2017

Bank of Ireland

Credit Presentation

February 2018

Bank of Ireland Overview

Bank of Ireland Group

Business Highlights

Strong Financial Performance	• Underlying profit before tax of €1,078m; NIM of 2.29% • Further significant improvement in asset quality; NPE ratio now at 8.3% • Strong capital position; dividends re-commencing
Ireland's Leading Bank	• Largest lender to Irish economy • Growing market share in residential mortgages and largest market share in business banking • Ireland's only bancassurer
International Diversification	• Growth in UK residential mortgages new lending, supported by strategic partnerships • Leading position in mid-market US and European Acquisition Finance business
Transformation	• Transforming our culture, technology and business models • Investments will drive long term sustainability, competiveness and efficiencies
Outlook	• Strong economic growth projected in Ireland; UK also expected to expand • Expect net loan book growth in 2018 with NIM expected to be modestly lower than 2017 • Strategic priorities set; Investor Day in June 2018

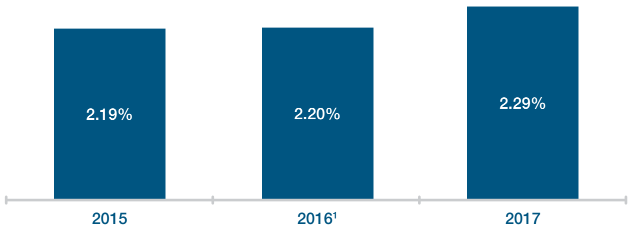
Financial Highlights

Profitability	**€1.1bn**	• Underlying profit before tax of €1,078m; increased NIM to 2.29% • Tracker charge of €170m classified as non-core
New Lending	**€14.1bn** 11% increase vs 2016	• New Irish mortgages; growth of 41% and market share increased to 27% • Strong commercial pricing discipline maintained
Asset Quality	**8.3%** NPEs reduced by 31% to 8.3% of customer loans	• NPEs reduced by €2.9bn to €6.5bn; Impaired loans reduced by 35% • Reversals reduced the impairment charge to €15m (2bps)
Capital	**13.8%** Strong CET1 ratios	• Organic capital generation of 140bps • Pension volatility materially reduced • Modest IFRS 9 transition impact of c.20bps
Dividend	**11.5c per share** €124m	• Dividends will increase on a prudent and progressive basis • Over time, will build towards a payout ratio of around 50% of sustainable earnings

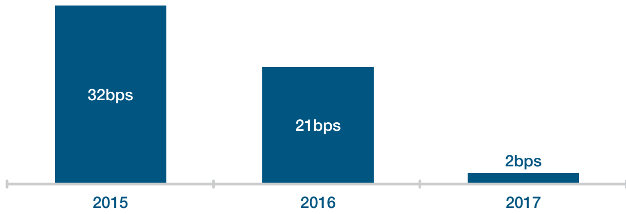
Bank of Ireland Group

Strong financial performance in 2017

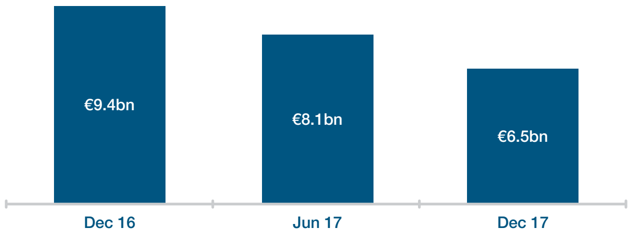
Net interest margin



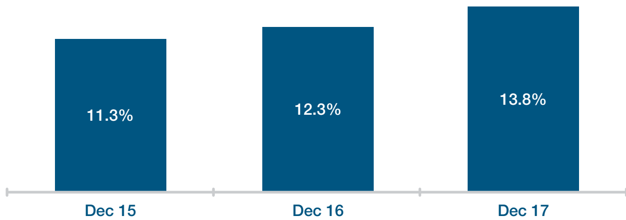
Impairment charge on customer loans



Non-performing exposures



Fully loaded CET1 ratio



[1]Comparative figures for 2016 have been restated to reflect the impact of the reclassification of the charges relating to the Central Bank of Ireland's Tracker Mortgage Examination Review as non-core

Strong businesses in attractive markets

Retail Ireland

- Ireland's leading retail and commercial bank; largest lender to the Irish economy; #1 or #2 market positions across all principal product lines
- Growing market share in residential mortgages; re-entering mortgage broker market
- Largest market share in business lending; provided over 50% of new lending to the agricultural sector in Ireland
- Ireland's only bancassurer; employment growth and demographics supportive of future market growth

Retail UK

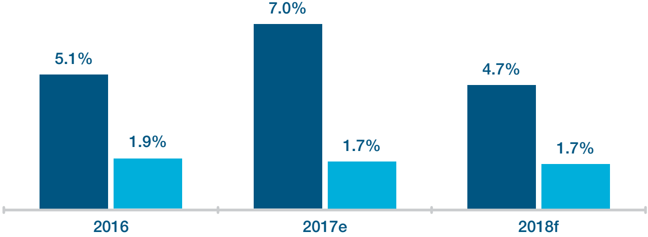
- Long standing partnerships with Post Office and strategic intermediaries; recent partnership with AA continues to develop
- Focussed predominantly on consumer sector
- Commission based business model provides flexibility to adapt to market developments
- Northern Ireland - full service retail and commercial bank
- Northridge Finance performing well; acquired complementary car leasing and fleet management business, Marshall Leasing

Corporate and International

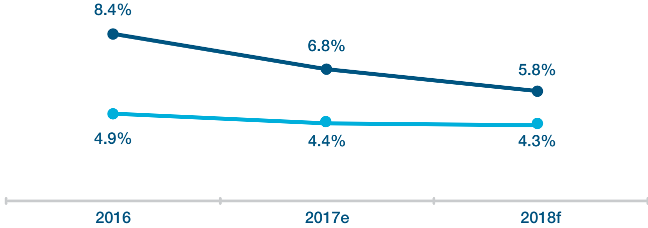
- Ireland's #1 Corporate Bank
- Supporting 2 out of every 3 Foreign Direct Investment projects into Ireland
- New lending of €3.6bn in 2017
- Mid market US / European Acquisition Finance business; 10% of Group income, strong 20+ year track record
- Generates attractive margins and fee income within disciplined risk appetite

Supportive economic backdrop

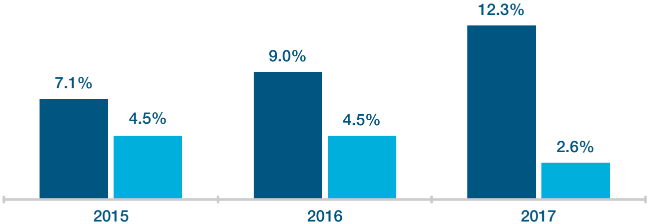
Strong growth in Ireland; steady expansion in the UK



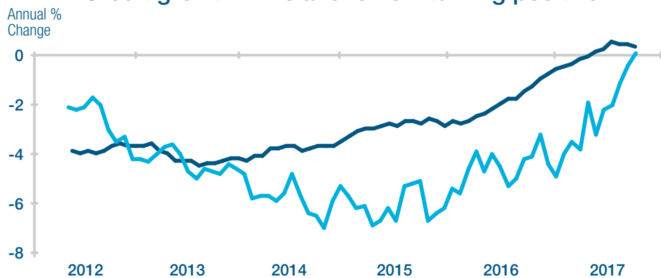
Unemployment rate falling in Ireland; at a multi-decade low in the UK



Supply-demand mismatch driving Irish house prices; modest growth in the UK



Credit growth in Ireland is now turning positive



Sources: Bank of Ireland Economic Research Unit, Central Statistics Office, Office for National Statistics, Nationwide, Central Bank of Ireland

[1]Banks balance sheet basis, excludes loan sales and securitisations

Ambition, Purpose and Values

Ambition

National Champion Bank in Ireland; UK and selective international diversification

Purpose

“Enabling our customers, colleagues and communities to thrive”

Core Values

- Customer Focussed
- One Group, One Team
- Agile
- Accountable

Operating Performance

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Underlying profit before tax of €1,078m

	2016[1]	2017
Total income	€3,126	€3,049
Net Interest Margin (NIM)	2.20%	2.29%
Operating expenses	(€1,741m)	(€1,789m)
Core Banking Platforms investment	(€41m)	(€111m)
Levies and Regulatory charges	(€109m)	(€99m)
Impairment charges	(€178m)	(€15m)
Underlying profit before tax	€1,098m	€1,078m

Robust balance sheet metrics

		2016	2017
Customer loans (net)		€78.5bn	€76.1bn
Non-performing exposures (NPEs)		€9.4bn	€6.5bn
CET1 ratios:	Regulatory	14.2%	15.8%
	Fully Loaded	12.3%	13.8%
Regulatory Total Capital Ratio		18.5%	20.2%
Liquidity metrics:	NSFR	122%	127%
	LCR	113%	136%
	LDR	104%	100%

Income Statement

- Net interest income of €2,248m
- Other income of €801m
- Operating expenses of €1,789m including FX benefit of c.€24m
- Core Banking Platforms investment in 2017 of €195m (CET1 ratio impact of c.40bps); €111m expensed to income statement
- Net impairment charge of 2bps (€15m) for 2017 benefiting from reversals on the Irish mortgage book
- Non-core items include charge of €170m for Tracker Mortgage Examination and other restructuring charges

Balance Sheet

- Group loan book of €76.1bn at Dec 2017 reflecting;
  - New lending of €14.1bn
  - Customer redemptions of €13.8bn
  - Redemptions of impaired loans and GB non-core business banking loan book[2] of €1.2bn
  - FX translation impact of €1.5bn
- NPEs of €6.5bn, 31%/€2.9bn reduction during 2017
- Strong organic capital generation continues; capital and liquidity available to support growth
- Upgrades to BOI GovCo credit ratings in 2017 from Moody's, S&P, Fitch and DBRS to Baa1, BBB, BBB and A(low) respectively. Positive Outlook from Moody's and S&P

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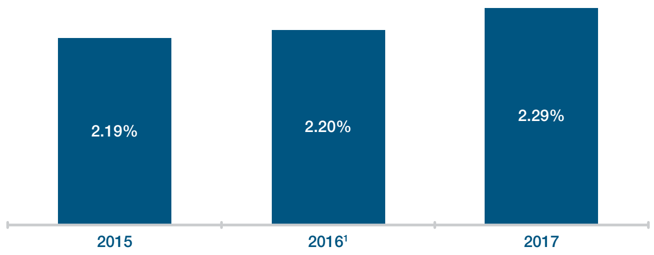
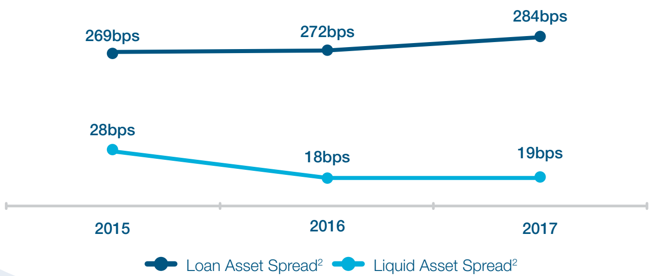
[1]Comparative figures for 2016 have been restated to reflect the impact of the reclassification of the charges relating to the Central Bank of Ireland's Tracker Mortgage Examination Review as non-core and the impact of the voluntary change in the Group's accounting policy for Life assurance operations
[2]GB business and corporate loan books, which BOI was required to run down under its EU approved Restructuring Plan (Remaining stock: 2016 - £0.9bn; 2017 - £0.6bn)

