

Bank of Ireland Group



Bank of Ireland (Governor & Co)
22 December 2008

Bank of Ireland is issuing the following statement relating to the Government Announcement on Recapitalisation of Irish Banks. Bank of Ireland will host a conference call at 8.00am GMT today, 22 December 2008. Conference call details are outlined at the end of this statement.

Bank of Ireland welcomes the Government's announcement regarding financial support to the banking industry. As set out in the announcement, the Government will subscribe for Euro 2 billion of 8 per cent core tier 1 preference shares in Bank of Ireland. These shares will have voting rights in respect of change of control and any changes in the capital structure. They will also confer 25% of the voting rights in respect of appointments of directors and 25% of the directors on the board, currently including any directors to be appointed in connection with the Government's Guarantee Scheme. Bank of Ireland may redeem the preference shares within 5 years at the issue price or after 5 years at 125% of the issue price. The preference shares are non-convertible and will be treated as core tier 1 capital by the Financial Regulator and are replaceable only with other core/equity tier 1 capital.

In addition the Government will provide underwriting with respect to up to Euro 1 billion of additional core tier 1 issuance. The form and scale of such additional issuance will be determined following discussions with investors. In evaluating such additional issuance, the Bank will place significant importance on the rights of existing shareholders. The proposed recapitalisation is subject to stockholder approval. Further announcements will be made as and when the final structure of any issuance is determined.

At its Interim Results announcement on 13th November, Bank of Ireland announced that it had increased its core Tier 1 ratio from 5.7% in March 2008 to 6.3% in September 2008. Against the continuing uncertain and volatile conditions in global financial markets, the Group recognised that market expectations for capital ratios had increased and committed to further strengthening its capital through a range of options. It is against this background that Bank of Ireland welcomes the initiative by the Government to support the capital strengthening of the Irish banking system.

Its leading position in the Irish market is central to the Bank of Ireland Group. The Group remains committed to serving the needs of its personal, small and medium business and corporate customers at this difficult time. In the Irish market Bank of Ireland increased lending to its customers by 7% in the six months to end September 2008 compared to the same period in 2007. The Bank has reaffirmed its objective of growing its share of the SME market in Ireland and recently launched a 250 million Euro Business Support Fund to assist with the capital requirements of trading businesses that are looking to expand or are experiencing working capital challenges in the current economic climate. Bank of Ireland is the leading mortgage bank in Ireland and is committed to maintaining its position with the active marketing of competitively priced products.

With the benefit of new capital, Bank of Ireland is committed to maintaining a strong lending position in both of these markets that are critical to the Irish economy and is fully supportive of the Government's Credit Package announced today. The commitment regarding the fair treatment of customers and particularly those facing difficulties, is at the core of Bank of Ireland's customer service approach. We are determined to protect and grow our share of the

consumer and business banking markets and we have seen the renewable energy market as an area of significant potential.

The further strengthening of the capital base of Bank of Ireland, with Government support, underpins the ambition of the Group to grow its business in Ireland as it plays an important role in supporting the long-term health and strength of the Irish economy.

Ends

Conference call dial-in details

Ireland free call	1 800 931 677
United Kingdom/International	+44 (0) 1452 586 513
Conference call identity number	79265007

Replay facility available from noon 22 December 2008 until 31 January 2009

International dial-in	+44 (0) 1452 550000	Access code: 79265007#
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Participants are requested to dial in to the call 10-15 minutes before the conference call start time.

In addition, a recording of the call will be available from noon on 22 December 2008 on our website: www.bankofireland.com/investor

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FORWARD LOOKING STATEMENT

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934 and Section 27A of the US Securities Act of 1933 with respect to certain of the Bank of Ireland Group's (the Group) plans and its current goals and expectations relating to its future financial condition and performance and the markets in which it operates. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward looking statements sometimes use words such as 'aim', 'anticipate', 'target', 'expect', 'estimate', 'intend', 'plan', 'goal', 'believe', or other words of similar meaning. Examples of forward looking statements include among others, statements regarding the Group's future financial position, income growth, business strategy, projected costs, projected impairment losses, estimates of capital expenditures, and plans and objectives for future operations. Because such statements are inherently subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking statements. Such risks and uncertainties include, but are not limited to, risks and uncertainties relating to profitability targets, prevailing interest rates, the performance of the Irish and UK economies and the performance and volatility of international capital markets, the expected level of credit defaults, the Group's ability to expand certain of its activities, development and implementation of the Group's strategy, including the ability to achieve estimated cost reductions, competition, the Group's ability to address information technology issues and the availability of funding sources. Any forward looking statements speak only as at the date they are made. The Group does not undertake to release publicly any revision to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof. The reader should however, consult any additional disclosures that the Group has made or may make in documents filed or submitted or may make in documents it has filed or submitted or may file or submit to the US Securities and Exchange Commission.