2014 Results Announcement

31 December 2014

Bank of Ireland

For small steps, for big steps, for life

Bank of Ireland Group

1 2014 progress

Richie Boucher, CEO

2 Financial Results

Andrew Keating, CFO

3 Priorities for 2015 and beyond

Richie Boucher, CEO

2014 Progress

Richie Boucher

2014 Progress

Delivering on strategic priorities

Customers	▶ Increased new lending by >50% to €10bn ▶ Largest lender to the Irish economy during 2014; doubled UK mortgage lending ▶ Reduced defaulted loans to €14.3bn; a reduction of €4bn from peak
Profitability	▶ Underlying profit of €921m; c.€1.5bn improvement over 2013 ▶ Improved average NIM to 2.11%; Q4 NIM of 2.22% ▶ Increased TNAV per share by 13%
Capital	▶ Increased CET 1 ratio by 250bps to 14.8% ▶ Passed ECB Comprehensive Assessment with substantial capital buffers ▶ Fully loaded CET 1 ratio of 9.3% at Dec 14

Improved Underlying PBT by €1.5bn

Bank of Ireland Group

	2013	2014
Net interest margin	1.84%	2.11%
Total income	€2,646m	€2,974m
Operating expenses Bank levy	(€1,576m) -	(€1,635m) (€38m)
Impairments *Customer loans* *NAMA bonds*	(€1,665m) -	(€542m) €70m
Share of associates / JVs	€31m	€92m
Underlying (loss) / profit before tax	**(€564m)**	**€921m**

- Underlying PBT of €921m - an improvement of c.€1.5bn over 2013
- Increased Total income by €328m (12%) in 2014, primarily reflecting higher net interest income and lower ELG costs
- Maintained tight cost control whilst investing in enhancing capabilities - cost / income ratio of 55%
- Customer loan impairment charges declined by c.€1.1bn reflecting actions taken and improvements in asset quality (€0.8bn) as well as impact of updated ROI mortgage collective provisioning assumptions (reversal of €280m)
- Underlying PBT includes additional gains of €516m, primarily reflecting impairment reversals (ROI mortgages and NAMA) and gains on rebalancing of liquid asset portfolio

Strong organic capital generation

Increased CET 1 ratios by 250 - 300bps

Bank of Ireland Group

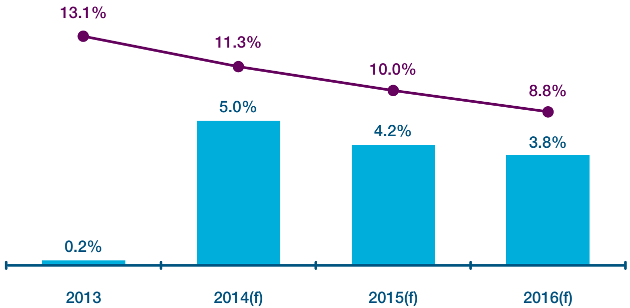
	Dec 13	Dec 14
Customer loans (net)	€84.5bn	€82.1bn
Defaulted loans	€17.1bn	€14.3bn
CET 1 ratio *Transitional* *Fully loaded (incl prefs)* *Fully loaded (excl prefs)*	 12.3% 9.0% 6.3%	 14.8% 11.9% 9.3%
Total capital ratio	14.1%	18.3%
TNAV per share	19.1c	21.6c

- Customer loans reduced by €2.4bn (constant currency - €4.5bn)
  - New lending of €10bn during 2014; >50% increase on 2013
  - Redemptions of c.€14bn; >€3bn relating to ROI mortgage trackers, defaulted loan sales / redemptions and GB non-core business banking redemptions
- Defaulted loans reduced by €2.8bn in 2014; now €4bn below Jun 13 peak; all asset categories reduced
- Strong organic capital generation in 2014
  - Increased Transitional CET 1 ratio by c.250bps to 14.8%
  - Fully loaded CET 1 ratio (excl prefs) increased by 300bps to 9.3%
  - Increased Total capital ratio to 18.3%; reflects CET 1 increase and Tier 2 issuance
  - ECB's Comprehensive Assessment passed with substantial capital buffers
- Increased TNAV per share by 13%

Favourable macroeconomic environment and outlook

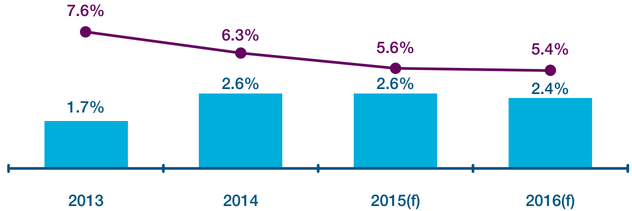
Bank of Ireland Group

ROI GDP and unemployment



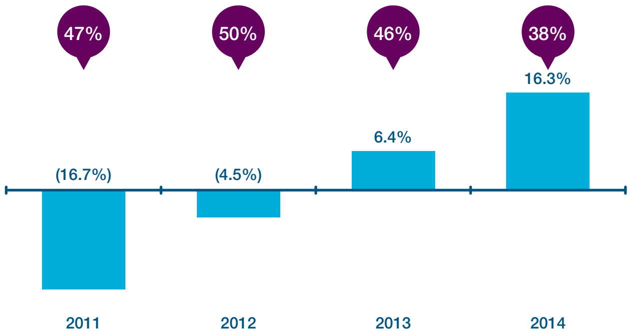
Annual real GDP growth — Unemployment rate (annual average)

UK GDP and unemployment



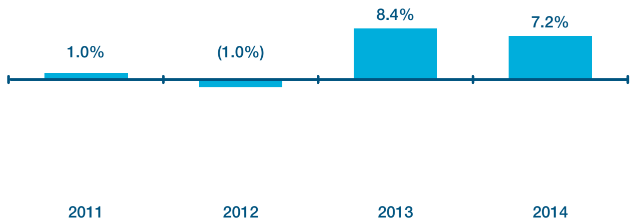
Annual real GDP growth — Unemployment rate (annual average)

ROI residential property prices



National change, Dec on Dec — National, decline from peak

UK residential property prices



National change, Dec on Dec

Sources: Central Statistics Office, Office for National Statistics, Nationwide UK, BOI Economics Research Unit (ROI forecasts), Reuters (UK forecasts).

Continue to proactively support and benefit from Irish economic growth

>50,000
business loan applications approved

>24,000
acres of land for which we approved funding

>27,000
vehicles financed in 2014

>11,000
customers supported in buying a new home

€5.7bn
largest lender to the Irish economy during 2014

c.120,000
new current accounts opened

c.€500m
paid out by New Ireland under customer protection products in the past 5 years

c.220
customer interactions processed every minute of every day

>9,000
people working in our businesses in Ireland

Integral part of the Irish economy - supporting customers, enterprise and communities

Ireland - Leading bank in a growing economy with a well structured market

Bank of Ireland Group

Consumer Banking	▶ #1 or #2 positions across all principal product lines ▶ Providing 1 in every 3 new mortgages; low yielding tracker mortgages reduced by €1.5bn in 2014 ▶ 27% share of savings market; deposit pay rates lower ▶ Winning new customer relationships, including from other financial institutions exiting, downsizing or re-aligning their portfolios ▶ Ongoing enhancements in mobile / tablet / online propositions; positive customer reactions
Wealth Management (incl New Ireland)	▶ ROI's only bancassurer - 24% share of life assurance market ▶ New business up c.7%, with stronger performance in bancassurance channel ▶ Well positioned to benefit from favourable demographic trends and customers' increased desire for and capacity to purchase investment and protection products
Business Banking	▶ Ireland's #1 business bank; >50% market share of new SME / Agri lending ▶ Benefitting from increased business confidence, as well as instigating and availing of re-financing and portfolio acquisition opportunities ▶ Strongly supporting business customers through our Enterprise Programme
Corporate & Treasury	▶ Ireland's #1 corporate bank; >30% market share; leading share of new FDI relationships ▶ Ireland's leading provider of treasury products and services ▶ Benefitting from customers increased activity and appetite for lending and hedging products ▶ Dedicated teams successfully focused on new to bank business and re-financing opportunities

Most comprehensive Irish franchise - consumer, business, corporate and bancassurance

