

Group Overview

Bank of Ireland - significant progress

■ Capital and stress testing	✓
■ EU Restructuring plan / UK incorporation / Future shape of the Group	✓
■ Asset quality	✓
■ NAMA	✓
■ Funding	✓
■ Pension scheme(s) IAS 19 deficits	✓
■ Cost initiatives	✓
■ Focus on net interest margin	Impacted by deposit spreads and cost of wholesale funding

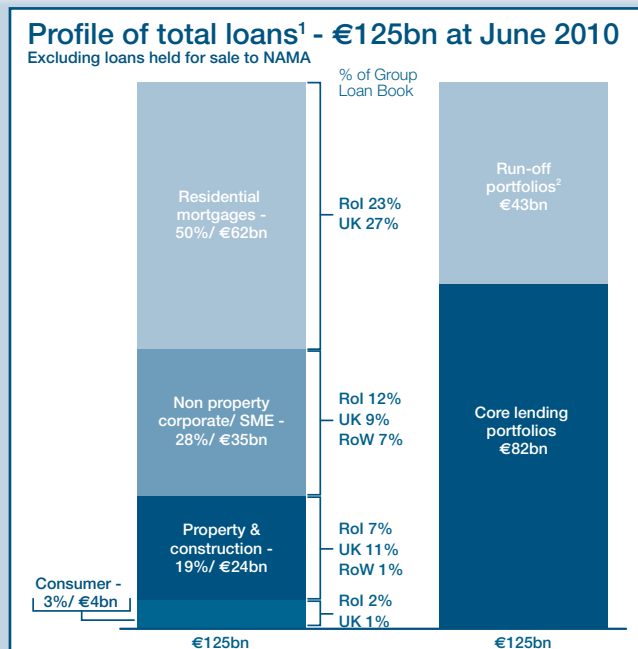
- Results in line with expectations
- Significant progress made in first half of 2010
- Successfully addressed a range of issues necessary to bring further stability to the Group
- Bank of Ireland emerging a changed, more focussed and strengthened bank
- While challenges not to be underestimated, investment case remains intact - continued focus on delivery

Interim results - key financials		
6 months to	June 2009	June 2010
Profit before tax	€273m	€116m
Underlying ¹ loss before tax	(€668m)	(€1,246m)
Net interest margin annualised	1.70%	1.41%
Operating profit before impairment on financial assets	€811m	€553m
Impairment charge on loans and advances to customers excluding loans to banks and loans held for sale to NAMA ²	(€926m)	(€893m)

¹ Underlying excluding non-core items

² This figure excludes the impairment charge against assets held for sale to NAMA and the loss arising on sale of assets to NAMA. During the period ended 30 June 2010 the impairment charge on assets held for sale to NAMA was €466 million together with loss on sale of assets to NAMA of €466m; in the nine month period ended 31 December 2009 the impairment charge on assets held for sale to NAMA was €2,231 million (no loss on sale of assets to NAMA)

Group loan book - excluding loans held for sale to NAMA



Group loan book¹

- Group loan book €125bn at 30 June 2010
 - Core portfolio of €82bn
 - Run off portfolio of €43bn²
- €119bn on a constant currency basis at 30 June 2010, down 2% on 31 Dec 2009
 - Subdued demand for new loans given economic conditions and borrowers seeking to reduce debt levels

Visibility on non NAMA impairments

- Previous market guidance re-affirmed on 31 March 2010 for impairment charges of €4.7bn³ for the 3 year period to 31 March 2011 for the non-NAMA element of the loan book
- Impairment charge on non-NAMA loans and advances to customers expected to have peaked in 2009 - with progressive reductions expected in each of 2010, 2011 and 2012

¹ Before balance sheet impairment provisions of €3.7bn at 30 June 2010

² Run-off portfolio consists of UK intermediary sourced mortgages - €32bn, ICS Building Society mortgages - €7bn and non core international lending portfolios - €4bn

³ Cumulative impairments of €3.6bn from 1 April 2008 to 30 June 2010

NAMA

- Portfolio of circa €10bn remains to be transferred to NAMA
- €2.2bn of assets transferred to NAMA in 6 month period to 30 June 2010

