Bank of Ireland

Preliminary Results Announcement

For the year ended 31 December 2011

Forward-looking statement

Bank of Ireland Group

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

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

- concerns on sovereign debt and financial uncertainties in the EU and in member countries and the potential effects of those uncertainties on the Group;
- general economic conditions in Ireland, the United Kingdom and the other markets in which the Group operates;
- the ability of the Group to generate additional liquidity and capital as required;
- the effects of the 2011 PCAR, the 2012 PCAR, the 2011 PLAR and the deleveraging reviews conducted by the Central Bank;
- property market conditions in Ireland and the UK;
- the potential exposure of the Group to various types of market risks, such as interest rate risk, foreign exchange rate risk, credit risk and commodity price risk;
- the implementation of the Irish Government's austerity measures relating to the financial support package from the EU / IMF;
- the availability of customer deposits to fund the Group's loan portfolio;
- the outcome of the Group's participation in the ELG Scheme;
- the performance and volatility of international capital markets;
- the effects of the Irish Government's stockholding in the Group (through the NPRFC) and possible increases in the level of such stockholding;
- the impact of further downgrades in the Group's and the Irish Government's credit rating;
- changes in the Irish banking system;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates particularly banking regulation by the Irish Government;
- the outcome of any legal claims brought against the Group by third parties;
- development and implementation of the Group's strategy, including the Group's deleveraging plan, competition for customer deposits and the Group's ability to achieve estimated net interest margins and cost reductions; and
- the Group's ability to address information technology issues.

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

Presentation of Preliminary results

Bank of Ireland Group

Section 1: Group Chief Executive's Review	**Slides 4 to 10**
Section 2: Group Income Statement	**Slides 11 to 18**
Section 3: Asset Quality	**Slides 19 to 30**
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Supplementary Information	**Slides 37 to 49**

Richie Boucher

Group Chief Executive

2011 - Strengthening the Balance Sheet

Bank of Ireland Group

Significant progress on key priorities in 2011

Capital	2011 PCAR requirements fully met - substantially provided by private sector	✓
Asset Deleveraging	86% of the 2011 - 2013 €10bn divestment target achieved; well below PCAR base case assumption discounts Redemptions are in line with expectations	✓
Deposits	€8bn of deposits gathered since July 2011 Loan to Deposit Ratio reduced from 175% (Dec 10) to 144% (Dec 11)	✓
Wholesale Funding	Wholesale funding reduced by €19bn or 27% €4.2bn of secured term funding raised during 2011 2012 refinancing requirements are very manageable	✓
Efficiency / Costs	Significant infrastructural changes and investment being delivered – good progress on targets Overall costs down 8% in 2011, staff numbers down 7%	✓
EU Plan	Revised EU Plan approved in December 2011 - strategic shape of the Group reconfirmed	✓

Average ELG covered down €25bn in 2011

Key challenges

Profitability	Loss before tax of €190m for 2011, compared to a loss of €950m for 2010 Underlying loss before tax in 2011 of €1.5bn compared to €3.5bn for 2010; prior year included NAMA related losses €2.5bn	Priority For 2012
Operating Income	Operating income has reduced significantly due to: • Lower interest rates for longer • Intense competition for deposits in the Irish market • High wholesale funding costs • Cost of the ELG guarantee	
Impairment charges	Impairment charges peaked but remain elevated due to: • Weak economic recovery with recent consensus revisions to growth forecasts • Illiquidity and value uncertainty in Irish property markets • Irish mortgage arrears did not peak in 2011	

Key Strategic Goals

Bank of Ireland Group

- To be the leading Irish retail and commercial bank in a consolidating sector, with a strongly developing retail orientated business in GB and niche corporate activities internationally
- To be well positioned in our core markets with strong customer franchises and market positions capable of supporting economic recovery
- To be strongly capitalised without reliance on exceptional Monetary Authority support and exceptional Government guarantees
- To have a sustainable funding base with our core loan portfolios substantially funded by customer deposits and term wholesale funding
- To be operationally efficient with sustainable, lower cost structures
- To grow our revenues through increasing the number of customers we have in our core businesses and selling more products and services to our customers, within an acceptable risk profile, whilst getting paid a competitive, fair price for efficiently and empathetically delivering these products and services, covering our costs, providing a reward for the risks we take and a return for the capital we deploy
- To reduce the risk to the Irish taxpayer from any support provided to Bank of Ireland, to reward taxpayers' investment in Bank of Ireland and to repay taxpayers' investment in Bank of Ireland
- To achieve attractive returns for stockholders through strong operational performance and return of surplus capital

Core businesses
Ireland

Bank of Ireland Group

Consumer Banking	Corporate & Business Banking	Treasury Services	Savings, pension and investment distribution

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

Extensive distribution capability
c. 250 branches; circa 1,300 ATMs; eBanking and Telebanking

Broad product offering
Consumer, Private Banking, Business, Corporate Banking, Treasury , Savings / Pension / Life assurance distribution

Product	Market[1] Shares
Personal Current Accounts	35%
Mortgages	20%
Credit Cards	34%
MNC Current Account	>50%
Business Current Accounts	36%
Business Loan Accounts	35%
Life and Pension	21%

[1] Latest data available

Core businesses
International

Post Office Financial Services JV

- Main Joint Venture commenced in 2004
- Distribution rights for consumer financial services throughout the UK Post Office's 11,500 strong branch network
- Circa. 1.5 million Depositors
- 500,000 Insurance customers - insure 1 in 75 cars and 1 in 150 homes in UK
- 600,000 credit and travel money cards in issue
- Foreign Exchange - serve 1 in 4 customers in the UK with £2.3bn in foreign currency annually
- ATMs – 2,200 ATMs, 120m cash transactions annually
- Mortgages and unsecured customer loans

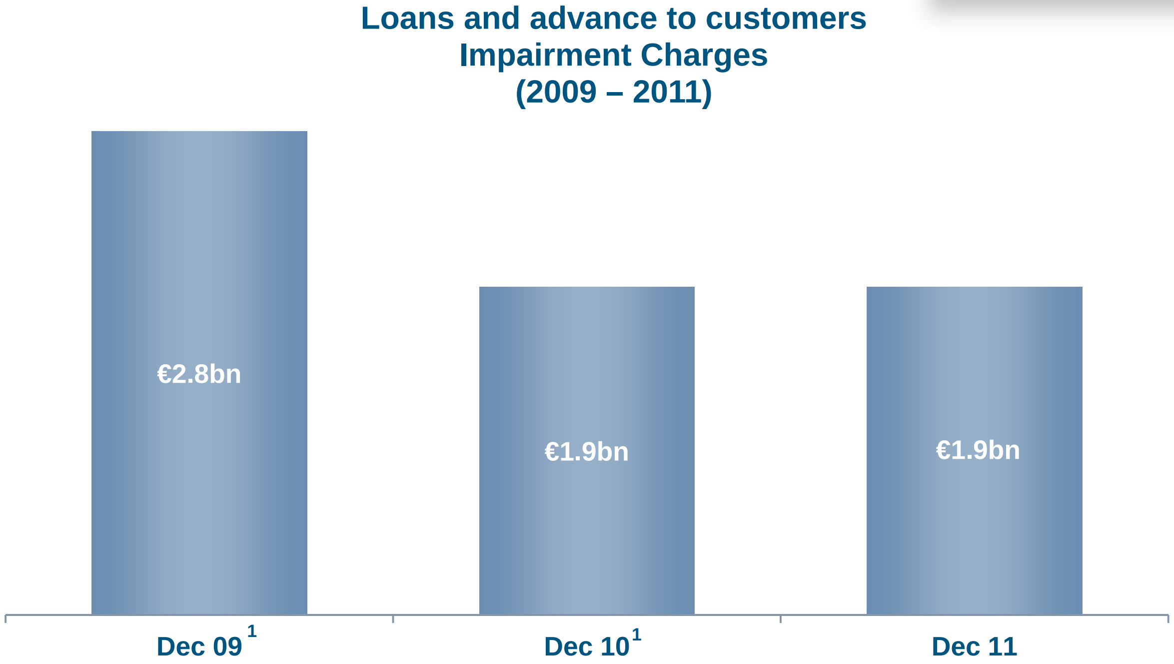
Northern Ireland

- 44-strong branch network, 255 ATMs
- Full service retail and commercial bank offering

Other - International

- Acquisition Finance and certain other niche lending activities in UK, US and Europe
- Deposits & Treasury Services in UK and US

Impairment Charges



- Impairment charges peaked in 2009
- Reduced but remained elevated at c.€1.9bn in 2010 & 2011
- Expect impairment charges to reduce from this level
- Trending over time towards a more normalised impairment charge as the Irish economy recovers
- Pace of reduction will be particularly dependent on future performance of Irish residential mortgages and commercial real estate markets

[1] The analysis of the impairment charge for the year ended 31 December 2009 and the year ended 31 December 2010 between loans and advances to customers and assets held for sale to NAMA has been re-presented on the basis of the loans sold to NAMA during the year ended 31 December 2011 and the year ended 31 December 2010 to enhance comparability with no change to the total impairment charge.

Remain focused on targets

Bank of Ireland Group

	Measure	Dec 2010	Dec 2011	Target
Balance Sheet Related	Loans and advances to customers (net of provisions)	€114bn	€102bn	c.€90bn
	Group loan / deposit ratio	175%	144%	< 120%
	Capital - Core Tier 1 Capital - PCAR / EBA Stress Test Basis	 9.7% -	 15.1% 14.3%	Margin maintained over regulatory minimum
	ELG / CIFS Covered Liabilities (avg.) ELG / CIFS Fees	€69bn €343m	€44bn €449m	Fully disengaged from ELG guarantee scheme for new issuance / rollovers
Income Related	Net interest margin	1.46%	1.33%	> 2.0%
	Cost / income ratio	63%	79%	< 50%
	Impairment Charge	€1.9bn	€1.9bn	55bps – 65bps[1]

- We remain focused on achieving all our targets. We are on track to meet our balance sheet restructuring and cost reduction targets. Our core franchises are intact and offer opportunity
- The timing and pace by which we achieve our income related targets is dependent on the pace of economic recovery, the trajectory of interest rates and the success of initiatives which we are pursuing to manage our credit risks and reduce our funding costs
- Re-building profitability is a key focus for 2012

[1] Impairment charge as a % of average annual loans and advances to customers

Bank of Ireland Group

Andrew Keating

Group Chief Financial Officer

Bank of Ireland Group

Section 2

Group Income Statement

Group Income Statement

Bank of Ireland Group

	Dec 10 €m	Dec 11 €m	% Change
Net interest income	2,511	1,983	(21%)
ELG / CIFS Fees	(343)	(449)	31%
Net other income	634	524	(17%)
Total income	**2,802**	**2,058**	**(27%)**
Operating expenses	(1,785)	(1,647)	(8%)
Operating profit pre-impairment of financial assets	**1,017**	**411**	**(60%)**
Impairment charges			
- Loans and advances to customers[1]	(1,859)	(1,939)	4%
- Loans and advances to banks / AFS	(168)	(21)	(88%)
Total Impairment Charges	**(2,027)**	**(1,960)**	**(3%)**
Loss on sale of assets to NAMA (including impairment charges[2])	(2,498)	(11)	
Share of associates / JVs (*post-tax*)	49	39	(20%)
Underlying[2] loss before tax	**(3,459)**	**(1,521)**	**(56%)**
Non-core gains (net)	2,509	1,331	
Loss before tax	**(950)**	**(190)**	
Net Interest Margin	1.46%	1.33%	

Total Income – 27% lower

- 11% reduction in average interest earning assets - €142bn in 2011 (€160bn in 2010)
- Reduction in net interest margin of 13bps to 1.33% in 2011
- ELG fees increased by 31% to €449m despite average covered volumes reducing by €25bn
- Recurring fee income marginally lower (4%) in 2011; Other income impacted by non-recurring items

Operating Costs – 8% lower

- Lower staff costs, including reduction in pension costs

Impairment charges

- Impairment charges on loans and advances to customers, banks and AFS remain elevated, reflecting weak economic growth in Ireland
- ROI mortgage arrears have not yet peaked, Irish property values are still uncertain