International - Significant progress in 2014; outlook positive

Bank of Ireland Group

UK

- With our Post Office partner, a leading UK challenger consumer bank with c.3m customers
  - Benefits flowing through from ongoing network investment by Post Office
  - Customer offering strengthened by launch of Post Office Money brand
  - Maintaining #1 position in consumer FX; new mobile payment app well received
- Mortgages: doubled new lending reflecting
  - Early investments in capacity and capability to successfully prepare for MMR introduction
  - Post Office partnership - new Mortgage Advisors fully operational
  - Widening of our distribution network including Legal & General, LSL Group and others
  - Strong new business momentum into 2015
- GB non-core Corporate / Business Banking: loans reduced by £1.0bn gross to £1.9bn at Dec 14
- Northern Ireland; return to modest profit in 2014 following cost base restructure
- Good momentum in our NIIB motor finance business

Acquisition Finance

- Generates attractive margins and strong fee income
- New lending increased by more than 50% to €0.9bn
- Strong underwriting performance within a contained risk appetite

International diversification provides further attractive opportunities for growth

Financial Results

Andrew Keating

Group Income Statement

Improved Underlying PBT by €1.5bn

Bank of Ireland Group

	2013 (€m)	2014 (€m)
Total income	2,646	2,974
Net interest income	*2,133*	*2,358*
Other income (net)	*642*	*653*
ELG fees	*(129)*	*(37)*
Operating expenses[1]	(1,576)	(1,635)
Bank levy	-	(38)
Operating profit pre-impairment	1,070	1,301
Impairment charges	(1,665)	(472)
Customer loans	*(1,665)*	*(542)*
NAMA bonds	-	*70*
Share of associates / JVs	31	92
Underlying (loss) / profit before tax	**(564)**	**921**
Non-core items	44	(1)
Statutory (loss) / profit before tax	(520)	920

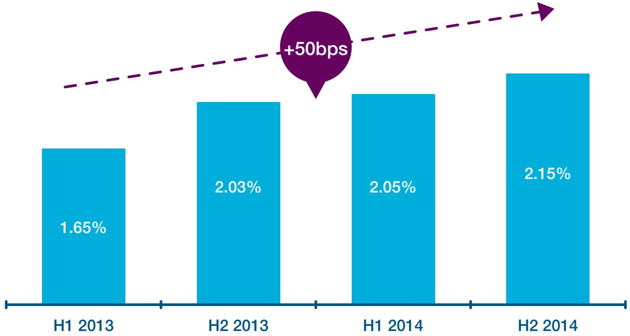
- Increased Net interest income by €225m, reflecting higher NIM of 2.11% (annualised), partially offset by lower average interest earning assets
- Other income of €653m
  - Increased business income by 8% to €605m
  - Other items of €48m include gains on bond sales, partially offset by other valuation charges, the majority of which will reverse over time
- Reduced cost / income ratio to 55% (2013: 60%)
- Customer loan impairment charges declined by c.€1.1bn through improvements in asset quality (€0.8bn) and the impact of updated ROI mortgage collective provisioning assumptions (reversal of €280m)
- Additional gains of €516m
  - ROI mortgage impairment reversal (€280m)
  - NAMA sub debt provision reversal (€70m)
  - Gains arising on liquid asset portfolio rebalancing (€137m)
  - Associates - gains on sale from residual property portfolios (€29m)
- All trading divisions are now profitable

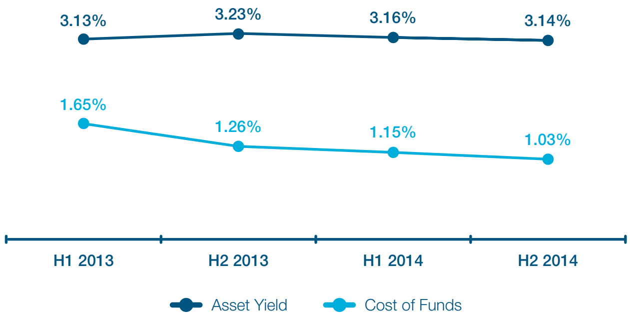
[1]2013 operating expenses reflect a net reclassification of FSCS charges of €5m.

Net interest income

Increased Q4 Net Interest Margin to 2.22%

Bank of Ireland Group





Net interest income - €2,358m

- Delivered net interest income growth of €225m (11%), driven by higher NIM, partially offset by lower average interest earning assets

NIM

- Full year 2014 NIM improved to 2.11% reflecting lower funding costs and positive impact of new lending volumes; partially offset by impact of ECB rate cuts in Nov 13, Jun 14 and Sep 14
- Q4 NIM was 2.22%
- From here, expect NIM to grow further, albeit at a more modest pace than 2014
  - Positive impacts from new lending and lower funding costs, partially offset by;
  - Impact of low interest rate environment

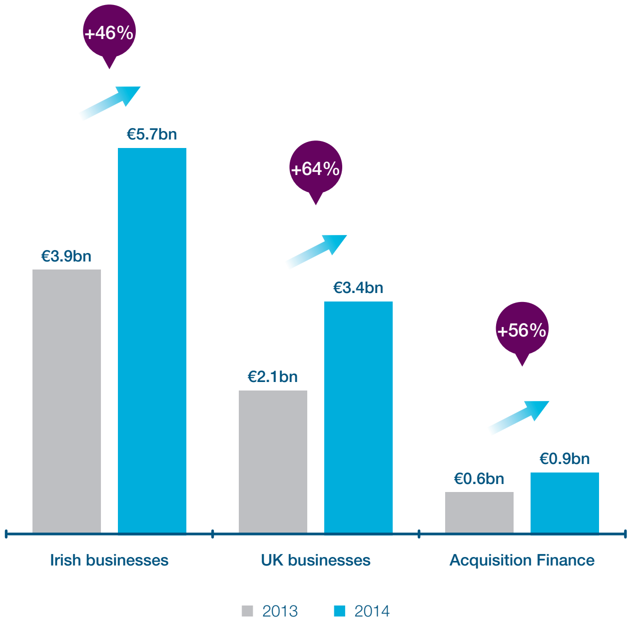
Average interest earning assets

- Reduced to €109bn in 2014 (2013: €115bn)
  - Lower net loan assets of €84bn (2013: €88bn)
  - Lower liquid assets of €25bn (2013: €27bn)
- Liquid assets expected to decline modestly over time

Loans and advances to customers

Group new lending up >50% to €10bn

New lending volumes



- Customer loans reduced by €2.4bn (€4.5bn at constant FX) to €82.1bn
- New lending amounted to €10bn in 2014, up >50% vs. 2013

	Increase vs. 2013
ROI Mortgages	>40%
ROI SME	>20%
ROI Corporate	>100%
UK mortgages	>110%
Acquisition Finance	>50%

- Group redemptions of c.€14bn include
  - Cash payments on defaulted loan sales / redemptions €1.4bn
  - ROI tracker redemptions €1.1bn (a further c.€0.4bn reduction primarily relating to conversions to variable rate)
  - GB non-core business banking book redemptions of €1.1bn
- From here, confident of further progress
  - Ireland: well positioned to benefit from improving credit appetite as economy recovers and from supporting further re-financing opportunities
  - UK: strong mortgage momentum into 2015
- Positive start to 2015 with ROI portfolio acquisitions including
  - Performing mortgage book of €0.25bn from IBRC's liquidators
  - Performing commercial book of €0.27bn from Danske

Operating expenses

Reduced cost / income ratio to 55%

Bank of Ireland Group

	2013 (€m)	2014 (€m)
Total staff costs	824	823
- Staff costs	*691*	*685*
- Pension costs	*133*	*138*
Total staff costs	**824**	**823**
Total other costs	752	812
- Other costs	*737*	*794*
- FSCS costs	*15*	*18*
Total operating expenses	**1,576**	**1,635**
Cost / income ratio	60%	55%

