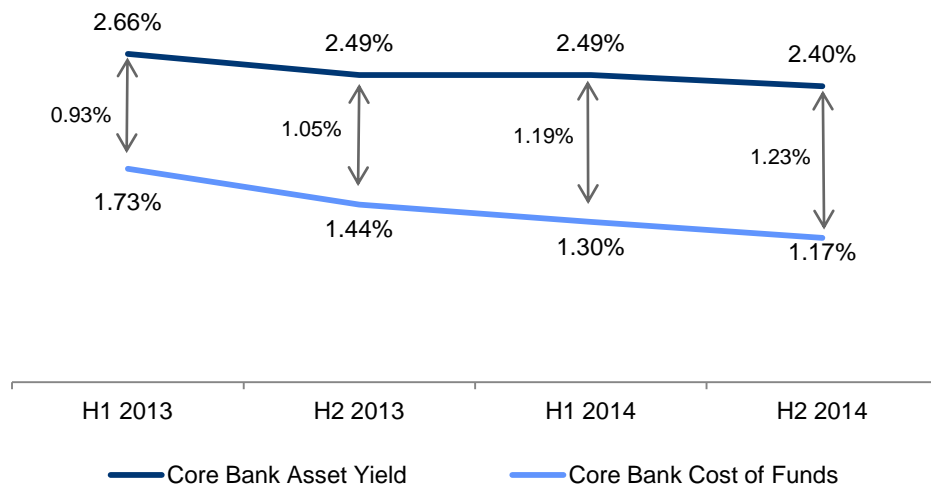


# NIM: Trending Towards 170bps

## Core Bank NIM

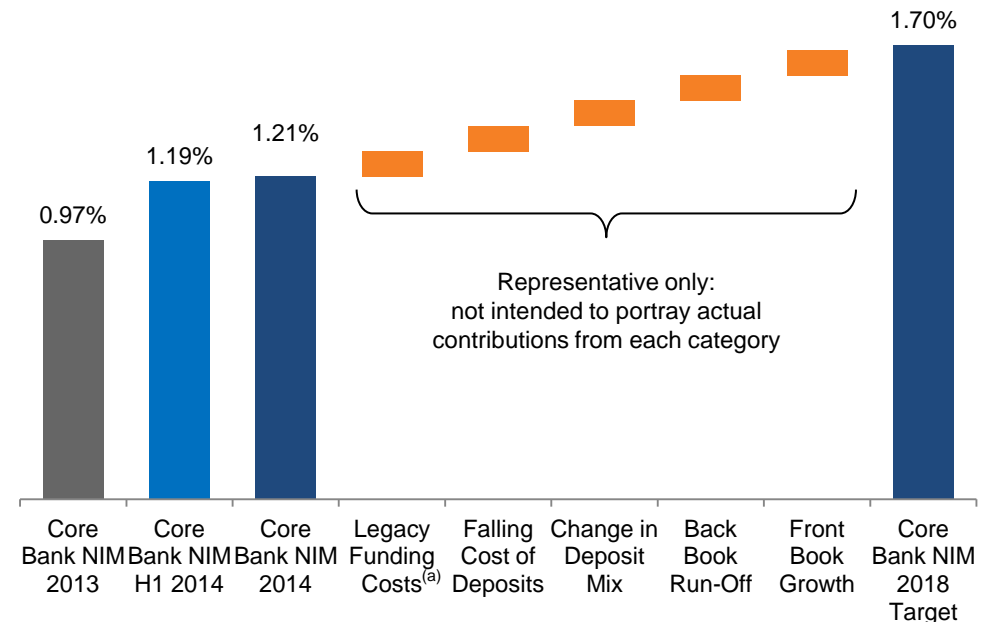


Note: Figures exclude ELG fees

- 2011/12 spread compression driven by a requirement to build scale into our deposit base
- Asset yields impacted by lower interest rate environment, in particular Rol tracker mortgages, as the ECB rate has decreased by 95bps since start of 2012
- NIM improvement driven by larger fall in cost of funds including cost of retail deposits, change in deposit mix and lower cost of System Funding