NAMA

- 2010 impacted significantly by NAMA related loss of €2.5bn

Non-Core Items

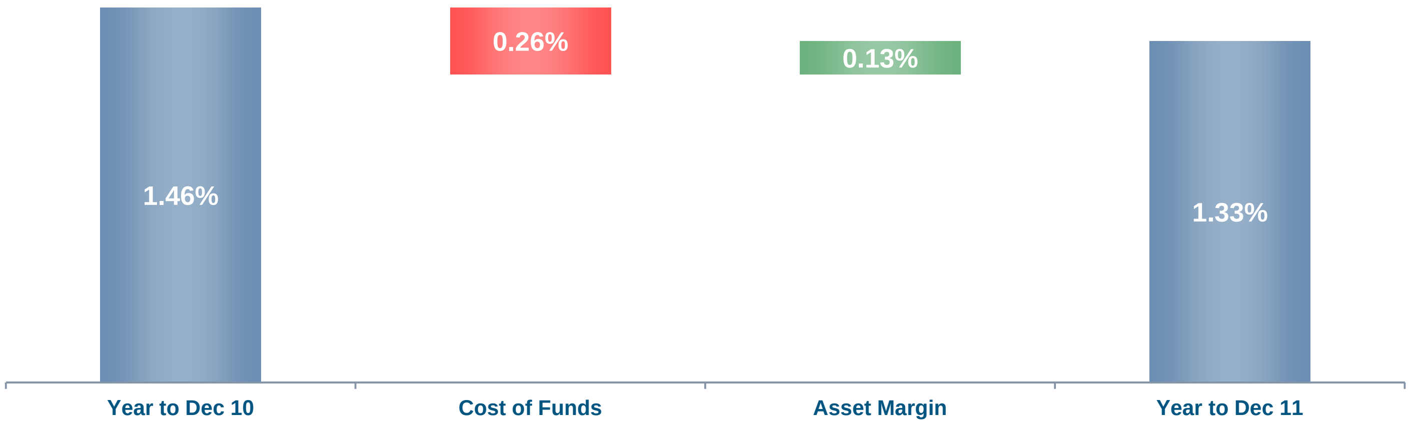
- Non-core gains (net) reflect the gains on Liability Management Exercises (€1.8bn) partly offset by the Loss on deleveraging (€0.6bn)

[1] The analysis of the impairment charge for the year ended 31 December 2010 between loans and advances to customers and assets held for sale to NAMA has been re-presented on the basis of the loans sold to NAMA during 2011 and 2010 to enhance comparability with no change to the total impairment charge

[2] Underlying excludes non-core items. See slide 18 for details

Net interest margin

Bank of Ireland Group



- Net interest margin reduced from 1.46% in Dec 10 to 1.33% in Dec 11
- Net interest margin (after the cost of ELG fees) reduced from 1.24% in Dec 10 to 1.01% in Dec 11

Current Margin Drivers

Cost of funds / liability margins

- Intense competition for deposits in Ireland
- Elevated wholesale funding costs
- Lower interest rates for longer
- ELG Fees

Asset Margins

- Sustainable back book repricing
- New lending albeit demand is currently muted

Future Margin Drivers

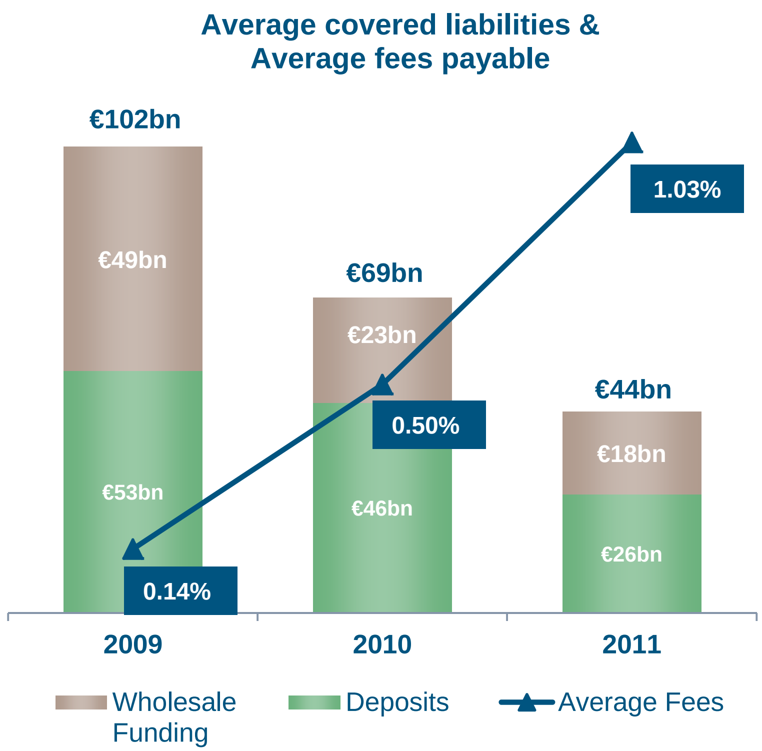
Cost of funds / liability margins

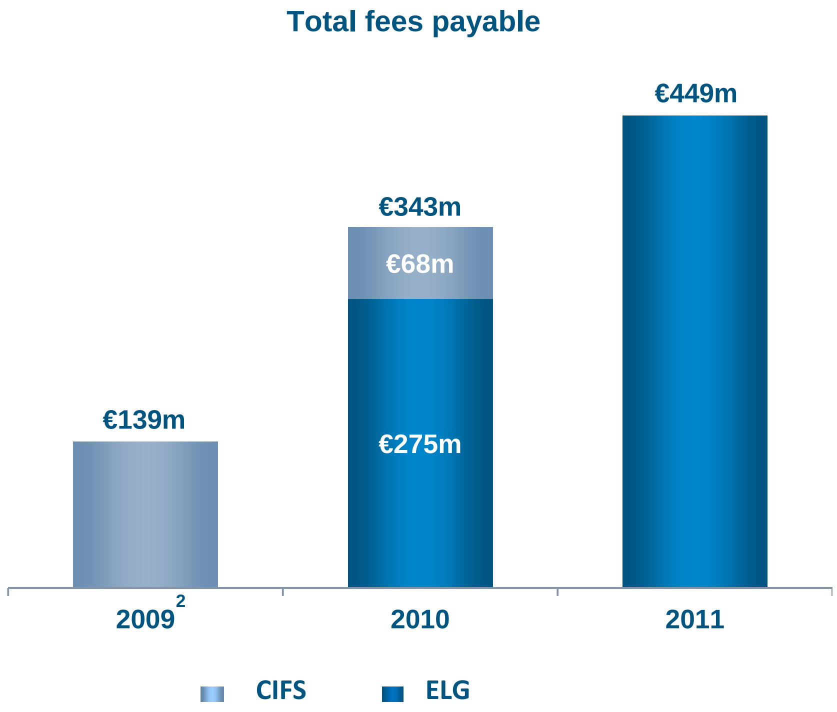
- Strategy to proactively reduce deposit pricing
- Prudent disengagement from ELG
- Impact of exceptional liquidity initiatives taken by ECB
- Interest rate outlook

Asset Margins

- Repricing of loan books
- Lending capacity to support economic growth

ELG / CIFS Fees[1]





- Average volume of liabilities covered by the exceptional Government guarantees reduced from €102bn in 2009 to €44bn in 2011
- Average fees payable increased from 14bps in 2009 to 50bps in 2010 and 103bps in 2011
- Consequently exceptional Government guarantee charges increased from €139m in 2009 to €343m in 2010 and €449m in 2011
- Target is to continue to reduce ELG covered liabilities while growing our deposit volumes

[1] ELG / CIFS exclude retail deposits < €100K which are covered by Deposit Protection Scheme (DPS) and deposits in the UK < £85K which are covered by Financial Services Compensation Scheme (FSCS)

[2] 12 month period to 31 December 2009

Net Other Income

Bank of Ireland Group

	Dec 2010 €m	Dec 2011 €m	Change %
Net Other Income	634	524	(17%)
IFRS Income classification	175	102	(42%)
Net Other Income after IFRS classification	809	626	(23%)
of which:			
Banking Businesses	526	512	(3%)
Bank of Ireland Life	180	169	(6%)
Recurring Income	706	681	(4%)
Other Items	103	(55)	-
Net Other Income	809	626	(23%)

Banking Businesses

- Other income from Banking and Corporate and Treasury businesses were €14m (3%) lower in the year ended Dec 11 compared to the year ended Dec 10 reflecting the economic environment

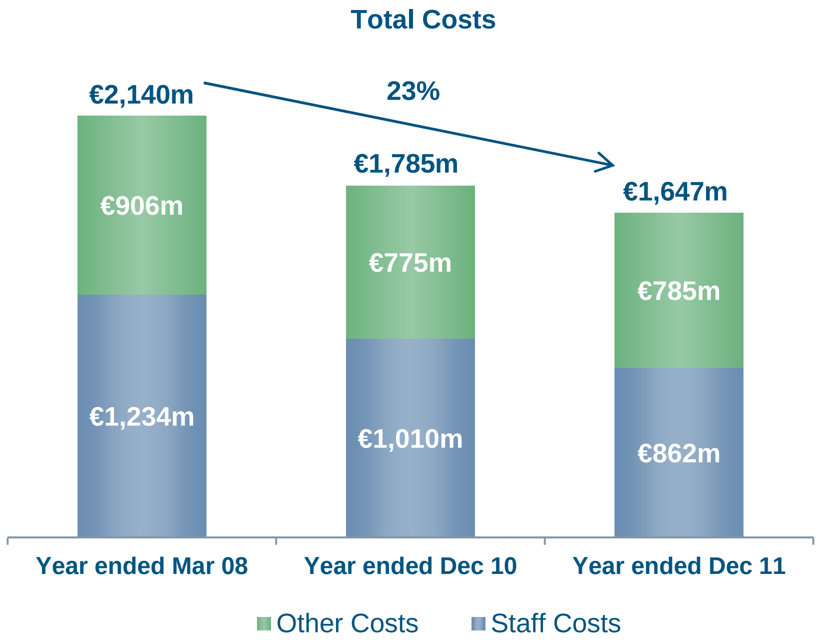
Bank of Ireland Life

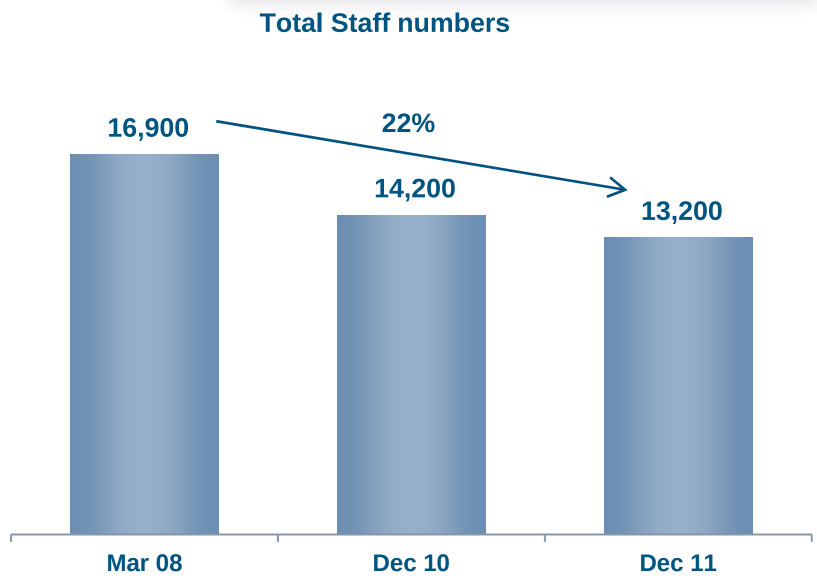
- Operating Income from Bank of Ireland Life was €11m (6%) lower in the year ended Dec 11 compared to the year ended Dec 10 primarily due to a lower persistency experience partly offset by higher product margins

Other Items

- Other items decreased by €158m in the year ended Dec 11 compared to the year ended 31 Dec 10, mainly driven by one off items in the current and prior years (see slide 43) including
  - Sale of BIAM, BoISS and FCE
  - Movement in the value of international investment properties
  - Changes arising on the disposal of AFS bonds

Operating Expenses





Staff numbers on a point in time basis

- Operating Expenses decreased by c.€500m or c.23% since the peak in March 2008
- Operating Expenses decreased by €138m or 8% in 2011 as compared to 2010:
  - Lower pension charges of €83m
  - Lower other staff costs of €65m
  - Impact from the sale of BIAM, BOISS & FCE
  - Partly offset by increase in Other costs of €10m which incorporates investments in infrastructure and transition costs associated with new outsourcing contracts changes during 2011

- Staff numbers have reduced by c. 3,700 since March 2008
  - Productivity and other initiatives - c.3,100
  - Business disposals - c.600
- The Group is maintaining a rigorous focus on cost management
  - Continuing consolidation of operations
  - Streamlining of activities

Non-Core Items

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Non-core items

Year ended	Dec 10 €m	Dec 11 €m
Gain on liability management exercises	1,413	1,789
Loss on deleveraging of loan books	-	(565)
Widening of BoI Credit Spreads	360	56
Impact of changes in pension benefits	733	2
Other	3	49
Total non-core items	**2,509**	**1,331**

Loan Book Deleveraging

Portfolio	Volume €bn	Loss €bn
UK Investment Property	1.5	(0.3)
UK Mortgages	1.4	(0.1)
Project Finance	1.0	(0.1)
US Investment Property	0.8	-
Other International Loans	2.9	(0.1)
Total completed in 2011	**7.6**	**(0.6)**
Burdale / Project Finance completing in early 2012	1.0	-
Total	**8.6**	**(0.6)**
Average Discount		**7.1%**

Total non-core gains in 2011 reflect:

