Bank of Ireland Key Messages
August 2018

Bank of Ireland

1. Strong businesses with competitive strengths in attractive markets

Continue to proactively support and benefit from Irish economic growth

- Ireland's leading retail and commercial bank in a growing economy
  - #1 or #2 market share in all principal product lines
  - The Irish economy is expanding; GDP growth expected to remain well above the Euro area average
  - New mortgage lending up 30% on H1 2017 with market share of 28%; re-entering mortgage broker market
  - Extensive distribution network; Ireland's only bankassurer
  - #1 corporate bank in Ireland and #1 bank for Foreign Direct investment (FDI) into Ireland

Attractive UK and International businesses provide diversification and further opportunities for growth

- United Kingdom – Focussed predominantly on the consumer sector
  - Distribution through trusted brands and intermediaries; 11.5k branches through Post Office partnership; access to 3.3m AA members; #1 Travel money business in the UK (FRES)
- International Corporate lending
  - Acquisition Finance; Well recognised lead arranger in mid market US/European Acquisition Finance business with strong 20 year+ record; attractive margins and fee income within disciplined risk appetite

2. H1 2018 Highlights and progress to 2021 Targets

Strong Financial Performance	€500m Underlying profit before tax	• NIM of 2.23% • Net impairment gains of €81m • NPEs reduced by 10% to €5.9bn; NPE ratio now at 7.5%
Growth	€7.7bn 16% increase in new lending volumes	• Net loan book growth of €0.5bn to €76.6bn • New lending up 16% vs. H1 2017; new Irish mortgages up 30% • Maintaining strong commercial pricing and risk discipline
Transformation	3% Reduction in costs	• Costs reduction of €27m (3%) vs. H2 2017 • Business model initiatives to drive efficiencies progressing at pace • Phase 1 of Core Banking Programme completed in April 2018
Capital	14.1% Strong CET1 ratio	• Organic capital generation of 90bps

	H1 2018 Progress	2021 Target
Improved profitability	Headline RoTE of 9.6% Adjusted RoTE of 6.8%[1]	RoTE in excess of 10%
Efficient business	Costs reduction of 3% vs. H2 2017	Cost base of c.€1.7bn Costs reduce every year: 2018-2021 Cost income ratio of c.50%
Robust capital position	Fully loaded CET1 ratio of 14.1%	CET1 ratio in excess of 13%
Sustainable dividends	Deduction for potential full year dividend; equivalent to an annualised dividend of 14c per share	Increase prudently and progressively from 11.5c per share; over time will build towards a payout ratio of around 50% of sustainable earnings

[1] H1 2018 Adjusted Return on Tangible Equity is adjusted for; additional gains and valuation items, net of tax - €16m, reversal of H1 2018 net impairment gains 2018, net of tax - €67m and "normalised impairment charge" (20bps), net of tax - €63m

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

Capital ratios	31 Dec 17	30 Jun 18
CET1 ratio - Fully Loaded	13.8%	14.1%
CET1 ratio - Regulatory	15.8%	15.8%
Total Capital ratio	20.2%	19.8%

Strong organic capital generation of 90bps in H1 2018

- Expect to maintain a CET 1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period[1]. This includes meeting applicable regulatory capital requirements plus an appropriate management buffer
- A range of potential options are available for consideration to offset c.70bps pro forma TRIM impact on FL CET1 ratio at June 2018

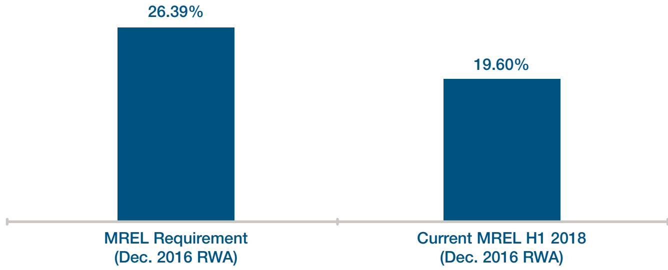
Funding profile; strong liquidity position

- Customer deposits of €76.7bn at June 2018, predominantly sourced through retail distribution channels, funding 100% of customer loans. Modest wholesale funding requirement; €11.4bn at end of June 2018
- Strong liquidity ratios; LCR of 139%, NSFR of 127% and LDR of 100% at June 2018

[1] The Other-Systemically Important Institution (O-SII) buffer will be introduced at 0.5% in July 2019, phasing in at 0.5% per annum to 1.5% in July 2021

