

BOI CAPITAL FUNDING (NO.1) LP

(a limited partnership organised under the laws of England and Wales)

€600,000,000

**Fixed Rate/Variable Rate Guaranteed Non-voting
Non-cumulative Perpetual Preferred Securities
having the benefit of a subordinated guarantee of**

The Governor and Company of the Bank of Ireland

*(Established in Ireland by Charter in 1783, and having limited liability
Registered in Ireland No. C-1)*

Issue price: €1,000 per Preferred Security

The €600,000,000 Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities (the “**Preferred Securities**”), each with a liquidation preference of €1,000 (the “**Liquidation Preference**”), comprising limited partnership interests in BOI Capital Funding (no.1) LP (the “**Issuer**”), are proposed to be issued on 2nd March, 2005 (the “**Closing Date**”). The Preferred Securities will entitle holders to receive (subject as described herein under “*Description of the Preferred Securities*”) non-cumulative preferential cash distributions (“**Distributions**”) payable annually in arrear on 3rd March in each year (each a “**Distribution Payment Date**”) at the rates of interest per annum as more fully described herein under “*Description of the Preferred Securities*”.

As an English limited partnership, the Issuer will not be a legal entity separate from its partners. All obligations of the Issuer to make payments in respect of the Preferred Securities will be guaranteed on a limited and subordinated basis by The Governor and Company of the Bank of Ireland (the “**Guarantor**” or “**Bank of Ireland**”) pursuant to a subordinated guarantee dated 2nd March, 2005 (the “**Subordinated Guarantee**”), all as more fully described herein under “*Subordinated Guarantee*”.

The Preferred Securities will be perpetual securities and not subject to any mandatory redemption provisions. The Preferred Securities will be redeemable however, subject to the prior consent of the Irish Financial Services Regulatory Authority (the “**Regulator**”), on 3rd March, 2010 or on any Distribution Payment Date thereafter in whole, but not in part, at the option of BOI G.P. NO 1 LIMITED, which is the general partner of the Issuer (the “**General Partner**”), at the Liquidation Preference, plus any Additional Amounts (as defined herein), plus any accrued and unpaid Distributions for the then current Distribution Period (as defined herein) subject to compliance with the Limited Partnerships Act 1907. The Preferred Securities will also be redeemable at the option of the General Partner, subject to the prior consent of the Regulator, in whole but not in part, at any time prior to 3rd March 2010 following the occurrence of a Special Redemption Event (as defined herein), as more fully described herein under “*Description of the Preferred Securities*”.

In the event of the dissolution of the Issuer arising as a consequence of the winding-up of the Guarantor, holders of Preferred Securities will be entitled to receive a liquidation preference in an amount equal to the distributions that those holders would have received in a dissolution of the Guarantor at that time, if they had held, instead of the Preferred Securities, non-cumulative preference shares issued directly by the Guarantor, having the same liquidation preference and stated distribution rate as the Preferred Securities, subject as described herein under “*Description of the Preferred Securities*”.

The Preferred Securities are expected to be assigned on issue a rating of “A2” by Moody’s Investors Services, Inc. and “A-” by Standard & Poor’s Ratings Services, a division of the McGraw Hill Companies Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal, at any time by the relevant rating organisation.

See “**Investment Considerations**” for a discussion of certain factors that should be considered by prospective investors. Investors should note, without limitation, that the Preferred Securities have no fixed date for repayment, being perpetual in nature.

Application has been made to list the Preferred Securities on the Official Segment of the Stock Market of Euronext Amsterdam N.V. (**Euronext Amsterdam**). This Offering Circular constitutes a prospectus for the purposes of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam N.V.

The Preferred Securities will be represented on issue by a single global certificate in registered form (the “**Global Certificate**”). The Global Certificate will be registered in the name of Citivic Nominees Limited as nominee for, and will be deposited with, a common depository for Euroclear Bank S.A./N.V. as operator of the Euroclear system (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) on or around the Closing Date.

Joint Bookrunners and Lead Managers

BNP PARIBAS

Davy

Merrill Lynch International
Structuring Adviser

UBS Investment Bank
Structuring Adviser

The date of this Offering Circular is 25th February, 2005

Each of the General Partner (in relation to itself, the Issuer and the Preferred Securities only) and the Guarantor confirms, after having made all reasonable enquiries, that this Offering Circular contains all information with regard to the Issuer, the General Partner, the Guarantor and its subsidiaries (together, the “Group” or the “Bank of Ireland Group”) and the Preferred Securities which is material in the context of the issue of the Preferred Securities, that the information contained in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which makes this Offering Circular as a whole, or any such information or the expression of any such opinion or intention, misleading. Each of the General Partner and the Guarantor accepts responsibility accordingly.

No person has been authorised to give any information or to make any representation not contained or incorporated in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the General Partner, the Guarantor or the Managers (as defined under “*Subscription and Sale*” below). Neither the delivery of this Offering Circular nor any subscription, sale or purchase made in connection herewith shall, in any circumstances, create any implication that there has been no change in the affairs of the Issuer, the General Partner, the Guarantor or the Group since the date hereof.

Prospective investors should inform themselves as to the legal requirements and tax consequences within the countries of their residence and domicile for the acquisition, holding or disposal of Preferred Securities and any foreign exchange restrictions that might be relevant to them. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer or any of its partners, the General Partner, the Guarantor or the Managers to subscribe for or purchase any of the Preferred Securities.

Prospective investors should satisfy themselves that they understand all of the risks associated with making investments in the Preferred Securities. If a prospective investor is in any doubt whatsoever as to the risks involved in investing in the Preferred Securities, he should consult his professional advisers.

The Managers have not separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Managers as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Guarantor and/or the General Partner in connection with the Preferred Securities or their distribution.

The distribution of this Offering Circular and the offering of the Preferred Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the General Partner, the Guarantor and the Managers, to inform themselves about, and to observe, any such restrictions.

In respect of the United Kingdom, this Offering Circular is directed only at (a) investment professionals falling within article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CIS Order**”) and article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the “**Financial Promotion Order**”), who have professional experience of participating in unregulated schemes and of matters relating to investments; and (b) persons falling within article 22(2) of the Promotion of CIS Order and article 49(2) of the Financial Promotion Order. Preferred Securities are only available to such persons. Persons who do not either (i) have such professional experience in participating in unregulated schemes and in matters relating to investments or (ii) fall within said article 22(2) and 49(2) should not rely on this Offering Circular.

No action has been taken to permit a public offering of the Preferred Securities in any jurisdiction where action would be required for such purpose. Accordingly, the Preferred Securities may not be offered or sold, directly or indirectly, and this Offering Circular may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in that jurisdiction. In particular, the Preferred Securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”). Subject to certain exceptions, the Preferred Securities may not be offered, sold or delivered within the United States or to U.S. persons. A

further description of certain restrictions on the offering and sale of the Preferred Securities and on the distribution of this Offering Circular is given under “*Subscription and Sale*” below.

IN CONNECTION WITH THE ISSUE OF THE PREFERRED SECURITIES, MERRILL LYNCH INTERNATIONAL OR ANY PERSON ACTING FOR IT MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE PREFERRED SECURITIES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD. HOWEVER THERE MAY BE NO OBLIGATION ON MERRILL LYNCH INTERNATIONAL OR ANY PERSON ACTING FOR IT TO DO THIS. SUCH STABILISING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD AND IN ANY EVENT NO LATER THAN 30 DAYS AFTER THE ISSUE DATE. STABILISATION TRANSACTIONS CONDUCTED ON EURONEXT AMSTERDAM MUST BE CONDUCTED IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS OF EURONEXT AMSTERDAM AND ARTICLE 32 (AND ANNEX 6) OF THE FURTHER REGULATIONS ON MARKET CONDUCT SUPERVISION OF THE SECURITIES TRADE 2002 (*NADERE REGELING GEDRAGSTOEZICHT EFFECTENVERKEER 2002*), AND WILL END 30 DAYS AFTER THE ISSUE DATE OF THE PREFERRED SECURITIES. STABILISATION TRANSACTIONS CONDUCTED ON EURONEXT AMSTERDAM MUST BE CONDUCTED BY A MEMBER OF EURONEXT AMSTERDAM.

All references in this Offering Circular to “EUR”, “€” and “euro” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended, to “£” are to pounds sterling and to “U.S.\$” and “USD” are to the currency of the United States of America.

TABLE OF CONTENTS

	<i>Page</i>
Incorporation by Reference	4
Summary of the Preferred Securities and Subordinated Guarantee.....	5
Investment Considerations.....	11
Description of the Preferred Securities.....	13
Summary of Provisions Relating to the Preferred Securities in Global Form.....	27
Subordinated Guarantee.....	28
Use of Proceeds	35
BOI Capital Funding (no.1) LP	36
Bank of Ireland.....	38
Capitalisation and Indebtedness of the Group.....	51
Consolidated Profit and Loss Account.....	52
Consolidated Balance Sheet.....	53
Taxation.....	55
Subscription and Sale	59
General Information	62

INCORPORATION BY REFERENCE

The audited consolidated financial statements of the Guarantor for the years ended 31st March, 2002, 31st March, 2003 and 31st March, 2004 and the unaudited interim consolidated financial statements of the Guarantor for the six months ended 30th September, 2004, the Limited Partnership Agreement of the Issuer and the Articles of Association of the Guarantor are incorporated by reference in this Offering Circular. Copies of these financial statements are available free of charge at the specified office of each of the Paying and Transfer Agents as described in “*General Information*” below.

SUMMARY OF THE PREFERRED SECURITIES AND SUBORDINATED GUARANTEE

The following summary is qualified in its entirety by the more detailed information included elsewhere in this Offering Circular. Capitalised terms used but not defined in this summary shall bear the respective meanings ascribed to them under "Description of the Preferred Securities". Prospective investors should also consider carefully, amongst other things, the factors set out under "Investment Considerations".

Issuer:	<p>BOI Capital Funding (no.1) LP (the "Issuer"), an English limited partnership formed and registered under the Limited Partnerships Act 1907.</p> <p>The business of the Issuer is to raise and provide finance and financial support to the Guarantor and its subsidiaries (together, the "Group"). The general partner of the partnership will be BOI G.P. NO 1 LIMITED (the "General Partner"), a wholly owned subsidiary of the Guarantor incorporated in England and Wales with limited liability.</p> <p>The business of the partnership, as administered by, or on behalf of, the General Partner, will include the following:</p> <ul style="list-style-type: none">● acquiring and holding the Issuer's assets;● monitoring the Issuer's assets and determining whether they continue to be suitable; and● functions necessary or incidental thereto. <p>On the Closing Date, the Issuer's principal asset will be debt instruments issued by Bank of Ireland UK Holdings plc, a member of the Group (the "Subordinated Notes").</p> <p>The Subordinated Notes will constitute junior subordinated debt obligations of Bank of Ireland UK Holdings plc. The Subordinated Notes will have, in all material commercial respects, pricing terms which are equivalent to the Preferred Securities, and will be listed on a stock exchange whereby the Subordinated Notes will qualify as "quoted eurobonds".</p> <p>Should the Subordinated Notes be redeemed whilst the Preferred Securities remain in issue they will be replaced by Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter.</p>
General Partner:	BOI G.P. NO 1 LIMITED
Guarantor:	The Governor and Company of the Bank of Ireland
Issue:	€600,000,000 Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities, each with a liquidation preference of €1,000 (the " Liquidation Preference "), comprising interests in a limited partnership share in the Issuer.
Use of Proceeds:	The proceeds of the issue of the Preferred Securities will augment the Group's regulatory capital base. The Issuer will use the proceeds raised from the issuance of the Preferred Securities to subscribe for the Subordinated Notes.
Subordinated Guarantee:	The Guarantor will provide a subordinated guarantee executed by the Guarantor on 2nd March, 2005 as a deed poll (the " Subordinated Guarantee "), which will be in favour of the Holders.

The Subordinated Guarantee will rank *pari passu* with the most senior non-cumulative perpetual preference shares or preferred securities of the Guarantor (whether or not in issue).

Thus on the date of issue the Subordinated Guarantee will rank *pari passu* with:

- the Guarantor's outstanding Non Cumulative Preference Stock (currently 1,876,090 units of £1 each and 3,026,598 units of €1.27 each);
- the guarantee entered into by the Guarantor in respect of the outstanding euro 7.4 per cent. Guaranteed Step-up Callable Perpetual Preferred Securities issued by Bank of Ireland UK Holdings plc; and
- the guarantee entered into by the Guarantor in respect of the outstanding sterling 6.25 per cent. Guaranteed Non-step up Callable Perpetual Preferred Securities issued by Bank of Ireland UK Holdings plc.

Distributions:

The Preferred Securities will entitle Holders to receive (subject as described below) non-cumulative preferential cash distributions (the "**Distributions**").

Distributions will be payable out of the Issuer's own legally available resources annually in arrear on 3rd March in each year (each a "**Distribution Payment Date**") at a fixed rate of 6.25 per cent. per annum in respect of the period from and including the Closing Date to but excluding the Distribution Payment Date falling on 3rd March, 2007 and thereafter at a variable rate of interest per annum which is the lesser of (i) the aggregate of 0.10 per cent. per annum and the annual spot 10 year EUR fixed versus 6 month EUR EURIBOR swap rate and (ii) 8 per cent. per annum, as more fully described under "Description of the Preferred Securities – Distributions".

Notwithstanding the existence of such resources legally available for distribution by the Issuer, the Issuer will not pay any Distributions to the Holders and the Guarantor will not make any payment in respect of Distributions (including any Additional Amounts) under the Subordinated Guarantee:

- (a) to the extent that such payment, together with the amount of any distributions or dividends paid or scheduled to be paid to holders of Parity Securities on the relevant Distribution Payment Date would exceed Adjusted Distributable Reserves as at the day falling 10 Business Days in Dublin prior to such Distribution Payment Date; or
- (b) even if Adjusted Distributable Reserves are sufficient:
 - (i) to the extent that such payment in respect of the Preferred Securities and/or Parity Securities and/or the Subordinated Guarantee would breach or cause a breach of Capital Adequacy Regulations then applicable to the Group as determined by the Guarantor's Court of Directors in its sole discretion; or
 - (ii) to the extent that the Guarantor is not meeting its minimum capital requirements or is not meeting its solvency ratios as determined by the Guarantor's Court of Directors (and as notified by the Guarantor's Court

of Directors to the Regulator and the Issuer) in its sole discretion; or

- (iii) provided a Deemed Declaration Notice has not been delivered, if the Guarantor's Court of Directors has resolved not later than the day falling 10 Business Days in Dublin prior to a Distribution Payment Date that no Distributions should be made on such Distribution Payment Date; or
- (iv) if the Regulator has instructed the General Partner or the Guarantor not to make such payment.

Provided a Deemed Declaration Notice has not been delivered, the discretion of the Guarantor's Court of Directors to resolve that a Distribution should not be paid is unfettered. However the Guarantor's Court of Directors will exercise such discretion if the Guarantor or any of its Subsidiaries has suspended payment of, deferred or not paid the most recent payment on any of its Tier 1 Securities (unless such payment is the last payment in the Dividend Stopper Period) or Tier 2 Securities (unless prior to such Distribution Payment Date all the arrears of interest in respect of such Tier 2 Security have been paid).

To the extent that a Distribution is not paid by reason of the limitations described above, no payment under the Subordinated Guarantee will be paid, or may be claimed in respect thereof.

If a take-over of the Guarantor made under the Irish Take-over Panel Act 1997 Takeover Rules 1997 is completed, the General Partner shall prior to the next Distribution Payment, publish a Deemed Declaration Notice in which event the discretion under (b)(iii) above reserved to the Guarantor's Court of Directors shall no longer apply.

Subject to (b) above, if, on any Distribution Payment Date, Distributions are not paid in full on the Preferred Securities or dividends or other distributions are not paid in full on any Parity Securities, but the Guarantor's Court of Directors determine that there are sufficient Adjusted Distributable Reserves, the General Partner may determine to pay the Relevant Proportion of such Distribution, as more fully described under "*Description of the Preferred Securities – Distributions*".

Distribution and Capital Stopper: The Guarantor will undertake in the Subordinated Guarantee that, in the event that any Distribution is not paid in full, it will:

- (a) not declare and pay (or make a guarantee payment in respect of) any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Junior Share Capital until the applicable Dividend Stopper Period has expired;
- (b) subject as provided below, not declare and pay (or make a guarantee payment in respect of) any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Parity Security for the applicable Dividend Stopper Period; and
- (c) in the event that less than the full amount of any Distribution is paid on any Distribution Payment Date, not repurchase or redeem Junior Share Capital or Parity

Securities until the applicable Dividend Stopper Period has expired.

The Guarantor will also undertake in the Subordinated Guarantee that, in the event that on a Distribution Payment Date the Relevant Proportion of a Distribution is paid it will, subject as provided below, only declare and pay (or make a payment under a guarantee in respect of) an amount not exceeding the Relevant Proportion of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security for the applicable Dividend Stopper Period.

Trigger Event and Substituted Preference Stock:

If a Trigger Event (as defined under “*Description of the Preferred Securities – Definitions and Interpretation*”) occurs and is continuing then the General Partner has the discretion to cause, and if the Regulator so requires will cause, the substitution of the Preferred Securities for non-cumulative preference stock issued directly by the Guarantor (the “**Preferred Securities Substitution**”).

On the substitution date, each Preferred Security of €1,000 in liquidation preference will be substituted for one unit of Substituted Preference Stock (as defined under “*Description of the Preferred Securities – Definitions and Interpretation*”) which will have a liquidation preference of €1,000 and have rights as to quantum of distributions and upon liquidation equivalent to the Preferred Securities.

The General Partner will notify holders if a Trigger Event occurs and the Preferred Securities Substitution is to take place. In the notice the General Partner will include information of the procedures for effecting the Preferred Securities Substitution.

If a Preferred Securities Substitution occurs it is the current intention of the General Partner to arrange for an alternative method for investors to hold their Substituted Preference Stock. If an accountholder elects for the alternative method, then instead of delivering each unit of Substituted Preference Stock directly to the investors, the General Partner will invite a third party investment bank to arrange for the establishment of a finance company which will receive each relevant unit of Substituted Preference Stock. Each relevant investor will receive a security in a nominal amount of €1,000 issued by the finance company and backed by the Substituted Preference Stock. The General Partner will only offer this alternative means of holding the Substituted Preference Stock if under Irish law in force at the time of the Preferred Securities Substitution such an arrangement would enable investors to hold the security in Euroclear or Clearstream and receive cash flows on the Substituted Preference Stock free of Irish withholding taxes and such security would be transferable free of Irish stamp taxes.

The above statements in italics will not form part of the terms of the Preferred Securities and thus will not constitute a contractually binding commitment.

No Preferred Securities Substitution will take place and the Holders will continue to hold their Preferred Securities and all their rights thereunder if prior to the substitution date, a winding-up of the Guarantor occurs.

See “*Investment Considerations – Substitution*”.

- Optional Redemption:** The Preferred Securities will be perpetual securities and are not subject to any mandatory redemption provisions. They will, however, be redeemable on 3rd March, 2010 (the “**First Call Date**”) or on any Distribution Payment Date thereafter, in whole but not in part, at the option of the General Partner and subject to the satisfaction of the Redemption Conditions, at the Optional Redemption Price.
- Special Redemption Event:** If as a result of a change in applicable law or regulation or in the official interpretation or application thereof for the purposes of the Regulator’s Capital Adequacy Regulations at that time the Preferred Securities can no longer qualify for inclusion in Tier 1 Capital, the Preferred Securities will be redeemable at any time on or before the First Call Date in whole, but not in part, at the option of the General Partner, subject to satisfaction of the Redemption Conditions at the Optional Redemption Price.
- Ranking of the Preferred Securities:** The Preferred Securities, together with the Subordinated Guarantee, are intended to provide Holders with rights on liquidation equivalent to non-cumulative preference shares of the Guarantor, whether or not issued.
- Claims under the Preferred Securities in respect of any Liquidation Distributions will rank:
- (i) senior to the rights of the General Partner in respect of other partnership interests issued by the Issuer; and
 - (ii) *pari passu* with claims of the holders of all other preferred securities issued by the Issuer which rank *pari passu* with the Preferred Securities.
- Rights upon Liquidation:** In the event of the dissolution of the Issuer, Holders will be entitled to receive, subject as set out below, for each Preferred Security a Liquidation Distribution out of the assets of the Issuer legally available for distribution.
- Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to Holders as aforesaid, if, at the time such Liquidation Distribution is to be paid, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution payable per Preferred Security shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been non-cumulative preference shares issued by the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:
- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes, or is capable of constituting, Tier 1 Capital or which is referred to in (b) or (c) below and any other liability expressed to rank *pari passu* with or junior to the Subordinated Guarantee);
 - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with the Subordinated Guarantee; and
 - (c) senior to Junior Share Capital.