Maintaining strong commercial discipline

Net interest margin



Net interest margin drivers



Net interest income[1]

- Net interest income of €2,248m, reduction of €50m vs. 2016 primarily due to FX translation impacts
- Average interest earning assets for 2017 were €98.2bn, down 4% on 2016 primarily due to the impact of a weaker sterling

NIM

- 2017 NIM of 2.29%. Increase of 9bps from 2016, primarily reflecting:
  - Strong commercial discipline on pricing
  - Maturity of expensive CoCo in mid 2016
  - Lower cost of deposits, primarily in the UK
- Exit NIM in December 2017 of 2.24%, down from H1 2017 NIM of 2.32%, reflecting:
  - Cost of complying with MREL with Tier 2 issuance in Sept 17 (2bps)
  - CRT transaction in Nov 17 in advance of TRIM (2bps)
  - Impact of excess liquidity (2bps)
  - Bond sales in H2 2017 to protect capital in advance of IFRS 9 (1bp)
- NIM in 2018 is expected to be broadly in line with the exit NIM of 2.24%

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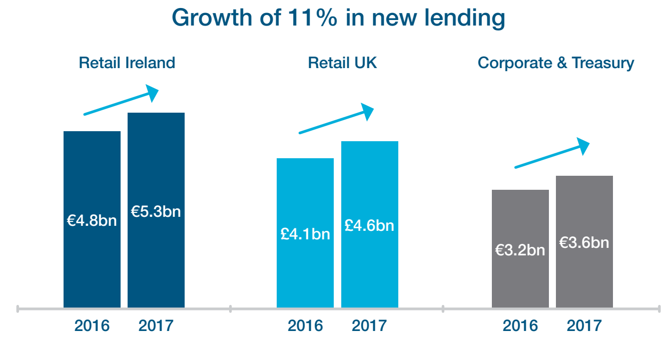
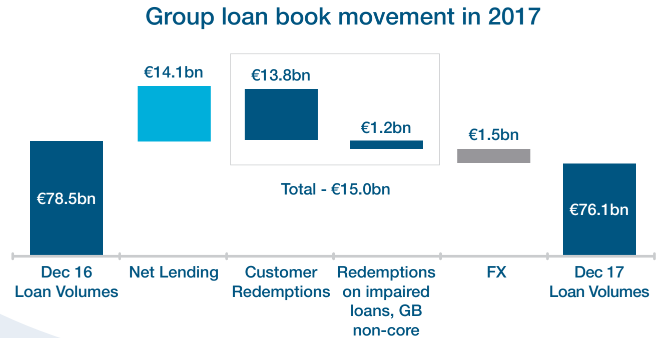
[1]Comparative figures for 2016 have been restated to reflect the impact of the reclassification of the charges relating to the Central Bank of Ireland's Tracker Mortgage Examination Review as non-core
[2]Spread = Loan asset yield or Liquid asset yield less Group's average cost of funds

Continued growth in new lending

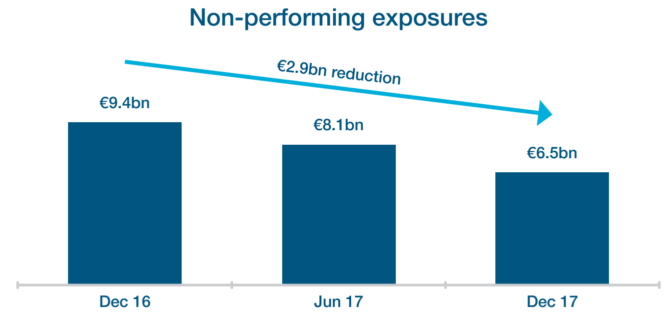


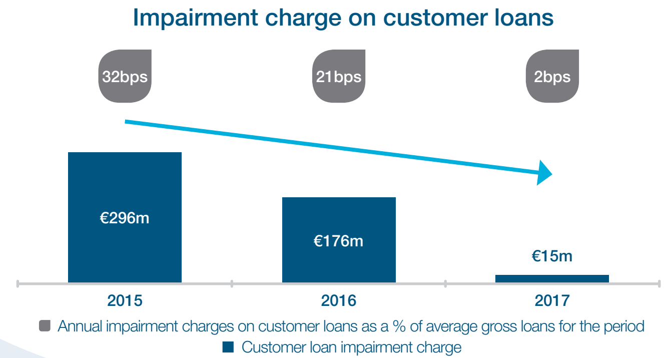


- New lending of €14.1bn[1] in 2017, increase of 11% on a constant currency basis vs. 2016
- Retail Ireland new lending increased by 9%;
  - ROI mortgage new lending up 41%
  - ROI mortgage new lending market share grew to 27% (2016: 25%) with a strong Q4 market share of 29%
  - Expect to re-enter ROI mortgage broker market later in 2018; maintaining an appropriate focus on risk and pricing
- Retail UK new lending increased by 12%, primarily driven by UK mortgages
- Corporate new lending increased by 13%
- Group loan book decreased by c.€2.4bn to €76.1bn reflecting;
  - New lending of €14.1bn
  - Customer redemptions of €13.8bn
  - Redemptions of impaired loans and GB non-core business banking loan book[2] of €1.2bn
  - FX translation impact of €1.5bn

[1]Excluding portfolio acquisitions (2016 - €0.2bn; 2017 - €0.1bn)
[2]GB business and corporate loan books, which BOI was required to run down under its EU approved Restructuring Plan (Remaining stock: 2016 - £0.9bn; 2017 - £0.6bn)

Asset quality - further substantial improvement





Asset Quality continues to improve

- Non-performing exposures (NPEs) of €6.5bn, 31% / €2.9bn reduction during 2017
- Impaired loans of €4.0bn, 35% / €2.2bn reduction during 2017; down 73% from reported peak in June 2013
- Reductions reflect successful resolution strategies and the positive economic environment
- Expect further reductions in 2018 and beyond; pace will be influenced by a range of factors

Impairment charge on customer loans reduced

- Net impairment charge of 2bps (€15m) for 2017 benefiting from reversals on the Irish mortgage book
- Expect the impairment charge for 2018 to be up to c.20 bps, reflecting the transition to IFRS 9 and a slower pace of impairment reversals with a consequent trend towards more normalised levels
- Impaired loan coverage ratio of 49%; provision coverage reducing as legacy impaired loans are resolved

IFRS 9

- Estimated net quantitative impact on initial adoption of IFRS 9 on 1st January 2018 is c.€120m post tax, primarily driven by an increase in impairment loss allowances
- No change in quantum of NPEs on transition to IFRS 9

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Capital and liquidity available to support growth

	Dec 2016 (€bn)	Dec 2017 (€bn)
Customer loans	78	76
Liquid assets	21	24
BOI Life assets	17	17
Other assets	7	6
Total assets	**123**	**123**
Customer deposits	75	76
Wholesale funding	14	13
BOI Life liabilities	17	17
Other liabilities	7	7
Shareholders' equity	9	9
Additional Tier 1 security & other	1	1
Total liabilities	**123**	**123**
TNAV per share	€7.40	€7.52
Closing EUR / GBP FX rates	0.86	0.89

Strong liquidity ratios

- Net Stable Funding Ratio – 127%
- Liquidity Coverage Ratio – 136%
- Loan to Deposit Ratio – 100%

Customer deposits – €75.9bn

- Customer deposits funding 100% of customer loans
- Predominantly sourced through retail distribution channels
- Negative interest rates being applied to certain customer cohorts

Wholesale funding – €12.7bn

- Monetary Authority borrowings of €5.0bn[1] reflecting Group's usage of cost efficient term funding facilities
- "Holdco" structure established in July 2017
  - Tier 2 issuance of £300m and $500m in September 2017
  - Future senior and junior debt issuance for MREL purposes expected to be issued from "Holdco"; modest new MREL issuance expected

[1] €3.3bn of ECB TLTRO funding and €1.7bn of BOE funding through TFS (c.€1.3bn) and ILTR (c.€0.4bn)

Bank of Ireland Group

Summary

Strong 2017 Performance

- Underlying profit before tax of €1,078m
- 11% growth in new lending to €14.1bn
- NPEs reduced by 31% to 8.3% of customer loans
- CET1 ratio of 13.8%; Dividends re-commencing

Looking Forward

- Strong economic growth projected in Ireland; UK also expected to expand
- Expect net loan book growth in 2018 with NIM modestly lower than 2017
- Expect costs to reduce in 2018; impairment charge for 2018 to be up to c.20bps
- Committed to successful implementation of investments to replace Core Banking Platforms

Strategic Priorities

- Transform the Bank
- Serve our customers brilliantly
- Grow sustainable profits

Investor Day in June 2018 to expand further on strategic priorities and growth ambitions for the Group

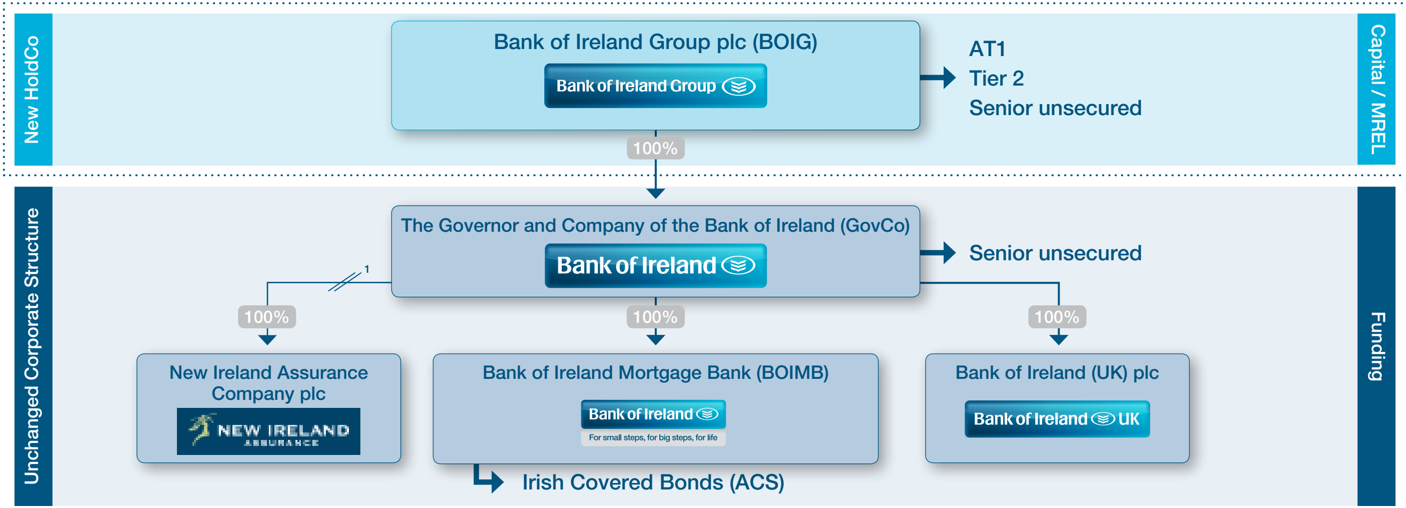
Bank of Ireland Group

Capital & MREL

Bank of Ireland Group

Corporate Reorganisation

BOIG established in July 2017



- Preferred resolution strategy for the Group consists of a Single Point of Entry (SPE) bail-in strategy through the Group holding company (BOIG)
  - Transparent and well-defined resolution strategy in comparison to other jurisdictions
  - BOIG introduced on top of the existing group structure supporting an SPE preferred resolution strategy
  - No change to any of the Group's existing operating companies
- Bail-in at BOIG is the primary resolution tool. MREL requirements are expected to be met through junior and senior issuance from BOIG
- Losses are passed to BOIG on the write-down of intragroup assets. BOIG investors bear loss in accordance with the resolution[2] hierarchy. Resolution authorities required to apply the "No Creditor worse off" principle in application of the bail-in tool
- Funding requirements may also continue to be met, as required, through the issue of Irish Covered Bonds (ACS) by Bank of Ireland Mortgage Bank and senior unsecured issuance by GovCo

