

Bank of Ireland

Interim Results Announcement

For the six months ended 30 June 2011

Forward-looking statement

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, estimated discounts on transfers of assets to NAMA, margins, future payment of dividends, the implementation of proposed 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:

- 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 capital in accordance with the 2011 PCAR requirements announced on 31 March 2011;
- the effects of the 2011 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;
- financial uncertainties in the EU and in member countries and the potential effects of those uncertainties on the Group;
- 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 credit ratings of the Group's and the Irish national debt;
- changes in the Irish banking system;
- the impact of transfers of assets to NAMA including the level of such asset transfers;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates;
- 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.

Analyses of asset quality and impairment in addition to liquidity and funding is set out in the Risk Management Report. Investors should read 'Principal Risks and Uncertainties' in the Interim Report for the six months ended 30 June 2011 beginning on page 58. 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.

Richie Boucher

Group Chief Executive

Presentation of Interim results

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Group Chief Executive's Review

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Supplementary Information

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- Underlying loss before tax for H1 2011 is €723m compared to €1,320m for H1 2010, driven by reduced impairment charges and losses on disposal of assets to NAMA
- Operating income was also adversely impacted by the cost of funding and the ELG Government guarantee, and by two discrete items
 - The mark-to-market impact of widening yields on Irish Government bonds held by our Life business, and
 - The accounting impact of fair value movements in currency swaps that hedge the funding of our UK balance sheet
- Impairment charges on our non-NAMA portfolios remain elevated but within our expectations. We maintain our expectation that impairments peaked in 2009 with anticipated reductions in subsequent years
- Despite the difficult environment we have:
 - Considerably strengthened our capital base
 - Accessed term funding markets, raising €2.9bn of term funding on an unguaranteed, secured basis
- Our deleveraging plan is on track with sales processes well advanced for a number of our non-core portfolios
- We continue to focus on our key priorities and are well positioned in our core franchises to deliver on our strategic objectives
- Although there are signs that the Irish economy is beginning to stabilise, international concerns may impact on global growth

Key Strategic Goals

- To be the leading Irish retail and commercial bank in a consolidating sector
- To be well positioned in our core markets with strong customer franchises and market positions capable of supporting future economic recovery
- To be strongly capitalised without reliance on exceptional Monetary Authority support and 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 achieve appropriate returns on services and products to ensure that costs are covered, risk is appropriately priced and capital is remunerated and rewarded
- To achieve attractive returns for stockholders through strong operational performance and the return of surplus capital

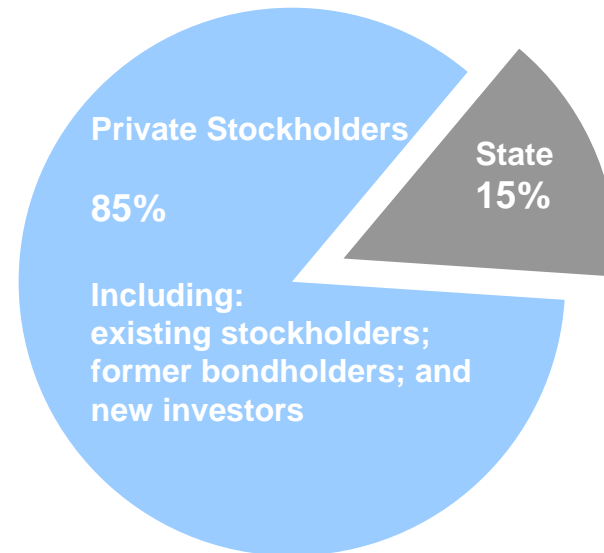
Overview of Capital Raising to date

LME	€2.03bn
Rights Issue	€1.91bn
Capital Raising Costs	(€0.15bn)
CT1 Capital Raised	€3.79bn
Further capital raising measures	€0.41bn
Total Equity Capital¹:	€4.20bn
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Contingent Capital	€1.0bn

The capital raising (excluding the contingent capital):

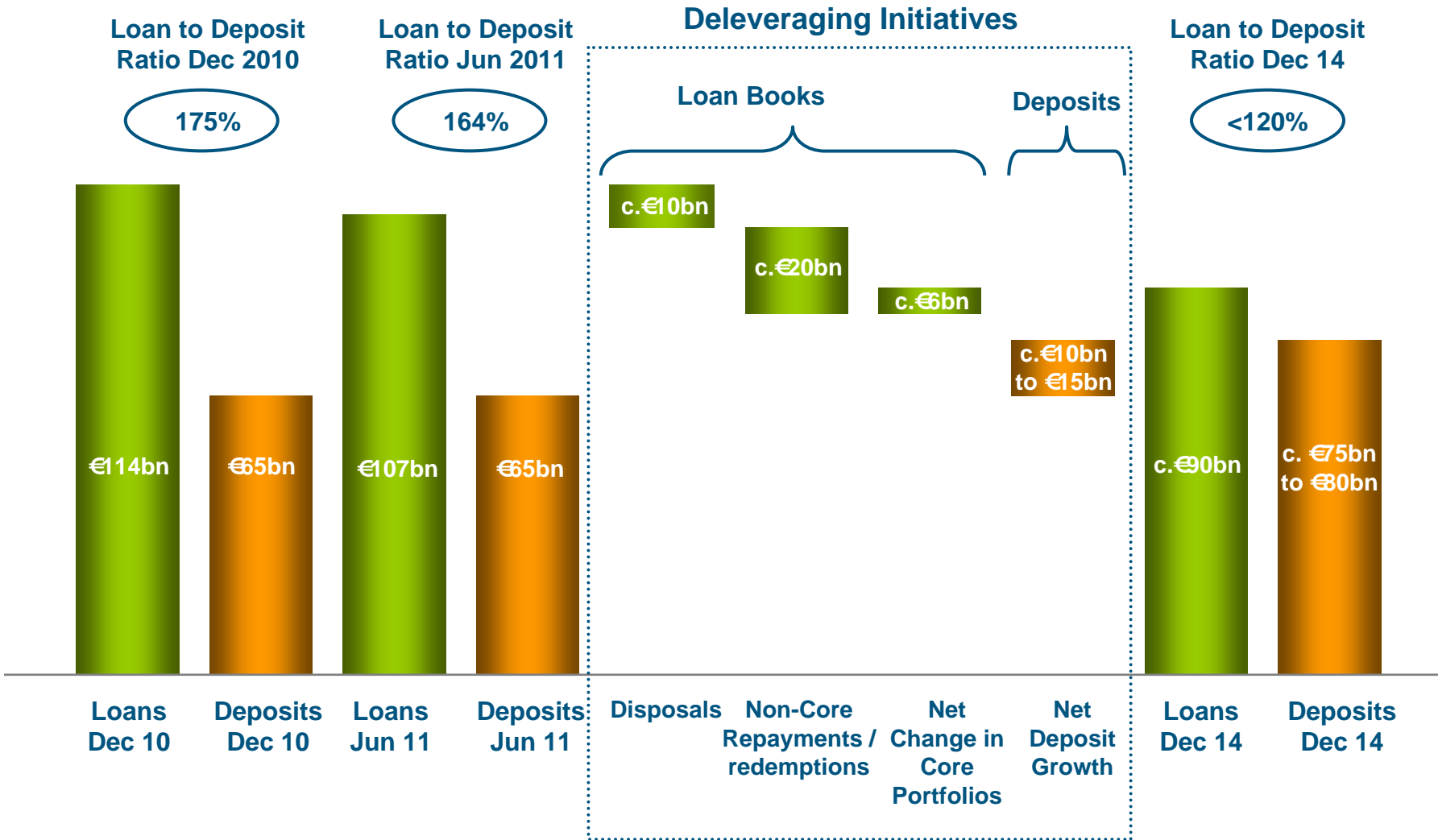
- Generates a proforma Core tier 1 ratio of 15.4% at 30 June 2011
- Significant private capital contribution
- Results in a strongly capitalised Group capable of supporting future economic recovery

Ownership Structure on Completion of Capital Raising










¹Net of capital raising costs circa €150m

Clear Path to Deleveraging



Financial targets – 2014

Measure	Dec 2010	June 2011		Dec 2014 Target
Loans and advances to customers (net of provisions)	€114bn	€107bn		c.€90bn
Group loan / deposit ratio	175%	164%		< 120%
Government Guarantee	ELG scheme in place	ELG scheme in place		Fully disengaged from ELG guarantee scheme for new issuance / rollovers
Net interest margin ¹	1.46%	1.33%		> 2.0%
Cost / income ratio	63%	83%		< 50%
Impairment Charge	€1.8bn (12 months)	€842m (6 months)		55bps – 65bps ²
Core Tier 1 capital	9.7% ³ / 15.4% ⁴	9.5% ³ / 15.4% ⁴		Margin maintained over regulatory minimum

The achievement of each of the above targets would result in the Group achieving a Core Tier 1 ratio in excess of 15% calculated on a Basel III transitional basis, by December 2014, prior to any distribution of any surplus capital then available

¹ Before the cost of the ELG Government Guarantee

² Impairment charge as a % of average annual loans and advances to customers

³ Actual

⁴ Proforma including required €4.2bn equity raise (net of costs)

John O'Donovan

Group Chief Financial Officer

Section 2

Group Income Statement

Group Income Statement

	6 months to		
	June 10 €m	June 11 €m	% Change
Net Interest Income	1,204	1,034	(14%)
Government guarantee Fees	(151)	(239)	58%
Net Other Income ¹	342	212	(38%)
Total income²	1,395	1,007	(28%)
Operating expenses	(916)	(844)	(8%)
Operating profit pre-impairment of financial assets	479	163	(66%)
Impairment charge – loans and advances to customers	(1,082)	(842)	(22%)
Impairment charge – loans and advances to banks / AFS	-	(16)	-
Impairment charge – assets held for sale to NAMA ³	(277)	(43)	(84%)
Loss on sale of assets to NAMA	(466)	-	-
Share of results of associates/JVs (post-tax)	<u>26</u>	<u>15</u>	(42%)
Underlying⁴ loss before tax	(1,320)	(723)	(45%)
Total non-core items	1,436	167	
Profit/Loss before tax	116	(556)	

¹ Gains of €74m in the six months to 30 June 2010 arising on the movement in the credit spreads on the Group's own debt and deposits accounted for at 'fair value through the profit and loss' have been reclassified as non-core

² Total income (net of insurance claims)

³ The impairment charge on loans and advances to customers and assets held for sale to NAMA have been restated for the 6 months to June 10 to reflect changes in the eligibility criteria for loans sold to NAMA during 2010 and held for sale to NAMA at 30 June 2011 with no change to the total impairment charge

⁴ Underlying excluding non-core items. See slide 36 or page 17 of Interim Report for the six months ended 30 June 2011 for details

Total income –28% lower

Net Interest Income – 14% lower

- Reduction of 11% in average interest earning assets - €164bn in H1 2010 to €146bn in H1 2011
- Net Interest Margin attrition from 1.41% in H1 2010 to 1.33% in H1 2011

Government Guarantee Fees

- 58% higher due to additional cost of ELG versus CIFS and the impact of ratings downgrades