In the event of an order being made for the liquidation, dissolution or winding-up of the Guarantor or a declaration being made that the Guarantor is insolvent, the Issuer shall be dissolved and the amount per Preferred Security to which Holders will be entitled as a Liquidation Distribution will be as described above.

Withholding Tax and Additional Amounts:

The Issuer will pay such additional amounts (“**Additional Amounts**”) as may be necessary in order that the net payment received by each Holder in respect of the Preferred Securities, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments made by or on behalf of the Issuer, will equal the amount which would have been received in the absence of any such withholding taxes, subject to certain exceptions.

The Subordinated Guarantee will contain a similar provision in respect of United Kingdom and Irish taxes.

Administrator:

The Issuer will appoint an administrator to perform those operational matters in relation to the Issuer required under the Financial Services and Markets Act 2000 to be performed by a person authorised by the United Kingdom Financial Services Authority to establish, operate and wind-up collective investment schemes.

Form of the Preferred Securities:

The Preferred Securities will be in registered form.

On or about the Closing Date, a single global certificate (the “**Global Certificate**”) in respect of the Preferred Securities will be deposited with Citibank, N.A. (the “**Common Depositary**”). Such certificate will be issued, and the Preferred Securities will be registered, in the name of Citivic Nominees Limited (the “**Initial Limited Partner**”) as nominee of the Common Depositary.

For so long as the Preferred Securities are deposited and registered as described above, book-entry interests in the Preferred Securities will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

Definitive certificates will not be made available to Holders other than in certain limited circumstances. See “*Summary of Provisions Relating to the Preferred Securities in Global Form*”.

Netherlands Paying Agent:

Citibank International plc

Listing:

Application has been made to list the Preferred Securities on Euronext Amsterdam.

Rating:

The Preferred Securities are expected to be assigned, on issue, a rating of “A2” by Moody’s Investors Service, Inc. and a rating of “A-” by Standard & Poor’s Ratings Services, a division of the McGraw Hill Companies Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

Governing Law:

The Limited Partnership Agreement establishing the Issuer, and subject as set out below, the Preferred Securities and the Subordinated Guarantee will be governed by, and construed in accordance with, English law.

The subordination provisions in the Limited Partnership Agreement and in the Subordinated Guarantee will be governed by, and construed in accordance with, Irish law.

INVESTMENT CONSIDERATIONS

Prospective investors should carefully consider the following information in conjunction with the other information contained in this Offering Circular. Capitalised terms used but not defined in this section shall bear the respective meanings ascribed to them under the “Description of the Preferred Securities”.

Risks Associated with the Guarantor’s Financial Condition

An investment in the Preferred Securities will have similar economic risks to an investment in non-cumulative perpetual preference stock issued directly by the Guarantor having the same liquidation preference and rate of distribution as the Preferred Securities. The Issuer is a newly established limited partnership with no previous operating history or revenues. It is expected that the Issuer’s sole source of funds to pay Distributions on the Preferred Securities will be payments which it receives from its investments in subordinated notes issued by a directly or indirectly owned subsidiary of the Guarantor (the “**Subordinated Notes**”). The rights of Holders shall be represented solely by the Subordinated Guarantee and the Preferred Securities, and under no circumstances will the rights of Holders be represented by the Subordinated Notes nor shall Holders be entitled to receive or hold the Subordinated Notes. The Preferred Securities are guaranteed on a limited and subordinated basis by the Guarantor pursuant to the terms of the Subordinated Guarantee. Accordingly, if the Guarantor’s financial condition were to deteriorate, the Holders may suffer direct and materially adverse consequences, including non-payment of Distributions on the Preferred Securities or of payments under the Subordinated Guarantee.

Distributions Not Cumulative

Distributions on the Preferred Securities are not cumulative. As set out in “*Description of the Preferred Securities*”, Distributions on the Preferred Securities will subject to the discretion of the Court of Directors of the Guarantor be paid on each Distribution Payment Date out of interest received by the Issuer from its investments in the Subordinated Notes and from other resources legally available, if any, unless the Guarantor has insufficient Adjusted Distributable Reserves or such payment would breach or cause a breach of Irish banking capital adequacy requirements then applicable to the Group. Furthermore, distributions will not be paid if the Guarantor or the General Partner is instructed not to make such payment by the Regulator. Provided a Deemed Declaration Notice has not been delivered, the discretion of the Court of Directors of the Guarantor to resolve that a Distribution should not be paid is unfettered. However the Court of Directors will exercise such discretion if the Guarantor or any of its Subsidiaries has suspended payment of, deferred or waived the most recent payment on any of its Tier 1 Securities (unless such payment is the last payment in the Dividend Stopper Period) or Tier 2 Securities (unless prior to such Distribution Payment Date all the arrears of interest in respect of such Tier 2 Security have been paid). If Distributions on the Preferred Securities for any Distribution Period are not paid, the Holders will not be entitled to receive such Distributions (or any payment under the Subordinated Guarantee in respect of such Distributions).

Perpetual Nature of the Preferred Securities

The Preferred Securities have no fixed final redemption date and Holders have no rights to call for the redemption of the Preferred Securities. Although the Issuer may redeem the Preferred Securities in certain circumstances (including at its option on 3rd March, 2010 or on any Distribution Payment Date thereafter or at any time on or before 3rd March, 2010 following the occurrence of a Special Redemption Event), there are limitations on its ability to do so. Therefore, Holders should be aware that they may be required to bear the financial risks of an investment in the Preferred Securities for an indefinite period of time.

Substitution

If a Trigger Event occurs and is continuing the General Partner has the discretion to cause, and if the Regulator so requires will cause, the substitution of the Preferred Securities with fully paid non-cumulative preference stock issued by the Guarantor.

Although the Guarantor has undertaken to apply for a listing for the Substituted Preference Stock there can be no assurance that, in the event that a Trigger Event occurs and is continuing, a recognised stock exchange will agree to list such Substituted Preference Stock.

If a Preferred Securities Substitution occurs it is the current intention of the General Partner to arrange for an alternative method for investors to hold their Substituted Preference Stock. If an accountholder elects for the alternative method, then instead of receiving units of Substituted Preference Stock directly, the General Partner will invite a third party investment bank to arrange for the establishment of a finance company which will receive each relevant unit of Substituted Preference Stock. Each relevant investor will receive a security in a nominal amount of €1,000 issued by the finance company and backed by the Substituted Preference Stock.

The General Partner will only offer this alternative means of holding the Substituted Preferred Stock if under Irish law in force at the time of Preferred Securities Substitution such an arrangement would enable investors to hold the security in Euroclear or Clearstream and receive cash flows on the Substituted Preference Stock free of Irish withholding taxes and such security would be transferable free of Irish stamp taxes.

It may not be possible for the Bank and the General Partner to effect this arrangement and the efficacy of any such arrangement is subject to any change in the tax or regulatory regime.

If the Bank issues the Substituted Preference Stock directly to the holders of the Preferred Securities then under the current Irish tax regime dividends on such Substituted Preference Stock and amounts payable on liquidation may be subject to Irish withholding taxes. In such circumstance the Bank will, subject to having available distributable profits, pay such additional amounts by way of extra dividend to investors as may be necessary in order that the net payments under the Substituted Preference Stock, after any withholding for taxes imposed by Ireland on such payments, will equal the amount that would have been received in the absence of any such withholding.

If any Substituted Preference Stock is issued directly to investors transfers will be subject to Irish stamp duty at a rate of 1 per cent., see "Taxation – Ireland".

In addition, the tax treatment for holders of Substituted Preference Stock or the security issued by the finance company may be different from that for Holders of the Preferred Securities.

No Limitation on Senior Debt

The obligations of the Guarantor under the Subordinated Guarantee will rank junior as to payments to all liabilities to creditors of the Guarantor (including without limitation depositors, general creditors and subordinated debt holders) and claims of holders of senior ranking securities. In the event that the Guarantor is wound-up, liquidated or dissolved, the assets of the Guarantor would be available to pay obligations under the Subordinated Guarantee only after all payments have been made on such senior liabilities and claims. The Guarantor is not prohibited from issuing, guaranteeing or otherwise incurring further debt ranking *pari passu* with, or senior to, its obligations under the Subordinated Guarantee.

Absence of prior public markets

The Preferred Securities constitute a new issue of securities by the Issuer. Prior to this issue, there will have been no public market for the Preferred Securities. Although application has been made for the Preferred Securities to be listed on Euronext Amsterdam, there can be no assurance that an active public market for the Preferred Securities will develop and, if such a market were to develop, the Managers are under no obligation to maintain such a market. The liquidity and the market prices for the Preferred Securities can be expected to vary with changes in market and economic conditions, the financial condition and prospects of the Guarantor and other factors that generally influence the market prices of securities.

DESCRIPTION OF THE PREFERRED SECURITIES

The Preferred Securities are limited partnership interests in the Issuer. The following description should be read in conjunction with, and is subject to the terms of, the Limited Partnership Agreement, a copy of which is available for inspection as described under "General Information".

1. Definitions and Interpretation

In this description of the Preferred Securities, except to the extent that the context otherwise requires:

"Act" means the Limited Partnerships Act 1907, as amended and/or restated from time to time;

"Additional Amounts" means the additional amounts which may be payable in respect of the Preferred Securities as described in paragraph 6;

"Adjusted Distributable Reserves" means, at any time, the aggregate amount of accumulated retained earnings and any other reserves and surpluses of each member of the Group capable of being available for distribution as cash dividends to holders of the ordinary share capital of the Guarantor under the Companies Acts;

"Agency Agreement" means the agency agreement dated 2nd March, 2005 relating to the Preferred Securities between, *inter alios*, the Guarantor, the Registrar and the Paying and Transfer Agents;

"Business Day" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place or places;

"Calculation Agent" means Citibank, N.A. or any successor or assignee appointed under the Agency Agreement;

"Call Date" means the First Call Date and each Distribution Payment Date thereafter;

"Capital Adequacy Regulations" means at any time the regulations, requirements, guidelines and policies relating to capital adequacy then in effect of the Regulator or such other governmental authority in Ireland (or, if the Guarantor becomes domiciled in a jurisdiction other than Ireland, in such other jurisdiction) having primary bank supervisory authority with respect to the Guarantor;

"Clearstream, Luxembourg" means Clearstream Banking, société anonyme or its successor;

"Closing Date" 2nd March, 2005;

"Companies Acts" means the Companies Act 1963 to 2003 of Ireland, as amended and/or restated from time to time and all statutory instruments to be construed as one therewith;

"Deemed Declaration Notice" has the meaning set out in paragraph 2.4.2;

"Distribution Amount" has the meaning set out in paragraph 2.13;

"Distribution Determination Date" means the second TARGET Business Day prior to the beginning of each Distribution Period;

"Distribution Payment Date" means 3rd March in each year;

"Distribution Period" means the period from, and including, the Closing Date to, but excluding, the first Distribution Payment Date and each period thereafter from, and including, one Distribution Payment Date to, but excluding, the next following Distribution Payment Date;

"Distributions" means the non-cumulative distributions in respect of the Preferred Securities as described under paragraph 2;

"Dividend Stopper Period" means with respect to any Distribution Payment Date or the equivalent term in respect of any Parity Security, one calendar year from and including the earlier of the date (i) on which a full Distribution is not paid on the Preferred Securities or (ii) on which a full scheduled dividend or distribution on any Parity Security has not been paid;

"Euroclear" means Euroclear Bank S.A./N.V. as operator of the Euroclear system or its successor;

“**Euronext Amsterdam**” means the Official Segment of the Stock Market of Euronext Amsterdam N.V.;

“**Euro-zone**” means the region comprised of the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25th March, 1957) as amended;

“**Exchange Event**” means that either or both Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days or more (other than for the purposes of a public holiday) or announces an intention permanently to cease business;

“**FSA**” means the United Kingdom’s Financial Services Authority (or any successor body);

“**First Call Date**” means 3rd March, 2010;

“**Fixed Rate Distribution Period**” has the meaning set out in paragraph 2.2;

“**General Partner**” means BOI G.P. NO 1 LIMITED or any other entity appointed by BOI G.P. NO. 1 LIMITED to replace it provided that such replacement does not give rise to a right of redemption under paragraph 4.3;

“**Group**” means the Guarantor and the Subsidiaries;

“**Guarantor**” means The Governor and Company of the Bank of Ireland and its successors and assignees;

“**Guarantor Additional Amounts**” means additional amounts payable by the Guarantor under the Subordinated Guarantee;

“**Holder**” means, in respect of each Preferred Security, each person registered on the Register as the limited partner holding such Preferred Security at the relevant time;

“**Initial Holder**” means Citivic Nominees Limited;

“**Issuer**” means BOI Capital Funding (no.1) LP;

“**Junior Share Capital**” means the ordinary shares of the Guarantor, together with any other securities or obligations expressed to rank junior to non-cumulative preferred securities or preference shares of the Guarantor, whether issued directly by the Guarantor or by the Issuer or another Subsidiary or other entity benefiting from a guarantee or support agreement from the Guarantor expressed to rank junior to the Subordinated Guarantee;

“**Limited Partnership Agreement**” means an agreement dated 25th February, 2005 between the General Partner and the Initial Holder establishing the Issuer, as the same may be amended from time to time;

“**Liquidation Distribution**” means the Liquidation Preference plus (a) any due and accrued but unpaid Distributions calculated from (and including) the immediately preceding Distribution Payment Date (or, if none, the Closing Date) to (but excluding) the date of payment and (b) any Additional Amounts, in each case in cash only;

“**Liquidation Preference**” means the liquidation preference of €1,000 per Preferred Security;

“**Optional Redemption Price**” means, in respect of each Preferred Security, the Liquidation Preference plus (a) any due and accrued but unpaid Distributions calculated from (and including) the immediately preceding Distribution Payment Date (or, if none, the Closing Date) to (but excluding) the date of payment and (b) any Additional Amounts payable, in each case in cash only;

“**Parity Securities**” means any preference shares, preferred securities (other than the Preferred Securities) or other securities either (a) issued directly by the Guarantor and ranking *pari passu* with the Guarantor’s obligations under the Subordinated Guarantee or (b) issued by the Issuer or any Subsidiary or other entity and entitled to the benefit of the Subordinated Guarantee or any other guarantee or support agreement ranking *pari passu* with the Subordinated Guarantee and will thus currently include any outstanding euro 7.4 per cent. Guaranteed Step-up Callable Perpetual Preferred Securities issued by Bank of Ireland UK Holdings plc, any outstanding Non cumulative Preference Stock (currently 1,876,090 units of £1.00 each and 3,026,598 units of (1.27 each) issued by the Guarantor and any outstanding sterling 6.25 per cent. Guaranteed, Non-step up Callable Perpetual Preferred Securities issued by Bank of Ireland UK Holdings plc;

“Paying and Transfer Agents” means Citibank, N.A., Citibank International plc or such other entities as are appointed by the General Partner on behalf of the Issuer and notified to the Holders as described under paragraph 10;

“Preferred Capital Contribution” means, in relation to the Preferred Securities, the aggregate contribution to the assets of the Issuer (being a whole multiple of €1,000) paid in cash by the Holders;

“Preferred Securities” means the € Fixed Rate/Variable Rate Guaranteed Non-Voting Non-Cumulative Perpetual Preferred Securities outstanding, originally issued on the Closing Date in the principal amount of €600,000,000, each such security representing an interest of a Holder in the Issuer attributable to each €1,000 of the Preferred Capital Contribution and including any further Preferred Securities of the Issuer of the same series issued after the Closing Date and ranking *pari passu* with the Preferred Securities as regards participation in the profits and assets of the Issuer and **“Preferred Security”** shall be construed accordingly;

“Preferred Securities Substitution” has the meaning set out in paragraph 5.1;

“Preferred Securities Substitution Confirmation” has the meaning set out in paragraph 5.4;

“Preferred Securities Substitution Date” has the meaning set out in paragraph 5.2;

“Redemption Conditions” means, with respect to any redemption, (i) that the consent of the Regulator to the redemption, if then required by the Regulator, has been obtained, and (ii) the Guarantor has (a) Adjusted Distributable Reserves or (b) proceeds available from an issue of Replacement Capital that has been made for the purpose of funding the redemption, in either of cases (ii)(a) or (b) in an amount at least equal to the aggregate Optional Redemption Price;

“Register” means the register of Holders maintained outside Ireland and the United Kingdom on behalf of the Issuer;

“Registrar” means Citigroup Global Markets Deutschland AG & Co. KGaA or such other entity appointed by the Issuer and notified to the Holders as described under paragraph 10;

“Regulator” means the Irish Financial Services Regulatory Authority as part of the Central Bank and Financial Services Authority of Ireland or such other national or supranational regulatory authority as may at the relevant time have responsibility for the regulation and supervision of banks in Ireland (or, if the Guarantor becomes domiciled in a jurisdiction other than Ireland, in such other jurisdiction);

“Relevant Proportion” means:

- (a) in relation to any partial payment of a Distribution on a Preferred Security, a fraction of which the numerator is an amount set at the absolute discretion of the Guarantor’s Court of Directors being no more than Adjusted Distributable Reserves as of the most recently available audited accounts for the previous financial year of the Guarantor or interim accounts for the previous half year of the Guarantor on the first day of the relevant Dividend Stopper Period and the denominator is the sum of (i) the amount originally scheduled to be paid on the Preferred Securities during the Dividend Stopper Period (on the basis that 10 year EUR Swap Rate will remain unchanged during such period) and (ii) the aggregate of distributions or dividends originally scheduled (also disregarding for such purpose possible movements in interest rates or any other fluctuating benchmark used in calculating such distribution or dividend) to be payable to holders of Parity Securities during the Dividend Stopper Period, converted where necessary into euro; and
- (b) in relation to any partial payment of any Liquidation Distribution on a Preferred Security, the total amount available for any such payment and for making any corresponding payment of a liquidation distribution on any Parity Securities divided by the sum of (i) the full Liquidation Distributions before any reduction or abatement in respect of the Preferred Securities and (ii) the amount of the full liquidation distribution before any reduction or abatement in respect of any Parity Securities, converted where necessary into the same currency in which liquidation payments are made to creditors of the Guarantor;

“Replacement Capital” means shares or other securities issued by the Guarantor or a Subsidiary or other entity which would, under the then generally accepted accounting principles in Ireland, qualify as at the date thereof for treatment as a minority interest or within shareholders’ funds in the Guarantor’s accounts;

“Replacement Partnership Assets” means (i) subordinated debt securities (other than the Subordinated Notes) that are issued by Bank of Ireland UK Holdings plc and having the same ranking in a liquidation of Bank of Ireland UK Holdings plc as the Subordinated Notes, or (ii) subject to the prior approval of the Regulator, such other instruments issued by a member of the Group as the General Partner may determine from time to time, in each case having in all material commercial respects, pricing and economic terms which are equivalent to the Subordinated Notes held by the Issuer as initial partnership assets, and for the avoidance of doubt in both cases if the Replacement Partnership Assets are debt of a UK company the Replacement Partnership Assets shall, in the event of their issuance, be the subject of an application for listing on a recognised stock exchange in accordance with Section 841 of the Income and Corporation Taxes Act 1988;

“Screen Rate” means the 10 year EUR Swap Rate appearing on Reuters Screen Page ISDAFIX2 under the caption “EURIBOR BASIS” or such other page or service determined by the Calculative Agent as may replace Reuters Screen ISDAFIX2;

“Special Redemption Event” means change in any applicable law or regulation, or in the official interpretation or application thereof, as a result of which, for the purposes of the Regulator’s Capital Adequacy Regulations at that time, the Preferred Securities can no longer qualify for inclusion in Tier 1 Capital;

“Special Redemption Event Redemption Date” has the meaning set out in paragraph 4.3;

“Stock Exchange” means Euronext Amsterdam or such other stock exchange approved by the General Partner on which the Preferred Securities may be listed from time to time;

“Subordinated Guarantee” means the subordinated guarantee in respect of the Preferred Securities executed by the Guarantor on 2nd March, 2005 as a deed poll;

“Subordinated Notes” means the € Fixed Rate/Variable Rate Subordinated Notes due 2035, originally issued on the Closing Date in the principal amount of €600,000,000, issued by Bank of Ireland UK Holdings plc and held by the Issuer as initial partnership assets or any Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter;

“Subsidiary” means any entity which is for the time being a subsidiary or subsidiary undertaking of the Guarantor (within the meaning of the Companies Acts);

“Substituted Preference Stock” means a class of non-cumulative perpetual preference stock of the Guarantor ranking at least equally with the most senior ranking preference stock of the Guarantor in issue (if any) from time to time and having same distribution rates as the Preferred Securities and being redeemable at the option of the Guarantor on the First Call Date or any Distribution Payment Date thereafter at €1,000 per unit of Substituted Preference Stock;

“Substitution Date” has the meaning set out in paragraph 5.2;

“TARGET” means the Trans European Real-Time Gross Settlement Express Transfer (TARGET) System;

“TARGET Business Day” means a day on which TARGET is operating;

“Tier 1 Capital” has the meaning ascribed to it in the Central Bank of Ireland Implementation Notice dated 30th June, 2000 in respect of the Implementation of the EC Own Funds and Solvency Ratio Directives for Credit Institutions Incorporated in Ireland (BSD S 1/00) or any successor notification replacing such notice;

“Tier 2 Capital” has the meaning ascribed to it in the Central Bank of Ireland Implementation Notice dated 30th June, 2000 in respect of the Implementation of the EC Own Funds and Solvency Ratio Directives for Credit Institutions Incorporated in Ireland (BSD S1/100) or any successor notification replacing such notice;

“**Tier 1 Securities**” or “**Tier 2 Securities**” means respectively any obligation of the Guarantor or, as the case may be, a Subsidiary or other entity which is treated, or is capable of being treated, as Tier 1 Capital or, as the case may be, Tier 2 Capital of the Guarantor;

“**Trigger Event**” shall occur if any of the capital adequacy requirements, guidelines or measures or any other regulatory capital requirements, guidelines or measures applicable to the Guarantor under the Capital Adequacy Regulations, has been breached or is expected to be breached in the near term;

“**Trigger Event Notice**” has the meaning set out in paragraph 5.2; and

“**Variable Distribution Rate**” has the meaning set out in paragraph 2.12.

