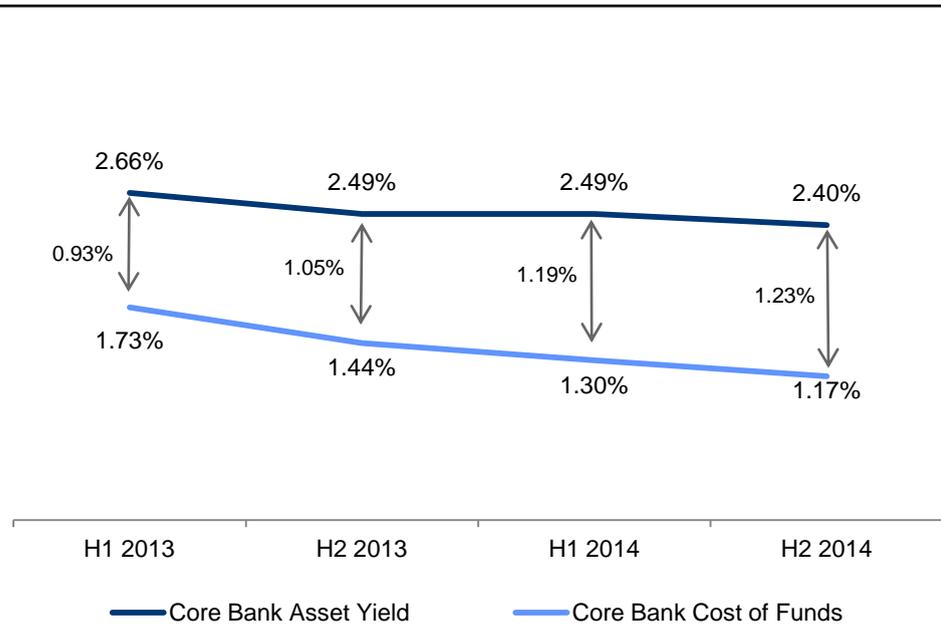


NIM: Trending Towards 170bps

Core Bank NIM

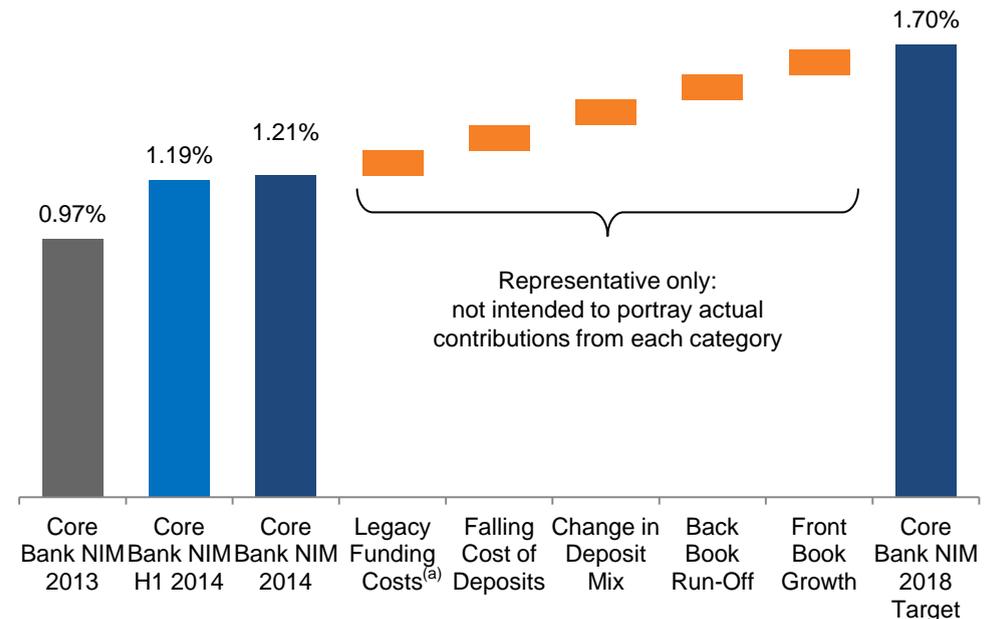


Note: Figures exclude ELG fees

- 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

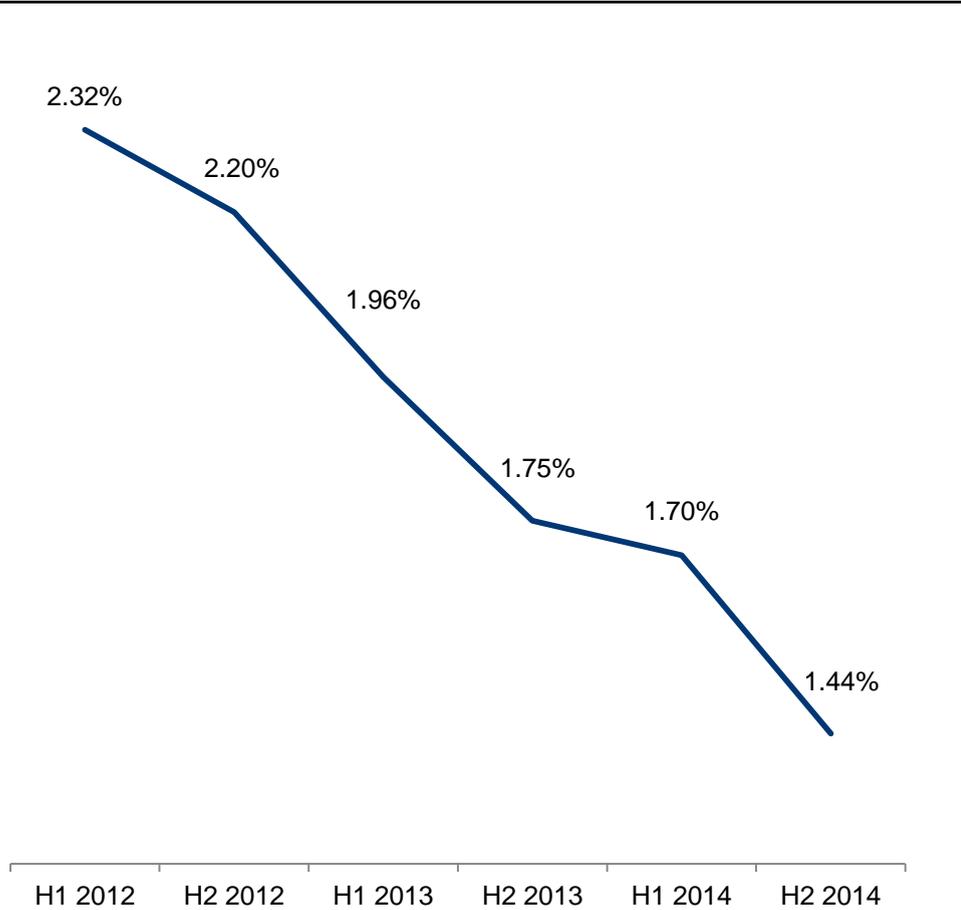


Note: Figures exclude ELG fees

