

Announcement of Rights Issue Terms

17 May 2010

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Bank of Ireland announces a proposed 3 for 2 Rights Issue of 3,136,446,463 new units of Ordinary Stock at a Rights Issue Price of €0.55 per new unit of Ordinary Stock.

Introduction

On 26 April 2010, Bank of Ireland announced proposals (the "Proposals") intended to meet its current and long term capital requirements. The fully underwritten Proposals to raise a minimum of €3.421 billion Equity Tier 1 Capital were to include a firm Institutional Placing of €0.5 billion, a firm placing to the State of €1.036 billion and a Rights Issue of up to €1.885 billion. The Rights Issue was expected to be reduced through the issuance of equity to electing noteholders and through the capital gain, up to an amount of €100 million, generated by the Debt for Equity Offers up to 7 May 2010. Any capital gain generated by the Debt for Equity Offers in excess of €100 million would be added to the Bank's capital, as would any gain and the principal amount of any Allotment Instruments issued to electing noteholders generated on the US Debt for Equity Offer post 7 May 2010 up to 8 June 2010.

On 10 May 2010, the Bank announced the results of the Debt for Equity Offers up to 7 May 2010. The Bank also announced that the Rights Issue was expected to be reduced by approximately €0.161 billion (comprising €100 million capital gain and €61 million in equity generation) to approximately €1.723 billion with the NPRFC Rights Issue Undertaking being reduced to approximately €0.626 billion and the balance of the Rights Issue being reduced to approximately €1.097 billion. In addition, the Bank announced that the incremental capital gain of €0.133 billion from the Debt for Equity Offers would be added to the Bank's equity capital with the consequence that the Bank's Equity Tier 1 Capital will now increase by a minimum of approximately €2.93 billion (after expenses and the Warrant Cancellation).

The Proposals are subject to Stockholder approval at the Extraordinary General Court convened for 11.00 a.m. on 19 May 2010. A Circular summarising the Proposals was posted to Stockholders on 26 April 2010.

Rights Issue Terms

The Bank now announces that the Rights Issue Price at which the new units of Ordinary Stock will be offered pursuant to the Rights Issue has been set at €0.55 per new unit of Ordinary Stock. The Rights Issue Price represents a discount of 41.7 % to the theoretical ex-rights price as calculated by reference to the closing price of the Bank's ordinary stock on 14 May 2010, which results in a discount of 64.1% to the Closing Price of the Bank's Ordinary Stock on 14 May 2010 (being the latest practicable date prior to the publication of this announcement).

The Rights Issue of €1.725 billion comprises the offer of 3,136,446,463 new units of Ordinary Stock at a Rights Issue Price of €0.55 per unit on the basis of 3 new units of Ordinary Stock for every 2 existing units of Ordinary Stock held by Qualifying Stockholders.

Pursuant to the NPRFC Rights Issue Undertaking, the NPRFC has agreed to take up its entitlement of €0.627 billion 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). The consideration for the take up will be the conversion of units of 2009 Preference Stock, at their subscription price of €1.00 each, into Ordinary Stock at the Rights Issue Price. The expected gross proceeds of the balance of the Rights Issue (i.e. excluding the NPRFC Rights Issue Undertaking) are €1.098 billion. These proceeds are fully underwritten by the Underwriters.

By way of illustration, the above terms and pricing will result in a holder of 1,000 existing units of Ordinary Stock held at the Record Date being entitled to subscribe for 1,500 new units of Ordinary Stock at a total cost of €825.

Following the implementation of the Proposals, the State will hold a maximum of 36% of the enlarged Ordinary Stock of the Bank. The State will also hold approximately €1,837 million of 2009 Preference Stock.

Forthcoming key dates include:

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| 1. Despatch of Provisional Allotment Letters | 19 May 2010 |
| 2. Dealings in Nil Paid Rights and Fully Paid Rights commence | 20 May 2010 |
| 3. 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 |

A table of Rights Issue Statistics and an Expected Timetable of Principal Events are attached to this announcement.

Unless otherwise defined, capitalised terms used in this announcement have the same meaning as in the Prospectus.

Copies of this announcement are available, free of charge and in printed form, at Bank of Ireland's registered office at Lower Baggot Street, Dublin 2, Ireland and the registered offices of the Underwriters.

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RIGHTS ISSUE STATISTICS

Rights Issue Price per new unit of Ordinary Stock	€0.55
Number of units of Ordinary Stock in issue today	1,188,611,367
Number of units of Ordinary Stock to be issued 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
Number of units of Rights Issue Stock to be issued by the Bank pursuant to the Rights Issue (including the NPRFC Rights Issue Undertaking)	3,136,446,463
Number of units of Ordinary Stock in issue on completion of the Rights Issue and the Institutional Placing and the NPRFC Placing	5,227,410,772
Discount of Rights Issue Price to the Closing Price on 14 May 2010 (being the last practicable date before the publication of this announcement)	64.1%
Discount of Rights Issue Price to the TERP based on the Closing Price on 14 May 2010	41.7%
Basis of Rights Issue	3 new units of Ordinary Stock for every 2 existing units of Ordinary Stock

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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

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
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
Closing of NPRFC Rights Issue Undertaking	8.00 a.m. on 14 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 the Prospectus dated 26 April 2010. Subject to certain exceptions, the Rights Issue is not being made available to Stockholders in the United States, South Africa, New Zealand, Australia, Japan, Canada and Switzerland.
- (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 above may be adjusted by the Bank (in consultation with the Underwriters and IBI Corporate Finance), 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 table are to Irish times unless otherwise stated.

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This announcement does not constitute a prospectus or prospectus equivalent document. Nothing in this announcement should be interpreted as a term or condition of any of the Proposals. A Prospectus relating to the Proposals has been prepared and is available in accordance with EU Directive 2003/71/EC and/or Part VI of the Financial Services and Markets Act 2000. Any decision to invest in Bank of Ireland under the Proposals must be made only on the basis of the information contained in and incorporated by reference into such Prospectus.

The Exchange Offer Memoranda relating to the debt for equity exchange offers do not constitute prospectuses for the purposes of EU Directive 2003/71/EC. Any decision to participate in the debt for equity exchange offers must be made only on the basis of the information contained in and incorporated by reference into the relevant Exchange Offer Memorandum. Further information in respect of the debt for equity exchange offers, including where eligible holders of the relevant debt securities may obtain the Exchange Offer Memoranda relating to such offers, were announced by the Bank on 26 April 2010.

Neither the content of Bank of Ireland's website nor any website accessible by hyperlinks on Bank of Ireland's website is incorporated in, or forms part of, this announcement.

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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 Irish State, or any director, officer, official, employee or adviser of any such person, or any Underwriter or IBI Corporate Finance or any of their affiliates, directors, officers, employees, agents or any other 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 announcement or any document referred to in this announcement or any supplement or amendment thereto (the "Announcement"). 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 the Announcement. No Relevant Person has authorised or will authorise the contents of the Announcement, or has recommended or endorsed the merits of any course of action contemplated by the Announcement.

The Underwriters and IBI Corporate Finance are acting exclusively for Bank of Ireland in connection with the Proposals and no one else and will not regard any other person as a client in relation to the Proposals and will not be responsible to anyone other than Bank of Ireland for providing the protections afforded to their clients or for providing advice in relation to the Proposals or any matters referred to in the Announcement.