Interim Results

30 June 2014

Bank of Ireland

For small steps, for big steps, for life

Chief Executive's Review

Richie Boucher

Business highlights H1 2014

Bank of Ireland Group

- ✔ Profitable and accreting capital; TNAV is increasing
- ✔ Increasingly favourable macroeconomic environments
- ✔ Asset quality continues to improve
- ✔ Largest lender to the Irish economy
- ✔ Positive momentum across all customer franchises

Improved Underlying PBT by over €700m

Bank of Ireland Group

	H1 2013	H1 2014
Net interest margin	1.65%	2.05%
Total income	€1,188m	€1,475m
Operating expenses	(€820m)	(€813m)
Impairments Customer loans NAMA bonds	 (€780m) -	 (€444m) €70m
Share of associates / JVs	€17m	€39m
Underlying (loss) / profit before tax	**(€395m)**	**€327m**

- NIM of 2.05%
- Increased total income by c.€290m / 24% in H1 2014
  - Higher Net interest income
  - Lower ELG costs
- Significant operating leverage - cost / income ratio of 55%
- Greater than 40% reduction in loan impairment charges - reflects improvement in asset quality
- Additional gains of €140m - reflects NAMA sub debt write back of €70m and gains on bond sales
- Underlying PBT of €327m

Accreting capital and increasing TNAV

Increased CET 1 capital ratio by 90bps

Bank of Ireland Group

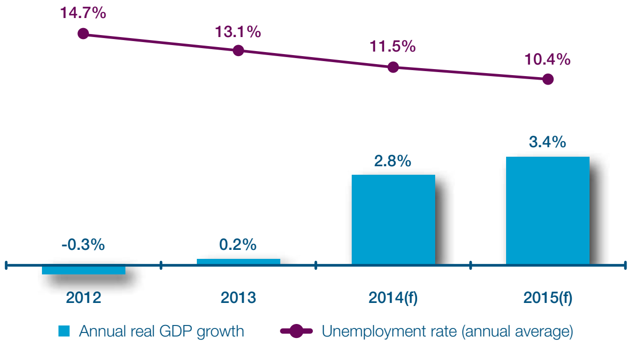
	Dec 13	Jun 14
Customer loans (net)	€84.5bn	€83.4bn
Defaulted loans	€17.1bn	€16.7bn
CET 1 ratio (Basel III transitional)	12.3%	13.2%
Total capital ratio	14.1%	16.4%
TNAV per share	19c	20c

- Customer loans reduced by €1.1bn (constant currency - €2.4bn)
  - New lending of €4.3bn in H1 2014; greater than 50% increase vs. H1 2013
  - Pace of reduction is slowing
  - Remain confident of growing to target level over time
- Defaulted loans further reduced - c.€400m
- Capital ratios are robust
  - Increased CET 1 ratio by 90bps to 13.2%
  - Increased Total capital ratio to 16.4%; reflects €750m Tier 2 issuance
  - ECB's Comprehensive Assessment ongoing
- Increased TNAV per share by 5%

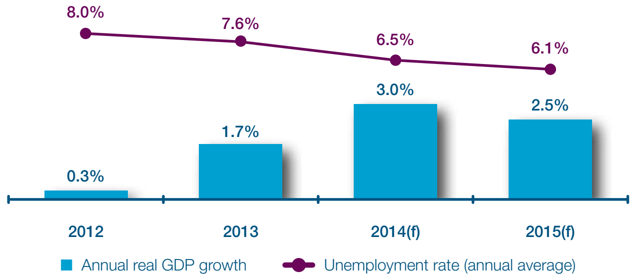
Macroeconomies improving; outlook favourable

Bank of Ireland Group

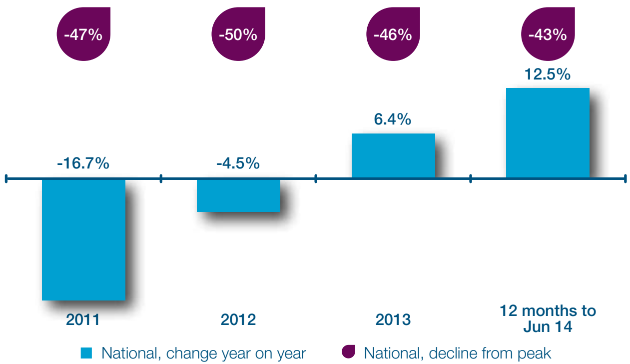
ROI unemployment and GDP



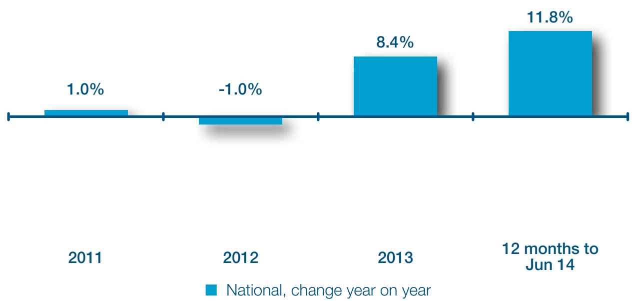
UK unemployment and GDP



ROI residential property prices



UK residential property prices



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

Ireland - Leading bank in a consolidating market

Bank of Ireland Group

Consumer Banking

- #1 or #2 positions across all principal product lines
- Providing 1 in every 3 mortgages; encouraging new lending trends in Q2
- Tracker mortgages reduced by €0.7bn in H1 2014
- Winning new customer relationships, including from exiting/downsizing banks
- 25% share of savings market; deposit pay rates trending lower

Wealth Management (incl. New Ireland)

- ROI's only bancassurer - 24% share of life assurance market
- New business up c.10%, with stronger performance in bancassurance channel

Business Banking

- Ireland's #1 business bank; greater than 50% market share of new SME/Agri lending
- Seeing increased opportunities to refinance customers of exiting/downsizing banks

Corporate Banking

- Ireland's #1 corporate bank; greater than 30% market share
- Dedicated teams focused on refinancing opportunities from exiting/downsizing banks
- Leading share of bank relationships from new FDI

Continuing to support and benefit from the Irish economic recovery; largest lender in H1 2014

International - Progress in H1; momentum building

Bank of Ireland Group

UK

- With our Post Office partner, a leading UK challenger consumer bank with c.3m customers
- Mortgages: making good progress
  - Post Office partnership - new Mortgage Advisors recruited and deployed
  - New distribution partnership with L&G, under Post Office brand
  - H1 new lending in line with our targets; confident of significant further growth in H2
  - Redemptions remain higher than new lending, albeit in line with market levels
- GB Corporate/Business Banking: H1 redemptions higher than anticipated; pace expected to slow in H2
- Maintaining #1 position in consumer FX; new payment app well received
- Northern Ireland and UK Motor/Agri asset finance business on track

Leveraged Acquisition Finance

- Performed well in H1 2014
- Despite cautious stance in certain segments, loan volumes increased slightly