In this description of the Preferred Securities any reference to a particular time shall, unless otherwise specified, be to that time in London.

2. Distributions

2.1 Subject as provided in paragraph 2.4, non-cumulative distributions (the “**Distributions**”) on the Preferred Securities will accrue from the Closing Date (or, in the case of any further preferred securities issued pursuant to paragraph 8, from their respective dates of issue) and shall be payable annually in arrear on each Distribution Payment Date.

2.2 Distributions in respect of the Distribution Period from and including the Closing Date to but excluding 3rd March, 2007 will be payable on 3rd March, 2006 and 3rd March, 2007 in arrear at the rate of 6.25 per cent. per annum (the “**Fixed Distribution Rate**”). Distributions in respect of any subsequent Distribution Period will be payable on each Distribution Payment Date in arrear at the Variable Distribution Rate calculated on the amount of the Liquidation Preference.

Where Distributions are to be calculated in respect of any period other than a period falling during the first Distribution Period, the applicable day count fraction will be the number of days in the relevant period from and including the date from which Distributions begin to accrue to but excluding the date on which they are payable divided by the actual number of days in the Distribution Period in which the relevant period falls.

Where Distributions are to be calculated in respect of any period falling in the first Distribution Period, €0.17 per Preferred Security shall be added to the amount per Preferred Security calculated using a day count fraction of which the numerator is the number of days in the relevant period, from and including 2nd March, 2005 to but excluding the date of which the Distributions are payable, and the denominator is 365.

2.3 Distributions on the Preferred Securities will be non-cumulative. Subject to paragraph 2.4, Distributions on the Preferred Securities will be payable out of the Issuer’s own legally available resources on each Distribution Payment Date.

2.4 Notwithstanding the existence of resources legally available for distribution by the Issuer, the Issuer will not pay any Distributions (including Additional Amounts) to the Holders and the Guarantor will not make any payment in respect of Distributions (including any Guarantor Additional Amounts) under the Subordinated Guarantee:

2.4.1 to the extent that such payment, together with the amount of any distributions or dividends paid or scheduled to be paid to holders of Parity Securities on the relevant Distribution Payment Date would exceed Adjusted Distributable Reserves as at the day falling 10 Business Days in Dublin prior to such Distribution Payment Date; or

2.4.2 even if Adjusted Distributable Reserves are sufficient:

- (i) to the extent that such payment in respect of the Preferred Securities and/or Parity Securities and/or the Subordinated Guarantee would breach or cause a breach of Capital Adequacy Regulations then applicable to the Group as determined by the Guarantor’s Court of Directors in its sole discretion; or

- (ii) to the extent that the Guarantor is not meeting its minimum capital requirements or is not meeting its solvency ratios as determined by the Guarantor's Court of Directors (and as notified by the Guarantor's Court of directors to the Regulator and the Issuer) in its sole discretion;
- (iii) provided a Deemed Declaration Notice has not been delivered, if the Guarantor's Court of Directors has resolved not later than the day falling 10 Business Days in Dublin prior to a Distribution Payment Date that no Distributions should be made on the next Distribution Payment Date; or
- (iv) if the Regulator has instructed the General Partner or the Bank not to make such payment.

If a take-over of the Guarantor made under the Irish Take-over Panel Act 1997 Takeover Rules 1997 is completed, the General Partner shall prior to the next Distribution Payment Date publish a notice (a "**Deemed Declaration Notice**") in accordance with paragraph 10 in which event the discretion under 2.4.2(iii) reserved to the Guarantor's Court of Directors shall no longer apply.

- 2.5 Provided a Deemed Declaration Notice has not been delivered, the discretion of the Court of Directors of the Guarantor to resolve that a distribution should not be paid is unfettered. However the Guarantor's Court of Directors will exercise such discretion if the Guarantor or any of its Subsidiaries has suspended payment of, deferred or waived the most recent payment on any of its Tier 1 Securities (unless such payment is the last payment in the Dividend Stopper Period) or on any of its Tier 2 Securities (unless prior to such Distribution Payment Date all the arrears of interest in respect of such Tier 2 Security have been paid).
- 2.6 Subject to paragraph 2.4.2 above, if, whether by reason of the provisions of paragraph 2.4 or any equivalent article or term of a Parity Security, on any Distribution Payment Date, Distributions are not paid in full on the Preferred Securities or dividends or other distributions are not paid in full on any Parity Securities, but the Guarantor's Court of Directors determines that there are sufficient Adjusted Distributable Reserves so as to allow payment of part of any Distribution, the General Partner may, determine to pay the Relevant Proportion of any such Distribution. No Holder shall have any claim in respect of any Distribution or part thereof not payable as a result of the limitations set out in paragraph 2.4. Accordingly, such amounts will not cumulate for the benefit of Holders or entitle the Holders to any claim in respect thereof against the Issuer or against the Guarantor under the Subordinated Guarantee.
- 2.7 On each Distribution Determination Date, the Guarantor will determine whether or not a full or partial Distribution is to be made.
- 2.8 In the event that any Distribution is not to be paid in full, the General Partner will notify or procure notification to the Stock Exchange, the Registrar and the Paying and Transfer Agents and to Holders, in accordance with paragraph 10, of the amount, if any, being the Relevant Proportion (subject to paragraph 2.9) of such full Distribution to be paid in respect of that Distribution.
- 2.9 To the extent that the payment of the Relevant Proportion of a Distribution on the Preferred Securities or of the distribution or dividend on any Parity Security would otherwise exceed the amount of Adjusted Distributable Reserves actually available immediately before such payment, such Relevant Proportion shall not be payable.
- 2.10 Save as described above, Holders will have no right to participate in the profits of the Issuer or the Guarantor and in particular will have no rights to receive from the Issuer amounts paid to the Issuer in respect of its partnership assets in excess of Distributions due and payable under the Preferred Securities. In the event that any amounts received by the Issuer in respect of its partnership assets exceed the amount (if any) then due by way of Distribution under the Preferred Securities, the amount of such excess will be paid to the General Partner and Holders will have no rights in respect thereof. The liability of a Holder to contribute to the debts or obligations of the Issuer (if any) shall (subject to the Act) not exceed the amount of that Holder's Preferred Capital Contribution.

- 2.11 (a) In the event that less than the full amount of any Distribution is paid on any Distribution Payment Date, the Issuer will not declare and pay any distribution or dividend on any Junior Share Capital until the then applicable Dividend Stopper Period has expired.
- (b) In the event that on any Distribution Payment Date no Distribution is paid, the Issuer will subject as provided below, not declare and pay any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Parity Security during the then applicable Dividend Stopper Period.
- (c) In the event that on a Distribution Payment Date the Relevant Proportion of a Distribution is paid, the Issuer will, subject as provided below, only declare and pay an amount not exceeding the Relevant Proportion (subject as provided in paragraph 2.9 above) of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security during the then applicable Dividend Stopper Period.
- (d) In the event that less than the full amount of any Distribution is paid on any Distribution Payment Date, the Issuer will not repurchase or redeem Junior Share Capital or Parity Securities until the then applicable Dividend Stopper Period has expired.
- 2.12 The Variable Distribution Rate will be determined by the Calculation Agent on the basis of the Calculation Agent's determination on the Distribution Determination Date prior to the beginning of each Distribution Period of the annual spot 10 year EUR fixed versus 6 month EUR EURIBOR swap rate (expressed as a percentage) (the "**10 yr EUR Swap Rate**") by reference to Screen Rate at 11.00 a.m. (Central European Time) on such Distribution Determination Date.
- The variable rate (the "**Variable Distribution Rate**") for such Distribution Period shall be the lesser of (i) the aggregate of 0.10 per cent. per annum and the 10 yr EUR Swap Rate and (ii) 8 per cent. per annum. In the event that the screen rate does not appear as described above, the Guarantor shall promptly provide to the Calculation Agent full contact details of the relevant persons at four leading swap dealers in the interbank market, whereupon the Calculation Agent shall contact such persons to procure the 10yr EUR Swap Rate. Such rate will then be determined by taking the arithmetic average of all the rates obtained, or if only one rate is obtained then that rate will apply. If for any reason no rate can be procured in accordance with the foregoing, then the applicable rate will be equal to the screen rate for the immediately preceding Distribution Period, provided that where the Fixed Distribution Rate applies to such immediately preceding Distribution Period then the distribution rate for the Distribution Period will be equal to the Fixed Distribution Rate for such preceding Distribution Period.
- 2.13 The Calculation Agent will, as soon as practicable after 11.00 a.m. (Central European Time) on each Distribution Determination Date determine the Variable Distribution Rate and calculate the amount of variable distributions payable in respect of each Preferred Security (the "**Distribution Amount**") for the relevant Distribution Period. The Distribution Amount payable on each Preferred Security shall be calculated by applying the Variable Rate of Distribution for the Distribution Period concerned to the Liquidation Preference of the Preferred Security and multiplying such product in accordance with paragraph 2.2.
- 2.14 The Calculation Agent will cause the Variable Distribution Rate and the Distribution Amount for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuer, the Guarantor, the Principal Paying and Transfer Agent and any stock exchange on which the Preferred Securities are for the time being listed by no later than the first day of the relevant Distribution Period and the Calculation Agent will cause publication thereof in accordance with paragraph 10 as soon as possible after their determination but in any event no later than the fourth TARGET Business Day thereafter. The Distribution Payment Date so published may subsequently be amended (or appropriate arrangements made by way of adjustment).
- 2.15 All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this paragraph 2 by the Calculation Agent will (in the absence of wilful default, bad faith or manifest or proven error)

be binding on the Issuer, the Guarantor, the Paying and Transfer Agents and all Holders and (in the absence of wilful default, bad faith or manifest or proven error) no liability to the Issuer, the Guarantor or the Holders shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this paragraph 2.

- 2.16 The Guarantor shall procure that, so long as any of the Preferred Securities remain outstanding, there is at all times a Calculation Agent for the purposes of the Preferred Securities and the Guarantor may terminate the appointment of the Calculation Agent. In the event of the appointed office of any bank being unable or unwilling to continue to act as the Calculation Agent or failing duly to determine the Variable Distribution Rate and/or the Distribution Amount for any Distribution Period, the Guarantor shall appoint the Euro-zone office of another major bank engaged in the Euro-zone interbank market to act in its place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed.

3. Liquidation Distributions

- 3.1 In the event of the dissolution of the Issuer, the Holders will be entitled to receive the Liquidation Distribution, in respect of each Preferred Security held, out of the assets of the Issuer available for distribution to such Holders under the Act. Such entitlement will arise (a) before any payments due to the General Partner and the holder of any corresponding preferential right in respect of other partnership interests issued by the Issuer and (b) before any distribution of assets is made to the General Partner, but such entitlement will rank equally with the entitlement of the holders of all other preferred securities issued by the Issuer which rank *pari passu* with the Preferred Securities, if any.

Notwithstanding the availability of sufficient assets of the Issuer to pay any Liquidation Distribution to the Holders as aforesaid, if, at the time such Liquidation Distribution is to be paid, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution per Preferred Security paid to Holders thereof shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been the most senior class of non-cumulative preference shares in the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:

- (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes, or is capable of constituting, Tier 1 Capital or which is referred to in (b) or (c) and any other liability expressed to rank *pari passu* with or junior to the Subordinated Guarantee);
 - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with the Subordinated Guarantee; and
 - (c) senior to Junior Share Capital.
- 3.2 If the Liquidation Distribution and any other such liquidation distributions cannot be made in full by reason of the limitation described in paragraph 3.1 or any equivalent article or term of a Parity Security, but there are funds available for payment so as to allow payment of part of the Liquidation Distribution, then each Holder will be entitled to receive the Relevant Proportion of the Liquidation Distribution. After payment of all Liquidation Distributions, or the Relevant Proportion thereof if applicable, the General Partner will be entitled to any remaining assets of the Issuer representing proceeds of the sale or redemption of the Issuer's partnership assets and the Holders will have no right or claim to any of the remaining assets of the Issuer or the Guarantor.
- 3.3 In the event of an order being made for the liquidation, dissolution, or winding-up of the Guarantor or the Guarantor is declared insolvent, the Issuer shall be dissolved and the amount per Preferred Security to which Holders shall be entitled as a Liquidation Distribution will be as set out in paragraphs 3.1 and 3.2.

3.4 Subject to the Act, other than in the events referred to in paragraphs 3.3, 4.2 and 4.3, unless the Regulator has given its approval, if then required by the Regulator, the General Partner will not permit, or take any action that would or might cause, the liquidation or dissolution of the Issuer. Notwithstanding the foregoing restriction imposed on the General Partner, if for any other reason the Issuer is liquidated, dissolved or wound up in circumstances where proceedings have not been commenced for the liquidation, dissolution or winding-up of the Guarantor, the Liquidation Distribution shall only be payable to the extent that either the Guarantor has (a) Adjusted Distributable Reserves, or (b) proceeds available from an issue of Replacement Capital that has been made for the purpose of funding the Liquidation Distribution (in either cases (a) or (b) in an amount at least equal to the aggregate Liquidation Distribution). No Holder shall have any claim (whether against the Issuer or the Guarantor) in respect of any Liquidation Distribution or part thereof not paid when it would, but for the operation of this paragraph 3.4, otherwise have become due.

4. Redemption and Purchase

4.1 The Preferred Securities have no fixed final redemption date and Holders have no rights to call for the redemption of the Preferred Securities. Any redemption is subject to the provisions of the Act.

4.2 The Preferred Securities are redeemable, at the option of the General Partner, subject to the satisfaction of the Redemption Conditions, in whole but not in part, on the First Call Date or any Distribution Payment Date thereafter, upon not less than 30 nor more than 60 days' notice to the Holders (published in accordance with paragraph 10) and to the Stock Exchange specifying the relevant Distribution Payment Date for redemption (the "**Optional Redemption Date**") (which notice shall be irrevocable) at the Optional Redemption Price. Upon the expiry of such notice, the Issuer shall be dissolved and the General Partner as liquidation agent shall be bound to redeem each of the Preferred Securities accordingly by payment of an amount equal to the Optional Redemption Price.

4.3 If a Special Redemption Event occurs at any time on or prior to the First Call Date, the Preferred Securities may be redeemed, in whole but not in part, at the option of the General Partner, subject to satisfaction of the Redemption Conditions, upon not less than 30 nor more than 60 days' notice to the Holders published in accordance with paragraph 10 specifying the relevant date for redemption (the "**Special Redemption Event Redemption Date**") (which notice shall be irrevocable) at the Optional Redemption Price. Prior to the publication of any notice of redemption pursuant to the foregoing, the General Partner shall deliver to the Registrar a certificate signed by two members of the Court of Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and an opinion of counsel to the Guarantor experienced in such matters to the effect that a Special Redemption Event has occurred. Upon the expiry of such notice, the Issuer shall be dissolved and the General Partner as liquidation agent shall be bound to redeem each of the Preferred Securities accordingly by payment of an amount equal to the Optional Redemption Price.

4.4 Under the existing requirements of the Regulator, neither the Issuer nor the Guarantor may redeem or purchase any Preferred Securities unless the Regulator gives its prior written consent. The Regulator may impose conditions on any such redemption or purchase.

4.5 In each year in which a repurchase is made, the aggregate nominal amount of the Preferred Securities repurchased shall be announced in accordance with the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam with mention of the remaining Preferred Securities.

4.6 Should the Subordinated Notes be redeemed whilst the Preferred Securities remain in issue they will be replaced by Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter.

5. Substitution for Preference Stock

- 5.1 If a Trigger Event occurs and is continuing, then, the General Partner has the discretion to cause and, if the Regulator so requires, will cause the substitution of the Preferred Securities with the Substituted Preference Stock (the “**Preferred Securities Substitution**”) on the Substitution Date, as defined below.
- 5.2 As soon as reasonably practicable following the occurrence of a Trigger Event, the General Partner shall cause notice (the “**Trigger Event Notice**”) to be given to the Holders (in accordance with paragraph 10) and to the Stock Exchange that the Substituted Preference Shares will be available from the date (the “**Substitution Date**”) specified in the Trigger Event Notice for the purpose.
- 5.3 Until such time as the Trigger Event Notice is given by the General Partner (in accordance with paragraph 10) Holders will continue to be entitled to receive Distributions and/or a Liquidation Distribution in respect of the Preferred Securities but thereafter Holders will have no further rights, title or interest in or to their Preferred Securities except to have them substituted in the manner and to the persons described below.
- 5.4 The Trigger Event Notice will contain a form of substitution confirmation (the “**Preferred Securities Substitution Confirmation**”) to be completed by each Holder (or, for so long as the Preferred Securities are registered in the name of a nominee of a common depository for Euroclear and Clearstream, Luxembourg, by each accountholder named in the records of Euroclear and Clearstream, Luxembourg as the holder of an interest in the Preferred Securities). The form of Preferred Securities Substitution Confirmation shall also be made available at the offices of each Paying and Transfer Agent. To receive Substituted Preference Stock in respect of its holding of Preferred Securities, a Paying and Transfer Agent must receive from the Holder (or such accountholder, as the case may be) a Preferred Securities Substitution Confirmation together with the certificate representing the relative holding of Preferred Securities or other evidence of entitlement satisfactory to the General Partner.
- 5.5 Each Substituted Preference Stock allotted will rank for any dividend from the immediately preceding Distribution Payment Date but otherwise will have no entitlement to any accrued Distributions or any other payment in respect of the Preferred Securities.
- 5.6 Upon a Preferred Securities Substitution, each Holder (or, as the case may be, accountholder) shall receive in respect of each €1,000 Liquidation Preference of Preferred Securities one unit of Substituted Preference Stock with a liquidation preference of €1,000.

If a Preferred Securities Substitution occurs it is the current intention of the General Partner to arrange for an alternative method for investors to hold their Substituted Preference Stock. If an accountholder elects for the alternative method, then instead of delivering each unit of Substituted Preference Stock directly to the investors, the General Partner will invite a third party investment bank to arrange for the establishment of a finance company which will receive each relevant unit of Substituted Preference Stock. Each relevant investor will receive a security in a nominal amount of €1,000 issued by the finance company and backed by the Substituted Preference Stock.

The General Partner will only offer this alternative means of holding the Substituted Preferred Stock if under Irish law in force at the time of Preferred Securities Substitution such an arrangement would enable investors to hold the security in Euroclear or Clearstream and receive cash flows on the Substituted Preference Stock free of Irish withholding taxes and such security would be transferable free of Irish stamp taxes.

