulated by the Financial Regulator;
Control	the holding, whether directly or indirectly, of stock of the Bank that confer, in aggregate, more than 50% of the voting rights in the Bank;
Control Resolution	a resolution of those Stockholders who are entitled to so vote for the approval of any agreement or transaction (including a merger) whereby, or in consequence of which, Control of the Group, or substantially all of the Group's business, is or may be acquired by any person or persons (excluding any government concert party) acting in concert and which for the avoidance of doubt shall include any resolution to approve a scheme of arrangement pursuant to section 201 of the Companies Act 1963 pursuant to which a takeover of the Group (within the meaning of the Irish Takeover Panel Act 1997 Takeover Rules (as amended, replaced or substituted from time to time)) would be effected or approved or a merger or division of The Bank pursuant to the European Communities (Mergers and Divisions of Companies) Regulations, 1987 (Statutory Instrument 137 of 1987) or a merger of The Bank pursuant to the European Communities (Cross-Border Mergers) Regulations 2008 (Statutory Instrument 157 of 2008);
Conversion Date	10 September 2010 (unless amended in accordance with the terms of the Debt for Equity Offers), being the date that the Allotment Instruments convert into Conversion Ordinary Stock;
Conversion Ordinary Stock	up to a maximum of €200 million of new Ordinary Stock to be allocated and issued by the Bank upon conversion of the Allotment Instruments (on or around the Conversion Date);
Conversion Price	the price at which the Allotment Instruments will convert into Conversion Ordinary Stock, being (i) the Minimum Conversion Price or, if greater, (ii) the price calculated by the Dealer Managers, in consultation with the Bank, as the arithmetic average of the daily Volume Weighted Average Price per unit of Ordinary Stock for each of the five consecutive Trading Days ending on the second Trading Day before the Conversion Date (such five day period currently expected to commence on (and including) 2 September 2010 and conclude on (and including) 8 September 2010);
Core Tier 1 Capital	Tier 1 Capital excluding innovative and non-innovative Tier 1 Securities and before deductions required from Tier 1 Capital;
Core Tier 1 Capital Ratio	the amount of the Bank's Core Tier 1 Capital as a proportion of its Risk Weighted Assets on a consolidated basis;
Court or Court of Directors	the Court of Directors of the Bank;
Credit Reviewer	the credit reviewer appointed by the Government to review decisions to refuse credit in accordance with the Credit Review Guidelines;
Credit Review Guidelines	the guidelines issued under section 210(1) of the NAMA Act on 26 March 2010 regarding lending practices and procedures and relating to the review of decisions of Participating Institutions to refuse credit facilities (SI No. 127 of 2010);
Credit Suisse	Credit Suisse Securities (Europe) Limited of One Cabot Square, London E14 4QJ;
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations);

CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms);
CREST Member	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations);
CREST Participant	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
CREST Regulations or Regulations	the Companies Act 1990 (Uncertified Securities) Regulations 1996 (SI No. 68/1996) of Ireland (as amended in 2003);
CREST Sponsor	a CREST Participant admitted to CREST as a CREST Sponsor;
CREST Sponsored Member	a CREST Member admitted to CREST as a sponsored member;
CRMC	Capital Research and Management Company;
Daily Official List	the daily Official List of the Irish Stock Exchange;
Davy	J&E Davy of Davy House, 49 Dawson Street, Dublin 2, trading as Davy or, as the context so requires, any affiliate thereof or company within its group;
Dealer Managers	the dealer managers of the Debt for Equity Offers;
DBRS	DBRS Limited;
Debt for Debt Exchange	the exchange of a selection of the Bank's Lower Tier 2 Securities for a new series of Lower Tier 2 Securities as set out in the Bank's announcement of 2 February 2010;
Debt for Equity Offers	each of the US Debt for Equity Offers and the Non-US Debt for Equity Offers;
Debt for Equity Offers Documents	the Non-US Debt for Equity Offer Document and the US Debt for Equity Offer Document;
December 2009 Annual Report	the Bank's annual report and accounts for the nine month period ended 31 December 2009;
Default Stock	units of Ordinary Stock belonging to a member who fails to disclose the person or persons for whom he/she holds such Ordinary Stock in trust with the result that the Directors serve a disenfranchisement notice on such member with the consequence that the member may not attend or vote, either personally or by proxy, at any General Court of the Bank or exercise any other rights conferred by membership in respect of his or her holding of Ordinary Stock;
Deferred Stock	units of deferred stock in the capital of the Bank created pursuant to the Renominalisation;