International diversification provides further opportunities for growth

Journey from recovery to growth

Bank of Ireland Group

1 Increasing profitability

- NIM of 2.05% vs. 1.20% trough - further growth from here will reflect deposit pricing, new lending and interest rates
- Costs reduced by €500m vs. peak - maintaining cost control while continuing to invest
- ELG fees - reduced by over 90% from c.€450m peak; will be eliminated

2 Reducing impairments

- Asset quality continuing to improve reflecting our actions, strategies and economic recovery
- Significant reduction (greater than 40%) in impairment charges in H1 2014; albeit still elevated at 97bps
- Expect impairment charges to continue to reduce to normalised levels over time

3 Focusing on profitable growth

- Investing in our business - significant operating leverage
- Economic recovery is underway
- Strong franchise positions will support Balance Sheet growth over time

On track to deliver attractive and sustainable returns for shareholders

Bank of Ireland Group

Chief Financial Officer's Review

Andrew Keating

Group Income Statement

Bank of Ireland Group

	H1 2013 (€m)	H1 2014 (€m)
Total income	1,188	1,475
Net interest income	*968*	*1,161*
Other income (net)	*319*	*335*
ELG fees	*(99)*	*(21)*
Operating expenses[1]	(820)	(813)
Operating profit pre-impairment	368	662
Impairment charges		
Customer loans	*(780)*	*(444)*
NAMA bonds	*-*	*70*
Share of associates / JVs	17	39
Underlying (loss) / profit before tax	**(395)**	**327**
Non-core items	(121)	72
Statutory (loss) / profit before tax	**(516)**	**399**

Greater than €700m improvement in Underlying PBT

- Increased net interest income - €193m higher; reflecting higher NIM offset by lower average interest earning assets
- Reduced ELG fees - €78m lower
- Significantly reduced loan impairment charges - €336m lower
- Additional gains of €140m primarily relating to a write back on NAMA subordinated debt (€70m) and from gains arising on liquid asset portfolio rebalancing

Greater than €900m improvement in Statutory PBT

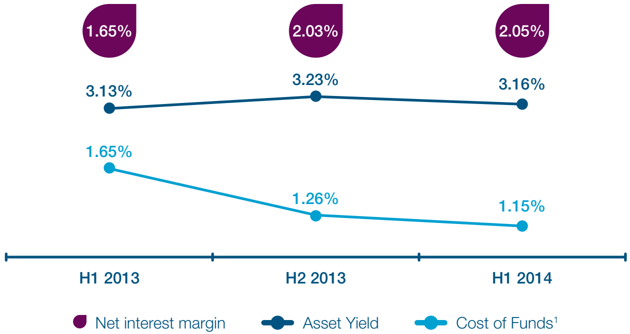
- Reflects increased underlying PBT and non-core gains (primarily changes to pension benefits)

[1] H1 2013 operating expenses reflect a reclassification of FSCS charges of €12m from H2 2012.

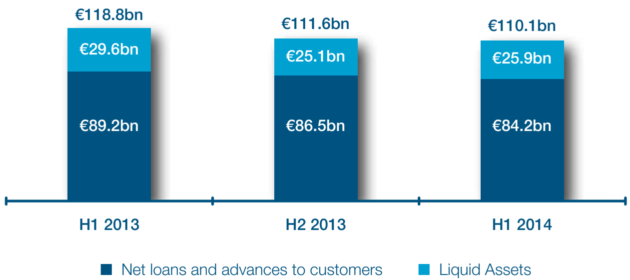
Net interest income

Bank of Ireland Group

Net interest margin



Average interest earning assets



[1] Includes Credit Balances.

Net interest income - €1,161m

- In line with H2 2013, with higher NIM offset by lower average interest earning assets

NIM

- NIM improved to 2.05% reflecting
  - Lower funding costs
  - Positive impact of new lending volumes; partially offset by
  - Impact of ECB rate cuts in Nov 13 and Jun 14
  - Expiry of certain capital hedges
- Further NIM expansion from here will reflect lower deposit pricing, the volume of new lending and future official interest rate increases

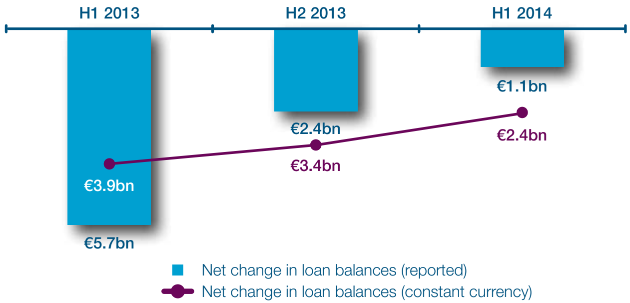
Average interest earning assets

- Reduction of c.€1.5bn (constant currency - €3bn) vs. H2 2013 reflects
  - Lower loan assets as redemptions are currently exceeding new lending
  - Higher liquid asset holdings
- Liquid assets expected to decline over time

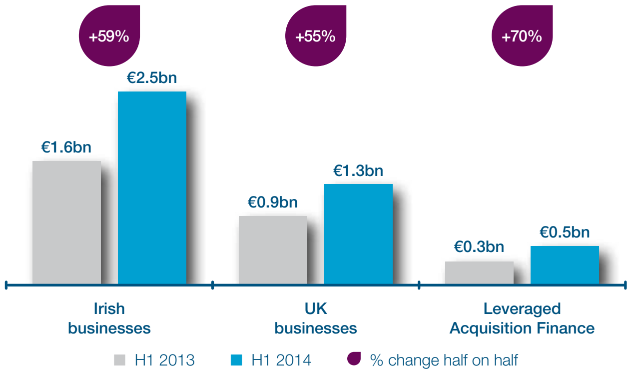
Loans and advances to customers

Bank of Ireland Group

Rate of reduction is slowing



New lending volumes



- Pace of reduction in loan book is slowing; expect pace to slow further as new lending increases
- €4.3bn new lending in H1 2014; up > 50% vs. H1 2013
- Strong new lending performance across our portfolios
  - ROI Mortgages up > 40% vs. H1 2013; loan book now growing - ex tracker
  - ROI SME up > 15% vs. H1 2013; new lending broadly in line with redemptions
  - ROI Corporate up > 100% vs. H1 2013; new lending exceeding redemptions
  - UK Mortgages up > 100% vs. H1 2013; expect further significant further growth in H2 2014
  - LAF book up slightly
- Redemptions in H1 2014 were €6.4bn
  - Reduction in ROI tracker mortgages of c.€0.7bn
  - Increased levels of re-financing in Business and Corporate GB - the EU mandated “run down books”
- Confident of achieving loan target over time, supported by
  - Strong market positions and supportive dynamics in Ireland
  - Attractive overseas franchises, and
  - Current business momentum

