

CORPORATE SOCIAL RESPONSIBILITY STATEMENT 2009

Corporate Responsibility is about the contribution a business makes to its social and environmental concerns as well as its economic ones. At Bank of Ireland, these wider responsibilities have always been important to us, but never more so than today in what are extraordinarily difficult times for all our stakeholders - the stockholders who invest in us, the Irish Government which has provided essential supports to us, our customers who bank with us, our employees who work for us, the communities in which we do business and environment in which we live. We are committed to working through our current challenges and building a sustainable business for the future so that, in time, Bank of Ireland's reputation is restored in the eyes of all our stakeholders.

The following report is a summary of the activity taking place across the Group during 2009, demonstrating our current approach and commitment to Corporate Responsibility.

PLAYING OUR PART IN THE MARKETPLACE

As a full-service commercial retail bank, Bank of Ireland has a significant stake in the Irish economy and is fully committed to supporting recovery in this market. Our contribution in this market, particularly in the Small and Medium Sized Enterprises (SME) and Mortgage markets, remains critical to our future and we continue to be firmly committed to supporting our current and future customers through these challenging times. In last year's report, we provided detail behind the commitments made by Bank of Ireland to the introduction of a number of marketplace initiatives to stimulate growth in the Irish economy. We continue to report on a quarterly basis to the Department of Finance and Central Bank of Ireland on our obligations arising under the terms of the Government's recapitalisation in March 2009. The following progress was made on the provision of credit to the SME and mortgage markets during 2009.

Supporting Business

Total lending drawdowns by Bank of Ireland to SME sector in 2009 was €2.9 billion. Specialist SME Funds are also available from Bank of Ireland to support our business customers and include the following:-

- Business Support Fund - The Business Support Fund was introduced in December 2008 to provide flexible finance to viable businesses. Total drawdowns from the fund for 2009 amounted to almost €45 million, while over 1,100 loans were approved under the fund.
- Developing Business Loan Fund - This fund is a specialist fund for lending to new and developing businesses for investment purposes. The maximum amount available under this fund which is targeted at small and micro businesses is €50,000 for each applicant. Total lending from this fund in the calendar year 2009 amounted to almost €22 million, with 990 businesses availing of facilities.
- European Investment Bank Loan Fund - The EIB Loan fund agreement was finalised in early June 2009. As at 31st December 2009, a pipeline of projects valued at almost €44million has been approved with formal offers issued to these customers.
- Environmental Funds - We have established two €100 million environmental funds for SMEs. One fund relates to environmental projects such as wind farms and other renewable energy projects. Almost €40 million has been drawn down to date. The second fund relates to small and medium sized businesses that are investing in energy/environmental efficiency initiatives or those who are producing services or products in this area. It allows these businesses to access funding to support the initiatives, subject to lending criteria. While Bank of Ireland is the only bank who offer a green business loan for non-agri SME's, the take up of this fund has been slow. However we continue to focus on this area and we are very interested in supporting SME's who have suitable projects.

We continue to promote the availability of both advice and credit through a broad range of SME promotional activity, reinforcing to customers and potential customers the message that we are ready and willing to support them. These campaigns with a strong emphasis on availability of credit and advice are supported by our branch network, communications, training and participation in SME events nationwide. One example of these campaigns

was our successful "Show your Business" weeks, which took place in October and December 2009. These events offered over 2,000 businesses the opportunity to show and sell their business and services in our branches with a wide range of sectors participating.

Supporting Customers

During 2009, Bank of Ireland has lent over €2 billion in new mortgages to customers. Following the success of our €1 billion fund for first-time buyers which was launched in February 2009, we have reinforced our commitment to potential customers and the Irish mortgage market with the launch of an additional €1 billion fund for first-time buyers and a new €500 million fund for customers trading up to purchase their next home. By taking an average first time buyer mortgage of €200,000 and an average mortgage of a customer moving home of €260,000, these new dedicated funds will enable over 5,000 first time buyers and over 1,900 movers to buy their homes in the coming year.

Through our highly successful joint venture with the Post Office in the UK, Bank of Ireland is transforming the Post Office into a major provider of financial products and services. Today, with over 2 million financial services customers, Post Office provides a much broader range of savings, insurance and other financial services products that focus on simplicity, transparency and good value.

PLAYING OUR PART IN THE COMMUNITY

Bank of Ireland Group has a strong and committed tradition of contributing to the communities in which we make our living.

Give Together

Since 2007, our main approach has been to channel our community investment into facilitating and supporting employee volunteer and fundraising activities through an initiative called Give Together.

