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**The Governor and Company of the Bank of Ireland (Bank of Ireland)**

**Sale by the Minister for Finance of Convertible Contingent Capital Tier 2 Notes in Bank of Ireland to private investors**

**9 January 2013**

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Bank of Ireland notes today's announcement by the Minister for Finance that he has sold 100 per cent of his holding of the €1 billion 10.00 per cent Convertible Contingent Capital Tier 2 Notes due 2016 (the "Notes") in Bank of Ireland at a price of 101 per cent of their par value plus accrued interest. The coupon and the conversion features of the Notes remain unchanged. A diverse group of international institutional investors have agreed to purchase the Notes.

This transaction reflects the progress made by Bank of Ireland and by the Irish State resulting in improved market sentiment and international demand for securities with significant exposure to the Irish economy. It is also consistent with Bank of Ireland's objective of ensuring that the Irish State's investments in Bank of Ireland are fully repaid and rewarded.

**Notes:**

The Notes have a maturity of July 2016 and an annual coupon of 10 per cent. If the Core Tier 1 / Common Equity Tier 1 capital ratio of Bank of Ireland (as calculated under the terms of the Notes) falls below 8.25 per cent, the Notes automatically convert to units of ordinary stock. The conversion price at which the Notes would convert is the volume-weighted average price of the ordinary stock over the 30 days prior to conversion, subject to a minimum conversion price of €0.05 per unit.

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This announcement is not an offer of securities for sale in the United States and the Notes may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933 as amended (the "Securities Act") or an exemption from registration under the Securities Act. No public offering of the Notes will be made in the United States.

This announcement is not and should not be read as an offer to the public to acquire or sell securities in connection with the transaction outlined above. It is not a prospectus or a prospectus "equivalent" document. A prospectus was prepared on the admission to listing of the Notes in 2011; however no prospectus shall be prepared for the purposes of the transaction above.

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