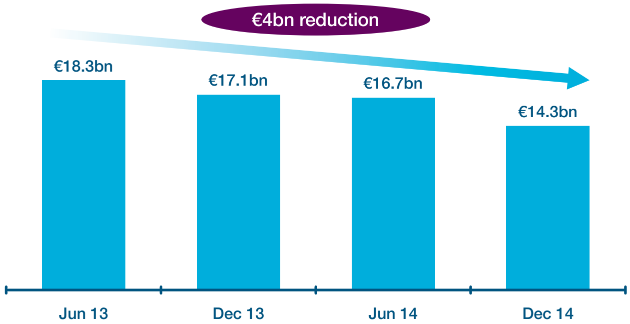
- Cost / income ratio of 55% (2013: 60%)
- Operating expenses impacted by relative strength of sterling (€18m)
- Total staff costs in line with 2013
  - Reduced staff costs by €6m reflecting lower headcount, partially offset by pay increases agreed as part of new career and reward framework
  - Pension costs were €5m higher reflecting lower pension levy recoveries, partially offset by lower service and interest cost
- Other costs increased in 2014 reflecting continued investment in customer acquisition in Ireland and UK and investments in technology and digital, partially offset by ongoing operational efficiencies
- Bank levy of €38m paid in H2 2014
- Cost of Europe wide Resolution and Deposit Funds will impact in 2015 and beyond
- Remain focused on controlling operating expenses while investing to support our growth opportunities

Asset Quality

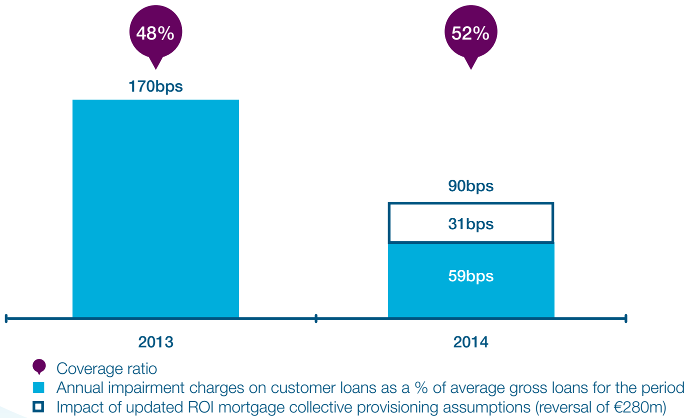
Defaulted loans and impairment charges

Bank of Ireland Group

Defaulted loan volumes



Impairment charges on customer loans



Defaulted loan volumes

- €2.8bn reduction during 2014; all asset classes reduced; €4bn reduction since peak in Jun 13
- Expect further reductions in 2015 and beyond; pace influenced by a range of factors

Impairment charges on customer loans

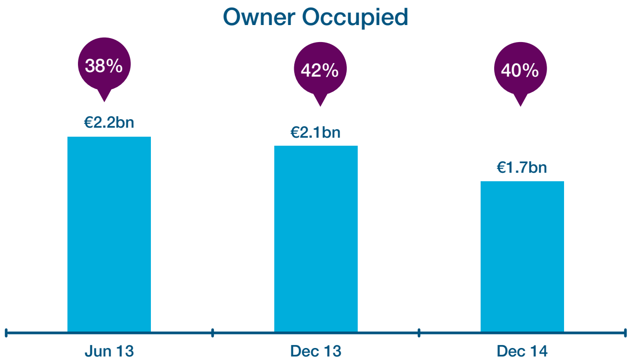
- Charge of 59bps for 2014 vs. 170bps in 2013
- Reduced charges across all loan portfolios
- Excluding ROI Mortgage impairment reversal of €280m, charge would have been 90bps
- Expect impairment charges to continue to progress towards normalised levels during 2015

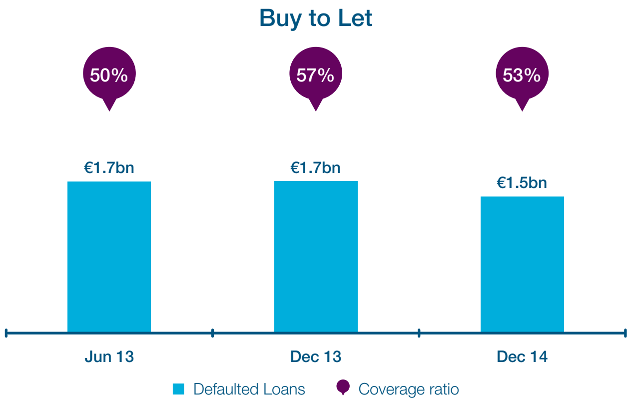
Coverage ratio

- Coverage ratio of 52% (48% at Dec 13)

ROI Mortgages: €25.6bn

Bank of Ireland Group





Owner Occupied loans: €19.9bn

- Reduced defaulted loans by 18% to €1.7bn in 2014
- Arrears down and at <50% of industry[1]; 9 out of 10 accounts up to date
- 94% on a capital and interest repayment basis (Dec 13: 93%)
- 51% or €10.2bn of mortgages are ECB trackers (Dec 13: €11bn)

Buy to Let loans: €5.7bn

- Reduced defaulted loans by 12% to €1.5bn in 2014
- Arrears down and at 67% of industry[2]; 8 out of 10 accounts up to date
- 70% on a capital and interest repayment basis (Dec 13: 65%)
- 73% or €4.2bn of mortgages are ECB trackers (Dec 13: €4.9bn)

Impairment credit

- Impairment credit of €140m reflects improved portfolio performance and provision reversal of €280m following updates to ROI collective provisioning assumptions and parameters

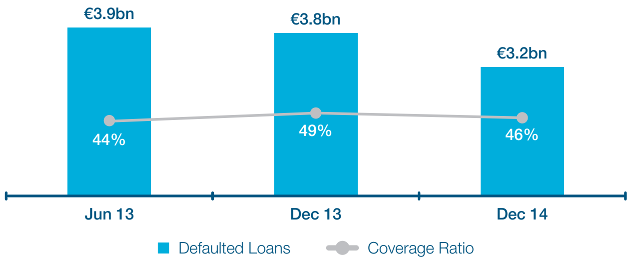
[1]At Sep 14, BOI owner occupier arrears level (based on number of accounts >90 days in arrears) was 5.99% compared to 12.54% for industry excl BOI.
[2]At Sep 14, BOI buy to let arrears level (based on number of accounts >90 days in arrears) was 16% compared to 23.91% for industry excl BOI.

Defaulted loans by portfolio

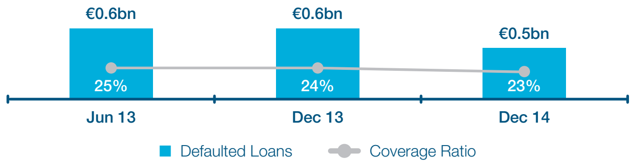
Defaulted loans reducing across all portfolios

Bank of Ireland Group

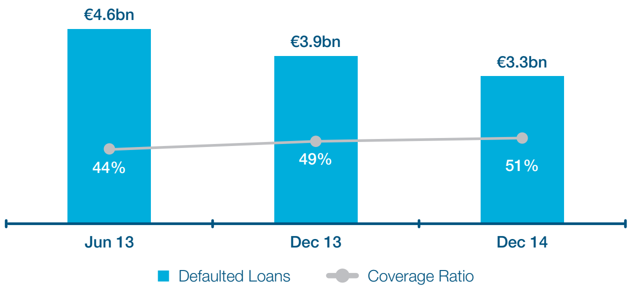
ROI Mortgages



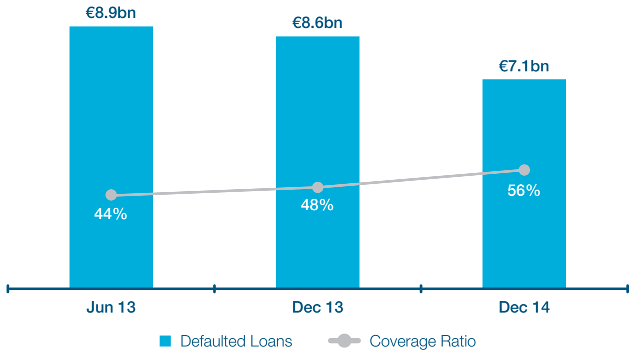
UK Mortgages



Non property SME and Corporate



Property and Construction



Funding
& Capital

Balance Sheet

Capital and Liquidity available to support growth

Bank of Ireland Group

	Dec 13 (€bn)	Dec 14 (€bn)
Customer loans	85	82
Liquid assets	27	25
BOI Life assets	14	16
Other	6	7
Total assets	**132**	**130**
Customer deposits	74	75
Wholesale funding	27	20
Private sources	*19*	*16*
Monetary authorities	*8*	*4*
BOI Life liabilities	14	16
Other	9	10
Stockholders' equity	8	9
Total liabilities	**132**	**130**