Net Other Income

- 38% lower in H1 2011 versus H1 2010
- Core banking fees and commission 5% higher
- 8.4% increase in operating income in Bank of Ireland Life
- €60m in H1 2011 on fair value movement of balance sheet hedges
- Bank of Ireland Life
 - €50m 'fair value through profit and loss account' charge on Irish sovereign bonds holdings (held on own account)

Operating Expenses

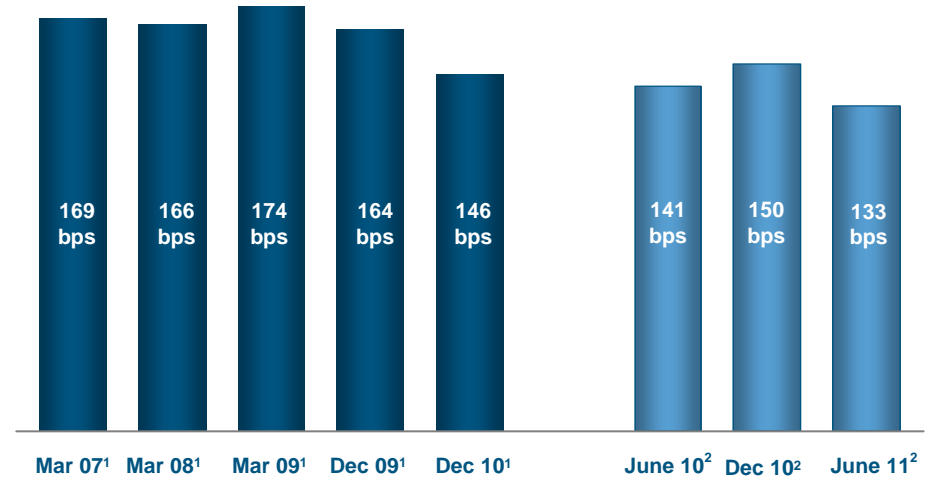
- Operating expenses down 8% in H1 2011
 - 59% decrease in pension charges
 - Decrease of 7% in staff costs (excluding pension costs)
- Maintaining tight focus on cost management

Net interest margin

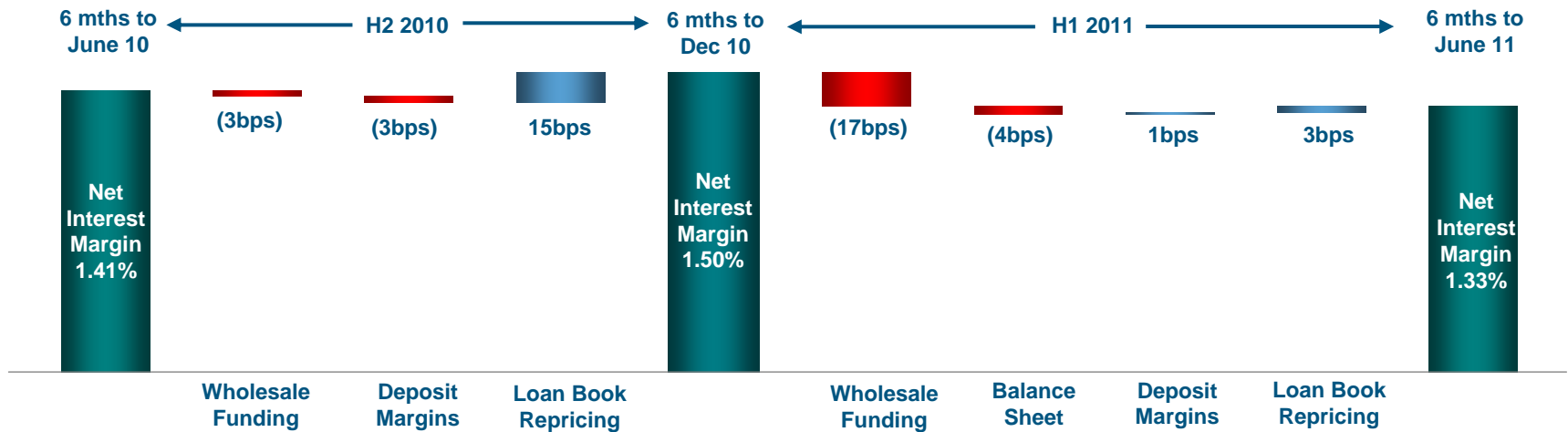
6 months to June 11, 6 months to Dec 10, and 6 months to June 10
(annualised)

6 Months to	June 10	Dec 10	June 11
Net interest income	€1,204m	€1,307m	€1,034m
IFRS Income Classifications	(€47m)	(€128m)	(€68m)
Net Interest Income (excl IFRS income reclassifications)	€1,157m	€1,178m	€966m
Average interest earning assets	€164bn	€157bn	€146bn
Net interest margin (annualised)	1.41%	1.50%	1.33%

Net Interest Margin



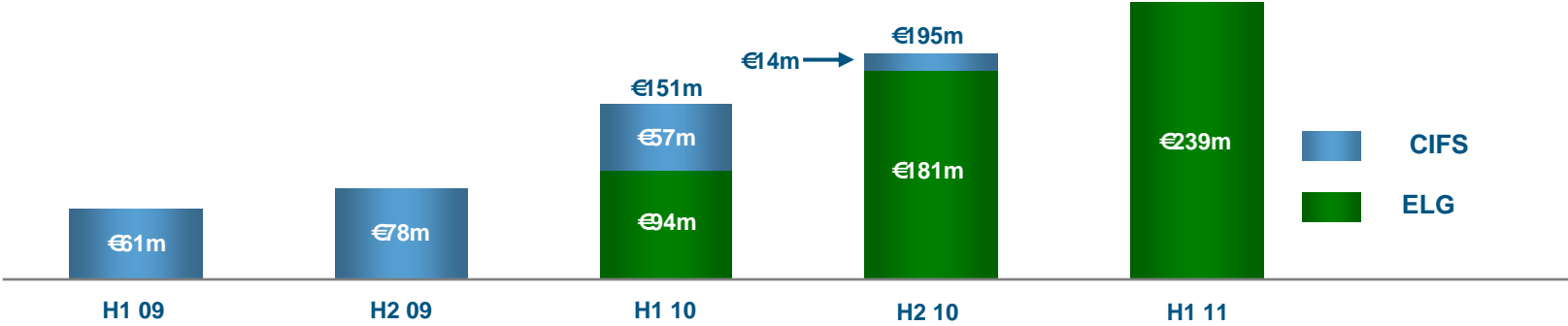
Trend in NIM – 6 months to Dec 10 & 6 months to June 11



¹ Annual Net Interest Margin for 12 month periods

² Annualised Net Interest Margin for the 6 months to June 10, 6 months to Dec 10 and 6 months to June 11

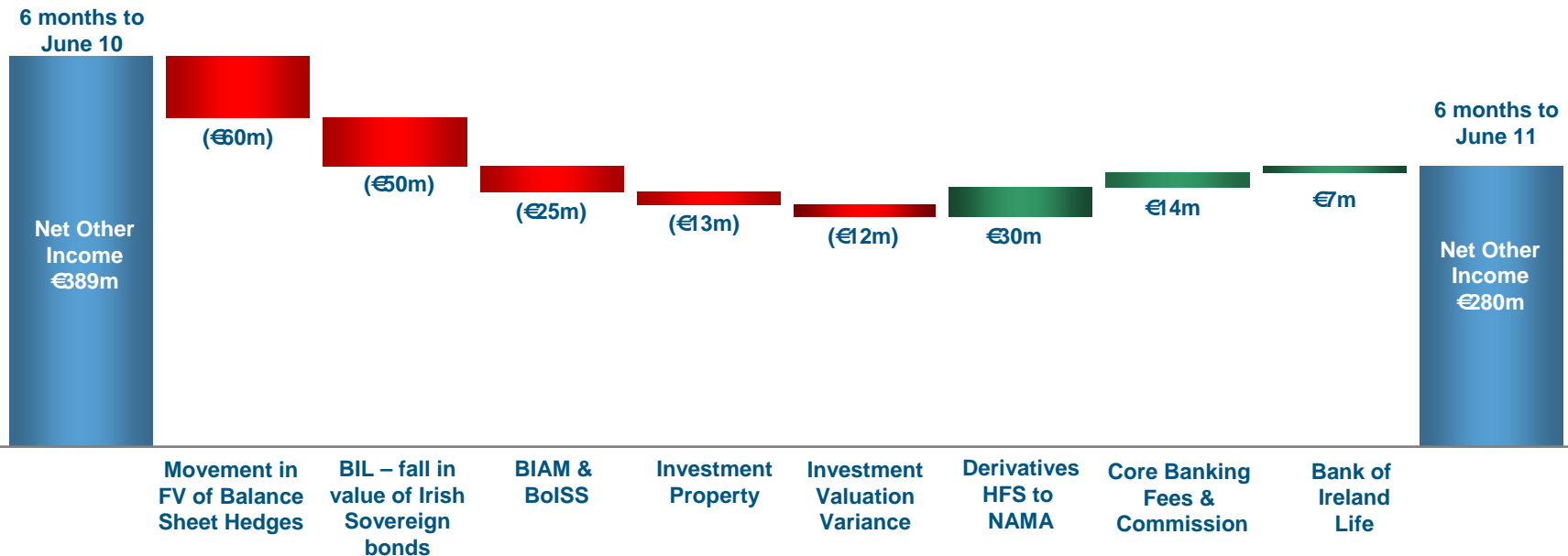
Government Guarantee Fees



- Increase in cost of Government guarantee fees of €88m or 58% in six months to June 11 versus six months to June 10 as a result of:
 - Higher fees payable following the various extensions of the ELG Scheme
 - Impact of ratings downgrades
- €44bn of liabilities covered at June 11 (€39bn at Dec 10)
 - Increase relates to self issued bonds

Net Other Income (after IFRS income classifications)

6 months to June 11 versus 6 months to June 10



Net Other Income

Decrease of €109m, or 28%

FV of Balance Sheet Currency Swaps

A charge of €60m in H1 11 due to the accounting impact of fair value movements in currency swaps that economically hedge the funding of the Group's sterling balance sheet, which will unwind over the life of the swaps

BIL – sovereign Bonds

A negative movement in Bank of Ireland Life of €50m in H1 11 arising from the fall in the value of Irish sovereign bonds which the Company holds on its own account

BIAM & BoISS

Reduced fees from asset management activities of €25m arising from the disposal of BIAM and BOISS in H1 11

Investment Property

A movement of €13m due to the change in value of investment properties in H1 11 being lower than H1 10

Investment Valuation Variance

A negative movement of €12m in the investment variance in Bank of Ireland Life reflecting a charge of €10m in H1 11 compared to a gain of €2m in H1 10

Derivatives HFS to NAMA

A positive movement of €30m due to a charge of €30m in H1 10 arising from the impact of credit deterioration on the fair value of derivatives held for sale to NAMA