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[1] 100% shareholding via intermediate holding company

[2] Per Regulations 87 and 96 of the European Union (Bank Recovery and Resolution) Regulations 2015

BOI Credit Ratings

Investment grade ratings for BOIG and GovCo

	STANDARD & POOR'S	MOODY'S	FitchRatings
BOIG Issuer Ratings	**BBB- (Positive)**	**Baa3 (Positive)**	**BBB (Stable)**
GovCo Issuer Ratings	**BBB (Positive)**	**Baa1 (Positive)**	**BBB (Stable)**
Progress on BOI Credit Ratings	**Jul 2017:** Assigned BBB- (Stable) rating to newly established holding company **Dec 2017:** Affirmed the BBB- and BBB ratings on BOIG and GovCo respectively, outlook revised to Positive from Stable on both	**Jun 2017:** 1 notch senior unsecured upgrade for GovCo from Baa2- to Baa1 (outlook remains Positive) **Jul 2017:** Assigned Baa3 (Positive) rating to newly established holding company	**Jul 2017:** Assigned BBB- (Positive) rating to newly established holding company **Nov 2017:** 1 notch upgrade for both BOIG and GovCo issuer ratings to BBB, Stable outlook
Key Rating Drivers Upside could develop from:	• Further reductions in non-performing loans • Additional loss-absorbing capacity (ALAC) uplift	• Improvements in capital metrics, while maintaining stable profitability, funding and liquidity metrics • Further reductions in non-performing loans	• Further reductions in non-performing loans • Strong internal capital generation and strengthening capital ratios

	MOODY'S	DBRS
Irish Covered Bonds (ACS)	**Aaa** ↑	**AAA** ↑

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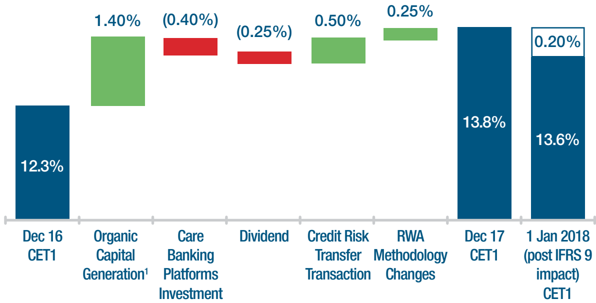
Strong capital generation; dividend payments recommencing

Fully loaded CET1 ratio movement



Capital position

- Strong organic capital generation of 140bps in 2017;
  - Regulatory CET1 ratio of 15.8%
  - Fully loaded CET1 ratio of 13.8%
  - Regulatory Total Capital ratio of 20.2%
- Extent of capital volatility arising from interest rate and inflation risks in the pension schemes materially reduced following increased hedging; IAS19 pension scheme deficit of €0.48bn[2] (Dec 16: €0.45bn)
- Investments in Core Banking Platforms of c.40bps / €195m

Capital returns / dividends

- Dividend of 11.5c per share proposed and deducted from the capital ratios in line with regulatory guidance (€124m)
- Expect that dividends will increase on a prudent and progressive basis and, over time, will build towards a payout ratio of around 50% of sustainable earnings

Capital guidance

- IFRS 9 transition adjustments reduce the fully loaded capital ratios by c.20bps on 1 Jan 2018
- Capital benefit of CRT transaction (50bps) could be absorbed, in full or in part, following the outcome of the TRIM process expected during 2018
- RWA methodology changes include a revised regulatory treatment relating to the maturity of certain corporate loans and a reclassification of forborne collateral realisation loans to align with EBA classifications
- The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period[3]. This includes meeting applicable regulatory capital requirements plus an appropriate management buffer

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[1]Organic capital generation primarily consists of attributable profit, RWA book size and quality movements and movements in regulatory deductions
[2]Deficit reducing contributions of c.€100m during 2017 have limited impact on regulatory ratios and do not impact fully loaded capital ratios while the schemes are in deficit
[3]The Other-Systemically Important Institution (O-SII) buffer will be introduced at 0.5% in July 2019, phasing in at 0.5% per annum to 1.5% in July 2021

Robust capital ratios

	Dec 2016	Dec 2017
CET1 ratio:		
Regulatory	14.2%	15.8%
Fully Loaded	12.3%	13.8%
Tier 1 ratios:		
Regulatory	15.7%	17.0%
Fully Loaded	13.7%	14.9%
Total Capital ratios:		
Regulatory	18.5%	20.2%
Fully Loaded	16.4%	17.9%
Leverage ratios:		
Regulatory	7.3%	7.0%
Fully Loaded	6.4%	6.2%
Risk Weighted Assets:		
Regulatory	€50.7bn	€45.0bn
Fully Loaded	€50.5bn	€44.8bn

Tier 1 & Total Capital

Excluding Impact of Corporate Reorganisation described further below:

- Increases in Tier 1 and Total Capital ratios reflect growth in the CET1 ratio in the period
- Increase in Total Capital ratios also reflect:
  - issuance of c.€750m of Tier 2 capital (Stg$300m and US$500m)
  - the elimination of the expected loss addback to Tier 2 capital

Impact of Corporate Reorganisation

- A proportion of the subordinated debt issued by BOIG subsidiaries is no longer reflected in the consolidated Group Tier 1 & Total Capital ratios[1]
- Impact at December 2017:
  - Tier 1 ratios reduced by c.0.5% on a regulatory basis (0.6% on a fully loaded basis)
  - Total Capital ratios reduced by c.1.4% on a regulatory basis (1.7% on a fully loaded basis)
- The impact of these deductions will reduce as existing subordinated debt is refinanced by BOIG
- Whilst not included in capital ratios, instruments remain available to absorb losses and expected to count as MREL
- Based on current total capital issuance and SRB MREL Policy, modest new MREL issuance expected

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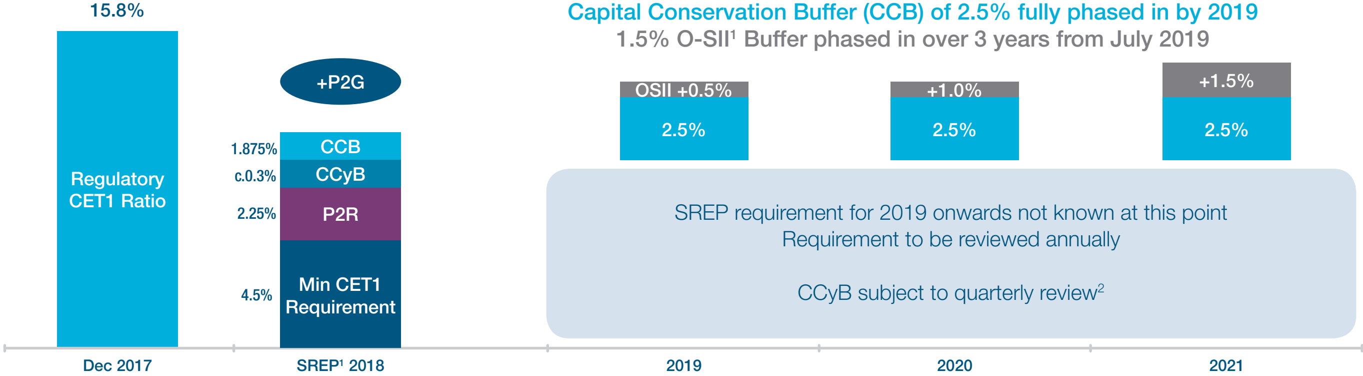
[1]Further to EBA Q&A 2017_3329 the calculation of Tier 1 and Total Capital ratios is stated after a prudent application of the requirements of Articles 85/ 87 of CRR. The application of the requirements of Articles 85 /87 by SSM banks is under review by the ECB

Regulatory Capital Requirements

Supervisory Review and Evaluation Process (SREP[1]) requirement



Minimum Regulatory Capital Requirement

- A minimum CET1 ratio of 8.625% on a regulatory basis from 1 January 2018
  - Includes a Pillar 1 requirement of 4.5%, a P2R of 2.25% and a capital conservation buffer for 2018 of 1.875%
  - The FPC (UK) have set the countercyclical buffer (CCyB)[2] at 0%; increasing to 0.5% in June 2018 and 1% in November 2018. This will increase the Group's capital requirement by c.0.15% in June 2018 and a further c.0.15% in November 2018.
- The CBI (ROI) continues to set the CCyB[2] at 0%
- Pillar 2 guidance (P2G) is not disclosed in accordance with regulatory preference
- The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period. This includes meeting applicable regulatory capital requirements plus an appropriate management buffer
- We expect to receive our initial MREL target in H1 2018

