Bank of Ireland Key Messages
April 2016

Bank of Ireland

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

Continued strong capital accretion

Capital ratios	1 Jan 15	31 Mar 16	Change
CET1 ratio - Transitional	11.8%[1]	13.1%	+130bps
CET1 ratio - Fully Loaded	9.3%	11.2%	+190bps
Total Capital ratio	15.2%[1]	17.7%	+250bps

- 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; further reduction to €11.1bn in Q1 2016. 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 (104% at Mar 16)
- Wholesale funding was €14bn at the end of Mar 16

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

Disclaimer

For more information, this document should be read in conjunction with our Annual Report for the year ended 31 December 2015, which is available on www.bankofireland.com.

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Registered Number - C-1.

DOC 299 04/16