

Interim results - 6 months ended 30 June 2010

Presentation 11 August 2010

Richie Boucher speech

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Good morning everyone – welcome to our Interim results presentation and thank-you to those of you who have joined us here in Dublin and who are joining us by way of conference call.

Slide 5: Presentation of Interim results

I will open today's presentation with a review of the progress we have made in the first six months of 2010 to bring further stability to the Bank – I will then hand-over to John O'Donovan to take you through the details of our financial performance.

Slide 6: Significant Progress

Although in line with our expectations, the financial results we are reporting today are disappointing – as our trading environment over the last six months has remained very difficult.

Notwithstanding this financial performance, the first half of 2010 has also been a period of significant progress for the Bank. We have taken decisive steps to stabilise the Group and achieved progress on a range of critical strategic issues. We are emerging from this crisis a changed, more focused, and much strengthened bank.

While significant progress has been made – we are mindful of the challenge that remains. Nevertheless the investment case for the Bank of Ireland Group remains firmly intact and we will remain firmly focussed on delivery against our objectives.

Slide 7: Challenging environment – though economic backdrop stabilising

The scale of the contraction in the Irish economy has been very significant, though recent data highlights some improving trends across some key economic indicators. While this recovery is being led by the export sector, unemployment levels remain elevated.

The Government has taken decisive action to address the sovereign's fiscal position and has implemented a plan, approved by the European Commission, to reduce the general government deficit to under 3% of GDP by 2014.

The medium term outlook for our economy remains positive supported by our favourable demographics, open economy and positive attitude to business.

In the UK, leading economic indicators have been generally positive with the pace of economic recovery marginally higher than that of the Eurozone. While the fiscal tightening measures announced in the UK budget in June 2010 may have a negative impact on immediate growth prospects, they should accelerate rebalancing of the economy and be supportive of the longer term growth outlook. The UK economy appears to have returned to growth in 2010 and the risk of significant house price deflation appears to have abated.

Slide 8: Interim results

In the 6 months to June 2010 we reported a profit before tax of €16 million – and an EPS of 1.3c. Excluding the impact of non-core items – the most significant items being the gain of €99 million on liability management exercises and the reduction in the pension deficit of €76 million - following implementation of the agreed changes to pension benefits, we recorded a loss of €1.2 billion.

Total operating income was 17% lower, driven by a significant reduction in net interest income. As expected, the decline in net interest income was largely due to competitive pressures on deposit margins, the higher pricing of wholesale funding,

and the cost of our participation in the Eligible Liabilities Guarantee (“ELG”) Scheme. Total other income was significantly higher at €81 million partially reflecting some one-off items.

Our costs were 3% lower due to lower staff numbers and continued rigorous cost management across all cost categories.

In the six month period ended June 2010 we reported an impairment charge of €93 million on those loans and advances to customers which are not expected to transfer to the National Asset Management Agency (NAMA)./

We transferred €2.2 billion gross in loans before impairment charges to NAMA and we incurred a gross loss on sale of €66 million of those assets.

The significant improvement in our capital ratios reflects our successful capital raise of €2.9 billion (net) which we completed in June, resulting in us reporting an equity tier 1 ratio of 8.2%.

Despite the difficult conditions in wholesale funding markets, particularly in the closing weeks of the reporting period, our key funding metrics remain healthy. Our loan to deposit ratio is stable – and we have also reduced the quantum and extended the maturity profile of our wholesale funding – with 41% of our wholesale funding at June now with a maturity of one year or greater.

Slide 9: Progress made to stabilise the Group

The first half of 2010 has been a period of significant progress for Bank of Ireland. We have taken decisive steps to stabilise the Group and achieved progress on a range of critical strategic issues which include; the completion of a successful capital raising programme; formal acceptance by the EC of Bank of Ireland’s Re-structuring Plan; the sale of the first two tranches of loans to NAMA; passing the CEBs stress testing; agreement on our Pension Proposals; agreement on continued pay restraint and further

reductions in the number of people employed and we have made good progress in our plans to reduce the costs of our infrastructure.

Slide 10: Progress made to stabilise the Group - Stress testing and capital

The Financial Regulator completed his capital assessment review in March and determined that the Bank of Ireland Group was required to raise an additional €2.66 billion of equity capital by the end of 2010 to meet the base case target of 8% core tier 1 ratio incorporating a targeted equity tier 1 ratio of 7%, and a 4% core tier 1 ratio in a stressed case scenario.

We announced our capital raising plans in April which were overwhelmingly accepted by shareholders at an extraordinary general meeting in May. We successfully completed the transaction in June raising €2.9 billion net through a placing with the State and private investors and rights issue. The €2.9 billion in equity capital raised was net of fees and the €0.5 billion buyback of the State's warrants.