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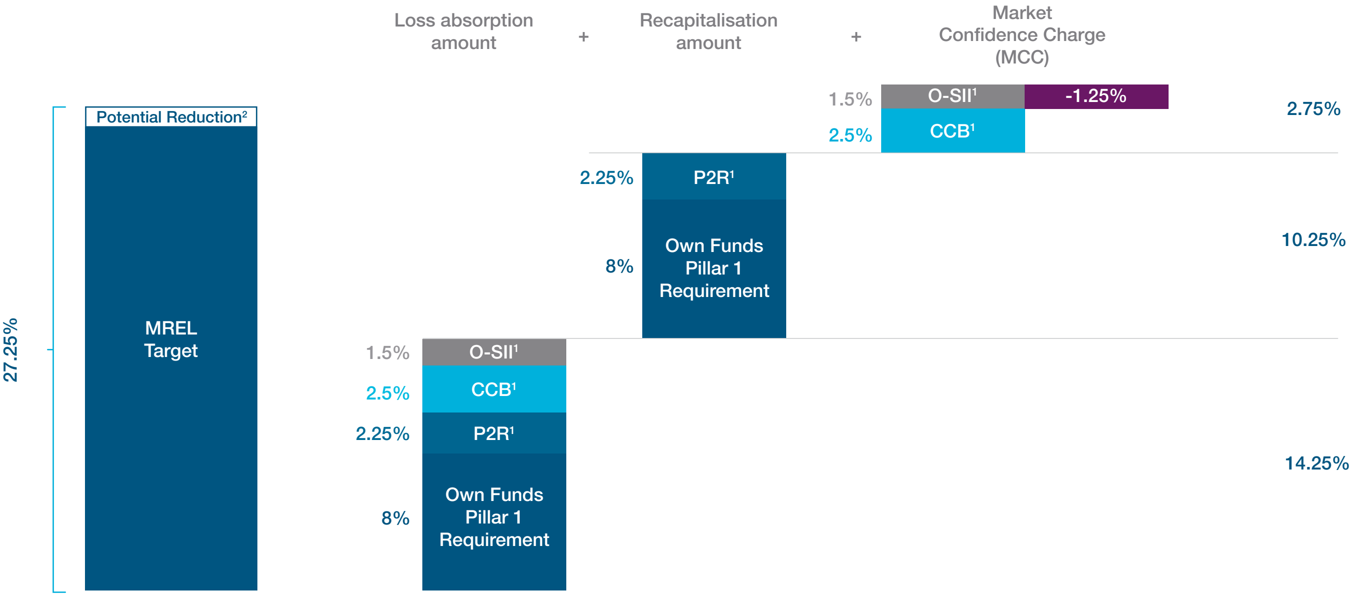
[1]SREP and O-SII requirement are subject to annual review by the Single Supervisory Mechanism (SSM) and the Central Bank of Ireland (CBI) respectively
[2]CCyB is subject to quarterly review by Central Bank of Ireland (ROI) and Financial Policy Committee (UK).

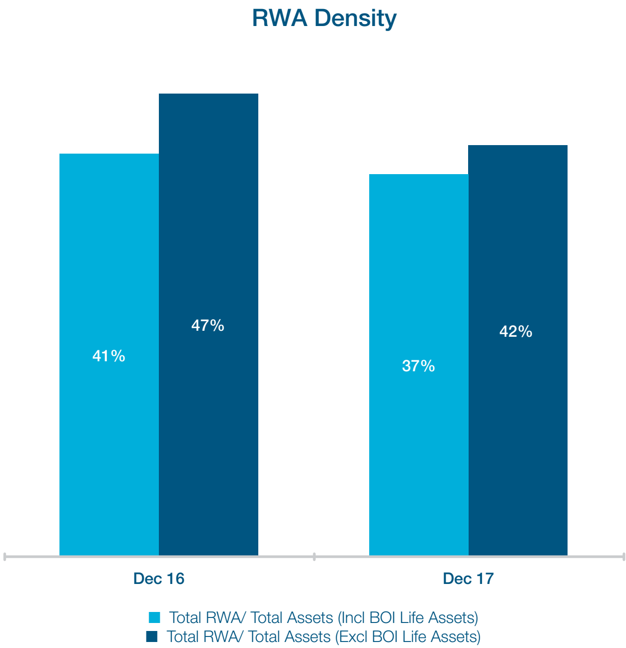
MREL Target expected H1 2018



- While initial MREL target has to yet to be communicated (expected H1 2018), the Group does not expect any material change to the previously disclosed "Informative Target" MREL of 27.25% following publication of the SRB MREL Policy in December 2017[3]
- Bank-specific MREL transition periods will not exceed four years, with interim targets for transition periods exceeding two years
- Based on current capital issuance[4], modest new MREL issuance expected

[1] Other Systemically Important Institution (O-SII), Capital Conservation Buffer (CCB) and Pillar 2 Requirement (P2R)
[2] Potential reduction in respect of bank specific adjustments
[3] "Minimum Requirement for Own Funds and Eligible Liabilities (MREL), SRB Policy for 2017 and next steps"
[4] Group Regulatory Total Capital ratio of 20.2% after reductions in respect of the Corporate Reorganisation (1.4%) and Prudential Amortisation (0.2%)

Risk weighted assets (RWA)



Customer lending Average Credit Risk Weights[1/2]

(Based on regulatory exposure class)

	EAD[3] (€bn)	Credit RWA (€bn)	Avg. Risk Weight
ROI Mortgages	24.7	7.3	30%
UK Mortgages	22.4	4.5	20%
SME	16.2	11.6	71%
Corporate	9.4	8.4	90%
Other Retail	5.1	3.3	65%
Total customer lending	**77.8**	**35.1**	**45%**

- IRB approach accounts for:
  - 70% of credit EAD (Dec 2016: 74%)
  - 73% of credit RWA (Dec 2016: 77%)
- The decrease in RWA density in 2017 is primarily driven by the improving asset quality, the execution of the CRT transaction and changes in methodology and policy
- RWA has reduced from €50.7bn at December 2016 to €45.0bn at December 2017 primarily driven by:
  - Impact of FX movements (€1.0bn)
  - Changes in book size and quality (€1.8bn)
  - Changes in methodology and policy (€1.2bn)
  - CRT transaction in November 2017 (€1.6bn)

Bank of Ireland Group

[1]Sourced from the Group's Pillar III disclosures. EAD and RWA include both IRB and Standardised approaches and comprises both non-defaulted and defaulted loans
[2]Securitised exposures are excluded from the above table (i.e. excludes exposures included in CRT executed in December 2016 and November 2017)
[3]Exposure at default (EAD) is a regulatory estimate of credit risk exposure consisting of both on balance exposures and off balance sheet commitments

Capital / MREL

Summary Highlights

Corporate Reorganisation	Corporate Reorganisation implemented; Group holding company (BOIG) introduced on top of the existing Group structure	✓
Ratings	BOIG assigned investment grade ratings from Moody's, S&P and Fitch; future senior and junior debt issuance for MREL purposes expected be issued from BOIG	✓
Economy	Continued economic growth in core markets; supporting strong organic capital generation	✓
Regulatory Ratios	Robust regulatory ratios provide significant buffer to credit investors (c.700bps buffer to MDA)	✓
MREL	Based on current total capital issuance and SRB MREL Policy, modest new MREL issuance expected	✓

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Covered Bond Overview

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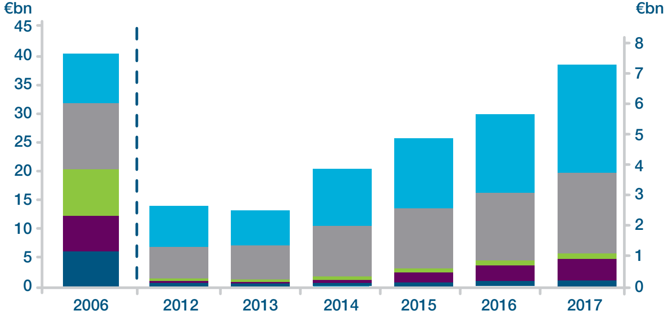
Overview of Irish Mortgage Market

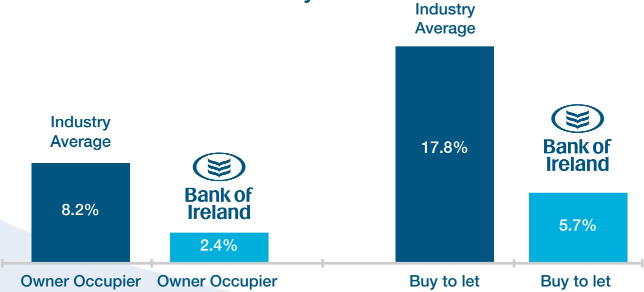
Modest pick up in mortgage drawdowns from low base



Graph shows mortgage lending by value
Source: BPFI

Bank of Ireland arrears performance 3 to 4 times better than Industry Average

>90 days arrears[1]



New lending

- New lending activity continues to recover off a low base, with €7.3bn in 2017, 29% increase vs. 2016

Structure of Irish Mortgage Market

- Irish mortgage market is predominantly principal and interest amortising; 94% of Bank of Ireland's Irish mortgages repaying on a P&I basis
- While gross new lending continues to recover, net mortgage market has reduced by >30% since Dec 2008 to €102bn, helping to reduce household indebtedness

Macro prudential rules

- Macro prudential rules introduced by the CBI in 2015, restrict the LTV and LTI levels of borrowers;[2]
  - First time buyers - 90% LTV
  - Movers - 80% LTV
  - Buy-to-let - 70% LTV
  - Loan to Income (LTI) limit at 3.5 times loan to gross income

Asset Quality

- Asset quality of Irish mortgages continues to improve with > 90 days arrears[1] falling by c.49% (Owner Occupier) and c.40% (BTL) since the peak
- BOI are significantly below the industry average for both Owner Occupier at 2.4% (29% of industry average) and Buy-to-let at 5.7% (32% of industry average)[1]

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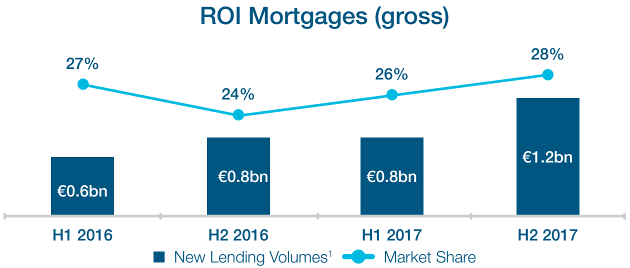
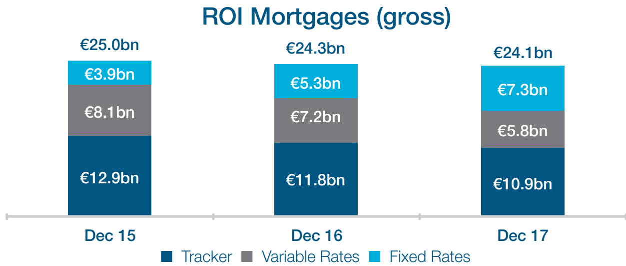
[1]As at September 2017, based on number of accounts, industry average excluding BOI

[2]5% of new lending to FTB, 20% to movers, 10% to BTL allowed above the LTV limits. 20 % of new lending to FTB's and 10% to Movers allowed above the LTI limit

ROI Mortgages: €24.1bn





Pricing Strategy
- Fixed rate led mortgage pricing strategy which provides value, certainty and stability to our customers and to the Group
- Fixed rate products accounted for c.89% of our new lending in 2017, up from c.30% in 2014

Wider proposition
- 7 in 10 ROI customers who take out a new mortgage purchase a life assurance policy through BOI Group
- 3 in 10 ROI customers who take out a new mortgage take out a general insurance policy through BOI Group with insurance partners

Market Share
- Market share grew in each quarter in 2017 from 26% in Q1 2017 to 29% in Q4 2017
- Expect to re-enter the Irish mortgage broker market in 2018

LTV profile
- Average LTV of 63% on existing mortgage stock at Dec 2017 (Dec 16: 72%, Dec 15: 80%)
- Average LTV[2] of 69% on new mortgages in 2017 (Dec 16: 67%, Dec 15: 67%)