The above statements in italics do not form part of the terms of the Preferred Securities and thus do not constitute a contractually binding commitment, nor can there be any assurance that at the time a Trigger Event occurs, if ever, that use of “qualifying company” or similar arrangement will be available.

- 5.7 No Preferred Securities Substitution will take place and the Holders will continue to hold their Preferred Securities and all their rights thereunder if, prior to the Substitution Date, a winding-up of the Guarantor occurs.

- 5.8 The Guarantor has undertaken in the Limited Partnership Agreement that it will pay any taxes or capital duties or stamp duties payable in Ireland arising on the allotment and issue of the Substituted Preference Stock. The Guarantor will not be obliged to pay, and each Holder (or, as the case may be, accountholder) delivering Preferred Securities and a duly completed Preferred Securities Substitution Confirmation to a Paying and Transfer Agent must pay, any other taxes, stamp duty reserves taxes and capital, stamp, issue and registration duties arising on the relevant Preferred Securities Substitution. The Guarantor will not be obliged to pay and each recipient must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Preferred Security in connection with such Preferred Securities Substitution.
- 5.9 The General Partner will use all reasonable endeavours to procure that if the Guarantor under paragraph 5.6 issues any Substituted Preference Stock to Holders, that certificates for such Substituted Preference Stock will be despatched by mail free of charge (but uninsured and at the risk of the person entitled thereto) within one month after receipt of a duly completed Preferred Securities Substitution Confirmation.

6. Additional Amounts

All payments in respect of the Preferred Securities by the Issuer will be made without withholding or deduction for, or on account of, any United Kingdom Tax, unless the withholding or deduction of such United Kingdom Tax is required by law. In that event, each Holder will be entitled to receive, as further distributions, such additional amounts (the “**Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable in respect of the Preferred Securities in the absence of such withholding or deduction; except that no such Additional Amounts will be payable to a Holder (or to a third party on his behalf) with respect to any Preferred Security:

- (a) to the extent that such United Kingdom Tax is imposed or levied by virtue of such Holder (or the beneficial owner) of such Preferred Security having some connection with the United Kingdom or Ireland, other than merely being a Holder (or beneficial owner) of such Preferred Security; or
- (b) where such withholding or deduction is imposed on a payment to or on behalf of an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) where the Holder would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, insofar as presentation for payment is required,

and except that the Issuer’s obligations to make any such payments are subject to the limitations provided in paragraphs 2 and 3.

7. Payments

- 7.1 Distributions will be payable in accordance with the Act on the relevant Distribution Payment Date (or where any Distribution Payment Date is not a TARGET Business Day on the next TARGET Business Day (without interest in respect of such delay)) to the Holders of record as they appear on the Register on the relevant record date, which will be five TARGET Business Days prior to the relevant Distribution Payment Date.

If the General Partner gives a notice of redemption pursuant to paragraph 4.2 or 4.3 or in respect of the Preferred Securities, then on the Optional Redemption Date or the Special Redemption Event Redemption Date, as the case may be, the General Partner shall procure that the Optional Redemption Price will be paid by the Registrar or by the Paying and Transfer Agent on behalf of the Issuer to the Holders. Upon such payment, all rights of Holders to participate in the assets of the Issuer or to be returned any amount in respect of the Preferred Securities (including the Preferred Capital Contribution (or any part thereof) made by or on

behalf of the Holders) will be extinguished and the Holders shall thereupon cease to be limited partners of the Issuer provided their holding of Preferred Securities are redeemed in accordance with the foregoing, and the Preferred Capital Contribution will, on payment of the Optional Redemption Price, be deemed repaid.

7.2 Subject to all applicable fiscal or other laws and regulations:

7.2.1 each payment in respect of Distributions will be made by cheque and mailed to the Holder of record at such Holder's address as it appears on the Register on the relevant record date for the Preferred Securities; and

7.2.2 any payment in respect of the Optional Redemption Price or the Liquidation Distribution in respect of any Preferred Security will be made by cheque against presentation and surrender of the relevant certificate of entitlement at the office of the Registrar or a Paying and Transfer Agent,

provided, however, that a Holder may receive such payment by direct transfer if appropriate direct transfer instructions have been received by the Registrar in sufficient time prior to the relevant date of payment. Holders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a TARGET Business Day if the Holder is late in surrendering certificates (if required to do so) or if a cheque mailed in accordance with this paragraph arrives after the due date for payment.

In the event that payment of the Optional Redemption Price in respect of any Preferred Security is improperly withheld or refused and not paid by the Issuer, Distributions on such Preferred Security, subject as described in paragraphs 2.3 and 2.4, will continue to accrue, from the Optional Redemption Date or the Special Redemption Event Redemption Date as the case may be, to the date of actual payment of such Optional Redemption Price.

7.3 The General Partner will, and the Guarantor has undertaken in the Subordinated Guarantee that it will procure that the General Partner will, maintain at all times whilst the Preferred Securities are outstanding (a) whilst the Preferred Securities are listed on Euronext Amsterdam and the rules of Euronext Amsterdam so require, a Paying and Transfer Agent in Amsterdam, (b) a Registrar having its office outside Ireland and the United Kingdom and (c) a Paying and Transfer Agent having a specified office in a European Union Member State (if any) that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings or any law implementing or complying with, or introduced in order to conform to, such Directive.

8. Meetings

8.1 Except as described below and provided for in the Act, Holders will not be entitled to receive notice of, or attend or vote at, any meeting of partners in the Issuer or participate in the management of the Issuer.

8.2 The consent in writing of the Holders of at least a simple majority in Liquidation Preference of the outstanding Preferred Securities or the sanction of a resolution, passed by Holders of at least a simple majority in Liquidation Preference of the Preferred Securities present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in Liquidation Preference of the outstanding Preferred Securities, shall be required in order to give effect to any variation or abrogation of the rights, preferences and privileges of the Preferred Securities by way of amendment of the Limited Partnership Agreement or otherwise (unless otherwise provided in the terms of the Preferred Securities or as required by applicable law).

8.3 No such sanction shall be required if, as determined by the General Partner, the change is solely of a formal, minor or technical nature or is to correct an error or cure an ambiguity or which does not adversely affect the rights of Holders, provided that the change does not reduce the amounts payable to Holders, impose any obligation on the Holders or any modification of the terms of the Preferred Securities, in which case the General Partner shall be authorised to approve and implement such change.

- 8.4 Notwithstanding the foregoing, the General Partner may, without the consent or sanction of the Holders, take such action as is required in order to amend the Limited Partnership Agreement:
- 8.4.1 to allow an increase in the level of the Preferred Capital Contributions and the corresponding number of Preferred Securities; or
- 8.4.2 to authorise, create and issue one or more other series of securities or partnership interests in the Issuer ranking junior, as regards participation in the profits and assets of the Issuer, to the Preferred Securities and to admit if relevant new holders in respect thereof.
- Thereafter the Issuer may, provided that the circumstances for non-payment of Distributions in paragraph 2.4 are not subsisting, without the consent of the Holders issue any such further securities either having the same terms and conditions as the Preferred Securities in all respects (or in all respects except for the first payment of Distributions on them) and so that such further issue shall be consolidated and form a single series with the Preferred Securities or upon such other terms as aforesaid. References herein to the Preferred Securities include (unless the context requires otherwise) any other securities issued pursuant to this paragraph and forming a single series with the Preferred Securities.
- 8.5 Notwithstanding the foregoing, no vote of the Holders will be required for the redemption, cancellation or substitution of the Preferred Securities or withdrawal of a Holder in accordance with the Limited Partnership Agreement.
- 8.6 The General Partner will cause a notice of any meeting at which Holders are entitled to vote and any voting forms to be mailed to each Holder. Each such notice will include a statement setting forth (a) the date, time and place of such meeting, (b) a description of any resolution to be proposed for adoption at such meeting on which such Holders are entitled to vote and (c) instructions for the delivery of proxies.

9. Covenant of the General Partner

The General Partner will undertake not to incur any indebtedness in the name of the Issuer other than the costs and expenses incidental to creating the Preferred Securities and the Issuer and any other partnership interests in the Issuer, performing its obligations in respect of the Limited Partnership Agreement, maintaining the listing of the Preferred Securities and any other partnership interests in the Issuer (where applicable), the Register, the Registrar, the Paying and Transfer Agents and a listing agent in respect of the Preferred Securities and corresponding agents (where applicable) with respect to any other partnership interests in the Issuer, the Issuer's holding of the partnership assets and any securities acquired with any other capital contributions to the Issuer or substitutions therefor and the maintenance of a custodian therefor, the exercise of the Issuer's rights in respect of the partnership assets and any securities acquired with any other capital contributions to the Issuer or substitutions therefor and the administration of the Issuer.

10. Notices

All notices to the Holders will be mailed to the Holder of record and, if and for so long as the Preferred Securities are listed on Euronext Amsterdam, in a leading newspaper of general circulation in the Netherlands, which for the time being shall be *Het Financieele Dagblad*, and in the Daily Official List of Euronext Amsterdam (*Officiële Prijscourant*). In addition, notices will be published in one English language daily newspaper of general circulation in Europe. Any mailed notice shall be deemed to have been given one clear day after the date on which it was posted and any notice published in a newspaper shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

11. Transfers and Form

The Preferred Securities will be in registered form.

If definitive certificates are made available in respect of Preferred Securities they will be available from the Registrar and from each of the Paying and Transfer Agents, and will be posted to the relevant Holders at the address shown in the Register or, as applicable, in the relevant instrument of transfer within three Business Days in London of issue, by uninsured post at the risk of such

Holders. Transfers of Preferred Securities if represented by definitive certificates may be effected by presentation of the relevant certificate (with the transfer certificate attached thereto duly completed on behalf of the transferor and transferee) at the specified office of the Registrar or any Paying and Transfer Agent. Where a Holder transfers some only of the Preferred Securities represented by any such certificate he shall be entitled to a certificate for the balance without charge. All transfers of Preferred Securities by Holders must be effected in accordance with the Act and subject to the provisions of the Limited Partnership Agreement.

12. Replacement of Certificates

If a certificate is damaged or defaced or alleged to have been lost, stolen or destroyed, a new certificate representing the same Preferred Securities may be issued on payment of such fee and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses as the General Partner may think fit and on payment of the costs of the General Partner incidental to its investigation of the evidence and, if damaged or defaced, on delivery up of the old certificate at the office of the Paying and Transfer Agent in Amsterdam.

13. Prescription

Claims against the Issuer for payment of Distributions and sums in respect of the Optional Redemption Price or Liquidation Distribution of the Preferred Securities will be prescribed in accordance with English law unless made within 10 years from the date on which such payment becomes due or, if later, the date on which the Issuer makes such payment available to Holders.

14. Governing Law and Jurisdiction

- 14.1 The Limited Partnership Agreement and the Preferred Securities shall be governed by, and construed in accordance with, English law, save for paragraph 3 of Schedule 2 to the Limited Partnership Agreement and paragraph 3 of the Preferred Securities which shall be governed by, and construed in accordance with, Irish law.
- 14.2 The Guarantor agrees for the benefit of the Holders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Preferred Securities (respectively, “**Proceedings**” and “**Disputes**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 14.3 The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 14.4 The Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to it at the offices of its branch at 36 Queen Street, London EC4R 1HJ or at any address in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law.
- 14.5 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Holder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

SUMMARY OF PROVISIONS RELATING TO THE PREFERRED SECURITIES IN GLOBAL FORM

Initial Issue of Preferred Securities

The Preferred Securities will be issued in registered form and will be initially represented by interests in a Global Certificate which will be deposited with Citibank, N.A. (the “**Common Depository**”) as common depository for Euroclear and Clearstream, Luxembourg. The Preferred Securities will be registered in the name of the Initial Holder, as nominee for the Common Depository. For so long as the Preferred Securities are deposited and registered as described above, book-entry interests in the Preferred Securities will be shown on, and transfers of such interests will be effected only through, records maintained by Euroclear and Clearstream, Luxembourg.

Exchange

If either or both of Euroclear and Clearstream, Luxembourg is or are closed for business for a continuous period of 14 days (other than for the purposes of a public holiday) or announces an intention permanently to cease business, then a number of Preferred Securities corresponding to its book-entry interest in the Preferred Securities represented by the Global Certificate held by the Common Depository referred to above will, subject to such reasonable requirements as the General Partner may require, be transferred to each holder of an interest in the Preferred Securities whose name is notified by the Common Depository to the Registrar. Each such holder will be registered as a Holder in the Register and registered with the Registrar at Companies House in Cardiff on the Limited Partnerships Register accordance with the Act and will receive a certificate made out in its name. Other than in the circumstances referred to in this paragraph, definitive certificates will not be available to Holders.

Accountholders

So long as the Preferred Securities are registered in the name of a nominee for a common depository for Euroclear and Clearstream, Luxembourg, the nominee for Euroclear and Clearstream, Luxembourg will be the sole registered owner or holder of the Preferred Securities represented by the Global Certificate for all purposes under the Limited Partnership Agreement. Except as set forth under “*Description of Preferred Securities – Transfers and Form*” and under “*– Transfers of Interests*” below, the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other clearing system as the holders of the Preferred Securities evidenced by the Global Certificate (each an “**Accountholder**”) will not be entitled to have Preferred Securities registered in their names, will not receive or be entitled to receive physical delivery of definitive certificates evidencing interests in the Preferred Securities and will not be considered registered owners or holders thereof under the Limited Partnership Agreement. Accordingly, each Accountholder must rely on the rules and procedures of Euroclear and Clearstream, Luxembourg, as the case may be, to exercise any rights and obligations of an investor in Preferred Securities.

Payment

Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made by the Issuer to the registered holder of the Preferred Securities and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the respective rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be. Such persons shall have no claim directly against the Issuer in respect of payments due on the Preferred Securities for so long as the Preferred Securities are represented by the Global Certificate and such obligations of the Issuer will be discharged by payment to the registered holder of the Preferred Securities in respect of each amount so paid.

Transfers of Interests

Accountholders will only be able to transfer their beneficial interests in the Preferred Securities in accordance with the restrictions described under “*Description of Preferred Securities – Transfers and Form*” and the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be.

SUBORDINATED GUARANTEE

The following is the Subordinated Guarantee substantially in the form to be executed by the Guarantor.

THIS DEED OF GUARANTEE (the “**Subordinated Guarantee**”), dated 2nd March, 2005, is executed and delivered by The Governor and Company of the Bank of Ireland (the “**Guarantor**”) for the benefit of the Holders (as defined below).

WHEREAS:

- (i) the Guarantor desires to issue this Subordinated Guarantee for the benefit of the Holders, as provided herein; and
- (ii) this Subordinated Guarantee is intended to provide the Holders, on a dissolution of BOI Capital Funding (no.1) LP (the “**Issuer**”) or on a default by the Issuer in discharging its obligations in respect of the Preferred Securities (as defined below), with rights against the Guarantor in respect of the Guaranteed Payments (as defined below) which rank *pari passu* to those which they would have had if the Preferred Securities had been directly issued non-cumulative preference shares of the Guarantor.

NOW, THEREFORE the Guarantor executes and delivers this Subordinated Guarantee as a deed poll for the benefit of the Holders.

1. Definitions

As used in this Subordinated Guarantee, capitalised terms not defined herein shall have the meanings ascribed to them in the Partnership Agreement and otherwise the following terms shall, unless the context otherwise requires, have the following meanings:

“**Dividend Stopper Period**” means, with respect to any Distribution Payment Date or the equivalent term in respect of any Parity Security, one calendar year from and including the earlier of the date (i) on which a full Distribution is not paid on the Preferred Securities or (ii) on which a full scheduled dividend or distribution on any Parity Security has not been paid;

“**Guaranteed Payments**” means (without duplication) collectively payments by the Guarantor in respect of an amount equal to (i) all Distributions (or the Relevant Proportion thereof) due on the Preferred Securities, (ii) any Distributions (or the Relevant Proportions thereof) on the Preferred Securities which would have been due had the Issuer had sufficient legally available resources but only if, and to the extent that, the Issuer did not have such legally available resources solely due to a failure by the relevant obligor to pay interest on the Subordinated Note or Replacement Partnership Assets as and when due under the terms thereof, (iii) any Liquidation Distribution to which Holders are entitled, (iv) the Optional Redemption Price and (v) any Additional Amounts;

“**Holder**” means, in respect of each Preferred Security, each person registered on the Register as the limited partner holding such Preferred Security at the relevant time, save that for as long as the Preferred Securities are registered in the name of a common depository (or of a nominee for a common depository) for Clearstream, Luxembourg and Euroclear, each person (other than Euroclear and Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear and Clearstream, Luxembourg as the holder of an interest in any Preferred Securities (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the number of Preferred Securities standing to the account of any person shall be conclusive and binding for all purposes) shall be treated by the Issuer, the Guarantor and any Paying and Transfer Agent as the holder of Preferred Securities in a nominal amount equal to such interest for all purposes other than with respect to payments, the right to which shall be vested in the name of the person appearing as the relative limited partner in the Register;

“**Irish Tax**” means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of Ireland or any political subdivision of or by any authority therein or thereof having power to tax;

“**Partnership Agreement**” means the Limited Partnership Agreement dated 25th February, 2005 establishing the Issuer, as amended from time to time;

“**Preferred Securities**” means the € Fixed Rate/Variable Rate Guaranteed Non-voting Non-cumulative Perpetual Preferred Securities, outstanding of the Issuer originally issued on 2nd March, 2005 in the principal amount of €600,000,000, whether or not in issue on the date of this Subordinated Guarantee, the Holders of which are entitled to the benefits of this Subordinated Guarantee as evidenced by the execution of this Subordinated Guarantee; and

“**United Kingdom Tax**” means any present or future taxes or duties of whatsoever nature imposed or levied by or on behalf of the United Kingdom or any subdivision of or by any authority therein or thereof having power to tax.

2. Guarantee

- 2.1 Subject to the exceptions and limitations contained in the following provisions of this clause 2, the Guarantor irrevocably agrees to pay in full to the Holders the Guaranteed Payments, as and when due, to the extent that such payments shall not have been paid when due and payable by the Issuer regardless of any defence, right of set-off or counterclaim which the Issuer may have or assert. This Guarantee is continuing, irrevocable and absolute. The rights and claims of the Holders against the Guarantor under this Guarantee are subordinated to the claims of the Senior Creditors (as defined in clause 2.3) in that payment of the Guaranteed Payments is conditional upon satisfaction of the conditions set out in the following provisions of this clause 2.
- 2.2 Notwithstanding clause 2.1, the Guarantor will not, save to the extent provided in clause 2.5, be obliged to make any Guaranteed Payment if the Guarantor is prevented by applicable Irish banking regulations or other regulatory requirements from making payment in full under this Guarantee.
- 2.3 Notwithstanding clause 2.1, if, at the time that the Liquidation Distribution is to be paid by the Guarantor under this Subordinated Guarantee in respect of any Preferred Securities, proceedings have been commenced for the voluntary or involuntary liquidation, dissolution or winding-up of the Guarantor, payment under this Subordinated Guarantee of such Liquidation Distribution shall not exceed the amount per security that would have been paid as a liquidation distribution out of the assets of the Guarantor had the Preferred Securities and all Parity Securities been the most senior class of non-cumulative preference shares in the Guarantor with equivalent rights of participation in the capital of the Guarantor (whether or not the Guarantor could in fact have issued such securities at such time) and ranked:
 - (a) junior to all liabilities of the Guarantor including subordinated liabilities (in each case other than any liability of the Guarantor which constitutes, or is capable of constituting, Tier 1 Capital or which is referred to in (b) or (c) and any other liability expressed to rank *pari passu* with or junior to this Subordinated Guarantee) (the “**Senior Creditors**”);
 - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with this Subordinated Guarantee; and
 - (c) senior to Junior Share Capital.
- 2.4 All Guaranteed Payments made hereunder will be made without withholding or deduction for or on account of any Irish Tax or United Kingdom Tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Guarantor will, if permitted by the Regulator (to the extent such approval is required), pay such additional amounts (the “**Guarantor Additional Amounts**”) as may be necessary in order that the net amounts received by the Holders after such withholding or deduction shall equal the amounts which would have been receivable under this Subordinated Guarantee in the absence of such withholding or deduction; except that no such Guarantor Additional Amounts will be payable to a Holder (or a third party on his behalf):
 - (a) to the extent that such Irish Tax or United Kingdom Tax is imposed or levied by virtue of such Holder (or the beneficial owner of a Preferred Security) having some connection with Ireland or the United Kingdom other than being a Holder (or beneficial owner) of a Preferred Security; or

- (b) where such withholding or deduction is imposed on a payment to or on behalf of an individual and is required to be made pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) where the Holder would have been able to avoid such withholding or deduction by presenting the Preferred Securities to another Paying and Transfer Agent in a Member State of the European Union, insofar as presentation for payment is required,

and except that the Guarantor's obligation to pay any Guarantor Additional Amounts is subject to the exceptions relating to Guaranteed Payments set out in clauses 2.2 and 2.3.