Operating expenses

Bank of Ireland Group

	H1 2013 (€m)	H2 2013 (€m)	H1 2014 (€m)
Staff Costs	351	340	339
Pension	79	54	70
Pension Costs	*83*	*78*	*70*
Pension Levy Recoveries	*(4)*	*(24)*	-
Other Costs	390	362	404
Other Costs	*378*	*362*	*386*
FSCS costs	*12*	-	*18*
Total Operating Expenses	**820**	**756**	**813**
Staff numbers (period end)	11,731	11,255	11,386
Cost / income ratio	69%	52%	55%

Staff costs

- Staff costs in line with H2 2013
- Post 2013 pensions review, engagement process underway on future career frameworks and certain aspects of remuneration

Pension costs

- Pension costs reduced reflecting the impact of benefit restructuring in 2013

Other costs

- Increase over H2 2013 primarily due to higher regulatory costs, investment in technology and infrastructure and €18m FSCS costs in H1 2014

Other - Bank levy

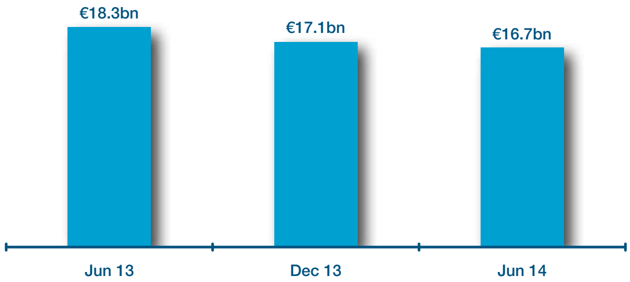
- Bank levy of €41m will arise in H2 2014

Asset Quality

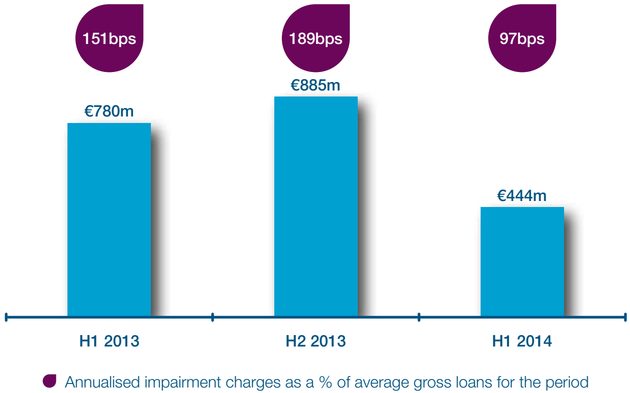
Defaulted loans and impairment charges

Bank of Ireland Group

Defaulted loan volumes



Impairment charges on customer loans



Defaulted loan volumes

- €0.4bn reduction vs. H2 2013
- Expect further reductions in H2 2014

Impairment charges

- Charges reduced across all loan portfolios
- Greater than 40% reduction vs. H2 2013; albeit remain elevated at 97bps
- Expect impairment charges to continue to reduce to normalised levels over time

Coverage ratio

- Coverage ratio of 50% (48% at Dec 13)

ROI Owner Occupied mortgages: €20.2bn

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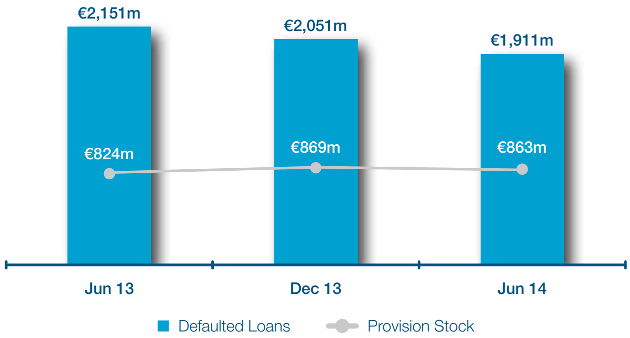
Defaulted loan volumes



	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	€109m	€108m	€11m
Coverage ratio[3]	38%	42%	45%

Profile of assets

- 94% on a capital and interest repayment basis
- 53% or €10.6bn of mortgages are ECB trackers (54% or €11.0bn at Dec 13)

Market environment

- Residential property prices continue to recover
- Residential property prices have fallen by 43%[1] from 2007 peak to Jun 14
- Impairment provisions accommodate a 55% peak to trough fall in prices (in addition, further provision is made for forced sale discounts and disposal costs)

Portfolio performance

- 9 out of 10 accounts up to date
- Arrears levels < 50% of industry[2]
- Lower impairment charges reflect improving economic conditions and arrears trends
- > 8 out of every 10 restructured mortgages are meeting their agreed arrangements

[1] Source: Central Statistics Office.
[2] At Mar 14, BOI's arrears levels (based on number of accounts > 90 days in arrears) was 6.7% compared to 13.7% for the industry ex BOI. Source: Central Bank of Ireland.
[3] Impairment provisions as a % of defaulted loans (loans where arrears are > 90 days past due and / or impaired).

ROI Buy to Let mortgages: €6.0bn

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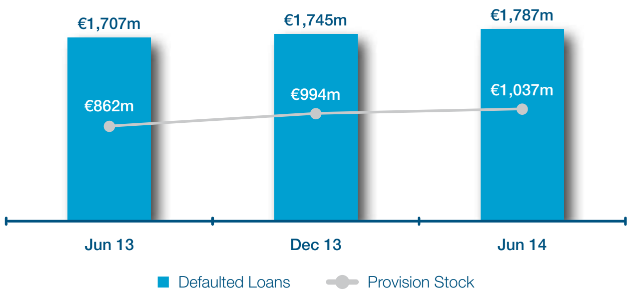
Defaulted loan volumes



	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	€114m	€211m	€81m
Coverage ratio[4]	50%	57%	58%

Profile of assets

- 68% of loans on a capital and interest repayment basis (65% at Dec 13)
- 76% or €4.6bn of mortgages are ECB trackers (79% or €4.9bn at Dec 13)

Market environment

- Private rental market recovering further
- Rents are 8.9%[1] higher in the past year
- Residential property prices continue to recover
- Residential property prices have fallen by 43%[2] from 2007 peak to Jun 14
- Impairment provisions accommodate a 55% peak to trough fall in prices (in addition, further provision is made for forced sale discounts and disposal costs)

Portfolio performance

- 8 out of 10 accounts up to date
- Arrears levels at 72% of industry[3]
- Lower impairment charges reflect improving economic conditions and arrears trends
- > 8 out of every 10 restructured mortgages are meeting their agreed arrangements

[1] Source: DAFT Rental report as at Q1 2014.
[2] Source: Central Statistics Office.
[3] At Mar 14, BOI's arrears levels (based on number of accounts > 90 days in arrears) was 16.6% compared to 23.0% for the industry ex BOI. Source: Central Bank of Ireland.
[4] Impairment provisions as a % of defaulted loans (loans where arrears are > 90 days past due and / or impaired).