Tracker mortgages
- €10.3bn or 94% of trackers at Dec 17 are on a capital and interest repayment basis
- 78% of trackers are Owner Occupier mortgages; 22% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.66bps[3] in 2017, compared to Group net interest margin (including ECB trackers) of 229bps in 2017
- Trackers reduced by €0.9bn since Dec 16; this includes an impact of €0.4bn of mortgages that are now on a tracker rate following the adjustments made as part of the Tracker Mortgage Examination Review in H2 2017

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[1]Excluding portfolio acquisitions (H1 2016 - €0.1bn; H2 2016 - €0.1bn; H1 2017 – Nil; H2 2017 - €0.1bn)

[2]Note that the LTV on new business includes the impact of the acquired portfolios

[3]Average customer pay rate of 108bps less Group average cost of funds in 2017 of 42bps

Mortgage Underwriting Process

Centralised Underwriting in-place, no delegated discretions

Customer Application → Customer Credit Analysis → Credit Decision → Loan Administration

Step 1

- Customer makes application through Branch or Direct channels (Internet / Phone / Mobile Mortgage Manager)
- Anti Money Laundering checks completed
- Interview completed (face to face if branch or Mobile Mortgage Manager, via telecall if phone or follow up call if Internet)
- Standard application contains assessment of; Borrower financial strength (income vs. expenditure, assets vs. liabilities) plus assessment of transaction including structure (LTV, tenor), security property, overall financial risk etc

Step 2

- Auto calls made to Credit Bureau and Risk Models
- Underwriting receives online application with Bureau and Risk Model output plus supporting creditworthiness documents
- Assessment against Credit Policy and Regulatory requirements

Step 3

- Credit decision is made
- Typical max LTV 80% for Owner Occupier and Buy to Let 70% (CBoI Macro-Prudential limits – First Time Buyer to max. 90% LTV permitted)
- Appeals process in place for declined applications

Step 4

- Mortgage approval
- Formal letter of offer issued detailing T&Cs

Strengths of Irish ACS Legislation

Key Legislative Features of Irish ACS

Robust collateral restrictions	• Qualified deposits and EEA mortgages (BOIMB uses only Irish residential mortgages) • LTV limits of 75% for liquidity purposes
Mark to market cover pool	• National CSO Residential Property Price Index updated monthly • Requirement to incorporate changes quarterly, monitored externally
Strong overcollateralisation (OC)	• Minimum contractual OC of 5% and minimum legislative OC of 3% • Both legislative and contractual commitments on a prudent market value basis
Robust external monitoring	• Independent Cover-Assets Monitor (CAM) responsible for monitoring the cover pool and the ACS issuer's compliance with specific provisions of the ACS Acts • Appointment of CAM approved CBI
Strict ALM requirements	• Duration, interest and currency matching • Interest rate risk control
Clarity in event of bankruptcy	• NTMA pre-defined manager of cover pool as a last resort
Preferential claims	• ACS holders are preferred creditors in relation to covered assets

Bank of Ireland Mortgage Bank ACS

Table 1 Cover Pool Summary	Dec-14	Dec-15	Dec-16	Dec-17
Total property valuation (bn)	€21.9	€22.3	€21.3	€22.5
Aggregate balances of the mortgages (bn)	€12.3	€11.2	€10.2	€9.2
Weighted average indexed LTV	82.0%	73.7%	70.7%	58.0%
% of accounts in arrears (≥ 3 months)	0.03%	0.01%	0.04%	0.03%

Table 2 Bond Summary	Dec-14	Dec-15	Dec-16	Dec-17
Value of bonds (bn)	€9.0	€7.4	€7.9	€6.9
Nominal overcollateralisation	54%	68%	44%	48%
Prudent market value of mortgages (bn)	€10.5	€10.1	€9.3	€9.0
Qualified substitution assets (bn)	€1.3	€1.1	€1.2	€1.0
Prudent market value of cover pool (bn)	€12.0	€11.2	€10.5	€10.0
Legislative overcollateralisation	32%	52%	32%	45%

Irish Covered Bonds (ACS)	Moody's	DBRS
	Aaa ↑	AAA ↑

- Recent upgrades to AAA from both Moody's and DBRS

Key Features of Bank of Ireland Mortgage Bank ACS

- 100% Irish Residential mortgages
- Cover pool marked to market at intervals not exceeding 3 months using Central Statistics Office (CSO) Residential Property Price Index
- Strong overcollateralisation (OC) – significantly above min contractual OC of 5% and min legislative OC of 3% (both on a prudent market value basis)
- BOIMB policy to remove non-performing assets (payment due ≥ 3 months) from the pool on a quarterly basis
- Compliance with cover pool obligations monitored by independently regulated Cover Assets Monitor
- Pre-defined process in event of insolvency

Additional Information

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Additional Information

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BOI Overview

Income Statement[1]

	FY 2013 (€m)	FY 2014 (€m)	FY 2015 (€m)	FY 2016[2] (€m)	FY 2017 (€m)
Total income	2,646	2,974	3,272	3,126	3,049
- Net interest income	*2,133*	*2,358*	*2,454*	*2,298*	*2,248*
- Other income (net) before additional gains	*549*	*448*	*591*	*677*	*727*
- Additional gains	*93*	*205*	*237*	*171*	*74*
- ELG fees	*(129)*	*(37)*	*(10)*	*(20)*	*-*
Operating expenses[1]	(1,545)	(1,601)	(1,746)	(1,741)	(1,789)
Core Banking Platforms investment	-	-	-	(41)	(111)
Levies and regulatory charges	(31)	(72)	(75)	(109)	(99)
Operating profit pre-impairment	**1,070**	**1,301**	**1,451**	**1,235**	**1,050**
Net impairment charges	(1,665)	(472)	(296)	(178)	(15)
Share of associates / JVs	31	92	46	41	43
Underlying (loss) / profit before tax	**(564)**	**921**	**1,201**	**1,098**	**1,078**
Non core items	44	(1)	31	(63)	(226)
Statutory (loss) / profit before tax	**(520)**	**920**	**1,232**	**1,035**	**852**
Net interest margin	1.84%	2.11%	2.19%	2.20%	2.29%
Cost income ratio[3]	58%	54%	53%	57%	62%
Cost income ratio (excluding Core Banking Platforms Investment)	58%	54%	53%	56%	59%
Dividend per share (proposed)	-	-	-	-	11.5c

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[1]Figures as reported, with the exception of y/e Dec 13 which includes a €5m reduction in Operating expenses relating to IFRIC 21 adjustments
[2]Comparative figures for 2016 have been restated to reflect the impact of the reclassification of the charges relating to the Central Bank of Ireland's Tracker Mortgage Examination Review as non-core and the impact of the voluntary change in the Group's accounting policy for Life assurance operations
[3]Cost / income ratio is calculated as operating expenses (excluding levies and regulatory charges) divided by total income

BOI Overview

Summary Balance Sheet

	Dec 13 (€bn)	Dec 14 (€bn)	Dec 15 (€bn)	Dec 16 (€bn)	Dec 17 (€bn)
Customer loans[1]	85	82	85	78	76
Liquid assets	27	25	24	21	24
BOI Life assets	14	16	16	17	17
Other assets	6	7	6	7	6
Total assets	**132**	**130**	**131**	**123**	**123**
Customer deposits	74	75	80	75	76
Wholesale funding	27	20	14	14	13
Private Sources	*19*	*16*	*13*	*11*	*8*
Monetary Authority / TLTRO	*8*	*4*	*1*	*3*	*5*
BOI Life liabilities	14	16	16	17	17
Subordinated liabilities and AT1	2	2	3	2	3
Other liabilities	7	8	10	6	5
Shareholders' equity	8	9	8	9	9
Total liabilities & Shareholders' equity	**132**	**130**	**131**	**123**	**123**
Fully loaded CET1 ratio	6.3%	9.3%	11.3%	12.3%	13.8%
Loan to deposit ratio	114%	110%	106%	104%	100%

[1]Loans and advances to customers is stated after impairment provisions

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BOI Overview

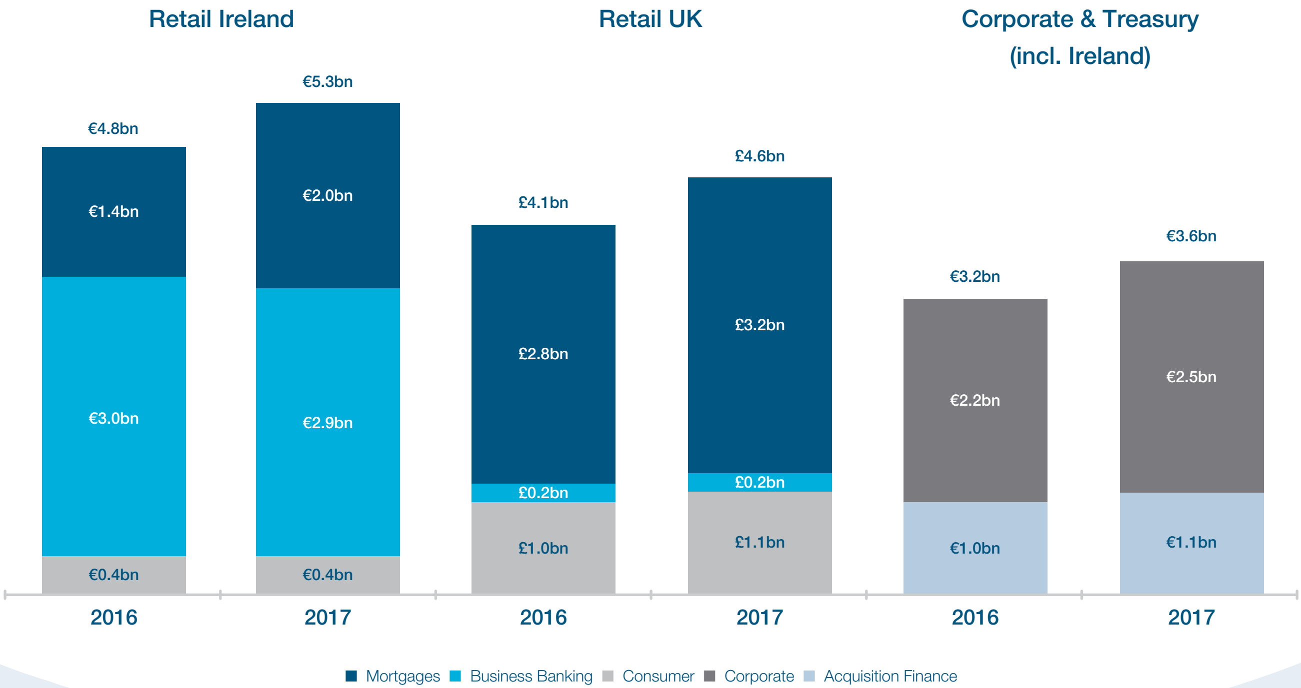
Profile of customer loans[1] at Dec17 (gross)

