Bank of Ireland Key Messages
April 2017

Bank of Ireland

1. Strong retail & commercial customer franchises reflected in our financial performance

Continue to proactively support and benefit from Irish economic growth

- Leading bank in a growing economy; continued to be the largest lender to the Irish economy during 2016
  - #1 or #2 market positions across all principal product lines
  - New mortgage lending volumes of €1.4bn in 2016
  - Ireland's #1 business bank providing >50% market share of new business lending flow in Ireland
  - Ireland's #1 corporate bank; >60% share of new FDI banking relationships

Attractive international franchises provide diversification and further opportunities for growth

- United Kingdom – A leading consumer bank operating through attractive partnerships
  - BOI (UK) plc is a separately regulated, capitalised and self-funded business
  - Exclusive financial services partner for two of the most trusted brands in the UK – the Post Office and the AA; market leader in consumer FX; flexible business model provides capability to adapt quickly to market developments
- Niche International Corporate lending
  - Acquisition finance: Well recognised lead arranger/underwriter of mid-market transactions, both in Europe and US; generates attractive margins & fee income within disciplined risk appetite

2. Underlying profit of €1,071m for 2016

- All trading divisions contributing to Groups profitability
- 2016 NIM of 2.19% (H1 2016: 2.11%, H2 2016: 2.27%). Q1 2017 NIM of 2.30%
- Customer loan net impairment charge of 21 bps (€176m) for 2016 vs 32 bps (€296m) in 2015, 40% reduction
- Multi-year investment programme commenced to replace core banking platforms as part of business transformation; expect investment with a CET1 ratio impact of c.35-45bps p.a. over the next 4 years with c.50% charged to income statement and c.50% capitalised

3. Balance Sheet; Capital and liquidity available to support growth

Capital ratios	31 Mar 16	31 Mar 17
CET1 ratio - Transitional	13.1%	13.8%
CET1 ratio - Fully Loaded	11.2%	12.0%
Total Capital ratio	17.7%	18.1%

Strong organic capital generation continued; 130bps in 2016

- Expect to maintain a CET1 ratio in excess of 12% on a transitional basis, and on a fully loaded basis by the end of the phase in period. This includes meeting applicable regulatory capital requirements plus an appropriate management buffer.
- Aim to have a sustainable dividend is unchanged. First payment expected in 2018 in respect of financial year 2017

Asset quality continues to improve

- Non-performing loans reduced by a further €4.1bn in 2016 to €7.9bn. Defaulted loans reduced to €6.9bn, >60% below reported peak at June 2013. Asset quality across our loan portfolios has continued to improve during Q1 2017

Stable retail oriented deposit franchises

- Customer deposits of €75.0bn at Dec 2016 funding > 95% of customer loans; Wholesale funding was €16bn at end of Q1 2017
- Strong liquidity ratios: NSFR of 122%, LCR of 113% and LDR of 104% at December 2016
- Robust liquidity position facilitated buyback of €0.9bn of expensive debt in 2016

4. Credit Ratings

- S&P upgrade to BBB in Jan 2017 and DBRS to A (low) in April 2017, both on Stable outlook. Positive outlook from Moody's (Baa2) and Fitch (BBB-)

Disclaimer

For more information, this document should be read in conjunction with our Interim Report for the six months period ended 30 June 2016, which is available on www.bankofireland.com.

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