- Gains on Liability Management Exercises of €1.8bn contributing to the 2011 PCAR capital requirement
- Losses on deleveraging of €0.6bn

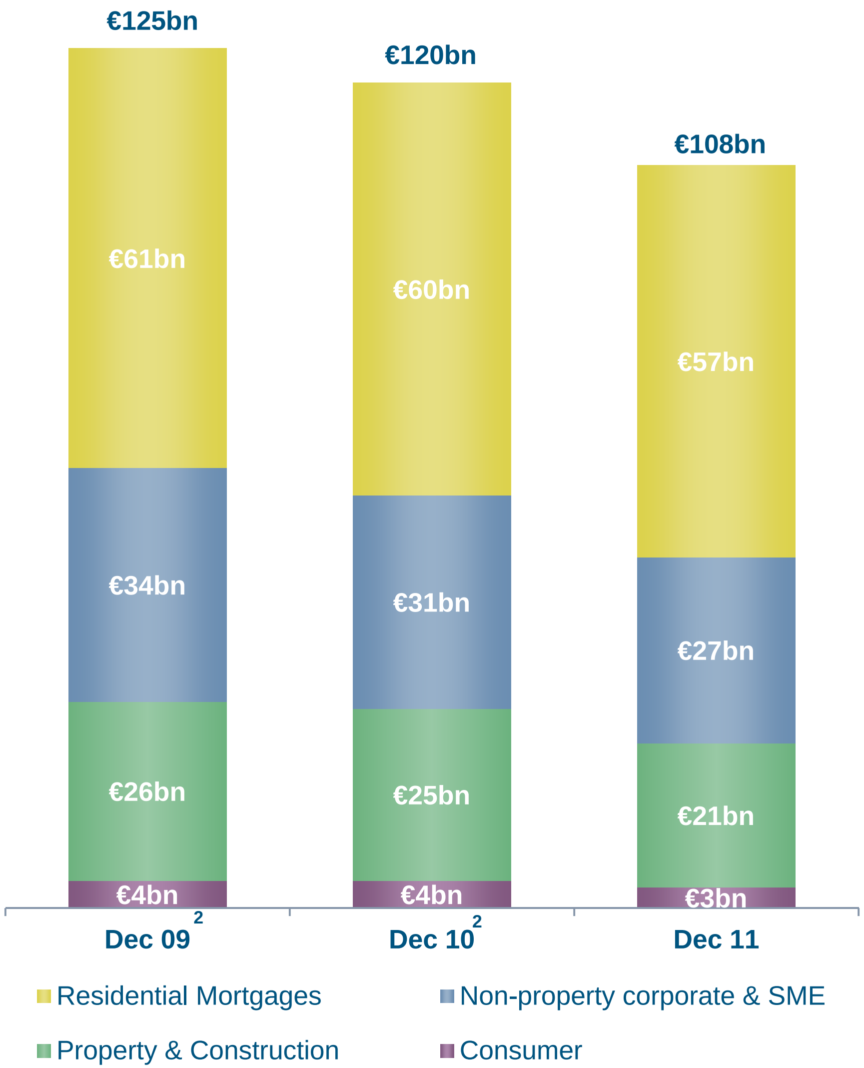
- Loan disposals of €8.6bn achieved during 2011 at an average discount of 7.1% which is within the base case discounts assumed in 2011 PCAR
- Deleveraging of €7.6bn completed by Dec 11 – other disposals (Burdale, Project Finance) of €1.0bn completing in early 2012.
- Expect that the total divestments of €10bn will be achievable well within the overall 2011 PCAR base case assumption discounts

Section 3

Asset Quality

Profile of total loans[1]

Bank of Ireland Group



Geographic Profile of loans and advances to customers[1&3]

31 Dec 11	RoI €bn	UK €bn	RoW €bn	Total €bn	Total %
Mortgages	28	29	-	**57**	**53%**
Non-property corporate and SME	13	8	6	**27**	**25%**
SME	*11*	*4*	*-*	***15***	***14%***
Corporate	*2*	*4*	*6*	***12***	***11%***
Property and construction	9	11	1	**21**	**19%**
Investment property	*7*	*9*	*1*	***17***	***16%***
Land and development	*2*	*2*	*-*	***4***	***3%***
Consumer	2	1	-	**3**	**3%**
Total	**52**	**49**	**7**	**108**	**100%**
Total – Geographic Split	**49%**	**45%**	**6%**	**100%**	

- Loan book reduced by €12bn or 10% between Dec 10 and Dec 11 due to:
  - Loan portfolio divestments
  - Loan repayments
  - Subdued demand for new lending
- Geographic profile – 49% ROI, 51% UK/RoW

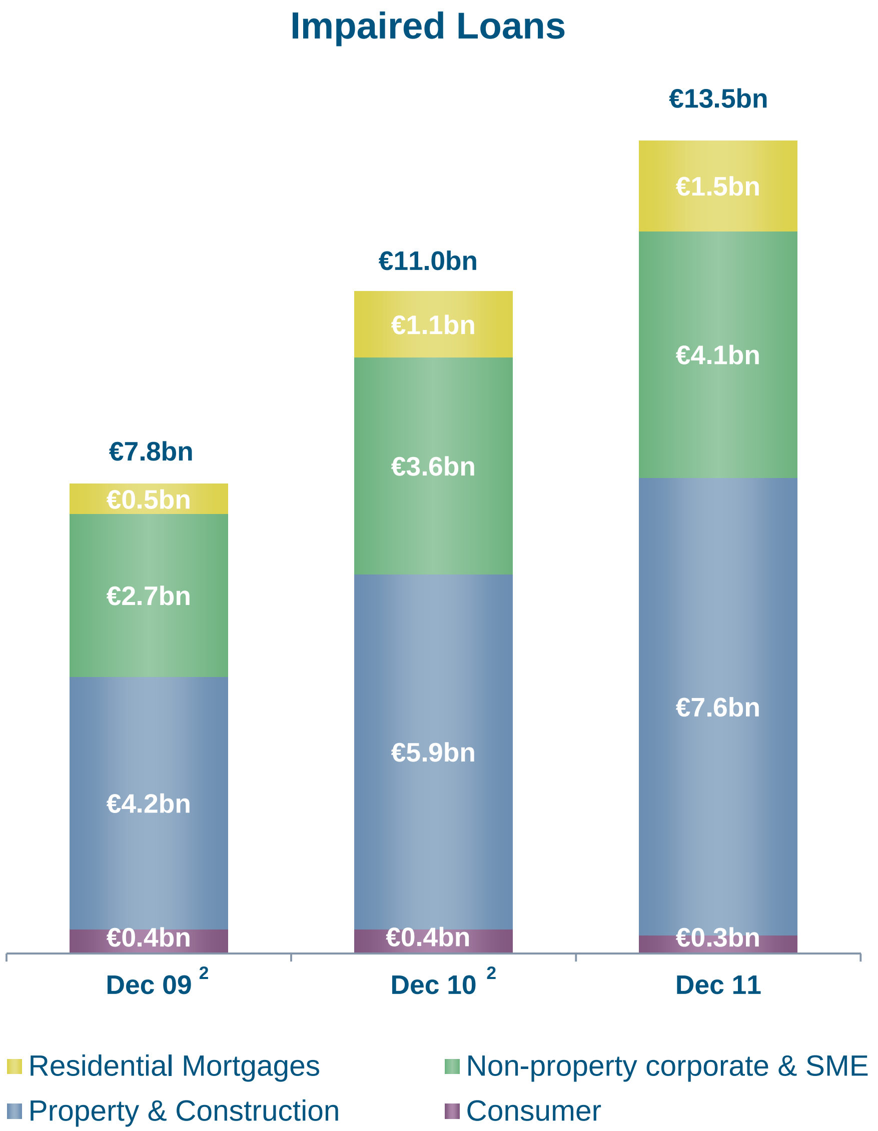
[1] Before balance sheet impairment provisions of €3.6bn at Dec 09, €4.9bn at Dec 10, and €6.4bn at Dec 11

[2] Dec 09 and Dec 10 presented on a proforma basis to reflect changes to NAMA eligibility in 2011 while Dec 09 also presented to reflect the changes to NAMA eligibility resulting from the decision not to transfer land and development loans of less than €20m to NAMA. Dec 09 and Dec 10 now respectively includes €2.1bn and €0.3bn of loans (of which €1.1bn and €nil were impaired with impairment provisions of €0.5bn and €nil) which were previously classified as assets held for sale to NAMA

[3] Based on geographic location of customer

Composition of Impaired Loans[1]

Bank of Ireland Group



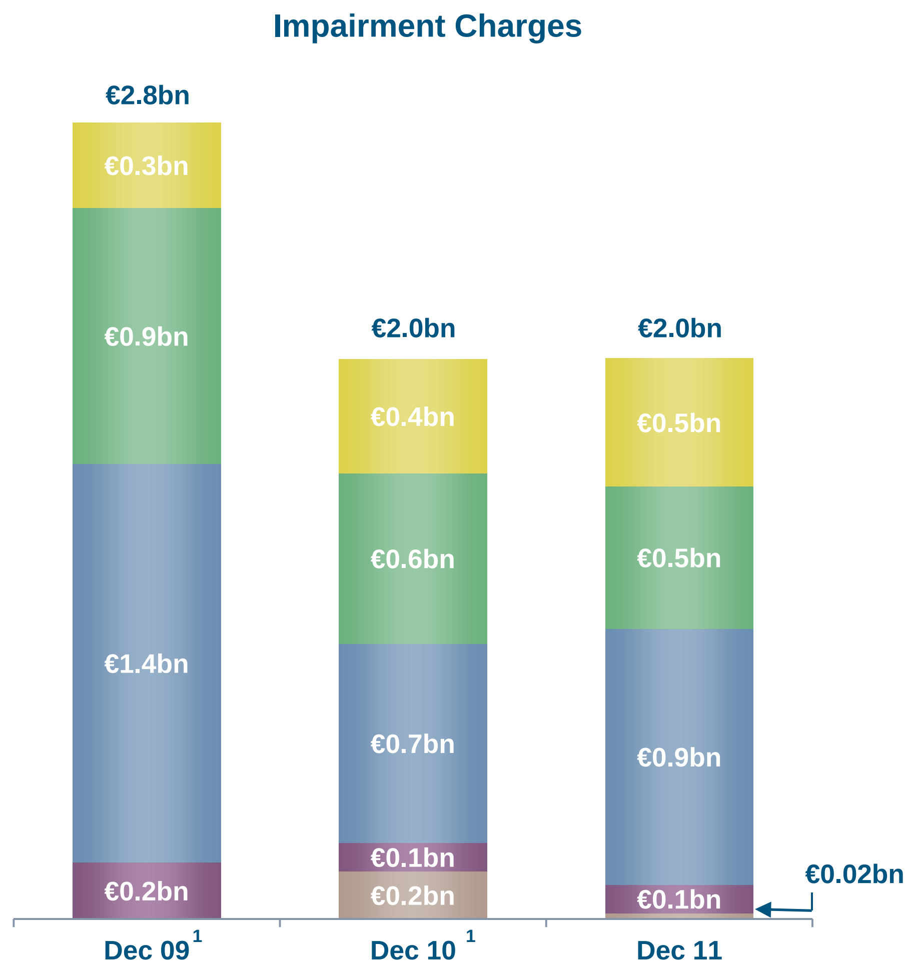
- Total impaired loans increased by €2.5bn or 23% in 2011
- The increase of €2.5bn arises from
  - €1.7bn or 68% primarily relates to investment property loans
  - €0.4bn or 16% relates to residential mortgages
  - €0.4bn or 16% relates to Non-property corporate & SME loans
- Increase impacted by
  - General economic conditions in Ireland
  - High levels of unemployment, lower disposable incomes and weak consumer sentiment
  - Elevated level of business insolvencies
  - Depressed asset values and low level of transactions in property markets

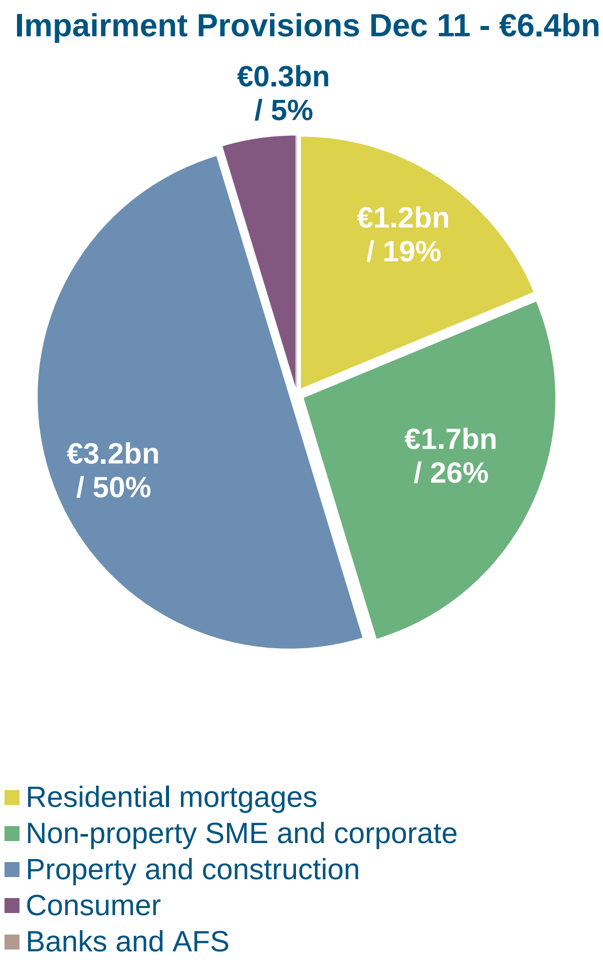
[1] 'Impaired loans' are defined as loans with a specific impairment provision attaching to them together with loans which are more than 90 days in arrears (excluding residential mortgages).