- 2.5 In the event that the amounts described in clauses 2.1 and 2.4 cannot be made in full by reason of either of the conditions referred to in clause 2.2 or 2.3, such amounts will be payable *pro rata* in the Relevant Proportion and the obligations of the Guarantor in respect of any such unpaid balance shall lapse.
- 2.6 The Guarantor hereby waives notice of acceptance of this Subordinated Guarantee and of any liability to which it applies or may apply, presentment, demand for payment, protest, notice of non- payment, notice of dishonour, notice of redemption and all other notices and demands.
- 2.7 The obligations, covenants, agreements and duties of the Guarantor under this Subordinated Guarantee shall in no way be affected or impaired by reason of the happening from time to time of any of the following:
 - (a) the release or waiver, by operation of law or otherwise, of the performance or observance by the Issuer of any express or implied agreement, covenant, term or condition relating to the Preferred Securities to be performed or observed by or on behalf of the Issuer;
 - (b) the extension of time for the payment by or on behalf of the Issuer of all or any portion of any Distribution, the Optional Redemption Price, the Liquidation Distribution or any other sums payable under the terms of the Preferred Securities or the extension of time for the performance of any other obligation under, arising out of, or in connection with, the Preferred Securities;
 - (c) any failure, omission, delay or lack of diligence on the part of Holders to enforce, assert or exercise any right, privilege, power or remedy conferred on the Holders pursuant to the terms of the Preferred Securities, or any action on the part of the Issuer granting indulgence or extension of any kind;
 - (d) the voluntary or involuntary winding-up, dissolution, amalgamation, reconstruction, sale of any collateral, receivership, insolvency, bankruptcy, assignment for the benefit of creditors, reorganisation, arrangement, composition or readjustment of debt of, or other similar proceedings affecting, the Issuer or any of the assets of the Issuer;
 - (e) any invalidity of, or defect or deficiency in, the Preferred Securities; or
 - (f) the settlement or compromise of any obligation guaranteed hereby or hereby incurred.

There shall be no obligation on the Holders to give notice to, or obtain consent of, the Guarantor with respect to the happening of any of the foregoing.

- 2.8 This Subordinated Guarantee shall be deposited with and held by the Registrar until all the obligations of the Guarantor have been discharged in full. The Guarantor hereby acknowledges the right of every Holder to the production of, and the right of every Holder to obtain a copy of, this Subordinated Guarantee from the Registrar.
- 2.9 A Holder may enforce this Subordinated Guarantee directly against the Guarantor, and the Guarantor waives any right or remedy to require that any action be brought against the Issuer or any other person or entity before proceeding against the Guarantor. All waivers contained in this Subordinated Guarantee shall be without prejudice to the right to proceed against the assets

of the Issuer and the General Partner as permitted by the terms of the Preferred Securities. The Guarantor agrees that this Subordinated Guarantee shall not be discharged except by complete performance of all obligations of the Guarantor under this Subordinated Guarantee.

- 2.10 The Guarantor shall be subrogated to any and all rights of the Holders against the assets of the Issuer in respect of any amounts paid to the Holders by the Guarantor under this Subordinated Guarantee. The Guarantor shall not (except to the extent required by mandatory provisions of law) exercise any rights which it may acquire by way of subrogation or any indemnity, reimbursement or other agreement, in all cases as a result of a payment under this Subordinated Guarantee, if, at the time of any such payment, any amounts are due and unpaid under this Subordinated Guarantee. If the Guarantor shall receive or be paid any amount with respect to the Preferred Securities in violation of the preceding sentence, the Guarantor agrees to pay over such amount to the Holders.
- 2.11 The Guarantor acknowledges that its obligations hereunder are several and independent of the obligations of the Issuer with respect to the Preferred Securities and that the Guarantor shall be liable as principal and sole obligor hereunder to make Guaranteed Payments pursuant to the terms of this Subordinated Guarantee, notwithstanding the occurrence of any event referred to in clause 2.7.
- 2.12 Subject to applicable law, the Guarantor agrees that its obligations hereunder constitute unsecured obligations of the Guarantor subordinated in right of payment to Senior Creditors and will at all times rank:
 - (a) junior to all Senior Creditors;
 - (b) *pari passu* with Parity Securities, if any, issued by the Guarantor and any guarantee or support agreement of the Guarantor ranking *pari passu* with this Subordinated Guarantee and issued in respect of Parity Securities issued by the Issuer or any Subsidiary; and
 - (c) senior to Junior Share Capital.
- 2.13 No Holder shall following any breach by the Guarantor of any of its obligations under this Subordinated Guarantee be entitled to exercise any right of set-off or counterclaim which may be available to it against amounts owing by the Guarantor to such Holder. Notwithstanding the provisions of the foregoing sentence, if any of the said rights and claims of any Holder against the Guarantor is discharged by set-off, such Holder will immediately pay an amount equal to the amount of such discharge to the Guarantor or, in the event of its winding-up, the liquidator of the Guarantor and until such time as payment is made will hold a sum equal to such amount in trust for the Guarantor, or the liquidator of the Guarantor and accordingly any such discharge will be deemed not to have taken place.
- 2.14 In the event of the winding-up of the Guarantor if any payment or distribution of assets of the Guarantor of any kind or character, whether in cash, property or securities, including any such payment or distribution which may be payable or deliverable by reason of the payment of any other indebtedness of the Guarantor being subordinated to the payment of amounts owing under this Subordinated Guarantee, shall be received by any Holders, before the claims of Senior Creditors have been paid in full, such payment or distribution shall be held in trust by the Holder, as applicable, and shall be immediately returned by it to the liquidator of the Guarantor and in that event the receipt by the liquidator shall be a good discharge to the relevant Holder. Thereupon, such payment or distribution will be deemed not to have been made or received.

3. Undertakings

- 3.1 The Guarantor undertakes that it will not issue any Tier 1 Securities ranking senior to its obligations under this Subordinated Guarantee or enter into any support agreement or give any guarantee in respect of any Tier 1 Securities issued by any Subsidiary or other entity if such support agreement or guarantee would rank senior to this Subordinated Guarantee unless this Subordinated Guarantee is changed to give the Holders such rights and entitlements as are contained in or attached to such securities or such other support agreement or guarantee so that

this Subordinated Guarantee ranks *pari passu* with, and contains substantially equivalent rights of priority as to payment on, any Tier 1 Securities or such other support agreement or guarantee.

- 3.2 The Guarantor undertakes that, in the event that any Distribution is not paid to Holders in accordance with the rights attaching to the Preferred Securities in accordance with the Partnership Agreement, the Guarantor will:
- (a) not declare and pay (or make a guarantee payment in respect of) any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Junior Share Capital until the Dividend Stopper Period has expired;
 - (b) not declare and pay (or make a guarantee payment in respect of) any distribution or dividend and, where applicable, will procure that no distribution or dividend is declared or paid on any Parity Security for the then applicable Dividend Stopper Period; and
 - (c) not repurchase or redeem Junior Share Capital or Parity Securities until the then applicable Dividend Stopper Period has expired.
- 3.3 The Guarantor undertakes that, in the event that on a Distribution Payment Date the Relevant Proportion of a Distribution is paid, it will only declare and pay (or make a payment under a guarantee in respect of) an amount not exceeding the Relevant Proportion of any distribution or dividend (and, where applicable, will procure that only the Relevant Proportion of any distribution or dividend is declared or paid) on any Parity Security for the then applicable Dividend Stopper Period.
- 3.4 The Guarantor undertakes that, so long as any of the Preferred Securities is outstanding:
- (a) unless the Guarantor is itself being wound up, it will not permit, or take any action that would or might cause, the liquidation, dissolution or winding-up of the Issuer (or the General Partner if the Guarantor itself is not the general partner) otherwise than with the prior approval of the Regulator (if then required); and
 - (b) the General Partner will at all times be either the Guarantor itself or a directly or indirectly wholly-owned Subsidiary of the Guarantor,
- unless, in the case of (a) or (b), otherwise approved by a simple majority of the Holders by vote or in writing.
- 3.5 The Guarantor undertakes to take all reasonable steps to ensure that, with effect from the date of its Annual General Court in 2005 it will at all times have a sufficient number of units of authorised but unissued Substituted Preference Stock to permit the substitution thereof for all outstanding Preferred Securities and undertakes to take all reasonable steps to ensure that all corporate authorisations will have been taken for the allotment and issue of the same free from pre-emptive rights. The Guarantor undertakes that, following the occurrence of a Trigger Event, it will take all reasonable steps to:
- (a) allot, issue and deliver Substituted Preference Stock in satisfaction of the rights of the Holders in the circumstances and in the manner described in the Limited Partnership Agreement and herein;
 - (b) apply for the Substituted Preference Stock to be listed on a stock exchange; and
 - (c) pay any taxes or capital duties or stamp duties payable in Ireland arising on the allotment and issue of such Substituted Preference Stock.

The Guarantor undertakes that as soon as practicable after a Trigger Event it will give, or will procure that the General Partner gives, written notice to the Holders enclosing a Preferred Securities Substitution Confirmation which each Holder will be required to complete. The form of such Preferred Securities Substitution Confirmation shall also be made available at the offices of each Paying and Transfer Agent. The Guarantor undertakes that following such Preferred Securities Substitution, the Substituted Preference Stock allotted will rank for any dividend from the immediately preceding Distribution Payment Date but the Holders will not otherwise have any entitlement to any accrued Distributions or any other payment on the Preferred Securities.

- 3.6 The Guarantor will procure that it will maintain at all times whilst the Preferred Securities are outstanding (a) whilst the Preferred Securities are listed on Euronext Amsterdam and the rules and regulations of Euronext Amsterdam so require, a Paying and Transfer Agent with a specified office in Amsterdam (b) a Registrar having its office outside Ireland and the United Kingdom and (c) a Paying and Transfer Agent having a specified office in a European Union Member State (if available) that will not be obliged to withhold or deduct tax pursuant to European Union Directive 2003/48/EC on the taxation of savings or any other European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.
- 3.7 The Guarantor undertakes that it will pay any taxes, capital duties or stamp duties payable as a result of any substitution for the Subordinated Notes of the Replacement Partnership Assets which are held by the Issuer as partnership assets thereafter.

4. Termination

With respect to the Preferred Securities, this Subordinated Guarantee shall terminate and be of no further force and effect upon the earliest of:

- 4.1 full payment of the Optional Redemption Price; or
- 4.2 purchase and cancellation of, all Preferred Securities; or
- 4.3 full payment of the Liquidation Distribution.

provided however that this Subordinated Guarantee will continue to be effective or will be reinstated, as the case may be, if at any time payment of any sums paid in respect of the Preferred Securities or under this Subordinated Guarantee must be restored by a Holder for any reason whatsoever.

5. Transfer; Amendment; Notices

- 5.1 Subject to operation of law, all guarantees and agreements contained in this Subordinated Guarantee shall bind the successors, assigns, receivers, trustees and representatives of the Guarantor and shall inure to the benefit of the Holders. The Guarantor shall not transfer its obligations hereunder without (i) the prior approval of the Holders of not less than a simple majority in Liquidation Preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Guarantor or any subsidiary of the Guarantor), or (ii) the sanction of a resolution, passed by Holders representing at least a simple majority in Liquidation Preference of the Preferred Securities present or represented at a separate meeting at which the quorum shall be Holders present or represented holding at least one-third in Liquidation Preference of the outstanding Preferred Securities and otherwise convened and held in accordance with procedures contained in Schedule 2 to the Limited Partnership Agreement and applicable law.
- 5.2 Except for those changes (a) required by clause 3.1 hereof; or (b) which do not adversely affect the rights of Holders (in any of which cases no agreement will be required), this Subordinated Guarantee shall be changed only by agreement in writing signed or sealed by the Guarantor with the prior approval of the Holders of not less than a simple majority in Liquidation Preference of the outstanding Preferred Securities (excluding any Preferred Securities held by the Guarantor or any subsidiary of the Guarantor), which approval shall be obtained in accordance with the procedures contained in Schedule 2 to the Limited Partnership Agreement and applicable law.
- 5.3 Any notice, request or other communication required or permitted to be given hereunder to the Guarantor shall be given in writing by delivering the same against receipt therefore or be addressed to the Guarantor, as follows, to:

Bank of Ireland

Address: Lower Baggot Street
Dublin 2
Ireland

Attention: Group Secretary
Telephone: + 353 1 604 3403
Facsimile: + 353 1 661 5641

The address of the Guarantor may be changed at any time and from time to time and shall be the most recent such address furnished in writing by the Guarantor to the registrar for the Preferred Securities.

Any notice, request or other communication required or permitted to be given hereunder to the Holders shall be given by the Guarantor in the same manner as notices sent on behalf of the Issuer to Holders.

- 5.4 This Subordinated Guarantee is solely for the benefit of the Holders and is not separately transferable from their interests in respect of the Preferred Securities.

6. Governing Law and Jurisdiction

- 6.1 This Subordinated Guarantee is governed by, and shall be construed in accordance with, English law, save for paragraph 2.12 which shall be governed by, and construed in accordance with, Irish law.
- 6.2 The Guarantor agrees for the benefit of the Holders that the courts of England shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Preferred Securities (respectively “**Proceedings**” and “**Disputes**”) and, for such purposes, irrevocably submits to the jurisdiction of such courts.
- 6.3 The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.
- 6.4 The Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to it at its branch at 36 Queen Street, London EC4R 1HJ or at any address in Great Britain at which service of process may be served on it in accordance with Part XXIII of the Companies Act 1985. Nothing in this paragraph shall affect the right of any Holder to serve process in any other manner permitted by law.
- 6.5 The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Holder to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

IN WITNESS WHEREOF this Subordinated Guarantee has been executed as a deed poll on behalf of the Guarantor.

The COMMON SEAL of
The Governor and Company of the
Bank of Ireland was affixed
to this Deed in the presence of:

USE OF PROCEEDS

The net proceeds of the issue of the Preferred Securities, amounting to approximately €588,000,000, will augment the Group's regulatory capital base. The Issuer will use the proceeds raised from the issuance of the Preferred Securities to subscribe for the Subordinated Notes issued by Bank of Ireland UK Holdings plc.

BOI CAPITAL FUNDING (NO.1) LP

Introduction

The Issuer will be registered in England and Wales before 2nd March, 2005 under the Limited Partnerships Act 1907, with BOI G.P. NO 1 LIMITED as the general partner (the “**General Partner**”) and Citivic Nominees Limited as the initial limited partner (the “**Initial Limited Partner**”). The General Partner and the Initial Limited Partner have entered into a limited partnership agreement on 25th February, 2005 (the “**Limited Partnership Agreement**”) for the purpose of establishing the Issuer. The Issuer is not a legal entity separate from its partners and has no subsidiaries. The Limited Partnership Agreement does not create a trust relationship between any of the partners.

The General Partner, incorporated in England and Wales with registered number 5324484, is the sole General Partner of the Issuer and, as such, solely manages the Issuer (subject to the appointment by the Issuer of the Administrator as described below). The Guarantor will undertake in the Subordinated Guarantee to ensure that, unless otherwise approved by a simple majority of the Holders, the General Partner will at all times be either the Guarantor itself or a directly or indirectly wholly-owned subsidiary of the Guarantor.

Provided that they do not become involved with the administration of the limited partnership, and subject to compliance with the provisions of the Act, the liability of persons registered as limited partners of the Issuer pursuant to the Act for the debts or obligations of the limited partnership will be limited to the amount of partnership capital which they have contributed or agreed to contribute to the partnership, i.e. €1,000 per Preferred Security.

No financial statements of the Issuer have yet been prepared. The first financial statements of the Issuer are expected to be prepared for the period ending on 31st March, 2005. Thereafter, it is intended that the Issuer will prepare audited annual financial statements. It is not intended that the Issuer will publish interim financial statements.

Activity

The business of the Issuer is generally to raise finance for the Group and is more particularly described in the Limited Partnership Agreement. The Issuer has carried out no operations since its registration other than in relation to the creation of the Preferred Securities. The capital contributions to be made by the Limited Partners will be used by the Issuer to subscribe for the Subordinated Notes issued either by a directly or indirectly wholly-owned subsidiary of the Guarantor.

Administration

For U.K. regulatory purposes, the Issuer will be operated by the General Partner or, insofar as the General Partner is not so authorised, by an administrator (the “**Administrator**”) authorised by the FSA under the Financial Services and Markets Act 2000 (the “**FSMA**”) to establish, operate and wind-up collective investment schemes. The registered office of the Issuer and the General Partner is One Temple Back East, Temple Quay, Bristol BS1 6DX. Neither the Initial Limited Partner nor any Holder may participate in the administration of the Issuer.

The General Partner has agreed to contribute capital from time to time to the extent required for the Issuer to meet any operating expenses which it may have. The General Partner has also agreed that it will at all times maintain sole ownership, whether directly or indirectly, of its general partner interest in the Issuer, subject to the terms of the Limited Partnership Agreement. The Limited Partnership Agreement provides that all of the Issuer’s business and affairs will be conducted by the General Partner save for those operational matters required to be performed by an Administrator under the FSMA. The General Partner will have unlimited liability for the debts and obligations of the Issuer to the extent that these cannot be satisfied out of partnership assets.

If the Issuer is dissolved, the Limited Partnership Agreement provides that the General Partner will only be entitled to any assets of the Issuer remaining after (i) all debts and other liabilities of the Issuer have been satisfied in full and (ii) the full Liquidation Preference to which the Holders are

entitled and all other amounts to which the holders of any other partnership interests are entitled have been paid to, or irrevocably set aside for, such holders.

Capitalisation

In addition to the initial capital contribution by the General Partner, the initial capital contribution of €1.00 of the Initial Limited Partner and the preferred capital contribution of €600,000,000 to be made by the Initial Limited Partner in relation to the Preferred Securities on the date of issue of the Preferred Securities and such other capital contributions as may be made by the General Partner from time to time to meet certain operating expenses of the partnership, the General Partner may accept additional limited partners and additional capital contributions to the Issuer in accordance with the provisions of the Limited Partnership Agreement.

Indebtedness

Since the date of its registration, the Issuer has not had any loan capital outstanding, has not incurred any borrowings, has had no contingent liabilities, has not granted any guarantees and does not intend to have outstanding any such loan capital, incur any such borrowings, have any such contingent liabilities or grant any such guarantees other than in connection with the issue of the Preferred Securities and other partnership interests in the Issuer. The General Partner will undertake not to incur any indebtedness in the name of the Issuer other than the costs and expenses incidental to creating the Preferred Securities and the Issuer and any other partnership interests in the Issuer, performing its obligations in respect of the Limited Partnership Agreement, maintaining the listings of the Preferred Securities, the Register, the Registrar, the Paying and Transfer Agents and listing agents in respect of the Preferred Securities and corresponding agents (where applicable) with respect to any other partnership interests in the Issuer, the Issuer's holding of the partnership assets and any other securities acquired with any other capital contributions to the Issuer or substitutions therefor and the maintenance of any custodian therefor, the exercise of the Issuer's rights in respect of the partnership assets and any other securities acquired with any other capital contributions to the Issuer or substitutions therefor and the administration of the Issuer.

BANK OF IRELAND

Bank of Ireland was established as a chartered corporation by an Act of the Irish Parliament of 1781/2 and by a Royal Charter of King George III in 1783. The Group is one of the largest financial services groups in Ireland with total assets of €106.4 billion at 31st March, 2004. The Group provides an extensive range of banking and other financial services.

The address of the principal executive offices of the Group is Lower Baggot Street, Dublin 2, Ireland.

The Group has a network of retail branches in Ireland and the United Kingdom. Bank of Ireland as of 11th February, 2005 had a network of 316 full-time retail bank branches, of which 261 are in Ireland, 44 in Northern Ireland and 11 in Great Britain. The Group also operates 930 ATMs (as at 31st March, 2004), a direct telephone banking service, direct sales forces and its on-line services in Ireland. The Group's international business is centred in Dublin and London. In addition, the Group has a representative office in Frankfurt and a wholly owned subsidiary in the Isle of Man.