Department of Finance	Department of Finance of Ireland;
Deposit Guarantee Scheme Directive	Council Directive 94/19/EC of 30 May 1994;
Deutsche Bank	Deutsche Bank AG, London Branch of 1 Great Winchester Street, London EC2N 2DB;
Directors	the Executive Directors and Non-Executive Directors of the Bank, whose names appear on page 58 of this Prospectus;
Dollar Preference Stock	the 1992 Preference Stock denominated in US dollars;
DWT	dividend withholding tax;

Early US Debt for Equity Offers Expiration Date	7 May 2010;
ECB	European Central Bank;
ELG Scheme	the Credit Institutions (Eligible Liabilities Guarantee) Scheme 2009 (S.I. No. 490 of 2009);
Eligible Asset Regulations	the National Asset Management Agency (Designation of Eligible Bank Assets) Regulations 2009 (S.I. No. 568 of 2009);
Eligible Bank Assets	those classes of assets prescribed as eligible bank assets by the Minister for Finance, in accordance with section 69 of the NAMA Act;
Eligible Debt Securities	the Non-US Debt for Equity Offers Securities and the US Debt for Equity Offers Securities;
Employee Stock Issue Scheme	the employee stock issue scheme as described in paragraph 4 (Directors', Secretary's and Senior Executives' interests) of Part XVII (Directors, Corporate Governance and Employees) of this Prospectus;
Employee Stock Schemes	the LTIP, the LTPSP, the ESOS, the Stock Alternative Scheme, the Employee Stock Issue Scheme and the SAYE Scheme;
EPS	earnings per share;
Equity Tier 1 Capital	the amount of the Bank's Core Tier 1 Capital less all Preference Stock of the Bank;
Equity Tier 1 Capital Ratio	the amount of the Bank's Core Tier 1 Capital less all Preference Stock of the Bank as a proportion of its Risk Weighted Assets on a consolidated basis;
ESOS	the executive stock option scheme as described in paragraph 4 (Remuneration of Directors, Secretary and Senior Executives) of Part XVII (Directors, Corporate Governance and Employees) of this Prospectus;
ESRI	the Economic and Social Research Institute;
EU Investor Compensation Directive	Directive 97/9/EC of the European Parliament and of the Council of 3 March 1997 on investor-compensation schemes;
EU member states	the member states of the European Union;
EU or European Union	the European Union;
EU Prospectus Regulations	Commission Regulation (EC) No. 809/2004;
EU Restructuring Plan	the EU restructuring plan for the Group to be approved by the European Commission following negotiations based on the draft plan prepared by the Bank and submitted by the Department of Finance on 30 September 2009;
EU Shareholders' Rights Directive	Directive 2007/36/EC of the European Parliament and of the Council of 11 July 2007;
euro	the single currency of the EU member states that adopt or have adopted the euro as their lawful currency under the legislation of the European Union or European Monetary Union;
euro Preference Stock	the 1992 Preference Stock denominated in euro;
Euroclear	Euroclear UK & Ireland Limited, the operator of CREST;
European Commission	the Commission of the European Union;
European Economic Area or EEA or EEA State	the European Union, Iceland, Norway and Liechtenstein;

Eurosystem	means the central banking system of the euro area comprising the ECB and the national central banks of the 16 EU member states whose common currency is the euro;
Eurozone	the member states of the European Union which have adopted the euro as their common currency;
Excluded Territories and each an Excluded Territory	United States, South Africa, New Zealand, Australia, Japan, Canada and Switzerland;
Executive Directors	the executive directors of the Bank;
Existing Stock	the units of Ordinary Stock in issue as at the date of this Prospectus;
Existing Stockholder	a holder of Existing Stock as at the date of this Prospectus;
Extraordinary General Court or EGC	an extraordinary general court of the Bank and, unless otherwise specified, the extraordinary general court of the Bank to be held on 19 May 2010;
Federal Deposit Insurance Corporation	the independent agency of the US federal government created by the Glass-Steagall Act, 1933;
Financial Ombudsman Service or FOS	the financial ombudsman service of Ireland;
Financial Regulator	the Irish Financial Services Regulatory Authority;
First Banking Co-ordination Directive	the Council Directive of 12 December 1977 on the co-ordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of credit institutions (No. 77/780/EEC);
Form of Proxy	the form of proxy relating to the Extraordinary General Court;
FSA Handbook	the handbook which sets out all the FSA's rules made under powers given to the FSA pursuant to the FSMA;
FSA or Financial Services Authority	the Financial Services Authority of the United Kingdom;
FSMA	the Financial Services and Markets Act 2000, as amended;
Fully Paid Rights	rights which are provisionally allotted to Qualifying Stockholders pursuant to the Rights Issue and which are recorded in the register of the Bank as having been paid at the Rights Issue Price;
GDP	gross domestic product;
GEC	the group executive committee of Bank of Ireland;
General Court	an AGC or an EGC;
