Bank of Ireland Key Messages

February 2016

1. Strong retail & commercial customer franchises operating in growing economies

Continue to proactively support and benefit from Irish economic growth

- Leading bank in a growing economy; largest lender to the Irish economy during 2015
  - Ireland's #1 business bank with > 50% market share of new SME/Agri lending
  - New mortgage lending volumes of €1.4bn (c.31% of market), c.27% of savings market
  - #2 life assurer through New Ireland business
  - Ireland's #1 corporate bank with > 30% market share; sustaining >50% share of new FDI relationships

Delivering growth through our International divisions; significant progress in 2015

- United Kingdom – A leading consumer bank in an attractive economy
  - Exclusive financial services partner of UK Post Office; #1 position in consumer FX; Commenced new long term partnership focused on mortgages, consumer loans and savings with AA complementing the Post Office partnership
  - UK mortgage book now growing after several years of deleveraging, new lending of £3.3bn in 2015 (£1.8bn in 2014)
- 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 €1.2bn for 2015; >30% increase over 2014

- Increased total income to €3,272m in 2015 reflecting 4% net interest income growth to €2,454m and additional gains of €237m
- Customer loan impairment charge of 32bps for 2015 vs. 90bps in 2014; charge reduced across all loan portfolios
- All trading divisions profitable

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

Further strong capital accretion helped 2009 Prefs redemption in Jan 16, the earliest possible opportunity

Capital ratios	1 Jan 15	31 Dec 15	Change
CET1 ratio - Transitional	11.8%[1]	13.3%	+150bps
CET1 ratio - Fully Loaded (excl. 2009 Prefs)	9.3%	11.3%	+200bps
Total Capital ratio	15.2%[1]	18.0%	+270bps

- Minimum regulatory capital requirement (SREP) for 2016 of 10.25%, calculated on a transitional basis; O-SII buffer will be phased in at 0.5% from July 2019, 1.0% from July 2020 and 1.5% from July 2021
- Continue to expect to maintain sufficient capital to meet, at a minimum, applicable regulatory capital requirements plus an appropriate management buffer of 100-150bps
- Ambition to recommence dividends at a modest level in H1 2017 in respect of financial year 2016, prudently and progressively building, over time, to a payout of around 50% of sustainable earnings

Asset quality continues to improve

- Non performing loans fell by €3.8bn to €12.0bn in 2015; all asset classes reduced

Stable retail oriented deposit franchises

- Customer deposits of €80bn at Dec 15 funding >90% of customer loans
- Strong and robust liquidity ratios: NSFR of 120%, LCR of 108% and LDR of 106% at Dec 15

Continuing to access wholesale at favourable economic costs

- c.€3.7bn funding issuance during 2015, of which €2.7bn ACS, €1bn Senior Unsecured

4. Credit Ratings

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

[1] Transitional CET1 ratio of 11.8% and Total capital ratio of 15.2% are the pro-forma ratios as at 1 January 2015, taking account of the de-recognition of the 2009 Prefs and allowing for the impact of CRD IV phasing in 2015

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