Strong liquidity ratios

- Net Stable Funding Ratio - 114%
- Liquidity Coverage Ratio - 98%
- Loan to Deposit Ratio - 110%

Customer deposits - €75bn

- Account for c.80% of Group funding
- Predominantly retail customer oriented
- ROI €37bn, UK €26bn (£20bn) and Corporate €12bn
- Some mix shift in ROI from term deposits to current accounts

Wholesale funding - €20bn

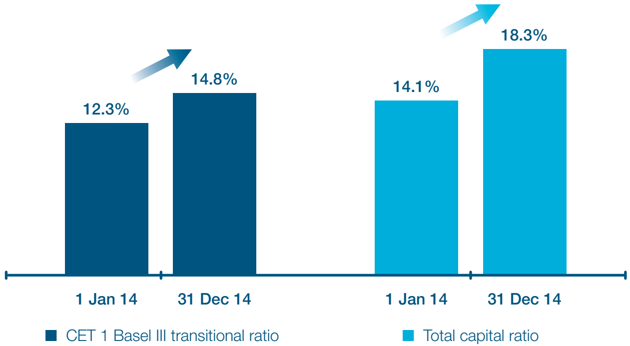
- Requirement continues to reduce
- Continuing to access wholesale markets at lower costs
  - €2.4bn funding issuance during 2014
- Repaid €4bn of ECB funding during 2014
- Accessed €1.5bn TLTRO in Dec 14

Capital

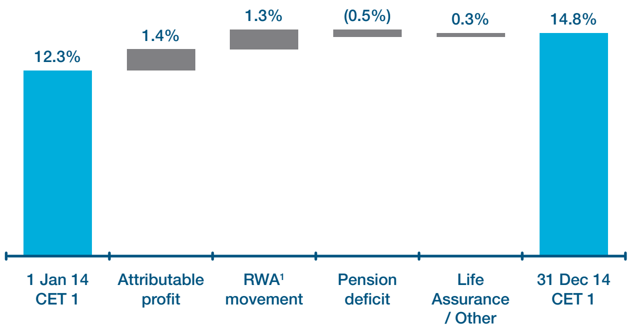
Strong organic increase in CET 1 ratios in 2014

Bank of Ireland Group

Capital Ratios



Transitional CET 1 Ratio Capital Build



- Significant pace of organic capital accretion in 2014
- ECB's Comprehensive Assessment passed with substantial capital buffers
- Robust CET 1 ratios
  - Transitional CET 1 ratio of 14.8%; 250bps increase during 2014
  - 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
  - This provides for a meaningful buffer over regulatory requirements
  - Fully loaded CET 1 ratio (incl prefs) of 11.9%
  - Fully loaded CET 1 ratio (excl prefs) of 9.3%; 300bps increase in 2014
- On track to de-recognise 2009 Preference Shares (€1.3bn) between Jan 16 and Jul 16
- Total Capital ratio of 18.3%; reflects CET 1 increase and €750m of Tier 2 issuance in Jun 14
- Transitional leverage ratio[2] of 6.4%; fully loaded leverage ratio[2] (excl prefs) of 4.0%

[1]RWA movement is calculated on a constant currency basis.

[2]The leverage ratios reflect the delegated act implemented on 18 January 2015 which primarily removes BOI Life assets from the calculation.

Building on strong 2014 performance

Bank of Ireland Group

Grow revenue

Continue to grow Net interest income supported by further NIM expansion and balance sheet growth

Continue to increase other income

Control cost

Maintain tight control over costs while continuing to invest

Reduce impairments

Focused on growing sustainable earnings

Priorities for 2015 and beyond

Richie Boucher

Priorities for 2015 and beyond

Bank of Ireland Group

Customers	▶ Continue to develop relationships with existing and new customers ▶ Meet increasing Irish credit appetite as the economy continues to grow, with confidence returning ▶ Support customers re-financing from other institutions ▶ Significantly grow our PO partnership and our UK mortgage business ▶ Continue to provide appropriate solutions to customers in financial difficulty ▶ Continue our progress on reducing defaulted loans
Profitability	▶ Further increase our profitability ▶ Continue to grow revenues ▶ Maintain strong cost discipline whilst further investing in growth ▶ Continue to reduce impairment charges to normalised levels
Capital	▶ Continue to effectively manage the developing regulatory environment ▶ Continue to prioritise capital generated towards Prefs de-recognition in 2016 ▶ Progress to dividend capacity thereafter

Summary

Bank of Ireland Group

Growing Irish and UK economies

Strong franchises in these markets

- Retail and commercial focused business model
- Market-leading franchises in well structured Irish market
- Leading challenger bank in UK, growing share

Focused and motivated Group with a proven track record of delivery

On track to deliver attractive and sustainable returns for shareholders

Additional Information

Additional Information

Bank of Ireland Group

BOI Overview

Ireland: Leading bank in a growing economy with a well structured market

Bank of Ireland Group

Comprehensive multi-channel distribution platform				
c.250 branches	c.1,750 self-service devices	c.57% of customers are active online & mobile channel users	c.300k active mobile customers	24 x 7

	Consumer Banking	Wealth Management incl New Ireland	Business Banking	Corporate Banking
Market leading positions	c.1 out of every 3 new mortgages in 2014	Life Assurance c.24% APE Market Share	#1 Business Bank >50% of new SME / Agri lending in 2014	#1 Corporate Bank >30% Corporate Market share
Strong relationships with customers	c.1.7m Customers	c.600k Customers	c.180k SME Customers	>50% FDI

BOI Overview

Attractive international franchises provide further opportunities for growth

Bank of Ireland Group

Challenger consumer banking franchise in GB

POST OFFICE

Trusted brand, established customer base and expanding product range

c.1.6m Savings Accounts	**c.200k Mortgages** with dedicated advisors and distribution partnerships in place	**Retail FX** Market leader with c.24% share >600k Travel Money Cards	**c.540k Credit Cards / Personal Loans**	**c.575k Insurance Policies**	**Current Accounts** Trial underway

More branches than other retail banks combined in GB

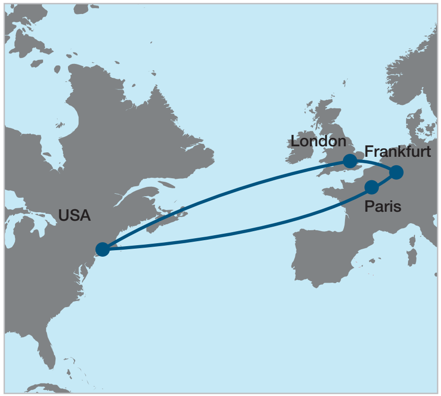
c.11,500 Post Office branches	c.2,550 Post Office / BOI ATMs	Online	Mobile	Telephone

Full service bank in Northern Ireland

Universal offering through branches (36) and product specialists	Specialist motor / agri / commercial lending business

Acquisition finance

- Well recognised lead arranger / underwriter
- US / European Business
- Focused on mid-market transactions
- Expertise developed over c.20 years
- Profitable with strong asset quality
- c.€3.6bn in credit facilities



BOI Overview

Income Statement[1]

Bank of Ireland Group

	y/e Dec 10 (€m)	y/e Dec 11 (€m)	y/e Dec 12 (€m)	y/e Dec 13 (€m)	y/e Dec 14 (€m)
Total income	2,802	2,058	1,862	2,646	2,974
Net interest income	*2,511*	*1,983*	*1,755*	*2,133*	*2,358*
Other income	*634*	*524*	*495*	*642*	*653*
ELG fees	*(343)*	*(449)*	*(388)*	*(129)*	*(37)*
Operating expenses	(1,785)	(1,645)	(1,638)	(1,576)	(1,635)
Bank levy	-	-	-	-	(38)
Operating profit pre-impairment	1,017	413	224	1,070	1,301
Impairment charges	(2,027)	(1,960)	(1,769)	(1,665)	(472)
on loans and advances	*(1,859)*	*(1,939)*	*(1,724)*	*(1,665)*	*(542)*
on AFS	*(168)*	*(21)*	*(45)*	-	*70*
NAMA charges[2]	(2,498)	(11)	-	-	-
Share of associates / JVs	49	39	46	31	92
Underlying (loss) / profit before tax	**(3,459)**	**(1,519)**	**(1,499)**	**(564)**	**921**
Non core items	2,509	1,329	(679)	44	(1)
Statutory (loss) / profit before tax	(950)	(190)	(2,178)	(520)	920
NIM	1.46%	1.33%	1.25%	1.84%	2.11%
Cost / income	63%	79%	88%	60%	55%

[1]Figures as reported, with the exception of y/e Dec 13 which includes a €5m reduction in operating expenses relating to IFRIC 21 adjustments.
[2]Includes impairment charge and losses on assets sold to NAMA.