[2] Dec 09 and Dec 10 presented on a proforma basis to reflect changes to NAMA eligibility in 2011 while Dec 09 also presented to reflect the changes to NAMA eligibility resulting from the decision not to transfer land and development loans of less than €20m to NAMA. Dec 09 and Dec 10 now respectively includes €2.1bn and €0.3bn of loans (of which €1.1bn and €nil were impaired with impairment provisions of €0.5bn and €nil) which were previously classified as assets held for sale to NAMA

Impairment Charges and Provisions

Bank of Ireland Group





[1] The analysis of the impairment charge for the year ended 31 December 2009 and the year ended 31 December 2010 between loans and advances to customers and assets held for sale to NAMA has been re-presented on the basis of the loans sold to NAMA during the year ended 31 December 2011 and the year ended 31 December 2010 to enhance comparability with no change to the total impairment charge.

ROI Owner Occupied Mortgages: €21bn[1]

Bank of Ireland Group

Loans – greater than 90 days past due

	Dec 09	Dec 10	Dec 11
Industry*			
Loan Volume	451bps	739bps	1,229bps
No. of Cases	361bps	566bps	922bps
Bank of Ireland			
Loan Volume	327bps	484bps	740bps
No. of Cases	261bps	376bps	560bps

* Source: Central Bank of Ireland

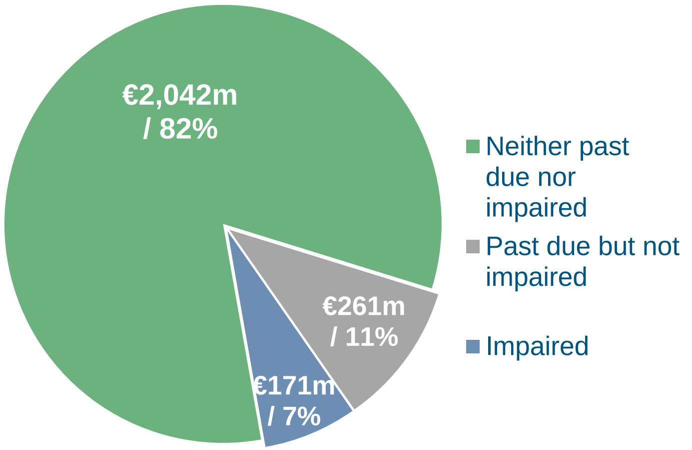
Impairment Charges & Provisions

	Dec 09	Dec 10	Dec 11
Impairment charge	€101m	€176m[2]	€182m
Impairment charge (bps)	54bps	85bps[2]	88bps
Impairment Provision stock	€129m	€307m	€489m
Coverage Ratio[3]	19%	31%	32%
Properties in possession	18	65	99

Restructuring Arrangements

- Owner occupied mortgages that have been restructured amount to €1.2bn at Dec 11 of which €0.2bn were '> 90 days past due' and/or 'impaired'
- Restructured mortgages are paying at least full interest
- Sustainable solutions to support customers in financial difficulty

Negative Equity - €2.5bn[4]



- Of the total negative equity of €2.5bn, 82% or €2.0bn is in the book that is 'neither past due nor impaired'

[1] Before impairment provisions of €489m
[2] Dec 10 reflects the impact of increasing the peak to trough house price decline assumption from 45% to 55% which increased the Dec 10 charge by approximately €40m
[3] Impairment provisions as a % of impaired loans together with loans where arrears are greater than 90 days past due
[4] Property values are determined by reference to the original or latest property valuations held, indexed to the Residential Price Index published by the Central Statistics Office

ROI Buy to Let Mortgages: €7bn[1]

Loans – greater than 90 days past due

	Dec 09	Dec 10	Dec 11
Bank of Ireland			
Loan Volume	568bps	938bps	1,681bps
No. of Cases	340bps	591bps	1,076bps

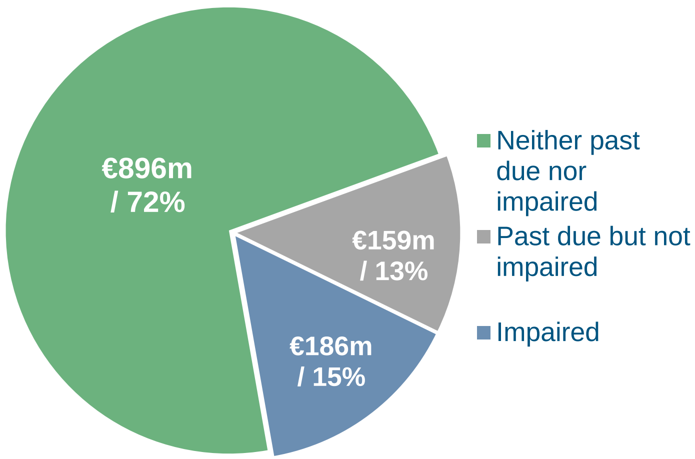
Restructuring Arrangements

- Buy to let mortgages that have been restructured amount to €0.6bn at Dec 11 of which €0.1bn were '> 90 days past due' and/or 'impaired'
- Restructured mortgages are paying at least full interest
- Sustainable solutions to support customers in financial difficulty

Impairment Charges & Provisions

	Dec 09	Dec 10	Dec 11
Impairment charge	€92m	€165m[2]	€262m
Impairment charge (bps)	103bps	236bps[2]	374bps
Impairment Provision stock	€115m	€268m	€537m
Coverage Ratio[3]	27%	40%	46%
Properties in Possession	10	20	67

Negative Equity - €1.2bn[4]

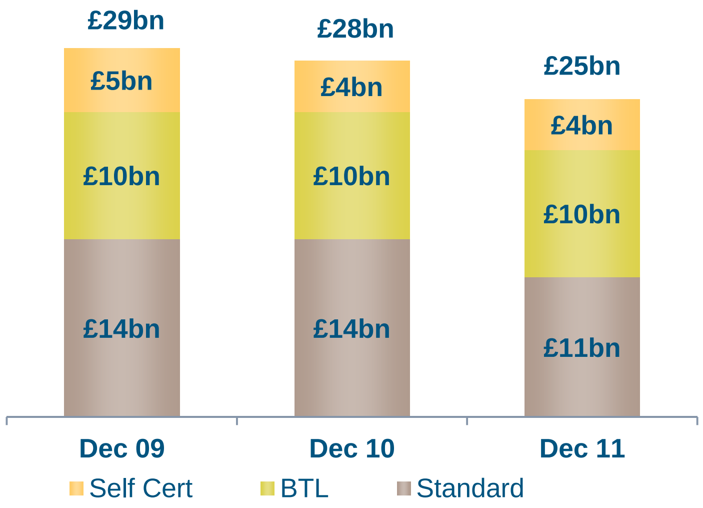


- Of the total negative equity of €1.2bn, 72% or €0.9bn is in the book that is 'neither past due nor impaired'

[1] Before impairment provisions of €537m
[2] Dec 10 reflects the impact of increasing the peak to trough house price decline assumption from 45% to 55% which increased the Dec 10 charge by approximately €60m
[3] Impairment provisions as a % of impaired loans together with loans where arrears are greater than 90 days past due
[4] Property values are determined by reference to the original or latest property valuations held, indexed to the Residential Price Index published by the Central Statistics Office

UK Residential Mortgages: £25bn[1] / €29bn

Profile of UK Residential mortgages



Arrears – greater than 3 months past due[2]

	Dec 09	Dec 10	Dec 11
Standard	97bps	127bps	128bps
Buy to let	185bps	192bps	166bps
Self cert	454bps	545bps	416bps
Total	171bps	199bps	178bps

Impairment Charges and Provisions

	Dec 09	Dec 10	Dec 11
Impairment charge - £	£92m	£54m	£22m
Impairment charge - bps	31bps	19bps	8bps
Impairment Provision	£102m	£129m	£111m
Coverage Ratio[3]	16%	17%	18%
Properties in Possession	305	317	273

UK Mortgages – £25bn or 27% of Group loans and advances to customers

- £3bn or 11% reduction in the portfolio - Dec 11 versus Dec 10
- Intermediary sourced mortgages down £3.5bn or 14% in 2011 (including £1.3bn disposals)
- £8.7bn or 26% decline since portfolio placed in run-off in Q1 2009

House Prices

- UK house prices up 1% during 2011; down 11% since peak in Oct 07 (*Nationwide*)

Negative Equity

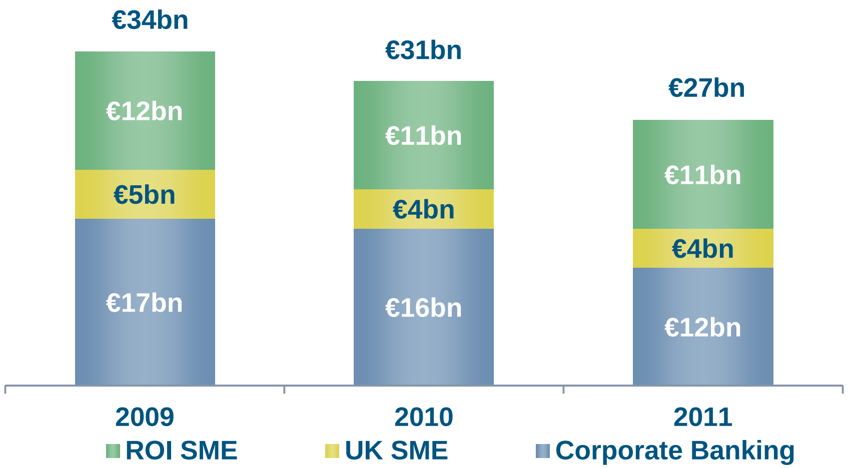
- Negative equity of £161m at Dec 11 (Dec 10 £156m)

[1] Before impairment provisions of £111m
[2] No. of cases > 3 mths in arrears excluding possessions
[3] Impairment provisions as a % of impaired loans together with loans with arrears greater than 90 days past due

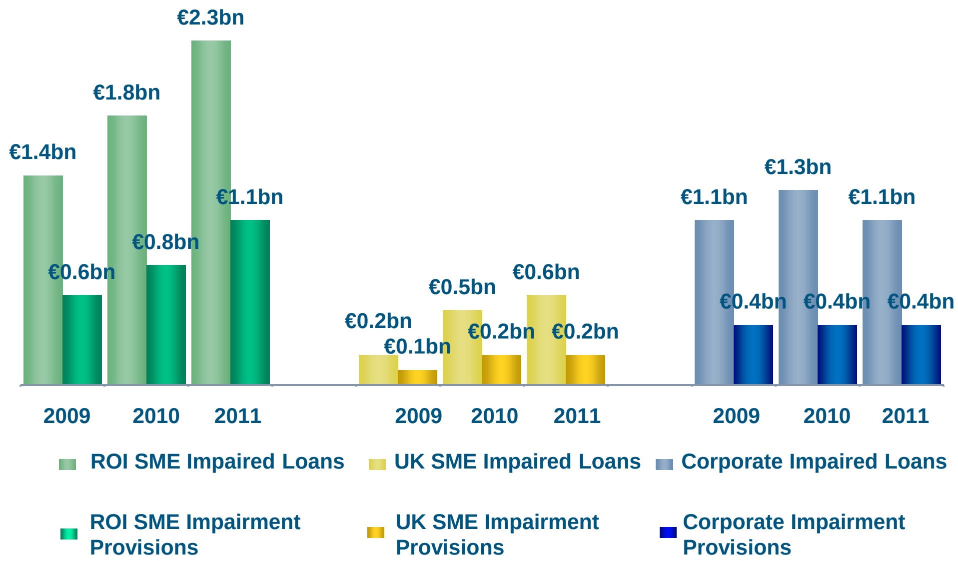
Non-Property Corporate & SME Loans: €27bn[1]

