2012 Results Announcement

31 December 2012

Bank of Ireland

For small steps, for big steps, for life

Forward-looking statement

Bank of Ireland Group

This document contains certain forward looking statements within the meaning of Section 21E of the US Securities Exchange Act of 1934 and Section 27A of the US Securities Act of 1933 with respect to certain of the Bank of Ireland Group's (the Group) plans and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates, and its future capital requirements. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as 'may,' 'could,' 'should,' 'will,' 'expect,' 'intend,' 'estimate,' 'anticipate,' 'assume,' 'believe,' 'plan,' 'seek,' 'continue,' 'target,' 'goal,' 'would', or their negative variations or similar expressions identify forward looking statements. Examples of forward looking statements include among others, statements regarding the Group's near term and longer term future capital requirements and ratios, level of ownership by the Irish Government, loan to deposit ratios, expected Impairment charges, the level of the Group's assets, the Group's financial position, future income, business strategy, projected costs, margins, future payment of dividends, the implementation of changes in respect of certain of the Group's pension schemes, estimates of capital expenditures, discussions with Irish, UK, European and other regulators and plans and objectives for future operations.

Such forward looking statements are inherently subject to risks and uncertainties, and hence actual results may differ materially from those expressed or implied by such forward looking statements. Such risks and uncertainties include, but are not limited to, the following:

- concerns on sovereign debt and financial uncertainties in the EU and in member countries and the potential effects of those uncertainties on the Group;
- general economic conditions in Ireland, the United Kingdom and the other markets in which the Group operates;
- the ability of the Group to generate additional liquidity and capital as required;
- the effects of the 2011 PCAR, the 2011 PLAR and the deleveraging reviews conducted by the Central Bank and any further capital assessments undertaken by regulators;
- property market conditions in Ireland and the UK;
- the potential exposure of the Group to various types of market risks, such as interest rate risk, foreign exchange rate risk, credit risk and commodity price risk;
- the implementation of the Irish Government's austerity measures relating to the financial support package from the EU / IMF;
- the availability of customer deposits to fund the Group's loan portfolio;
- the outcome of the Group's participation in the ELG scheme;
- the performance and volatility of international capital markets;
- the effects of the Irish Government's stockholding in the Group (through the NPRFC) and possible increases in the level of such stockholding;
- the impact of further downgrades in the Group's and the Irish Government's credit rating;
- changes in the Irish banking system;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates particularly banking regulation and personal insolvency laws by the Irish Government;
- the exercise by regulators of powers of regulation and oversight;
- the outcome of any legal claims brought against the Group by third parties;
- development and implementation of the Group's strategy, including the Group's deleveraging plan, competition for customer deposits and the Group's ability to achieve estimated net interest margin increases and cost reductions; and
- the Group's ability to address information technology issues.

Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in this document is or is intended to be a profit forecast or profit estimate. Any forward looking statements speak only as at the date they are made. The Group does not undertake to release publicly any revision to these forward looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof. The reader should however, consult any additional disclosures that the Group has made or may make in documents filed or submitted or may file or submit to the US Securities and Exchange Commission.

Bank of Ireland Group

1 Group Chief Executive's Review

2 Group Income Statement

3 Asset Quality

4 Funding & Capital

5 Additional Information

Group Chief Executive's Review

Richie Boucher

1 Delivering our Strategic Objectives

2 Rebuilding our Profitability

3 Strong Franchise Positions

Financial Highlights

Bank of Ireland Group

Balance Sheet Metrics

	Dec 11	Dec 12
Loans / deposits ratio	144%	123%
Wholesale funding (Ex IBRC repo)	€51bn	€36bn
RWA's	€67bn	€57bn
Core tier 1 ratio (PCAR / EBA basis)	14.3%	14.4%
Basel III Common Equity Tier 1 (Pro Forma Fully Loaded)		8.5%

Operating Metrics

	2011	2012
Operating profit Pre-impairment charges	€413m	€242m
Net interest margin	1.33%	1.25%
Impairment charges on loans and advances to customers	€1.9bn	€1.7bn
Underlying loss before tax	(€1.5bn)	(€1.5bn)
Headcount	13,200	12,000

Delivering our Strategic Objectives

- Completed €10.6bn of asset divestments - exceeded target, below assumed cost and ahead of schedule
- Strengthened loan to deposit ratio - 123%
- Successfully re-accessed the funding markets - Irish Mortgage ACS, Tier 2 Capital, Govt. CoCo refinanced in the private markets
- Repaid €11bn of ECB funding (ex IBRC)
- Reduced RWA's by €10bn - robust Core tier 1 ratio of 14.4%
- Pro forma fully loaded Common Equity Tier 1 (CET1) ratio of c.8.5% at 31 Dec 12

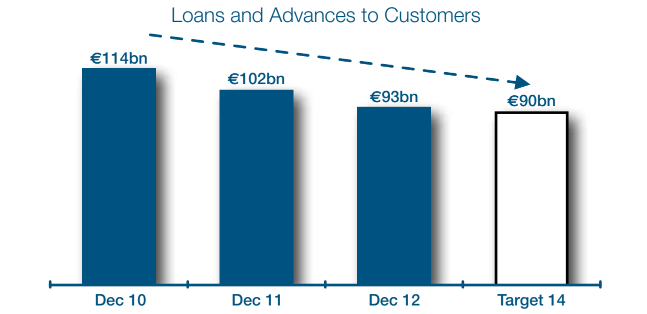
Rebuilding our Profitability

- Operating profit - troughed in H1 2012
- Net interest margin of 1.25% (1.34% in H2)
- Ready for ELG exit on 28 March 2013 - fees will phase out quickly
- Impairment charges - remain elevated but 11% reduction over 2011
- Pace of arrears formation in ROI mortgages reducing since early 2012, significant numbers being sustainably restructured
- Lower staff costs offset by continuing investment, regulatory fees and FX
- People departures > 1,200 in H2; c.5,000 since peak

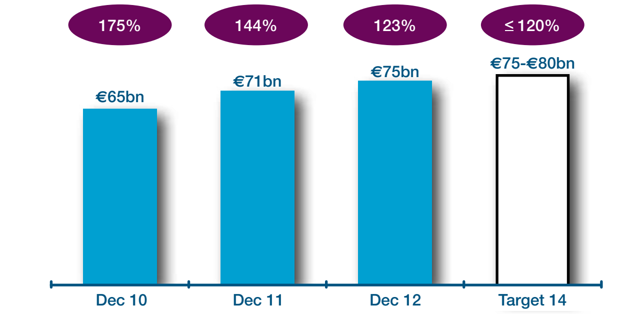
Delivering our Strategic Objectives

Bank of Ireland Group

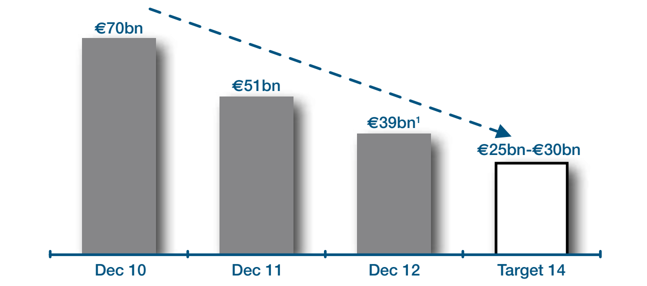
Deleveraging



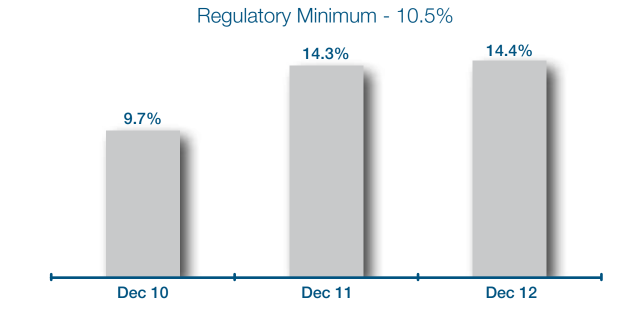
Deposit Growth



Reducing Wholesale Funding



Robust Core Tier 1 Ratio



Delivery of strategic objectives on track

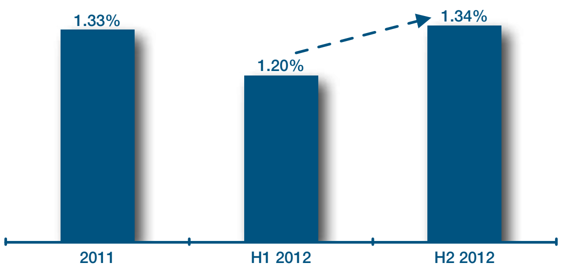
[1] Wholesale funding of €39bn includes €3bn of IBRC Repo related funding.