UK Residential mortgages: £20bn/€25bn

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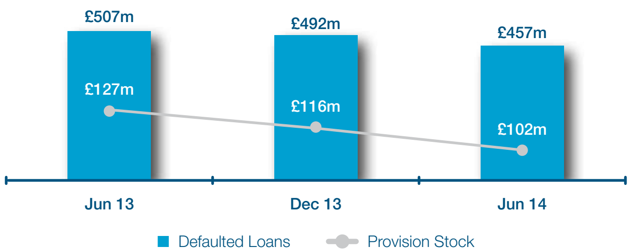
Defaulted loan volumes



	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	£24m	£3m	(£3m)
Charge / (credit) - bps (annualised)	16bps	2bps	(3bps)
Coverage ratio	25%	24%	22%

Profile of assets

- UK residential mortgage books continue to perform well

Market environment

- Economic conditions continuing to improve

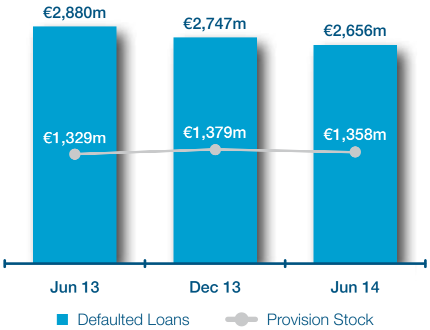
Portfolio performance

- Arrears levels are below the industry average
- Impairment charges reflect improving economic and property market conditions and continued low level of arrears

SME & Corporate loans: €21bn

Bank of Ireland Group

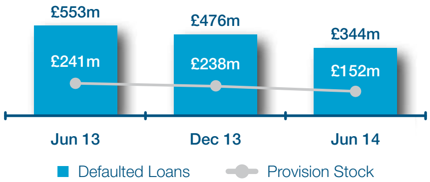
ROI SME - €10bn



	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	€95m	€138m	€64m
Coverage ratio	46%	50%	51%

- More favourable environment and improved trading conditions in certain SME sectors
- Resolution strategies agreed with more than 9 out of 10 challenged customers; > 90% of restructured customers meeting their new arrangements

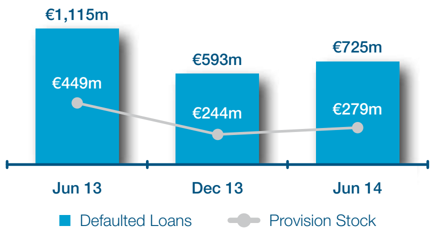
UK SME - £2bn/€3bn



	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	£46m	£50m	£17m
Coverage ratio	43%	50%	44%

- Lower charge reflects more positive macroeconomic conditions and strengthening consumer and business sentiment
- Change in coverage ratio primarily reflects the completition of our resolution strategy for a single highly provisioned connection

Corporate - €8bn



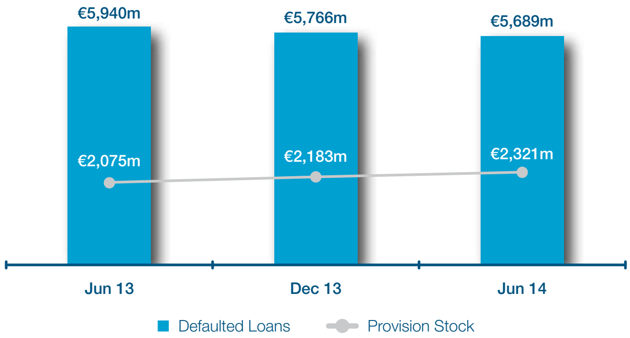
	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	€59m	€63m	€44m
Coverage ratio	40%	41%	38%

- Pace of migration of new cases into our challenged portfolios remains low
- Increase in defaulted loans reflects a small number of individual case specific factors
- Domestic Irish and international corporate portfolios benefitting from improving economic conditions

Property & Construction: €16.7bn

Bank of Ireland Group

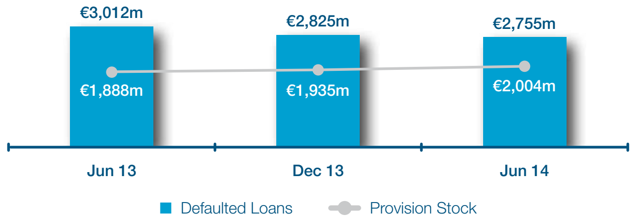
Investment Property - €13.6bn



	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	€181m	€162m	€135m
Coverage ratio	35%	38%	41%

- 51% loans ROI, 47% UK and 2% RoW
- 36% Retail, 22% Office, 6% Industrial, 36% Other/mixed
- Improved investor sentiment and transaction levels in the Irish commercial property market supported by economic recovery and outlook
- UK commercial property values continue to rise

Land and Development - €3.1bn



	Jun 13	Dec 13	Jun 14
Impairment charge (6-month)	€110m	€130m	€80m
Coverage ratio	63%	68%	73%

- 90% of loans are defaulted with a coverage ratio of 73%

Funding & Capital

Balance Sheet

Bank of Ireland Group

Capital and Liquidity available to support planned growth

	Dec 13 (€bn)	Jun 14 (€bn)
Customer loans	85	83
Liquid assets	27	26
BOI Life assets	14	15
Other	6	7
Total Assets	**132**	**131**
Customer deposits	74	75
Wholesale funding	27	23
Private Sources	*19*	*17*
Monetary Authorities	*8*	*6*
BOI Life liabilities	14	15
Other	9	10
Stockholders' equity	8	8
Total Liabilities	**132**	**131**

Customer deposits - €75bn

- Account for > 75% of the Group's funding
- Predominantly retail customer oriented
- ROI €36bn, UK €27bn (£21bn) and Corporate €12bn

Wholesale funding - €23bn

- Requirement continues to reduce
- Continuing to access wholesale markets at reducing costs
  - €2.3bn issuance during H1 2014
- Repaid €2bn of ECB funding during H1 2014

Robust Liquidity ratios

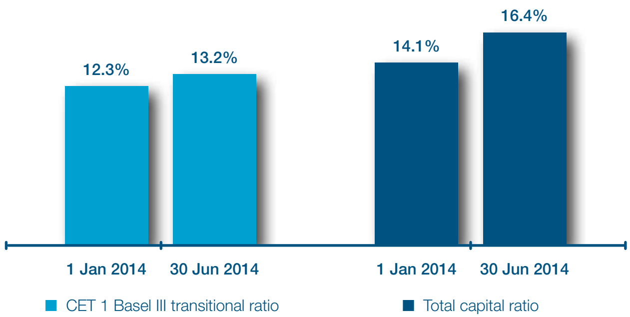
- Loan to Deposit Ratio - 112%
- Net Stable Funding Ratio - 116%
- Liquidity Coverage Ratio - 104%

Capital[1]