At the core of Give Together is a desire to create an environment where volunteering is actively encouraged. To this end, every Bank of Ireland employee is given a day each year to volunteer for the cause of their choice. As well as facilitating employee volunteering, employees can supplement their fundraising efforts by applying for matched funding when they are involved in fundraising for a community or charitable organisation. There is also funding available for team volunteering projects to buy materials and equipment to enable their volunteering project.

To date, over 7,500 employees have taken part in Give Together, whether through volunteering or fundraising. Over 2,300 volunteer days have been given and employees have been involved in raising more than €13.5 million for the benefit of over 1,200 different causes. While both International and National causes benefit from Give Together, more than 40% of beneficiaries are small local community groups and clubs.

Following the devastating earthquake in Haiti and the overwhelming desire of our employees to respond to this human tragedy, the Give Together scheme was extended to facilitate employee fundraising efforts for this cause. To date over 160 employees have raised in excess of €260,000, including the support from Give Together, to help with the disaster relief. We also advertised a number of volunteering events for employees to use their annual volunteer day to support the Haiti appeal. To assist our customers make donations, we created a "Most popular link" on our website which lists the account numbers of 5 of the main charities involved in the appeal.

Millennium Scholars Trust

For the past ten years, Bank of Ireland has made a major contribution to improving access to education at 3rd Level. The Bank of Ireland Millennium Scholars Trust was created in 2000 to award scholarships over 10 years to students experiencing barriers to further education. The final 88 scholarships were granted in 2009, bringing the total scholarships awarded to 662, making it one of the most significant scholarship schemes in Ireland.

The Bank's long tradition of volunteering has also been at the heart of this scheme. Almost 200 employees have given their time as mentors to some of the scholarship recipients to help them make a successful transition into third-level education. Experts from the education sector and the arts have also volunteered their time to assess applicants and recommend scholarships to the Board of Trustees. The Trust is deeply appreciative of their advice and input throughout the past decade.

The scholarship recipients have been very successful in their studies. To date, over half of the total scholars (356) have graduated from their courses. Up to 19% of graduates have achieved first class honours and the drop out rate of 9.4% is significantly lower than the national average drop-out figure of approx 17%.

We expect the effects of The Millennium Scholars Trust to last long after the 10 years of the scheme as it will have a lifetime impact on the beneficiaries themselves and a ripple effect across the wider community.

Financial Education

Bank of Ireland and Junior Achievement Ireland have commenced a co-branded financial education programme in 2009 for 2nd Level schools all around Ireland. "The Learn to Earn" programme is designed to help transition year and 5th Year students develop the ability to analyse their motivations about the uses of money and establish good financial habits which will carry over into their adult lives. Over 100 employees from Bank of Ireland have been trained to present the education programme to the students in the nominated schools.

We have recently launched our new financial advice website for 3rd level students, containing a host of useful features such as budgeting advice, travel tips and student branch locator. This new microsite, <http://roi.mystudentbank.com>, allows the Bank to provide simple, straightforward advice to our customers using a medium which is extremely popular with this audience.

Social Finance Initiative

The Social Finance Foundation is a not-for-profit company which was set up three years ago to act as a wholesale provider of social finance. Seed capital of €25million was provided by the Banking Industry facilitated by the Irish Banking Federation. The foundation makes loan finance available at affordable interest rates to community-based projects and micro-enterprises. In April 2009, a new agreement between Bank of Ireland and the Social Finance Foundation was signed. This agreement results in €1.5million (p.a.) by way of a subsidised loan to the Social Finance Foundation for onward lending to micro finance projects and local community projects. The first request for disbursement was completed on 27th July 2009 and will see new funds being advanced to such projects.

Staff Third World Fund

Bank of Ireland employees contribute to one of the country's oldest payroll giving schemes, The Bank of Ireland Group Staff 3rd World Fund, entirely run by present and retired employees for the past 28 years. All administration costs are borne by the Group which allows 100% of funds to go directly to projects nominated by Third World Agencies. The Fund has always enjoyed substantial support from staff and its annual income is close to €750,000. Funding is typically €3,000 to €30,000 per project, with occasional larger projects approved. Almost 600 individual projects have been supported since 1982.

PLAYING OUR PART IN THE WORKPLACE

Total staff numbers in Bank of Ireland at end of 2009 was 14,636, of which 78% were in Republic of Ireland. This overall figure has dropped from 15,868 in March 2009, reflecting the restructuring of a number of our businesses and the reduction in overall business volumes.

