The Governor and Company of the Bank of Ireland

Country by Country Reporting

For the year ended
31 December 2015

Bank of Ireland Group

THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

The Governor and Company of the Bank of Ireland

Country by Country Reporting

for the year ended 31 December 2015

Country by Country Reporting Schedule

Basis of Preparation

The disclosures contained in this report have been prepared pursuant to the country-by-country reporting (CBCR) requirements for specified institutions[1] under the Capital Requirements Directive (CRD IV), which have been transposed into Irish legislation as Regulation 77 of Statutory Instrument 158 of 2014.

Regulation 77 requires each institution to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:

a) Name(s), nature of activities and geographical location;
b) Turnover;
c) Number of employees on a full time equivalent basis (FTE);
d) Profit or loss before tax;
e) Tax on profit or loss; and
f) Public subsidies received.

The Governor and Company of the Bank of Ireland is required to comply with Regulation 77 and this report fulfils that obligation. The Governor and Company of the Bank of Ireland (the 'Bank') and its subsidiaries are collectively the 'Group' for the purposes of this disclosure.

The Governor and Company of the Bank of Ireland prepares consolidated statutory financial statements under International Financial Reporting Standards as adopted by the European Union (EU)[2].

The CBCR disclosures are prepared under International Financial Reporting Standards as adopted by the European Union (EU) except as regards the scope of consolidation, which is on a prudential basis consistent with the Group's Pillar 3 disclosures[2].

The principal difference between the statutory consolidated financial statements and prudential basis of consolidation relates to the Group's wholly owned life assurer, New Ireland Assurance Company plc (NIAC), which is fully consolidated in the statutory financial statements but treated as an investment in the prudential consolidation.

In the disclosures that follow:

1. Country of establishment is defined as the geographical location of the business unit booking the transaction.
2. Turnover comprises net interest income, dividend income, net fees and commission income, net trading income and other operating income. Amounts from other countries, which individually and in the aggregate are immaterial, are allocated to 'Other'.
3. Total Turnover and Profit or loss before tax are derived from external activities only, i.e. all intragroup transactions and balances between entities included in the prudential consolidation have been eliminated. However, in the geographical analysis, transactions between entities in different geographical locations are not eliminated.
4. The number of employees on a full time equivalent basis is shown as the average for the year.
5. The tax paid numbers disclosed under CRD IV refer to corporation tax only.
6. Tax charge includes current corporation tax expense but not deferred taxes or any provisions for uncertain tax liabilities.
7. Public subsidies are defined to be direct support by the government. They do not include any central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission mechanism. Moreover, schemes in line with the European Commission's guidance on State Aid are not considered public subsidies in the context of CBCR. Furthermore, general tax incentives do not fall within the definition of public subsidy for the purposes of CBCR.

[1] *Credit institutions and Investment firms.*
[2] *Copies of the Group's Annual Report and Pillar 3 Disclosures for the year ended 31 December 2015 can be obtained from the Group's website at www.bankofireland.com or from the Group Secretary's Office, Bank of Ireland, 40 Mespil Road, Dublin 4, Ireland.*

Principal Undertakings

Name	Principal Activities	Country of Establishment
The Governor and Company of the Bank of Ireland	Banking and Financial Services	Ireland *Additional branches:* *United Kingdom* *United States of America* *Germany* *France*
Bank of Ireland International Finance Limited	International asset financing	Ireland
Bank of Ireland Mortgage Bank	Mortgage lending and mortgage covered securities	Ireland
Bank of Ireland (UK) plc	Retail financial services	United Kingdom
First Rate Exchange Services Holdings Limited[1]	Foreign Exchange	United Kingdom

The Bank has annexed a full listing of Group undertakings to its 2015 Annual Return to the Companies Registration Office.

Turnover, Profit before taxation, Taxation and Employees *(Year ended 31 December 2015)*

The Governor and Company of the Bank of Ireland (Prudential consolidation)

Country of establishment	Turnover €m	Profit before tax €m	Taxation paid €m	Taxation charge €m	Average FTEs
Ireland	2,208	840	15	12	8,236
United Kingdom	774	263	18	24	2,228
United States of America	58	43	15	15	57
France	20	17	5	7	9
Luxembourg	41	44	-	-	-
Other	4	1	2	-	7
Total	**3,105**	**1,208**	**55**	**58**	**10,537**

Taxation paid and other supplementary information (unaudited)
In any given year tax paid may not directly relate to the accounting profits earned in that year because differences can arise between accounting profit and taxable profit as a result of applying local tax legislation.

The taxation paid disclosed under CRD IV relates to corporation tax only and does not include the wider tax contribution to the Irish Exchequer or other tax authorities. In 2015, the Group (including NIAC) made payments to the Irish Exchequer of €225 million which in addition to corporation tax, primarily comprised irrecoverable VAT, employers' PRSI contributions and the bank levy (€38 million).

As disclosed in note 41 to the Group Annual Report for the year ended 31 December 2015, the Group had a deferred tax asset of €1,416 million (2014: €1,595 million) in respect of operating losses which are available to relieve future profits from tax. In accordance with tax legislation, current year taxable profits have, where appropriate, been offset by these brought forward operating losses. Certain legal entities did not have brought forward operating losses and therefore reflect a current taxation charge and taxation payment for the year.

[1] *This entity is a joint venture with the UK Post Office, in which the Group holds 50% of the equity of the business.*

Public subsidies

No public subsidies were received by the Governor and Company of the Bank of Ireland during the year ended 31 December 2015.

Public subsidies are defined to be direct support by the government. They do not include any central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission mechanism. Moreover, schemes in line with the European Commission's guidance on State Aid are not considered public subsidies in the context of CBCR. Furthermore, general tax incentives do not fall within the definition of public subsidy for the purposes of CBCR.

Auditors’ Report

Independent Auditors’ Report to the Court of Directors (the ‘Directors’) of the Governor and Company of the Bank of Ireland (BOI) in connection with the Country by Country Reporting Schedule for the year ended 31 December 2015.

Report on the Country by Country Reporting Schedule for the year ended 31 December 2015

We have audited the accompanying financial information of The Governor and Company of the Bank of Ireland for the year ended 31 December 2015 which comprises the Country by Country Reporting Schedule including the Basis of Preparation for the year ended 31 December 2015 with the exception of the disclosure on page 2 which is denoted as unaudited. The Country by Country Reporting Schedule for the year ended 31 December 2015 has been prepared by management of BOI in accordance with management’s basis of preparation (the ‘Basis of Preparation’).

Directors’ responsibility for the Country by Country Reporting Schedule

The Directors are responsible for the preparation of the Country by Country Reporting Schedule, for the appropriateness of the Basis of Preparation and for such internal control as management determines is necessary to enable the preparation of the Country by Country Reporting Schedule that is free from material misstatement, whether due to fraud or error.

Auditors’ responsibility

Our responsibility is to express an opinion on the Country by Country Reporting Schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Country by Country Reporting Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Country by Country Reporting Schedule. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the Country by Country Reporting Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to BOI’s preparation of the Country by Country Reporting Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BOI’s internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Country by Country Reporting Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information as included in the Country by Country Reporting Schedule for the year ended 31 December 2015 is prepared, in all material respects, in accordance with the Basis of Preparation.

Basis of Preparation and Restriction on Distribution

Without modifying our opinion, we draw attention to the Basis of Preparation. The schedule is prepared to assist the Directors to meet the requirements of Regulation 77 of Statutory Instrument 158 of 2014. As a result, the schedule may not be suitable for another purpose.

Our report is intended solely for the benefit of the Directors. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers
Chartered Accountants
Dublin

21 December 2016