Rebuilding our Profitability - Focused on Key Levers

Bank of Ireland Group

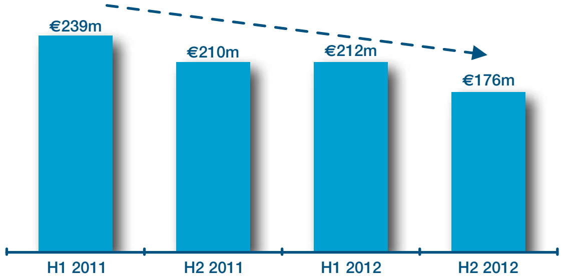
Rebuilding Margins

Net Interest Margin



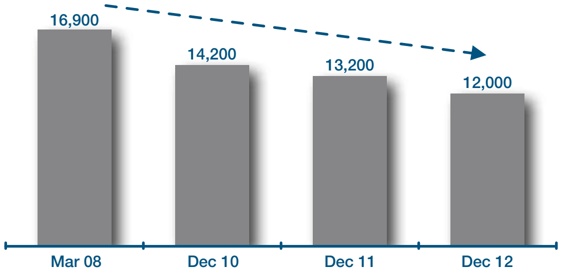
Ready for ELG Exit

ELG Fees



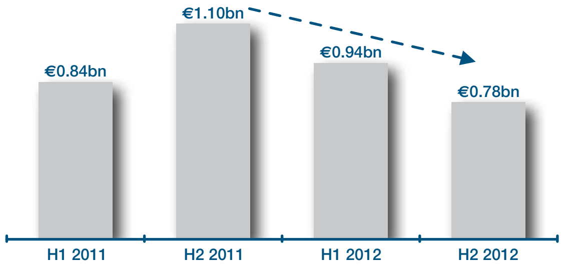
Reducing the Cost of Operations

People Employed



Reducing the Cost of Risk

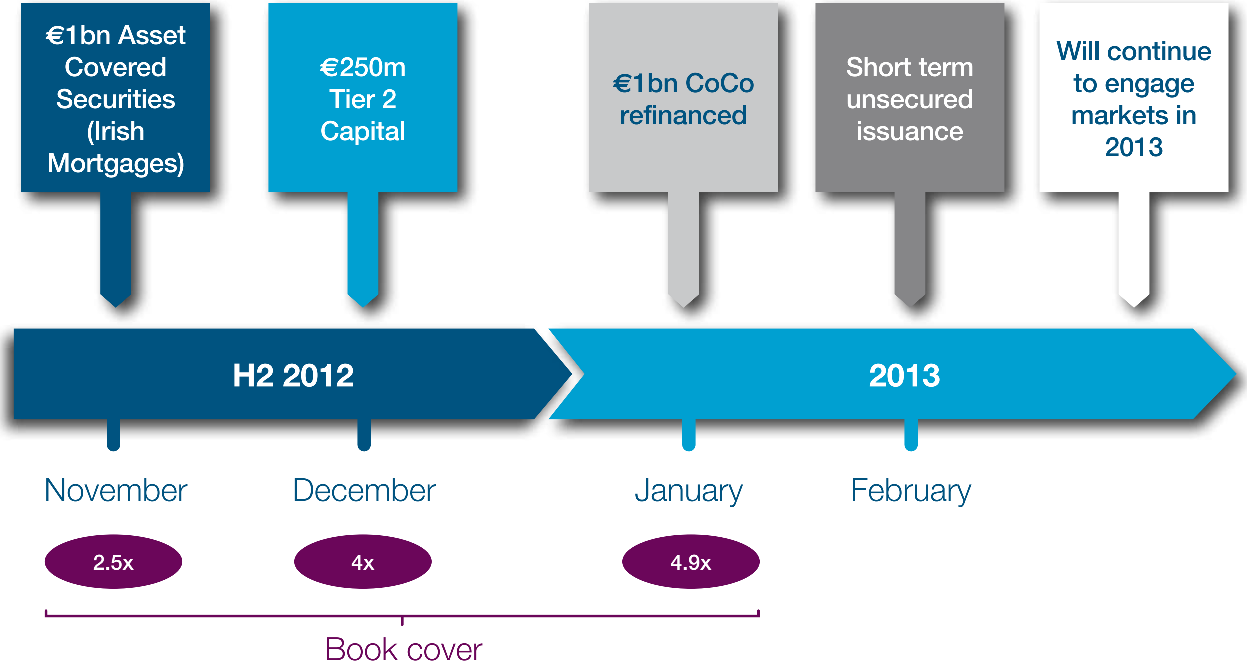
Impairment Charges



Generating returns on new business in excess of the cost of capital

Capital and Funding Transactions

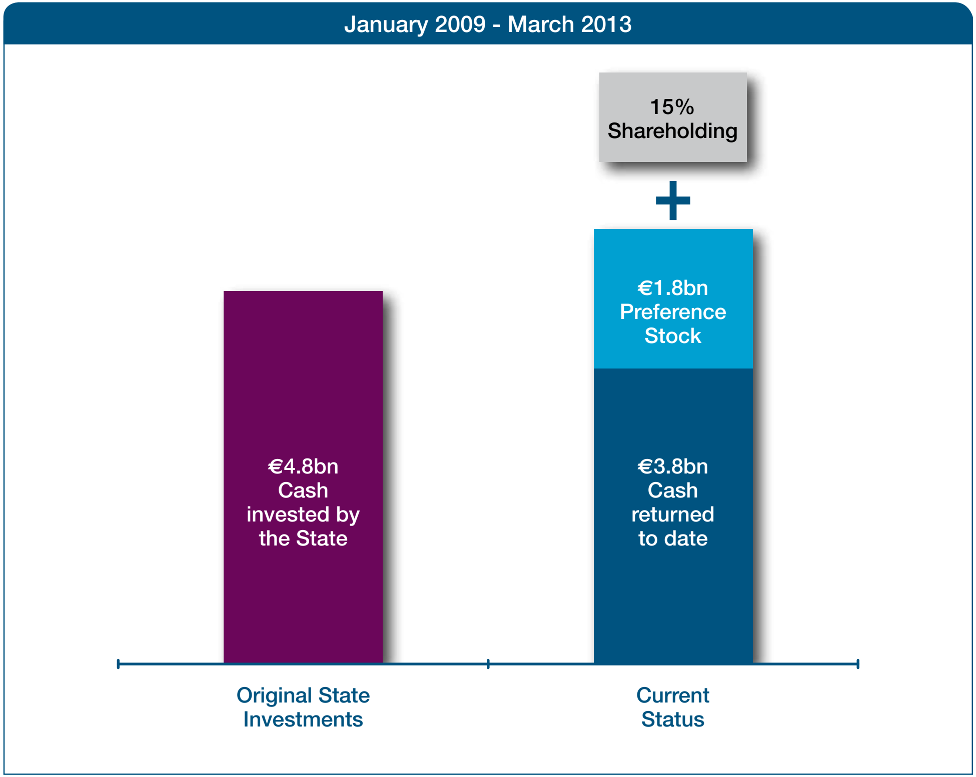
Bank of Ireland Group



Market access demonstrated across the capital structure

Repaying and Rewarding the State's Investments

Bank of Ireland Group



- Since 2009 €4.8bn capital invested by the State
- Cumulative €3.8bn cash returned to the State
- State holds Preference stock of €1.8bn
- State has a 15% shareholding in the Group

Irish Businesses

Bank of Ireland Group

Consumer banking	Corporate & business banking	Treasury services	Savings, pension and investment distribution

Strengthening market positions

Bank of Ireland is no.1 or no.2 in all our principal product and market segments

Extensive multi-channel distribution capability

c.250 branches; c.1,300 ATMs;
Online banking and market leading mobile technology

Enhancing our franchises

Investing in new branch model, self service technology, online & mobile apps and payment systems

Product	Market Share
Personal Current Accounts	36%
Mortgages	21%
Credit Cards	35%
MNC Current Account	>60%
Business Current Accounts	36%
Life and Pensions	24%