(a) Legacy funding costs include CCN and deposit intangibles amortisation

## Target NIM Of 170bps By 2018

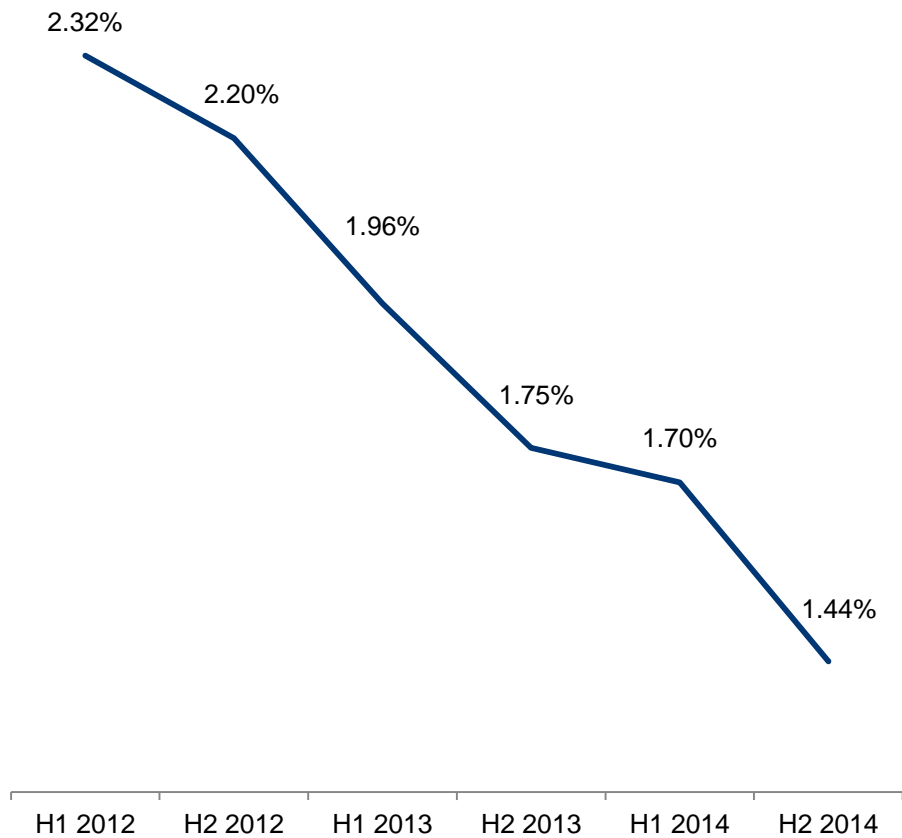


Note: Figures exclude ELG fees

- Cost of funds expected to continue to fall as the back book tail rolls off and as we continue to re-price to the market
- Potential further upside from adjusting the deposit mix
- Expected repurchase of CCN to contribute to reduction in legacy funding costs