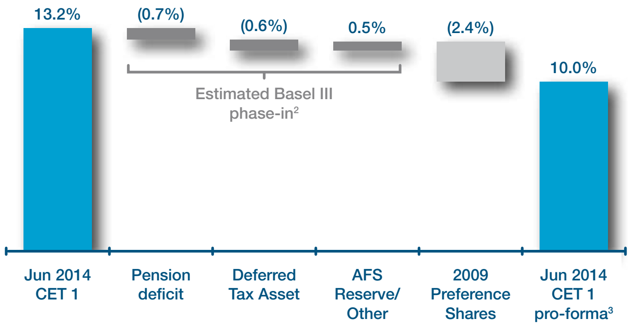
Accreting Capital - 90bps increase in CET 1 ratio in H1 2014

Bank of Ireland Group

Capital Ratios



De-recognition of 2009 Preference Shares in 2016



Capital ratios (including 2009 Preference Shares)

- Transitional CET 1 ratio of 13.2%; 90bps increase since 1 Jan 14
- Total Capital ratio of 16.4%; reflects €750m of Tier 2 issuance in Jun 14 and CET 1 increase
- Continue to expect to maintain a buffer above a CET 1 ratio of 10%, on a transitional basis

De-recognition of 2009 Preference Shares in 2016

- CET 1 ratio of 10.0% pro-forma at Jun 14
- Taking account of the Basel III transitional phasing impacts for 2015 and 2016 and excluding the 2009 Preference Shares

Leverage ratio (including 2009 Preference Shares)

- Transitional ratio of 5.3%; Fully loaded ratio of 4.1%

Comprehensive Assessment

- ECB's Comprehensive Assessment ongoing

[1] Capital ratios have been presented including the benefit of the retained profit for the period.
[2] Pro-forma phase in of Basel III impacts based on 30 June 2014 position.
[3] CET 1 transitional ratio at 30 June 14 (excluding 2009 Preference Shares), pro-forma for phase in of 2015 & 2016 Basel III impacts.

Additional Information

Additional Information

Bank of Ireland Group

BOI Overview

Bank of Ireland Group

Ireland: Leading bank in a consolidating market

Comprehensive multi-channel distribution platform

- c.250 branches
- c.1,700 Self-service devices
- c.55% of customers are active online & mobile channel users
- c.350k 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.1.6m Customers	> 625k Customers	c.180k SME Customers	> 50% FDI

BOI Overview

Attractive international franchises

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 new L&G partnership in place	**Retail FX** Market leader with c.25% share > 500k travel money cards	**c.530k + Credit Cards / Pre-paid cards / Personal Loans**	**c.560k + Insurance Policies**	**Current Accounts** Trial underway

More branches than other retail banks combined in GB

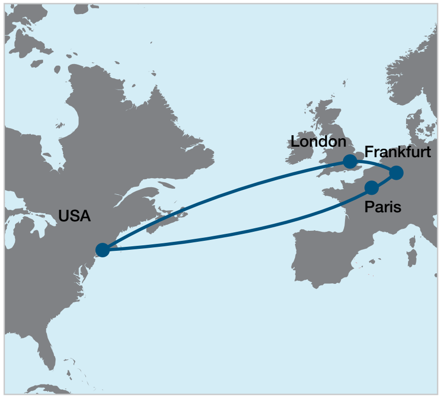
c.11,500 Post Office branches	c.2,500 Post Office / BOI ATMs	Online	Mobile	Telephone

Full service bank in Northern Ireland

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

Leveraged acquisition finance

- Well recognised lead arranger / underwriter
- US / European Business
- Focused on mid-market transactions
- Expertise developed over 20 years
- Profitable with strong asset quality
- c.€3.3bn in credit facilities



BOI Overview

Bank of Ireland Group

Income Statement[1]

	y/e Dec 10 (€m)	y/e Dec 11 (€m)	y/e Dec 12 (€m)	y/e Dec 13 (€m)	Jun 14 (6 month) (€m)
Total income	2,802	2,058	1,862	2,646	1,475
Net interest income	*2,511*	*1,983*	*1,755*	*2,133*	*1,161*
Other income	*634*	*524*	*495*	*642*	*335*
ELG fees	*(343)*	*(449)*	*(388)*	*(129)*	*(21)*
Operating expenses	(1,785)	(1,645)	(1,638)	(1,576)	(813)
Operating profit pre impairment	1,017	413	224	1,070	662
Impairment charges	(2,027)	(1,960)	(1,769)	(1,665)	(374)
on loans and advances	*(1,859)*	*(1,939)*	*(1,724)*	*(1,665)*	*(444)*
on AFS	*(168)*	*(21)*	*(45)*	*-*	*70*
NAMA charges[2]	(2,498)	(11)	-	-	-
Share of Associates/JVs	49	39	46	31	39
Underlying (loss)/profit before tax	**(3,459)**	**(1,519)**	**(1,499)**	**(564)**	**327**
Non core items	2,509	1,329	(679)	44	72
Statutory (loss)/profit before tax	(950)	(190)	(2,178)	(520)	399

[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 charges and losses on assets sold to NAMA.

BOI Overview

Summary Balance Sheet

Bank of Ireland Group

	Dec 10 (€bn)	Dec 11 (€bn)	Dec 12 (€bn)	Dec 13 (€bn)	Jun 14 (€bn)
Net Customer Loans[1]	115	102	93	85	83
Liquid assets	30	31	33	27	26
BOI Life assets	13	12	13	14	15
Other assets	9	10	9	6	7
Total Assets	**167**	**155**	**148**	**132**	**131**
Customer deposits	65	71	75	74	75
Wholesale funding	70	51	39	27	23
Private Sources	*37*	*28*	*24*	*19*	*17*
Monetary Authorities	*33*	*23*	*15*	*8*	*6*
BOI Life liabilities	13	12	13	14	15
Subordinated liabilities	3	1	2	2	2
Other liabilities	9	10	10	7	8
Stockholders' equity	7	10	9	8	8
Total Liabilities & Stockholders' Equity	**167**	**155**	**148**	**132**	**131**

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

BOI Overview

Financial targets

Bank of Ireland Group

Metrics	Target	2013	H1 2014	Status
Balance Sheet				
Loans and advances to customers[1]	**c.€90bn**	c.€85bn	c.€83bn	On track
Group loan / deposit ratio	**≤120%**	114%	112%	✔
Common Equity Tier 1 ratio - Transitional	**Buffer maintained > 10%**	12.3%[2]	13.2%	✔
ELG covered liabilities ELG fees	**Fully disengaged**	€5bn €129m	€4bn €21m	✔
Profitability				
Net interest margin	**> 2.0%**	1.84%	2.05%	✔
Cost / income ratio	**< 50%**	60%	55%	On track
Impairment charges	**55-65bps**	175bps	97bps	On track

[1] Loans and advances to customers 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.