Actively seeking opportunities - new and existing customers

Investing in Irish Franchises

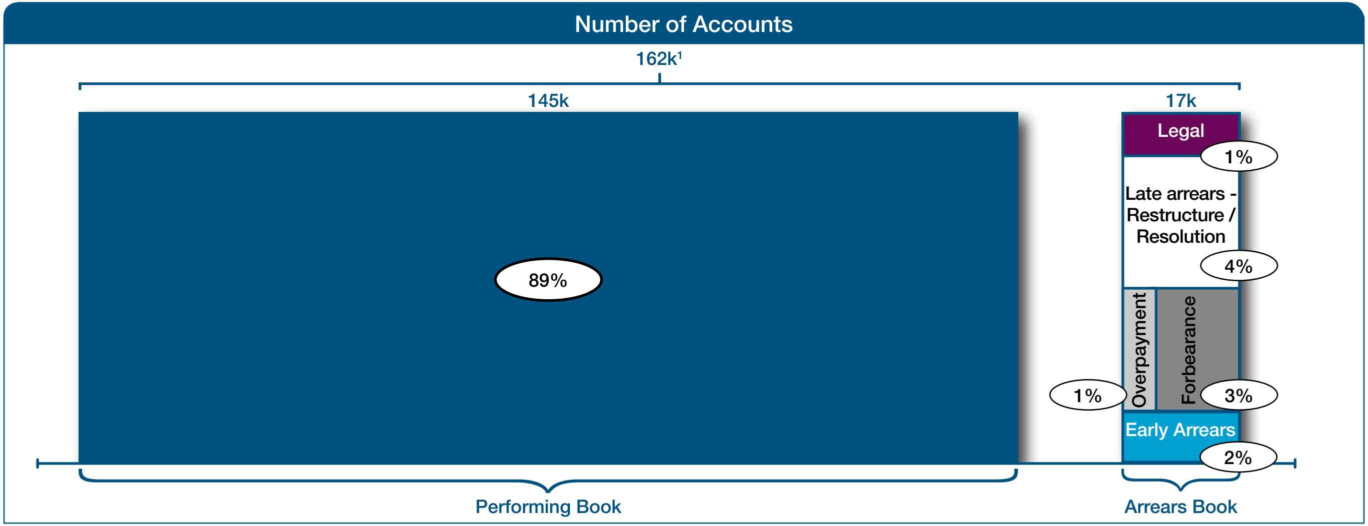
Bank of Ireland Group

- **Leading the Irish Mortgage market:**
  - Approved €1.7 billion in new mortgage lending in 2012 with €1 billion drawn in the year
  - Represents c.40% of new lending in the Irish mortgage market
  - Launched a new €2 billion mortgage fund in October 2012
  - Comprehensive policies, procedures and solutions to support customers in financial difficulty
- **Supporting Irish businesses:**
  - Exceeded our €3.5 billion SME lending approval target for 2012 - a 16% increase on 2011
  - Comprised solely of new and increased credit facilities for businesses and farmers
  - Focused on our €4 billion SME lending approval target for 2013 - a 14% increase on 2012
  - Seed Investment funds of €50 million - supporting 37 companies who employ 160 people
  - Strong support for Government initiatives
  - Other support initiatives - National Enterprise week, customer credit clinics, mentoring, online applications, online cash flow model, donations of training days, opening of Enterprise Lounge, etc.
  - Comprehensive policies, procedures and solutions to support customers in financial difficulty
- **Significant deepening of a wide range of corporate relationships and capturing a number of new relationships**
- **Supporting the State:**
  - Significant holder of Irish Government Bonds
  - IBRC promissory note transaction

Committed to supporting Irish economic recovery

ROI Owner Occupied Mortgages - arrears / forbearance profile

Bank of Ireland Group



[1] All % are of total.

- 9 out of 10 owner occupied accounts fully performing
- Proactively engaging with our customers experiencing difficulties before they potentially enter arrears (c.7k net performing accounts in forbearance)
- c.17k accounts in arrears of which c.5k less than 90 days
- Early arrears, where we are actively engaging with the customer, reducing versus Dec 2011
- Significant progress - increased (>60% in 2012) the number of accounts with formal forbearance or overpay arrangements (6.4k at Dec 12)
- Successfully reduced the level of accounts in late arrears where resolution not yet agreed or formalised to 5.9k at Dec 12 - remains key focus for 2013
- 1 in 8 of accounts that are in arrears are subject to some form of legal action, typically where the borrower is not engaging in our Mortgage Arrears Resolution Process

International Businesses

Bank of Ireland Group

UK Post Office

- Exclusive distribution rights for consumer financial services throughout the UK Post Office's 11,500 strong branch network
- Commenced in 2004, extended to 2023 on a mutually beneficial basis
- c.1.7 million Depositors
- Over the counter Foreign Exchange - serve 1 in 4 customers in the UK
- 2,200 ATMs
- 550,000 Insurance customers, 800,000 credit and travel money cards in issue
- Mortgages and unsecured consumer loans

Northern Ireland

- Full service retail and commercial bank offering

Other - International

- Business and Corporate Banking activities in GB
- Specialist mid market Acquisition Finance activities in GB, US and Europe
- Deposits & Treasury services in GB and US

Focused on Medium Term Targets

Bank of Ireland Group

	Measure	2011	2012	Target	Progress
Financial Stability	Loans and advances to customers[1]	€102bn	€93bn	c.€90bn	On track for delivery
	Group loan / deposit ratio	144%	123%	≤120%	
	Capital - Core tier 1 ratio (PCAR / EBA basis)	14.3%	14.4%	Buffer maintained over regulatory minimum	
	ELG covered liabilities ELG fees	€42bn €449m	€26bn €388m	Fully disengaged (ELG expires on 28 March 2013)	
Rebuilding Profitability	Net interest margin	1.33%	1.25%	>2.0%	Timing will reflect interest rates and pace of economic recovery
	Cost / income ratio	79%	87%	<50%	
	Impairment charges	€1.9bn	€1.7bn	55bps - 65bps	

[1] Loans and advances to customers are stated net of impairment provisions.

Group Income Statement

Andrew Keating

Group Income Statement

Bank of Ireland Group

	Dec 11 €m	Dec 12 €m	Change €m
Net Interest income	1,983	1,746	(237)
ELG fees	(449)	(388)	61
Other income (net)	524	522	(2)
Total income	**2,058**	**1,880**	**(178)**
Operating expenses	(1,645)	(1,638)	7
Operating profit pre-impairment	**413**	**242**	**(171)**
Impairment charges	(1,971)	(1,770)	201
Share of associates / JVs	39	41	2
Underlying loss before tax	**(1,519)**	**(1,487)**	**32**
Non-core items	1,329	(679)	(2,008)
Loss before tax	**(190)**	**(2,166)**	**(1,976)**

Average interest earning assets	€142bn	€132bn	(€10bn)
Net interest margin[1]	1.33%	1.25%	(8bps)

[1] Excluding the cost of the ELG.

Total Income

- Net interest margin of 1.25%
- €10bn reduction in average interest earning assets to €132bn
- Reduction in ELG fees of €61m
- Fees and other income stable

Operating Expenses

- Lower staff costs offset by continuing investment, regulatory fees and FX
- >1,200 fewer people employed at end 2012
- Continued investments in core franchises, online / mobile channels and efficiencies

Impairment Charges

- Remain elevated reflecting economic conditions
- 11% / €0.2bn reduction over 2011

Non-Core Items

- Cost of asset deleveraging - €0.3bn
- BOI credit spread movements - €0.3bn
- Restructuring and redundancy costs - €0.15bn

Group Income Statement

Bank of Ireland Group

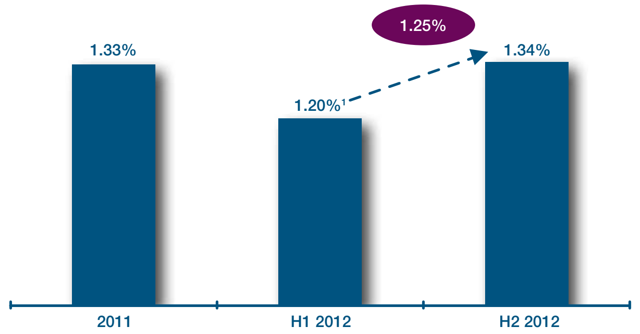
	2012 €m	H1 2012 €m	H2 2012 €m	H1 v H2
Net Interest income	1,746	857	889	↑
Government guarantee fees	(388)	(212)	(176)	↓
Other income (net)	522	255	267	↑
Total income	**1,880**	**900**	**980**	↑
Operating expenses	(1,638)	(842)	(796)	↓
Operating profit pre-impairment	**242**	**58**	**184**	↑
Impairment charges	(1,770)	(978)	(792)	↓
Share of associates / JVs	41	13	28	↑
Underlying loss before tax	**(1,487)**	**(907)**	**(580)**	↓
Key Metrics				
Net Interest Margin - %	1.25%	1.20%	1.34%	↑
Loan to deposit ratio - %	123%	136%	123%	↑
Monetary Authority Drawings (excl. IBRC repo) - €bn	€12bn	€23bn	€12bn	↑
Core Tier 1 Ratio (PCAR / EBA)	14.4%	14.0%	14.4%	↑

Every line in the Income Statement and key performance metrics were better in the second half of 2012

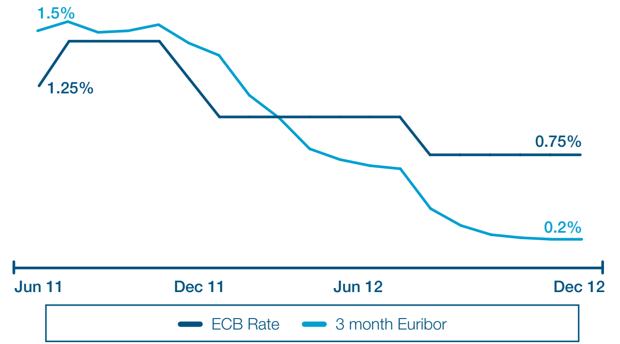
Rebuilding Net Interest Margin

Bank of Ireland Group

Net Interest Margin Trend



Official Interest Rates - lower for longer



[1] Includes a 3bps impact from the remeasurement of the Contingent Capital Note.