At 30 June 2010, our Equity tier 1, Core tier 1, Tier 1 and Total capital ratios are 8.2%, 10.2%, 9.9% and 12.5% respectively. These ratios compare favourably to our position at 31 December 2009 of Equity tier 1, Core tier 1, Tier 1 and Total capital ratios of 5.3%, 8.9%, 9.8% and 13.4% respectively.

This level of capital should enable us maintain a minimum 7% equity tier 1 ratio through the cycle.

In July 2010 the Bank was subject to the 2010 EU-wide stress testing exercise coordinated by the Committee of European Banking Supervisors – we passed this stress test where under the adverse scenario including the additional sovereign shock, our estimated tier 1 capital ratio would be 7.1% at 31 December 2011 which is 1.1% or €33 million in excess of the threshold of 6% Tier 1 capital ratio agreed exclusively for the purposes of the exercise.

Slide 11: Progress made to stabilise the Group

In July the EU gave final approval for our re-structuring plan with the commitments, as we outlined in our communication to the market in April, as we had anticipated. This final step

with the EU provides an endorsement of our continuing viability and re-affirms our ability to reward and repay the State's investment over time. In addition – it provides the clarity on the future shape of the Group. We will update the market as we make progress on the implementation of the Plan.

We are making good progress on our plans to form a UK licensed bank which will hold a number of our UK assets and businesses.

Turning to asset quality – at the announcement of our 2009 Preliminary results in March we re-affirmed previous market guidance of €4.7 billion impairment charges for the 3 year period to 31 March 2011 on the non-NAMA element of the Group loan book. We also stated that we believed that our impairment charge had peaked in 2009 and that we expected the charge to progressively reduce in each of 2010, 2011 and 2012. Our experience in the first six months of our 2010 financial year and our expectations for the remainder of the year continue to support this view.

In April we completed the transfer of the first tranche of assets to NAMA. €1.9 billion of loans, before impairment provision, at a discount to gross loan value of approximately 36%. In July we completed the due diligence material in respect of Tranche 2 loans and associated derivatives amounting to €2.3 billion in nominal value – we expect to transfer these loans on a staged basis. We also expect the discount to gross loan value on this tranche to be 35%.

As previously advised, the gross loss on disposal of eligible bank assets to NAMA will be a function of three factors: the quantum of those loans, the mix of those loans, as between land and development and associated loans, and the discount that would apply to those loans. The Group announced on 26 April 2010 that it believed that the discount on the total portfolio of €12.2 billion expected to be sold to NAMA would be within the guidance of €4.8 billion. The Group does not currently expect any material difference to the position announced in April.

Slide 12: Progress made to stabilise the Group

Our key funding metrics remain acceptable despite the difficult conditions in wholesale financial markets and continuing intense competition for customer deposits. Customer deposits of €84 billion at the end of June are broadly in line with levels at the end of

December 2009. Our customer loan to deposit ratio is 143% excluding loans held for sale to NAMA, broadly in line with December 2009. Our quantum of wholesale funding is € billion lower at €8 billion and we have extended the maturity profile of this funding with 41% of our wholesale funding having a maturity of greater than one year at the end of June compared to 32% at 31 December 2009. The Group continues to benefit from a robust and diversified contingent liquidity strategy. At June, the Group had a pool of contingent liquidity collateral with a cash value of €41 billion. Drawings from Monetary Authorities at 30 June 2010 were € billion net, broadly unchanged from levels at 31 December 2009.

In June the Government announced its decision to extend the guarantee period of the ELG Scheme to December 2010. We remain committed to our strategy to disengage in a safe and prudent manner from the Irish Government's guarantee schemes as market conditions allow. Our recent successful capital raising exercise, endorsement by the EC of our restructuring plan and our passing recent EC wide stress tests with comfort have been critical in this regard. We continue to build on this through our focus on gathering customer deposits and extending the maturity profile of our wholesale funding.

With our strengthened balance sheet, and the clarity about the future shape of the Group, we expect to continue to extend the maturity profile of our wholesale funding over the balance of the year. Any funding mismatches which may arise as a result of stress in the wholesale funding markets could, in need, be addressed through use of our significant pool of contingent collateral.

Slide 13: Progress made to stabilise the Group

We completed a review of our defined benefit pension schemes and made proposals to eliminate the deficit in the schemes which was €1.6 billion last December. The proposals have been overwhelmingly accepted by 97% of the staff of our largest pension scheme – and the bank will be increasing its cash contribution as committed. The group deficit has been reduced by €76 million as a result. Plans to deal with the deficits in other Group schemes are progressing well. These steps will have a positive impact on the profit and loss account going forward.

A range of initiatives are underway to further reduce our cost base going forward. In addition to the cost reduction which will result from dealing with the pension deficits, staff costs are also being reduced through continued wage restraint and through further

reductions in the number of people we employ. Over the next two years we plan to reduce staff numbers by a further 750, on a voluntary basis, through a series of focussed right-sizing and efficiency initiatives.