Income Statement

Divisional performance

Bank of Ireland Group

6 months ended Jun 14	Retail Ireland (€m)	BOI Life incl. NIAC (€m)	Retail UK (€m)	Corporate & Treasury (€m)	Group Centre (€m)	Other reconciling items[1] (€m)	Group (€m)
Underlying operating profit / (loss) before impairment charges	236	69	152	349	(133)	(11)	662
Impairment (charges) / credits	*(285)*	-	*(113)*	*(46)*	*70*	-	*(374)*
Share of results of associates and joint ventures	*21*	-	*18*	-	-	-	*39*
Underlying (loss) / profit before tax	**(28)**	**69**	**57**	**303**	**(63)**	**(11)**	**327**

6 months ended Jun 13	Retail Ireland (€m)	BOI Life incl. NIAC (€m)	Retail UK (€m)	Corporate & Treasury (€m)	Group Centre (€m)	Other reconciling items[1] (€m)	Group (€m)
Underlying operating profit / (loss) before impairment charges	159	40	77	305	(204)	(9)	368
Impairment charges	*(497)*	-	*(207)*	*(76)*	-	-	*(780)*
Share of results of associates and joint ventures	*(1)*	-	*18*	-	-	-	*17*
Underlying (loss) / profit before tax	**(339)**	**40**	**(112)**	**229**	**(204)**	**(9)**	**(395)**

[1] Relates to segmental income on certain inter-segmental transactions, which is eliminated at Group level.

Income Statement

Bank of Ireland Group

Other income analysis (net)

	H1 2013 (€m)	H2 2013 (€m)	H1 2014 (€m)
Business income			
Retail Ireland	145	158	154
Bank of Ireland Life	64	67	71
Retail UK	-	7	7
Corporate and Treasury	58	64	66
Group Centre and other	1	(6)	(12)
Other valuation items			
Fair value movement on derivative embedded in Contingent Capital Note	(7)	(4)	(21)
Derivative valuation adjustments (CVA, DVA, FVA and other)	21	(27)	(15)
Economic assumptions - Bank of Ireland Life	(9)	6	14
Investment variance - Bank of Ireland Life	7	14	9
Other items			
Transfer from available for sale reserve on asset disposal	17	33	89
Recovery arising on settlement of administration claims	7	36	-
IFRS income classification	15	(25)	(27)
Other Income	**319**	**323**	**335**

Income Statement

Non-core Items

Bank of Ireland Group

	H1 2013 (€m)	H2 2013 (€m)	H1 2014 (€m)
Impact of changes to pension benefits in the Bank sponsored schemes	-	274	87
(Charges) / gains arising on the movement in credit spreads on the Group's own debt and deposits accounted for at 'fair value through profit or loss'	(88)	(66)	8
Cost of restructuring programmes			
- *Redundancy*	*(16)*	*(32)*	*(28)*
- *Property and other*	*(34)*	*(8)*	*1*
Gross-up for policyholder tax in the Life business	18	8	8
Gain / (loss) on liability management exercises	4	-	(3)
Loss on disposal of business activities	-	(10)	(1)
(Loss) / gain on deleveraging of financial assets	(4)	1	-
Investment return on treasury stock held for policyholders	(1)	(2)	-
Total non-core items	**(121)**	**165**	**72**

Impact of ECB tracker mortgage loan book

Bank of Ireland Group

Irish tracker book (gross)

Margin impacts

	Dec 13 (bps)	Jun 14 (bps)
Customer pay rate (avg)	130	120
- *ECB repo rate*[1]	*25*	*15*
- *Average fixed spread*	*105*	*105*
Cost of funds[2]	126	115
Net interest margin	4	5

Volume of loans

- Reduced by €0.7bn in 2014 (€1.7bn since Dec 12)
- €13bn or 85% of trackers at Jun 14 are on a capital and interest repayment basis

Net interest margin

- Net interest margin from ECB tracker mortgages is broadly neutral
- Profit impacts relate to servicing costs and impairment charges

1 ECB repo rate at period end.
2 Average cost of funds to BOI in H2 2013 and H1 2014.

Asset Quality

Bank of Ireland Group

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

	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	26.2	25.0	-	51.2	56%
Non-property SME and corporate	12.4	5.2[2]	3.4	21.0	23%
SME	*10.0*	*2.8*	-	*12.8*	*14%*
Corporate	*2.4*	*2.4*	*3.4*	*8.2*	*9%*
Property and construction	9.0	7.4	0.3	16.7	18%
Investment property	*7.0*	*6.4*	*0.3*	*13.7*	*15%*
Land and development	*2.0*	*1.0*	-	*3.0*	*3%*
Consumer	1.5	1.4	-	2.9	3%
Customer loans (gross)	**49.1**	**39.0**	**3.7**	**91.8**	**100%**
Geographic (%)	54%	42%	4%	100%	

[1] Based on geographic location of customer.

[2] Includes €3bn 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

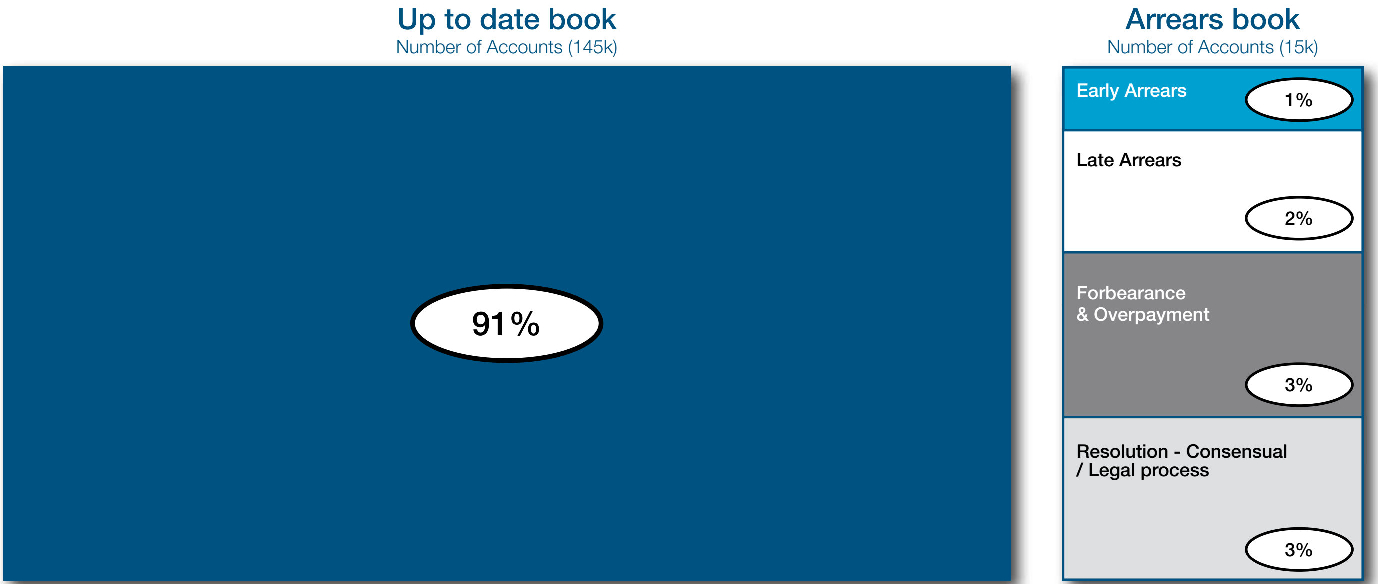
Composition (Jun 14)	Advances (€bn)	Defaulted Loans[1] (€bn)	Defaulted Loans as % of advances	Impairment Provisions (€bn)	Impairment Provisions as % of defaulted loans[1]
Residential mortgages	**51.2**	**4.3**	**8.3%**	**2.0**	**48%**
ROI	*26.2*	*3.7*	*14.1%*	*1.9*	*51%*
UK	*25.0*	*0.6*	*2.3%*	*0.1*	*22%*
Non-property SME and corporate	**21.0**	**3.8**	**18.2%**	**1.9**	**48%**
ROI	*10.0*	*2.7*	*26.7%*	*1.4*	*51%*
UK	*2.7*	*0.4*	*15.7%*	*0.2*	*44%*
Corporate Banking - Ireland and UK	*8.3*	*0.7*	*8.8%*	*0.3*	*38%*
Property and construction	**16.7**	**8.4**	**50.7%**	**4.3**	**51%**
Investment property	*13.6*	*5.7*	*41.9%*	*2.3*	*41%*
Land and development	*3.1*	*2.7*	*89.9%*	*2.0*	*73%*
Consumer	**2.9**	**0.2**	**7.6%**	**0.2**	**91%**
Total	**91.8**	**16.7**	**18.2%**	**8.4**	**50%**