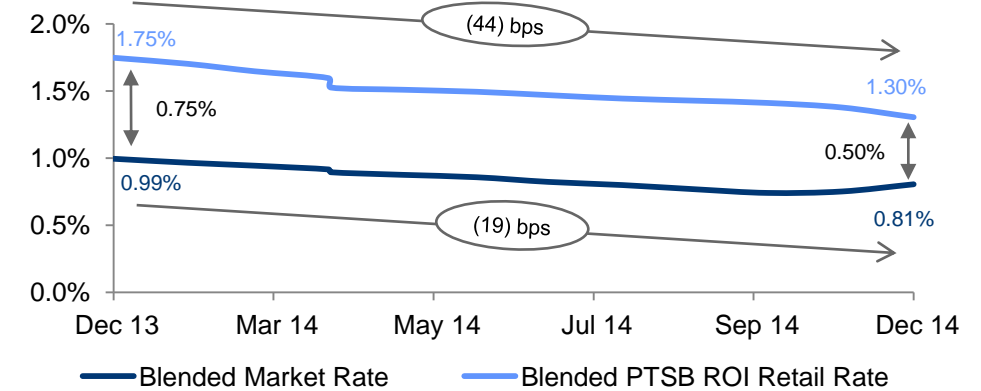
# NIM: Cost Of Funds Within Our Control

## Group Falling Cost Of Funds



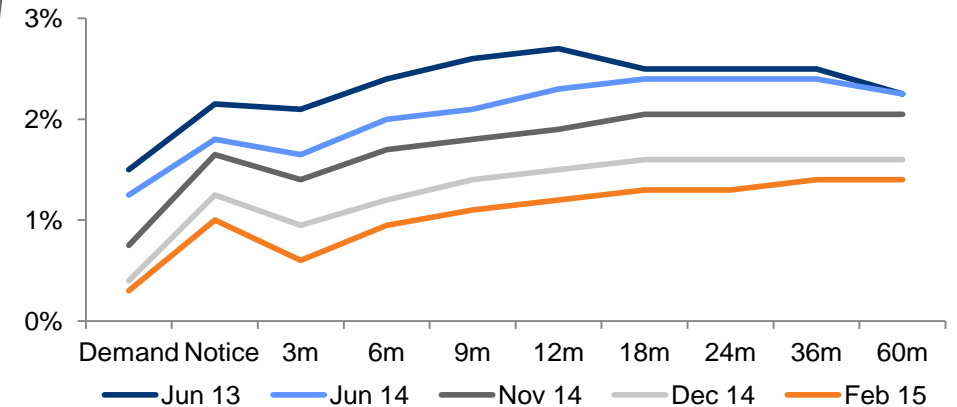
Note: Figures are period average cost of funds. FY 2012: 2.26%, FY 2013: 1.85%. FY 2014: 1.57%

## Retail Rates And Spread To The Market



Source: CBI Data

## Retail Rate Actions Taken



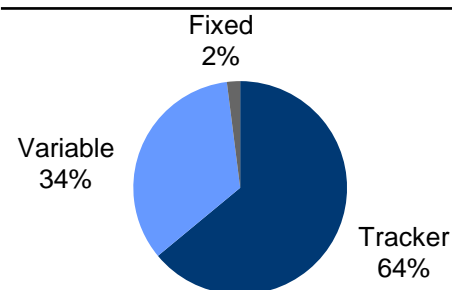
# NIM: Asset Returns Improving Over Time

**Asset Split (FY 2014)**

	Balance (€bn) <sup>(a)</sup>	Average Yield (%) <sup>(b)</sup>
Treasury Assets <sup>(c)</sup>	7.1	2.6%
<b>Core Bank Loans</b>	<b>20.1</b>	<b>2.3%</b>
Mortgage Back Book	19.0	2.3%
o/w Tracker Mortgages	12.8	1.3%
Mortgage Front Book <sup>(d)</sup>	0.7	4.2%
Deferred fees, discounts and fair value adjustments	0.1	na
Consumer Finance	0.2	9.8%
<b>Non-Core Loans</b>	<b>8.2</b>	<b>1.8%</b>
RoI Non-Core	1.5	3.0%
o/w Performing	0.6	na
o/w Non Performing	0.9	na
UK Non-Core	6.7	1.4%
<b>Total</b>	<b>35.3</b>	<b>2.2%</b>

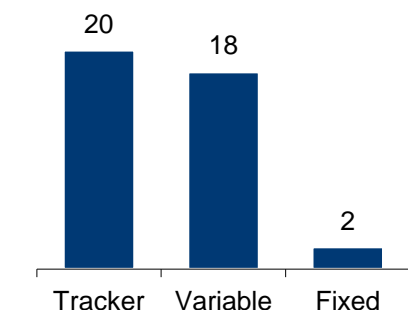
- (a) Loan balances presented are net of provisions  
(b) Gross Interest Income/Average Gross Loans for FY 2014  
(c) Treasury Assets include Debt Securities and Loans and Advances to Banks  
(d) Loans drawdown since 1 January 2012

