Bank of Ireland Key Messages

November 2015

Bank of Ireland

1. Strong retail & commercial customer franchises; well positioned for profitable growth

Continue to proactively support and benefit from Irish economic growth

- Leading bank in a growing economy; largest lender to the Irish economy during H1 2015
  - #1 business bank with > 50% market share of new SME/Agri lending
  - 1 in 4 mortgage drawdowns, c.27% of savings market and #2 life assurer
  - #1 corporate bank with > 30% market share; leading share of new FDI relationships

International diversification; significant progress in H1 2015 – outlook positive

- United Kingdom – A leading consumer bank in an attractive economy
  - Exclusive financial services partner of UK Post Office; Recently announced long term partnership with AA complementing the Post Office partnership
  - UK mortgage book now growing after several years of deleveraging, new lending in H1 2015 of £1.3bn (£0.6bn H1 2014)
- Niche International Corporate lending
  - Acquisition finance: Well recognised lead arranger/underwriter of mid-market transactions, both in US and Europe; Generates attractive margins and strong fee income

2. Underlying profit of €743m for H1 2015; >100% increase over H1 2014

- Increased total income by €284m to €1,759m in H1 2015 (+19% vs H1 2014)
- Customer loan impairment charge of 36bps for H1 2015 vs. 97bps in H1 2014; charge reduced across all loan portfolios. Expect H2 2015 impairment charge to remain at broadly similar levels to H1 2015 charge
- All trading divisions profitable

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

Asset quality continues to improve

- Defaulted loans fell by €1.8bn to €12.5bn in 9 months to Sep 15; all asset classes reduced; Reduction of €5.8bn from peak in Jun 13

Stable retail oriented deposit franchises

- Customer deposits of €78bn at Sep 15 funding >90% of Group loans
- Strong liquidity ratios: NSFR of 121%, LCR of 101% and LDR of 108% at Jun 15 (LDR 108% at Sep 15)

Continuing to access wholesale markets at economic costs

- c.€3.6bn debt issuance YTD Oct 2015 (of which €2.6bn ACS, €1bn Senior Unsecured)
- Wholesale funding requirement continues to reduce, €15bn at Sep 2015 down €5bn from Dec 14

Strong organic capital generation continues YTD

Capital ratios	31 Dec 14	30 Sep 15	Change
CET1 ratio - Transitional	14.8%	15.8%	+100bps
CET1 ratio - Fully Loaded (excl. 2009 Prefs)	9.3%	10.6%	+130bps
Total Capital ratio	18.3%	20.7%	+240bps

- Continue to expect to maintain a buffer above a CET 1 ratio of 10%, taking account of the transitional rules and our intention to de-recognise 2009 Preference Shares in 2016
- Total Capital ratio of 20.7% reflects CET1 increase and €750m AT1 issuance in Jun 15

4. Positive Credit Rating action

- Now restored to Investment Grade by Moody's and Standard & Poor's, reflecting the Group's progress

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