Interest Rate Environment

- Outlook remains - lower official rates for longer
- Sharp reduction in official rates since Q4 2011
- Impacts earnings from certain assets, capital and credit balances

Proactively Repricing Assets

- Higher margins on new lending albeit demand remains low
- UK standard variable rate mortgages increased by 150bps
- ROI standard variable rate mortgages increased by 50bps
- ROI SME loan pricing reset to reference actual cost of funds
- Continue repricing across Business and Corporate portfolios

Leading Deposit Repricing

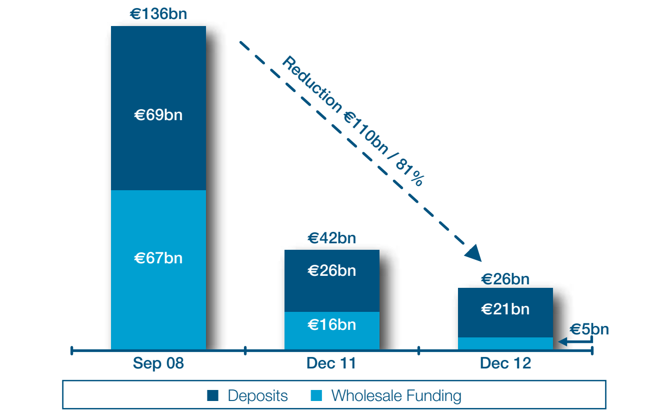
- Leading pay rate reductions in ROI deposits - volumes have been maintained
- Pay rate reductions Corporate deposits - increase in volumes
- UK Mortgage Assets transferred to UK subsidiary absorbing excess liquidity and associated negative carry
- Recent pay rate reductions in UK deposit market

Net Interest Margin troughed in H1 2012

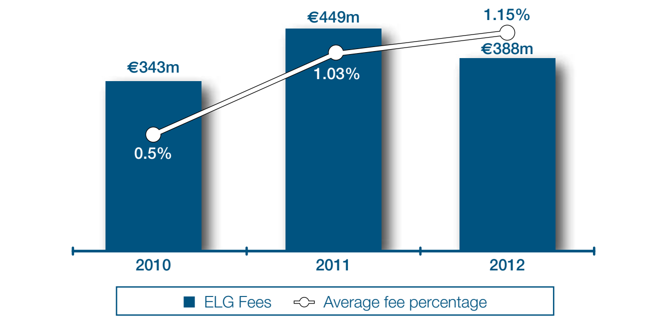
Exceptional Government Guarantee / ELG Fees

Bank of Ireland Group

Covered Liabilities



ELG Fees



Actions to Reduce ELG Fees

- Covered liabilities - reduction of €110bn / 81% since Exceptional Guarantee was introduced in September 2008
- 2012 - €16bn reduction in liabilities covered by Exceptional Guarantee
  - Apr 12 - Bank of Ireland (UK) plc withdrew from scheme
  - Aug 12 - Isle of Man withdrew from scheme
  - Exceptional Guaranteed wholesale funding being repaid
  - Non ELG deposits from Corporate, Business and other customers

ELG will expire on 28 March 2013

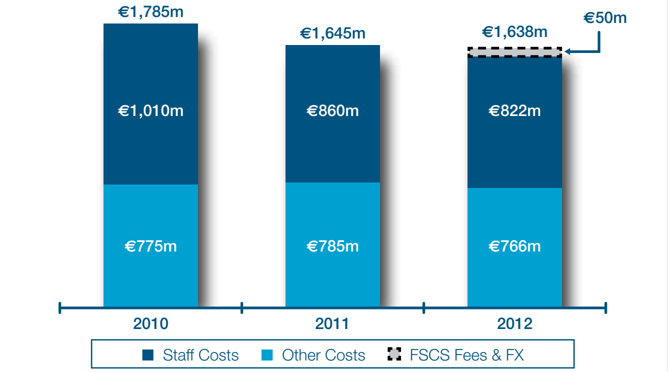
- BOI is ready for the expiry of the ELG
- Fees will phase out quickly; linked to contractual maturity of ELG liabilities - c.70% are < 3 months
- Not expected to alter deposit pricing strategy

Ready for the expiry of the ELG - fees will phase out quickly

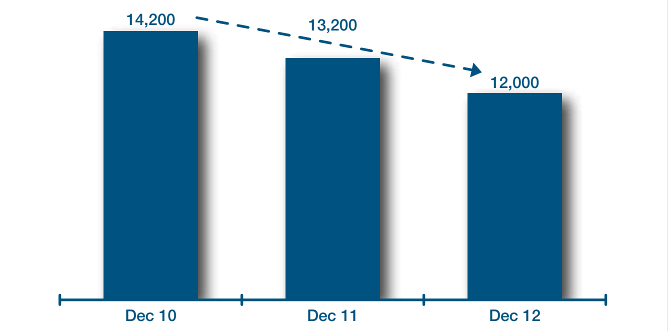
Operating Expenses

Bank of Ireland Group

Total Operating Expenses



Total Staff Numbers



Operating Expenses

- Overall costs in line with 2011
- Lower staff costs including business disposals offset by investments, regulatory fees and impact of FX €20m
- 2012 includes a charge of €30m for UK FSCS fees (2011: €nil)

Ongoing Investments

- Future branch model, online and mobile channels
- Extension of UK Post Office contract to 2023
- Programmes to support customers in financial difficulty
- Customer service and payment systems

Ongoing Actions to Reduce Cost

- >1,200 fewer people employed at end 2012 - cost benefits in 2013
- Additional redundancy provision of €57m at Dec 12
- Outsourcing contracts delivering expected benefits
- Pension levy recovered from BSPF scheme members
- Ongoing branch network reconfigurations
- Size of pension deficit and change in pension accounting rules will be a headwind from 2013 - c.€40m impact; engagement on this issue has commenced

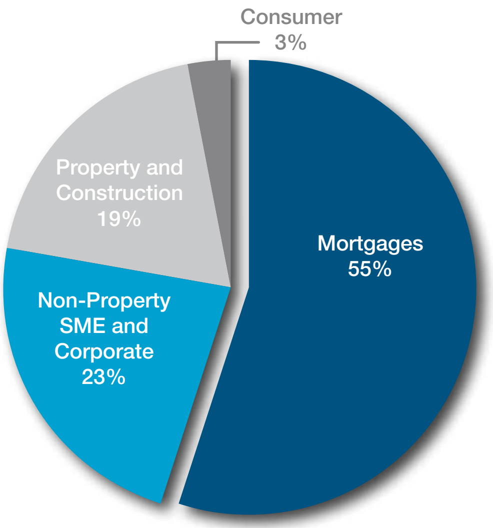
Committed to further cost reductions

Asset Quality

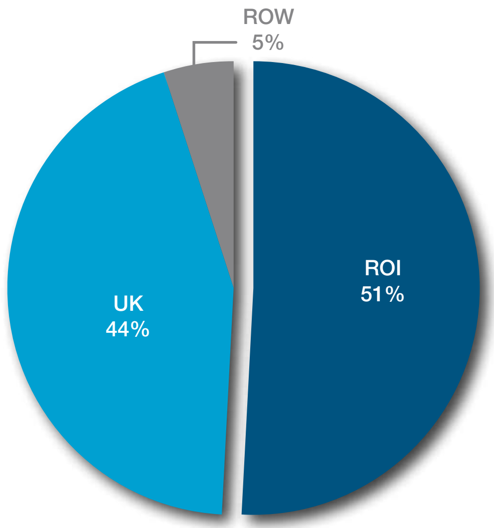
Loans and Advances to Customers - €100bn[1]

Bank of Ireland Group

Portfolio Profile[1]



Geographic Profile[2]



Mortgages are 55% of Assets

c.50% of Assets are outside ROI

[1] Loans and advances to customers of €100bn at 31 Dec 12 are before impairment provision of €7.5bn.
[2] Based on geographic location of customer.

Impairment Charges

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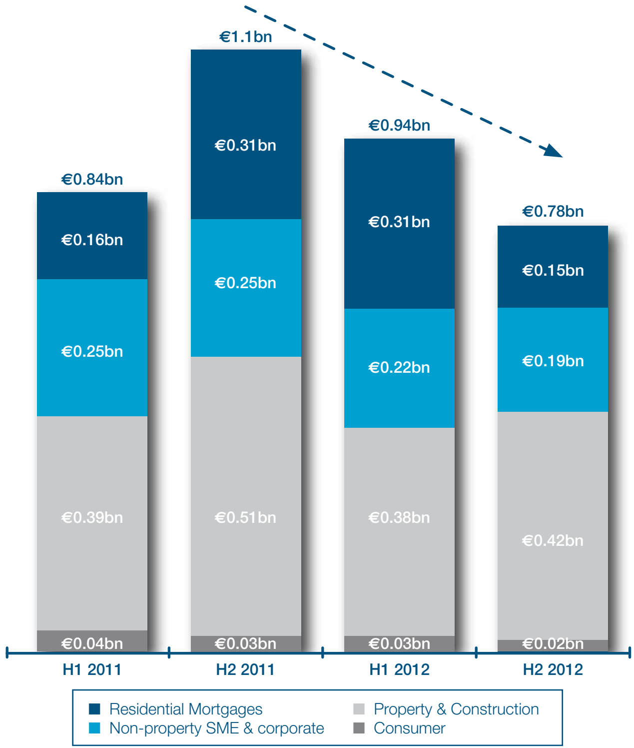
Half Year Trend



Impairment Charges

- Impairment charges of €1.7bn remain elevated reflecting economic conditions but trend is improving
- 2012 charge is 11% or €0.2bn lower than in 2011
- Portfolios are performing broadly in line with expectations
- Expect impairment charges will reduce from current elevated levels
- Trending over time to a more normalised impairment charge as the Irish economy recovers - led by the export sector

ROI Owner Occupied Mortgages: €21bn

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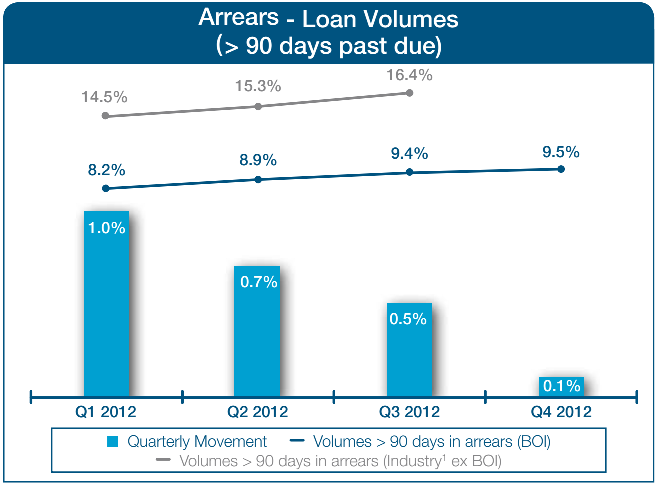


