

SUPPLEMENT DATED 6 DECEMBER 2012



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)

€25,000,000,000
EURO NOTE PROGRAMME

This supplement (the **Supplement**) is supplemental to and should be read in conjunction with the base prospectus dated 20 December 2011 (the **Base Prospectus**) as supplemented on 5 September 2012 issued for the purposes of giving information with regard to the issue of notes (the **Notes**) by The Governor and Company of the Bank of Ireland (the **Issuer**) under the €25,000,000,000 Euro Note Programme (the **Programme**) during the period of twelve months after the date of the Base Prospectus. Words and expressions defined in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement constitutes a base prospectus supplement for the purposes of Directive 2003/71/EC (the **Prospectus Directive**) as amended (which includes the amendments made by Directive 2010/73/EU (the 2010 PD Amending Directive) and is issued in accordance with Article 16 thereof and relevant Irish laws. This Supplement has been approved by the Central Bank of Ireland (the **Central Bank**), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes (excluding the Guaranteed Notes) which are to be admitted to trading on the regulated market of the Irish Stock Exchange Limited (the **Irish Stock Exchange**) or other regulated markets for the purposes of Directive 2004/39/EC or which are to be offered to the public in any Member State of the European Economic Area.

The Issuer accepts responsibility for the information contained in this Supplement. The Issuer declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything likely to affect its import.

The Minister for Finance of Ireland has neither reviewed this Supplement nor verified the information contained in it, and the Minister for Finance makes no representation with respect to, and does not accept any responsibility for, the contents of this Supplement or any other statement made or purported to be made on his/her behalf in connection with this Supplement. Notwithstanding section 15(3) of the Financial Measures (Miscellaneous Provisions) Act 2009, the Minister for Finance accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Supplement or any such statement.

AMENDMENT TO BASE PROSPECTUS

On page 23 of the Base Prospectus, in the section '**Risk Factors**', after the risk factor with the heading "**Capital Management**", the following risk factor shall be added:

"Statutory loss absorption of Subordinated Notes

Currently, discussions, initiatives and review processes dealing with loss absorbency and bail-in rules have been, and continue to be, on-going with various regulatory bodies including the Basel Committee on

Banking Supervision and the European Commission. These initiatives may result in further significant changes in the regulatory framework for capital and debt instruments of credit institutions.

On 6 June 2012, the European Commission published a legislative proposal for a directive establishing a framework for the recovery and resolution of credit institutions and investment firms (the "**Crisis Management Directive**"). The Crisis Management Directive remains in draft format and is under discussion in the currently on-going legislative procedure, and hence exact provisions remain subject to change.

The powers envisaged under the Crisis Management Directive are similar to those granted under the Credit Institutions (Stabilisation) Act 2010 (the Stabilisation Act) and the Central Bank and Credit Institutions (Resolution) Act 2011 (the Resolution Act), in each case as set out in the Prospectus under the Risk Factors headed "The Irish banking system and Credit Institutions (Stabilisation) Act 2010" on pages 15 and 16 and "Burden Sharing by holders of subordinated debt" on page 31. It is currently unclear to what extent existing powers in respect of the Subordinated Notes will need to change.

Amongst other proposals, the Crisis Management Directive includes proposals to give the competent regulator and/or authority the power to write down the share capital of a credit institution and to write down or to convert into equity its relevant capital instruments (i.e. the own funds instruments of the credit institution) if certain conditions are met (the "write-down tool"). The write-down tool would be applicable in particular if the competent regulator and/or authority determines that, unless the write-down tool is applied, the credit institution will no longer be viable or if a decision has been made to provide the credit institution with extraordinary public support without which the credit institution will no longer be viable.

The Crisis Management Directive further includes proposals to require the competent regulatory and/or authority to be given the following resolution powers (the "resolution tools"):

- to transfer to an investor shares, other instruments of ownership and/or all specified assets, rights or liabilities of the credit institution (the sale of business tool), and/or
- to transfer all or specified assets, rights or liabilities of the credit institution to a bridge institution which is wholly owned by public authorities (the bridge institution tool), and/or
- to transfer assets, rights or liabilities to a legal entity which is wholly owned by public authorities for the purpose of sale or otherwise ensuring that the business is wound down in an orderly manner, to be applied in conjunction with another resolution tool (the asset separation tool), and/or
- to recapitalise an institution to the extent sufficient to restore its ability to comply with the conditions for authorisation and to carry on the activities for which it is authorised or to provide capital for a bridge institution (the general bail-in tool), in each case by taking the measures described in the following paragraph.

In respect of the write-down tool, expected to be implemented for Additional Tier 1 instruments and Tier 2 instruments with effect from January 1, 2015 and the general bail-in tool expected to be implemented by January 1, 2018, the competent regulator and/or authority would have the power, upon certain trigger events, to cancel existing shares, to write down eligible liabilities (i.e. own funds instruments and, in the case of the general bail-in tool, other subordinated debt and even senior debt, subject to exceptions in respect of certain liabilities) of a failing credit institution or to convert such eligible liabilities of a failing credit institution into equity at certain rates of conversion representing appropriate compensation to the affected holder for the loss incurred as a result of the write-down and conversion. Where a credit institution meets the conditions for resolution, the competent regulator and/or authority would be required to apply the write-down tool before applying the resolution tools. The further delineation between the write-down tool and the bail-in tool is subject to further clarification.

The resolution tools would be applicable pursuant to the Crisis Management Directive if the credit institution is failing or is likely to fail, in particular if the credit institution

- breaches the applicable capital requirements in a way that would justify the withdrawal by the competent authority of the relevant credit institution's bank licence, or
- is or will be, in the near future, balance sheet insolvent (i.e. the liabilities of the credit institution exceeding its assets), or
- is or will be, in the near future, unable to pay its debts as they fall due, or
- is about to receive certain extraordinary public financial support.

Pursuant to the Crisis Management Directive, any write-down (or conversion) in accordance with the general bail-in tool or the write-down tool would not constitute an event of default under the terms of the relevant instruments. Consequently, any amounts so written down would be irrevocably lost and the holders of such instruments would cease to have any claims thereunder, regardless whether or not the bank's financial position is restored. Pursuant to the Crisis Management Directive, resolution authorities would ensure that, when applying the resolution tools, creditors however do not incur greater losses than those that they would incur if the credit institution would have been wound down in normal insolvency proceedings.

Such legal provisions and/or regulatory measures may severely affect the rights of the holders of Subordinated Notes, may result in the loss of the entire investment in the event of non-viability, and may have a negative impact on the market value of the Subordinated Notes."

GENERAL

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as described in this Supplement, there has been no significant change in the information contained in the Base Prospectus and no significant new matter has arisen since 5 September 2012, the date of the publication of the most recent supplement to the Base Prospectus. For as long as the Programme remains in effect or any Notes are outstanding, copies of (i) the current Base Prospectus in relation to the Programme, together with any amendments or supplements thereto (including this Supplement) and (ii) any documents incorporated therein by reference may be inspected physically at the head office of the Issuer.

In accordance with Article 16(2) of the Prospectus Directive, investors who have agreed to purchase or subscribe for any Notes before this Supplement was published have the right, exercisable before the end of the period of two working days beginning with the working day after the date on which this Supplement was published, to withdraw their acceptances. This right to withdraw shall expire by close of business on 10 December 2012.