

Group Overview

Bank of Ireland - building a sustainable future

Financial Targets - 2014

Measure	Dec 2010	Jun 2011		Dec 14 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 mths)	€842m (6 mths)	➡	55bps - 65bps ²
Core Tier 1 capital	9.7% ³ / 15.4% ⁴	9.5% ³ / 15.4% ⁴	➡	Margin maintained over regulatory minimum

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)

Key strategic goals

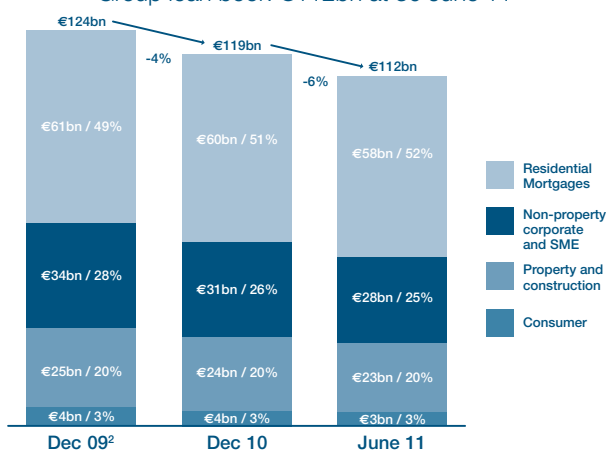
- To be the leading Irish retail and commercial bank in a consolidating sector
- To be well positioned in our core markets with strong customer franchises and market positions capable of supporting future economic recovery
- To be strongly capitalised without reliance on exceptional Monetary Authority 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

Group Income Statement - key financials

6 months to	June 2010	June 2011
Profit/(loss) before tax	116	(556)
Underlying loss before tax (excl. non-core items)	(1,320)	(723)
Net interest margin (annualised)	1.41%	1.33%
Operating profit pre-impairment of financial assets	479	163
Impairment charge on loans and advances to customers excluding loans to banks/AFS and loans held for sale to NAMA	(1,082)	(842)

Group loan book

Profile of total loans¹ - excluding loans held for sale to NAMA Group loan book €112bn at 30 June 11

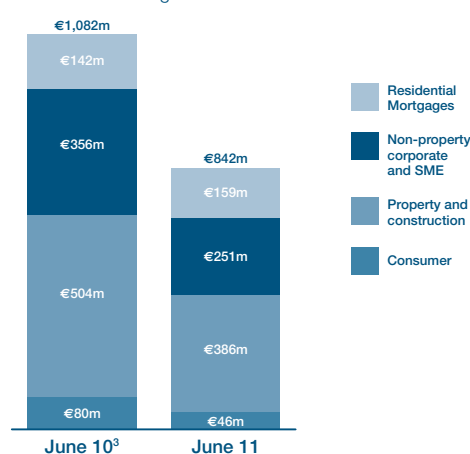


Geographic profile of loans and advances to customers

30 June 2011	€bn	RoI	UK	RoW	Total
Mortgages	28	30	-	58	
Non-property corporate and SME	14	8	6	28	
Property and construction	9	13	1	23	
- Investment Property	7	11	1	19	
- Land and Development	2	2	-	4	
Consumer	2	1	-	3	
Total	€53bn	€52bn	€7bn	€112bn	
Total - Geographic split	48%	46%	6%	100%	

6 month impairment charges by portfolio

- excluding loans held for sale to NAMA



Impairment charge

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

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

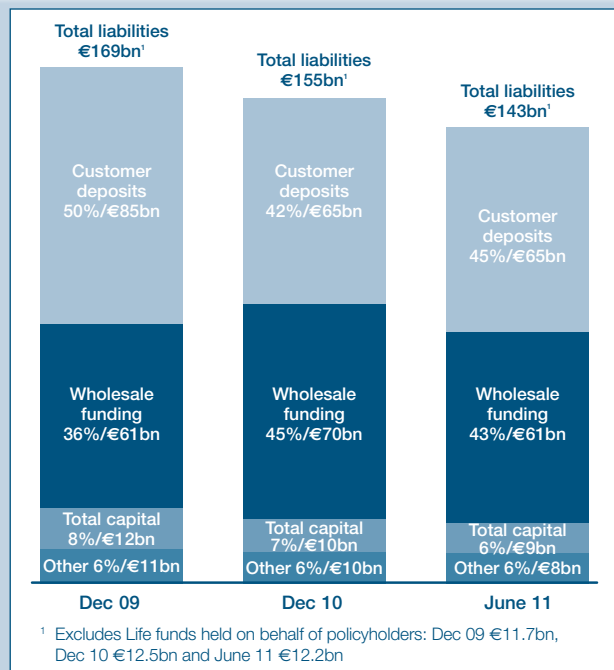
	€bn	Ireland	UK	Total	Total %
Investment Property Loans	0.2	0.3	0.5	67%	
Land Loans	0.1	0.1	0.2	25%	
Development Loans	0.1	-	0.1	8%	
Total (Geographic Split)	0.4 (51%)	0.4 (49%)	0.8 (100%)	100%	

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

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

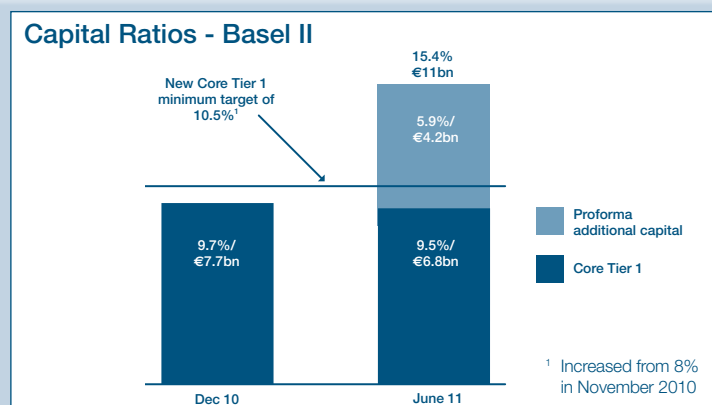
Balance sheet funding



- **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

Funding Metrics	Dec 2010	June 2011
Customer deposits	€65bn	€65bn
Group loan/deposit ratio	175%	164%
Wholesale funding	€70bn	€61bn
Wholesale funding ratio	45%	43%
Term funding (wholesale funding with a maturity of greater than 1 year) as a % of overall wholesale funding	32%	31%

Capital position and capital raising



- **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 date (as at 5 August 2011)	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

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