Impairment Charge & Provisions

Year ending	Dec 10	Dec 11	Dec 12
Arrears - no. of accounts > 90 days in arrears			
▶ BOI	3.62%	5.46%	7.12%
▶ Industry[1] ex BOI	6.18%	9.97%	nr[4]
Impairment charge	€176m	€182m	€219m
Charge - bps	85bps	88bps	105bps
Provision stock	€307m	€489m	€711m
Coverage ratio[5]	31%	32%	35%

Profile

- Repayment basis - 91% capital and interest
- 56% or €11.5bn are ECB tracker mortgages
- House prices have started to stabilise
  - Urban / rural differential
  - Average of 50% fall from peak values[2]
- Provisioning assumptions - 55% peak to trough fall, forced sale discount, disposal costs
- 96 Properties in possession at Dec 12[3]

Pace of Arrears Formation Reducing

- 9 out of 10 customer accounts continue to meet their mortgage payments
- Arrears reflects economic conditions and affordability issues; negative equity not a driver
- Unemployment levels are stable but remain elevated
- Pace of arrears formation reducing since Q1 2012, significant numbers of sustainable restructures

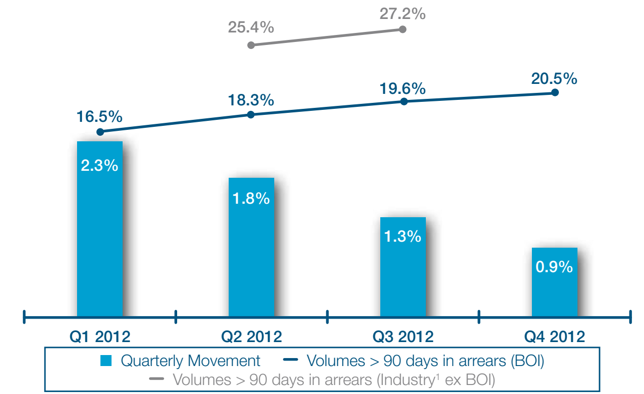
1 Source: Central Bank of Ireland.
2 Source: Central Statistics Office.
3 During 2012, there was 238 voluntary sales, 88 properties sold and at Dec 12, 74 properties with a possession order pre repossession.
4 At September 2012; industry ex BOI - 12.43%, BOI - 7.12%.
5 Impairment provisions as a % of loans where arrears are > 90 days past due and/or impaired.

Pace of arrears formation reducing since early 2012

ROI Buy to Let Mortgages: €7bn

Bank of Ireland Group

Arrears - Loan Volumes (> 90 days past due)



Impairment Charge & Provisions

Year ending	Dec 10	Dec 11	Dec 12
BOI Arrears - no. of accounts > 90 days in arrears	5.13%	9.48%	13.92%[4]
Impairment charge	€165m	€262m	€199m
Charge - bps	236bps	374bps	298bps
Provision stock	€268m	€537m	€741m
Coverage Ratio[5]	40%	46%	47%

Profile

- Repayment basis - 52% capital and interest
- House prices have started to stabilise
  - Urban / rural differential
  - Average of 50% fall from peak values[2]
- BOI provisioning assumption 55% peak to trough fall, forced sale discount, disposal costs
- 84 Properties in possession at Dec 12[3]

Pace of Arrears Formation Reducing

- 8 out of 10 customer accounts continue to meet their mortgage payments
- Arrears reflect the impact of rising repayments when interest only periods end, economic conditions and affordability issues
- Rents remain stable
- Pace of arrears formation reducing since Q1 2012

Progress on Restructures and Resolution

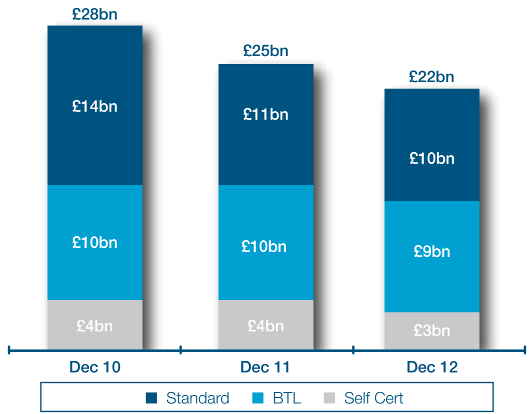
- Customers must be able to pay at least full interest
- Accounts with formal forbearance or overpay arrangements in place increased by 58% during 2012 to c.1.7k net
- Accounts in late arrears where resolution not yet agreed or formalised decreased by 12% to c.3k net
- 1.6k cases at various stages of the legal process, including rent receivers (c.1.1k)

1 Source: Central Bank of Ireland.
2 Source: Central Statistics Office.
3 During 2012, there was 132 voluntary sales, 53 properties sold and at Dec 12, 86 properties with a possession order pre repossession.
4 At September 2012; industry ex BOI - 19.40%, BOI - 13.27%.
5 Impairment provisions as a % of loans where arrears are > 90 days past due and/or impaired.

UK Residential Mortgages: £22bn / €28bn

Bank of Ireland Group

Profile of UK Residential Mortgages



Profile

- £2.3bn or 9% reduction in the portfolio during 2012
- 33% decline since portfolio put in run-off in Q1 2009

Asset Quality

- Absolute arrears are reducing across each portfolio despite declining books

House Prices

- House prices remaining broadly stable - some regional variations

Arrears - number of cases > 3 months past due[1]

	Dec 10	Dec 11	Dec 12
Standard	127bps	128bps	112bps
Buy to let	192bps	166bps	141bps
Self cert	545bps	416bps	348bps
Total	199bps	178bps	153bps
CML	216bps	198bps	191bps

Impairment Charge & Provisions

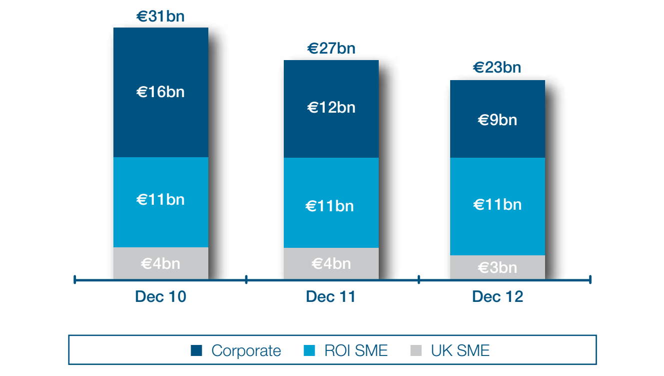
Year ending	Dec 10	Dec 11	Dec 12
Impairment charge (£)	£54m	£22m	£35m
Impairment charge (bps)	19bps	8bps	16bps
Provision stock	£129m	£111m	£116m
Coverage ratio[2]	17%	18%	22%
Properties in possession	317	273	254

[1] Using CML methodology.
[2] Impairment provisions as a % of loans with arrears > 3 months past due and/or impaired.

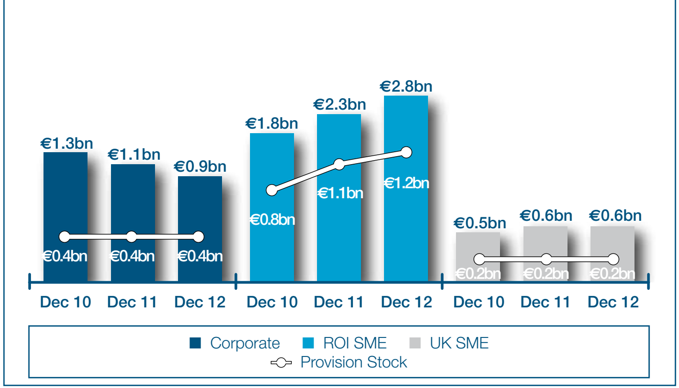
Non-property SME & Corporate Loans: €23bn

Bank of Ireland Group

Profile of Loans



Defaulted Loans & Provision Stock



Profile

- Reduction in portfolio of €3.7bn or 14% in 2012 - reflects disposals of €2.8bn
- 57% ROI, 25% UK and 18% RoW

Asset Quality

- International Corporate performing satisfactorily
- ROI SME - challenges remain, particularly for those sectors correlated with consumer spending / property markets
- UK SME - economic conditions subdued
- Delivering solutions to support customers with financial difficulty

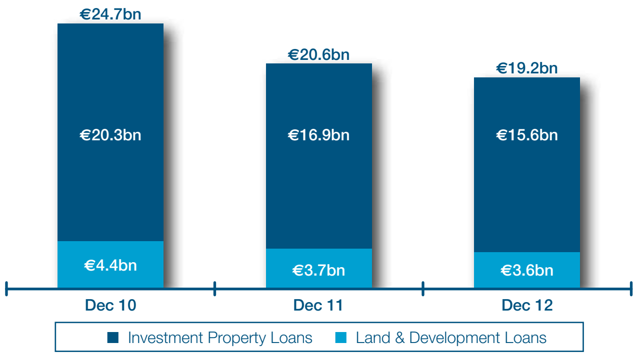
Impairment Charge	2010	2011	2012
Corporate	€192m	€142m	€137m
ROI SME	€291m	€281m	€223m
UK SME	€126m	€74m	€53m
Total	**€609m**	**€497m**	**€413m**