Core Banking fees

Increase of €14m or 5% to €283m

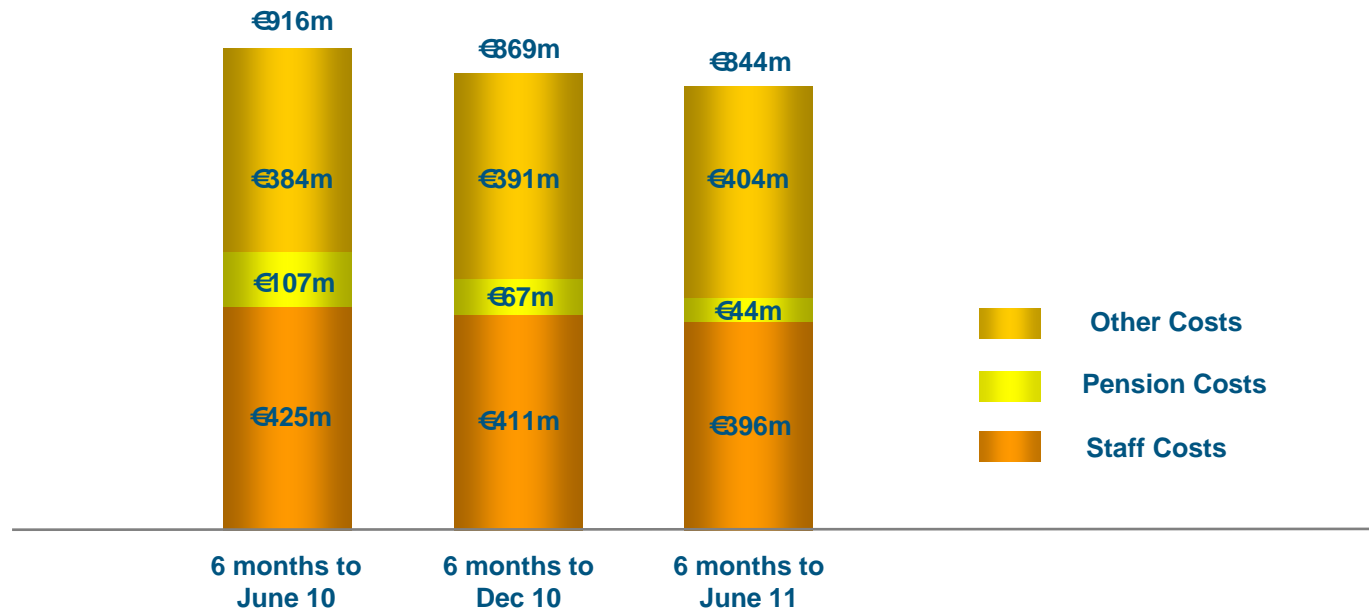
BIL

€7m or 8% increase in operating income H1 11 versus H1 10

Operating Expenses

6 Months to June 11

Trend in Operating Expenses – 6 months to June 10, Dec 10 & June 11 (€m)



- Operating Expenses decreased by €72m or 8% H1 11 compared to H1 10
 - Decrease in pension charges of €63m in H1 11 compared to H1 10 following implementation of benefit changes in the Group's defined benefit pension schemes in 2010
 - €29m or 7% reduction in staff costs (excluding pension costs)
 - €20m or 5% increase in Other costs due to one off costs relating to transition of outsourcing contracts and costs relating to 2011 PCAR process
- The Group is maintaining a rigorous focus on cost management
 - Renegotiation of key outsourcing contracts
 - Continuing consolidation of operations

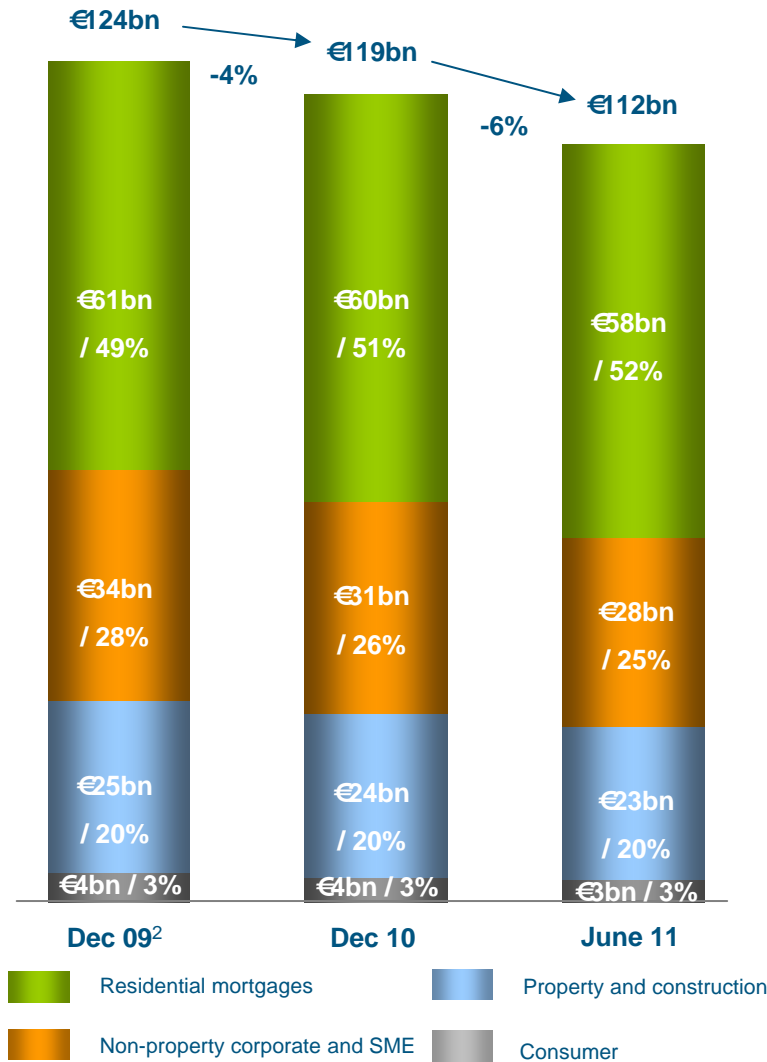
Section 3

Asset Quality

Profile of total loans¹

Excluding loans held for sale to NAMA

Movement in Group Loan book



- Group loan book €112bn at 30 June 11

Geographic Profile of loans and advances to customers

30 June 11	RoI €bn	UK €bn	RoW €bn	Total €bn
Mortgages	28	30	-	58
Non-property corporate and SME	14	8	6	28
Property and construction	9	13	1	23
<i>Investment property</i>	7	11	1	19
<i>Land and development</i>	2	2	-	4
Consumer	2	1	-	3
Total	€53bn	€52bn	€7bn	€112bn
Total – Geographic Split	48%	46%	6%	100%

- Loan book down 6% June 11 on Dec 10 due to:
 - Foreign exchange movements
 - Loan repayments
 - Loan disposals
 - Subdued demand for new lending

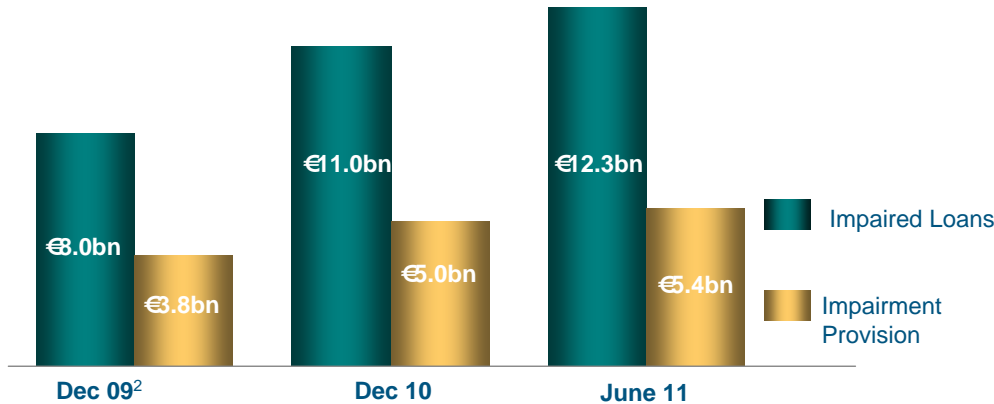
¹ Before balance sheet impairment provisions of €3.8bn at Dec 09, €5.0bn at Dec 10, and €5.4bn at June 11

² Dec 09 presented on a proforma basis 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 now includes €1.9bn of loans (of which €1.2bn was impaired with impairment provisions of €0.8bn) which were previously classified as assets held for sale to NAMA.

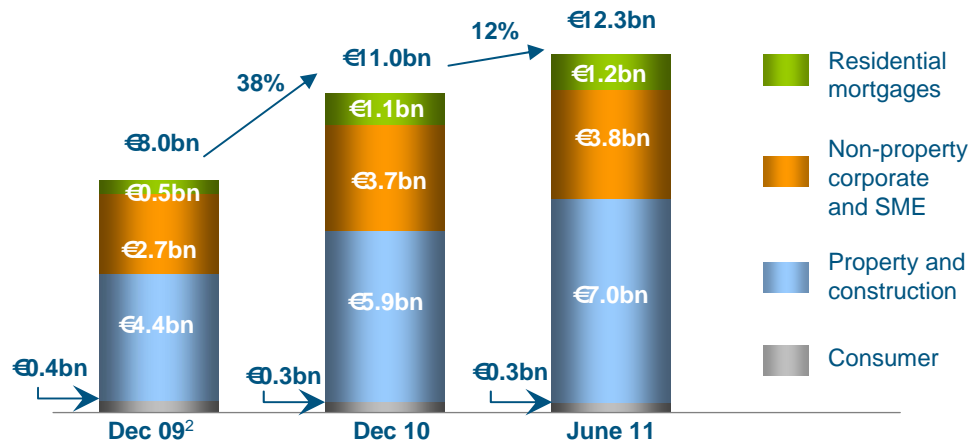
Impaired Loans, Impairment Provisions & Impairment Charges

Excluding loans held for sale to NAMA

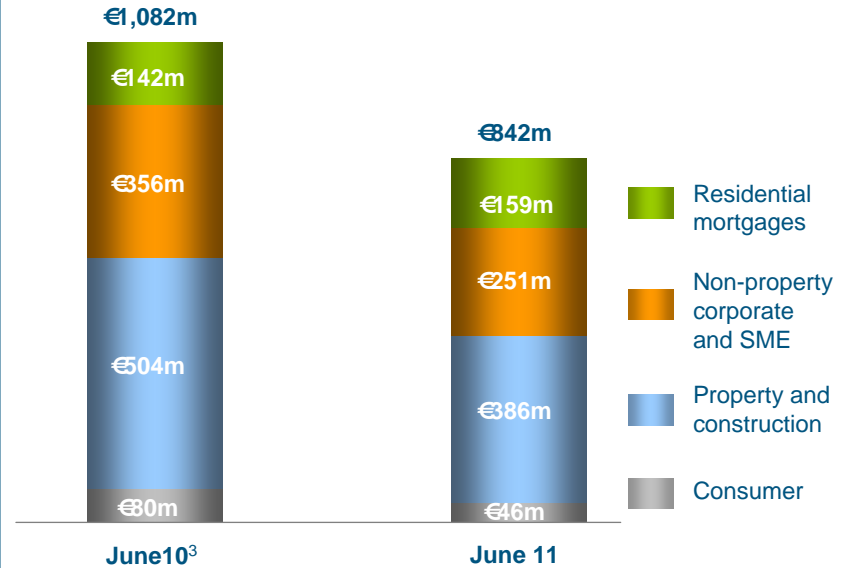
Impaired Loans¹ & Impairment Provisions



Composition of impaired loans¹



6 month impairment charges by portfolio



Impairment Charges

- Impairment charges on loans and advances to customers (non-NAMA) expected to have peaked in 2009, reduced in 2010 with anticipated reductions expected in subsequent years

¹ 'Impaired loans' 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). All assets in grades 12 and 13 on the thirteen point grade scale and grades 6 and 7 on the seven point grade scale are impaired.