Government or Irish Government	the Government of Ireland;
Government Appointee	a director appointed by a Government Preference Stockholder or the Minister for Finance pursuant to the CIFS Guarantee Scheme;
Government Bodies	<ul style="list-style-type: none"> (i) the NTMA, the NPRFC, the NPRF, the Minister for Finance or any Minister or Department of the Government, in each case holding 2009 Preference Stock, but excludes any other holder of 2009 Preference Stock provided however this shall not include any occupational pension scheme approved by the Revenue Commissioners and registered with the Pension Board; and (ii) any custodian or nominee holding 2009 Preference Stock on behalf of the NPRFC, the Minister for Finance, any Minister or Department of the Government provided however that where such custodian or nominee holds 2009 Preference Stock for any other person, such holding shall be not be taken into account for the purpose of determining the voting rights of the Stockholder;

Government Guarantee Schemes	the CIFS Guarantee Scheme and ELG Scheme;
Government Preference Stockholder	a Government Body holding 2009 Preference Stock;
Government Transaction	the NPRFC Placing, the Warrant Cancellation, the NPRFC Rights Issue Undertaking, the amendment of the rights attaching to the 2009 Preference Stock and the other transactions, rights and obligations set out in the Government Transaction Agreement as more particularly described in paragraph 8 (Material Contracts) of Part XVIII (Additional Information) of this Prospectus, under the heading “Government Transaction Agreement”;
Government Transaction Agreement	the transaction agreement between the Bank, the NPRFC and the Minister for Finance entered into in connection with the Government Transaction, further details of which are set out in paragraph 8, (Material Contracts) of Part XVIII (Additional Information) of this Prospectus;
Great Britain	the territories of England, Scotland and Wales;
Group or the Group	the Bank and each of its subsidiaries and subsidiary undertakings from time to time;
GRPC	the Group Risk Policy Committee;
HM Treasury	UK economics and finance ministry;
Hybrid/Preferred Securities	Bank of Ireland Capital Funding (No. 1) LP, €600,000,000 Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities, the LP2 Securities, the LP3 Securities and Bank of Ireland Capital Funding (No. 4) LP £500,000,000 Fixed Rate/Floating Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities;
IAS	the International Accounting Standards;
IBI Corporate Finance	IBI Corporate Finance Limited;
IBNR	incurred but not reported;
IBOA	Irish Bank Officials’ Association — The Finance Union;
ICCL	Investor Compensation Company Limited;
IFRS	International Financial Reporting Standards as adopted for use in the European Union;
Institutional Placing	the placing of Ordinary Stock with institutional investors (but excluding the NPRFC) as described in this Prospectus;
Institutional Placing Price	€1.53 per unit of Placing Stock;
IPD	Investment Property Databank;
IRBA	Internal Ratings Based Approach;
Ireland	means Ireland, excluding Northern Ireland, and the word “Irish” shall be construed accordingly;
Irish Government Measures	the Irish Government is proposing to introduce a set of measures for the Irish banking sector which would complement the specific measures agreed as part of the individual European Commission restructuring plans for Irish banks that are subject to restructuring under EU State aid rules (among which includes the EU Restructuring Plan);
Irish Prospectus Law	Irish prospectus law as defined in the Investment Funds, Companies and Miscellaneous Provisions Act, 2005 of Ireland (no. 12 of 2005);
Irish Sponsor	Davy;
Irish Stock Exchange	the Irish Stock Exchange Limited;
ISIN	International Securities Identifying Number;

Issuance Window	in respect of a Government Guarantee Scheme, the period of time during which securities and other obligations can be issued that are covered by that Government Guarantee Scheme;
Joint Bookrunners or joint bookrunners	Citi, Credit Suisse, Davy, Deutsche Bank and UBS;
Joint Sponsors and Brokers	Davy and UBS;
KMP	Key Management Personnel;
Large Exposures Directive	Council Directive 92/121/EEC of 21 December 1992;
Late US Debt for Equity Offers Exchange Price	the relevant price at which holders of a series of the US Debt for Equity Offers Securities will be deemed to exchange such securities in the event an election to exchange is made after the Early US Debt for Equity Offers Expiration Date (but before the US Debt for Equity Offers Expiration Date);
Listing Rules	the listing rules of the Irish Stock Exchange and/or where appropriate the UK listing rules made under section 73A of the FSMA;
London Stock Exchange	London Stock Exchange plc;
Lower Tier 2	fixed-maturity subordinated notes with a minimum initial maturity of five years, with no deferral of coupon payments and no loss absorption through the write-down of principal or interest;
Lower Tier 2 Securities	securities issued by the Group that qualify as Lower Tier 2.