Composition (Dec 17)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	**24.1**	**22.6**	**0.0**	**46.7**	**60%**
Non-property SME and corporate	**11.2**	**4.0[2]**	**3.5**	**18.7**	**24%**
SME	*8.2*	*1.7*	*0.0*	*9.9*	13%
Corporate	*3.0*	*2.3*	*3.5*	*8.8*	11%
Property and construction	**6.0**	**2.7**	**0.1**	**8.8**	**11%**
Investment property	*5.7*	*2.5*	*0.1*	*8.3*	*10%*
Land and development	*0.3*	*0.2*	*0.0*	*0.5*	*1%*
Consumer	**2.0**	**2.3**	**0.0**	**4.3**	**5%**
Customer loans (gross)	**43.3**	**31.6**	**3.6**	**78.5**	**100%**
Geographic (%)	55%	40%	5%	100%	

[1]Based on geographic location of customer
[2]Includes £0.6bn relating to GB business and corporate loan books, which BOI was required to run down under its EU approved Restructuring Plan (2016: £0.9bn)

Loans and advances to customers

New business volumes



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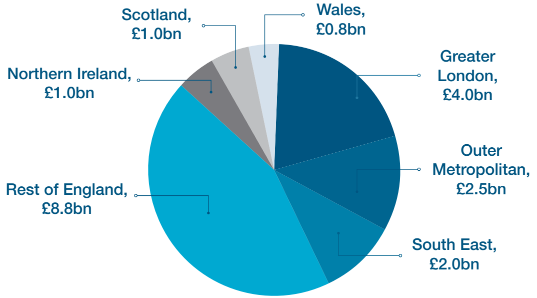
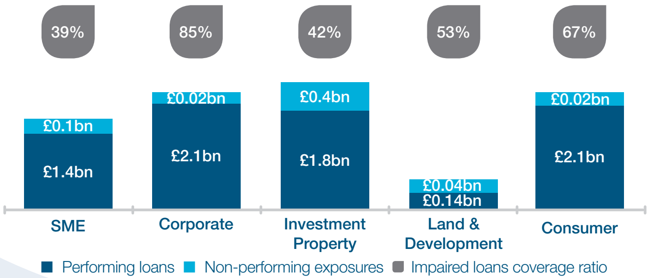
UK Customer Loans £28.0bn (€31.6bn)

UK Mortgages – £20.0bn



Other UK Customer Loans – £8.0bn



UK Mortgages Analysis - £20.0.bn

- Total UK mortgages of £20.0bn; (NPEs - 2%; impaired loans - 1%)
  - Average LTV of 62% on total book (2016: 62%)
  - Average LTV of 72% on new mortgages (2016: 71%)
- UK mortgage book continues to perform in line with industry averages[1]
- 83% of mortgages originated since 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 77% of these mortgages originated pre 2009
- Average balance of Greater London mortgages is c.£195k. 89% of Greater London mortgages have an average LTV <70%

Other UK Customer Loans Analysis - £8.0bn

- Impaired loans of £0.6bn with strong coverage ratios. Investment Property impaired loans have decreased by 67% in the last 2 years
- Performing loans of £7.4bn;
  - SME: broad sectoral diversification with low concentration risk
  - Corporate: specialist lending teams in Acquisition Finance, Project Finance, and Corporate lending through a focussed sector strategy
  - Investment Property: Retail (50%), Office (14%), Residential (15%) Other (22%)
  - Consumer: largest segment is asset backed motor financing of £1.1bn. Book also includes Post Office / AA branded credit cards (£0.6bn) and personal loans (£0.4bn)

[1]Data published by the Council of Mortgage Lenders (CML) for September 2017 indicates that the proportion of the Retail UK mortgage book in default (defined for CML purposes as greater than 90 days but excluding possessions and receivership cases) is in line with the UK industry average of 1% across all segments (Retail UK equivalent: 1%)

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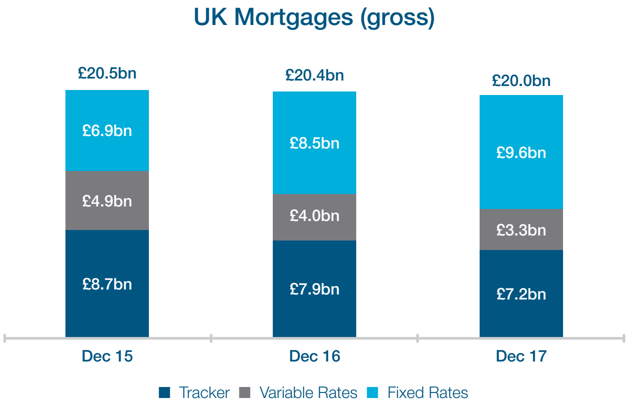
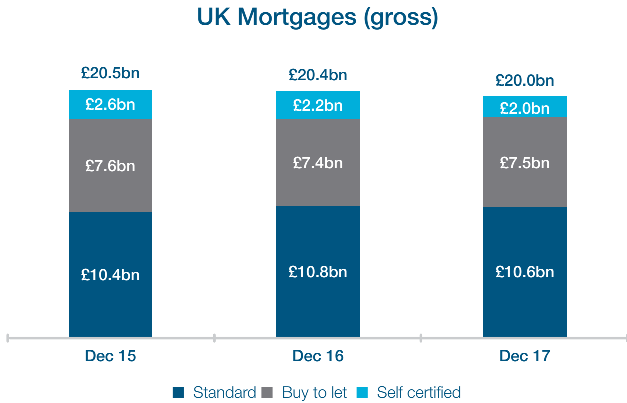
UK Mortgages: £20.0bn/€22.6bn





LTV profile

- Average LTV of 62% on existing stock at Dec 2017 (Dec 16: 62%, Dec 15: 63%)
- Average LTV of 72% on new UK mortgages in 2017 (Dec 16: 71%, Dec 15: 69%)

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Interest Rate Sensitivity

The table below shows the estimated sensitivity of the Group's income (before tax) to an instantaneous and sustained 1% parallel movement in interest rates

Estimated sensitivity on Group income (1 year horizon)	Dec 16 (€m)	Dec 17 (€m)
100bps higher	c.140	c.170
100bps lower	(c.170)	(c.200)

The estimates are based on management assumptions primarily related to:

- The re-pricing of customer transactions;
- The relationship between key official interest rates set by Monetary Authorities and market determined interest rates; and
- The assumption of a static balance sheet by size and composition

In addition, changes in market interest rates could impact a range of other items including the valuation of the Group's IAS 19 defined benefit pension schemes

Bank of Ireland Group

Income Statement

Net interest income analysis

	H1 2016			H2 2016			H1 2017			H2 2017		
	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)	Average Volumes (€bn)	Gross Interest (€m)	Gross Rate (%)
Ireland Loans	36.5	567	3.12%	36.0	559	3.08%	35.5	547	3.11%	35.3	545	3.07%
UK Loans	33.5	571	3.43%	30.2	489	3.22%	29.5	460	3.15%	28.0	430	3.05%
C&T Loans	12.6	248	3.97%	12.7	254	3.98%	12.7	254	4.03%	12.8	253	3.92%
Total Loans & Advances to Customers	**82.6**	**1,386**	**3.38%**	**78.9**	**1,302**	**3.28%**	**77.7**	**1,261**	**3.27%**	**76.1**	**1,228**	**3.20%**
Liquid Assets	22.5	92[1]	0.82%	20.5	78[1]	0.76%	21.6	66[1]	0.62%	21.1	60[1]	0.56%
Total Interest Earning Assets	**105.1**	**1,478**	**2.83%**	**99.4**	**1,380**	**2.76%**	**99.3**	**1,327**	**2.70%**	**97.2**	**1,288**	**2.63%**
Ireland Deposits	22.1	(26)	(0.24%)	21.9	(17)	(0.15%)	20.6	(12)	(0.12%)	20.4	(9)	(0.08%)
Credit Balances[2]	23.8	(1)	(0.01%)	25.3	(1)	(0.01%)	27.1	(0)	(0.00%)	29.3	4	0.03%
UK Deposits	24.6	(154)	(1.26%)	20.7	(111)	(1.07%)	19.3	(83)	(0.86%)	18.2	(74)	(0.80%)
C&T Deposits	7.7	(21)	(0.55%)	6.8	(14)	(0.41%)	6.0	(10)	(0.35%)	5.2	(9)	(0.35%)
Total Deposits	**78.2**	**(202)**	**(0.52%)**	**74.7**	**(143)**	**(0.38%)**	**73.0**	**(105)**	**(0.29%)**	**73.1**	**(88)**	**(0.24%)**
Wholesale Funding	13.6	(49)	(0.71%)	13.4	(32)	(0.47%)	14.3	(43)[3]	(0.60%)	12.3	(36)[3]	(0.58%)
Subordinated Liabilities	2.4	(91)	(7.72%)	1.5	(48)	(6.13%)	1.4	(35)	(5.17%)	1.8	(42)	(4.80%)
Total Interest Bearing Liabilities	**94.2**	**(342)**	**(0.73%)**	**89.6**	**(223)**	**(0.49%)**	**88.7**	**(183)**	**(0.42%)**	**87.2**	**(166)**	**(0.38%)**
IFRS Income Classification		(32)			(13)			(8)			5	
Other[4]		14			(9)			7			(25)	
Net Interest Margin	**105.1**	**1,118**	**2.14%**	**99.4**	**1,135**	**2.27%**	**99.3**	**1,143**	**2.32%**	**97.2**	**1,102**	**2.25%**
Average ECB Base rate in the period			0.02%			0.00%			0.00%			0.00%
Average 3 month Euribor in the period			(0.22%)			(0.31%)			(0.33%)			(0.33%)
Average BOE Base rate in the period			0.50%			0.30%			0.25%			0.32%
Average 3 month LIBOR in the period			0.59%			0.41%			0.33%			0.38%

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[1]Excludes any additional gains from portfolio re-configuration during the period
[2]Credit balances in H2 2017: ROI €21.8bn, UK €3.2bn, C&T €4.3bn
[3]Includes impact of CRT transactions announced in December 2016 and November 2017
[4]Includes customer termination fees, EIR adjustments and other one-off adjustments.