Bank of Ireland Group

Profile of Loans



Impaired Loans & Provisions



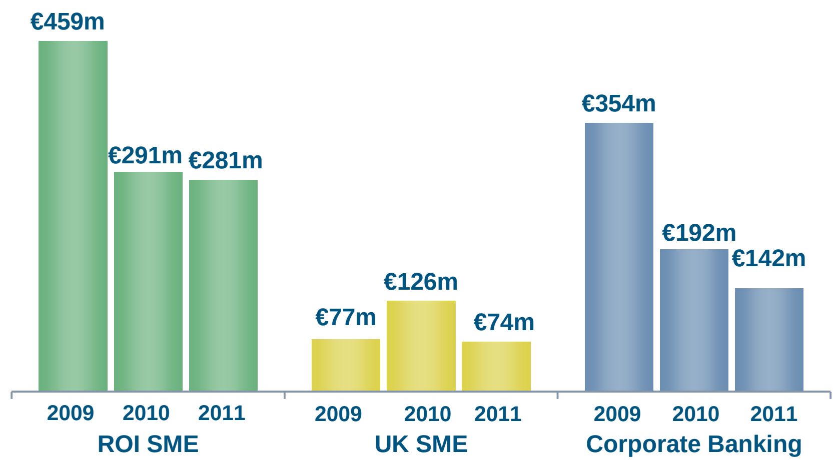
Non-property corporate and SME - €27bn or 25% of Group loan book

- €4bn or 14% reduction in portfolio during 2011, of which €3.9bn was divestments
- Portfolio remains diversified across a range of sectors and geographies
  - 52% Ireland, 28% UK and 20% RoW

Asset Quality

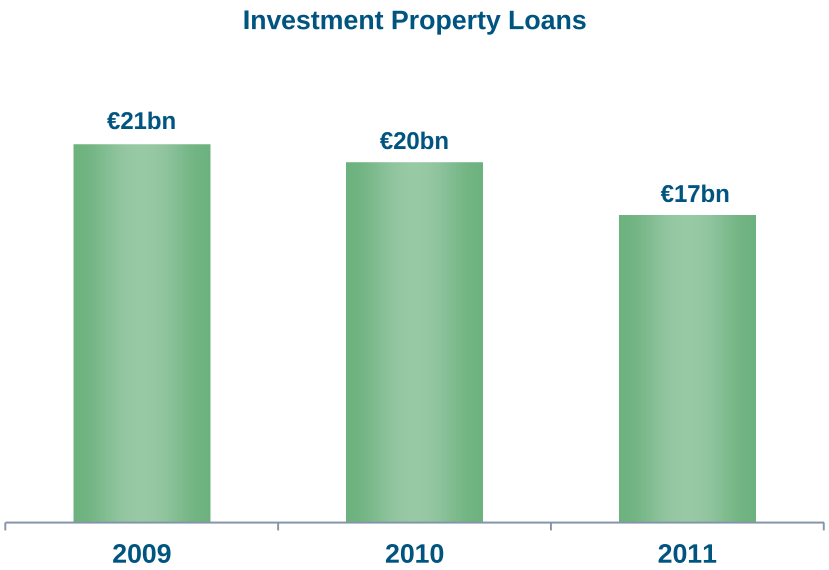
- Irish SME sector – ongoing pressure, particularly segments correlated with consumer spending / property markets
- UK SME – economic conditions subdued
- International Corporate – more favourable economic conditions

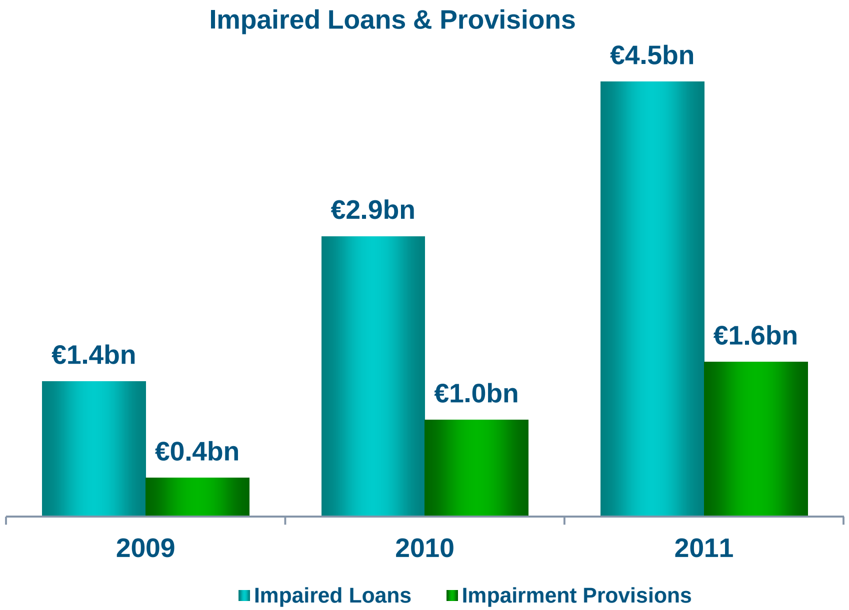
Impairment Charges



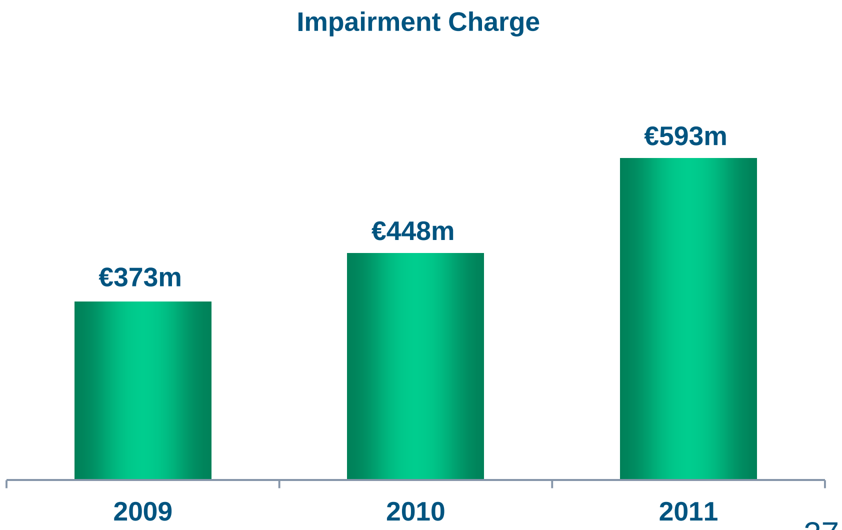
[1] Before impairment provisions of €1.7bn

Investment Property Loans: €17bn[1]





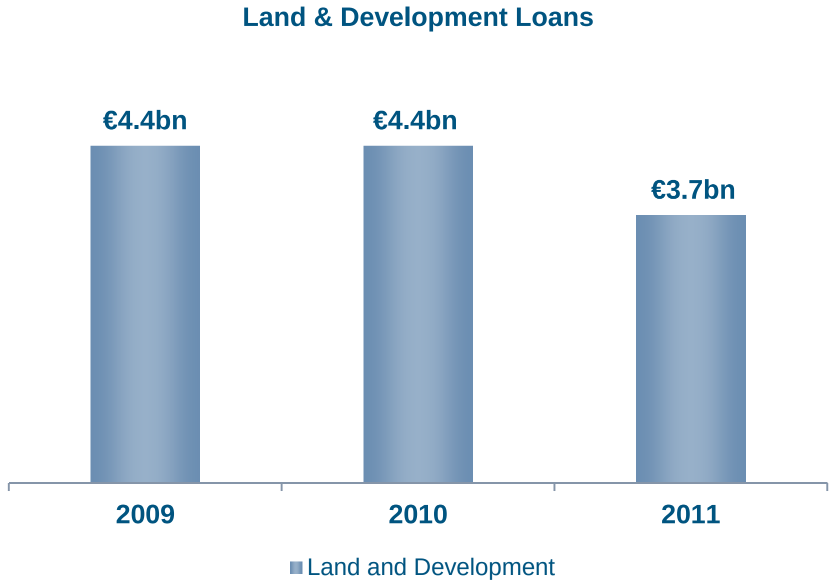
- Investment Property - €17bn or 16% of loan book
- €3bn or 17% reduction in portfolio in 2011 (including €2.3bn of divestments)
- Portfolio is diversified:
  - 45% Ireland, 52% UK and 3% RoW
  - Retail - 34%, Office - 22%, Industrial - 11% and other - 33%
- Increase in impaired loans reflects the impact of weak economic environment, lower rental income and higher vacancy rates resulting in depressed asset values

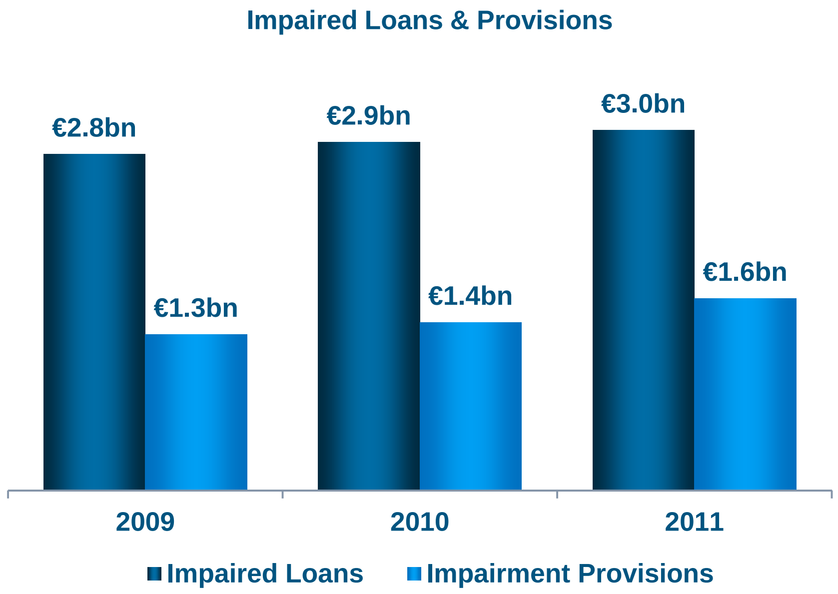


[1] Before impairment provisions of €1.6bn

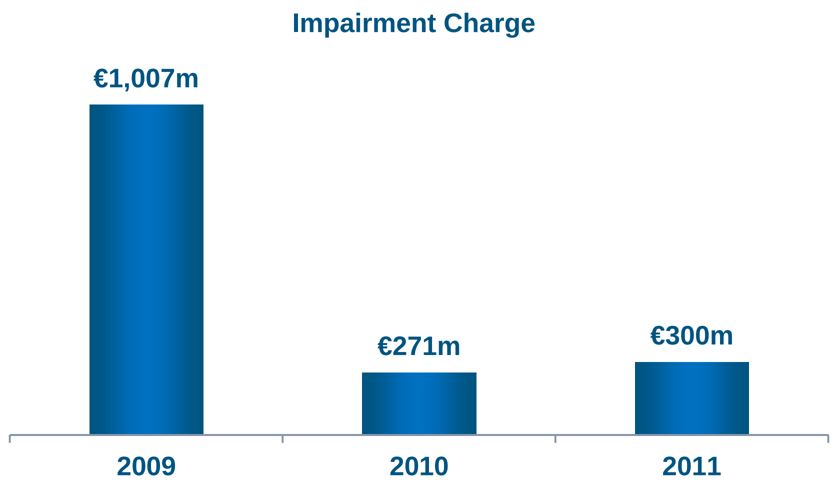
Land & Development Loans: €3.7bn[1]