LP2 Securities	Bank of Ireland Capital Funding (No. 2) LP US\$800 million (\$400 million outstanding) Fixed Rate/Floating Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities;
LP3 Securities	Bank of Ireland Capital Funding (No. 3) LP US\$400 million (\$200 million outstanding) Fixed Rate/Floating Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities;
LTIP	Long Term Incentive Plan of the Bank;
LTPSP	Long Term Performance Stock Plan of the Bank;
Market Abuse Regulations	the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland (SI No. 342 of 2005);
Maximum Allotment Instruments Amount	the maximum aggregate principal amount of Allotment Instruments to be issued pursuant to the Debt for Equity Offers (being approximately €200,000,000);
Maximum Potential Enlarged Capital Stock	the issued Ordinary Stock following the completion of the Proposals and assuming completion of the Placing, the Rights Issue at an issue price of €0.10 (assuming no acceptances of the Debt for Equity Offers other than the maximum possible acceptances of the option to receive Allotment Instruments under the US Debt for Equity Offers after the Early US Debt for Equity Offer Expiration Date at the minimum possible Conversion Price (i.e. the minimum possible Rights Issue Factor) that results from a Rights Issue Price of €0.10), being the maximum potential issued Ordinary Stock arising from the implementation of the Proposals;
Minimum Competency Requirements	guide issued by the Financial Regulator in July 2006 in respect of retail financial products;
Minimum Conversion Price	the price determined by the Dealer Managers, in consultation with the Bank, as being 75% of the Closing Price on 23 April 2010 multiplied by the Rights Issue Factor, provided that if the product of such calculation is less than €0.10, the Minimum Conversion Price shall be €0.10;

Minister for Finance or Minister	the Minister for Finance of Ireland;
Monetary Authorities	the European Central Bank, the Central Bank of Ireland, the Bank of England and the US Federal Reserve;
NAMA	the National Asset Management Agency and, where the context permits, other members of NAMA's group including subsidiaries and associated companies;
NAMA Act	the National Asset Management Agency Act 2009;
NAMAIL	National Asset Management Agency Investment Limited;
National Pensions Reserve Fund	the fund established by the National Pensions Reserve Fund Act, 2000 to meet (insofar as possible) the costs of Ireland's social welfare and public service pensions from 2025 onwards;
New Ireland or New Ireland Assurance	New Ireland Assurance Limited, a subsidiary of the Bank;
Nil Paid Rights	rights to acquire Rights Issue Stock, where the amount payable on acceptance of the offer of Rights Issue Stock has not been paid;
Nominations Committee	the nominations committee established by the Court;
Non-Core Tier 1 Capital	innovative and non-innovative Tier 1 Capital;
Non-Executive Directors	the non-executive directors of the Bank;
Non-US Debt for Equity Offers	the offer to certain holders of the Non-US Debt for Equity Offers Securities;
Non-US Debt for Equity Offer Document	the exchange offer memorandum dated 26 April 2010 relating to the Non-US Debt for Equity Offers;
Non-US Debt for Equity Offers Expiration Date	7 May 2010;
Non-US Debt for Equity Offers Exchange Price	the relevant price at which certain non-US holders of a series of Non-US Debt for Equity Offers Securities will be eligible to offer to exchange such securities, in the event an offer to exchange is made on or before the Non-US Debt for Equity Offers Expiration Date;
Non-US Debt for Equity Offers Securities	Bank of Ireland UK Holdings plc 7.40% Guaranteed Step-up Callable Perpetual Preferred Securities with nominal value of €476 million as at 31 December 2009; Bank of Ireland UK Holdings plc 6.25% Guaranteed Callable Perpetual Preferred Securities with nominal value of Stg£46 million as at 31 December 2009; Bank of Ireland Capital Funding (No 1) LP Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities with nominal value of €350 million as at 31 December 2009; Bank of Ireland Capital Funding (No 4) LP Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities with nominal value of Stg£37 million as at 31 December 2009;
Notice of Extraordinary General Court	the notice of the Extraordinary General Court set out in the Circular;
