

# Bank of Ireland

## Key Messages

### 1. Bank of Ireland - a systemically important bank in Ireland

- Confirmed as a "Pillar bank" in a restructured domestic banking sector
- Established in 1783, with a long standing tradition of working with all sectors of the economy
- Extensive network in Ireland - over one million customers, c.250 full time branches, largest ATM network
- Leading market positions - no.1 or no.2 across all principal product and market segments
- Playing a critical role in the operation of the Irish economy

### 2. Bank of Ireland is strongly capitalised following the 2011 PCAR exercise

- Significant elements of the Group's capital raising programme required under the 2011 PCAR exercise have been completed generating €3.85bn of the €4.2bn Core Tier 1 capital requirement, with a further €0.35bn additional capital to be raised by 31 December 2011
- The investment, as announced on 25 July 2011, by a group of significant institutional investors and fund managers including Fairfax Financial Holdings, WL Ross, Capital Research and Management Company, Fidelity Investments and Kennedy Wilson has been completed
- This investment is seen as an endorsement of the Group's strategy and confidence in the future for the Irish economy
- The Group's Core Tier 1 ratio stands in excess of 15%<sup>1</sup> as at the end of October 2011

### 3. Despite intense competition, Bank of Ireland's deposit base has increased since June 2011

- Customer deposits stood at €65bn on 30 June 2011 and included €3bn of NTMA deposits associated with the 2011 capital raising programme, which were subsequently withdrawn in July 2011
- Despite this withdrawal, in the period to the end of October 2011, the Group's customer deposits have increased to c.€67bn
- As a result of the continuing progress being made on deleveraging initiatives and the growth experienced in customer deposits, the Group's loan to deposit ratio was c.153% on 31 October 2011 compared to 164% on 30 June 2011, with further improvements expected by year-end

### 4. Substantial balance sheet deleveraging achieved since 2008 with considerable progress being made on 2011 PLAR targets


- To the end of October 2011, the Group continues to pro-actively reduce its loan book from a peak of €144bn in September 2008. On 31 October 2011, loans and advances to customers were c.€104bn requiring a further c.€14bn of deleveraging in order to reach a target of c.€90bn by December 2014
- In addition, on 14 October 2011, the Group announced the divestment of c.€5bn of non-core assets with no adverse impact on the Group's Core Tier 1 capital ratio, representing 50% of the 2013 non-core asset disposal target. The bulk of this divestment will be realised in November and December 2011
- The Group has completed all transfers to NAMA amounting to c.€10bn of gross assets (before impairment provisions) (of which c.€9.4bn transferred in 2010) at a total average gross discount of 44%<sup>2</sup>

### 5. Bank of Ireland successfully accessed term funding markets in 2011

- The Group has raised a total of €4bn unguaranteed secured term funding in 2011 with a weighted average duration of 2.4 years and at a spread of 250bps over 3mth Euribor
- Completion of the trades achieves the Group's term funding issuance target for 2011
- Wholesale funding on 31 October 2011 had reduced by c.10% from €61bn on 30 June 2011 and is targeted to fall to c.€26bn - c.€28bn (c.25% of Group funding) by end 2014

<sup>1</sup>Including the gains arising on the completed liability management exercises.

<sup>2</sup>Prior to (i) any impairment provisions previously recognised by the Group, (ii) any fair value adjustments in respect of any consideration received, (iii) any provision that may be required under accounting standards due to the ongoing cost of servicing these assets on behalf of NAMA, and (iv) taking account of any transfer costs.



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