BOI Overview

Summary Balance Sheet[1]

Bank of Ireland Group

	Dec 10 (€bn)	Dec 11 (€bn)	Dec 12 (€bn)	Dec 13 (€bn)	Dec 14 (€bn)
Net Customer Loans[2]	115	102	93	85	82
Liquid assets	30	31	33	27	25
Other assets	9	10	9	6	7
Total Assets	**154**	**143**	**135**	**118**	**114**
Customer deposits	65	71	75	74	75
Wholesale funding	70	51	39	27	20
Private Sources	*37*	*28*	*24*	*19*	*16*
Monetary Authorities	*33*	*23*	*15*	*8*	*4*
Subordinated liabilities	3	1	2	2	2
Other liabilities	9	10	10	7	8
Stockholders' equity	7	10	9	8	9
Total Liabilities & Stockholders' Equity	**154**	**143**	**135**	**118**	**114**
Core Tier 1 / CET 1 ratio[3]	9.7%	14.3%	14.4%	12.3%	14.8%
Total capital ratio[3]	11.0%	14.7%	15.3%	14.1%	18.3%
Loan to deposit ratio	175%	144%	123%	114%	110%

[1]Balance sheet excludes BOI Life assets and liabilities.
[2]Loans and advances to customers are stated after impairment provisions.
[3]CET 1 / Core Tier 1 and Total Capital ratios are stated under Basel II rules for 2010, under Basel II rules as amended for PCAR requirements for 2011 - 2012 and under Basel III transitional rules for 2013 - 2014.

BOI Overview

Financial targets

Metrics	Target	2013	2014	Status
Balance Sheet				
Loans and advances to customers[1]	**c.€90bn**	c.€85bn	c.€82bn	On track
Group loan / deposit ratio	**≤120%**	114%	110%	✔
Transitional CET 1 ratio	**Buffer maintained >10%**	12.3%[2]	14.8%	✔
ELG covered liabilities ELG fees	**Fully disengaged**	€5bn €129m	€3bn €37m	✔
Profitability				
Net interest margin	**>2.0%**	1.84%	2.11%	✔
Cost / income ratio	**<50%**	60%	55%	On track
Impairment charges[3]	**55-65bps**	170bps	90bps[4]	On track

[1]Loans and advances to customers are stated net of impairment provisions.
[2]CET 1 ratio of 12.3% is the transitional common equity tier 1 ratio under the Basel III rules at 1 Jan 14.
[3]Annual impairment charges on customer loans as a % of average gross loans for the period.
[4]2014 impairment charges exclude impact of updated ROI mortgage collective provisioning assumptions.

Income Statement

Divisional performance

Bank of Ireland Group

Year ended Dec 14	Retail Ireland (€m)	Bank of Ireland Life (€m)	Retail UK (€m)	Corporate & Treasury (€m)	Group Centre (€m)	Group (€m)
Operating profit / (loss) before impairment charges	505	133	312	641	(290)	1,301
Impairment (charges) / reversals	*(226)*	-	*(228)*	*(88)*	*70*	*(472)*
Share of results of associates and joint ventures	*49*	-	*43*	-	-	*92*
Underlying profit / (loss) before tax	**328**	**133**	**127**	**553**	**(220)**	**921**

Year ended Dec 13	Retail Ireland (€m)	Bank of Ireland Life (€m)	Retail UK (€m)	Corporate & Treasury (€m)	Group Centre (€m)	Group (€m)
Operating profit / (loss) before impairment charges	421	107	231	619	(308)	1,070
Impairment charges	*(1,109)*	-	*(424)*	*(132)*	-	*(1,665)*
Share of results of associates and joint ventures	*(9)*	-	*40*	-	-	*31*
Underlying (loss) / profit before tax	**(697)**	**107**	**(153)**	**487**	**(308)**	**(564)**

Income Statement

Other income analysis (net)

	2013 (€m)	2014 (€m)
Retail Ireland	303	323
Bank of Ireland Life	131	145
Retail UK	7	9
Corporate and Treasury	122	152
Group Centre and other	(5)	(24)
Business income	**558**	**605**
Other valuation items		
Fair value movement on Contingent Capital Note (CNN) embedded derivative	(11)	(31)
Financial instrument valuation adjustments	(6)	(101)
Economic assumptions - Bank of Ireland Life	(3)	24
Investment variance - Bank of Ireland Life	21	17
Other items		
Transfer from available for sale reserve on asset disposal		
- Bond sales	50	177
- Other Financial Instruments	-	15
Recovery arising on settlement of administration claims	43	-
IFRS income classification	(10)	(53)
Other Income	**642**	**653**

Income Statement

Non-core items

Bank of Ireland Group

	2013 (€m)	2014 (€m)
Impact of changes to pension benefits in the Group sponsored defined benefit schemes	274	93
Cost of restructuring programme	(90)	(56)
One off payment in respect of career and reward framework	-	(32)
Gross-up for policyholder tax in the Life business	26	14
Charges arising on the movement in Group's credit spreads	(154)	(10)
Gain / (loss) on liability management exercises	4	(5)
Loss on disposal / liquidation of business activities	(10)	(4)
Investment return on treasury stock held for policyholders	(3)	(1)
Loss on deleveraging of financial assets	(3)	-
Total non-core items	**44**	**(1)**

ECB tracker mortgage loan book

Irish tracker book (gross)

Volume of loans

- Reduced by €1.5bn since Dec 13
- €12.5bn or 87% of trackers at Dec 14 are on a capital and interest repayment basis

Margin impacts

	2014 (bps)
Customer pay rate at Dec	112
- *ECB repo rate*[1]	*5*
- *Average fixed spread*	*107*
Cost of funds[2]	109
Net interest margin	3

Net interest margin

- Net interest margin from ECB tracker mortgages is broadly neutral

[1]ECB repo rate at period end.
[2]Average cost of funds (annualised) to BOI in 2014.

Asset Quality

Profile of customer loans[1] at Dec 14 (gross)

Bank of Ireland Group

	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	25.6	25.4	-	51.0	57%
Non-property SME and corporate	12.2	4.4[2]	3.7	20.3	23%
SME	*9.6*	*2.5*	-	*12.1*	*14%*
Corporate	*2.6*	*1.9*	*3.7*	*8.2*	*9%*
Property and construction	8.4	6.6	0.2	15.2	17%
Investment property	*6.6*	*5.7*	*0.2*	*12.5*	*14%*
Land and development	*1.8*	*0.9*	-	*2.7*	*3%*
Consumer	1.5	1.5	-	3.0	3%
Customer loans (gross)	**47.7**	**37.9**	**3.9**	**89.5**	**100%**
Geographic (%)	53%	42%	5%	100%	

[1]Based on geographic location of customer.
[2]Includes €2.4bn relating to GB business and corporate loan books, which BOI is required to run down under its EU approved Restructuring Plan.