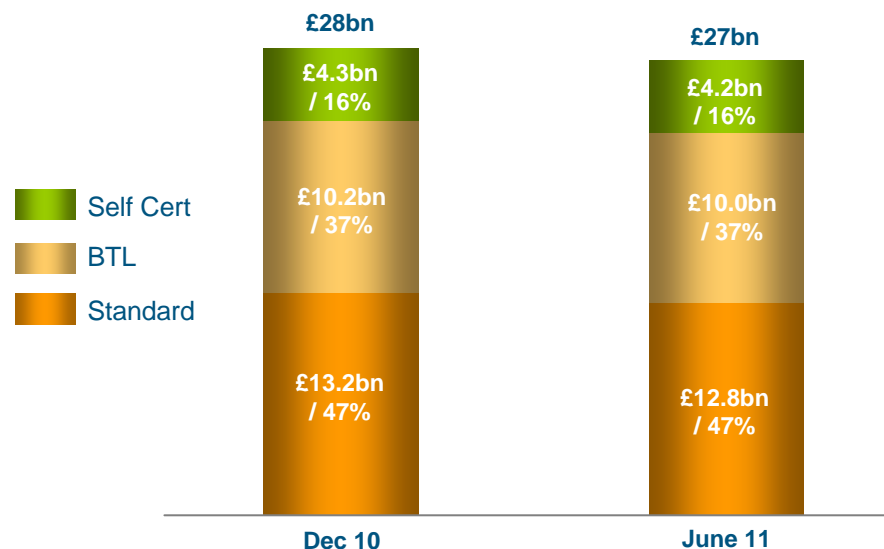
² Dec 09 presented on a proforma basis to reflect the changes to NAMA eligibility resulting from the decision not to transfer land and development loans of less than €20m to NAMA. Dec 09 includes €1.9bn of loans (of which €1.2bn was impaired with impairment provisions of €0.8bn) which were previously classified as assets held for sale to NAMA

³ The impairment charge on loans and advances to customers and assets held for sale to NAMA have been restated for the 6 months to June 10 to reflect changes in the eligibility criteria for loans sold to NAMA during 2010 and held for sale to NAMA at 30 June 2011 with no change to the total impairment charge.

UK Residential Mortgages

– £27bn¹ / €30bn

Analysis of UK Residential mortgages



UK Mortgages – 27% of Group loans and advances to customers

- 2% reduction in the portfolio June 2011 versus Dec 2010
- Intermediary sourced mortgages down 4% 2011 YTD; 17% decline since placed in run-off in Q1 2009

House Prices

- UK house prices up 3.7% June 2011 YTD; down 9.6% since peak in Oct 07 to June 11 (*Nationwide*)

Negative Equity

- Net negative equity of £146m (June 10 £165m; Dec 10 £156m)

¹ Before impairment provisions of £126m

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

Arrears – greater than 3 months in arrears²

	Dec 09	June 10	Dec 10	June 11
Standard	97bps	121bps	127bps	126bps
Buy to let	185bps	181bps	192bps	191bps
Self cert	454bps	520bps	545bps	528bps
Total	171bps	189bps	199bps	196bps

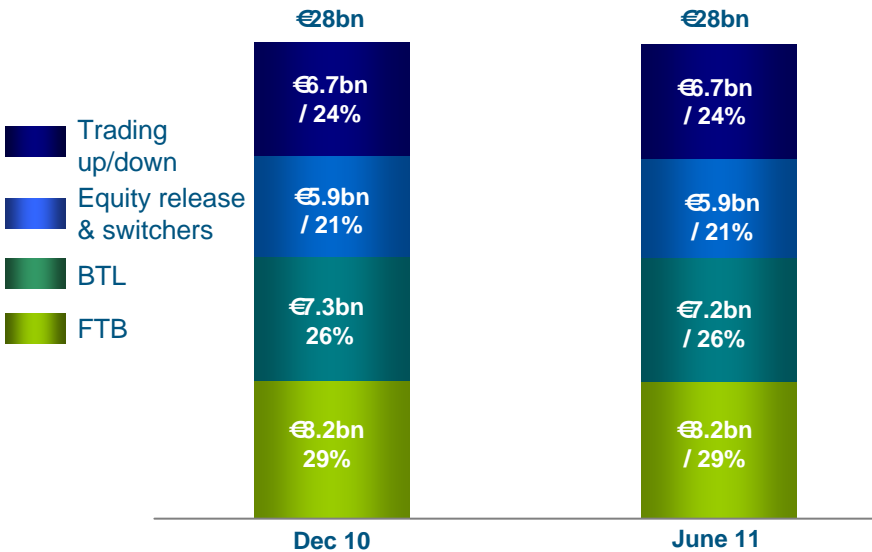
Impairment Charges, Provisions & Coverage Ratios and Properties in Possession

	Dec 09	June 10	Dec 10	June 11
Impairment charge (£m – 6 months)	£44m	£30m	£24m	£16m
Annualised Impairment charge (bps – 6 months)	31bps	21bps	17bps	12bps
New Possessions (6 months to)	385	371	325	405
Total Properties in Possession (PIT)	305	301	317	313
Impairment Provision	£103m	£118m	£129m	£126m
Coverage Ratio ³	16%	16%	17%	17%

ROI Residential Mortgages

– €28bn¹

Analysis of ROI Residential mortgages



ROI Mortgages – 25% of Group loans and advances to customers

- Portfolio static in 2011 YTD

House Prices

- ROI house prices down 7.5% 2011 YTD; down 42% since peak in mid 07 to June 11 (CSO)

Negative Equity

- Net negative equity of €3.2bn (Dec 10 €2.3bn; June 10 €2.2bn)

Arrears – greater than 90 days in arrears²

	Dec 09	June 10	Dec 10	June 11
Industry – Owner Occupied ³	361bps	461bps	566bps	634bps ⁴
Bol – Owner Occupied	261bps	323bps	376bps	455bps
Bol – BTL	340bps	455bps	591bps	784bps
Bol – Total	276bps	349bps	417bps	518bps

Impairment Charges, Provisions & Coverage Ratios and Properties in Possession

	Dec 09	June 10	Dec 10	June 11
Impairment charge (€m – 6 months)	€102m	€108m	€233m ⁵	€140m
Annualised Impairment charge (bps – 6 months)	103bps	70bps	175bps ⁵	101bps
New Possessions (6 months to)	54	33	42	70
Total Properties in Possession (PIT)	28	59	85	130
Impairment Provision	€244m	€344m	€575m	€718m
Coverage Ratio ⁶	22%	26%	34%	34%

¹ Before impairment provisions of €718m

² No. of cases > 90 days in arrears excluding possessions

³ Central Bank of Ireland compiled owner occupied arrears statistics

⁴ At March 2011, being the latest data available on 9 August 2011

⁵ 6 months to Dec 10 reflects the impact of increasing the peak to trough house price decline assumption from 45% to 55% which impacted by approximately €100m

⁶ Impairment provisions as a % of impaired loans together with loans with arrears greater than 90 days past due

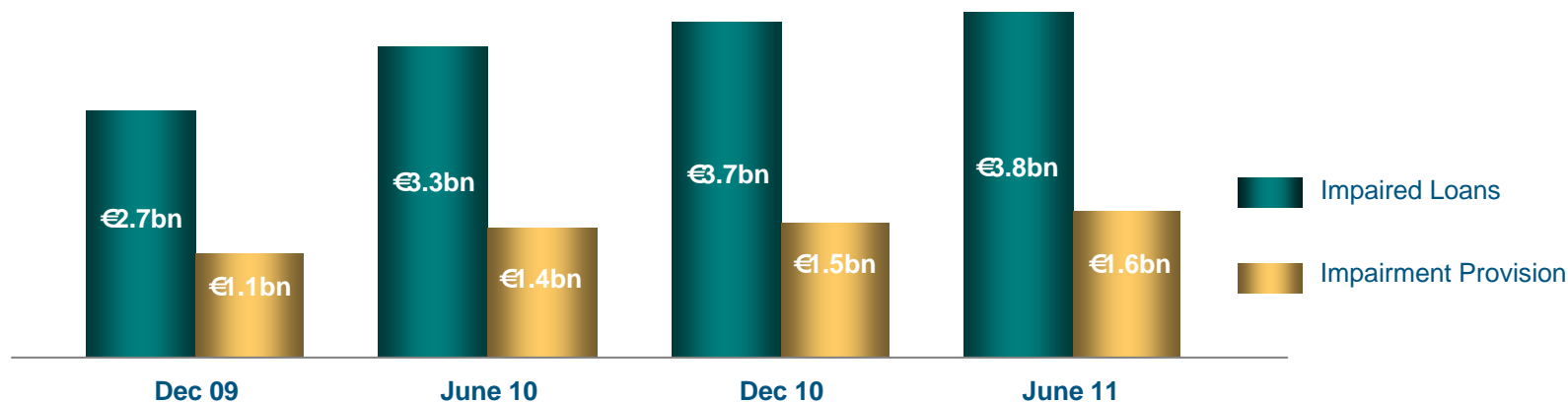
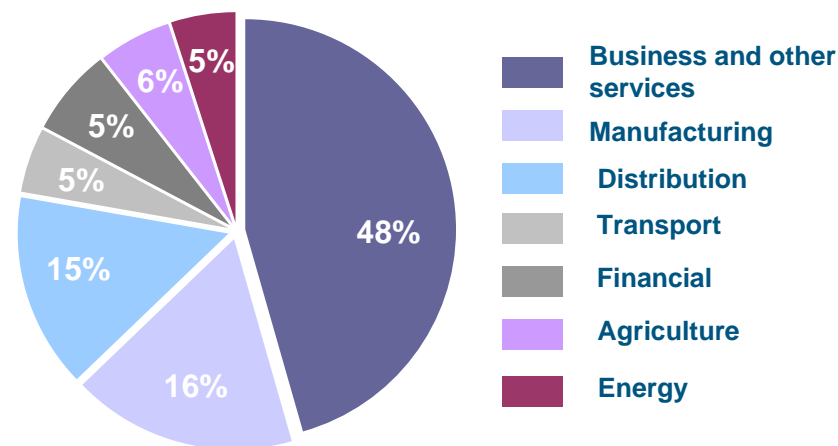
Non-Property Corporate & SME Loans

– €28bn¹

Non-property corporate and SME - €28bn¹

- 25% of Group loans and advances to customers
 - 10% reduction in portfolio YTD in 2011
 - Reduction primarily driven by loan repayments/redemptions and FX together with some loan sales
- Portfolio diversified across a range of sectors and geographies
 - 49% Ireland, 29% UK and 22% RoW
- Divergence in performance between Corporate & SME portfolios
- Quantum of impaired loans at June 11 broadly similar to Dec 10
- Impairment charge of €251m in 6 months to 30 June 11 (€356m in 6 months to 30 June 10)
- Impairment provision on portfolio at 30 June 11 of €1.6bn on impaired loans of €3.8bn

