Bank of Ireland Credit Presentation

August 2016

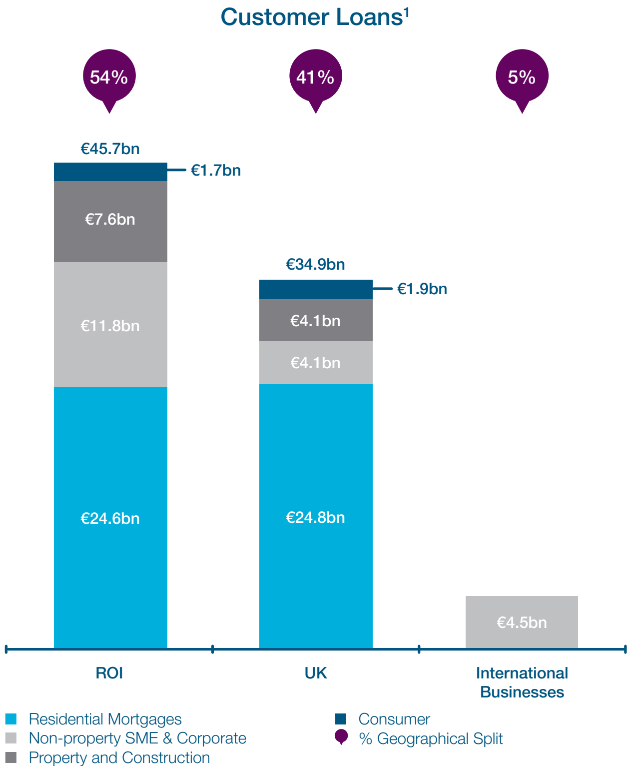
Bank of Ireland Group

Bank of Ireland Overview

Bank of Ireland Franchises

Benefitting from Irish growth with International diversification

Bank of Ireland Group



[1]Gross loans and advances to customers at 30 Jun 2016 of €85.1bn

ROI

- Continue to be the largest lender to the Irish economy
- #1 or #2 market positions across all principal product lines
- Strong commercial discipline on lending and deposit margins
- Continuing to benefit from and support economic growth in Ireland

UK

- BOI (UK) plc is a separately regulated, capitalised and self-funded business
- Universal Banking offering in Northern Ireland
- Focussed predominantly on consumer sector
- Attractive partnerships including the Post Office and AA
- Commission based business model provides flexibility to adapt quickly to market developments

International Business – Acquisition finance business

- Mid market US/European business
- Strong 20+ year track record
- Good geographic and sectoral diversification
- Generates attractive margins and fee income within disciplined risk appetite

Bank of Ireland Overview H1 2016

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Strong Operating Performance

	H1 2015	H2 2015	H1 2016
Total Income	€1,759m	€1,513m	€1,587m
Net Interest Margin (NIM)	2.21%	2.17%	2.11%
Operating expenses Levies and regulatory charges	(€848m) (€27m)	(€898m) (€48m)	(€890m) (€62m)
Impairment charges	(€168m)	(€128m)	(€95m)
Underlying profit before tax	**€743m**	**€458m**	**€560m**

Robust balance sheet metrics

	Dec 15	Jun 16
Customer loans (net)	€84.7bn	€80.2bn
Non-performing loans	€12.0bn	€9.9bn
CET1 ratios: Transitional Fully Loaded	 13.3% 11.3%	 12.8% 10.7%
Transitional Total Capital Ratio	18.0%	17.2%
Liquidity metrics: NSFR LCR LDR	120% 108% 106%	119% 116% 103%

- Underlying profit of €560m in H1 2016
- NIM of 2.11%, impacted by the low interest rate environment, lower liquid asset yields and FX translation effects
  - Commercial discipline maintained on lending and deposit margins
- All trading divisions contributing to the Group's profitability
- Increased new lending by 14% on H1 2015
  - Continue to be largest lender to the Irish economy
  - Growth in core loan books of €1.1bn
- Reduced non-performing loans by €2.1bn in H1 2016 to €9.9bn; defaulted loans now c.10% of customer loans and >50% below reported peak in June 2013
- Net impairment charge of 21 bps for H1 2016 vs 28bps in H2 2015
- Continued organic capital generation offset by IAS19 accounting standard pension deficit;
  - Fully loaded CET1 ratio of 10.7%
  - Transitional CET1 ratio of 12.8%
  - Transitional Total Capital ratio of 17.2%

Financial Performance

Group Income Statement

Underlying profit before tax of €560m

Bank of Ireland Group

	H1 2015 (€m)	H2 2015 (€m)	H1 2016 (€m)
Total income	1,759	1,513	1,587
Net interest income	*1,219*	*1,235*	*1,135*
Other income (net)	*545*	*283*	*470*
ELG fees	*(5)*	*(5)*	*(18)*
Operating expenses	(848)	(898)	(890)
Levies and regulatory charges	(27)	(48)	(62)
Operating profit pre-impairment	884	567	635
Impairment charges	(168)	(128)	(95)
Share of associates / JVs	27	19	20
Underlying profit before tax	**743**	**458**	**560**
Of which additional gains	*228*	*9*	*157*
Statutory profit before tax	725	507	557
Underlying EPS	1.8c	0.5c	1.2c