Asset Quality

Defaulted customer loans & impairment provisions

Bank of Ireland Group

Composition (Dec 14)	Advances (€bn)	Defaulted Loans (€bn)	Defaulted Loans as % of advances	Impairment Provisions (€bn)	Impairment Provisions as % of defaulted loans
Residential mortgages	**51.0**	**3.7**	**7.3%**	**1.6**	**43%**
ROI	*25.6*	*3.2*	*12.6%*	*1.5*	*46%*
UK	*25.4*	*0.5*	*2.0%*	*0.1*	*23%*
Non-property SME and corporate	**20.3**	**3.3**	**16.4%**	**1.7**	**51%**
ROI	*9.6*	*2.5*	*25.6%*	*1.3*	*51%*
UK	*2.5*	*0.4*	*16.9%*	*0.2*	*44%*
Corporate	*8.2*	*0.4*	*5.6%*	*0.2*	*54%*
Property and construction	**15.2**	**7.1**	**46.5%**	**3.9**	**56%**
Investment	*12.5*	*4.7*	*37.2%*	*2.1*	*46%*
Land and development	*2.7*	*2.4*	*89.5%*	*1.8*	*74%*
Consumer	**3.0**	**0.2**	**6.4%**	**0.2**	**98%**
Total loans and advances to customers	89.5	14.3	16.0%	7.4	52%

Composition (Dec 13)	Advances (€bn)	Defaulted Loans (€bn)	Defaulted Loans as % of advances	Impairment Provisions (€bn)	Impairment Provisions as % of defaulted loans
Residential mortgages	**51.7**	**4.4**	**8.5%**	**2.0**	**46%**
ROI	*26.7*	*3.8*	*14.2%*	*1.9*	*49%*
UK	*25.0*	*0.6*	*2.4%*	*0.1*	*24%*
Non-property SME and corporate	**21.5**	**3.9**	**18.2%**	**1.9**	**49%**
ROI	*10.3*	*2.7*	*26.7%*	*1.4*	*50%*
UK	*3.3*	*0.6*	*17.1%*	*0.3*	*50%*
Corporate	*7.9*	*0.6*	*7.5%*	*0.2*	*41%*
Property and construction	**16.8**	**8.6**	**51.1%**	**4.1**	**48%**
Investment	*13.6*	*5.8*	*42.3%*	*2.2*	*38%*
Land and development	*3.2*	*2.8*	*89.3%*	*1.9*	*68%*
Consumer	**2.8**	**0.2**	**8.4%**	**0.2**	**90%**
Total loans and advances to customers	92.8	17.1	18.5%	8.2	48%

Asset Quality

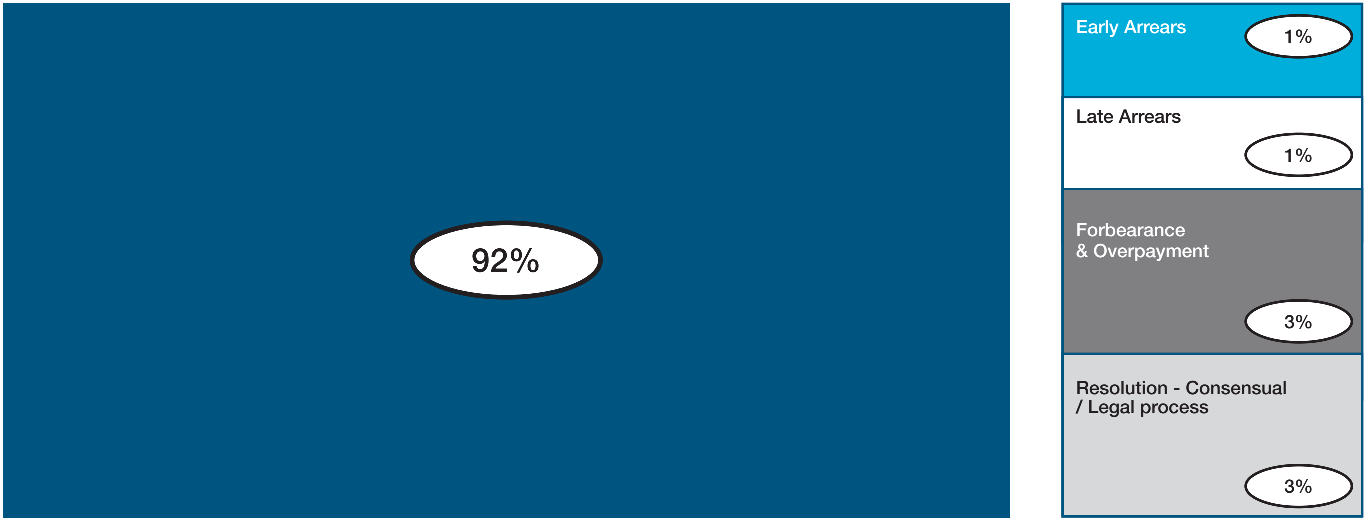
ROI Owner Occupied mortgages - book profile - Dec 14

Up to date book

Number of Accounts (145k)

Arrears book

Number of Accounts (13k)



- 9 out of 10 mortgage accounts are in the up to date book
- Early arrears are customer accounts with arrears <90 days past due
- Late arrears are customers with whom we continue to work, on a case by case basis, to identify and agree a suitable forbearance or resolution strategy
- Forbearance is where a customer's mortgage contract has been revised on a case specific basis
- Overpayment reflects cases where outside a formal restructure, the customer pays greater than 100% of the mortgage repayment, thus reducing their arrears
- Consensual resolution is a non-legal resolution agreed with the customer such as voluntary sale or Mortgage-to-Rent
- Legal process resolution reflects where the Group has initiated legal proceedings for the recovery of the debt. We do not anticipate all legal cases moving to repossession

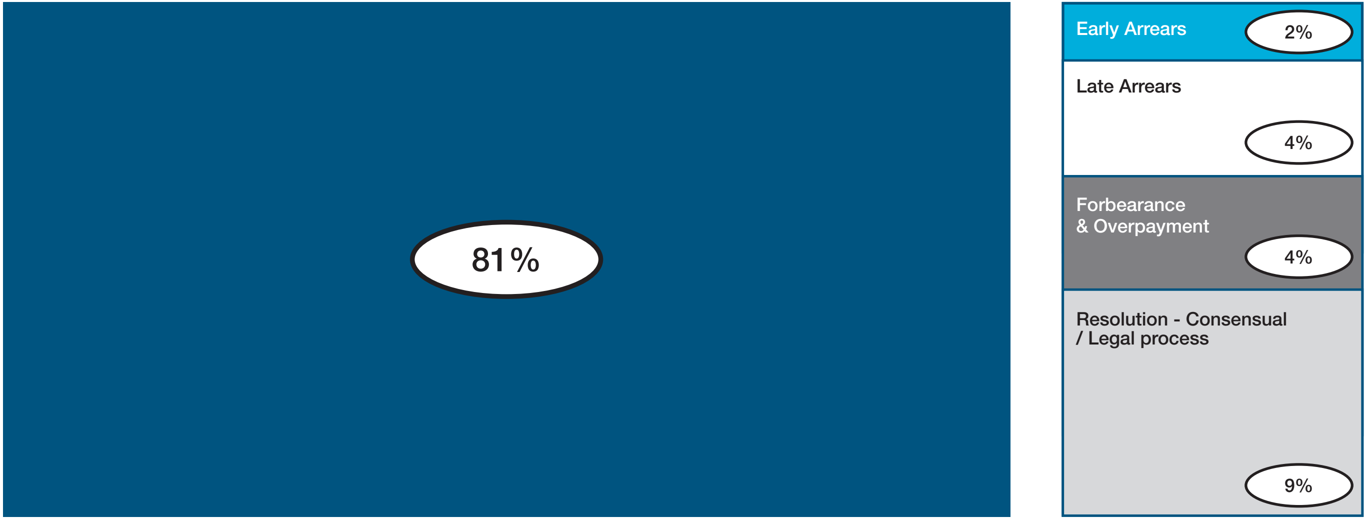
Asset Quality

ROI Buy To Let mortgages - book profile - Dec 14

Bank of Ireland Group

Up to date book
Number of Accounts (27k)

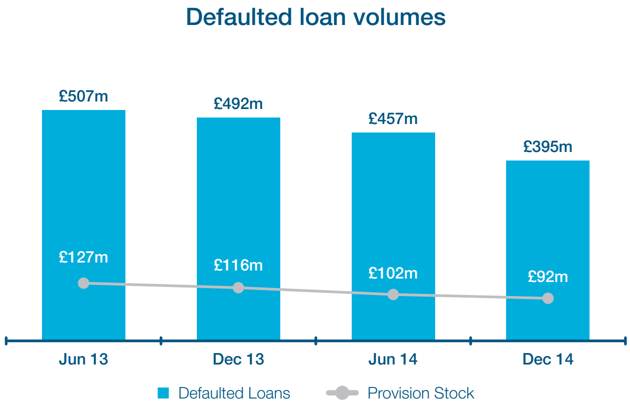
Arrears book
Number of Accounts (6k)