Sectoral analysis of Non-property corporate & SME



¹ Before impairment provisions of €1.6bn

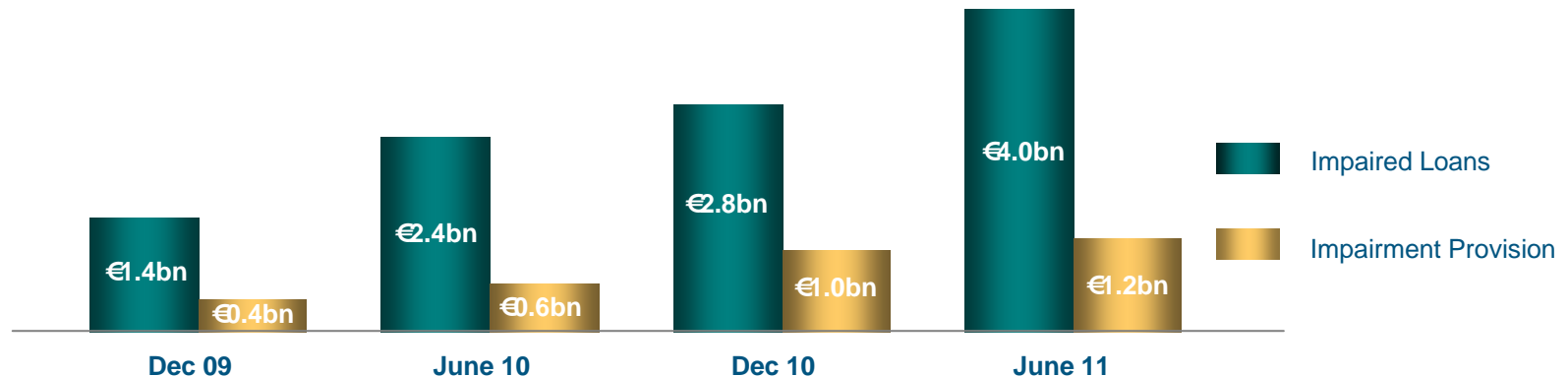
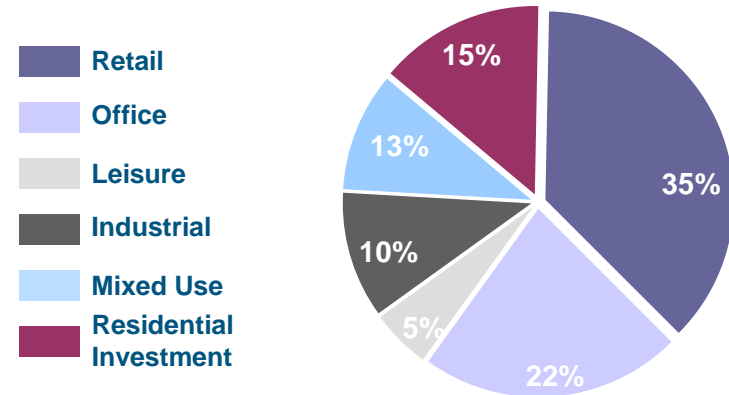
Investment Property Loans

– €18.6bn¹ (Excluding loans held for sale to NAMA of €0.5bn)

Investment Property - €18.6bn¹

- 17% of Group loans and advances to customers
 - 6% reduction in portfolio YTD in 2011
- Portfolio weighted to UK – Geographic profile:
 - 57% UK, 38% Ireland and 5% US / Europe
- Low transaction levels in Irish commercial property sector
- Increase in impaired loans reflects continued impact of the weak economic environment together with an increase in loans which are '90 days past due' where facilities are being renegotiated but where a loss is not anticipated
- Impairment charge of €195m in 6 months to 30 June 11 (€188m in 6 months to 30 June 10)
- Impairment provision on portfolio at 30 June 11 – €1.2bn on impaired loans of €4.0bn.
 - Decrease in coverage ratio reflects an increase in loans which are '90 days past due' where facilities are being renegotiated but where a loss is not anticipated

Sectoral Analysis of Investment Property Loans



¹ Before impairment provisions of €1.2bn

Land & Development Loans

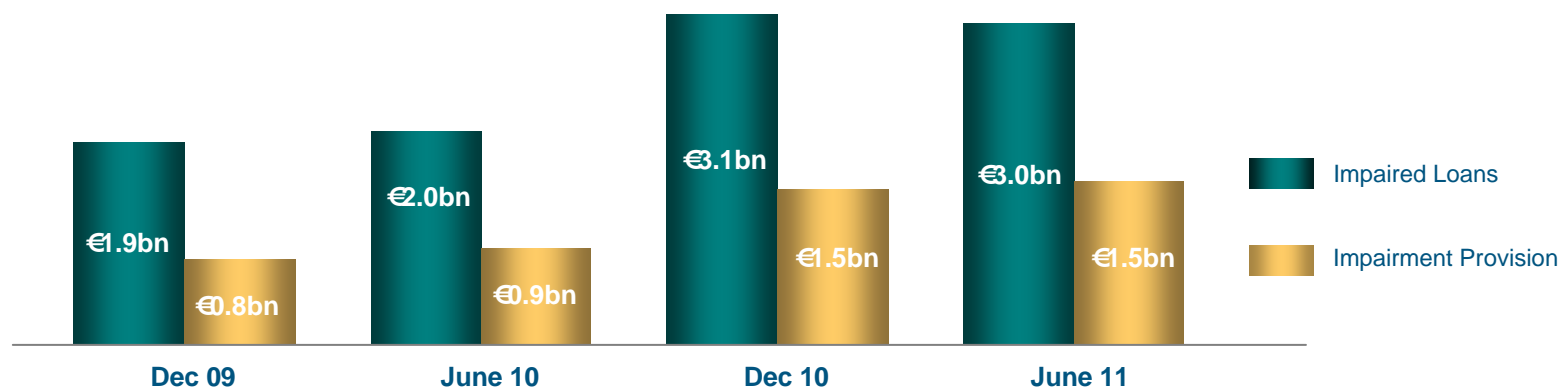
– €4.1bn¹ (Excluding loans held for sale to NAMA of €0.3bn)

Land & Development - €4.1bn¹

- 3% of Group loans and advances to customers
- Geographic profile
 - 59% Ireland, 40% UK, 1% RoW
- Impairment charge of €191m in 6 months to 30 June 11 (€316m in 6 months to 30 June 10)
- Impaired loans continue to be impacted by an over supply of residential property and an illiquid property market
- Impairment provision on portfolio at 30 June 11 – €1.5bn on impaired loans of €3.0bn

Profile of Land & Development Loans at 30 June 2011

	Ireland €bn	UK €bn	RoW €bn	Total €bn	%
Land	1.5	0.9	0.1	2.5	61%
Development	0.9	0.7	-	1.6	39%
Total	€2.4bn	€1.6bn	€0.1bn	€4.1bn	100%
Total - geographic split	59%	40%	1%	100%	



¹ Before impairment provisions of €1.5bn

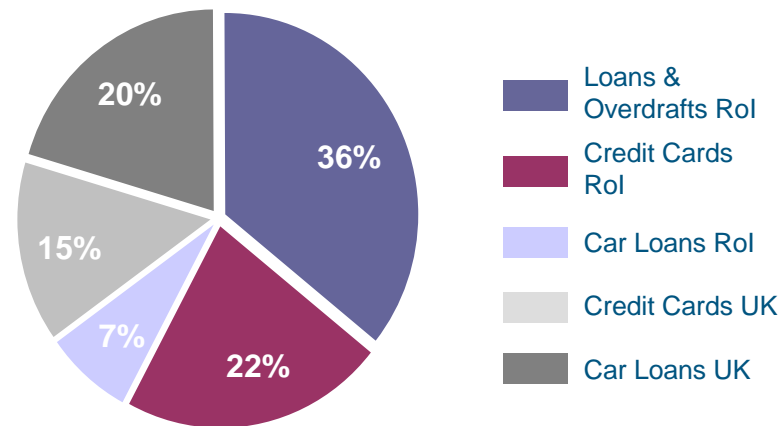
Consumer Loans

- €3.3bn¹

Consumer Loans - €3.3bn¹

- 3% of Group loans and advances to customers
 - 11% reduction in portfolio YTD in 2011
- Portfolio diversified across a range of sectors and geographies
 - 66% Ireland, 34% UK
- Impairment charge down from peak
 - Impairment charge of €46m in 6 months to 30 June 11 (€80m in 6 months to 30 June 10)
- Impairment provision on portfolio at 30 June 11 – €297m on impaired loans of €355m

Analysis of Consumer Loans



¹ Before impairment provisions of €297m

Loans held for sale to NAMA

– €0.8bn¹

Profile of loans held for sale to NAMA at 30 June 2011

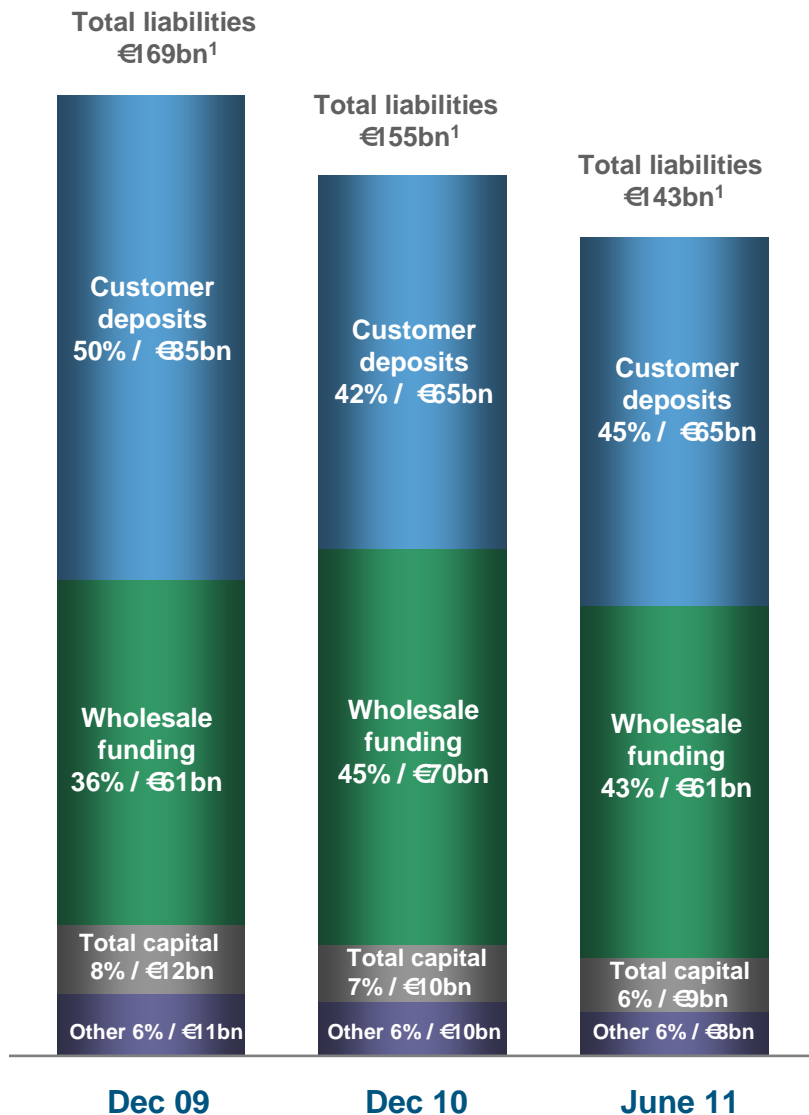
	Ireland	UK	Total	Total
	€bn	€bn	€bn	%
Investment property loans	0.2	0.3	0.5	67%
Land Loans	0.1	0.1	0.2	25%
Development Loans	0.1	-	0.1	8%
Total	€0.4bn	€0.4bn	€0.8bn	100%
Total – geographic split	51%	49%	100%	

