Bank of Ireland Key Messages

October 2016

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; continue to be the largest lender to the Irish economy in H1 2016
  - #1 or #2 market positions across all principal product lines
  - New mortgage lending volumes of €0.6bn in H1 2016 (27% market share)
  - Ireland's #1 business bank providing >50% market share of new business lending in Ireland
  - Ireland's #1 corporate bank; c.€1.1bn new lending in H1 2016, >60% share of new FDI relationships

Diversification through international divisions

- 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 US and Europe; Generates attractive margins & strong fee income within disciplined risk appetite

2. Underlying profit of €560m for H1 2016

- All trading divisions contributing to Groups profitability
- Increased total income to €1,587m in H1 2016; reflects NII of €1,135m and other income of €470m, including €157m of additional gains
- Customer loan net impairment charge of 21 bps (€93m) for H1 2016 vs 28 bps (€128m) in H2 2015; Gross H2 2016 impairment charge to remain at broadly similar levels
- Too early to fully assess the impact of UK's EU referendum result on economic and customer activity

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

Capital ratios	1 Jan 16	30 Sep 16
CET1 ratio - Transitional	12.9%[1]	13.0%
CET1 ratio - Fully Loaded	11.3%	10.5%
Total Capital ratio	17.5%[1]	17.4%

Continued organic capital accretion in Q3 2016, offset by IAS19 accounting standard pension deficit. Robust Capital Ratios

- Continue to expect to maintain sufficient capital to meet, at a minimum, applicable regulatory capital requirements plus an appropriate management buffer; Minimum regulatory capital requirement (SREP) for 2016 of 10.25%, calculated on a transitional basis
- Aim is to have a sustainable dividend. However, external factors such as the result of the UK's EU referendum result, may impact on the timing of our ambition to recommence dividend payments

Asset quality continues to improve

- Non performing loans fell by a further €0.8bn euro in Q3 2016 to €9.1bn. Defaulted loans reduced to €8.1bn, >55% below reported peak 3 years ago

Continued growth in core loan books

- Core loan books grew by €1.1bn in H1 2016 and continued to grow in Q3 2016

Stable retail oriented deposit franchises

- Customer deposits of €75bn at Sep 2016 funding > 95% of customer loans; Wholesale funding was €13bn at end of Sep 2016
- Strong and robust liquidity ratios: NSFR of 119%, LCR of 116% and LDR of 103% at Jun 2016

4. Credit Ratings

- Investment Grade with Moody's, Standard & Poor's and Fitch

[1] Transitional CET1 ratio of 12.9% and Total capital ratio of 17.5% are the pro-forma ratios as at 1 January 2016, allowing for the impact of CRD IV phasing in 2016

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