We have also been successfully re-negotiating our major outsourcing contracts where very good progress has been made over the past 3 months. The benefits of this work will come through in future periods.

Improving our net interest margin continues to be a major priority. We have continued to re-price back books where possible and are seeing improved margins on new lending although demand for new lending in Ireland is muted. We experienced further downward pressure on deposit margins as competition, in the Irish market in particular, remains intense and the cost of wholesale funding and the terming out of wholesale funding increased in the closing weeks of the reporting period. As a result, and as anticipated, our net interest margin has declined further in this reporting period decreasing from an annualised 1.70% at June 2009 to 1.41% in June 2010.

Slide 14: Good strategic positions in well defined core markets

Following the approval of our EU restructuring plan we now have clarity on the future shape of the group and on our strategy. Going forward we will focus our capital, funding and resources on our core businesses where we have competitive strengths and capabilities, and strong positions in markets with attractive growth opportunities. Our core portfolios will be largely funded by customer deposits and our future growth largely supported by our ability to attract customer deposits.

In Ireland our objective remains to be the number one retail and commercial bank with leading market positions across our principal product segments where we currently hold the number 1 or 2 position. We have extensive distribution capability through the Group's branch network throughout Ireland and we are committed to continued improvements in customer service.

In UK Financial Services we aim to maximise the opportunity in retail and commercial banking activities through our branch network in Northern Ireland.

We will continue to develop our consumer banking franchise through our partnership with the UK Post Office and we will further develop our Business Banking activities across our 8 sales hubs in Great Britain. /

Our Capital Markets division comprises our corporate banking and customer driven treasury management activities in Ireland the UK and in selected niche segments internationally where we have clear strengths and capabilities. These international niche segments include mid market acquisition finance, project finance and comprehensive asset backed lending.

We remain committed to our strategy to de-lever our balance sheet and continue to reduce the assets in our non-core portfolios through a process of run-off and / or disposals as market opportunities allow. Our staff have remained committed to our shared goals and objectives and are integral to our ability to looking to the future with confidence.

Slide 15: Supporting our customers

We are committed to supporting our customers through these challenging times – and we have increased our resources dedicated to support our customers in financial difficulty.

We have committed €3 billion of new lending to SMEs for each of 2010 and 2011 and €1.5 billion to first time buyer and mover mortgage applicants. We have also funds in place in support of environmental, European Investment Bank and seed capital initiatives.

The SME sector in Ireland is vital to our strategic goals We are supporting this sector because we want to. We have approved €1.7bn in new and increased facilities for SMEs during the six months to June 2010 with approval rates of greater than 80% and €1.2bn in new and increased facilities drawn. However, demand for credit remains low, and less than half of approved overdraft facilities were utilised by our SME customers. Our share of new mortgage advances has increased to over 29% in the last quarter to June 2010 - up from less than 16% in early 2008.

Slide 16: Financial targets – 2013

In April we outlined the Group's financial targets which we aim to achieve by 2013 and a range of initiatives are underway across the Group to ensure delivery. The early trend in these targets is as anticipated, with the short term pressure on income

resulting from higher cost of wholesale funding, competition for deposits and the cost of the Government guarantees in evidence in the net interest margin and cost income ratio metrics.

Slide 17: John O'Donovan

Thank-you for your attention – I will now hand you over to John to take you through our financial performance in more detail.

Slide 17: John O'Donovan - Group Chief Financial Officer

Thank-you Richie. Good morning everyone.

My presentation today will focus on the key areas of continuing focus for investors – asset quality, NAMA, funding and capital – these topics I will cover in some detail in sections two to four of today's presentation. Section five of the presentation will cover the Group Income Statement and the Divisional financial performance for the 6 months ended June '10 I will cover in Section six.

Slide 18: Section 2 – Asset quality

Turning first to Loans and Advances to Customers (excluding loans held for sale to NAMA).

Slide 19: Profile of total loans and advances to customers (excluding loans held for sale to NAMA)

Total loans and advances to customers before balance sheet impairment provisions at June '10 were 125 billion euro – a 2% increase on December '09 primarily driven by the strengthening of Sterling. On a constant current basis, the Group's loan book is down 2% reflecting subdued demand for credit particularly in Ireland where customers are seeking to reduce debt levels due to the economic environment, and a modest reduction in our run-down portfolios. Our UK mortgage book is 9% lower than its peak volume, although the pace of deleveraging in our UK distributed

The required increase in provisions reflects the impact of the general economic conditions, consequent loan grade degradation and continued weakness in the property and construction sectors, both in Ireland and the UK, although the pace of deterioration has eased.

Coverage ratios are influenced by the nature of the loan assets and the extent and quality of collateral held by the Group in support of the loan and therefore vary across each loan category.

Consumer loans have a 90 percent coverage, at June '10, coverage levels are high because recovery prospects are limited in the absence of supporting collateral.