- Portfolio of €0.8m of assets held for sale to NAMA at 30 Jun 11
 - 33% land and development loans and 67% investment property
- Stock of Balance Sheet Provisions June 11 – €0.2bn on €0.5bn impaired loans, 39% coverage ratio
- Discount that will be applicable to the Group on these assets held for sale to NAMA will be determined on full completion of the relevant due diligence but is likely to be between 35% - 45%

¹ Before impairment provisions of €0.2bn

Section 4

Funding and Capital

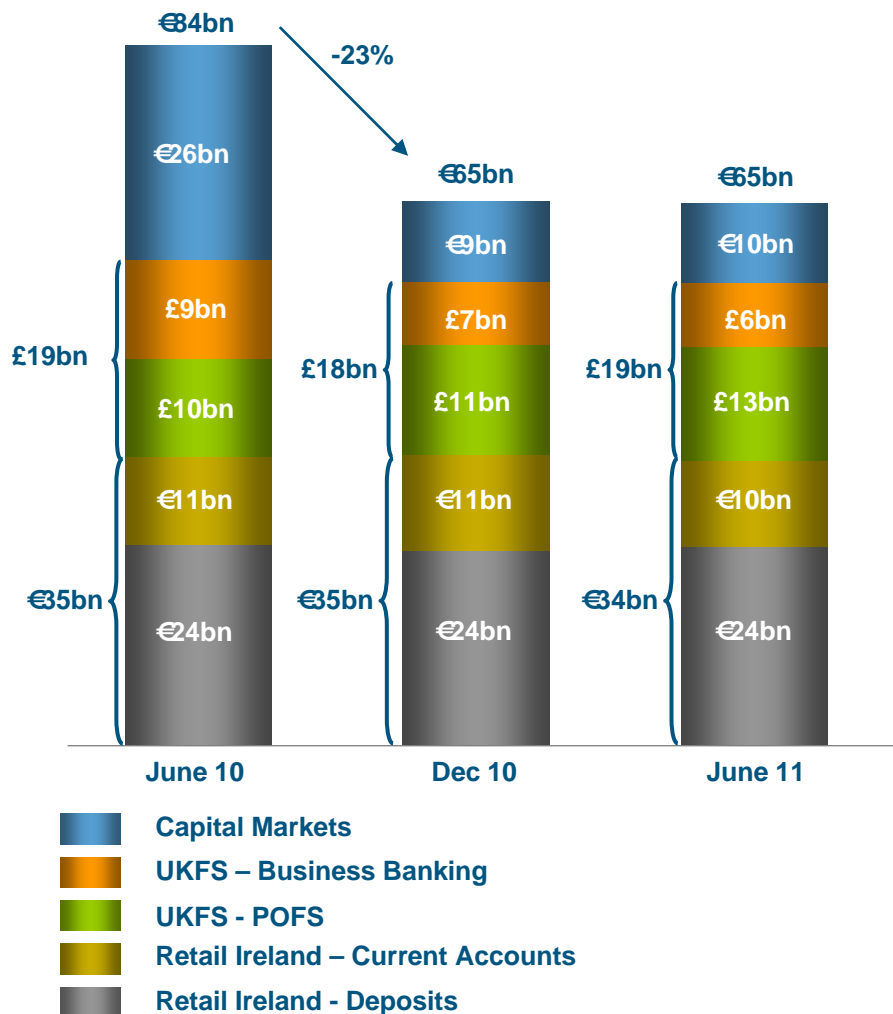


- **Strategy to revert to traditional banking model**
 - Fund core loan portfolios substantially through deposits
 - Asset growth dependent on the ability to attract deposits
 - Target loan to deposit ratio of <120% by Dec 2014
 - Deleveraging international loan books to repay Monetary Authorities
- **Deleveraging**
 - €24bn reduction in net loan book Dec 2010 to Dec 2014
 - c.€10bn loan disposals – process well underway
 - c.€20bn repayments/redemptions in ‘non core book’ on track
 - c.€6bn of growth in ‘core book’
- **Wholesale Funding**
 - Systemic issues have impacted on the implementation of our strategy - limited access to unsecured wholesale funding markets
 - Increased use of secured funding - €2.9bn term funding issued YTD
 - Maturity profile has shortened
- **Customer Deposits**
 - Drive growth through strength of franchise and scale of distribution
 - Retail deposits continue to be a stable source and POFS continues to exceed expectations
 - Irish deposit market remains challenging on volume and price
 - Loan to deposit ratio 164% at June 11(175% Dec 10)

¹ Excludes Life funds held on behalf of policyholders: Dec 09 €11.7bn, Dec 10 €12.5bn and June 11 €12.2bn

Group customer deposits

Divisional profile of deposits



Group

- Total deposits at June 11 in line with Dec 10
 - June 11 impacted negatively by €1bn due to FX movement

Retail Ireland

- Deposits stable
- Current accounts down €1bn on Dec 10

UKFS

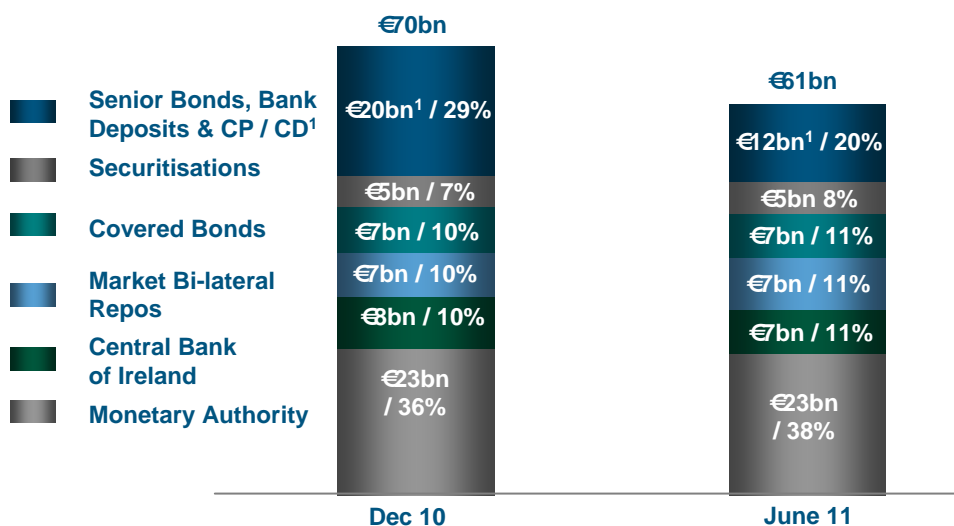
- POFS exceeded expectations with growth of £2.2bn in H1 2011

Capital Markets

- Loss of €1bn of deposits on disposal of BoISS during H1 11

- Other outflows of €1.5bn in H1 11

- Offset by €3bn of NTMA deposits at June 11 (matured in July 2011)



- Quantum of wholesale funding has decreased from €70bn at Dec 10 to €61bn at June 11
 - Reduction is driven by decrease in loans and advances to customers and liquid assets
- Term issuance
 - €0.8bn of unguaranteed secured term funding issued during 6 months to June 11
 - €2.1bn of unguaranteed secured term funded issued in July 11
 - Total €2.9bn of unguaranteed secured term funding issued YTD with average maturity of 2.2yrs and an average spread of 265bps over 3 month Euribor
- Term funding ratio¹ – 31%
 - 31% of wholesale funding had a term >1year at June 11 (€19bn), compared to 32% at Dec 10 (€22bn)
- Limited access to wholesale funding markets has resulted in usage of liquidity facilities provided by Monetary Authorities and Central Bank of Ireland

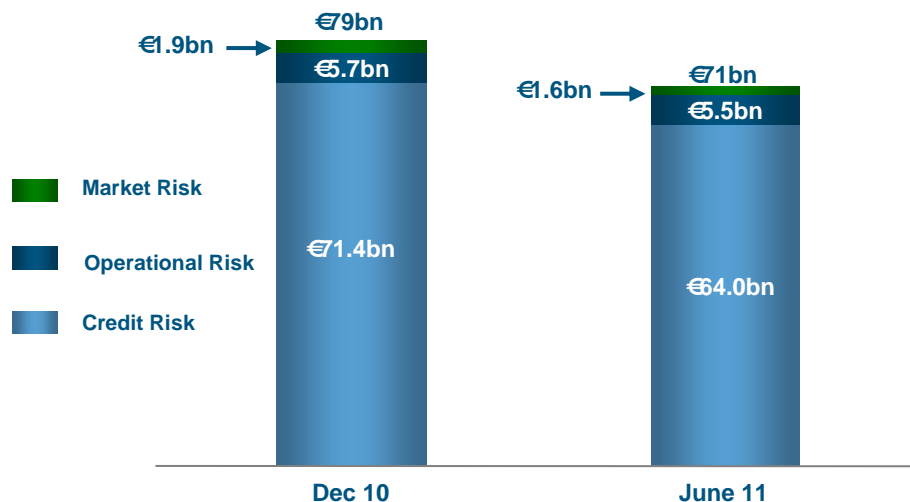
Wholesale funding maturity profile

	June 10		Dec 10		June 11	
	€bn	%	€bn	%	€bn	%
< 1 year	34	59%	48	68%	42	69%
> 1 year ²	24	41%	22	32%	19	31%
Total	58	100%	70	100%	61	100%

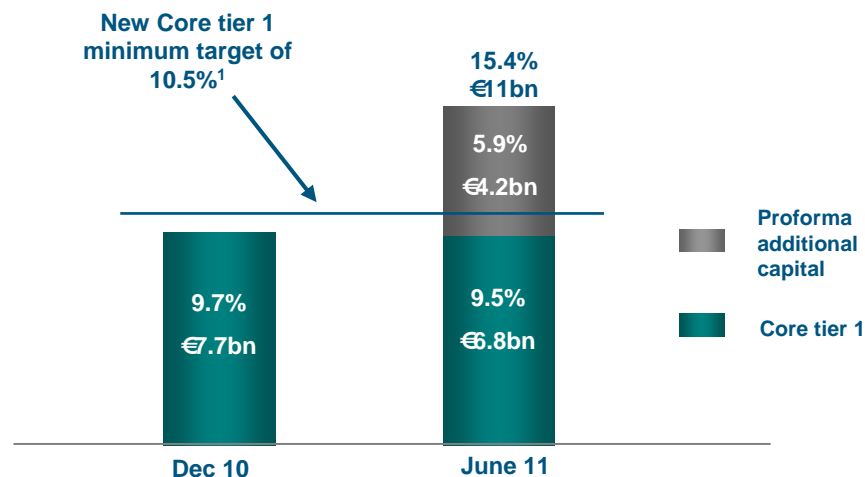
¹ June 11 includes €2bn of unsecured deposits by banks (€3bn unsecured deposits by banks and €1bn CP / CD at Dec 10)