NPRFC	the National Pensions Reserve Fund Commission, established by the National Pensions Reserve Fund Act 2000 to, inter alia, control, manage and insert the assets of the National Pensions Reserve Fund. References herein to the NPRFC mean the NPRFC acting in its capacity as controller and manager of the National Pensions Reserve Fund;
NPRFC Commitment Commission	a fee equal to 0.0275 multiplied by the issue price of the maximum number of units of 2009 Preference Stock that may be converted to units of Ordinary Stock pursuant to the NPRFC Rights Issue Undertaking;

NPRFC Coupon Ordinary Stock	184,394,378 units of Ordinary Stock issued to the NPRFC on Monday 22 February 2010 in lieu of the cash dividend otherwise due on the 2009 Preference Stock;
NPRFC Investment	the subscription by the NPRFC for €3.5 billion of 2009 Preference Stock in the Bank and the issue of the Warrants completed on 31 March 2009;
NPRFC Placing	the proposed conversion by the NPRFC of units of 2009 Preference Stock to units of Ordinary Stock as part of the Placing as further described in this Prospectus;
NPRFC Placing Fee	a fee payable to the NPRFC equal to 1% of the subscription price for all units of 2009 Preference Stock converted pursuant to the NPRFC Placing;
NPRFC Placing Price	€1.80 per unit of Ordinary Stock issued under the NPRFC Placing;
NPRFC Rights Issue Undertaking	the undertaking by the NPRFC described under “ <i>NPRFC Rights Issue Undertaking</i> ” in paragraph 7 (Government Transaction) of Part VII (Letter from the Governor of Bank of Ireland) of this Prospectus;
NTMA	the National Treasury Management Agency as established by the National Treasury Management Agency Act, 1990;
NYSE	the New York Stock Exchange;
Office of the Comptroller of the Currency	the United States federal agency established by the National Currency Act, 1863;
Official Lists	the official list of the Irish Stock Exchange and/or, as appropriate, the official list maintained by the UK Listing Authority;
Oliver Wyman	Oliver Wyman Limited;
Ordinary Stock or units of Ordinary Stock	the units of ordinary stock having a nominal value of €0.64 each prior to the Renominalisation, and having a nominal value of €0.10 each following the Renominalisation, in the capital stock of the Bank (including, if the context requires, the units of ordinary stock issued pursuant to the Proposals);
Ordinary Stockholder	a holder of a unit of Ordinary Stock;
Overseas Stockholders	Stockholders with registered addresses outside Ireland or the United Kingdom or who are citizens or residents of, or located in, countries outside Ireland or the United Kingdom;
Own Funds Directive	Council Directive 89/299/EEC of 17 April 1989;
Panel or Takeover Panel	the Irish Takeover Panel;
Participating Institution	a credit institution designated by the Minister for Finance as a participating institution in accordance with the provisions of section 67 of the NAMA Act;
participation in NAMA	includes participation in any scheme pursuant to the NAMA Act to transfer assets to NAMA;
PCAR or Prudential Capital Assessment Review	the prudential capital assessment review announced by the Financial Regulator on 30 March 2010;
Placees	persons with whom Placing Stock is to be placed pursuant to the Institutional Placing;
Placing	the Institutional Placing and/or the NPRFC Placing, as the context so requires;
Placing Stock	the 326,797,386 units of Ordinary Stock to be issued by the Bank pursuant to the Institutional Placing;

POFS	Post Office Financial Services Limited;
POL	Post Office Limited;
Post-Placing Enlarged Capital Stock	the issued Ordinary Stock of Bank of Ireland immediately following the Placing, but before the implementation of the other Proposals;
Preference Stock	means the 2009 Preference Stock and the 1992 Preference Stock;
Preference Stockholders	means the registered holders of Preference Stock from time to time;
Proposals	the Institutional Placing, the Rights Issue, the Debt for Equity Offers and the Government Transaction;
Prospectus	this document;
Prospectus Regulations	the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland (SI No. 324 of 2005);
Prospectus Directive	European Parliament and Council Directive 2003/71/EC of 4 November 2003;
Provisional Allotment Letter or PAL	the provisional allotment letter to be issued to each Qualifying Non-CREST Stockholder pursuant to the Rights Issue;
Prudential Capital Assessment Review or PCAR	the review carried out by the Financial Regulator in March 2010;
Qualified Institutional Buyer	as defined by the United States Securities and Exchange Commission in Rule 144A under the Securities Act of 1933;