**Core Bank Mortgage Book Split By Type**



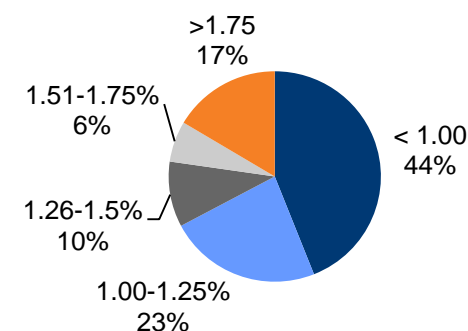
Total Mortgage  
Net Loans: €19.7bn

**Core Bank WAM By Mortgage Type**



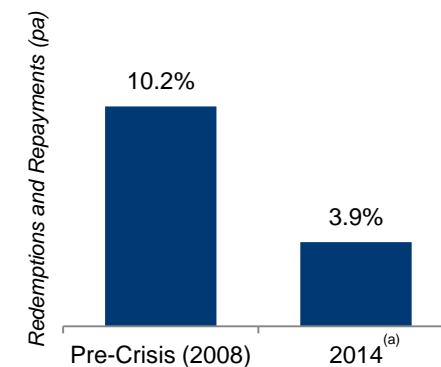
Note: Weighted Average Maturity (WAM) in years

**Core Bank Tracker Split By Yield**



Total Mortgage Tracker  
Net Loans: €12.8bn

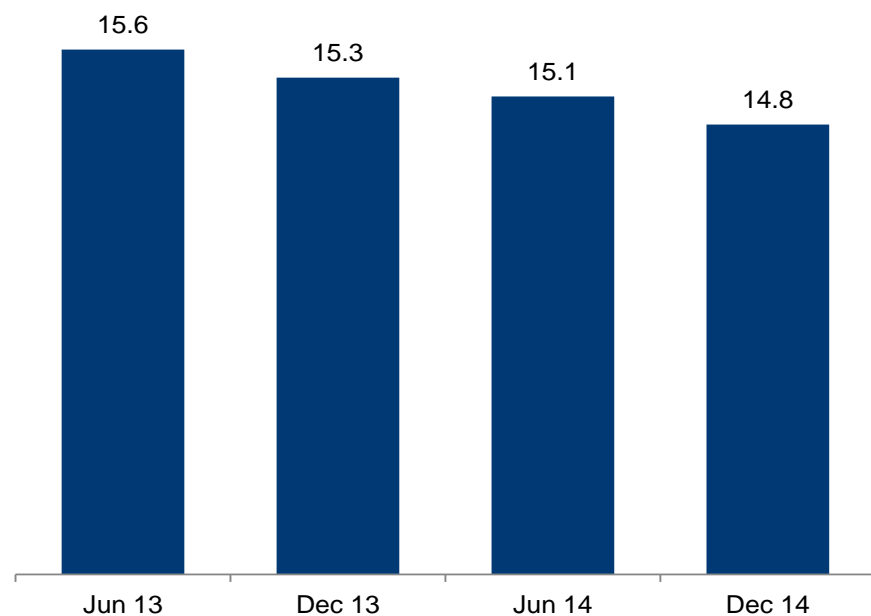
**RoI Run-Off Upside**



(a) RoI tracker only for 2014 of 3.9%

# Trackers: Drag Decreasing In Line With Natural Repayments And Cost Of Funds Reductions

## Irish Tracker Book



Note: Dec 14 figure reflects the disposal of the Springboard portfolio (€0.5bn gross, €0.3bn net loans as of Sep-14) of which c.63% was tracker

- Volume of loans reduced by €0.5bn in 2014 (€0.8bn since June-13)

## Tracker Margin Impact

(bps)

2014

Average Customer Pay Rate

127

• ECB Repo Rate<sup>(a)</sup>

(16)

• Average Fixed Spread

111

Cost of Funds

(157)

Net Interest Margin

(30)

(a) Average ECB bank rate for the period