² Wholesale funding with a remaining term to maturity of greater than 1 year at June 11 (Dec 10 and June 10) noting €2.1bn in term secured issued since 30 June 11

Risk Weighted Assets – Basel II



Capital Ratios – Basel II



RWA

- 10% decrease in risk weighted assets (RWAs) due to
 - Reduction in Loans and Advances to Customers
 - Foreign Exchange movements

Core Tier 1 Capital

- Decrease in Core tier 1 ratio (June 11 vs Dec 10) relates to attributable loss in the period partly compensated by lower RWA
- Proforma Core tier 1 ratio of 15.4% at 30 June 2011 (incorporating net €4.2bn capital requirement)

Contingent Capital

- Contingent Capital of €1bn issued on 29 July 2011 – classified as Lower tier 2 capital

2011 PCAR

Equity Capital Generation	€m
Debt for Equity	2,029
Rights Issue	1,908
Costs	(150)
Total Equity Capital Generated to date²	3,787
Equity Capital Requirement (including €0.5bn regulatory buffer)	4,200
Further Equity Capital raising measures to be completed by 31 December 2011	413

¹ Increased from 8% in November 2010

² As at 5 August 2011

- Difficult operating environment in 2011
 - Funding markets very difficult but have raised €2.9bn in unguaranteed secured term funding year to date
 - NIM remains under pressure due to elevated cost of funding (both deposits and wholesale funding)
 - Government guarantee costs are increasing
 - Loan impairments lower than 2010 and remain within expectations

- The outlook for the remainder of 2011 remains challenging, particularly in relation to funding costs (including Government guarantee fees) and ongoing issues in international sovereign and capital markets that may impact the pace and outlook for global growth

- Our deleveraging plan includes specific initiatives that will deliver a more conservative funding structure, enable the repayment of Monetary Authority and Central Bank funding, and achieve a significantly lower wholesale funding requirement

- Bank of Ireland is well positioned to support corporate, business and personal customers and contribute positively to the recovery of the Irish economy

Questions & Answers

Supplementary Information

- Income Statement
 - Details of Non-core Items
 - Divisional Income Statement
 - Items causing volatility in other Income
- Asset Quality
 - Impaired loans
 - Impairment Charge
- AFS
- EPS calculation
- Stockholders' equity & Tangible net asset value
- Abbreviations
- Contact details

Group Income Statement

Group Income Statement

(excluding non-core items)

6 months to	June 10 €m	June 11 €m	% Change
Net Interest Income	1,204	1,034	(14%)
Government guarantee Fee	(151)	(239)	58%
Net Other Income ¹	342	212	(38%)
Total income²	1,395	1,007	(28%)
Operating expenses	(916)	(844)	(8%)
Operating profit pre-impairment of financial assets	479	163	(66%)
Impairment charge – loans and advances to customers	(1,082)	(842)	(22%)
Impairment charge – loans and advances to banks / AFS	-	(16)	-
Impairment charge – assets held for sale to NAMA ³	(277)	(43)	(84%)
Loss on sale of assets to NAMA	(466)	-	-
Share of results of associates/JVs (<i>post-tax</i>)	<u>26</u>	<u>15</u>	(42%)
Underlying⁴ loss before tax	(1,320)	(723)	(45%)
Total non-core items	1,436	167	
Profit/(Loss) before tax	116	(556)	

Non-core items

6 months to	June 10 €m	June 11 €m
Income		
Gain on liability management exercises	699	11
Impact of changes in pension benefits	676	1
Bol Credit Spreads	74	81
Impact of – ‘Coupon Stopper’	(36)	-
Gross-up for policyholder tax in the Life business	17	(2)
Investment return on treasury stock held for policyholders in Bol Life	6	2
Non-core items in income	1,436	93
Gains on disposal of business activities	-	74
Total non-core items	1,436	167

¹ Gains of €74m in the six months to 30 June 2010 arising on the movement in the credit spreads on the Group's own debt and deposits accounted for at 'fair value through the profit and loss' have been reclassified as non-core

² Total income (net of insurance claims)

³ The impairment charge on loans and advances to customers and assets held for sale to NAMA have been restated for the 6 months to June 10 to reflect changes in the eligibility criteria for loans sold to NAMA during 2010 and held for sale to NAMA at 30 June 2011 with no change to the total impairment charge

⁴ Underlying excluding non-core items. See page 17 of Interim Report for the six months ended 30 June 2011 for further details

Divisional Performance

6 months to 30 June 11	Retail Ireland €m	BIL €m	UKFS €m	Capital Markets €m	Group Centre €m	Total €m
Total Income	592	22	280	390	(277)	1,007
Expenses	(431)	(50)	(185)	(113)	(65)	(844)
Operating profit pre-impairment	161	(28)	95	277	(342)	163
Impairment – customer loans	(525)		(199)	(118)	-	(842)
Impairment – banks and AFS	-		-	(16)	-	(16)
Impairment – NAMA	(9)		(25)	(9)	-	(43)
Share of Associates/JVs (after tax)	-		15	-	-	15
Underlying¹ (loss)/profit before tax	(373)	(28)	(114)	134	(342)	(723)

6 months to 30 June 10	Retail Ireland €m	BIL €m	UKFS €m	Capital Markets €m	Group Centre €m	Total €m
Total Income ¹	671	83	312	449	(120)	1,395
Expenses	(467)	(53)	(190)	(146)	(60)	(916)
Operating profit pre-impairment	204	30	122	303	(180)	479
Impairment – customer loans	(633)	-	(303)	(146)	-	(1,082)
Impairment – banks and AFS ²	-	-	-	-	-	-
Impairment – NAMA ²	(94)	-	(38)	(145)		(277)
NAMA – loss on disposal	(33)			(414)	(19)	(466)
Share of Associates/JVs (after tax)	8		17	1	-	26
Underlying³ (loss)/profit before tax	(548)	30	(202)	(401)	(199)	(1,320)

Change in Operating profit pre-impairment	(43)	(58)	(27)	(26)	(162)	(316)
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Retail Ireland

- Net interest income impacted by lower loan volumes, higher costs of wholesale funding and deposits partly offset by improved lending margins
- Decrease in Other Income due to the gain in the value of investment properties in H1 11 being lower than the gain in H1 10
- 17% reduction in impairment charges on customer loans. Continued elevated charge due to economic downturn, high unemployment together with the level of business insolvencies

BIL

- Charge of €50m arising from the fall in value of Irish sovereign bonds partly offset by an increase in operating profit due to a 17% increase in APE sales

UKFS

- Net interest income impacted by lower loan volumes, increased cost of wholesale funding offset by higher lending margins
- Other income positively impacted in June 11 by non-reoccurrence of a number of charges in June 10
- 34% reduction in impairment charges on customer loans

Capital Markets

- Net interest income impacted by lower loan volumes, increased cost of wholesale funding offset by higher lending margins
- Other Income negatively impacted by FV movement of currency swaps and the loss of income on disposal of BIAM and BoISS, partly offset by higher fee income in Corporate Banking
- 19% reduction in impairment charges on customer loans

Group Centre

- Income impacted by higher ELG fees together with higher interest expense on subordinated liabilities and FV movement on currency swaps

¹ Gains of €74m in the six months to 30 June 2010 arising on the movement in the credit spreads on the Group's own debt and deposits accounted for at 'fair value through the profit and loss' have been reclassified as non-core

² The impairment charge on loans and advances to customers and assets held for sale to NAMA have been restated for the 6 months to June 10 to reflect changes in the eligibility criteria for loans sold to NAMA during 2010 and held for sale to NAMA at 30 June 2011 with no change to the total impairment charge

³ Underlying excluding non-core items. See slide 36 or page 17 of Interim Report for the six months ended 30 June 2011 for details

Items causing volatility in Other Income

Cross Currency Swaps hedging the Group's balance sheet

- The Group has entered into cross currency swaps to hedge euro funding of its sterling balance sheet
- The market rate for transacting such swaps at 30 June 11 had fallen and was below the historical rates at which the swaps were entered into by the Group
- The fair value of the swaps had therefore fallen. As they are derivatives, they are accounted for at 'fair value through profit or loss' which has resulted in a charge of €60m in the six months to June 11
- As these swaps mature the negative fair value is expected to unwind through the income statement

Sovereign Bond holding in Bank of Ireland Life

- Bank of Ireland Life holds sovereign bonds to back non-linked policyholder liabilities and its solvency margin
- These holdings are accounted for at 'fair value through profit or loss' which has resulted in a charge of €58m in the six months to June 11, primarily as a result of the fall in value of Irish sovereign bonds
- Irish sovereign bonds with a nominal value of €625m and a fair value of €441m were held for these purposes at 30 June 11

BIL Holdings of Irish Sovereign Bonds

	Nominal Value	Fair Value
	€m	€m
Held for solvency margin purposes	257	180
Backing non-linked policyholder liabilities	194	133
Total	451	313

Group loan book asset quality profile

Excluding loans held for sale to NAMA (€7.8bn at June 10, €0.8bn at Dec 10 and €0.9bn at June 11)

Asset Quality	Proforma June 10 ¹		Dec 10		June 11	
	€bn	%	€bn	%	€bn	%
High quality	70.6	56%	65.4	55%	60.6	54%
Satisfactory quality	23.5	19%	22.7	19%	20.0	18%
Acceptable quality	11.2	9%	10.2	8%	8.9	8%
Lower quality but not past due nor impaired	5.6	4%	4.3	4%	4.4	4%
Neither past due nor impaired	110.9	88%	102.6	86%	93.9	84%
Past due but not impaired ²	5.7	4%	5.9	5%	5.7	5%
Impaired ³	10.4	8%	11.0	9%	12.3	11%
Total loans⁴	127.0	100%	119.4	100%	111.9	100%

¹ June 10 presented on a proforma basis to reflect the changes to NAMA eligibility resulting from the decision not to transfer land and development loans of less than €20m to NAMA. June 10 now includes €2.1bn of loans (of which €1.6bn was impaired with impairment provisions of €0.8bn) which were previously classified as assets held for sale to NAMA

² 'Past due but not impaired' defined as loans where repayment of interest and/or principal are overdue by at least one day but are not impaired

³ 'Impaired loans' 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). All assets in grades 12 and 13 on the thirteen point grade scale and grades 6 and 7 on the seven point grade scale are impaired

⁴ Before balance sheet impairment provisions (June 10 €4.5bn; Dec 10 €5.0bn and June 11 €5.4bn)

Challenged Loans

Challenged Loans¹

	31 Dec 10		30 June 11	
	€m	%	€m	%
Residential Mortgages	2,852	12%	3,238	13%
- Republic of Ireland	1,746	7%	2,161	9%
- UK	1,106	5%	1,077	4%
Non-property SME & Corporate	8,082	34%	8,032	33%
Property & Construction	11,439	48%	11,806	48%
- Investment	7,048	30%	7,773	32%
- Land and development	4,391	18%	4,033	16%
Consumer	1,414	6%	1,388	6%
Total challenged loans	23,787	100%	24,464	100%

Challenged loans were 20% of customer loans pre-impairment provisions (including loans held for sale to NAMA) as at 31 Dec 10 and 23% of customer loans pre impairment provisions (including loans held for sale to NAMA) as at 30 June 11

Growth in volume of challenged loans has slowed, some deterioration still evident in RoI Mortgages and Property and construction loans.