In addition to its retail banking business, Bank of Ireland has a funds management business, Bank of Ireland Asset Management Limited ("**BIAM**"), and a corporate finance business, IBI Corporate Finance Limited. Bank of Ireland also has a life assurance business in Ireland, New Ireland Assurance Company plc which trades under the name "**Bank of Ireland Life**" in certain distribution channels. Other subsidiaries include home mortgage businesses in Ireland (Bank of Ireland Mortgage Bank and ICS) and Great Britain (Bank of Ireland Home Mortgages Limited ("**BIHM**") and Bristol & West plc ("**B&W**")); together with a number of other subsidiaries in the financial services industry. The Group also holds 90.44 per cent. of the equity capital of J & E Davy Holdings Limited, the holding company for J & E Davy (**Davy**), a leading Irish stockbroking firm. It also provides fund management services through Bank of Ireland Asset Management (U.S.) Limited and Iridian Asset Management ("**Iridian**") (in which the Group holds a 76 per cent. interest).

Bank of Ireland provides, by itself or through its wholly owned subsidiaries, a full range of financial services in the personal, commercial, industrial and agricultural sectors in Ireland. These include residential loans, current and deposit accounts, term deposits and certificates of deposit, overdrafts, term loans, mortgages, leasing, instalment credit, debt factoring, foreign exchange facilities, executor and trustee services, investment fund management, advice on a range of financial matters, including mergers and acquisitions and underwriting services. The Group provides services in euro and other currencies.

In the United Kingdom the Group operates mainly through a grouping of businesses, UK Financial Services, whose functional currency is sterling. The grouping consists of B&W, the branch networks in Northern Ireland and Britain as well as Chase de Vere Financial Solutions. UK Financial Services provides lending, savings and investment products to customers and operates advice based businesses. During 2004 the Group completed a joint venture agreement with the UK Post Office to enable the Group to distribute the Group's products through the Post Office network.

Operations in the rest of the world are primarily undertaken by Bank of Ireland Asset Management, which provides fund management services to institutions and pension funds in the United States of America, Europe, Australia, Canada and Japan.

Recent Developments

The Irish Finance Act, 2003 provides for a contribution in the form of a levy on financial sector intended to be €100 million for each of the three years 2003, 2004 and 2005.

On 28th April, 2004, Bank of Ireland announced an agreement to sell its 50 per cent. shareholding in EuroConex Technologies Ltd. The consideration payable to Bank of Ireland following the sale, which completed on 29th June, 2004, amounted to approximately €40 million.

On 29th May, 2004, the Group Chief Executive, Michael Soden, resigned and on 3rd June, 2004 Brian Goggin was announced as his replacement.

On 25th June, 2004 the Group through its subsidiary, BIAM, acquired an additional 15 per cent. interest in Iridian in accordance with the terms of the Iridian Purchase Agreement dated May 2002.

First Rate Enterprises and FCEC (First Rate Enterprises' U.S. business acquired in April 2003) won a tender to offer foreign Currency Services for an initial 12-month pilot period, which commenced in June 2004, with Canada Post Corporation. The pilot programme is based in thirty post office branches in three major Canadian cities.

On 15th September, 2004, Bank of Ireland (via Bank of Ireland Mortgage Bank) announced that it had successfully raised €2 billion through the issue of the first Irish mortgage asset covered security under the Asset Covered Securities Act 2001.

On 14th December, 2004 Bank of Ireland announced the appointment of Richard Burrows as Governor-Designate, to take up position of Governor at the end of the Annual General Court meeting in July 2005 in succession to Laurence Crowley whose term expires at that time.

On 16th December, 2004 Bank of Ireland announced the acquisition of Burdale Financial Holdings Ltd. for approximately €71 million (£49 million).

The Group continues to explore and execute similar transactions including acquisitions, disposals and joint ventures.

Organisation

The Group organises its businesses into Retail Republic of Ireland, Bank of Ireland Life, Wholesale Financial Services, UK Financial Services, Asset Management Services, UK Post Office Financial Services venture and Group and Central. The Group's operations extend geographically throughout Ireland and the United Kingdom.

Results

The following table which has been derived from the consolidated financial statements for the Group for the financial year ended 31st March, 2004 shows the profit contribution by business for the three years ended 31st March, 2004 and the total assets at 31st March, 2004, 2003 and 2002.

<i>For the Financial Year Ended 31st March,</i>						
<i>2004</i>	<i>%</i>	<i>2003</i>	<i>%</i>	<i>2002</i>	<i>%</i>	
		<i>(restated)⁽³⁾</i>		<i>(restated)⁽³⁾</i>		
<i>(in € millions, except percentages)</i>						
Profit Before Tax						
Retail Republic of Ireland....	419	33	390	33	336	30
Bank of Ireland Life.....	147	12	87	7	122	11
Wholesale Financial Services	371	29	367	31	334	30
UK Financial Services.....	373	29	359	31	324	29
Asset Management Services .	125	10	113	10	126	11
UK Post Office Joint Venture.....	(3)	—	—	—	—	—
Group and Central.....	(115)	(9)	(85)	(7)	(64)	(6)
Tax equivalent adjustment ⁽¹⁾	(50)	(4)	(54)	(5)	(56)	(5)
Profit on ordinary activities before exceptional items...	1,267	100	1,177	100	1,122	100
Exceptional items	(97)	—	(164)	—	(37)	—
Profit before taxation	1,170	100	1,013	100	1,085	100

At 31st March,

	2004	%	2003 (restated) ⁽³⁾	%	2002 (restated) ⁽³⁾	%
<i>(in € millions, except percentages)</i>						
Assets						
Retail Republic of Ireland....	36,324	23	29,261	23	24,768	21
Bank of Ireland Life.....	7,401	5	5,728	4	6,028	5
Wholesale Financial Services	60,328	39	50,530	40	42,406	37
UK Financial Services.....	38,716	25	32,841	26	35,292	31
Asset Management Services .	1,606	1	1,611	1	930	1
UK Post Office Joint Venture.....	—	—	—	—	—	—
Group and Central.....	10,110	7	7,416	6	5,533	5
Total⁽²⁾	154,485	100	127,387	100	114,957	100

Notes:

- (1) The Group undertakes tax based transactions at rates which are less than normal market rates in return for tax relief arising from various incentives and reliefs. To assist in making valid comparison of pre-tax performance, the analysis of business unit performance is grossed up.
- (2) Total Assets include intra-group items of 2004: €48,054 million (2003: €38,084 million, 2002: €27,865 million).
- (3) Restated to reflect the transfer of Private Banking to Retail Republic of Ireland from Wholesale Financial Services and Isle of Man changed from Wholesale Financial Services to UK Financial Services.

Retail Republic of Ireland

Retail Republic of Ireland includes all the Group's branch banking operations in the Republic of Ireland. The branches offer a wide range of financial products and services in addition to the deposit, lending, current account and other money transmission services traditionally offered by banks. It also includes ICS, Bank of Ireland Mortgages ("**Bank of Ireland Mortgage Bank**"), Private Banking, instalment credit and leasing facilities, as well as a direct telephone banking unit, credit card operations and commercial finance/factoring businesses.

As at 11th February, 2005, Branch Banking Republic operated 261 full-time branches. A full range of banking services is provided to all major sectors of the Irish economy including small- and medium-sized commercial and industrial companies. Branches provide current accounts, demand and term deposit accounts, overdrafts, term loans and home loans as well as customary money transmission and foreign exchange services. Also available through branches are credit cards and assurance and investment products as well as the loan and deposit products of other Group businesses.

Bank of Ireland Life

The Group operates in the life and pensions market through Bank of Ireland Life and offers life assurance, protection, pension and investment products primarily to Group customers in Ireland, throughout the Group's extensive branch banking network and it also operates through the broker channel and its direct sales force, to access the domestic life assurance and pensions market.

Wholesale Financial Services

The principal constituents of this division are Corporate Banking, Global Markets (previously Treasury and International Banking), Davy, First Rate Enterprises Limited ("**First Rate**") and IBI Corporate Finance Limited.

Corporate Banking provides an integrated banking service to a significant number of the major corporations in Ireland. The range of lending products provided includes overdraft and short-term loan facilities, term loans, project financing, tax sheltered lending and leasing. Corporate Banking also manages Bank of Ireland International Finance Limited, which is headquartered in the International

Financial Services Centre (“**IFSC**”) in Dublin. This company is engaged in international asset financing, the provision of structured financial transactions in Europe, leveraged acquisition and project finance, and syndicated lending to major multi-national companies, principally in the United Kingdom and the United States.

Bank of Ireland Global Markets (“**Global Markets**”) is responsible for the Group’s liquidity and funding requirements and interest and exchange rate risk management. In Dublin, Global Markets deals in a full range of market instruments on behalf of the Group itself and the Group’s principal corporate clients. Activities include dealing in foreign exchange spot and forward contracts, interbank deposits and loans, financial futures, bonds, swaps and forward rate agreements and equity tracker products. Global Markets is also represented overseas in Bristol, in the United Kingdom.

Davy is one of the largest stockbrokers in Ireland in both the gilt and equity markets (based on turnover in the gilt market and commissions in the equity market).

First Rate specialises in the provision of foreign exchange services through a number of separate businesses. In Ireland, First Rate operates through its own bureaux and agencies in hotels and shops in key tourist locations. It also provides foreign exchange services to An Post (the Irish postal service) and has responsibility for the provision of foreign exchange currency and travellers cheques to the Bank of Ireland branch network. In the United Kingdom, First Rate Travel Services operates a joint venture with the UK Post Office supplying the UK Post Office with foreign exchange currency and travellers cheques. In the United States, Foreign Currency Exchange Corp (“**FCEC**”), acquired in April 2003, operates its own retail outlets and provides foreign exchange services to banks and hotels across the United States. In Canada, First Rate/FCEC won a tender to offer foreign currency services for an initial 12-month pilot period, which commenced in June 2004, with Canada Post Corporation.

IBI Corporate Finance Limited acts as a financial advisor to companies in Ireland and Britain in connection with take-overs, mergers and restructurings, other acquisitions and disposals and the raising of equity and loan capital, public flotations and stock exchange listings.

UK Financial Services

UK Financial Services (“**UKFS**”) brings together most of the Group’s significant activities in the sterling area. The UKFS structure facilitates the operation of business units by customer segments and needs rather than by traditional brand considerations. The Group believes that the combination of businesses in UKFS represents a business of scale within the UK financial services market-place.

B&W provides standard and non-standard residential mortgages, savings, investment and advice to retail customers. It is based in Bristol and currently operates out of 98 branches located mainly in the South West of England. B&W also operates through broker and intermediary channels in sourcing UK residential mortgages.

Savings and investment products include traditional savings accounts, postal savings accounts, single premium bonds, individual savings accounts and guaranteed equity products.

B&W’s principal subsidiaries are BIHM, a centralised mortgage lender, and Chase de Vere Financial Solutions plc, which is one of the UK’s leading independent financial advisors and provider of online services.

Branch Banking Northern Ireland and Great Britain offers deposit, lending, current account and other money transmission services traditionally offered by banks. In addition, it offers instalment credit and leasing. Business banking units provide loan facilities for medium to large corporate clients while also providing international banking, treasury, current asset financing and electronic banking services.

Asset Management Services

Asset Management Services provides asset management, custody and administration services to investors globally. The division is comprised of BIAM, Bank of Ireland Securities Services Limited (“**BOISS**”) and Iridian. BIAM is the investment management arm of the Group. It provides active and passive investment services for Irish institutional clients and active management of equities and fixed interest securities for international clients. It also acts as sub-advisor for a number of retail distributors in Ireland and overseas. The company’s head office is located in Dublin and it has nine

international offices servicing clients across five continents. It had assets under management of €57.5 billion at 31st March, 2004 and €49 billion at 31st December, 2004.

BOISS is the investment administration and custodial arm of the Group. It has offices in Dublin's IFSC and provides a full range of fund administration services to leading international fund managers and it supplies a full range of custody services for all Irish and United Kingdom instruments to an international and domestic client base as well as offering a full administration outsourcing service to fund managers. Assets under administration/custody were €134 billion at 31st March, 2004.

Iridian is a specialist United States domestic equity manager, operating in the largest product segment of the United States market. The Group acquired a 61 per cent. interest in Iridian in September 2002 and a further 15 per cent. in June 2004 and can acquire the remaining 24 per cent. in future years. Iridian had assets under management of USD9.8 billion at 31st March, 2004.

Group and Central

Group and Central mainly includes earnings on surplus capital and unallocated central overheads.

UK Post Office Venture

On 19th March, 2004 Bank of Ireland UK Holdings plc signed a contract to acquire a 50.01 per cent. holding in the entity, Midasgrange Limited (trading as Post Office Financial Services), to sell financial products through the Post Office distribution network for a consideration of €149 million (£100 million). The remaining 49.99 per cent. holding is owned by Post Office Limited.

The acquisition gave rise to goodwill of €81 million (£55 million) which has been capitalised and will be written off to the profit and loss account over its useful estimated life of 10 years.

An additional payment was made of €44 million (£29 million) to the UK Post Office for the use of the Post Office Brand in connection with the business of the joint venture. This is considered to be part of the goodwill arising on the Group's investment and will be written off to the profit and loss account over its useful estimated life of 10 years.

Group Capital Resources

The following table sets forth the Group's capital resources at 31st March, 2004, 2003, and 2002. The information set out in the table below is derived from the consolidated financial statements for the Group for the financial year ended 31st March, 2004.

	<i>At 31st March,</i>		
	<u>2004</u>	<u>2003</u> <i>(restated)</i>	<u>2002</u> <i>(restated)</i>
	<i>(in € millions)</i>		
Stockholders' funds			
Equity	4,215	3,969	4,009
Non-equity	66	65	68
Minority interests			
– equity	54	54	91
– non-equity	76	73	82
Undated capital notes.....	1,423	1,413	965
Dated capital notes.....	2,259	1,290	1,559
Total capital resources.....	<u>8,093</u>	<u>6,864</u>	<u>6,774</u>

In the year ended 31st March, 2004 total Group Capital Resources increased by €1,229 million to €8,093 million following retentions of €473 million, cost of Ordinary Stock Buyback of €377 million, a reissue of Treasury stock under employee stock schemes of €25 million, a revaluation of property of €59 million, a redemption of subordinated floating rate notes of €290 million, issues of fixed and floating rate subordinated notes of €1,249 million, favourable translation differences of €85 million and other miscellaneous movements of €5 million (positive).

Capital Adequacy Requirements

It is the Group's policy to maintain a strong capital base, to seek to expand this where appropriate and to utilise it efficiently in the Group's development as a diversified international financial services group. Long-term debt, undated capital notes and preference stock are raised in various currencies to help maintain a prudent relationship between the capital base and the underlying currency risks of the Group's business.

Bank of Ireland Group's capital resources policy has been developed within the supervisory requirements of the Regulator, which applies a risk-asset ratio as the measure of capital adequacy, and with reference to guidelines issued in 1988 by the Basel Committee and capital adequacy requirements set by the European Union (the "EU"). See further *Supervision and Regulation – Ireland* below.

The basic instrument of capital monitoring is the risk-asset ratio as developed by the Basel Committee. This ratio derives from a consideration of capital as a cover for the credit and market risks inherent in Group assets. Capital is defined by reference to EU Council Directive 89/299/EEC of 17th April, 1989, as amended (the "Own Funds Directive") and EU Council Directive 93/6/EEC of 15th March, 1993, as amended (the "Capital Adequacy Directive"), and is divided into "Tier 1" capital consisting largely of stockholders' equity, "Tier 2" capital including general provisions and debt capital instruments, and "Tier 3" capital including short-term subordinated loan capital and net trading book profits. Assets (both on and off balance sheet) are weighted to allow for relative risk according to rules derived from EU Council Directive 89/647/EEC of 18th December, 1989, as amended (the "Solvency Ratio Directive").

The target standard risk-asset ratio set by the Basel Committee is 8 per cent., of which the Tier 1 element must be at least 4 per cent. The minimum risk-asset ratio is set by the Irish Financial Services Regulatory Authority and satisfies capital adequacy requirements of the EU which took effect on 1st January, 1993.

Capital Adequacy Data

The following table (which have been derived from the unaudited interim consolidated financial statements of the Group for the financial half year ended 30th September, 2004 and from the Report

and Accounts of the Group for the year ended 31st March, 2004) shows the components and basis of calculation of the Group's Tier 1 and Total Capital ratios for the half year to September 2004 and the two years to 31st March, 2004.

<i>For the Half Year to September 2004 and Financial Years Ended 31st March,</i>			
	<i>2004</i>	<i>2004</i>	<i>2003</i>
	<i>30th September</i>		<i>(restated)</i>
<i>(in € millions, except percentage)</i>			
Adjusted Capital Base			
Tier 1.....	5,041	4,569	4,377
Tier 2.....	3,390	3,552	2,442
	8,431	8,121	6,819
Supervisory Deductions.....	930	934	752
Total Capital.....	7,501	7,187	6,067
Risk Weighted Assets			
Banking book.....	65,994	60,634	52,546
Trading book.....	3,274	2,727	2,046
Total.....	69,268	63,361	54,592
Capital Ratios			
Tier 1 capital.....	7.3%	7.2%	8.0%
Total capital.....	10.8%	11.3%	11.1%

In the half year to 30th September, 2004 the Tier 1 Capital Ratio increased from 7.2 per cent. to 7.3 per cent. and the Total Capital Ratio decreased from 11.3 per cent. to 10.8 per cent. These changes in the Tier 1 ratio arose from retained earnings partly offset by growth in risk weighted assets. The decrease in the Total Capital ratio reflects the growth in risk weighted assets.

Capital management is a key strategic priority of the Group. Active management of the composition of the capital base and of the allocation of capital to Group units is a key driver of enhanced returns to stockholders and the Group seeks every opportunity to improve the capital structure of the business. During February 2003, the Group began a rolling share buy back programme and 4.8 per cent. of Group stock has been purchased to 31st March, 2004, improving the Return on Equity by 1.5 per cent. in 2003/04. There have been no further repurchases of shares since March 2004.

The Group's Tier 1 and Total Capital ratios were at 30th September, 2004 at 7.3 per cent. and 10.8 per cent. respectively. Both the Tier 1 ratio and Total Capital ratio remain close to the Group's target range of 6.5 per cent. to 7 per cent., and 10.5 per cent. respectively. Capital management is complemented by a portfolio management philosophy, which ensures that all Group units meet – or are deemed capable of meeting within an acceptable timeframe – exacting returns on capital hurdles. The Group intends to dispose of businesses that cannot meet this standard.

Supervision and Regulation

Ireland

In respect of banking operations in Ireland, the provisions of the Central Bank Acts, 1942 to 2001, the Central Bank and Financial Services Authority of Ireland Act, 2003, the Central Bank and Financial Services Authority of Ireland Act 2004, the European Communities (Consolidated Supervision of Credit Institutions) Regulations, 1992 (as amended) (the “**1992 Consolidated Supervision**

Regulations”) and the European Communities (Licensing and Supervision of Credit Institutions) Regulations 1992 (as amended) (the “**1992 Licensing Regulations**”) apply to the Group.

Banking activities in Ireland are regulated and supervised by the Regulator. The Irish banking law regulations consist primarily of the Central Bank Acts, 1942 to 2001, the Central Bank and Financial Services Authority of Ireland Act, 2003, the Central Bank and Financial Services Authority of Ireland Act, 2004, regulations made by the Irish Minister for Finance under the European Communities Act, 1972, and regulatory notices issued by the Regulator. These ministerial regulations and regulatory notices implement EU directives relating to banking regulation, including Council Directive No. 77/780/EEC of 12th December, 1977, as amended (the “**First Banking Co-ordination Directive**”), Council Directive 89/646/EEC of 15th December, 1989, as amended (the “**Second Banking Co-ordination Directive**”), the Capital Adequacy Directive, the Solvency Ratio Directive, the Own Funds Directive, Council Directive 92/121/EEC of 21st December, 1992 (the “**Large Exposures Directive**”), Council Directive 94/19/EC of 30th May, 1994, as amended (the “**Deposit Guarantee Scheme Directive**”), Council Directive 92/30/EEC of 6th April, 1992 (the “**Consolidated Supervision Directive**”) and European Parliament and Council Directive 95/26/EC of 29th June, 1995 (the “**Post BCCI Directive**”). To the extent that areas of banking activity are the subject of EU directives, the provisions of Irish banking law reflect the requirements of those directives.