The Property and construction portfolio coverage at 34 percent has decreased from 35 percent at December '09 due to the increase in >90 days past due loans where facilities are currently being renegotiated and where a loss is not anticipated. The Non-property corporate and SME portfolio coverage ratio at 42 percent is broadly unchanged from December 09, although cover in our UK Business Banking book has increased slightly due to a small number of exposures offset by a small reduction in Corporate Banking reflecting an improved outlook in internationally focused businesses. Whilst the coverage ratio for Residential mortgage loans decreased from 76 percent at December 09 to 65 percent at June '10, if Residential mortgages with arrears greater than 90 days past due are included, the coverage ratio increased from 20 percent at December '09 to 22 percent at June '10.

Slide 22: Impairment charge by portfolio (excluding loans held for sale to NAMA)

The Group impairment charge for the 6 months to June '10 amounted to 893 million euro – compared to 926 million euro in the 6 months to June '09 and 1.4 billion euro in the six months to December '09, when in line with our expectations loan losses peaked.

The Residential mortgages impairment charge of 132 million euro compares to a charge of 107 million euro in the 6 months to June '09, driven by the economic downturn impacting unemployment levels and house prices in Ireland. The

impairment charge on Irish mortgages increased by 41 million euro, whilst the charge on our UK book decreased from 50 million euro to 34 million euro.

The impairment charge on the Non-property corporate and SME loan book has decreased to 356 million euro in the 6 months ended June '10 from 447 million euro in June '09 reflecting a reduction in losses in international Corporate portfolios given the improved global economic environment partly offset by a small number of cases in Business Banking UK and the continued recessionary environment in the Republic of Ireland.

The impairment charge for the property and construction loan book increased to 325 million euro in the 6 months ended June '10 from 241 million euro in the comparable prior period. The land and development portfolio within this loan book remains the most significantly impacted due to the continued fall in house prices and over supply of residential units particularly in Ireland together with more negative views on asset values being the key drivers.

Impairment charges on Consumer loans peaked at 131 million euro in the 6 months to June '09 falling in the subsequent two quarters to 80 million euro in the 6 months to June '10.

Slide 23: UK residential mortgages - £28bn/€34bn June 2010

The UK mortgage book has declined by 1.3% June '10 compared to December '09 – with our 'run-down' intermediary mortgage book down 3.3% at June '10 compared to December '09. The pace of 'run-down' in this book is slow due to the low levels of mortgage re-financing in the UK market. There are some signs of stabilization in the UK housing market with house prices rising by 6.6% in the 12 months to July '10 although demand remains muted given the uncertainties over the impact of Government austerity measures on personal finances. Some negative equity remains in our portfolio – this amounts to circa 165 million pounds sterling in June '10, down from 260 million pounds sterling at December '09.

Arrears in the book continue to be lower than the industry average as evidenced by the most recently published CML data.

The impairment charge on the overall mortgage book was 21bps annualised for the 6 months to June '10, compared to a charge of 31bps in the 6 months to June '09 and 31bps in December '09. Our experience in possessions remains relatively benign – with over 256,000 mortgages in total, we had 301 properties in possession at June '10 representing 12 basis points of the portfolio compared to 305 properties in December '09 and 307 properties in June '09.

Turning to our Irish residential mortgage book.

Slide 24: Irish Residential Mortgages - €29bn June 2010 (excluding loans held for sale to NAMA)

The Irish residential mortgage portfolio is flat at June '10 compared to December '09 with mortgage repayments offsetting new business volumes which are significantly down on last year.

House prices remain weak although the pace of decline in Irish residential property prices continues to moderate with house prices falling by 1.7% in the second quarter of 2010 compared to a reduction of 4.8% in the first quarter of 2010.

Based on the official statistics at June '10, house prices are down 35% from their peak in the last quarter of 2006 – net negative equity in our portfolio at December '09 was approximately 2.2 billion euro, an increase from 1.4 billion euro in December '09.

The asset quality of the mortgage portfolio has deteriorated, due to the elevated unemployment levels, with an annualised impairment charge of 70bps in the 6 months to June '10 compared to 41bps in the 6 months to June '09. Unemployment is the key risk driver of impairment in our mortgage portfolio and this higher charge reflects higher unemployment levels and lower disposable incomes, partly mitigated by the continued low interest rate environment. Arrears levels have also increased with mortgages, 3 months or more in arrears, at 439bps in June '10 compared to 346bps in December '09, and 248bps in June '09. The arrears rate on the buy-to-let portfolio continues to be significantly higher than the level of owner occupier arrears.

Where we enter into arrangements which modify customer mortgage repayments, any outstanding arrears continue to be recognized as arrears until fully repaid. Such arrangements are in place for c. 50% of mortgage customers in arrears and is therefore impacting the reported levels of arrears. The level of possessions in our total Irish portfolio remains low with 59 properties currently in possession, however the trend of new possessions has shown a significant increase over 2009.