Bank of Ireland Group



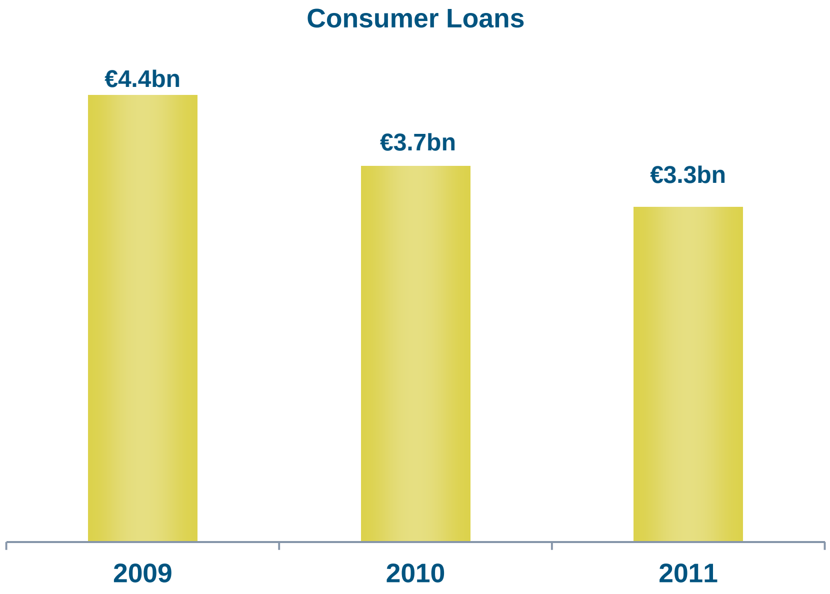


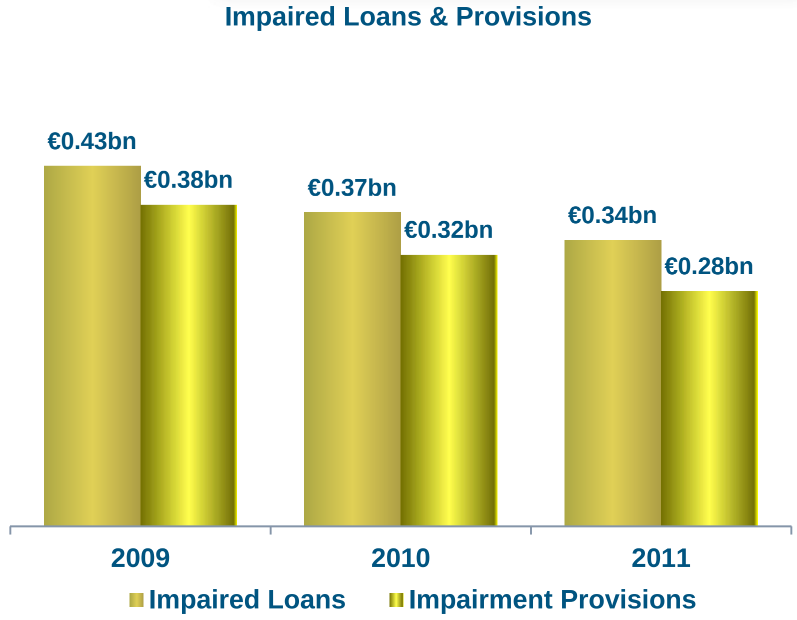
- Land & Development - €3.7bn or 3% of the Group's loan book
- Portfolio profile:
  - c. 60% Ireland, c.40% UK
  - c. 58% land, c.42% development
- 83% is impaired with a coverage ratio of 54%



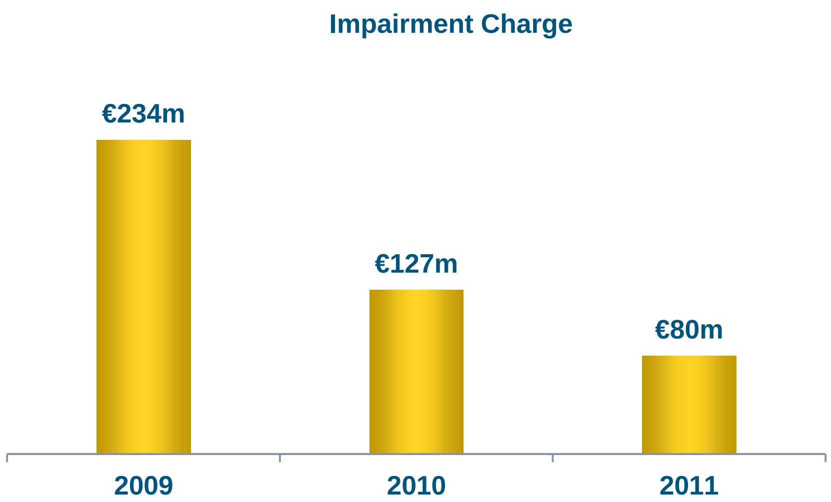
[1] Before impairment provisions of €1.6bn

Consumer Loans: €3.3bn[1]





- Consumer Loans - €3.3bn or 3% of the Group's loan book
- 10% reduction in portfolio in 2011
- Portfolio diversified
  - 60% Ireland, 40% UK
  - 38% credit cards, 31% loans and overdrafts, 31% car loans
- Asset quality – 10% of portfolio impaired with a coverage ratio of 82%



[1] Before impairment provisions of €278m

Available for sale financial assets and NAMA senior bonds

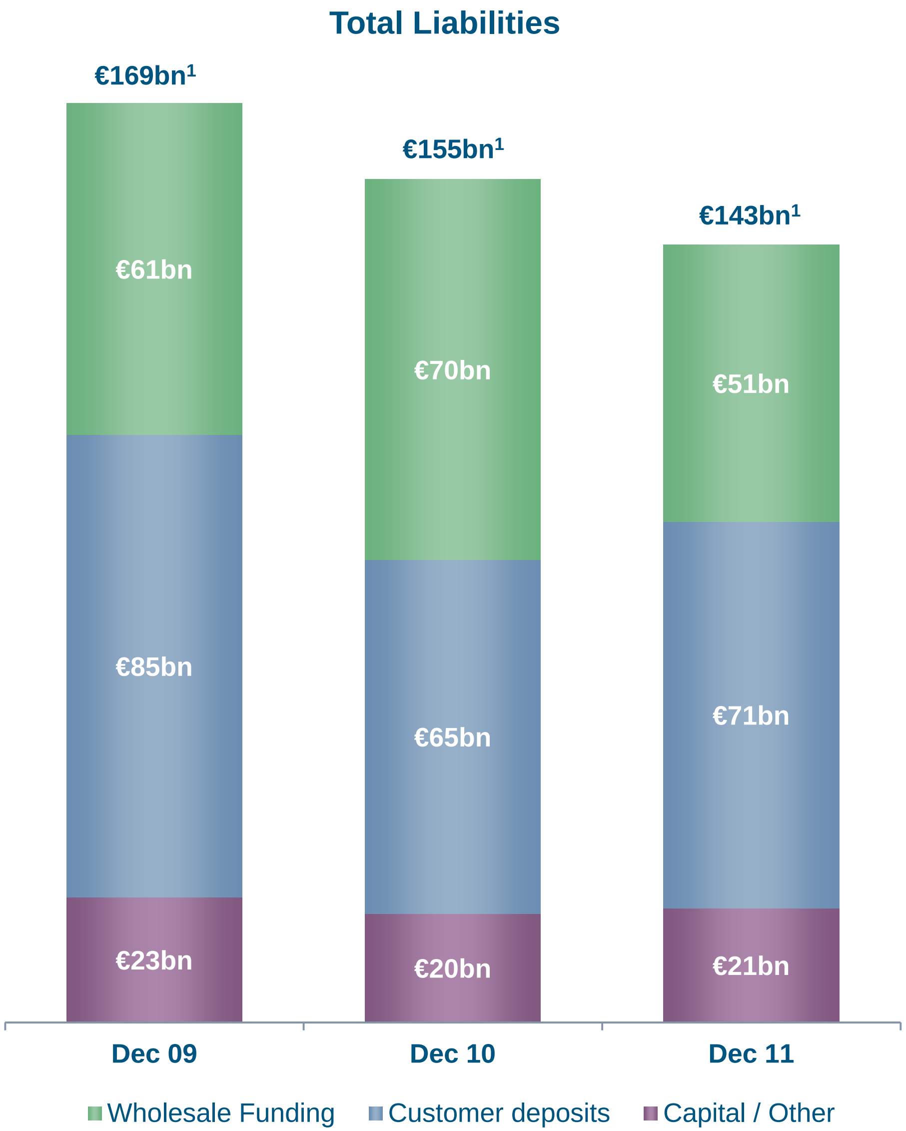
Bank of Ireland Group

	2010		2011	
	Portfolio fair value €bn	AFS Reserve €bn	Portfolio fair value €bn	AFS Reserve €bn
Irish Sovereign Bonds	3.1	(0.3)	4.2	(0.2)
UK Sovereign Bonds	0.6	-	0.3	0
Senior Bank Debt	6.3	(0.1)	1.4	(0.1)
Covered Bonds	4.4	(0.2)	3.5	(0.3)
Asset Backed Securities	1.2	(0.2)	0.9	(0.1)
NAMA Senior Bonds	5.1	-	5.0	-
Total AFS Assets and NAMA Senior Bonds	**20.7**	**(0.8)**	**15.3**	**(0.7)**

Section 4

Funding and Capital

Balance Sheet funding



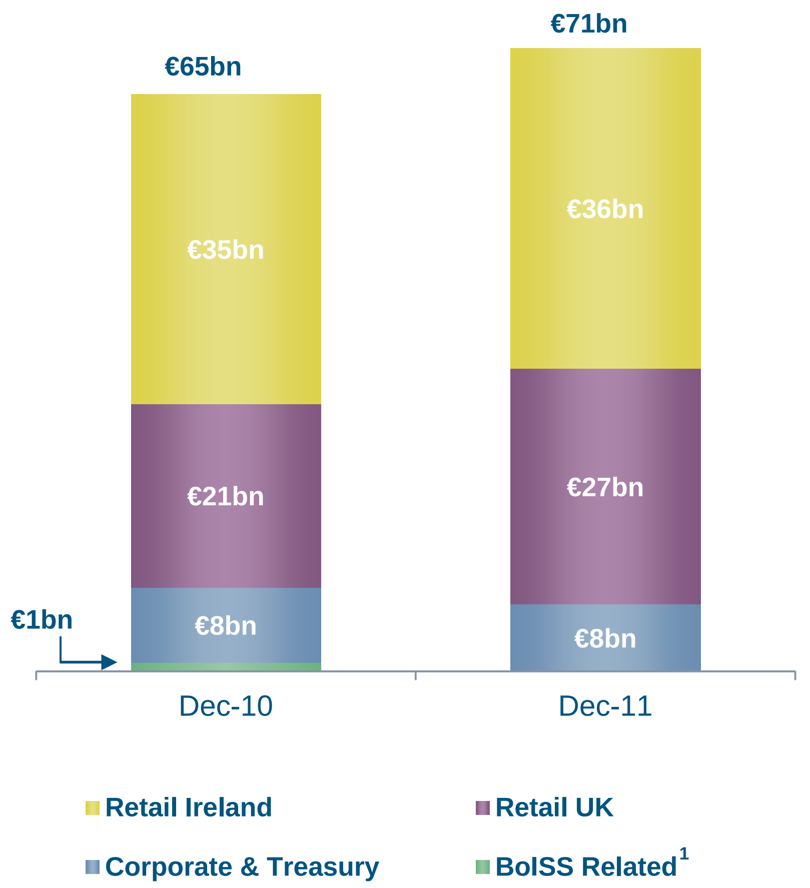
Funding Strategy

- The Group aim to fund loan portfolios substantially through deposits and term funding dependent on
  - The ability to attract stable deposits at appropriate pricing
  - Reduce the quantum of deposits covered by ELG
  - The availability of term wholesale funding
  - The maintenance of prudent capital and liquidity ratios
- Drive deposit strategies through the strength of our franchise and the scale of our distribution
- Target a loan to deposit ratio of <120% by Dec 2014
- Deleveraging international loan books
  - 86% of the 3 year divestment target of the €10bn was announced during 2011. Redemption / repayments are also on target

[1] Excludes Bank of Ireland Life funds held on behalf of policyholders: Dec 09 €11.7bn, Dec 10 €12.5bn and Dec 11 €12.0bn

Customer deposits

Profile of Deposits



Group

- Deposits increased by 8% since Dec 10 (€8bn since July 11)
- Growth was achieved in each division with UK Post Office deposits growing significantly during 2011
- Loan to deposit ratio of 144% at Dec 11 a 31% reduction from 175% at Dec 10
- Average volume of deposits covered by ELG down by €20bn during 2011
- Profile is highly granular and retail oriented
- Key challenge for 2012 is to improve deposit margins while reducing the quantum of deposits covered by ELG

Retail Ireland

- Intense competition has led to elevated pricing
- Customer deposits increased by 2% during 2011

Retail UK

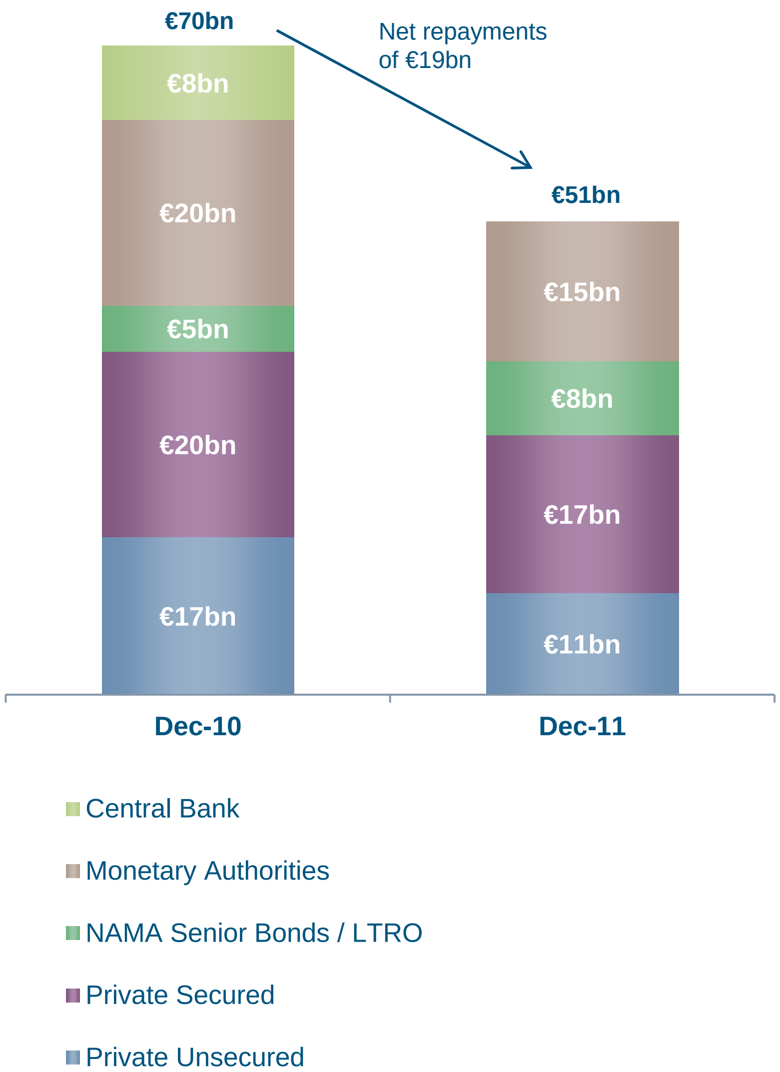
- Post Office exceeded expectations with growth of £5bn in 2011; total book is now £16bn
- Our UK Post Office JV has c. 1.5 million deposit customers; average deposit account size £17k