The Bank of International Settlements 1988 Accord (Basle I) capital adequacy standards as adopted at EU level under the EU Own Funds/Solvency Ratio Directives form part of Irish banking law. Regulatory capital, which is required to be held by an Irish bank to cover credit risks comprises Tier 1 (original own funds) and Tier 2 (additional own funds) capital. In the case of certain risks associated with an Irish bank’s trading book and foreign currency exchange risk, regulatory capital also includes Tier 3 (supplementary own funds) capital. Although a minimum solvency ratio of 8 per cent. applies to Irish licensed banks, in practice the Regulator generally requires Irish licensed banks to have a higher minimum solvency ratio to be determined on a case-by-case basis.

As at the date of this Offering Circular, liquidity requirements for EU credit institutions are not the subject matter of EU directives. In Ireland, the Authority, as a general rule, requires Irish licensed banks to hold a minimum ratio of liquid assets to total borrowings of 25 per cent. The liquid assets must be of a kind acceptable to the Authority.

The Central Bank and Financial Services Authority of Ireland Act, 2003 was implemented on 1st May, 2003. This Act brings under one supervisory umbrella all of the financial services activities in Ireland. The Regulator is a constituent part of the Central Bank and Financial Services Authority of Ireland (the “**Authority**”) but has no responsibility either for contributing to the stability of the financial system or promoting the efficient and effective operating of payment and settlement systems (the responsibility of the Authority) or for holding and managing the foreign reserves of Ireland, promoting the efficient and effective operations of settlement systems or for the performance of functions imposed on the Authority under the Rome Treaty or the European System of Central Banks Statute (the sole responsibility of the Governor of the Authority). By contrast, the Regulator is entrusted with the supervisory activities of the former Central Bank of Ireland. Two particular features of the Central Bank and Financial Services Authority of Ireland Act, 2003 should be noted. First, it established as a separate function the office of the Consumer Director with particular responsibility for the administration of the Consumer Credit Act, 1995, and the consumer protection provisions of other supervisory enactments. The Consumer Credit Act had been administered by a separate office, the Director of Consumer Affairs, since that Act’s implementation on 13th May, 1996. Second, it established the Irish Financial Services Appeal Tribunal which will hear and determine appeals under any of the designated enactments or statutory instruments referred to above that have the effect of imposing a sanction or liability on any person. The provisions relating to the Irish Financial Services Appeal Tribunal became effective on 1st August, 2004.

All Irish licensed banks are obliged to draw up and publish their annual accounts in accordance with the European Communities (Credit Institutions: Accounts) Regulations, 1992 as amended by the European Communities (Credit Institutions) (Fair Value Accounting) Regulations 2004. Subject to the provisions of the 1992 Licensing Regulations relating to mutual recognition of credit institutions authorised elsewhere in the EU, the Central Bank Act, 1971 (as amended) (the “**1971 Act**”) restricts the carrying-on of banking business in Ireland to holders of licenses granted under the 1971 Act. The

1971 Act stipulates that license holders must maintain a minimum deposit with the Authority. The Regulator has a qualified discretion to grant or refuse a license and may attach conditions to any licenses granted. Bank of Ireland holds a license granted under the 1971 Act and no conditions imposed under the 1971 Act have been attached to them. The Regulator, after consultation with the Minister for Finance, may revoke a license under certain circumstances specified in the 1971 Act.

The Regulator has statutory power to carry out inspections of the books and records of license holders and to obtain information from license holders about their banking and bank-related business. Pursuant to this power, the Regulator carries out regular review meetings and periodically inspects licensed banks. The Regulator is also empowered by law to obtain information from license holders about their banking and bank-related business.

The Regulator may also prescribe ratios to be maintained between, and requirements as to the composition of, the assets and liabilities of licensed banks, to prescribe maximum interest rates permitted to be charged and to make regulations for the prudent and orderly conduct of banking business of such banks. The 1992 Licensing Regulations set forth minimum start-up and ongoing capital requirements for banks licensed by the Regulator and require applicants for a license to notify the Regulator of the identity of certain shareholders and the size of their holdings in the applicant. The Regulator also sets requirements and standards from time to time for the assessment of applications for licenses. The most recent requirements and standards were published initially in the Quarterly Review of the Central Bank of Ireland, Winter 1995, have been updated regularly and are non-statutory requirements which are applied by the Regulator to credit institutions as a supplement to the statutory requirements referred to generally in this Section but do not purport to interpret or refer comprehensively to the statutory provisions applicable to credit institutions.

The Group is also subject to EU Directives relating to capital adequacy, and in the area of monitoring and control of large exposures. These EU Directives, which have been implemented in Ireland by way of administrative notice, were codified into a single text by Directive 2000/12/EC of 20th March, 2000 (the EU Codified Banking Directive).

The Group's operations in overseas locations are subject to the regulations and reporting requirements of the regulatory and supervisory authorities in the overseas locations with the Regulator having overall responsibility for their regulation and supervision. The Regulator is required to supervise the Group on a consolidated basis, i.e., taking account of the entire Group activities and relationships.

Licensed banks must notify their existing fees and charges and related terms and conditions, and any changes therein from time to time to the Consumer Director of the Regulator, who can direct that no fees, charges or increases or changes therein be made without his or her approval.

All credit institutions are obliged to take the necessary measures to counteract money laundering effectively in accordance with the Criminal Justice Act, 1994 (as amended) and the Guidance Notes for Credit Institutions, which were issued with the approval of the Money Laundering Steering Committee. Revised guidance notes were issued in 2003.

Under the European Communities (Deposit Guarantee Schemes) Regulations, 1995 (as amended) the Regulator also operates a statutory depositor protection scheme to which both licensed banks (including the Issuer) and building societies are required to make contributions amounting to 0.2 per cent. of their total deposits. The maximum level of compensation payable to any one depositor is 90 per cent. of the aggregate deposits held by that depositor subject to a maximum compensation of €20,000.

In 2001 the Central Bank issued a Code of Practice for Credit Institutions (setting down standards of good banking practice to be followed by banks in their dealings with consumers), a Code of Conduct for Investment Business Services of Credit Institutions and advertising requirements applicable to Credit Institutions.

Under the Central Bank and Financial Services Authority of Ireland Act 2004, some of the provisions of which came into force on 1st August, 2004, provision is made for the establishment of a financial services ombudsman's bureau and a financial services ombudsman council. That Act also sets out the functions and powers of that council and bureau, respectively, and establishes consultative panels to advise the Regulator on matters relating to its statutory functions. Provision is

also made for the auditing and accounts of and compliance statements by financial service providers regulated by the Authority (including Institutions and licensed banks) and for the holding of inquiries and enforcement of legislative requirements against financial service providers.

United Kingdom

In respect of its banking operations in Northern Ireland and Britain, Bank of Ireland has the status of an “EEA firm” under the Financial Services and Markets Act 2000 (EEA Passport Rights) Regulations 2001 (the “**EEA Regulations**”) and is entitled to carry on in the United Kingdom any of the listed activities in the Banking Consolidation Directive which it is authorised to carry on in Ireland.

The powers of the UK Financial Services Authority (**FSA**) in relation to EEA firms are less extensive than those in relation to UK institutions because, pursuant to the principle of “home country” control incorporated in the Banking Consolidation Directive, the Authority, as the competent authority in Ireland, has primary responsibility for the supervision of credit institutions incorporated in Ireland. The FSA, however, has a specific responsibility to cooperate with the Authority in ensuring that branches of European credit institutions from Ireland maintain adequate liquidity in the United Kingdom. The FSA also has the responsibility to collaborate with the Authority in ensuring that Irish credit institutions carrying on activities listed in the Banking Consolidation Directive in the United Kingdom take sufficient steps to cover risks arising from their open positions on financial markets in the United Kingdom. In addition, it has the power to make rules about the conduct of financial business in the UK by EEA firms. For example, in relation to deposit taking, it has made rules about the approval of advertisements, the handling of complaints and the avoidance of money laundering.

Under the EEA Regulations, the FSA is empowered in specified circumstances to impose a prohibition on, or to restrict the listed activities of, an EEA firm. Consistent with the allocation of supervisory responsibilities in the Banking Consolidation Directive, the FSA would usually exercise its power only after consulting the Authority, which, *inter alia*, expresses willingness of the respective authorities to exchange information in order to facilitate the effectiveness of the supervision of credit institutions in the European Union. It also provides for the exchange of information in crisis situations and in cases where the authorities become aware of contraventions of the law by institutions covered by the Banking Consolidation Directive operating in their territory. The FSA can also enforce its conduct of business rules and has certain other enforcement powers under UK legislation.

Because Bank of Ireland has established a place of business in England, it is subject to the provisions of the UK Companies Act 1985, which affect overseas companies. Equally, on account of its having established a place of business in Northern Ireland in connection with its operations there, Bank of Ireland is subject to the provisions of Part XXIII of the Companies (Northern Ireland) Order 1986 which apply to companies incorporated outside Northern Ireland which have established a place of business in Northern Ireland.

In respect of its banking operations in Northern Ireland, Bank of Ireland is empowered under the Bank of Ireland Act, 1821 to issue bank notes as local currency, and is subject to the provisions of the Bankers (Northern Ireland) Act, 1928, the Bank of Ireland and Subsidiaries Act, 1969 and the Financial Services and Markets Act, 2000 in respect thereof.

In addition to the role of the FSA in relation to the Group as an EEA firm described above, the FSA is also the home country regulator of a number of UK incorporated members of the Group. These include B&W (an authorised bank and successor to Bristol & West Building Society). Since 1st December, 2001, the FSA’s power and responsibilities derive from the UK Financial Services and Markets Act 2000 (the “**FSMA**”), which gave effect to a major overhaul of the regulatory system in the UK. The scope of the FSMA was extended to residential mortgage lending and administration in October 2004 and to general insurance business in January 2005. BIHM and B&W are authorised under the FSMA in this respect.

The FSA’s basic method of supervising banks involves the regular reporting of statistical information and a regular set of returns giving balance sheet and consolidated statement of income and data, material on the maturity structure of assets and liabilities, sectoral analysis of business and

details of concentration of risk in assets and deposits. Review meetings are held by the FSA with the management of regulated firms. Under the risk-based approach introduced in 2001 (ARROW) the FSA's supervision of banks is based on a systematic analysis of the risk profile of each bank. The FSA also publishes requirements it expects banks to meet on matters such as capital adequacy, limits on large exposures to individual entities and groups of closely connected entities and liquidity.

In order to maintain authorisation under the FSMA, regulated firms must be able to demonstrate that they have adequate resources and that they are fit and proper. In addition, firms must meet the FSA's requirements with regard to senior management arrangements, systems and controls, conduct of business, training and competence, money laundering and complaints handling.

In addition to various powers to make rules and issue guidance, the FSMA also gives the FSA power to gather information, undertake investigations and to impose sanctions both on regulated firms and on certain of their directors and managers. For example, under FSMA Section 166 the FSA may require an authorised firm to provide it with a report from a skilled person (for example an accountant) in relation to the exercise of the FSA's functions.

Various members of the Group hold licences from the UK Director General of Fair Trading under the UK Consumer Credit Act, 1974 in relation to regulated consumer credit lending and mortgage broking. The Director General of Fair Trading has certain powers in relation to these activities.

Court of Directors

The business address of the Court of Directors is Bank of Ireland, Head Office, Lower Baggot Street, Dublin 2, Ireland.

<i>Name</i>	<i>Function within the Group</i>	<i>Principal Outside Activities</i>
Laurence G. Crowley	Governor	Chairman of PJ Carroll and Co. Ltd., a Director of Elan Corporation plc and a number of other companies.
Richard Burrows	Governor-Designate	Chairman of Irish Distillers Group Ltd and Joint Managing Director of Pernod Ricard S.A.
Brian J. Goggin	Group Chief Executive	—
Roy E. Bailie, OBE	Non-Executive Director	Chairman of W&G Baird Holdings Ltd. A Director of UTV plc.
David J. Dilger	Non-Executive Director	Chief Executive Officer of Greencore Group plc
Donal J. Geaney	Non-Executive Director	Chairman of Automsoft, the Irish Aviation Authority and the National Pensions Reserve Fund Commission. Senior adviser to Elan Corporation plc.
Paul Haran	Non-Executive Director	A member of the Council of the Economic and Social Research Institute and a Board member of the Irish Management Institute. A member of the Foundation for Fiscal Studies and the Statistical and Social Inquiry Society of Ireland.
Michael Hodgkinson	Non-Executive Director	Chairman of Post Office Ltd and of First Choice Holidays.
Maurice A. Keane	Non-Executive Director	Chairman of BUPA Ireland Ltd. and University College Dublin Foundation. A Director of DCC plc and of AXIS Capital Holdings Ltd.

<i>Name</i>	<i>Function within the Group</i>	<i>Principal Outside Activities</i>
Raymond Mac Sharry	Non-Executive Director	Chairman of London City Airport Ltd. and a Director of Ryanair Holdings plc.
George M. Magan	Non-Executive Director	Partner in Rhône Group and Chairman of Morgan Shipley
Caroline A. Marland	Non-Executive Director	A Director of Burberry Group plc.
Declan McCourt	Non-Executive Director	Chief Executive of OHM Group. A Director of Fyffes plc and the Dublin Docklands Development Authority and a number of other companies. Chairman of the Mater Hospital Foundation and of the Development Council of the University College Dublin Law School.
Thomas J. Moran	Non-Executive Director	President and Chief Executive Officer of Mutual of America Life Insurance Company, Chairman of Concern Worldwide (U.S.) and of the North American Board of the Michael Smurfit Graduate School of Business at UCD.
Terry Neill	Non-Executive Director	A Director of CRH plc, Trinity Foundation and the Ingram Partnership. Chairman of AMT-Sybex and Meridea Oy. A member of the Governing Body, and chairman of the Finance Committee, of the London Business School and chairman of Camerata Ireland.
Denis O'Brien	Non-Executive Director	Chairman of Communicorp Group Ltd. Chairman of 2003 Special Olympics World Summer Games. A Director of Oakhill plc, Digicel Ltd., Aergo Capital Ltd., Frontline – International Foundation for the Protection of Human Rights and a number of other companies.
John O'Donovan	Group Chief Financial Officer	—
Mary P. Redmond	Non-Executive Director	A Consultant Solicitor in employment law at Arthur Cox, Solicitors. Founder of the Irish Hospice Foundation and of The Wheel, the Community and Voluntary Sector Network.

HISTORICAL DIVIDENDS

Dividends charged to its Profit and Loss Account by Bank of Ireland over the last three financial years (information extracted from Bank of Ireland's 2003 and 2004 annual reports) are as follows:

2004 : € 400 million;

2003 : € 371 million;

2002 : € 333 million.

CAPITALISATION AND INDEBTEDNESS OF THE GROUP

The following table and notes thereto sets out the consolidated capital stock, minority interests – non equity, subordinated liabilities and debt securities in issue of the Group as at 30th September, 2004 extracted without material adjustment from the unaudited consolidated interim financial statements at 30th September, 2004.

Consolidated Capitalisation and Indebtedness of the Group

	<i>As at 30th September, 2004</i>
	<i>(in € millions)</i>
Capital stock	
Authorised:	
1,500 million units of €0.64 each of Ordinary Stock	960
8 million units of Non-Cumulative Preference Stock of U.S.\$25 each.....	161
100 million units of Non-Cumulative Preference Stock of £1 each.....	146
100 million units of Non-Cumulative Preference Stock of €1.27 each	127
	1,394
Allotted and fully paid:	
Equity	
942.1 million units of €0.64 each of Ordinary Stock	603
108.0 million units of €0.64 of Treasury Stock.....	69
Non Equity	
1.9 million units of Non-Cumulative Preference Stock of £1 each.....	3
3.0 million units of Non-Cumulative Preference Stock of €1.27 each.....	4
	679
Minority Interests – non equity	
Bristol & West plc	
£50.4 million 8 ¹⁷ / ₈ per cent. Non-Cumulative Preference Stock of £1 each	73
Subordinated Liabilities	
Undated Loan Capital	
Bank of Ireland	
U.S. \$150 million Undated Floating Rate Primary Capital Notes.....	119
Bank of Ireland UK Holdings plc	
€600 million 7.40 per cent. Guaranteed Step-up Callable Perpetual Preferred Securities	596
£350 million 6.25 per cent. Guaranteed Callable Perpetual Preferred Securities.....	504
Bristol & West plc	
£75 million 13 ³ / ₈ per cent. Perpetual Subordinated Bonds.....	180
	1,399
Dated loan Capital	
Bank of Ireland	
£100 million 9.75 per cent. Subordinated Bonds 2005.....	146
€750 million 6.45 per cent. Subordinated Bonds 2010.....	748
€600 million Subordinated Floating Rate Notes 2013.....	599
€650 million Fixed/Floating Rate Subordinated Notes 2019.....	650
Bristol & West plc	
£75 million 10 ³ / ₄ per cent. Subordinated Bonds 2018	109
	2,252
	3,651
Debt Securities in Issue	
Bonds and Medium Term Notes ⁽¹⁾	7,930
Other Debt Securities in Issue ⁽²⁾	9,673
	17,603

Notes:

- (1) Since 30th September, 2004 there has been a decrease of €1,027 million of bonds and medium term notes.
- (2) Since 30th September, 2004 there has been an increase of €2,378 million in short-term commercial paper and certificates of deposit.
- (3) Save as disclosed in the footnotes above, there has been no material change in Group's capitalisation and indebtedness since 30th September, 2004.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	<i>Half Year</i> <i>30th September,</i> <i>2004</i>	<i>Year</i> <i>31st March,</i> <i>2004</i>	<i>Year</i> <i>31st March,</i> <i>2003</i>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
INTEREST RECEIVABLE			
Interest receivable and similar income arising from debt securities.....	182	331	344
Other interest receivable and similar income	1,962	3,300	3,347
INTEREST PAYABLE	<u>1,222</u>	<u>1,887</u>	<u>1,962</u>
NET INTEREST INCOME	922	1,744	1,729
Fees and commissions receivable	583	1,134	1,011
Fees and commissions payable.....	(84)	(200)	(140)
Dealing profits	33	73	85
Contribution from life assurance business	71	177	116
Other operating income.....	<u>25</u>	<u>50</u>	<u>116</u>
TOTAL OPERATING INCOME	1,550	2,978	2,917
Administrative expenses	787	1,471	1,480
Depreciation and amortisation.....	<u>88</u>	<u>183</u>	<u>182</u>
OPERATING PROFIT BEFORE PROVISIONS	675	1,324	1,255
Provision for bad and doubtful debts	28	86	100
OPERATING PROFIT	<u>647</u>	<u>1,238</u>	<u>1,155</u>
Income from associated undertakings and joint ventures.....	29	29	22
PROFIT ON ORDINARY ACTIVITIES BEFORE EXCEPTIONAL ITEMS..	676	1,267	1,177
Exceptional items.....	<u>37</u>	<u>(97)</u>	<u>(164)</u>
PROFIT BEFORE TAXATION	713	1,170	1,013
Taxation.....	<u>(120)</u>	<u>(208)</u>	<u>(163)</u>
PROFIT AFTER TAXATION	<u>593</u>	<u>962</u>	<u>850</u>
Minority interests: equity	2	13	9
: non equity	3	6	6
Non-cumulative preference stock dividends	<u>4</u>	<u>8</u>	<u>9</u>
PROFIT ATTRIBUTABLE TO THE ORDINARY STOCKHOLDERS	584	935	826
Transfer to capital reserve	55	62	44
Ordinary dividends	<u>160</u>	<u>400</u>	<u>371</u>
PROFIT RETAINED FOR THE YEAR	<u>369</u>	<u>473</u>	<u>411</u>
Earnings per unit of €0.64 Ordinary Stock (2003 restated).....	<u>62.0c</u>	<u>97.2c</u>	<u>83.4c</u>
Diluted Earnings per unit of €0.64 Ordinary Stock (2003 restated).....	<u>61.5c</u>	<u>96.6c</u>	<u>82.6c</u>

CONSOLIDATED BALANCE SHEET

	<i>At</i>		
	<i>30th September,</i>	<i>At 31st March,</i>	
	<u>2004</u>	<u>2004</u>	<u>2003</u>
			<i>(restated)</i>
	<u>€m</u>	<u>€m</u>	<u>€m</u>
ASSETS			
Cash and balances at central banks	2,044	1,397	679
Items in the course of collection from other banks	593	584	508
Central government and other eligible bills	73	211	175
Loans and advances to banks	8,187	7,753	7,480
Loans and advances to customers	72,791	67,540	56,887
Securitisation and loan transfers	509	593	794
Less: non returnable amounts	(423)	(504)	(667)
	86	89	127
Debt securities	18,981	15,676	12,337
Securitisation	263	243	—
Less: non returnable amounts	(244)	(224)	—
	19	19	—
Equity shares	55	64	38
Interests in associated undertakings	15	14	13
Interest in joint ventures			
– share of gross assets	154	190	63
– share of gross liabilities	(106)	(73)	(38)
– goodwill	—	126	—
	48	243	25
Intangible fixed assets	285	147	266
Tangible fixed assets	1,227	1,268	1,209
Other assets	3,513	3,767	3,841
Prepayments and accrued income	896	690	543
	108,813	99,462	84,128
Life assurance assets attributable to policyholders	7,524	6,969	5,175
	<u>116,337</u>	<u>106,431</u>	<u>89,303</u>
LIABILITIES			
Deposits by banks	19,562	17,060	12,617
Customer accounts	56,740	54,395	48,496
Debt securities in issue	17,603	12,917	9,652
Items in the course of transmission to other banks	119	230	136
Other liabilities and provisions	5,246	5,897	5,642
Accruals and deferred income	813	621	541
Provisions for liabilities and charges			
– deferred taxation	88	66	54
Subordinated liabilities	3,651	3,682	2,703
Minority interests			
– equity	116	54	54
– non equity	73	76	73
Called up capital stock	679	679	679
Stock premium account	765	767	765
Capital reserve	552	498	436
Profit and loss account	2,572	2,281	2,099
Revaluation reserve	234	239	181
	4,802	4,464	4,160
Own shares held for the benefit of life assurance policyholder	(205)	(183)	(126)
Stockholders' funds including non equity interests	4,597	4,281	4,034
Life assurance liabilities attributable to policyholders	7,729	7,152	5,301
	<u>116,337</u>	<u>106,431</u>	<u>89,303</u>

MEMORANDUM ITEMS	<i>At</i>	<i>At 31st March,</i>	
	<i>30th September,</i>	<i>2004</i>	<i>2003</i> <i>(restated)</i>
	<i>2004</i>	<i>2004</i>	<i>2003</i> <i>(restated)</i>
	<i>€m</i>	<i>€m</i>	<i>€m</i>
<i>Contingent liabilities</i>			
Acceptances and endorsements.....	27	33	81
Guarantees and assets pledged as collateral security.....	1,233	1,291	1,172
Other contingent liabilities.....	513	494	508
	<u>1,773</u>	<u>1,818</u>	<u>1,761</u>
Commitments.....	<u>26,239</u>	<u>25,235</u>	<u>19,050</u>

Note:

The Accounts for the year ended 31st March, 2003 have been restated to take account of the change to the accounting policy for own shares as a result of UITF Abstract 37 "Purchases and Sales of Own Shares". "Own Shares" were previously shown as an asset but, following the restatement, are now included as a deduction from equity for the purposes of stockholders' funds.