Slide 25: Property & construction loans - €24 billion June 2010 (excluding loans held for sale to NAMA)

Excluding loans held for sale to NAMA, our Property and construction portfolio totals 24 billion euro and represents 19% of the Group's loan book. Total volume increased by 0.5 billion euro or 2% at June '10 compared to December '09, primarily driven by foreign exchange movements, and the transfer into this book of some unimpaired exposures not deemed eligible for NAMA, partially offset by repayments. On a constant currency basis, the book has reduced by 3%.

Investment loans account for 87% of the portfolio of which 34% is in Ireland and 58% in the UK, with the balance in the US and Europe. This investment loan portfolio is broadly diversified with a bias towards the retail sector. The balance sheet impairment provision on the portfolio at June '10 is 0.6 billion euro or 26% coverage on impaired loans of 2.4 billion euro.

The retained land and development loan book is 3.2 billion euro largely comprised of smaller loan amounts, less than 5 million euro with full recourse, of which 47% is in Ireland with the remainder in the UK, the US and Europe.

The balance sheet impairment provision on the retained land and development portfolio in June '10 is 0.9 billion euro or 42% coverage on impaired loans of 2 billion euro.

Slide 26: Asset quality of non-property corporate and SME loans & Consumer Loans (excluding loans held for sale to NAMA)

Asset quality across our remaining portfolios is as expected, at this point of the cycle.

The asset quality of the SME portfolios in the UK and Ireland which are reasonably well diversified across a range of business sectors are being impacted by the levels of economic activity.

Our Corporate portfolio includes lending to larger Irish businesses, as well as a range of international specialist portfolios including acquisition finance, global project finance, and comprehensive asset backed lending.

The impairment charge on the Non-property corporate and SME portfolio of 356 million euro in the 6 months ended June '10 remains elevated and reflects the impact of the slowdown in economic activity. Loans to internationally focussed customers are performing relatively better with the improving global economic environment.

Our Consumer loan portfolio is 4 billion euro. Impairment charges in this portfolio are down from their peak with a charge of 80 million euro or 385 bps in the 6 months to June '10 compared to 131 million euro or 455 basis points in the 6 months to June '09.

Slide 27: Visibility on Non-NAMA Impairments

Looking towards 31 March 2011 - the end of our three year forecast horizon for loan impairment. The Group completed an extensive loan loss forecast re-fresh exercise earlier this year, the output of which has been validated by Oliver Wyman, the leading firm of financial services risk consultants. On the right hand side of this slide I set out the economic assumptions which underpin the outlook for our expectations of impairment charges in the period to March 2011.

The outcome of this exercise enabled us to re-affirm in March 2010 the impairment charge guidance of 4.7 billion euro for the three year period to March 2011 for the loan portfolios which will remain on the Group's balance sheet post our loan disposals to NAMA. Our experience in the 6 months to June '10 and the expectation for the remainder of 2010 continues to support this view.

It is our expectation that the impairment charge on the non-NAMA loans and advances to customers peaked in 2009 with progressive reductions expected in each of 2010, 2011 and 2012.

Slide 28: NAMA

Turning now to the third section of today's presentation – NAMA

Slide 29: Loans held for sale to NAMA

The Group made two transfers of assets to NAMA in the 6 months to June 2010. The first tranche of assets transferred on 2 April 2010. The quantum transferred was 1.9 billion euro and comprises 0.9 billion euro of land and development loans and 1 billion of associated loans. In return we received 1.2 billion euro of Government guaranteed bonds and NAMA subordinated debt which equates to a gross haircut of 36 percent on the transfer. We have completed and submitted all due diligence materials in respect of tranche 2 loans totaling 2.3 billion euro, comprising 1.1 billion of land and development and 1.2 billion of associated loans. The estimated discount to gross loan value on this entire tranche is expected to be 35%. On 25 June 2010, the Group transferred 0.3 billion of tranche 2 assets to NAMA.

Slide 30: Loans held for sale to NAMA

Following the asset transfers to NAMA up to 30 June 2010, the Group has 10 billion euro remaining on its balance sheet awaiting transfer to NAMA with impairment provisions of 2.9 billion euro.

As previously advised, the gross discount on gross loan value on assets transferred to NAMA, will be a function of three factors: the quantum of the loans, the mix of those loans, as between land and development and associated loans, and the discount that will apply to each loan.

We therefore will not know with certainty, until all the assets are transferred, what the final discount will be. However, we do not expect any material difference from the guidance provided on 26 April 2010.

Slide 31 : Funding and Capital

Turning now to the fourth section of today's presentation – Funding and Capital

Slide 32: Balance Sheet funding strategy

Strengthening our balance sheet funding remains a key priority for the Group. We have taken action to deleverage the balance sheet by running down non-core loan portfolios and focusing on our core relationship businesses in order to enable the Group to fund its lending portfolios substantially through deposits.