- 8 out of 10 mortgage accounts are in the up to date book
- Early arrears are customer accounts with arrears <90 days past due
- Late arrears are customers with whom we continue to work, on a case by case basis, to identify and agree a suitable forbearance or resolution strategy
- Forbearance is where a customer's mortgage contract has been revised on a case specific basis
- Overpayment reflects cases outside a formal restructure where the customer pays greater than 100% of the mortgage repayment, thus reducing their arrears
- Consensual resolution is a non-legal resolution agreed with the customer, such as voluntary sale
- Legal process resolution reflects where the Group has initiated legal proceedings for the recovery of the debt (including the appointment of fixed charge receivers)

UK Residential mortgages: £19.8bn / €25.4bn

Bank of Ireland Group



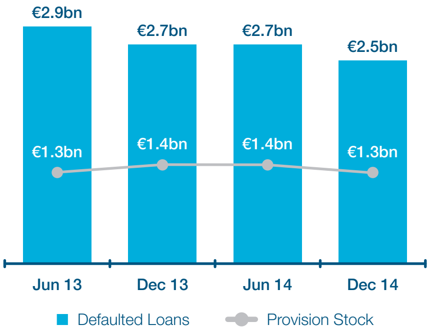
- UK residential mortgage books continue to perform well
- Economic conditions continuing to improve
- Reducing impairment charges reflect improving economic and property market conditions and continuing low level of arrears

	Dec 13	Jun 14	Dec 14
Impairment charge (6-month)	£3m	(£3m)	(£3m)
Charge / reversal - bps (annualised)	2bps	(3bps)	(3bps)
Coverage ratio	24%	22%	23%

SME & Corporate loans: €20.3bn

Bank of Ireland Group

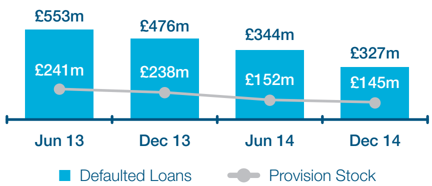
ROI SME - €9.6bn



	Dec 13	Jun 14	Dec 14
Impairment charge (6-month)	€138m	€64m	€63m
Coverage ratio	50%	51%	51%

- General improvements in economic and trading conditions in the Irish SME sector, however certain sectors still muted
- Resolution strategies agreed with more than 9 out of 10 challenged customers; >90% of restructured customers meeting their new arrangements

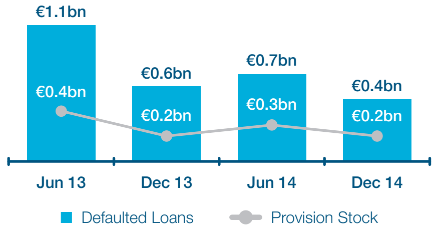
UK SME - £1.9bn / €2.5bn



	Dec 13	Jun 14	Dec 14
Impairment charge / reversal (6-month)	£50m	£17m	(£3m)
Coverage ratio	50%	44%	44%

- Portfolio benefitting from further improvement in macroeconomic conditions
- 2013 charge reflected a small number of large individual exposures and case specific events; since resolved

Corporate - €8.2bn



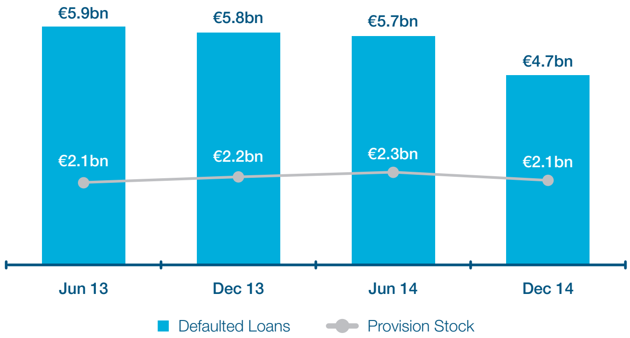
	Dec 13	Jun 14	Dec 14
Impairment charge (6-month)	€63m	€44m	€30m
Coverage ratio	41%	38%	54%

- Domestic Irish and international corporate portfolios continuing to benefit from improving economic conditions

Property & Construction loans: €15.2bn

Bank of Ireland Group

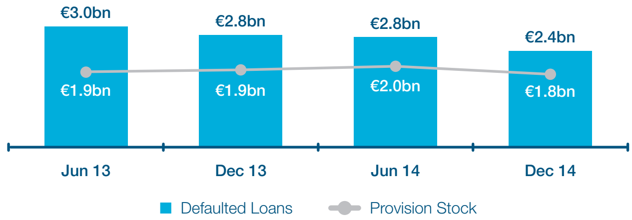
Investment Property - €12.5bn



	Dec 13	Jun 14	Dec 14
Impairment charge (6-month)	€162m	€135m	€172m
Coverage ratio	38%	41%	46%

- Charges reflect the regional distribution of assets within the investment property portfolio; prime Dublin and London markets continue to lead the property market recovery - but recovery is slower in non-urban / regional areas
- Resolution activity for a small number of individual cases contributing to the reduction in defaulted loans

Land and Development - €2.7bn



	Dec 13	Jun 14	Dec 14
Impairment charge (6-month)	€130m	€80m	€64m
Coverage ratio	68%	73%	74%

- 89% of loans are in default with a coverage ratio of 74%
- Development activity has increased in Dublin. However, other regional areas remain challenging and are recovering more slowly

Asset Quality

Available for Sale Financial Assets

Carrying Value	ROI (€bn)	UK (€bn)	Spain (€bn)	Other (€bn)	Dec 14 (€bn)	Dec 13 (€bn)
Sovereign bonds	6.4	0.7	0.3	0.9	**8.3**	**6.6**
Covered bonds	0.3	0.5	0.6	1.1	**2.5**	**2.7**
Senior debt	0.7	-	-	1.6	**2.3**	**2.3**
Subordinated debt	0.2	-	-	-	**0.2**	**0.1**
Asset backed securities	-	0.1	0.1	0.1	**0.3**	**0.4**
Total	**7.6**	**1.3**	**1.0**	**3.7**	**13.6**	**12.1**
AFS Reserve	0.6	-	-	-	**0.6**	**0.5**

Ireland

- Strong performance of Irish sovereign bonds - AFS reserve improved by €0.1bn (net) in 2014
- NAMA subordinated bond - €0.3bn nominal value, valued at 83% (Dec 13 - 47%)
- Separately BOI has €2.4bn of NAMA senior bonds (Dec 13: €4bn)

Other exposures

- Supra-national - €1.1bn
- France - €0.9bn
- Netherlands - €0.4bn
- United States - €0.3bn
- Norway - €0.2bn
- Sweden - €0.2bn
- Portugal - €0.2bn
- Italy - €0.1bn
- Other - €0.3bn (all less than €0.1bn)

Capital

CET 1 ratios

	Transitional ratio (€bn)	Fully loaded ratio (€bn)
Total equity	**8.7**	**8.7**
Deferred Tax[1]	-	(1.5)
Pension Deficit	0.7	-
Available for sale reserve	(0.6)	-
Removal of National Filters	(0.2)	-
Other Items[2]	(1.0)	(1.1)
Common Equity Tier 1 Capital (including 2009 Preference Shares)	**7.6**	**6.1**
RWAs	**51.6**	**51.6**
Common Equity Tier 1 ratio (including 2009 Preference Shares)	**14.8%**	**11.9%**

Basel III phasing impacts

- Deferred Tax Asset - deduction will be phased in at 10% per annum commencing 1 Jan 15
- Pension deficit - current addback is phased out at 20% per annum commencing 1 Jan 14
- Available for sale reserve - Basel III transitional rules in 2014 require phasing in 20% of unrealised losses and 0% of unrealised gains. Between 2015-2018, unrealised losses and gains will be phased in at the following rates: 40%, 60%, 80%, 100%. The Group has opted to maintain its filter on both gains and losses on exposures to central governments classified in the "Available for Sale" category. The reserve is included in capital under fully loaded Basel III rules

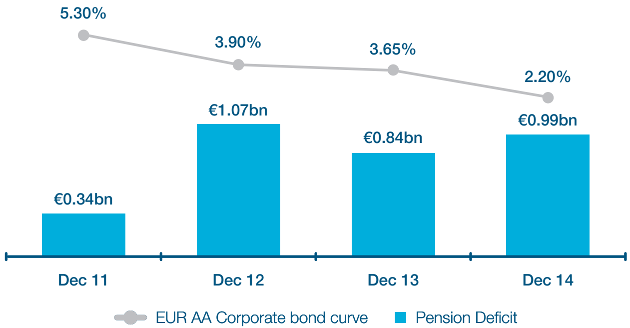
[1]RWA impact for deferred tax assets includes a 0% risk weighting for deferred tax assets on losses carried forward, partially offset by 250% risk weighting applied to deferred tax assets due to temporary differences.