Coverage Ratio	Dec 10	Dec 11	Dec 12
Corporate	32%	38%	44%
ROI SME	47%	47%	43%
UK SME	38%	36%	37%
Total	**40%**	**43%**	**42%**

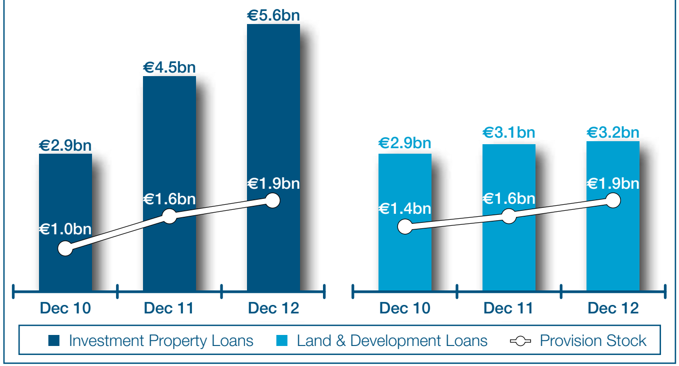
Property & Construction Loans: €19.2bn

Bank of Ireland Group

Property & Construction Loans



Defaulted Loans & Provision Stock



Investment Property Profile

- Reduction in portfolio of €1.3bn or 8% in 2012
- 44% ROI, 52% UK and 4% RoW
- 36% Retail, 18% Office, 7% Industrial and 39% other
- ROI impacted by economic environment
- Ireland - main urban areas / prime investment yields are showing some sign of stabilisation; other markets and locations remain subdued
- UK - London / South East performing well; secondary markets remain weak
- Retail sector remains under pressure

Land & Development Profile

- 90% is impaired with a coverage ratio of 60%

Impairment Charge	2010	2011	2012
Investment Property	€448m	€593m	€437m
Land & Development	€271m	€300m	€360m
Total	**€719m**	**€893m**	**€797m**

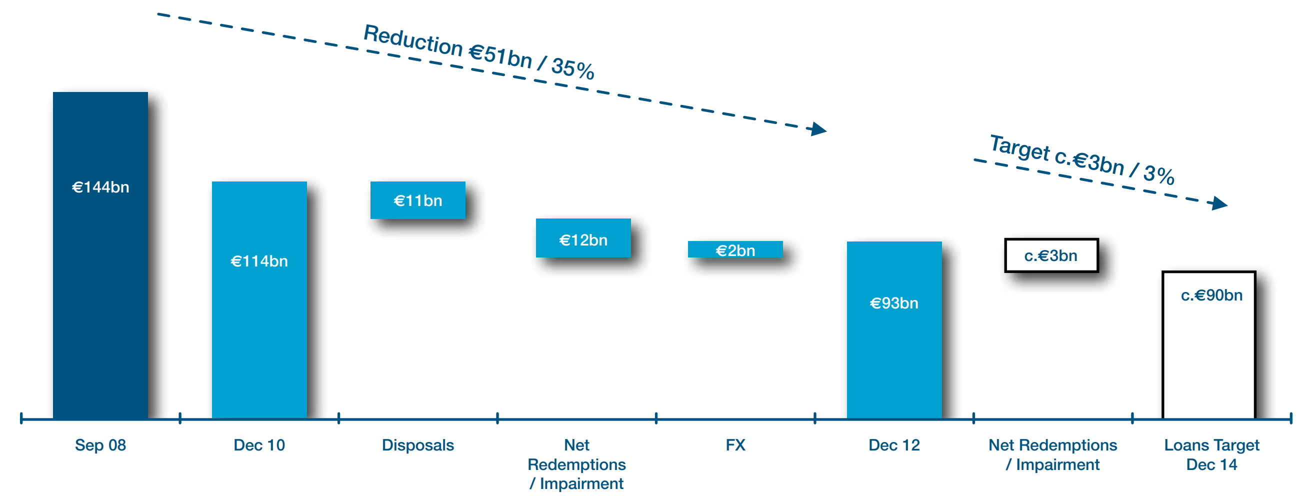
Coverage Ratio	Dec 10	Dec 11	Dec 12
Investment Property	34%	34%	35%
Land & Development	49%	54%	60%
Total	**42%**	**42%**	**44%**

Funding & Capital

Balance Sheet Deleveraging

Bank of Ireland Group

Loans and Advances to Customers

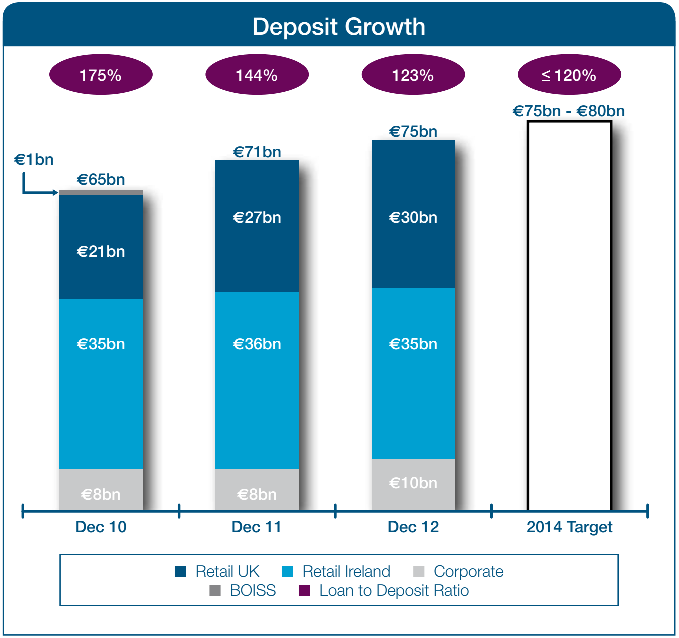


- Asset disposal target of €10bn exceeded - ahead of schedule and below cost
- Average discount of 8.1% incurred - below 2011 PCAR base case assumptions
- Net redemptions continue in line with expectations

Deleveraging targets on track

Customer Deposits

Bank of Ireland Group



Group

- Deposit strategies leveraging the strength of our franchises and scale of our distribution
- Enhanced Post Office relationship demonstrates mutual endorsement and commitment
- Deposits increased to €75bn at Dec 2012
- Loan to deposit ratio improved from 144% to 123% during 2012
- Focused on reductions in rates paid

Ongoing Actions

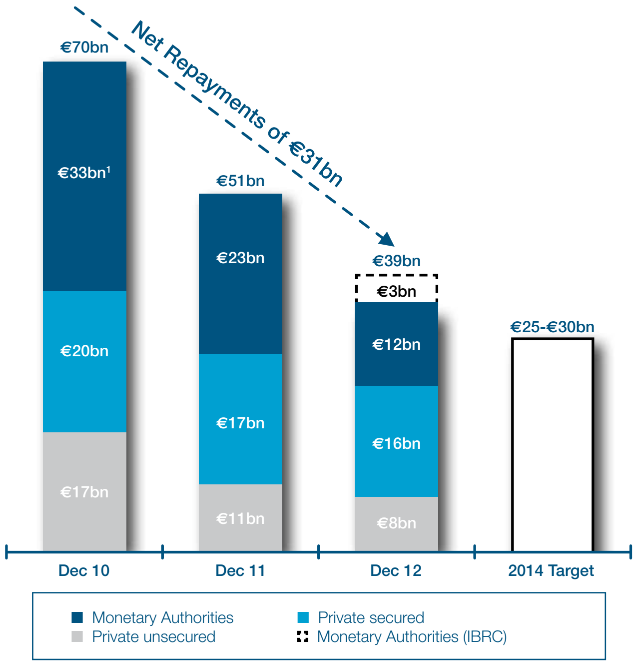
- Focused on further pay rate reductions in ROI and corporate deposits
- Additional pay rate reductions in UK deposit market
- Access arrangements being revised

Growth in deposits delivered - approaching target Loan to Deposit Ratio

Wholesale Funding

Bank of Ireland Group

Wholesale Funding Profile



Monetary Authority Funding

- Repaid €11bn of ECB drawings
- €3bn IBRC repo transaction terminated on a no gain / no loss basis in Feb 2013
- €12bn of other ECB drawings at Dec 12 include:
  - NAMA senior bonds of €4.4bn
  - LTRO funded investment in Irish bonds - €1.5bn
  - All ECB drawings are now covered by 3 year LTRO

Private Market Funding

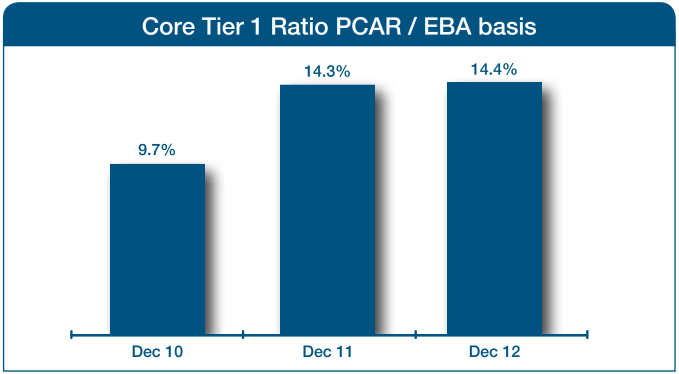
- Issued €1bn asset covered securities using Irish mortgage collateral in Nov 2012
- €15bn or 61% of private market funding had a residual term to maturity of > 1 year at Dec 2012
- Unsecured term funding maturities during 2013 are low - €2.6bn

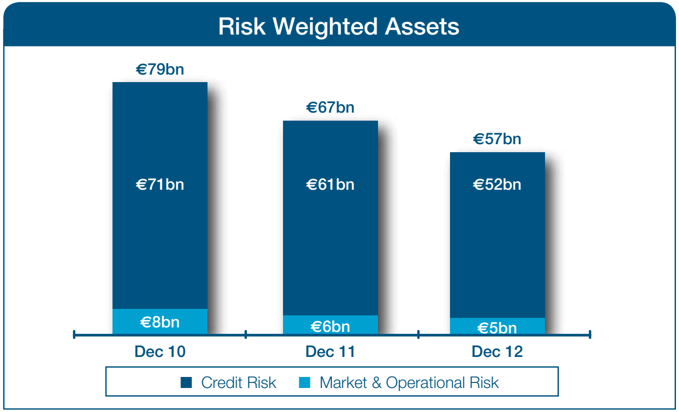
[1] Monetary Authority Funding at Dec 10 of €33bn includes €8bn of Exceptional Liquidity Assistance ("ELA") funding.