We continue to prioritise the gathering of customer deposits, the lengthening of our wholesale funding maturity profile, and the maintenance of robust and flexible pools of contingent collateral, to position the Group to disengage from the Government Liability Guarantee Schemes in a prudent and safe manner, as market conditions allow.

Slide 33: Pursue sustainable funding strategy

The approval of the Group's restructuring plan by the EU provides clarity on the future shape of the Group. Our core portfolios will be largely funded by customer deposits with future growth primarily supported by our ability to attract customer deposits.

In the six months to June '10, our run-off portfolios reduced by 3.6 billion euro. This included the transfer of 2.2 billion euro of assets to NAMA, a reduction of 1 billion pounds sterling in our UK intermediary mortgage book, and a reduction of 0.3 billion euro in our non-core international Corporate Banking portfolio. Although the pace of deleveraging has been slow, over time these initiatives will reduce the Group's wholesale funding requirements.

Slide 34: Group deposits

Customer deposits were 84 billion euro at 30 June 2010, a decrease of 1 billion euro or 1% from December '09.

Following an S&P downgrade in January 2010, we experienced some outflows of ratings sensitive international deposits in our Business Banking UK and Capital Markets businesses.

However, our core retail customer deposits in Ireland were stable, despite intense competition. Our share of the total resources market in Ireland is 28% - supported by the strength of our brand, distribution and franchise.

In the UK, the Post Office continue to be a valuable source of granular deposits – since its launch in March '06, we have grown this deposit book to 10 billion pounds sterling, with growth of 12% in the 6 months to June 2010. A particular positive feature of this book continues to be the high levels of retentions on the rollover of deposits.

Slide 35: Wholesale funding profile

The Group's position in funding markets has been strengthened during 2010 by the completion of the Group's successful capital raising, the endorsement of the Group's restructuring plan by the European Commission, and the outcome of the PCAR and CEBS stress tests.

We have reduced our quantum of wholesale funding from 61 billion euro in December '09 to 58 billion euro in June '10. This reduction was achieved as a result of the sale of assets to NAMA, the proceeds of the Group's capital raising and an improved maturity profile of our wholesale funding, which reduced the Group's liquid asset requirement.

Wholesale funding conditions in the early part of 2010 had improved since the middle of last year with an increased appetite for Irish debt. While sentiment towards European financial institutions was negatively impacted by the emergence of some Eurozone sovereign debt concerns in May and June 2010, there is evidence of an alleviation of these tensions following the EU wide stress test exercise conducted in July 2010 by CEBS. Bank of Ireland was one of the 84 banks that passed the test.

The Group issued 4.6 billion euro in term funding in the 6 months to June '10– that is funding with a maturity of greater than one year at the time of issue.

As a result of this issuance, the proportion of term funding with a remaining term to maturity of greater than one year increased from 32% of total wholesale funding in December '09 to 41% in June '10.

Our short term, wholesale funding has reduced from 41 billion at December '09 to 34 billion at June '10, a reduction of 7 billion euro, as a result of the reduction of volume in wholesale funding and the increase in tenor of that funding. Despite the difficult market conditions in wholesale funding markets, we maintained a disciplined approach to the use of Monetary Authority funding with net drawings of 8 billion euro at 30 June '10, in line with December '09. Our contingent collateral of 41 billion euro cash value positions the Group well to meet its funding requirements and the extension of the ELG guarantee scheme until December '10 provides systemic support to mitigate refinancing risks.

As funding conditions improve, the Group is well positioned to make further progress on our funding priorities. It is our intention to continue to term out wholesale funding in both a secured and un-secured format.

Slide 36: Funding position

Despite the difficult conditions in wholesale financial markets since May 2010 and the continuing intense competition for customer deposits, our customer loan to deposit ratio has remained stable at 152%.

Our overall quantum of wholesale funding has reduced to 58 billion euro and we have significantly improved our mix of wholesale funding with 41% of our wholesale funding coming from term markets, up from 32% at December '09. This reflects our key objective of terming out our funding in order to position the Group to dis-engage from the Government guarantee schemes in a prudent and safe manner, as market conditions allow. Our contingent collateral pool of 41 billion euro cash value provides the Group with significant flexibility to cover short term funding mismatches should they arise.

Looking forward, our objective is to further strengthen these key funding metrics – we are achieving this through our focus on the gathering of customer deposits and the reduction in non-core customer loan portfolios.

Slide 37: Capital position and Capital Raising

Turning to capital.

Our capital position has been significantly strengthened by the completion of a debt for debt exchange in February '10 which resulted in gain of €405 million euro and our successful capital raising in June '10 which raised 2.94 billion euro in equity. The capital raising transaction exceeded the 2.66 billion euro capital requirements of PCAR. The transaction, details of which are set out on the slide provided a market based solution to the Group's capital needs.