Composition (Dec 13)	Advances (€bn)	Defaulted Loans[1] (€bn)	Defaulted Loans as % of advances	Impairment Provisions (€bn)	Impairment Provisions as % of defaulted loans[1]
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 Banking - Ireland and UK	*7.9*	*0.6*	*7.5%*	*0.2*	*41%*
Property and construction	**16.8**	**8.6**	**51.1%**	**4.1**	**48%**
Investment property	*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	**92.8**	**17.1**	**18.5%**	**8.2**	**48%**

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

Asset Quality

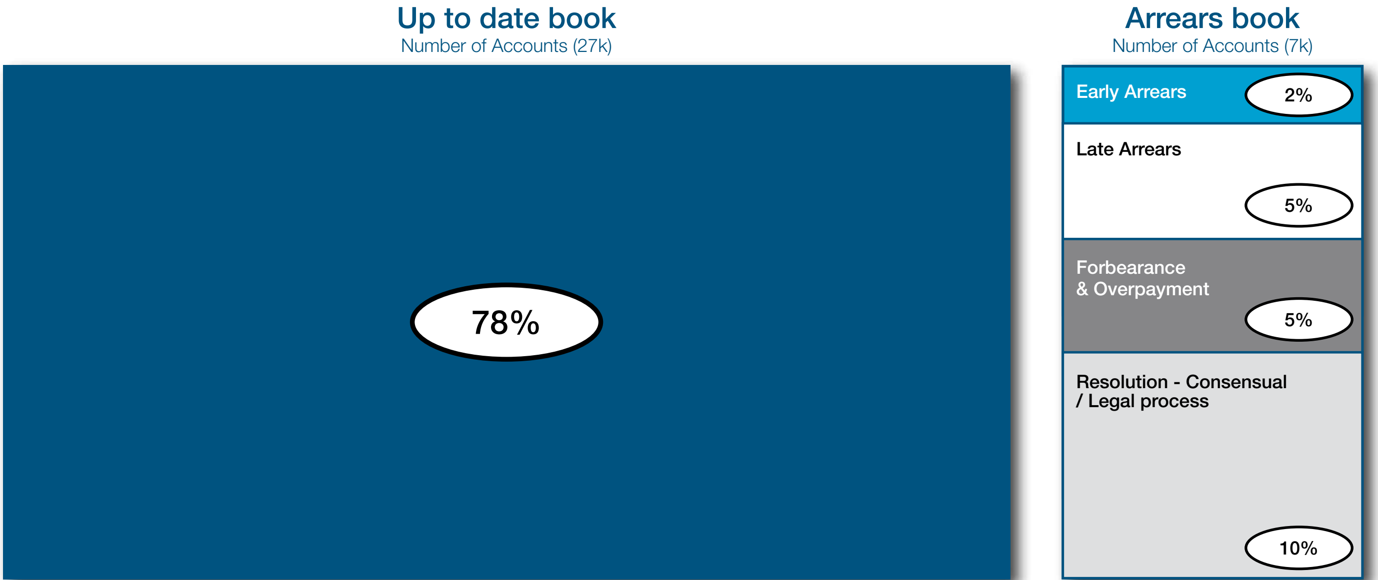
ROI Owner Occupied mortgages - book profile - Jun 14



- 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 whom we continue to work with, on a case by case basis, to identify and agree a suitable forbearance or resolution strategies
- Forbearance is where a customer's mortgage contract has been revised on a case specific basis
- Overpayment reflects cases 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 or Mortgage-to-Rent
- Legal process resolution reflects where the Group has initiated legal proceedings for the recovery of the debt

Asset Quality

ROI Buy to Let mortgages - book profile - Jun 14



- 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 whom we continue to work with, on a case by case basis, to identify and agree a suitable forbearance or resolution strategies
- Forbearance is where a customer's mortgage contract has been revised on a case specific basis
- Overpayment reflects cases 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)

Asset Quality

Available for Sale Financial Assets

Bank of Ireland Group

Carrying Value	ROI (€bn)	UK (€bn)	Spain (€bn)	Other (€bn)	Jun 14 (€bn)	Dec 13 (€bn)
Sovereign bonds	6.9	0.6	0.2	0.5	**8.2**	**6.6**
Covered bonds	0.2	0.5	0.7	1.1	**2.5**	**2.7**
Senior debt	0.6	-	-	1.7	**2.3**	**2.3**
Subordinated debt	0.2	-	-	-	**0.2**	**0.1**
Asset backed securities	-	0.2	0.1	-	**0.3**	**0.4**
Total	**7.9**	**1.3**	**1.0**	**3.3**	**13.5**	**12.1**
AFS Reserve	0.7	-	-	-	**0.7**	**0.5**

Ireland

- Strong performance of Irish sovereign bonds - AFS reserve improved by €0.1bn in 2014
- NAMA subordinated bond - €0.3bn nominal value, valued at 72% (Dec 13 - 47%)
- Separately BOI has €3bn of NAMA senior bonds (31 Dec 13: €4bn)