- 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

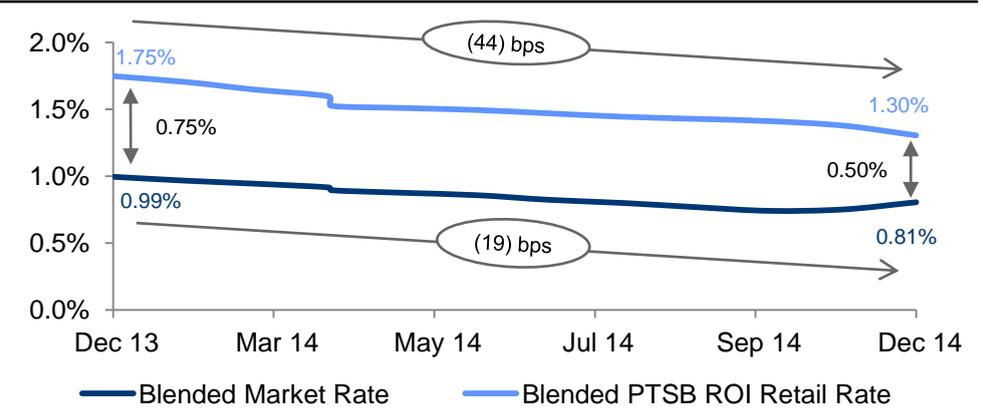
NIM: Cost Of Funds Within Our Control

Group Falling Cost Of Funds



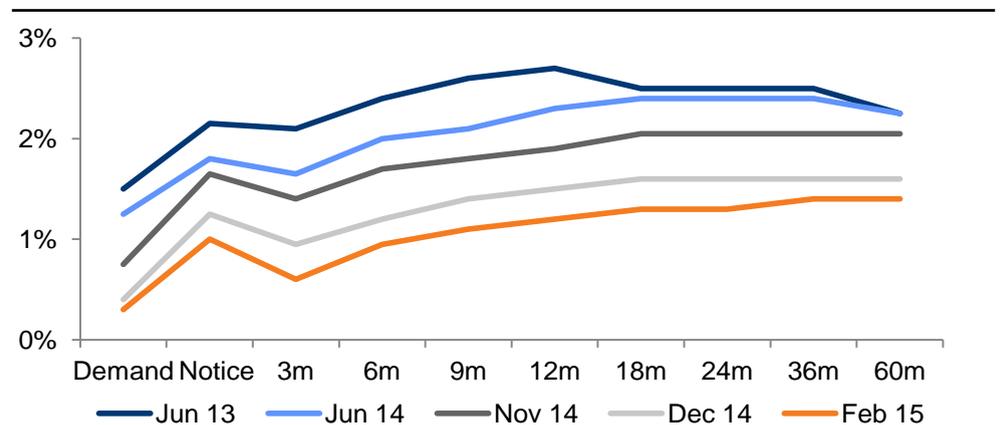
Note: Figures are period average cost of funds. FY 2012: 2.26%, FY 2013: 1.85%. FY 2014: 1.57%