Our equity and core tier 1 ratios increased from 5.3 percent and 8.9 percent respectively in December '09 to 8.2 percent and 10.2 percent in June '10, due to the completion of the capital raising and the debt for debt exchange, partially offset by impairment provisions and the loss on the sale of loans to NAMA in the half year to June 2010. Risk Weighted Assets decreased from 98 billion euro to 93 billion euro, primarily due to higher impaired loans, increased impairment provisions, and the sale of loans to NAMA partially offset by an increase due to exchange rate movements.

Slide 38: Stress Testing

The Prudential Capital Review (PCAR) that was completed in March '10 concluded that the Group needed to raise 2.66 billion euro in equity capital in order to meet a base case target core tier 1 ratio of 8%, with equity tier 1 of 7%. The Group's successful capital raising exceeded the requirements of PCAR with a net 2.94 billion equity raised.

In July '10 the Group was subject to the EU-wide stress testing exercise co-ordinated by the Committee of European Banking Supervisors (CEBS) which stressed banks' ability to absorb further possible shocks on credit and market risk including sovereign risks. The Group passed this stress test where under the adverse scenario including the additional sovereign shocks, our estimated tier 1 capital ratio would be 7.1% at

December 2011 which is 1.1% in excess of the 6% tier 1 capital ratio set exclusively for the purposes of this exercise. Since the publication of the stress test results, market sentiment has been improving towards the Eurozone area with a narrowing of CDS spreads for Ireland and Bank of Ireland.

Slide 39: Basel III and CRD IV considerations

Looking forward, clearly there are a range of regulatory developments on the horizon especially arising from Basel III which will impact both the capital and liquidity position of the Bank.

Whilst there have been some recent clarifications, there remains a number of key unknowns, as the final shape of the regulatory requirements will not be clarified until the end of 2010.

A key focus for many market participants has been the tightening of the definitions of what in the future can constitute the various forms of capital. In a number of areas such as the pension deficit, initiatives taken by the Bank will very materially mitigate the negative consequences of the proposed changes allowing the Group to continue to maintain a robust capital position. The required sale of our life assurance business will eliminate a potential hit to our equity tier 1 whilst improving economic conditions should progressively reduce other proposed adjustments.

Changes impacting liquidity have either been deferred or there has been an easing of the original criteria proposed in December 2009.

Slide 40: Group Income Statement

Turning now to the Group Income Statement.

Slide 41: Group Income Statement

Commentary on financial performance is on an underlying basis and this slide shows how we strip out the impact of non-core items to derive this underlying performance – in the current reporting period non-core items included in total income amount to 1.4 billion euro – largely reflecting the positive impact from the gains on liability management exercises of 699 million euro, together with a gain of 676 million euro arising from the implementation of the Group’s pensions initiative to the Bank’s main pension fund.

2010 has been a difficult trading period for the Group. Our income for the 6 months to June ’10 reflects the impact of the continuing intense competition for deposits,

higher cost of wholesale funding, higher costs of the Government guarantee schemes, partially offset by higher asset pricing and the positive impact of movements in credit spreads and other fair value movements compared to the comparable prior period. On an underlying basis, i.e. excluding non-core items, operating profit pre-impairment charges for the 6 months ended June '10 at 553 million euro is 32% lower than the comparable prior period.

Impairment charges on loans and advances to customers, excluding assets held for sale to NAMA, totalled 893 million euro, a reduction of 4% on the comparable prior period. Impairment charges on loans held for sale to NAMA totalled 466 million euro, whilst the loss on the sale of 2.2 billion euro of assets to NAMA in the 6 month period totalled 466 million euro, resulting in an underlying loss before tax of 1.2 billion euro.

Slide 42: Total income and operating expenses

Total income is 17% lower in the 6 months to June '10 compared to the comparable prior period.

Net interest income which is 23% lower period on period, has been impacted by margin attrition, and the cost of the ELG scheme, which was only a feature of the current period, partially offset by asset repricing.

Net Other Income is 58 % higher. However, there are a number of one-off items which impact the performance and which are set-out on the slide.

We tightly managed our operating expenses across all cost categories. Staff costs are flat for the 6 months to June '10 when compared to the comparable prior period, as a result of a 5% reduction in staff numbers, offset by higher pension costs reflecting a higher IAS 19 pension scheme deficit in December '09. Excluding the increase in pension costs, staff costs were 3% lower, whilst other operating expenses are 7% lower.

We continue to tightly control costs, staff costs are being reduced through pay restraint, the impact of the pension initiative, and through further right-sizing and efficiency initiatives.

Slide 43: Net Interest Margin

The Group net interest margin (annualised) excluding the cost of the ELG Scheme, decreased by 29bps from 170 basis points to 141bps in the 6 months to June '10 compared to the comparable prior period. The key drivers of this decrease were:

- a 30 basis point reduction due to margin attrition on deposits, as a result of the low interest rate environment together with intense price competition for deposits;
- a 15 basis point reduction due to the higher cost of term funding;
- together with a 3 basis point reduction due to lower earnings on capital

Partially offset by:

- a 19 basis points increase, due to higher lending margins, particularly in Corporate banking and in UK Business Banking and our Residential Mortgage business in both Ireland and the UK.