Non-performing exposures by portfolio

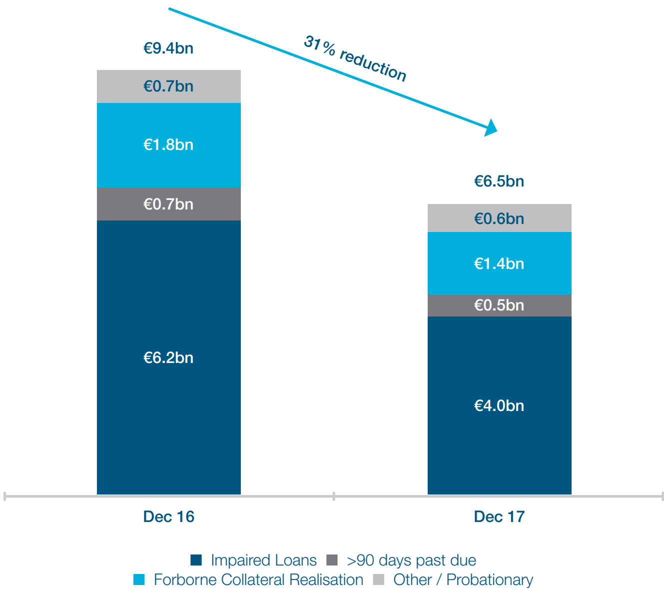
Composition (Dec 17)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impaired loans (€bn)	Impaired loans as % of advances	Impairment provisions (€bn)	Specific impairment provisions (€bn)	Specific impairment provisions as % of impaired loans
Residential Mortgages	**46.7**	**3.1**	**6.6%**	**1.3**	**2.8%**	**0.7**	**0.5**	**37%**
- Republic of Ireland	24.1	2.7	11.0%	1.1	4.7%	0.6	0.5	42%
- UK	22.6	0.4	1.9%	0.2	0.8%	0.1	0.0	11%
Non-property SME and Corporate	**18.7**	**1.7**	**8.9%**	**1.3**	**7.1%**	**0.9**	**0.8**	**57%**
- Republic of Ireland SME	8.2	1.3	15.4%	1.0	12.0%	0.6	0.6	56%
- UK SME	1.7	0.1	8.6%	0.1	5.9%	0.1	0.1	52%
- Corporate	8.8	0.3	3.0%	0.2	2.9%	0.2	0.1	62%
Property and construction	**8.8**	**1.7**	**19.1%**	**1.3**	**14.9%**	**0.7**	**0.6**	**52%**
- Investment property	8.3	1.5	17.9%	1.1	13.7%	0.6	0.5	51%
- Land and development	0.5	0.2	39.4%	0.2	35.3%	0.1	0.1	60%
Consumer	**4.3**	**0.1**	**2.1%**	**0.1**	**2.1%**	**0.1**	**0.1**	**63%**
Total loans and advances to customers	78.5	6.5	8.3%	4.0	5.2%	2.4	2.0	49%

Composition (Dec 16)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impaired loans (€bn)	Impaired loans as % of advances	Impairment provisions (€bn)	Specific impairment provisions (€bn)	Specific impairment provisions as % of impaired loans
Residential Mortgages	**48.2**	**3.6**	**7.6%**	**1.6**	**3.4%**	**1.0**	**0.7**	**42%**
- Republic of Ireland	24.3	3.1	13.0%	1.4	6.0%	0.9	0.7	45%
- UK	23.9	0.5	2.1%	0.2	0.7%	0.1	0.0	15%
Non-property SME and Corporate	**20.0**	**2.2**	**11.0%**	**1.8**	**9.1%**	**1.1**	**1.0**	**55%**
- Republic of Ireland SME	8.8	1.7	19.1%	1.4	15.7%	0.8	0.8	55%
- UK SME	1.9	0.2	9.1%	0.1	6.3%	0.1	0.1	55%
- Corporate	9.3	0.3	3.7%	0.3	3.5%	0.2	0.2	54%
Property and construction	**10.4**	**3.5**	**33.6%**	**2.7**	**25.8%**	**1.7**	**1.6**	**61%**
- Investment property	9.4	2.7	29.4%	2.0	21.1%	1.2	1.1	57%
- Land and development	1.0	0.7	71.6%	0.7	68.8%	0.5	0.5	73%
Consumer	**3.8**	**0.1**	**2.8%**	**0.1**	**2.7%**	**0.1**	**0.1**	**66%**
Total loans and advances to customers	82.4	9.4	11.4%	6.2	7.6%	3.9	3.4	54%

Non-performing exposures

31% reduction in NPEs during 2017

Non-performing exposures (NPEs)



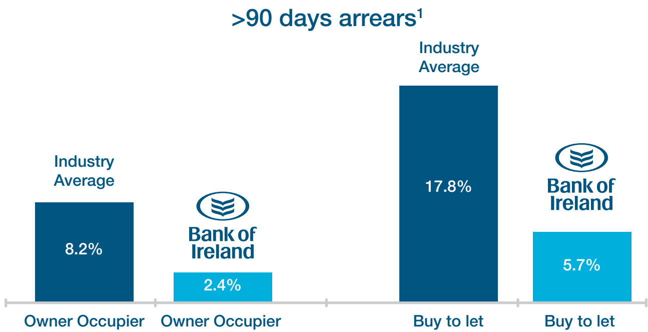
Non-performing exposures

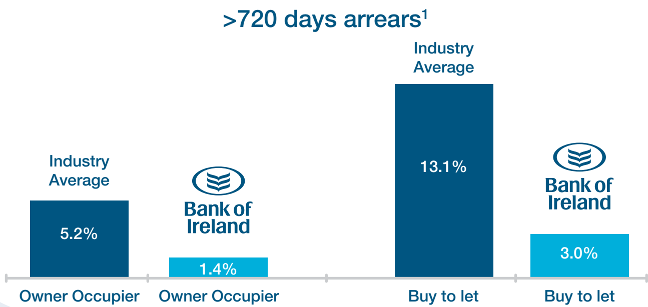
- NPEs are aligned with the EBA definition and include;
  - Impaired loans - loans with a specific provision attached to them
  - Exposures >90 days past due but not impaired
  - Forborne exposures reliant on collateral realisation that are neither impaired nor >90 days past due - Forborne Collateral Realisation loans are loans that are not impaired but where future reliance on the realisation of collateral is expected for the repayment in full of the relevant loans
  - Other / probationary loans - loans that have yet to satisfy exit criteria in line with the EBA guidance to return to performing

Bank of Ireland Group

ROI Mortgages

Arrears performance 3 to 4 times better than Industry Average





>90 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (29% of industry average) and Buy to Let (32% of industry average)

>720 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (27% of industry average) and Buy to Let (23% of industry average)

[1]As at September 2017, based on number of accounts, industry average excluding BOI

Bank of Ireland Group

Asset Quality

Available for Sale Financial Assets

	ROI (€bn)	UK (€bn)	France (€bn)	Other (€bn)	Dec 17 (€bn)	Dec 16 (€bn)
Sovereign bonds	4.8	0.5	0.8	1.4	7.5	5.2
Senior debt	-	-	0.3	1.8	2.1	1.7
Covered bonds	0.2	0.6	0.4	1.9	3.1	3.5
Subordinated debt	0.3	-	-	0.1	0.4	0.3
Asset backed securities	-	0.1	-	-	0.1	0.1
Total	**5.3**	**1.2**	**1.5**	**5.2**	**13.2**	**10.8**
AFS Reserve	0.34	-	-	-	**0.34**	0.35

Portfolio

- During 2017, €1.8bn of Irish Government HTM bonds were reclassified to AFS
- Weighted average credit rating of the AFS portfolio is AAA to AA-

NAMA

- The Group's holding of €0.5bn of NAMA senior bonds at Dec 2016 was fully redeemed during 2017
- The Group holds NAMA subordinated bonds – €0.3bn nominal value, valued at 104% (Dec 16 – 98%)

Interest received on NAMA subordinated bonds	2017 IAS 39 (€m)	2018 IFRS 9 (€m)
Interest coupon @ 5.264%	15	15
Amortisation of previous impairment[1]	19	-
Recognised in Net Interest Income	**34**	**15**

On transition to IFRS 9, the previous impairment is treated as an adjustment to revenue reserves and is no longer amortised in the income statement (NIM impact c.2bps); the Group's capital position is unaffected

[1]In 2014, the Group revised its assumption as to future expected cash flows on the NAMA subordinated bonds, resulting in an impairment reversal of €70m

Business Transformation

Investments in technology are transforming our businesses, our channels and customer experience

Implemented in 2017

- Leading centre of excellence in robotics reducing completion times by up to 80%
- Payments infrastructure investment programme to support business growth and transformation
- Digitised and optimised 250 customer experience touchpoints
- Investment in channels – webchat, video, screen-share
- Group-wide Enterprise Data Warehouse (EDW) realising business value

Delivering the Digital Bank

- 79% of customers are digitally active, up 15% vs. 2016
- 98% of all interactions are handled via self-service/Direct channels (including LATMs)
- 75% of new product sales are now opened through direct and digital channels; 50% completing straight through
- c.1m digital customers across Personal and Small Business segments and 720k active mobile users

Coming in 2018

- Creation of single customer view for Retail Ireland as part of first release of Core Banking Platforms
- Extending our award winning UK intermediary mortgage platform into Ireland
- Delivering an API platform to enable Open Banking propositions
- Delivery of first set of live products on new Core Banking Platforms for testing
- Money messaging app for students with fintech partnership

Core Banking Platforms investment will drive sustainable cost efficiencies and growth

Capital Guidance and Distribution Policy

Capital Guidance

- The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period[1]. This includes meeting applicable regulatory capital requirements plus an appropriate management buffer

Distribution Policy

- As anticipated, the Group is re-commencing dividends in respect of the 2017 financial year; a dividend of 11.5 cents per share has been proposed
- The Group expects that dividends will increase on a prudent and progressive basis and, over time, will build towards a payout ratio of around 50% of sustainable earnings
- Dividend level and rate of progression will reflect, amongst other things;
  - Strength of the Group's capital and capital generation;
  - Board's assessment of growth and investment opportunities available;
  - Any capital the Group retains to cover uncertainties; and
  - Any impact from the evolving regulatory and accounting environments

[1]The Other-Systemically Important Institution (O-SII) buffer will be introduced at 0.5% in July 2019, phasing in at 0.5% per annum to 1.5% in July 2021

Capital

CET1 ratios – Dec 2017

	Regulatory ratio (€bn)	Fully loaded ratio (€bn)
Total equity	9.7	9.7
Less Additional Tier 1	(0.8)	(0.8)
Deferred tax[1]	(0.3)	(1.1)
Pension deficit	0.1	-
Available for sale reserve	(0.1)	-
National filters	(0.1)	-
Intangible assets and goodwill	(0.7)	(0.7)
Foreseeable dividend	(0.1)	(0.1)
Other items[2]	(0.6)	(0.8)
Common Equity Tier 1 Capital	**7.1**	**6.2**
Credit RWA[3]	38.7	38.5
Operational RWA	4.6	4.6
Market, CCR and Securitisations	1.7	1.7
Total RWA	**45.0**	**44.8**
Common Equity Tier 1 ratio	**15.8%**	**13.8%**
Leverage ratio	**7.0%**	**6.2%**

CRD-IV phasing impacts on Regulatory ratio

- Deferred tax assets – certain DTAs are deducted at a rate of 30% for 2017, increasing annually at a rate of 10% thereafter until 2024
- Pension deficit – addback is phased out at 80% in 2017, and will be fully phased out in 2018
- Available for sale reserve – unrealised losses and gains are phased in at 80% in 2017, and will be fully phased-in in 2018
- IFRS 9 – The Group has elected to apply the transitional arrangement which on a Regulatory CET1 basis will result in minimal impact from initial adoption and partially mitigate future impacts in the period to 2022. The transitional arrangement allows an 95% add-back in 2018, decreasing to 85%, 70%, 50% and 25% in subsequent years

Bank of Ireland Group

[1]Deferred tax assets due to temporary differences are included in Credit RWA with a 250% risk weighting applied

[2]Other items – the principal items being the cash flow hedge reserve, expected loss deduction, securitisation deduction, 10%/15% threshold deduction