[2]Other CET 1 items primarily reflect intangibles and cash flow hedge reserve.

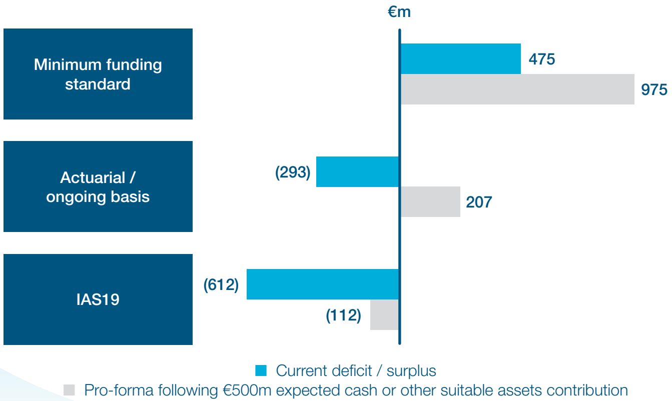
Defined Benefit Pension Schemes

Bank of Ireland Group

Group IAS19 Pension Deficit



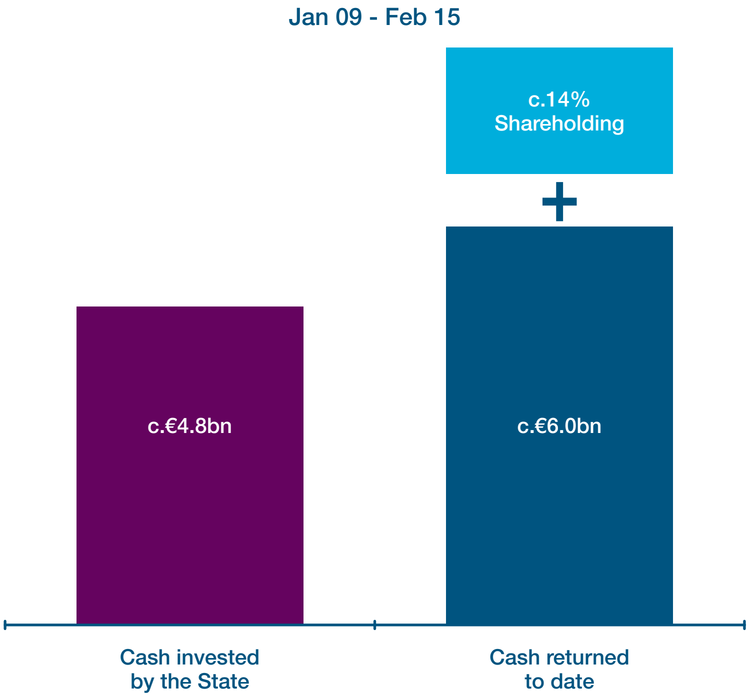
BSPF estimated Surplus / (Deficit) under Relevant Bases



- Increase in the Group's IAS19 deficit since Dec 13 driven by a reduction in the discount rate[1] of 145bps in 2014; partially offset by increases in asset values and liability assumption changes including inflation
- IAS19 is the accounting basis for measuring the financial position of pension schemes
- Main Group scheme, BSPF, accounts for 76% of pension liabilities. For BSPF, estimates under relevant bases at Dec 14 are:
  - €475m surplus under Minimum Funding Standard basis
  - €293m deficit on Actuarial / On-going basis
  - €612m deficit on IAS19 basis
- Group has agreed to increase support for BSPF scheme between 2016 and 2020 above existing support arrangements, with expected contributions of cash or other suitable assets of €500m
- Allowing for these expected contributions, the pro forma BSPF position would be:
  - €975m surplus under Minimum Funding Standard basis
  - €207m surplus on Actuarial / On-going basis
  - €112m deficit on IAS19 basis

[1]Sensitivity of the IAS19 liability to a 25bps movement in the discount rate is €0.4bn.

Reimbursing and rewarding taxpayers support



- Risk to the State dealt with - ELG expired
- Since 2009, c.€4.8bn cash invested by the State
- Cumulative c.€6bn cash returned to the State
- State aid repaid
- State continues to hold valuable c.14% equity shareholding

Ordinary stockholders' equity and TNAV

Bank of Ireland Group

Movement in ordinary stockholders' equity

Movement in ordinary stockholders' equity	2013 (€m)	2014 (€m)
Ordinary stockholders' equity at beginning of the year	**6,759**	**6,528**
Movements:		
(Loss) / profit attributable to stockholders	(483)	786
Dividends on preference stock	(240)	(141)
Foreign exchange movements	(81)	275
Cash flow hedge reserve movement	(181)	159
Available for sale (AFS) reserve movements	317	133
Remeasurement of the net defined benefit pension liability	(117)	(353)
Equity issuance (net of expenses)	537	-
Other movements	17	5
Ordinary stockholders' equity at end of the year	**6,528**	**7,392**

Tangible net asset value

Tangible net asset value	Dec 13 (€m)	Dec 14 (€m)
Ordinary stockholders' equity at end of the year	**6,528**	**7,392**
Adjustments:		
Intangible assets and goodwill	(368)	(405)
Own stock held for benefit of life assurance policyholders	13	12
Tangible net asset value (TNAV)	**6,173**	**6,999**
Number of ordinary shares in issue at the end of the year	**32,363**	**32,363**
TNAV per share (€ cent)	**19.1c**	**21.6c**

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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 often 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, but their absence does not mean that a statement is not forward looking.

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, United Kingdom, 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:

- geopolitical risks, such as those associated with crises in the Middle East and increasing political tensions in respect of the Ukraine, which could potentially adversely impact the markets in which the Group operates;
- concerns on sovereign debt and financial uncertainties in the EU and in member countries such as Greece and the potential effects of those uncertainties on the Group;
- general and sector specific 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 extensive asset quality review and stress tests conducted by the European Central Bank; any capital or other assessments undertaken by regulators;
- property market conditions in Ireland and the United Kingdom;
- 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;
- deterioration in the credit quality of the Group's borrowers and counterparties, as well as increased difficulties in relation to the recoverability of loans and other amounts due from such borrowers and counterparties, have resulted in significant increases, and could result in further significant increases in the Group's impaired loans and impairment provisions;
- the impact on lending and other activity arising from emerging macro prudential policies;
- the performance and volatility of international capital markets;
- the effects of the Irish Government's stockholding in the Group (through the Ireland Strategic Investment Fund) and possible changes in the level of such stockholding;
- the impact of downgrades in the Group's or the Irish Government's credit ratings or outlook;
- the stability of the eurozone;
- changes in the Irish and United Kingdom banking systems;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates particularly banking regulation by the Irish and United Kingdom Governments together with the operation of the Single Supervisory Mechanism and the establishment of the Single Resolution Mechanism;
- the exercise by regulators of powers of regulation and oversight in Ireland and the United Kingdom;
- the introduction of new government policies or the amendment of existing policies in Ireland or the United Kingdom;
- the outcome of any legal claims brought against the Group by third parties or legal or regulatory proceedings or any Irish banking inquiry more generally, that may have implications for the Group;
- the development and implementation of the Group's strategy, including the Group's ability to achieve net interest margin increases and cost reductions;
- the responsibility of the Group for contributing to compensation schemes in respect of banks and other authorised financial services firms in Ireland and the United Kingdom who may be unable to meet their obligations to customers;
- the inherent risk within the Group's life assurance business involving claims, as well as market conditions generally;
- potential further contributions to the Group sponsored pension schemes if the value of pension fund assets is not sufficient to cover potential obligations;
- the impact of the continuing implementation of significant regulatory developments such as Basel III, Capital Requirements Directive (CRD) IV, Solvency II and the Recovery and Resolution Directive; and
- the Group's ability to address weaknesses or failures in its internal processes and procedures including information technology issues and equipment failures and other operational risks.

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 statement speaks only as at the date it is 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.