Slide 44: Margin expansion a key management priority

Margin expansion is a key management priority. Our net interest margin has been adversely impacted by the intense competition for deposits. In addition, we have been increasing our proportion of term wholesale funding in order to position the Group to dis-engage from the Government guarantee schemes in a prudent and safe manner, as market conditions allow.

Whilst lending margins have expanded, we have not seen enough new loan demand, due to economic conditions, to have a significant impact on net interest margin.

In order to meet our target net interest margin of 175 basis points in 2013, we will continue to implement actions to re-price new business to reflect higher cost of funds. Although demand for lending has been muted in the 6 months to June '10, future growth in lending will contribute positively to the Group's net interest margin. In addition, we are re-pricing our back books where appropriate as facilities are renewed.

The implementation of NAMA should also improve market liquidity as illiquid assets are removed from the balance sheets of Irish banks. This should help alleviate some of the pressure for deposits and facilitate deposit re-pricing to more sustainable levels.

Looking forward we expect lending margins on new business to remain strong but in the near term, higher term funding costs, as we continue to extend the maturity profile of our wholesale funding, and tighter liability spreads, are likely to continue to negatively impact the net interest margin.

Slide 45: Divisional performance

Turning now to review Divisional performance, I would like to make some brief comments on each Division.

Slide 46: Retail Ireland

The 6 months to June '10 have been difficult for our Retail businesses in Ireland.

Net interest income decreased by 23 percent predominantly driven by the tighter liability spreads due to the intense price competition for deposits and the low interest rate environment, partially offset by asset repricing.

Net other income was by 137% higher largely reflecting a recovery in the value of international property investments. The underlying net other income in our Retail business remained flat half year on half year.

Operating expenses increased by 2% due to higher pension charges which were partially offset by lower staff numbers and tight control of other costs.

Credit quality continued to be impacted by the contraction in the Irish economy, together with continuing low levels of transactions in both the commercial and residential property markets, and high but stabilising levels of unemployment. This has resulted in an increase of 4% in the loan impairment charge in the 6 months to June '10 compared to June '09, but is 34% below the peak recorded in the 6 month period to December '09.

Slide 47: Bank of Ireland Life

Profit before tax in our Life business has been positively impacted by an improvement in global investment markets in the 6 months to June '10 resulting in a marginally positive investment valuation variance compared to the comparable 6 months to June '09. Operating profit is 13% higher period on period, with APE sales up 12%.

We have grown market share and continue to manage costs tightly.

Slide 48: UK Financial Services (Sterling)

Underlying loss before tax in UKFS is 19 percent higher in the 6 months to June '10 compared to the comparable prior period. Income has contracted due to the impact of the intense competition for deposits on liability spreads, and higher costs of wholesale funding which is partly offset by the improved lending margins in both the mortgage business and Business Banking. Costs are being very tightly managed and we have seen cost benefits derived from the downsizing initiatives in the Division. The impairment charge in the Division on loans and advances to customers is broadly in line with the comparable prior period. Although impairment charges on mortgages, property and construction, and consumer are lower than their peak, this is offset by impairment charges on a small number of individual cases in our non-property SME portfolio in Business Banking UK.

Operating profit, pre-impairment charges, in both Residential Mortgages and Business Banking continues to be impacted by the tightening of liability spreads and the higher cost of wholesale funding together with muted demand for new lending.

Slide 49: Capital Markets

Operating profit, pre-impairment charges, in our Capital Markets Division has been impacted by higher cost of wholesale funding and lower net other income across business units, primarily driven by, lower trading income in Global Markets, partly offset by higher other income in Corporate Banking. Operating expenses were 10 percent lower due to tight cost control and downsizing initiatives and business disposals.

There was a significant decrease in impairment charges in the period, to 135 million euro - a 33% reduction from the comparable prior period which reflects the improvement in global economic conditions benefiting impairments in loans to internationally focused businesses.

Slide 50: Outlook

The outlook for the remainder of this 2010 financial year remains challenging, in particular the pace of economic recovery in Ireland and the elevated cost of wholesale funding. However, we are confident that the steps that we have taken in the first half of 2010 to strengthen the Group will enable us to successfully meet these challenges. We are re-pricing our assets as opportunities allow. We are rigorously managing our costs and further cost saving initiatives are underway. We continue to fund the Group prudently with an increased proportion of term funding. We have strengthened our capital. Following agreement with the EU - we have certainty on the future shape of the Group.

We are now well positioned to capitalise on the opportunities that a recovery in the economic conditions in our key markets in Ireland and the UK will present for Bank of Ireland as a well capitalised, refocused, efficient Bank, with good strategic positions in its well defined core markets.

Thank you and I will now hand you back to Richie.

Slide 51: Questions and Answers