Qualifying CREST Stockholders	Qualifying Stockholders holding Ordinary Stock in uncertificated form in CREST;
Qualifying Non-CREST Stockholders	Qualifying Stockholders holding Ordinary Stock in certificated form;
Qualifying Stockholders	holders of Ordinary Stock on the Stockholder register of the Bank at the Record Date and Placees (excluding the NPRFC in respect of the NPRFC Coupon Ordinary Stock);
Receiving Agent	Computershare Investor Services (Ireland) Limited, Registrars and Receiving Agents for the Bank;
Record Date	5.00 p.m. on 17 May 2010;
Record Date Stock	units of Ordinary Stock in issue as at the Record Date;
Registrar or Receiving Agent	Computershare or such other registrar or receiving agent as Bank of Ireland may appoint from time to time;
Regulatory Information Service	one of the regulatory information services authorised by the Irish Stock Exchange and/or UK Listing Authority to receive, process and disseminate regulatory information in respect of listed companies;
Relevant Person	the Minister for Finance, the Department of Finance, the Irish Government, the NTMA, the NPRFC, the National Pensions Reserve Fund, or any person controlled by or controlling any such person, or any entity or agency of or related to the State, or any director, officer, official, employee or adviser of any such person;
Relevant Qualifying Intermediary	the qualifying intermediary from whom the dividend is received;
Remuneration Committee	the remuneration committee established by the Court;
Renominalisation	the reduction of the nominal value of units of Ordinary Stock from €0.64 each to €0.10 each and creation of Deferred Stock pursuant to resolution number 1 proposed for the EGC as set out in the Circular;
Resolutions	the resolutions to be proposed at the Extraordinary General Court as set out in the Circular, excluding the resolution to reduce the stock premium of the Bank;

Rights	rights to acquire Rights Issue Stock in the Rights Issue;
Rights Issue	the offer by way of rights to Qualifying Stockholders to acquire Rights Issue Stock on the terms and subject to the conditions contained in this Prospectus and also, where relevant, the Provisional Allotment Letters and also includes, where the context so requires, the NPRFC Rights Issue Undertaking;
Rights Issue Factor	<p>the factor to be determined by the Dealer Managers, in consultation with the Bank to reflect the fact that the Rights Issue Stock is issued at a discount to the Closing Price of the Ordinary Stock as of the date of this Prospectus, as follows:</p> $\text{RIF} = \frac{A+B}{A+C}$ <p>Where:</p> <p>“RIF” is the Rights Issue Factor;</p> <p>“A” is the number of units of Ordinary Stock in issue as at 11.00 p.m. (Irish time) on 19 May 2010 (including the Ordinary Stock issued in the Institutional Placing and the NPRFC Placing due to be settled on that day);</p> <p>“B” is the number of units of Ordinary Stock which the aggregate consideration receivable for the Ordinary Stock issued in the Rights Issue would purchase at the Current Market Price per unit of Ordinary Stock on 19 May 2010; and</p> <p>“C” is the number of units of new Ordinary Stock to be issued in the Rights Issue.</p> <p>For the purposes of determining “B” above, “Current Market Price” means the closing price of a unit of Ordinary Stock on 19 May 2010 as displayed under the heading “EuComp/Close/Price” on Bloomberg Page “BKIR EU <equity> HP”;</p>
Rights Issue Price	the price per unit of Rights Issue Stock to be determined and publicly announced prior to the EGC;
Rights Issue Stock	up to 18,851,465,603 units of new Ordinary Stock to be allotted and issued by the Bank pursuant to the Rights Issue;
Risk Weighted Assets	assets which are weighted for credit risk according to a formula used by banks that conforms to the BIS’s capital adequacy guidelines;
ROE	return on equity;
RTGS	the payment mechanism described in the CREST manual;
Rump Placing	the proposed placing by the Joint Bookrunners, as agents of the Bank, of any units of Rights Issue Stock which are not (or are deemed not to be or are otherwise treated as not having been) taken up under the Rights Issue;
SARs or Substantial Acquisition Rules	the Substantial Acquisition Rules 2007, issued by the Panel pursuant to the Takeover Panel Act;
SAYE Scheme or Sharesave Scheme	the SAYE scheme as described in paragraph 4 (Remuneration of Directors, Secretary and Senior Executives) of Part XVII (Directors, Corporate Governance and Employees) of this Prospectus;
SDRT	stamp duty reserve tax;
SEC	United States Securities and Exchange Commission;