Credit ratings

Rating Agencies	Long Term	Outlook	Short Term	Outlook	Government Guaranteed Debt Securities
Standard & Poor's	A-	Stable	A-2	Stable	AA/Negative/A-1+
Moody's	A1	Stable	P-1	Stable	Aa2/Stable/P-1
Fitch	A-	Stable	F1	Stable	AA-/Stable/F1+
DBRS	AA (low)	Negative	R-1 (middle)	Stable	AA/Stable/R-1 (high)

Capital raising and capital position

Capital - Basel II				
	Dec 2009 ¹		June 2010	
Equity tier 1 capital	€5.3bn	5.3%	€7.6bn	8.2%
Core tier 1 capital	€8.8bn	8.9%	€9.5bn	10.2%
Tier 1 capital	€9.7bn	9.8%	€9.2bn	9.9%
Total capital	€13.2bn	13.4%	€11.6bn	12.5%
RWA	€98bn		€93bn	

Capital Raising	
	€m
Private Placement	500
Irish Government Placement	1,036
Debt for equity exchange	300
Rights Issue	1,726
Gross equity raised	3,562
Repurchase of Government Warrants	(491)
Costs	(130)
Net equity raised	2,941

Significantly strengthened capital ratios

- **Increase in capital ratios**
 - Completion of capital raising in June 2010
 - February 2010 debt for debt exchange gain of €405m
 - Offset by impairment provisions and impact of loss on sale of loans to NAMA
- **Decrease in risk weighted assets**
 - Higher quantum of impaired loans
 - Increased impairment provisions
 - Sale of loans to NAMA
 - Partially offset by increase in foreign exchange rates
- **Successful capital raising completed in June 2010**
 - Market based solution to Bank of Ireland's capital needs
 - Irish Government shareholding - 36%
- **Stress testing**
 - Exceeded Financial Regulator's Prudential Capital Assessment Review (PCAR) capital raising requirements
 - Successfully passed CEBS capital stress tests

¹ December 2009 ratios reflect the payment, in Feb 2010, in shares (in lieu of cash) of the coupon on the 2009 Preference Stock

Balance sheet funding



Funding strategy

- **Revert to traditional banking model**
 - Fund core lending portfolios substantially through deposits
 - Asset growth largely supported by ability to attract deposits
- **Customer deposits**
 - Drive growth through strength of franchise and scale of distribution
 - Deposits decreased by 1% June 10 vs Dec 09, on a constant currency basis deposits down 5%
 - Joint number one share of total resources in Ireland
- **Wholesale funding**
 - Reduce reliance on wholesale funding - quantum of wholesale funding at June 2010 reduced to €58bn from €61bn at Dec 2009
 - Continue to extend maturities in term markets - €4.6bn of term funding issued during 6 months to June 2010
 - As funding markets continue to normalise extend maturity profile of short term programmes
- **Contingent liquidity**
 - Maintain a robust, efficient and flexible buffer of contingent liquid assets - €41bn of liquidity potential (cash value) at 30 June 2010
 - Ensuring access to BOE, ECB & Federal Reserve
- **Government Guarantees**
 - Disengage from the Government Guarantees, in a prudent and safe manner, over time as market conditions allow
- **Target**
 - Group loan to deposit ratio of <125% in 2013

Funding Metrics	Dec 2009	Jun 2010
Customer deposits	€85bn	€84bn
Group Loan (incl. NAMA Assets)/deposit ratio	152%	152%
Group Loan (excl. NAMA Assets)/deposit ratio	141%	143%
Core loan portfolio ¹ deposit ratio	101%	104%
Wholesale Funding	€61bn	€58bn
Wholesale Funding Ratio	36%	35%
Term funding (wholesale funding with a maturity of greater than 1 year) as a % of overall wholesale funding	32%	41%
Wholesale funding and subordinated liabilities with a maturity of greater than 1 year as a % of overall wholesale funding and subordinated liabilities	36%	45%

¹ Core loan portfolio excludes loan portfolios placed in run-off of €43bn and loans held for sale NAMA of c.€10bn

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