Other exposures

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

Capital

Pro-forma Basel III CET 1 ratios

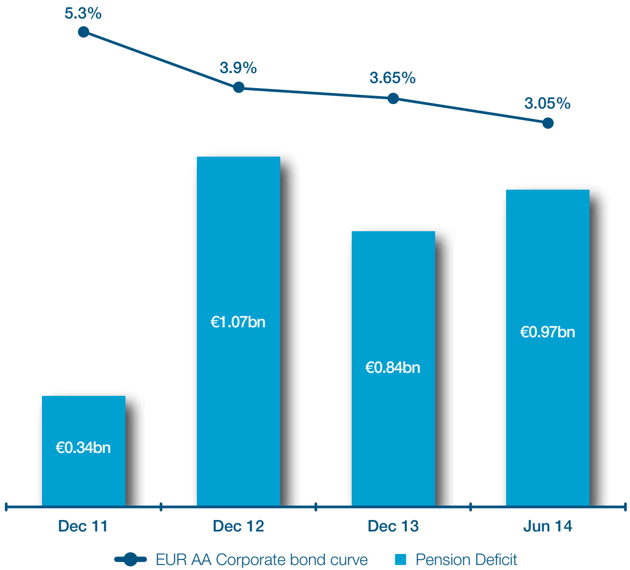
At 30 Jun 14	Transitional ratio (€bn)	Fully loaded ratio (€bn)
Total equity	**8.3**	**8.3**
Deferred Tax[1]	-	(1.5)
Pension Deficit	0.8	-
Available for sale reserve	(0.6)	-
Significant Investments/NIAC[2]	(0.1)	(0.2)
Expected Loss	(0.1)	(0.3)
Removal of National Filters	(0.3)	-
Other Items[3]	(0.9)	(1.0)
Common Equity Tier 1 Capital (including 2009 Preference Shares)	**7.1**	**5.3**
RWAs	**53.5**	**53.5**
Common Equity Tier 1 ratio (including 2009 Preference Shares)	**13.2%**	**10.0%**

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. For the remaining transition period, between 2015-2018, unrealised losses and gains will be phased in at the following rates: 40%, 60%, 80%, 100% in each year

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 Calculated through 10%/15% threshold deduction.
3 Other CET 1 items primarily reflect intangibles and cash flow hedge.

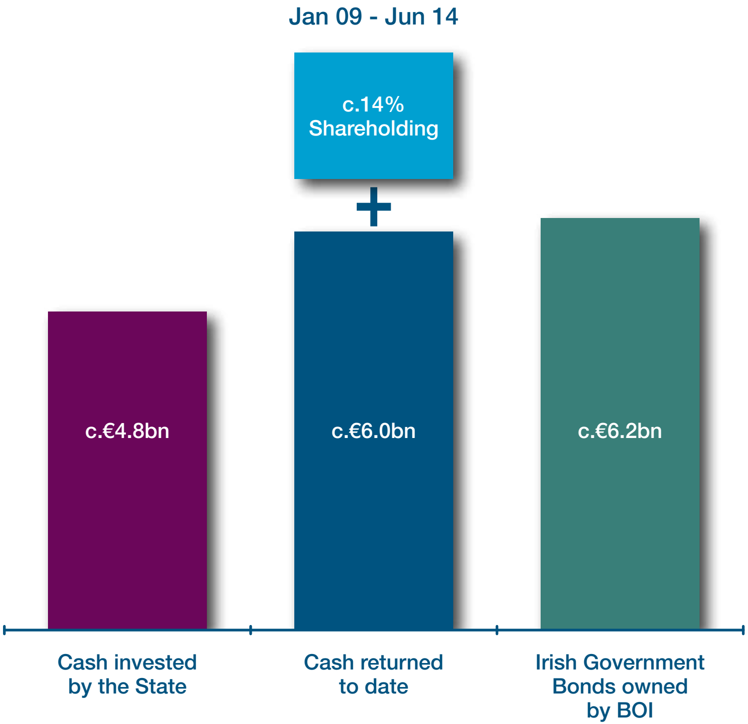
Defined Benefit Pension Schemes



- Pension deficit of €0.97bn at Jun 14 (€0.84bn at Dec 13)
- Increase in deficit since Dec 13 primarily reflects reduction in corporate bond yields (€0.7bn), partially offset by asset returns (€0.4bn) and the positive impact in the current period of the pension review carried out in 2013 (€0.1bn)
- Sensitivity of pension deficit to 25bps movement in AA corporate bond yield is €0.35bn
- As part of the Pension Review 2010 and Pension Review 2013, the Group agreed to make increased cash contributions over time to the funds as part of the shared solution with members' benefit changes
- The increased cash contributions are phased in accordance with a schedule agreed with the trustees
- As part of the Pension Review 2013, 20% of return seeking assets were switched to matching assets in 2014; de-risks the scheme and reduces potential capital volatility

Reimbursing and rewarding taxpayers support

Bank of Ireland Group



- Since 2009, c.€4.8bn cash invested by the State
- Cumulative c.€6.0bn cash returned to the State
- State continues to hold valuable c.14% equity shareholding
- Risk to the State dealt with - ELG expired
- IBRC promissory note structure
  - Facilitated 2012 repo transaction
  - Successfully repaid in 2013
- Group has invested in Irish Government Bonds - €6.2bn nominal value

Ordinary Stockholders' Equity and TNAV

Bank of Ireland Group

Movement in ordinary stockholders' equity

	2013 (€m)	2014 (€m)
Ordinary stockholders' equity at beginning of period	**6,759**	**6,528**
Movements:		
(Loss)/profit attributable to stockholders	(483)	343
Dividends paid on preference stock	(240)	(137)
Foreign exchange movements	(81)	122
Cash flow hedge reserve movement	(181)	110
Available for sale (AFS) reserve movements	317	145
Pension fund obligations	(117)	(202)
Equity issuance (net of expenses)	537	-
Other movements	17	4
Ordinary stockholders' equity at end of period	**6,528**	**6,913**

Tangible net asset value

	Dec 13 (€m)	Jun 14 (€m)
Ordinary stockholders' equity at end of period	**6,528**	**6,913**
Adjustments:		
Intangible assets	(368)	(355)
Own stock held for benefit of life assurance policy holders	13	13
Tangible net asset value (TNAV)	**6,173**	**6,571**
Number of shares in issue at the end of the period	**32,363**	**32,363**
TNAV per share (€ cent)	**19c**	**20c**

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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 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 being conducted in advance of the European Central Bank assuming responsibility for supervision and any further 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;
- implications of the Personal Insolvency Act 2012 and measures introduced by the Central Bank of Ireland to address mortgage arrears on the Group's distressed debt recovery and impairment provisions;
- the performance and volatility of international capital markets;
- the effects of the Irish Government's stockholding in the Group (through the NPRFC) 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 implementation of the Single Supervisory Mechanism and establishment of the Single Resolution Mechanism and the conduct and outcomes of asset quality reviews and stress tests;
- 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 implications of the continuing obligations components of the Group's revised EU Commission restructuring plan and 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, the United Kingdom and the Isle of Man that 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 exposure of the Group to NAMA losses in the event that NAMA has an underlying loss at the conclusion of its operations, which could adversely impact the Group's capital and results of operations;
- 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.