Retail Rates And Spread To The Market



Source: CBI Data

Retail Rate Actions Taken



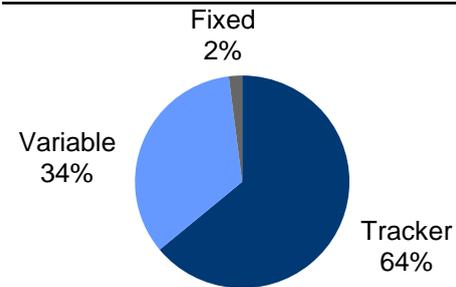
NIM: Asset Returns Improving Over Time

Asset Split (FY 2014)

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

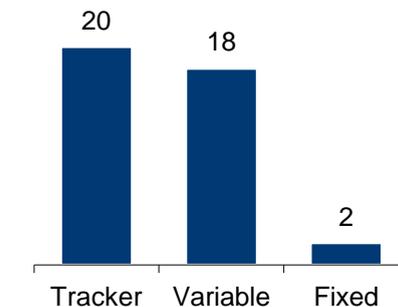
- (a) Loan balances presented are net of provisions
 (b) Gross Interest Income/Average Gross Loans for FY 2014
 (c) Treasury Assets include Debt Securities and Loans and Advances to Banks
 (d) Loans drawdown since 1 January 2012

Core Bank Mortgage Book Split By Type



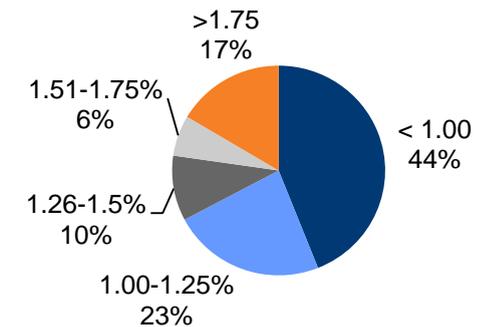
Total Mortgage Net Loans: €19.7bn

Core Bank WAM By Mortgage Type



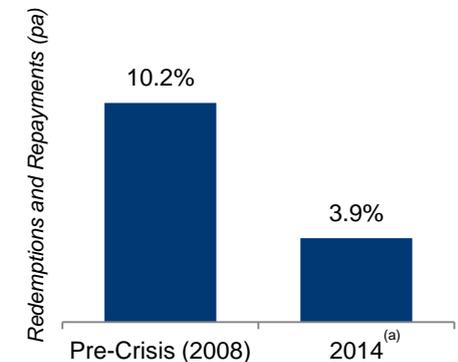
Note: Weighted Average Maturity (WAM) in years

Core Bank Tracker Split By Yield



Total Mortgage Tracker Net Loans: €12.8bn

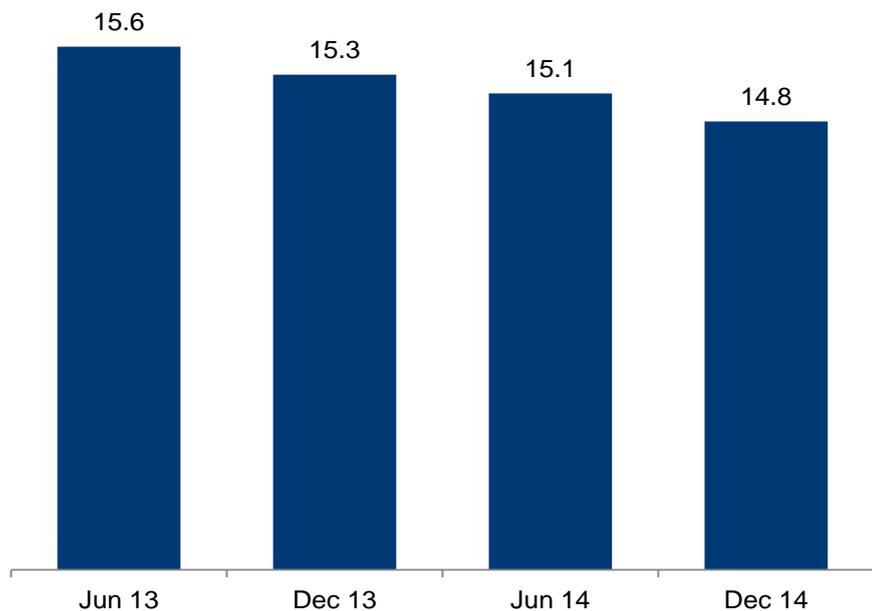
RoI Run-Off Upside



(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 ^(a)	(16)
• Average Fixed Spread	111
Cost of Funds	(157)
Net Interest Margin	(30)

(a) Average ECB bank rate for the period