Usage of Monetary Authority funding substantially reduced

Capital

Bank of Ireland Group





Core Tier 1 Ratio (PCAR / EBA basis)

- Core tier 1 ratio of 14.4% compared to a CBI regulatory requirement of 10.5%
- €10.6bn[1] or 16% reduction in RWA's offset by losses in the year

Accessing the Capital Markets

- Issued €250m of tier 2 subordinated debt - 10 year maturity and coupon of 10%
- CoCo tier 2 notes (maturity date of 2016) refinanced from Government to private ownership in Jan 2013

Basel III - Pro Forma Fully Loaded Ratio of c.8.5%

- Pro forma fully loaded Common Equity Tier 1 (CET1) ratio of c.8.5% at 31 Dec 12[2] (including the 2009 Preference shares)
- Assume the CET1 regulatory requirement under Basel III will be 10% - Group would expect to maintain a buffer above this on a transitional basis
- Basel III adjustments assumed to be phased in from 2014 to 2018. Actual impact may be mitigated by capital generated from earnings and management actions

[1] Reduction of €10.6bn in RWA's is due primarily to the reduction in loans and advances to customers and the impact of a higher level of impaired loans and lower Operational Risk.

[2] See slide 38 for details and basis of calculation. 2009 Preference shares of €1.8bn are expected to be grandfathered as Common Equity Tier 1 until 31 December 2017.

1 Delivering our Strategic Objectives

- Exceeded our asset disposal target of €10bn
- Loan to deposit ratio substantially at medium term target
- Monetary Authority Funding has been significantly reduced
- Demonstrated access to the funding markets across the capital structure
- Capital ratios remain robust

2 Rebuilding our Profitability

- Operating profit troughed in H1 2012; good momentum into 2013
- Ready for the ELG expiry on 28 March 2013
- Impairment charges - 11% reduction on 2011 and guidance reaffirmed for 2013
- Generating returns on new business in excess of the cost of capital

3 Strong Franchise Positions

- Expanding credit facilities for Irish businesses and consumers
- Supporting Irish Economic Recovery

Additional Information

Bank of Ireland Group

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Summary Balance Sheet

Bank of Ireland Group

Group Balance Sheet	Dec 2011 €bn	Dec 2012 €bn
Net loans and advances to customers[1]	102	93
Liquid assets	31	30
IBRC repo transaction[2]	-	3
BoI Life assets	12	13
Other assets	10	9
Total Assets	**155**	**148**
Customer deposits	71	75
Wholesale funding - private sources	28	24
Wholesale funding - monetary authorities	23	12
Wholesale funding - IBRC transaction[2]	-	3
BoI Life liabilities	12	13
Subordinated liabilities	1	2
Other liabilities	10	10
Total Liabilities	**145**	**139**
Stockholders' equity	10	9
Total Liabilities and Stockholders' Equity	**155**	**148**
Loan to deposit ratio	144%	123%
Core tier 1 ratio (PCAR / EBA basis)	14.3%	14.4%

[1] Loans and advances to customers is stated after impairment provisions.

[2] Terminated in Feb 2013.

Capital: Basel III Impacts

Bank of Ireland Group

Capital Impact	RWA's €bn	CT1 / CET1 Capital €bn	CT1 / CET1 Ratio %	Comment
As reported at 31 Dec 2012	**56.5**	**8.1**	**14.4%**	
Basel III Adjustments:				
- Deferred Tax		(1.5)		Will be reduced by future profits over time
- Pension Deficit		(1.2)		Engagement with stakeholders has commenced. Expected to reduce over time
- Significant Investments[1]		(0.4)		Impacted by New Ireland
- Expected Loss		(0.2)[2]		
- Removal of National Filters		0.4		
- Other Items	2.2[3]	(0.2)		
Basel III fully loaded pro forma at 31 Dec 2012 (incl. Preference Shares[4])	**58.7**	**5.0**	**8.5%**	

- Current assumption is that Common Equity Tier 1 regulatory requirement under Basel III will be 10% - Group would expect to maintain a buffer above this on a transitional basis
- Given the phasing in of both capital requirements and adjustments, the actual impact may be mitigated through capital generated from earnings and management actions
- The fully loaded pro forma adjustments are based on current interpretation of draft regulations. Uncertainty remains over the final impact of the Basel III regulations on the Group. Clarification is awaited from regulatory authorities on a number of technical and other factors which could materially impact the Group, e.g. application of CVA charge and SME reduction factor

1 Calculated through 10% / 15% threshold deduction.
2 50% of expected loss adjustment already deducted in arriving at Core Tier 1 Ratio (PCAR / EBA) basis.
3 RWA's: Includes a number of credit risk and other items. Assumes EU corporates are exempt from CVA charge. No reductions assumed for potential changes in SME factor.
4 Govt. Preference Shares of €1.8bn of RWA's are expected to be grandfathered as Common Equity Tier 1 until 31 December 2017.

Stockholders' Equity and Tangible Net Asset Value

Bank of Ireland Group

Movement in Stockholders' Equity		Dec 11 €m	Dec 12 €m
Stockholders' equity at beginning of period		7,351	10,202
Movements:	Profit/(loss) attributable to stockholders	45	(1,824)
	Pension fund obligations	(117)	(789)
	Net new equity raised	2,557	-
	Dividends paid on preference stock	(222)	(196)
	Available for sale (AFS) reserve movements	103	875
	Cash flow hedge reserve movement	314	148
	Foreign exchange movements	180	136
	Other movements	(9)	39
Stockholders' equity at end of period		**10,202**	**8,591**

Tangible net asset value		Dec 11 €m	Dec 12 €m
Stockholders' equity at end of period		10,202	8,591
Deductions:	2009 Preference Stock	(1,837)	(1,837)
	Intangible assets	(380)	(362)
	1992 Preference Stock	(60)	(61)
	Own stock held for benefit of life assurance policy holders	15	14
Tangible net asset value (TNAV)		**7,940**	**6,345**
Number of shares		30,133	30,133
TNAV per share (€ cent)		26c	21c

Loans and Advances to Customers

Profile at 31 December 12[1]	ROI €bn	UK €bn	RoW €bn	Total €bn	Total %
Mortgages	27	28	-	**55**	*55%*
Non-property SME and corporate	13	6	4	**23**	*23%*
- SME	*11*	*3*	*-*	***14***	*14%*
- Corporate	*2*	*3*	*4*	***9***	*9%*
Property and construction	9	9	1	**19**	*19%*
- Investment property	*7*	*8*	*-*	***15***	*15%*
- Land and development	*2*	*2*	*-*	***4***	*4%*
Consumer	2	1	-	**3**	*3%*
Loans and advances to customers (before impairment provisions of €7.5bn)	**51**	**44**	**5**	**100**	***100%***
Geographic %	**51%**	**44%**	**5%**	**100%**	

Asset Profile

- Mortgages represent 55% of total loans - €55bn - split evenly in ROI and UK

Geographic Profile

- ROI loans account for 51% of total loans - €51bn
- 49% of loans are outside ROI - €49bn

[1] Based on geographic location of customer.