Corporate & Treasury

- Deposits increased by €1.3bn since July 2011

[1] BOISS was sold in June 2011

Wholesale funding profile



Wholesale Funding

- Quantum of wholesale funding has decreased by €19bn from €70bn at Dec 10 to €51bn at Dec 11
- Reduction is driven by asset deleveraging, growth in deposits and recapitalisation proceeds
- Exceptional liquidity facilities from the Central Bank were €nil at end Dec 11 (€8bn at Dec 10)

Term Issuance during 2011

- Group raised €4.2bn of unguaranteed secured term funding backed by UK mortgage assets
- Weighted average duration of 2.4 years
- Weighted average spread of 250bps over 3mth Euribor

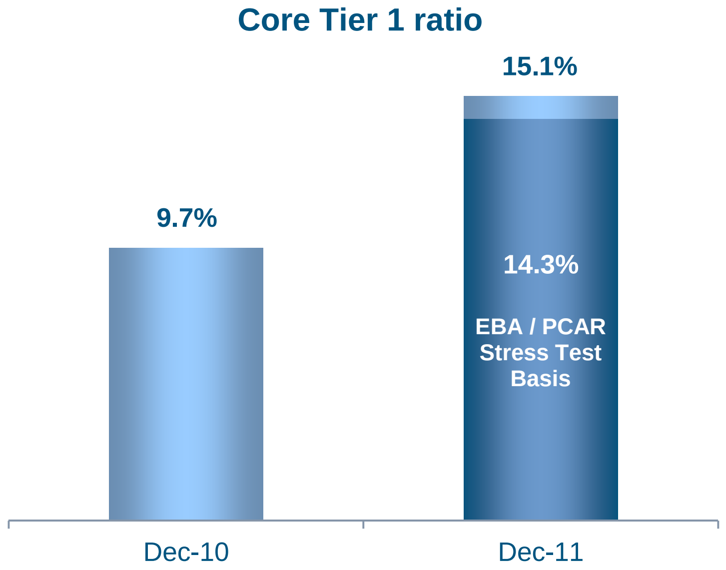
3 year LTRO from ECB

- Dec 11 – extended the term of existing ECB funding - €7.5bn participation

Term funding ratio

- €28bn or 55% of wholesale funding had a remaining term of > 1 year to maturity at Dec 11
- Low unsecured refinancing requirement in 2012 of €2.7bn

Capital



Risk Weighted Assets (RWA)

- €12bn or 15% reduction in RWAs due to:
  - Reduction in Loans and advances to customers
  - Impact of higher impaired loans
  - Lower market and operational risk
  - Partly offset by impact of FX rates and some RWA re-weightings based on credit model experience

Contingent Capital

- Contingent Capital (Tier 2) of €1bn issued in July 2011

Core Tier 1 ratio

- Core tier 1 ratio of 15.1% in 2011 reflects;
  - Generation of 2011 PCAR requirement of €4.2bn
  - Lower RWAs
  - Partly offset by underlying loss in the period

Core Tier 1 ratio (EBA / PCAR Stress Test Basis)

- Core tier 1 ratio of 14.3% compared to 2011 PCAR requirement of 10.5%[1]

[1] As stated in the Financial Measures Programme the Central Bank has moved to a super equivalent definition of Core Tier 1 "*the Central Bank applied capital requirement rules and a definition of Core Tier 1 capital as prescribed by the Capital Requirement Directive, which is the prevailing regulatory standard in the EU. To increase conservatism the Central Bank has included all supervisory deductions, including 50:50 deductions*"

Summary and Outlook

Bank of Ireland Group

- Substantial progress made in 2011 at strengthening the Group's capital and funding position

- We remain focused on achieving all of our targets
  - Balance sheet restructuring and cost reduction targets on track within previously envisaged timeframe
  - Timing and pace of achieving our income related targets is dependent on the pace of economic recovery, the trajectory of interest rates and reduction in deposit pricing including ELG costs
  - Pace of the reduction in impairment charges will be particularly dependent on the future performance of our Irish residential mortgage book and commercial property markets

- Bank of Ireland continues to progress our key priorities in a structured, focussed and disciplined manner

- Rebuilding profitability is a key focus for 2012

Supplementary Information

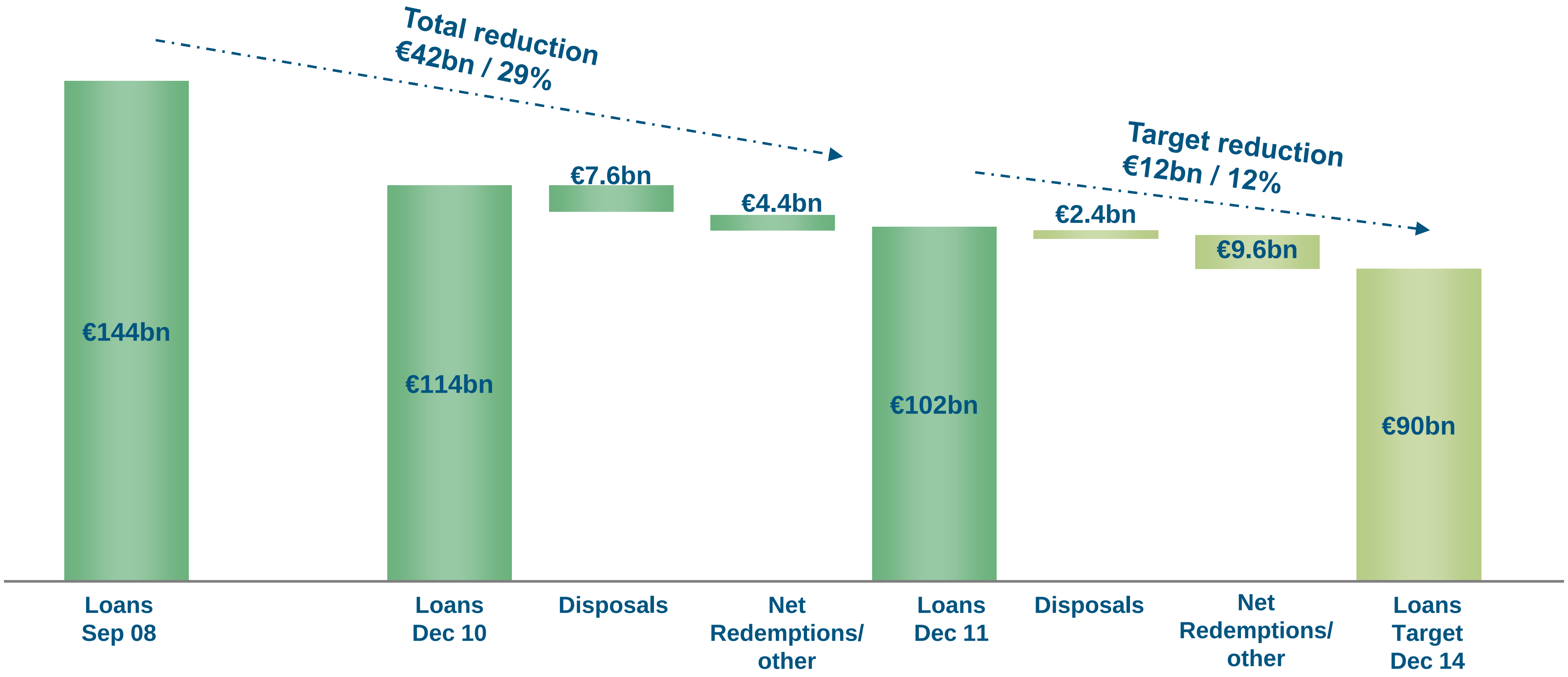
Supplementary

Bank of Ireland Group

- Asset Deleveraging
- Deposit Growth
- EU Restructuring Plan
- Divisional Performance
- Net Other income analysis
- Summary Balance Sheet
- Group Loan Book asset quality profile
- Impaired loans and impairment provisions
- Stockholders' Equity and TNAVs
- Abbreviations
- Contact details

Asset Deleveraging

Bank of Ireland Group

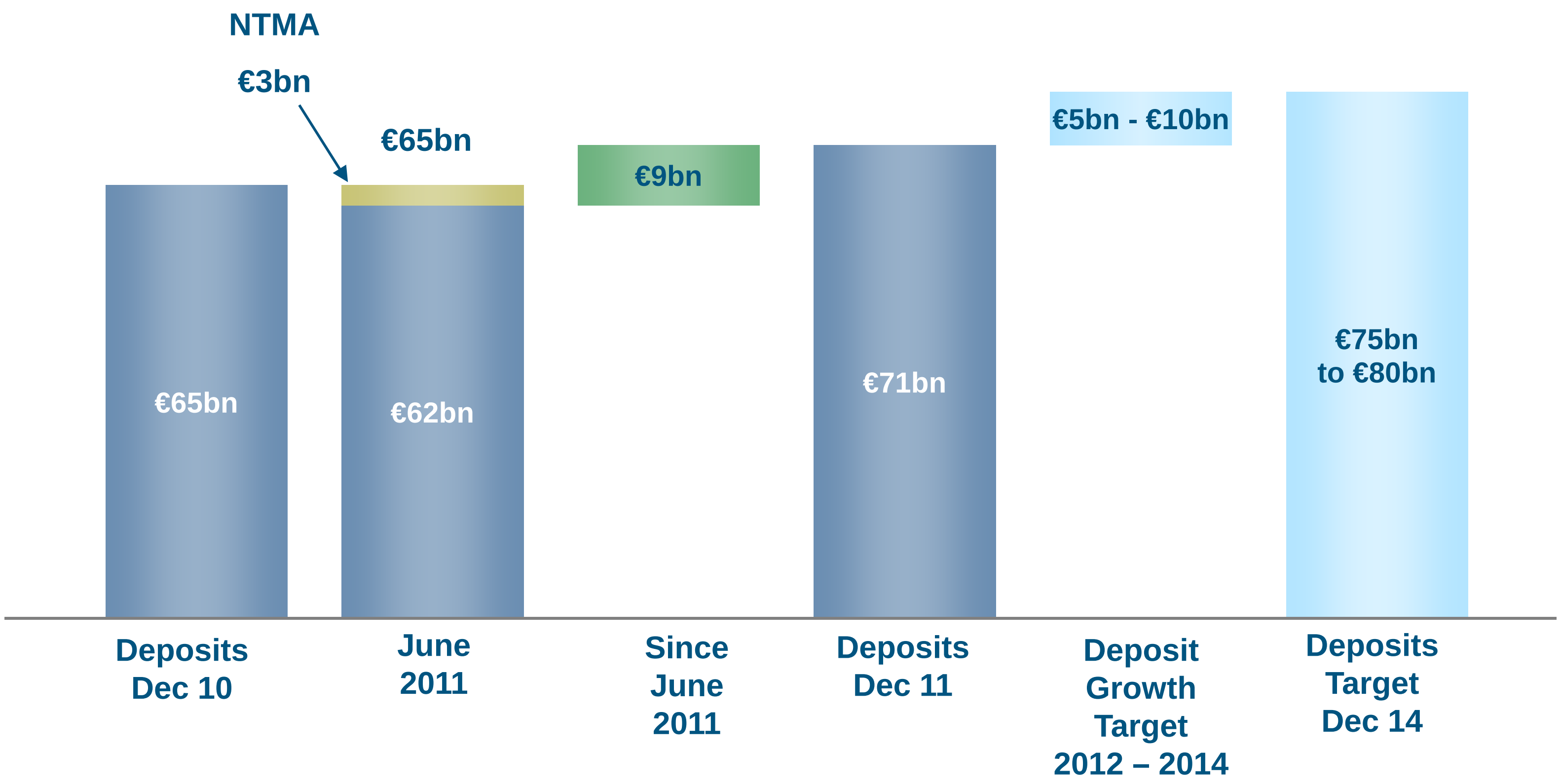


Substantial asset deleveraging achieved from September 08 to December 2011

- €42bn (29%) reduction from peak loan book
- €8.6bn asset divestments announced in 2011 within PCAR base case assumption discounts; €7.6bn completed by Dec 11 with remaining €1bn completing in early 2012
- Loan book reduced by €12bn in 2011, with net €12bn in targeted reductions over 3 years (2012 – 2014) which is expected to be achievable

