



National Pensions Reserve Fund Commission

Participation by NPRF in Bank of Ireland Capital Raising

At the direction of the Minister for Finance the National Pensions Reserve Fund (NPRF) will participate in the capital raising announced by Bank of Ireland on 26 April 2010 as follows:

Placing/Conversion (Step 1)

The NPRF has agreed to subscribe for 576 million units of Ordinary Stock at a price of €1.80 per unit. To pay for this stock the NPRF will convert 1,036 million units of its 2009 Preference Shares into Ordinary Stock at a price of €1 per unit (or par value).

Warrant Cancellation

As part of the transaction, Bank of Ireland will repurchase all of the warrants issued in conjunction with the 2009 Preference Stock. The NPRF will receive €491m in cash for its warrants.

Rights Issue (Step 2)

The NPRF will participate in the Bank of Ireland rights issue, taking up the full allocation to which it is entitled under the rights issue, based on its holding of Ordinary Stock after the placing/conversion (Step 1). Consideration for these shares will take the form of the conversion of more preference stock. The rights issue is conditional on the bank's shareholders approving the transaction at the Extraordinary General Court (EGC) on 19th May 2010.

Transaction Fee

The NPRF will receive €51m in fees for its participation in the transaction.

Change in Coupon Rate on 2000 Preference Stock

The transaction will also involve the coupon rate on the remaining preference stock increasing from 8% to 10.25%.

Following the transactions, the NPRF's directed investment in Bank of Ireland will not be greater than 36% of the bank's ordinary share capital and may be lower depending on the outcome of debt for equity offers by Bank of Ireland.