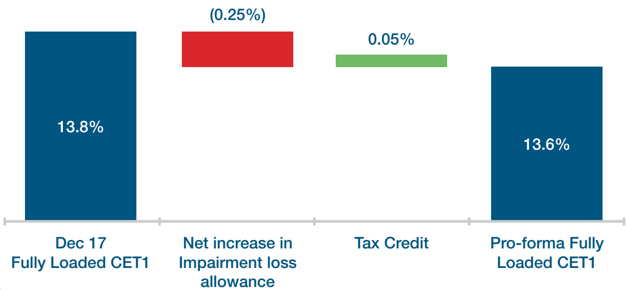
[3]Includes RWA relating to non-credit obligation assets / other assets, settlement risk and RWA arising from the 10% / 15% threshold deduction

IFRS 9 – Impairment loss allowance

Pro-forma estimated impact on 1 Jan 2018

	1 Jan 2018 impact
Shareholders' Equity Reserves	(€120m)
CET1 Fully Loaded	(c.20bps)
NPEs	Unchanged
Provisions	+€130m
NPE Coverage ratio	+2%

Pro-forma impact Fully Loaded CET1 ratio – Dec 17



- New IFRS 9 accounting standard effective from 1st January 2018 replacing IAS 39. Impairment provisioning model now based on expected credit losses (ECL) as opposed to incurred losses
- Estimated quantitative impact on initial adoption of IFRS 9 is a reduction in shareholders' equity of c.€120m, largely due to an increase in impairment loss allowance on loans and advances to customers
- Increase in impairment loss allowance partially offset by the ending of the probationary provisioning framework for performing ROI mortgages. No change in quantum of NPEs on transition to IFRS 9
- Pro-forma impact on fully loaded CET1 ratio is expected to be c.20bps
- The Group is availing of the transitional arrangements for mitigating the impact of IFRS 9 on regulatory capital
- Expect the impairment charge for 2018 to be up to c.20 bps, reflecting the transition to IFRS 9 and a slower pace of impairment reversals with a consequent trend towards more normalised levels

Bank of Ireland Group

Ordinary shareholders' equity and TNAV

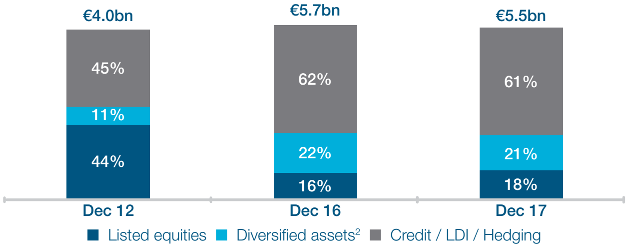
Movement in ordinary shareholders' equity	2016 (€m)	2017 (€m)
Ordinary shareholders' equity at beginning of period	8,317	8,612
Movements:		
Profit attributable to shareholders	799	664
Distribution on other equity instruments – additional tier 1 coupon	(73)	(24)
Dividends on preference stock	(8)	(4)
Available for sale (AFS) reserve movements	(169)	(9)
Remeasurement of the net defined benefit pension liability	167	(113)
Cash flow hedge reserve movement	(4)	(115)
Foreign exchange movements	(419)	(147)
Other movements	2	(5)
Ordinary shareholders' equity at end of period	**8,612**	**8,859**

Tangible net asset value	Dec 16 (€m)	Dec 17 (€m)
Ordinary shareholders' equity at beginning of period	8,612	8,859
Adjustments:		
Intangible assets and goodwill	(635)	(779)
Own stock held for benefit of life assurance policyholders	11	33
Tangible net asset value (TNAV)	**7,988**	**8,113**
Number of ordinary shares in issue at the end of the period (millions of shares)	**1,079**	**1,079**
TNAV per share (€)	**€7.40**	**€7.52**

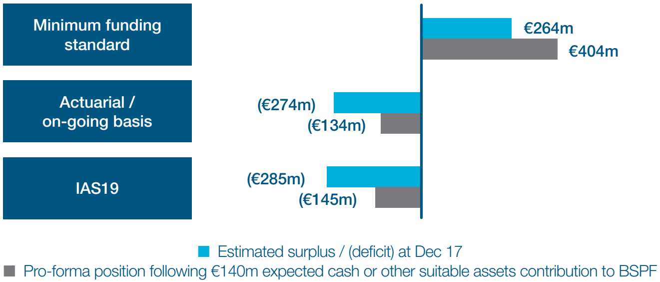
Defined Benefit Pension Schemes

- The Group has developed a framework for pension funding and investment decision making as part of its long-term strategic planning
- Management of the Group's sponsored Defined Benefit pensions schemes involves a multi-year programme, categorised into 3 broad areas. Activity in these areas is set out below:

Mix of BSPF Defined Benefit Pension Scheme Assets (%)[1]



BSPF Surplus / Deficit under Relevant Bases Dec 17



Reduce Liabilities

- Defined Benefit ('DB') Pension schemes closed to new members in 2007 and hybrid scheme introduced
- Pensions Review 2010 and 2013 reducing liabilities by c.€1.2bn - shared solutions with DB members - successfully executed and extended to smaller schemes in 2014 and 2015
- A Defined Contribution ('DC') Pension scheme was introduced in 2014 for new hires and the existing hybrid scheme closed to new members
- Enhanced transfer value exercises completed for BSPF and BAPF schemes in 2015 and 2016

Increase Assets

- >€950m of asset contributions made since 2010; further c.€206m expected to be made across Group schemes between 2018 and 2020
- BSPF asset returns of +2.8% p.a. were achieved over 3 years to end Dec 17

Improve correlation between assets and liabilities

- Reduced deficit sensitivity to both euro and sterling interest rate and inflation rate movements through increased hedging
- Group supported the Trustees of BSPF, Group UK and BAPF schemes in their decisions to extend the level of euro and sterling interest rate and inflation hedging to 75% of assets
- Group has continued to support Trustees in diversifying asset portfolios away from listed equity into other return-seeking but potentially less volatile asset classes.

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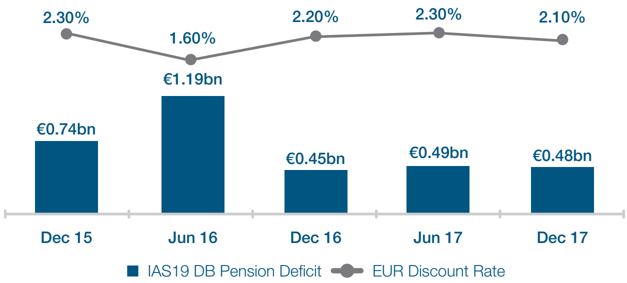
[1]Graphs shows BSPF asset allocation. BSPF represents approx. 76% of DB Pension assets
[2]Diversified assets includes infrastructure, private equity, hedge funds and property

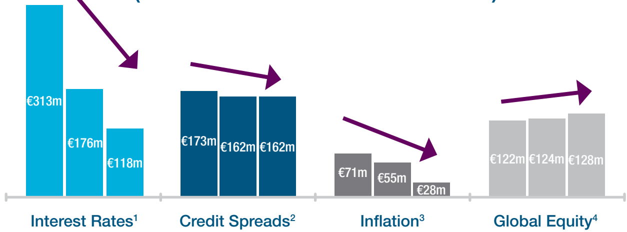
Defined Benefit Pension Schemes

- IAS19 requires that the rate used to discount Defined Benefit pension liabilities be selected by reference to market yields on high quality corporate bonds with a corresponding duration. However, only a small number of long duration AA Euro corporate bonds are in issuance and those bonds tend to be relatively illiquid

Group IAS19 Defined Benefit Pension Deficit



IAS19 Pension Deficit Sensitivities (Jun 2016 / Dec 2016 / Dec 2017)



[1]Sensitivity of Group deficit to a 0.25% decrease in interest rates
[2]Sensitivity of IAS19 liabilities to a 0.10% decrease in credit spread over risk free rates
[3]Sensitivity of Group deficit to a 0.10% increase in long term inflation
[4]Sensitivity of deficit to a 5% decrease in global equity markets with allowance for other correlated diversified asset classes

IAS19 Pension deficit of €0.48bn at Dec 2017

- Discount rate decreased by 10bps to 2.1% - reflecting higher interest rates and decrease in credit spreads
- The primary drivers of the movement in the deficit were:
  - The net positive impact of higher euro interest rates (which reduced liabilities albeit partly offset by the decrease in hedging LDI assets);
  - Modest growth in the value of other assets (i.e. listed equities and diversified assets);
  - Deficit reducing contributions of c.€100m; offset by;
  - The increase in long term euro inflation assumption increased liabilities
  - c.30bps decrease in the credit spreads used by the Group to value its liabilities

Potential for interest rate and inflation volatility reduced

- Group supported the Trustees of BSPF, Group UK and BAPF schemes in their decisions in 2017 to extend the level of euro and sterling interest rate and inflation hedging to 75% of assets
- Continuing programme to further match asset allocation with the evolving nature and duration of liabilities

Pension Review Programmes

- The Pension Review programmes of 2010 and 2013 resulted in significant restructurings of scheme liabilities
  - Liability reduction of c.€1.2bn achieved through these programmes
  - Accepted by staff and unions through individual member consent with comprehensive communications campaign completed
  - In return for liability reduction achieved, the Group agreed to increase its support for the schemes by making matching contributions totalling c.€1.2bn
  - Asset contributions of c.€206m remain to be made between 2018 and 2020 (no impact on fully loaded CET1 ratio where schemes are in deficit)

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Forward-Looking statement

This document contains forward-looking statements with respect to certain of the Bank of Ireland Group plc (the 'Company' or 'BOIG plc') and its subsidiaries' (collectively the 'Group' or 'BOIG plc Group') plans and its current goals and expectations relating to its future financial condition and performance, the markets in which it operates and its future capital requirements. These forward-looking statements often can be identified by the fact that they do not relate only to historical or current facts. Generally, but not always, words such as 'may,' 'could,' 'should,' 'will,' 'expect,' 'intend,' 'estimate,' 'anticipate,' 'assume,' 'believe,' 'plan,' 'seek,' 'continue,' 'target,' 'goal,' 'would,' or their negative variations or similar expressions identify forward-looking statements, but their absence does not mean that a statement is not forward-looking.

Examples of forward-looking statements include among others, statements regarding the Group's near term and longer term future capital requirements and ratios, loan to deposit ratios, expected impairment charges, the level of the Group's assets, the Group's financial position, future income, business strategy, projected costs, margins, estimates of capital expenditures, discussions with Irish, United Kingdom, European and other regulators and plans and objectives for future operations. Such forward-looking statements are inherently subject to risks and uncertainties, and hence actual results may differ materially from those expressed or implied by such forward-looking statements.

Nothing in this document should be considered to be a forecast of future profitability, dividends or financial position and none of the information in this document is or is intended to be a profit forecast, profit estimate or dividend forecast. Any forward-looking statement speaks only as at the date it is made. The Group does not undertake to release publicly any revision to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date hereof.

Investors should read 'Principal Risks and Uncertainties' in the Group's Annual Report for the year ended 31 December 2017 and also the discussion of risk in the Group's Annual Report for the year ended 31 December 2017.

Bank of Ireland Group

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