Second Banking Co-ordination Directive	Second Council Directive of 89/646EEC of 15 December 1989;

Senior Executives	senior managers within the meaning of paragraph 14.1(d) of Annex I of the EU Prospectus Regulations;
SME or SMEs	small and medium enterprises;
Solvency Ratio Directive	Council Directive 89/647/EEC of 18 December 1989;
Sponsors	the Irish Sponsor and the Joint UK Sponsors;
State	Ireland excluding Northern Ireland;
Sterling or £	Sterling, the lawful currency of the United Kingdom;
Sterling Preference Stock	the 1992 Preference Stock denominated in Sterling;
Stock Account	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
Stock Alternative Scheme	the scheme approved by Ordinary Stockholders at the Annual General Court in 2006 which gave Stockholders the choice to receive dividends by way of cash or in units of Ordinary Stock;
Stockholder	an Ordinary Stockholder and/or Preference Stockholder (as the context so requires);
Stockholder Guide	the guide accompanying the PALs containing instructions as to the completion of the PALs;
Subscription Agreement	a Subscription Agreement with the NPRFC and the Minister for Finance dated 31 March 2009, under which, in consideration for the payment of €3.5 billion, the Bank issued to the NPRFC the 2009 Preference Stock and the Warrants;
Summary	the summary of this Prospectus set out in Part I of this Prospectus;
Takeover Panel Act	the Irish Takeover Panel Act 1997 (as amended);
Takeover Rules or Irish Takeover Rules	the Irish Takeover Panel Act 1997, Takeover Rules, 2007 (as amended);
TERP or Theoretical Ex Rights Price	the theoretical ex-rights price of a unit of Record Date Stock calculated by reference to the Closing Price on 14 May 2010 of a unit of Record Date Stock;
Third Money Laundering Directive	the third EU Money Laundering Directive (2005/60/EC) which is due to be implemented in Ireland through the Criminal Justice (Money Laundering and Terrorist Financing) Bill, 2009 of Ireland;
Thirty Day Average Price	(i) 100% of the average daily closing price of the Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date, (in the event that the Ordinary Stock issued in the event of non-payment of dividends on the 2009 Preference Stock is settled on the dividend payment date to which it relates); or (ii) 95% of the average daily closing price of the Ordinary Stock on the Irish Stock Exchange over the 30 dealing days immediately preceding the original scheduled dividend declaration date (in the event that the Ordinary Stock, issued in the event of non-payment of dividends on the 2009 Preference Stock, is settled after the dividend payment date to which it relates);
Tier 1 Capital	Tier 1 capital instruments (within the meaning of the Financial Regulator's requirements at such time or equivalent) which includes Stockholders' funds and innovative and non-innovative Tier 1 Securities;
Tier 1 Capital Ratio	the amount of Tier 1 Capital as a proportion of Risk Weighted Assets on a consolidated basis;

Tier 1 Securities	the securities issued by the Group that constitute Tier 1 Capital;
Tier 2 Capital	undisclosed reserves, revaluation reserves, general provisions and loan loss reserves, hybrid debt-equity instruments, and subordinated long-term debt;
Total Capital	Tier 1 Capital plus Tier 2 Capital;
Total Capital Ratio	Total Capital (including Tier 1 Capital) divided by Risk Weighted Assets;
Trading Day	a day on which dealings in domestic equity market securities may take place on the Irish Stock Exchange and the London Stock Exchange;
Tranche 1 NAMA Assets	the first tranche of Bank of Ireland Eligible Bank Assets which transferred to NAMA on 2 April 2010;
Transaction Co-ordinators	Credit Suisse and IBI Corporate Finance;
Transaction Document	this Prospectus or any document referred to in this Prospectus or any supplement or amendment thereto;
Transaction Fee	the transaction fee of €22 million payable to the NPRFC at the closing of the NPRFC Placing;
Transparency Regulations	the Transparency (Directive 2004/109/EC) Regulations 2007 (SI No. 277 of 2007) of Ireland (as amended from time to time);
Transparency Rules	the transparency rules published by the Financial Regulator under section 22 of the Investment, Funds, Companies and Miscellaneous Provisions Act 2006 of Ireland, (as amended from time to time);
TSR	Total Stockholder Return, meaning the change in value to Stockholders which reflects movements in share price over a three year performance period and returns to Stockholders from dividends reinvested in shares on the relevant ex-dividend date, net of corporation tax but before income tax;
