

Announcement of Rights Issue Terms

17 May 2010

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The Governor and Company of the Bank of Ireland (the "Bank" or "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 (the "Institutional Placing") of €0.5 billion, a firm placing to the State (the "NPRFC Placing") of €1.036 billion and a rights issue (the "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.

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 (the "NPRFC Rights Issue Undertaking") 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 cancellation of certain warrants issued to the NPRFC).

The Proposals are subject to Stockholder approval at the Extraordinary General Court convened for 11.00 a.m. on 19 May 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 Ordinary Stock in the Rights Issue (the "Rights Issue Stock") in respect of its holding of the 184,394,378 units of Ordinary Stock issued to the NPRFC on 22 February 2010 in lieu of the cash dividend otherwise due to it 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.

A table of Rights Issue statistics is attached to this announcement.

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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 of the Bank's ordinary stock on 14 May 2010 (being the last practicable date before the publication of this announcement)	64.1%
Discount of Rights Issue price to the theoretical ex-rights price based on the closing price of the Bank's ordinary stock on 14 May 2010 (being the latest practicable date prior to this announcement)	41.7%
Basis of Rights Issue	3 new units of Ordinary Stock for every 2 existing units of Ordinary Stock

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