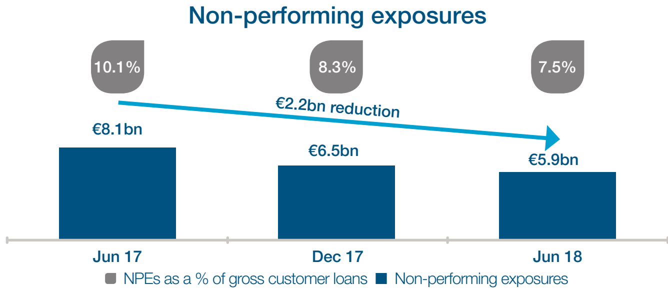
4. MREL requirements/Supply expectations

- The Group has been advised of the decision by the SRB and the Bank of England of its binding MREL requirement to be met by 1 January 2021.
- This has been set at a level of 12.86% of total liabilities and own funds as at December 2016 (€13.3bn, equivalent to 26.39% of risk weighted assets)
- MREL ratio of 19.6% at June 2018 (based on RWA at Dec 2016)
- Expect MREL issuance of c.€4bn-€5bn, allowing for redemptions and an appropriate buffer, to meet MREL requirement by 1 Jan 2021



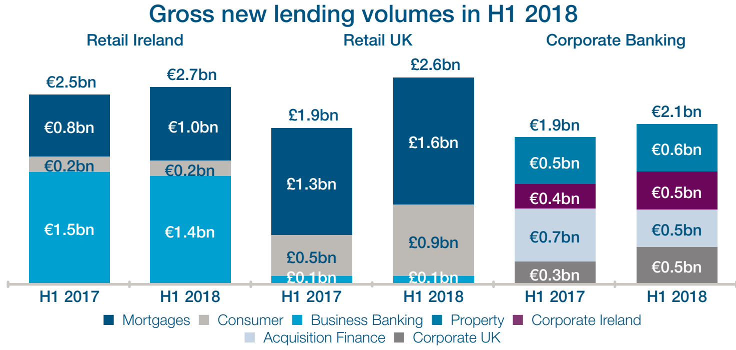
5. Asset quality continues to improve

- Non-performing exposures (NPEs) of €5.9bn, a reduction of €0.6bn (10%) during H1 2018
- NPEs reduced to 7.5% of gross customer loans
- Reductions reflect successful resolution strategies and the positive economic environment
- Expect further reductions in H2 2018 and beyond; pace will be influenced by a range of factors
- NPE reduction strategies will be kept under review in response to the associated and evolving regulatory capital
- Absent a deterioration in the economic environment or outlook, expect net impairment gains for the full year 2018



6. Loan book growth of €0.5bn

- New lending of €7.7bn, an increase of 16% vs. H1 2017
- Group redemptions of €7.1bn, in line with H1 2017
- Expect further loan book growth in H2 2018, while maintaining strong commercial pricing and risk discipline
- Expect to re-enter Irish mortgage broker market in H2 2018
- Group loan book expected to grow by c.20% by 2021. Focussed on unlocking growth in our Irish business, supporting house building and home buying; c.65% of loan growth expected in Ireland with c.35% through selected international diversification



7. BOI Credit Ratings: Investment grade ratings for BOIG and GovCo

- HoldCo senior investment grade ratings of Baa3, BBB-, and BBB from Moody's, S&P and Fitch. Positive Outlook from Moody's and S&P

	STANDARD &POOR'S	MOODY'S	FitchRatings
BOIG Issuer Ratings	BBB- (Positive)	Baa3 (Positive)	BBB (Stable)
GovCo Issuer Ratings	BBB (Positive)	Baa1 (Positive)	BBB (Stable)
Progress on BOI Credit Ratings	**Jul 2017:** Assigned BBB- (Stable) rating to newly established holding company **Dec 2017:** Affirmed the BBB- and BBB ratings on BOIG and GovCo respectively, outlook revised to Positive from Stable on both	**Jun 2017:** 1 notch senior unsecured upgrade for GovCo from Baa2 to Baa1 (outlook remains Positive) **Jul 2017:** Assigned Baa3 (Positive) rating to newly established holding company	**Jul 2017:** Assigned BBB- (Positive) rating to newly established holding company **Nov 2017:** 1 notch upgrade for both BOIG and GovCo issuer ratings to BBB, Stable outlook
Key Rating Drivers Upside could develop from:	• Further reductions in non-performing loans • Additional loss-absorbing capacity (ALAC) uplift	• Improvements in capital metrics, while maintaining stable profitability, funding and liquidity metrics • Further reductions in non-performing loans	• Further reductions in non-performing loans • Strong internal capital generation and strengthening capital ratios
Irish Covered Bonds (ACS)	MOODY'S Aaa		