¹ Challenged loans include 'impaired loans', together with elements of 'past due but not impaired', 'lower quality but not past due nor impaired' and loans at the lower end of 'acceptable quality' which are subject to increased credit scrutiny

Stock of Balance Sheet provisions and coverage ratios

Excluding loans held for sale to NAMA (€0.8bn at June 11 and €0.9bn at Dec 10)

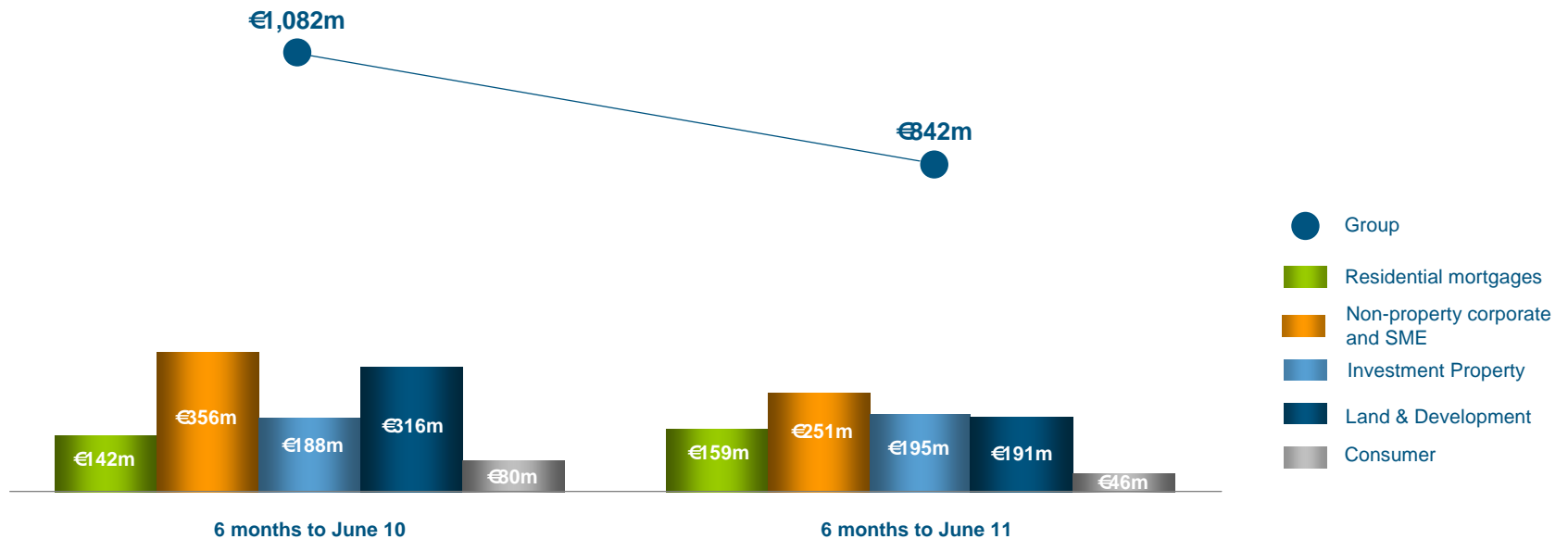
	Total loans and advances to customers	Impaired loans ¹	Impaired loans as % of advances	Impairment provisions	Impairment provisions as % of impaired loans
	€bn	€bn	%	€bn	%
30 June 2011					
Residential mortgages	57.9	1.2	2.1%	0.8	72% ²
<i>Rol Mortgages</i>	27.9	1.1	3.8%	0.7	68%
<i>UK Mortgages</i>	30.0	0.1	0.5%	0.1	100%
Non-property corporate and SME	28.0	3.8	13.4%	1.6	42%
Property and construction	22.7	7.0	30.8%	2.7	38%
<i>Investment property</i>	18.6	4.0	21.3%	1.2	29%
<i>Land and development</i>	4.1	3.0	74.4%	1.5	50%
Consumer	3.3	0.3	10.8%	0.3	84%
Total loans	111.9	12.3	11.0%	5.4	44%
31 Dec 10					
Residential mortgages	60.3	1.1	1.8%	0.7	67% ²
<i>Rol Mortgages</i>	28.1	0.9	3.3%	0.6	62%
<i>UK Mortgages</i>	32.2	0.2	0.5%	0.1	96%
Non-property corporate and SME	31.1	3.6	11.8%	1.5	40%
Property and construction	24.4	5.9	24.1%	2.5	42%
<i>Investment property</i>	19.8	2.8	14.2%	1.0	34%
<i>Land and development</i>	4.6	3.1	67.1%	1.5	49%
Consumer	3.6	0.4	10.0%	0.3	87%
Total loans	119.4	11.0	9.2%	5.0	45%

¹ Loans with a specific impairment provision attaching to them together with loans (excluding Residential mortgages) which are more than 90 days in arrears. All assets in grades 12 and 13 on the thirteen point grade scale and grades 6 and 7 on the seven point grade scale are impaired

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

Impairment charge by portfolio

Excluding loans held for sale to NAMA



Loan Impairment Charge	6 Months to 30 June 2010 ¹				6 Months to 30 June 2011			
	Retail Ireland	UKFS	Capital Markets	Total	Retail Ireland	UKFS	Capital Markets	Total
	€m	€m	€m	€m	€m	€m	€m	€m
Residential mortgages	108	34	-	142	140	19	-	159
Non -property corporate and SME	147	106	103	356	141	24	86	251
Property and construction	315	146	43	504	213	141	32	386
Consumer	63	17	-	80	31	15	-	46
Total	633	303	146	1,082	525	199	118	842

¹ The impairment charge on loans and advances to customers and assets held for sale to NAMA have been restated for the 6 months to June 10 to reflect changes in the eligibility criteria for loans sold to NAMA during 2010 and held for sale to NAMA at 30 June 11 with no change to the total impairment charge

Available for sale financial assets

	Portfolio fair value	MTM Reserve Balance	Average Rating
31 Dec 10	€bn	€bn	
- Irish Government Bonds ¹	3.2	(0.3)	BBB+
- Other Government Bonds	0.5	-	AAA
Total Government Securities	3.7	(0.3)	
Bank Debt & Covered Bonds	10.7	(0.3)	A+
Liquid Asset Portfolio	14.4	(0.6)	
Asset Backed Securities	1.2	(0.2)	
Total AFS Assets	15.6	(0.8)	

	Portfolio fair value	MTM Reserve Balance	Average Rating
30 June 11	€bn	€bn	
- Irish Government Bonds ¹	3.2	(0.6)	BBB+
- Other Government Bonds	2.7	-	AAA
Total Government Securities	5.9	(0.6)	
Bank Debt & Covered Bonds	7.3	(0.2)	A
Liquid Asset Portfolio	13.2	(0.8)	
Asset Backed Securities	1.0	(0.2)	
Total AFS Assets	14.2	(1.0)	

Geographic Profile of Available for Sale Financial Assets at 30 June 2011 - €bn

	AUS	AUT	BEL	CAD	DEN	ESP	FIN	FRA	GER	IRE ¹	ITA	NED	NOR	POR	SWE	UK	US	Other	Total
Sovereign	-	-	-	-	-	-	-	-	-	3.2	-	-	-	-	-	2.7	-	-	5.9
Bank & Covered Bonds	0.1	0.1	0.2	0.3	0.2	1.3	0.1	1.0	0.2	0.3	0.5	0.5	0.2	0.1	0.3	1.3	0.6	-	7.3
Liquid Assets	0.1	0.1	0.2	0.3	0.2	1.3	0.1	1.0	0.2	3.5	0.5	0.5	0.2	0.1	0.3	4.0	0.6	-	13.2
ABS	-	-	-	-	-	0.1	-	-	-	0.1	-	0.2	-	-	-	0.4	0.1	0.1	1.0
Total	0.1	0.1	0.2	0.3	0.2	1.4	0.1	1.0	0.2	3.6	0.5	0.7	0.2	0.1	0.3	4.4	0.7	0.1	14.2

¹ Excludes €4.9bn of NAMA Senior Bonds at June 11 (€5.1bn at Dec 10)

EPS calculation

	6 months to June 10 ¹ €m	6 months to June 11 €m
Profit / (Loss) attributable to ordinary stockholders	140	(508)
Gain on repurchase of \$150m FRN	24	1
Dividend on 2009 preference stock	<u>(134)</u>	<u>(94)</u>
A Profit / (Loss) attributable to ordinary stockholders	30	(601)
After tax impact of non-core items	<u>(1,228)</u>	<u>(155)</u>
B Loss attributable to ordinary stockholders excluding non-core items	(1,198)	(756)
C Weighted average number of shares	2,313	5,299
D Weighted average number of shares in issue excluding treasury stock and own stock held for the benefit of life assurance policyholders	2,291	5,294
Basic EPS (A/D)	1.3c	(11.3c)
Underlying EPS (B/C)	(51.8c)	(14.3c)

¹ Restated to reflect the bonus element of the Rights Issue which took place in June 10

Stockholders' equity and Tangible net asset value

Stockholders' equity	12 mths ended 31 Dec 10 €m	6 mths ended 30 June 11 €m
Stockholders' equity at beginning of period	6,387	7,351
Movements		
(loss) attributable to stockholders	(614)	(508)
Dividends on Preference Stock	-	(218)
Net new equity raised from public capital markets	1,006	-
Foreign exchange movements on net assets in foreign subsidiaries	157	(211)
Cash flow hedge reserve movement	275	100
Pension fund obligations	391	185
Available for sale (AFS) reserve movements	(220)	(159)
Reissue of stock / treasury stock	(7)	-
Other movements	<u>(24)</u>	<u>(23)</u>
Stockholders' equity at end of period	7,351	6,517

Tangible net asset value	31 Dec 10 €m	30 June 11 €m	Proforma ¹ 30 June 11 €m
Stockholders' equity at end of period	7,351	6,517	10,659
Deductions			
2009 Preference Stock	(1,817)	(1,817)	(1,817)
1992 Preference Stock	(60)	(60)	(60)
US\$150m capital note	(61)	(58)	-
Intangible assets	(452)	(387)	(387)
Own stock held for benefit of life assurance policy holders	<u>15</u>	<u>14</u>	<u>14</u>
Tangible net asset value (TNAV)	4,976	4,208	8,409
Number of Shares	5,299	5,299	30,119
TNAV per share (€ cent)	94c	79c	28c

¹ Proforma calculation on the basis that €4.2bn capital is generated of which €3.8bn has been generated at 5 August 2011

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
- **PLUK** Personal Lending UK
- **NI** Northern Ireland
- **ROI** Republic of Ireland
- **UKFS** UK Financial Services

Regulatory

- **CBI** Central Bank of Ireland
- **PCAR** Prudential Capital Assessment Review
- **PLAR** Prudential Liquidity Assessment Review

Institutions

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

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Interim Results Announcement

For the six months ended 30 June 2011