TAXATION

The following is a summary of certain UK, Irish and Dutch taxation considerations relevant to persons who purchase, own and dispose of Preferred Securities. This summary addresses only the taxation consequences to holders that acquire Preferred Securities as an investment pursuant to the offering at the initial offering price and does not apply to certain classes of holders such as dealers, financial or other traders and certain persons who are exempt from Irish taxation on their income. Such holders may be subject to different tax treatments.

This summary does not address the position of persons who are resident in Ireland or the UK or who have some connection with Ireland or the UK beyond the holding of Preferred Securities.

THIS SUMMARY IS FOR GENERAL INFORMATION ONLY BASED ON LAW AND PRACTICE AT THE DATE HEREOF IN THE UNITED KINGDOM, IRELAND AND THE NETHERLANDS AND IS NOT EXHAUSTIVE. PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT WITH THEIR OWN TAXATION ADVISERS AS TO THE TAXATION CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF PREFERRED SECURITIES, INCLUDING THE EFFECT OF TAX LAWS IN COUNTRIES OTHER THAN THE UNITED KINGDOM, IRELAND AND THE NETHERLANDS.

United Kingdom

(a) UK Taxation Treatment for Non-UK Residents

Non-UK tax-resident corporate or individual Holders which hold their interest in Preferred Securities as an investment should be liable to UK taxation only to the extent that UK taxation is deducted at source from any payment to such a Holder made in respect of the Preferred Securities.

(b) Distributions on the Preferred Securities

The Guarantor understands that the Issuer should be classified as a partnership for UK taxation purposes and should not constitute a “unit trust scheme” for the purposes of UK taxation. On the basis that the Issuer is treated for the purposes of UK taxation as a partnership, payments of Distributions on Preferred Securities may be made without withholding for or on account of UK taxation.

(c) Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty will be chargeable in respect of the issue of Preferred Securities to a Holder. In practice, UK stamp duty is not likely to be chargeable in respect of a transfer of the Preferred Securities either because it is within a clearing system, or if the transfer is outside the clearing systems, because the Issuer will invest in exempt loan capital for UK stamp duty purposes.

The Guarantor understands that no liability to SDRT should arise in respect of the issue or subsequent transfer of the Preferred Securities.

Ireland

For Irish tax purposes the UK limited partnership will be a transparent entity and the income earned by the partnership, (i.e. the interest on the Subordinated Notes which are classified as “**quoted Eurobonds**”), will be deemed to be the income of the limited partners.

(a) Withholding Tax

No Irish withholding tax will apply on the payments on the Preferred Securities as the payments will be regarded as payments in respect of the Subordinated Notes which would not be liable to Irish withholding tax unless paid through an Irish paying agent.

Payments made under the Subordinated Guarantee could be subject to Irish withholding tax if the payments are regarded as having an Irish source. However, as the payments under the guarantee will be made by a bank in the ordinary course of a *bona fide* banking business carried on in Ireland withholding tax will not apply.

Payments made on the Substituted Preference Stock will generally be subject to dividend withholding tax which is currently levied at 20 per cent. However there are many exemptions available (for example for certain persons resident in an EU member state or a country with which Ireland has concluded a double tax treaty; and also Irish resident companies) provided the Holder completes the necessary declarations. In any event, if such withholding occurs, the Bank will, subject to having sufficient distributable reserves, pay such additional amount as may be necessary so that the net amount received by the Holder will equal the amount that would have been made, had no such withholding been made in the first place. If the Substituted Preference Stock is held through a finance company which is a qualifying company under Section 110 of the Irish Taxes Consolidation Act, 1997, then no withholding should be made in respect of the asset backed securities which the finance company would issue on the basis that they would be quoted eurobonds.

In certain circumstances, Irish encashment tax may be required to be withheld at the standard rate (currently 20 per cent.) from interest on the Subordinated Notes where such payments are entrusted for payment to, or collected by, any person in Ireland for payment to any person who is a holder of the Preferred Securities. Persons who are not resident in Ireland may qualify for exemption from Irish encashment tax.

(b) Direct taxation of investor

A non-Irish resident investor will not be liable to Irish income tax on receipt of Distributions on the Preferred Securities as the income will not be regarded as Irish source income.

A non-Irish resident investor could be liable to Irish tax on payments made under the Subordinated Guarantee if these payments are regarded as Irish source income. In practice, in the absence of withholding tax which, as stated above, will not apply to the payments the Revenue Commissioners do not seek to recover this tax. There is no guarantee that this practice will continue. A non-Irish resident investor who is resident in a country with which Ireland has concluded a double taxation agreement may in any event be able to benefit under the treaty provisions to eliminate any potential Irish tax charge. The Subordinated Guarantee also contains a gross-up clause. Where tax is withheld from dividends paid on the Substituted Preference Stock this will satisfy the Holders liability to Irish tax on this receipt. In the case of interest paid on a security issued by a finance company described above, while some Holders (e.g. those not resident in an EU member state or a country with which Ireland has a double tax treaty) may have a residual liability to Irish tax, in practice, if such person does not otherwise have a tax connection with Ireland, then such tax will not be collected by the Irish Revenue.

(c) Stamp Duty

No Irish stamp duty is payable on the transfer of Preferred Securities, except if a written instrument (a) is executed in Ireland or (b) wherever the instrument is executed it relates to any property situated in Ireland or any matter or thing done or to be done in Ireland. Stamp duty would arise on a transfer of the Substituted Preference Stock which under current rates is 1 per cent. If the Substituted Preference Stock was held through a finance company as described above, no stamp duty should arise on a transfer of the securities issued by the finance company.

Netherlands

(a) General

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of Preferred Securities and Substituted Preference Stock for residents of the Netherlands. This summary does not purport to be a comprehensive description of all Netherlands tax considerations that may be relevant to a decision to acquire, to hold, and to dispose of the Preferred Securities. This summary does not address the Netherlands tax consequences of a holder of Preferred Securities who holds, alone or together with his or her partner or certain other related persons, directly or indirectly, a substantial interest (*aanmerkelijk belang*) in the Issuer or the Guarantor. This is, broadly speaking, an interest of 5 per cent. or more in the Issuer or 5 per cent. or more of the stock or a class of stock in the Guarantor, or the rights to acquire, directly or indirectly, such interest. Each prospective holder of Preferred Securities should consult a professional adviser with respect to the tax consequences of an investment in the Preferred Securities. The

discussion of certain Netherlands taxes set forth below is included for general information purposes only.

This summary is based on the Netherlands tax legislation, published case law, treaties, rules, regulations and similar documentation, in force as of the date of this Offering Circular, without prejudice to any amendments introduced at a later date and implemented with retroactive effect.

For the purpose of the principal Netherlands tax consequences described herein, it is assumed that the Issuer is not a resident of the Netherlands for Netherlands tax purposes.

(b) Netherlands Withholding Tax

No Netherlands withholding tax is due upon payments on the Preferred Securities or upon payments on any Substituted Preference Stock.

(c) Netherlands Corporate Income Tax and Individual Income Tax

Residents of the Netherlands

If the holder of Preferred Securities is subject to Netherlands corporate income tax and the Preferred Securities are attributable to its (deemed) business assets, income derived from the Preferred Securities and gains realised upon the redemption and disposal of the Preferred Securities and any gains realised on any substitution of the Preferred Securities into the Substituted Preference Stock are generally taxable in the Netherlands.

If the holder of Preferred Securities is an individual, resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual holder of Preferred Securities who has opted to be taxed as a resident of the Netherlands), the income derived from the Preferred Securities and the gains realised upon the redemption and disposal of the Preferred Securities and any gains realised on the possible substitution of the Preferred Securities into the Substituted Preference Stock are taxable at the progressive rates of the Income Tax Act 2001, if:

- (i) the holder of Preferred Securities has an enterprise or an interest in an enterprise, to which enterprise the Preferred Securities are attributable; or
- (ii) such income or gains qualify as “income from miscellaneous activities” (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include the performance of activities with respect to the Preferred Securities that exceed “regular, active portfolio management” (*normaal, actief vermogensbeheer*).

If neither condition (i) nor condition (ii) applies to the individual holder of Preferred Securities, the actual income derived from the Preferred Securities and the actual gains realised with respect to the Preferred Securities and any gains realised on any, substitution of the Preferred Securities into Substituted Preference Stock are not taxable. Instead, such holder of Preferred Securities will be taxed at a flat rate of 30 per cent. on deemed income from “savings and investments” (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4 per cent. of the average of the individual’s “yield basis” (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual’s yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Preferred Securities will be included in the individual’s yield basis.

Tax consequences for holders of Substituted Preference Stock after substitution with respect to income derived from the Substituted Preference Stock or gains realised upon redemption or disposal of the Substituted Preference Stock are the same as described above for holders of Preferred Securities.

(d) Netherlands Gift and Inheritance Taxes

Residents of the Netherlands

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Preferred Securities or Substituted Preference Stock by way of a gift by, or on the death of, a holder of Preferred Securities or Substituted Preference Stock who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the twelve months preceding the time of the gift.

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

EU Directive on the Taxation of Savings Income

On 3rd June, 2003, the European Council of Economics and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1st July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Under the guidance recently published by the UK tax authorities payments related to the Preferred Securities will not constitute interest and will not be subject to a reporting requirement under the Directive (although similar information may be requested under other information collection powers).

SUBSCRIPTION AND SALE

Pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 25th February, 2005, BNP Paribas, J&E Davy, Merrill Lynch International and UBS Limited (together, the “**Managers**”) have jointly and severally agreed to subscribe for the Preferred Securities at a price of €1,000 per Preferred Security. The Managers will receive a combined selling, management and underwriting commission of €20 per Preferred Security. In addition, the Managers shall be reimbursed for certain of their expenses in connection with the issue of the Preferred Securities. The Managers are entitled to terminate the Subscription Agreement in certain circumstances before the issue of the Preferred Securities.

United States

The Preferred Securities have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Preferred Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Issue Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Preferred Securities from it during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Preferred Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Preferred Securities within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

Ireland

Each Manager has represented and agreed that:

- (a) other than in circumstances which do not constitute an offer to the public within the meaning of the Companies Acts, 1963 to 2003 of Ireland it has not offered or sold and will not offer or sell, in Ireland by means of any document, any of the Preferred Securities;
- (b) it has not offered or sold and will not offer or sell any of the Preferred Securities to persons in Ireland except where an offer or sale is to persons in the context of their trades, professions or occupations and it has not made and will not make at any time any offer of the Preferred Securities in Ireland to which the European Communities (Transferable Securities and Stock Exchange) regulations, 1992 would apply; and
- (c) it will not underwrite the issue of, or place any of the Preferred Securities otherwise than in conformity with the provision of the Investment Intermediaries Act, 1995 of Ireland (as amended), including, without limitation, Section 9, 23 (including any advertising restrictions made thereunder) and 50 and any codes of conduct made under Section 37.

United Kingdom

Each Manager has represented and agreed that, except as permitted by the Subscription Agreement:

- (a) it has not offered or sold, and prior to the expiry of six months from the Closing Date will not offer or sell, any Preferred Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or

disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the UK within the meaning of the Public Offers of Securities Regulations 1995;

- (b) it has only offered or sold and will only offer or sell Preferred Securities to (a) investment professionals falling within article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CIS Order**”) and article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the “**Financial Promotion Order**”), who have professional experience of participating in unregulated schemes and of matters relating to investments, and/or (b) persons falling within article 22(2) of the Promotion of CIS Order and article 49(2) of the Financial Promotion Order, and/or (c) any other persons to whom it may be communicated lawfully;
- (c) it has in place and will have in place proper systems and procedures to prevent any person other than those persons described in (b) above from participating in the Preferred Securities;
- (d) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of the Preferred Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Guarantor; and
- (e) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Preferred Securities in, from or otherwise involving the United Kingdom.

Republic of Italy

The offering of the Preferred Securities has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Preferred Securities may be offered, sold or delivered, nor may copies of the Offering Circular, the Preliminary Offering Circular or of any other document relating to the Preferred Securities be distributed in the Republic of Italy, except:

- (i) to professional investors (“*operatori qualificati*”), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of 1st July, 1998, as amended; or
- (ii) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 (the “**Financial Services Act**”) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999, as amended.

Any offer, sale or delivery of the Preferred Securities or distribution of copies of the Offering Circular, the Preliminary Offering Circular or any other document relating to the Preferred Securities in the Republic of Italy under (i) or (ii) above must be:

- (a) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 (the “**Banking Act**”), as amended; and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy pursuant to which the issue or the offer of securities in the Republic of Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, *inter alia*, on the aggregate value of the securities issued or offered in the Republic of Italy and their characteristics; and
- (c) in accordance with any other applicable laws and regulations.

France

Each of the Managers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Preferred Securities to the public in the Republic of

France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Offering Circular or any other offering material relating to the Preferred Securities, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account as defined in and in accordance with Articles L.411-1 and L.411-2 of the *Code Monétaire et Financier* and *décret* No. 98-880 dated 1st October, 1999.

Germany

Each Manager has represented and agreed that it will only offer Preferred Securities in the Federal Republic of Germany in compliance with the provisions of the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) or any other laws applicable in the Federal Republic of Germany.

General

No action has been or will be taken in any country or jurisdiction by the Issuer, the Guarantor or the Managers that would permit a public offering of the Preferred Securities or possession or distribution of any offering material relating thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Offering Circular comes are required by the Issuer, the Guarantor and the Managers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Preferred Securities or have in their possession or distribute such offering material, in all cases at their own expense.

GENERAL INFORMATION

Authorisations

The Limited Partnership Agreement to establish the Issuer was duly authorised by a resolution of a duly authorised committee of the board of directors of the General Partner passed on 16th February, 2005.

The entering into of the Limited Partnership Agreement and the Subordinated Guarantee by the Guarantor was authorised by a resolution of a duly authorised committee of the Court of Directors of the Guarantor passed on 16th February, 2005.

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer and/or the Guarantor under the laws of England and Wales and/or Ireland have been given for the issue of the Preferred Securities and for the Issuer, the General Partner and the Guarantor, as the case may be, to undertake and perform their respective obligations as appropriate under the Limited Partnership Agreement, the Subscription Agreement, the Agency Agreement, the Preferred Securities and the Subordinated Guarantee.

Clearing Systems

The Preferred Securities have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0213178295 and the Common Code is 021317829. The Fondscode on Euronext Amsterdam is 15237.

No significant change

Save as disclosed herein, there has been no significant change in the financial or trading position of the Guarantor or the Group since 30th September, 2004 or of the Issuer since its establishment and there has been no material adverse change in the financial position or prospects of the Guarantor or the Group since 31st March, 2004 in the case of the Guarantor and the Group and since its establishment in the case of the Issuer.

Litigation

There are no legal, arbitration or administrative proceedings involving any of the Issuer, the Guarantor or any Subsidiary of the Group (and no such proceedings are pending or threatened) which may have or have had in the 12 months preceding the date of this Offering Circular a significant effect on the financial position of the Issuer, the Guarantor or any Subsidiary of the Group.

Accounts

The auditors of the Guarantor, PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, Dublin have audited the accounts of the Guarantor in accordance with the laws of Ireland and issued an unqualified audit opinion for the three financial years ending 31st March, 2004. No financial statements of the Issuer have yet been prepared. PricewaterhouseCoopers LLP has been appointed as auditor of the Issuer.

Documents

Copies of the following financial statements will be available free of charge from the specified offices of the Paying and Transfer Agents for so long as any of the Preferred Securities remains outstanding:

- (a) the audited financial statements of the Guarantor in respect of the financial years ended 31st March, 2004 and 31st March, 2003 respectively.
- (b) the most recently published audited annual consolidated financial statements of the Guarantor and the most recently published unaudited interim consolidated financial statements of the Guarantor; and
- (c) the Charter and Bye-Laws of the Guarantor.

The Guarantor currently prepares audited consolidated accounts and an audited non-consolidated balance sheet on an annual basis and unaudited consolidated interim accounts on a semi-annual basis. The Guarantor currently does not publish non-consolidated financial statements.

The first financial statements of the Issuer are expected to be prepared for the period ending on 31st March, 2005. Thereafter, it is intended that the Issuer will prepare audited annual financial statements, copies of which will be available at the offices of the Listing Agent. It is not intended that the Issuer will publish interim financial statements.

In addition, the following documents are available for inspection at the specified offices of the Paying and Transfer Agents for so long as any of the Preferred Securities remains outstanding:

- (a) the Subscription Agreement;
- (b) the Subordinated Guarantee;
- (c) the Limited Partnership Agreement;
- (d) the Administration Agreement; and
- (e) the Agency Agreement.

Notices

Notices to the Holders of Preferred Securities, including notices for meetings of Holders of the Preferred Securities and non-payment of distributions or other amounts in relation to the Preferred Securities will be mailed to the holder of record and will be published, for so long as the Preferred Securities are listed on Euronext Amsterdam, in a leading newspaper of general circulation in the Netherlands, which for the time being shall be *Het Financieele Dagblad*, and in the Daily Official List of Euronext Amsterdam (*Officiële Prijscourant*). Any mailed notice shall be deemed to have been given one clear day after the date on which it was posted and any notice published in a newspaper shall be deemed to have been given on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Additional Obligations

If and so long as the Preferred Securities are listed on Euronext Amsterdam, the Issuer will comply with Article 2.1.20 of Schedule B of the Listing and Issuing Rules (*Fondsenreglement*) of Euronext Amsterdam.

ISSUER

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AMSTERDAM LISTING AGENT

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