Learning and Development

Despite operating in a difficult economic environment, Bank of Ireland continues to invest in learning and development activities across the organisation. We recognise that the skills and capability of our people are a key element in supporting the future achievements of the Group. The capability of our people becomes more and more important as we seek to differentiate ourselves from our competitors. Through our continued investment in our Learningzone service we delivered in excess of 16,000 student days of classroom training and over 35,000 e-learning programmes during 2009, providing our people with learning and development opportunities that will help to equip them with the necessary skills for economic recovery.

Outplacement Service

The downsizing and closure of a number of our businesses over the year, has regrettably resulted in employee redundancies. In such instances, employees leaving the Group were provided with an Employee Orientation Outplacement Service. Participants select the module that best addresses their current needs and future plans. The modules include 'Start your own business', 'Career Continuation' and 'Retirement Success'. There has been very positive feedback from participants on the benefits and practical application of the service.

Pensions Review

In common with most major employers who are taking action to resolve deficits in their Defined Benefit Pension Schemes, a comprehensive review of Bank of Ireland's employee pension arrangements is underway to resolve the current Group Pension Scheme deficit of almost €1.5 billion. The over-riding objective of the review is to find a solution which is fair and consistent for, and involving, all stakeholders, and which will enable the Bank to continue to offer sustainable pension benefits. In order to have efficient, open and transparent communications an externally hosted website (www.boipensionsreview.com) was developed. This website is a "one stop shop" for all the latest information about the Bank of Ireland pension review and it also allows all stakeholders access to relevant information such as frequently asked questions. A dedicated internal email address was also set up so that employees could send in any questions or comments and receive an individual response. In addition, to provide opportunities for people to share their views and contribute to the review outcome a number of focus groups were also held. Participants for these focus groups were selected randomly across the Group to reflect both the geographical spread and the membership of the different pension schemes included in the review.

PLAYING OUR PART IN THE ENVIRONMENT

ISO14001

Bank of Ireland is committed to ensuring that the Operations Centre in Cabinteely retains its ISO 14001 accreditation, the only one of its kind to be held by a financial services company in Ireland. A computerised maintenance system is being used by our outsourced Facilities Management partner Carillion to ensure that all of our critical operating plant is maintained and operating efficiently. CO2 reduction initiatives include controlling the lighting with occupancy sensors which switch off lighting when staff are not present. Waste is also segregated at waste stations and this is helping to decrease the amount of waste being sent to landfill while increasing the amount of waste that we are recycling.

EN16001

Building on the success of the ISO14001 Environmental Management system introduced in 2005, Bank of Ireland has been working with Certification Europe (CE) and Sustainable Energy Ireland (SEI) towards the implementation of the EN16001 Energy Management System. This is an externally certified standard which will support Bank of Ireland with the management of energy across the organisation, from sourcing energy; through to the purchase and operation of plant and equipment and the day to day operation of our buildings. The initial focus for the programme is in our IT and Operations Centres in Cabinteely. If successful, Bank of Ireland will become the first financial institution in Europe to have attained this level of external certification.

Irish Carbon Disclosure Project

Bank of Ireland has participated in the inaugural Irish Carbon Disclosure Project, (CDP). This was the first year in which a sample of Irish companies was specifically selected by CDP to participate. The sample selected by CDP was based on the large listed companies together with the companies that had received the largest allocations under Ireland's National Allocation Plan for Emissions Trading 2008-2012.

Group Cycle to Work Scheme

In January 2009, as part of the Finance Bill, the Irish Government introduced a tax incentive designed to encourage more employees to cycle to and from work. The Scheme has been a great success in the Group. Overall, a total of 859 employees participated in this year's scheme across Ireland and the UK. This equates to almost 6% take-up across the Group, which is higher than the average take-up (c. 4%) in other companies both in Ireland and the UK. While supporting a Government environmental initiative, the scheme also provides an appealing benefit to employees as well as promoting employee fitness and well being. The scheme also supports the Group's Corporate Social Responsibility agenda through encouraging a cleaner greener environment and reducing the number of cars on the road

2009 was a year of great challenge for Bank of Ireland and this tough environment is likely to continue into 2010. Corporate Responsibility continues to be an integral part of the way we do business and interact with our stakeholders and we look forward to sharing further updates in future reports. For further information, please see the "about us" section on our website www.bankofireland.com. We welcome your views and comments on this report. Our email address is: corporate.responsibility@boimail.com