Defaulted Loans & Impairment Provisions

Bank of Ireland Group

DEC 12

Loans and advances to customers Composition and impairment	Advances €bn	Defaulted Loans[2] €bn	Defaulted Loans as % of advances	Impairment provisions €bn	Impairment Provisions as % of defaulted loans
▶ Residential mortgages	55.0	4.2	7.7%	1.6	37%
▶ ROI	27.5	3.6	13.1%	1.5	40%
▶ UK	27.5	0.6	2.3%	0.1	22%
▶ Non-property SME and corporate	23.0	4.4	19.0%	1.8	42%
▶ ROI	10.8	2.9	26.5%	1.2	43%
▶ UK	3.5	0.6	17.9%	0.2	37%
▶ Corporate Banking Ireland and UK	8.7	0.9	10.1%	0.4	44%
▶ Property and construction	19.2	8.8	46.0%	3.9	44%
▶ Investment	15.6	5.6	35.9%	1.9	35%
▶ Land and development	3.6	3.2	89.5%	2.0	60%
▶ Consumer	3.0	0.3	9.4%	0.2	85%
Total loans and advances to customers	**100.2**	**17.7**	**17.7%**	**7.5**	**43%**

DEC 11

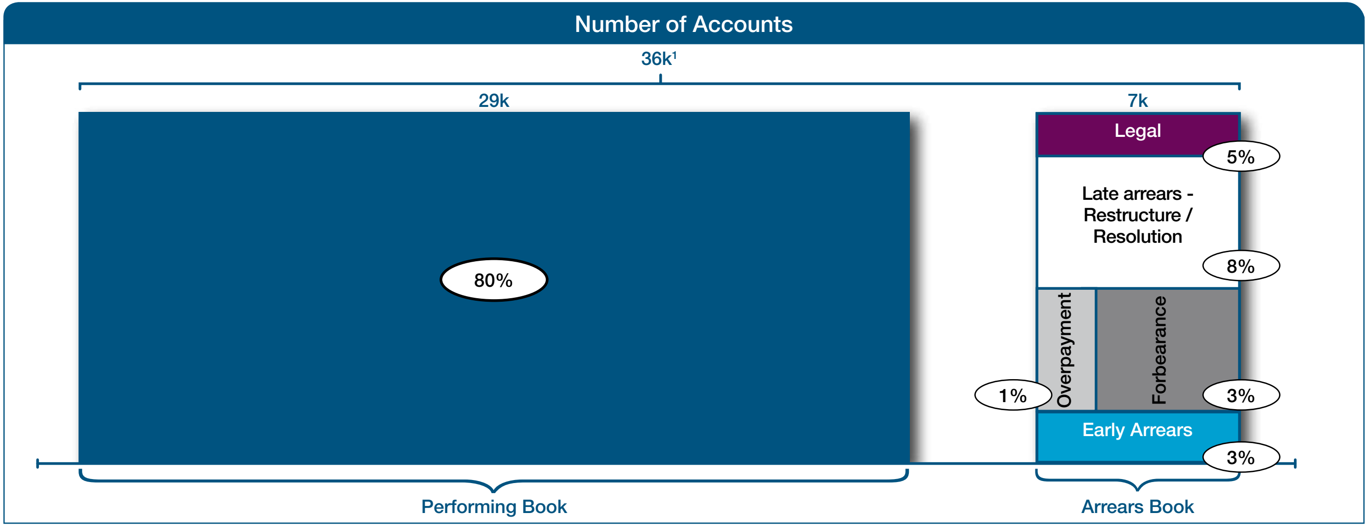
Loans and advances to customers[1] Composition and impairment	Advances €bn	Defaulted Loans[2] €bn	Defaulted Loans as % of advances	Impairment provisions €bn	Impairment Provisions as % of defaulted loans
▶ Residential mortgages	57.5	3.4	6.0%	1.2	34%
▶ ROI	27.9	2.7	9.7%	1.1	38%
▶ UK	29.6	0.7	2.5%	0.1	18%
▶ Non-property SME and corporate	26.7	4.1	15.1%	1.7	43%
▶ ROI	11.5	2.4	20.3%	1.1	47%
▶ UK	3.7	0.6	16.5%	0.2	36%
▶ Corporate Banking Ireland and UK	11.5	1.1	9.5%	0.4	38%
▶ Property and construction	20.6	7.6	37.0%	3.2	42%
▶ Investment	16.9	4.6	27.0%	1.6	34%
▶ Land and development	3.7	3.0	82.6%	1.6	54%
▶ Consumer	3.3	0.3	10.2%	0.3	82%
Total loans and advances to customers	**108.1**	**15.4**	**14.3%**	**6.4**	**41%**

[1] Loans and advances to customers at Dec 11 includes other assets classified as Held for Sale.

[2] 'Defaulted loans' are defined as loans with a specific impairment provision attaching to them together with loans which are more than 90 past due.

ROI Buy to Let Mortgages - Arrears / Forbearance Profile

Bank of Ireland Group



[1] All % are of total.

- 8 out of 10 buy to let accounts fully performing
- Buy to let accounts in arrears have increased by c.1.2k net in the year. The pace of increase significantly reduced between H1 and H2
- Early arrears are reducing versus December 2011
- Accounts with formal forbearance or overpay arrangements in place increased by 58% during 2012 to c.1.7k net
- Accounts in late arrears where resolution not yet agreed or formalised decreased by 12% to c.3k net
- 1.6k cases at various stages of the legal process, including rent receivers c.1.1k

Available for Sale Financial Assets

Bank of Ireland Group

Carrying Value	ROI €bn	UK €bn	Spain / Portugal €bn	Other €bn	Dec 12 €bn	Dec 11 €bn
Sovereign Bonds	5.4	0.1	-	0.1	**5.6**	4.5
Covered Bonds	0.1	0.7	1.1	1.3	**3.2**	3.5
Senior Bank Debt	0.7	0.2	-	0.7	**1.6**	1.4
Asset Backed Securities	0.1	0.3	0.1	0.1	**0.6**	0.9
Total	**6.3**	**1.3**	**1.2**	**2.2**	**11.0**	**10.3**
AFS Reserve	0.4	-	(0.2)	-	**0.2**	(0.7)

Ireland

- Strong relative performance of Irish sovereign bonds during 2012 - improved AFS reserve by €0.9bn
- Net incremental investment in 2012 of €1.5bn in Irish bonds funded by ECB 3 year LTRO
- Separately BOI has €4.4bn of NAMA senior bonds (31 Dec 2011: €5.0bn)

Spain / Portugal / Greece

- Exposures to Spain (€1.1bn) are substantially covered bonds - all investment grade
- Portugal - €0.1bn
- No AFS exposures to Greece

Other

- France - €0.7bn
- United States - €0.4bn
- Netherlands - €0.3bn
- Italy - €0.2bn
- Canada / Luxembourg / Nordic - €0.6bn

Divisional Performance

Bank of Ireland Group

2012	Retail ROI €m	BIL €m	Retail UK €m	Corporate & Treasury €m	Group Centre €m	Total €m
Total income	995	189	408	690	(402)	1,880
Operating expenses	(836)	(92)	(382)	(183)	(145)	(1,638)
Operating profit pre-impairment	**159**	**97**	**26**	**507**	**(547)**	**242**
Impairment charges	(1,144)	-	(432)	(156)	(38)	(1,770)
Share of associates / JVs	1	-	40	-	-	41
Underlying[1] loss / profit before tax	**(984)**	**97**	**(366)**	**351**	**(585)**	**(1,487)**

2011	Retail ROI €m	BIL €m	Retail UK €m	Corporate & Treasury €m	Group Centre €m	Total €m
Total income	1,146	127	486	786	(487)	2,058
Operating expenses	(861)	(101)	(380)	(187)	(116)	(1,645)
Operating profit pre-impairment	**285**	**26**	**106**	**599**	**(603)**	**413**
Impairment charges	(1,305)	-	(466)	(213)	13	(1,971)
Share of associates / JVs	3	-	36	-	-	39
Underlying[1] loss / profit before tax	**(1,017)**	**26**	**(324)**	**386**	**(590)**	**(1,519)**

[1] Underlying excludes non-core items.

Other Income Analysis (Net)

Bank of Ireland Group

	2011 €m	2012 €m	Change €m
Retail & Corporate Banking Businesses	524	476	(48)
Bank of Ireland Life	169	133	(36)
Business Income	693	609	(84)
Other Items (see below)	(67)	-	67
Other Income after IFRS classifications (net)	**626**	**609**	**(17)**
Other Items			
Transfer from available for sale reserve on asset disposal	(28)	60	88
Bank of Ireland Life			
- Investment Variance	(28)	21	49
- Economic assumption changes	(19)	(3)	16
Change in valuation of international investment properties	(12)	1	13
European property investment provision	(13)	-	13
Fair value movements on derivatives hedging the Group's balance sheet	(5)	(57)	(52)
BOISS and FCE Corporation	31	-	(31)
Fair value movement on CoCo note embedded derivative	(7)	(22)	(15)
NAMA related adjustments	14	-	(14)
	(67)	**-**	**67**

Retail & Corporate Banking Businesses

- Other income decreased by €48m in 2012 compared to 2011 reflecting current levels of business activity and changes to the UK Post Office contract

Bank of Ireland Life

- Operating income decreased by €36m in 2012 compared to 2011 due primarily to a change in the mix of products sold

Other Items

- Other items increased by €67m in 2012 compared to 2011 due to one off items in the current and prior year

Non-Core Items

Bank of Ireland Group

Non-Core Items	2011 €m	2012 €m	Change €m
Gain on liability management exercises	1,789	69	(1,720)
Gains / (Charges) arising on the movement in credit spreads on the Group's own debt and deposits accounted for at 'fair value through profit and loss'	56	(297)	(353)
Cost of restructuring programmes	3	(150)	(153)
Gains / (Loss) on disposal / liquidation of business activities	34	(69)	(103)
Loss on deleveraging of financial assets	(565)	(326)	239
Gain on Contingent Capital Note	-	79	79
Gross-up for policyholder tax in the Life business	10	16	6
Investment return on treasury stock held for policyholders	2	(1)	(3)
Total non-core items	**1,329**	**(679)**	**(2,008)**

Loan book divestment - 2011/2012

Loan Portfolios	Volume €bn	Loss €bn
UK Mortgages	2.0	(0.2)
Project Finance	1.9	(0.3)
UK Investment Property	1.6	(0.3)
US Investment Property	0.8	-
Burdale	0.7	-
Other international loans	3.6	(0.1)
Total	**10.6**	**(0.9)**

Average Discount		**8.1%**

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