Deposit Growth

Bank of Ireland Group



- Circa €5bn - €10bn deposits required over 3 years to meet Dec 2014 target
- Average deposits covered by ELG reduced by €20bn from €46bn during 2010 to €26bn during 2011

EU Restructuring Plan – Approved

Bank of Ireland Group

2010 Plan	▪ Divestment commitments ahead of schedule – sale of BIAM, Paul Capital & FCE complete ▪ Deleveraging commitments ahead of plan	✓
2011 Plan	▪ Approved by the European Commission on 20 December 2011 ▪ Strategic shape of the Group reconfirmed ▪ Further deleveraging commitments are consistent with 2011 PCAR/PLAR ▪ Timeframe for disposal of New Ireland Assurance Company extended ▪ ICS Building Society now retained ▪ Behavioural Commitments (ordinary dividend / acquisition ban and competition initiatives)	✓

Divisional Performance

Bank of Ireland Group

Year ended 31 Dec 11	Retail Ireland €m	BIL €m	Retail UK €m	Corporate & Treasury €m	Group Centre €m	Total €m
Total Income	1,146	127	486	786	(487)	2,058
Expenses	(861)	(101)	(380)	(187)	(118)	(1,647)
Operating profit pre-impairment	**285**	**26**	**106**	**599**	**(605)**	**411**
Impairment – customer loans	(1,297)		(435)	(207)	-	(1,939)
Impairment – banks and AFS	-	-	-	(21)	-	(21)
NAMA – loss on disposal & impairment charge	(8)	-	(31)	15	13	(11)
Share of Associates/JVs (after tax)	3	-	36	-	-	39
Underlying[1] (loss)/profit before tax	**(1,017)**	**26**	**(324)**	**386**	**(592)**	**(1,521)**

Year ended 31 Dec 10	Retail Ireland €m	BIL €m	Retail UK €m	Corporate & Treasury €m	Group Centre €m	Total €m
Total Income	1,357	173	654	928	(310)	2,802
Expenses	(919)	(103)	(372)	(287)	(104)	(1,785)
Operating profit pre-impairment	**438**	**70**	**282**	**641**	**(414)**	**1,017**
Impairment – customer loans	(1,142)	-	(448)	(269)	-	(1,859)
Impairment – banks and AFS	-	-	-	(98)	(70)	(168)
NAMA – loss on disposal & impairment charge	(775)	-	(429)	(1,247)	(47)	(2,498)
Share of Associates/JVs (after tax)	12		37	-	-	49
Underlying[1] (loss)/profit before tax	**(1,467)**	**70**	**(558)**	**(973)**	**(531)**	**(3,459)**

Retail Ireland

- Net interest income impacted by lower loan volumes, higher cost of wholesale funding and deposits partly offset by improved lending margins
- Decrease in Other Income due to a fall in the value of investment properties in 2011 compared to a gain in 2010
- Impairment charges on customer loans remained elevated due to economic downturn, affordability issues including reduced disposable incomes and high levels of unemployment

BIL

- Reduction in income primarily driven by lower persistency experience partly offset by improved product margins

Retail UK

- Net interest income impacted by lower loan volumes, increased cost of wholesale funding, higher deposit costs partly offset by higher lending margins
- Other income was negatively impacted in 2010 by a number of one off charges
- Impairment charges on customer loans marginally lower

Corporate & Treasury

- Net interest income impacted by lower loan volumes, increased cost of wholesale funding partly offset by higher asset margins
- Other Income reflects the sale of BIAM and BOISS
- 23% reduction in impairment charges on customer loans

Group Centre

- Income is impacted by higher ELG fees partly offset by lower interest expense on subordinated liabilities.

[1] Underlying excluding non-core items. See slide 18 .

Net Other Income

Bank of Ireland Group

	Dec 2010 €m	Dec 2011 €m	Change %
Banking Businesses	526	512	(3%)
Bank of Ireland Life	180	169	(6%)
Recurring Business Income	706	681	(4%)
Other Items	103	(55)	
Net Other Income after IFRS classifications	809	626	(23%)

Other Items	Dec 2010 €m	Dec 2011 €m	Change €m
BIAM, BoISS and FCE Corporation (disposed during 2011)	97	31	(66)
Investment variance – Bank of Ireland Life	9	(28)	(37)
Transfer from available for sale reserve on AFS	15	(28)	(43)
Economic assumption changes – Bank of Ireland Life	(14)	(19)	(5)
NAMA related adjustments	(30)	14	44
European property investment provision	-	(13)	(13)
Change in valuation of international investment properties	26	(12)	(38)
	103	**(55)**	(158)

Banking Businesses

- Other income from banking and Corporate and Treasury businesses decreased by €14m (3%) in the year ended Dec 11 compared to the year ended Dec 10 reflecting the current economic environment

Bank of Ireland Life

- Operating Income from Bank of Ireland Life decreased by €11m (6%) in the year ended Dec 11 compared to the year ended Dec 10 due to lower persistency experience offset by higher product margins

Other Items

- Other items decreased by €158m in 2011 compared to 2010, mainly driven by one off items in the current and prior year
  - Sale of BIAM, BoISS, FCE
  - Value of international investment properties
  - Disposal of AFS bonds

Summary Balance Sheet

Bank of Ireland Group

Group Balance Sheet	Dec 10 €bn	Dec 11 €bn
Loans and advances to customers[1] (after impairment provisions)	114[1]	102
Assets held for sale to NAMA (after impairment provisions)	1	-
Liquid assets	30	31
BoI Life assets	13	12
Other assets	9	10
Total Assets	**167**	**155**
Customer deposits	65	71
Wholesale funding	70	51
BoI Life liabilities	13	12
Subordinated liabilities	3	1
Other liabilities	9	10
Total Liabilities	**160**	**145**
Stockholders Equity	7	10
Total Liabilities and Stockholders' Equity	**167**	**155**
Loan to Deposit Ratio	175%	144%

[1] Loans and advances to customers includes Other assets classified as Held for Sale and are presented net of impairment provisions of €6.4bn at December 2011 (€4.9bn at December 2010)

Group loan book asset quality profile

Bank of Ireland Group

Asset Quality	Dec 10[4]		Dec 11	
	€bn	%	€bn	%
High quality	65.1	54%	58.4	54%
Satisfactory quality	22.0	18%	16.0	15%
Acceptable quality	11.4	10%	9.5	9%
Lower quality but not past due nor impaired	4.4	4%	4.5	4%
Neither past due nor impaired	102.9	86%	88.4	82%
Past due but not impaired[1]	5.9	5%	6.2	6%
Impaired[2]	11.0	9%	13.5	12%
Total loans[3]	**119.8**	**100%**	**108.1**	**100%**

[1] 'Past due but not impaired' is defined as loans where repayment of interest and/or principal are overdue by at least one day but are not impaired

[2] 'Impaired loans' are defined as loans with a specific impairment provision attaching to them together with loans which are more than 90 days in arrears (excluding residential mortgages).

[3] Before balance sheet impairment provisions (Dec 10 - €4.9bn and Dec 11 - €6.4bn) 'past due but not impaired' is defined as loans where repayment of interest and/or principal are overdue by at least one day but are not impaired

[4] Dec 10 presented on a proforma basis to reflect the changes to NAMA eligibility in 2011. Dec 10 now includes €0.3bn of loans which were previously classified as assets held for sale to NAMA

Impaired Loans and Impairment Provisions[1]

Bank of Ireland Group

31 December 2011

Loans and advances to customers Composition and impairment	**Advances (pre-impairment) €m**	**Impaired Loans €m**	**Impaired Loans as % of advances %**	**Impairment provisions €m**	**Impairment Provisions as % of impaired loans**
Residential mortgages	57,490	1,474	2.6%	1,159	79%[2]
- Republic of Ireland	27,854	1,347	4.8%	1,026	76%
- UK	29,636	127	0.4%	133	105%
Non-property SME and corporate	26,718	4,043	15.1%	1,723	43%
- Republic of Ireland	11,497	2,335	20.3%	1,088	47%
- UK SME	3,662	605	16.5%	217	36%
- Corporate Banking Ireland and UK	11,559	1,103	9.5%	418	38%
Property and construction	20,580	7,623	37.0%	3,205	42%
- Investment	16,864	4,553	27.0%	1,562	34%
- Land and development	3,716	3,070	82.6%	1,643	54%
Consumer	3,314	338	10.2%	278	82%
Total loans and advances to customers	**108,102[4]**	**13,478**	**12.5%**	**6,365**	**47%**

31 December 2010[3]

Loans and advances to customers Composition and impairment	**Advances (pre-impairment) €m**	**Impaired Loans €m**	**Impaired Loans as % of advances %**	**Impairment provisions €m**	**Impairment Provisions as % of impaired loans**
Residential mortgages	60,250	1,071	1.8%	722	67%[2]
- Republic of Ireland	*28,051*	*915*	*3.3%*	*572*	*63%*
- UK	*32,199*	*156*	*0.5%*	*150*	*96%*
Non-property SME and corporate	31,070	3,654	11.8%	1,474	40%
- Republic of Ireland	*11,152*	*1,779*	*16.0%*	*844*	*47%*
- UK SME	*3,896*	*550*	*14.1%*	*207*	*38%*
- Corporate Banking Ireland and UK	*16,022*	*1,325*	*8.3%*	*423*	*32%*
Property and construction	24,751	5,892	23.8%	2,380	40%
- Investment	*20,323*	*2,945*	*14.5%*	*954*	*32%*
- Land and development	*4,428*	*2,947*	*66.6%*	*1,426*	*48%*
Consumer	3,699	371	10.0%	321	87%
Total loans and advances to customers	**119,770**	**10,988**	**9.2%**	**4,897**	**45%**

[1] 'Impaired loans' are defined as loans with a specific impairment provision attaching to them together with loans which are more than 90 days in arrears (excluding residential mortgages).

[2] Coverage ratio on Residential mortgages including Residential mortgages with arrears greater than 90 days past due – Dec 10: 29%; Dec 11 32%

[3] Dec 10 presented on a proforma basis to reflect the changes to NAMA eligibility in 2011. Dec 10 now includes €0.3bn of loans which were previously classified as assets held for sale to NAMA

[4] Loans and advances to customers includes Other assets classified as Held for Sale and are presented net of impairment provisions of €6.4bn at December 2011 (€4.9bn at December 2010)

Stockholders' equity and Tangible net asset value

Bank of Ireland Group

Stockholders' equity		Year ended 31 Dec 10 €m	Year ended 31 Dec 11 €m
Stockholders' equity at beginning of period		6,387	7,351
Movements	Profit/(loss) attributable to stockholders	(614)	45
	Dividends on Preference Stock	-	(222)
	Net new equity raised from public capital markets	1,006	2,557
	Foreign exchange movements on net assets in foreign subsidiaries	157	180
	Cash flow hedge reserve movement	275	314
	Pension fund obligations	391	(117)
	Available for sale (AFS) reserve movements	(220)	103
	Reissue of stock / treasury stock	(7)	(1)
	Other movements	(24)	(8)
Stockholders' equity at end of period		7,351	10,202

Tangible net asset value		31 Dec 10 €m	30 June 11 €m	31 Dec 11 €m
Stockholders' equity at end of period		7,351	6,517	10,202
Deductions				
	2009 Preference Stock	(1,837)	(1,837)	(1,837)
	1992 Preference Stock	(60)	(60)	(60)
	US$150m capital note	(61)	(58)	-
	Intangible assets	(452)	(387)	(380)
	Own stock held for benefit of life assurance policy holders	15	14	15
Tangible net asset value (TNAV)		**4,956**	**4,189**	**7,940**
Number of Shares		5,299	5,299	30,133
TNAV per share (€ cent)		**94c**	**79c**	**26c**

Abbreviations

Bank of Ireland

- **BBRoI** Business Banking Republic of Ireland
- **BBUK** Business Banking UK
- **BIAM** Bank of Ireland Asset Management
- **BIL** Bank of Ireland Life
- **BoISS** Bank of Ireland Securities Services
- **POFS** Post Office Financial Services
- **NI** Northern Ireland
- **ROI** Republic of Ireland
- **RoW** Rest of the World

Regulatory

- **CBI** Central Bank of Ireland
- **PCAR** Prudential Capital Assessment Review
- **PLAR** Prudential Liquidity Assessment Review
- **LTRO** Long Term Refinancing Operations
- **LDR** Loan to Deposit Ratio

Institutions

- **IMF** International Monetary Fund
- **EC** European Commission
- **NAMA** National Asset Management Agency

Contact details

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Investor Relations website

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