UBS Investment Bank or UBS or UBS Limited	UBS Limited of 1 Finsbury Avenue, London EC2M 2PP;
UK Listing Authority or UKLA	the FSA in its capacity as the competent authority for the purposes of Part VI of the FSMA and in the exercise of its functions in respect of the admission to the Official List otherwise than in accordance with Part VI of the FSMA;
uncertificated or in uncertificated form	recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
Underwriters	the Joint Bookrunners;
Underwriting Agreement	the underwriting and sponsors' agreement dated 26 April 2010 between the Bank and the Underwriters relating to the Institutional Placing and the Rights Issue;
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland;
United States or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
Upper Tier 2 Capital	cumulative preferred stock with no stated maturity, debt instruments with no stated maturity and revaluation reserves;
Upper Tier 2 Securities	the securities issued by the Group that constitute Upper Tier 2 Capital;
US Debt for Equity Offers	the offer to holders of the US Debt for Equity Offers Securities;

US Debt for Equity Offers Document	the exchange offer memorandum dated 26 April 2010 relating to the US Debt for Equity Offers;
US Debt for Equity Offers Expiration Date	8 June 2010;
US Debt for Equity Offers Securities	Bank of Ireland Perpetual Floating Rate Primary Capital Notes with nominal value of US\$150 million as at 31 December 2009; Bank of Ireland Capital Funding (No 2) LP Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities with nominal value of US\$400 million as at 31 December 2009 and Bank of Ireland Capital Funding (No 3) LP Fixed Rate/Variable Rate Guaranteed Non-voting Non-Cumulative Perpetual Preferred Securities with nominal value of US\$200 million as at 31 December 2009;
US Exchange Act	the United States Securities Exchange Act of 1934, as amended;
US Federal Reserve	the central bank of the United States;
US Securities Act	the United States Securities Act 1933, as amended;
VAR	value at risk;
Volume Weighted Average Price	the volume-weighted average price per unit of Ordinary Stock (calculated in euro) on a specified trading day as displayed under the heading “Bloomberg VWAP” on Bloomberg Page “BKIR EU<equity> VAP AUTO” (or its equivalent successor page if such page is not available) for the period from the scheduled open of trading on the relevant trading day until the scheduled close of trading on the relevant trading day (or if such Volume Weighted Average Price per unit is unavailable, the market price of one unit of Ordinary Stock on the relevant trading day determined, using a volume-weighted average method, by a financial institution or person (acting as an expert) appointed by the Bank for this purpose);
Warrant Cancellation	the cancellation of the Warrants in return for the payment of €491 million by the Bank to the NPRFC;
Warrant Instrument	the warrant instrument entered into between the Bank and the NPRFC, constituting the Warrants; and
Warrants	the detachable warrants issued to the NPRFC as part of the NPRFC Investment.

Notes:

- (i) Unless otherwise stated in this Prospectus, all reference to statutes or other forms of legislation shall refer to statutes or forms of legislation of Ireland. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.
- (ii) The symbols “€” and “c” refer to euro and cent respectively, the lawful currency of Ireland pursuant to the provisions of the Economic and Monetary Union Act 1998. The symbols “Stg£” or “£” or “p” refer to Pounds Sterling and the symbols “US\$” or “\$” refer to US dollars.
- (iii) The symbol “CHF” refers to Swiss francs; the symbol “CAD” refers to Canadian Dollars; the symbol “HKD” refers to Hong Kong Dollars; the symbol “JPY” refers to Japanese Yen; the symbol “AUD” refers to Australian Dollars; the symbol “NZD” refers to New Zealand Dollars; the symbol “SEK” refers to Swedish Krona; and the symbol “NOK” refers to Norwegian Krone.
- (iv) Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine or neuter gender.
- (v) Expressions defined in the manual published by Euroclear from time to time in connection with the operation of CREST bear the same meaning when used in this Prospectus.
- (vi) Terms defined in the Companies Acts and in the European Communities (Companies: Group Accounts) Regulations, 1992 and used in this Prospectus shall have the same meaning when used in this Prospectus.