- Net interest income of €1,135m, lower than H2 2015 due primarily to the impact of the low interest rate environment, lower liquid asset income and FX impact of c.€30m
- Business income of €317m in line with H2 2015. Other income includes additional gains of €157m
- Focussed on tight control over our cost base, while making appropriate investments in our businesses, infrastructure and people
- Net impairment charge reduced to €95m
- Underlying PBT includes additional gains of €157m
  - Gain on VISA Europe transaction (€95m)
  - Liquid asset portfolio rebalancing (€54m)
  - Sale of investment properties / other assets (€8m)

Net interest income

Impacted by lower liquid asset yields

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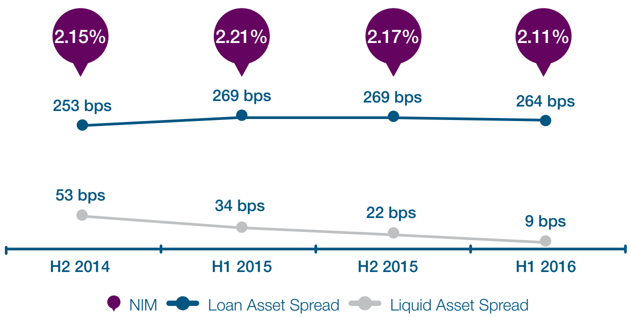
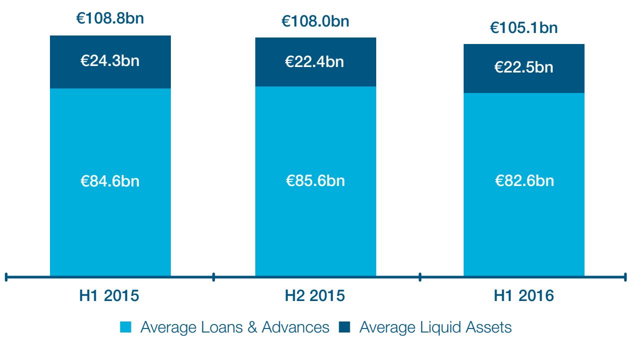
Net interest margin drivers



Average interest earning assets



Net interest income

- Net interest income of €1,135m; impacted in H1 2016 by the low interest rate environment, lower liquid asset yields and FX translation effects

Average interest earning assets

- Decreased by €2.9bn to €105.1bn primarily due to FX translation effects

NIM

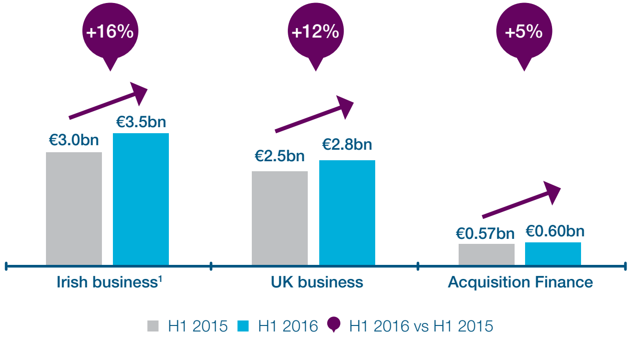
- H1 2016 NIM of 2.11% reflects;
  - Commercial discipline maintained on lending and deposit margins
  - Stable loan asset spread[1] of 264 bps
  - Lower liquid asset spread[1] of 9 bps
- Maturity of expensive CoCo (€1bn; 10% fixed coupon) in July 2016 will positively impact NIM in H2 2016

[1]Spread = Loan asset yield / Liquid asset yield less Group's average cost of funds

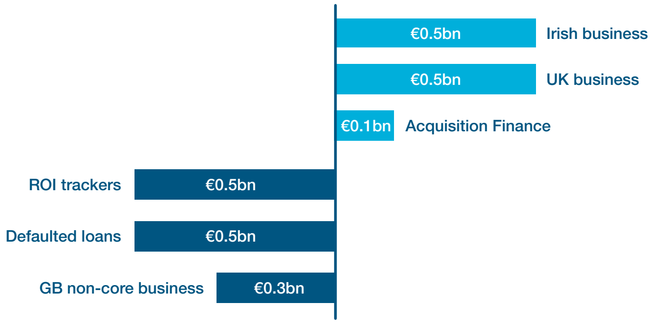
Loans and advances to customers

Continued growth in core loan books

New lending volumes



Net lending growth



- Core loan books grew by €1.1bn in H1 2016
- New lending of €6.9bn during H1 2016; an increase of 14%[1] on H1 2015
- Redemptions of €7.1bn, of which €1.3bn related to;
  - Cash payments on defaulted loans of €0.5bn
  - Low yielding ROI mortgage trackers redemptions of €0.5bn
  - GB non-core business banking redemptions of €0.3bn
- Customer loans decreased by c.€4.5bn to €80.2bn (Primarily due to FX translation impact of €4.3bn)
- Good pipeline at end H1 2016; we will maintain appropriate caution and focus on pricing

[1]Excludes portfolio acquisitions (H1 2015 – €0.5bn; H1 2016 – €0.1bn)

Asset Quality

Non-performing loans and impairment charges

Significant reduction in non-performing loans and impairment charges

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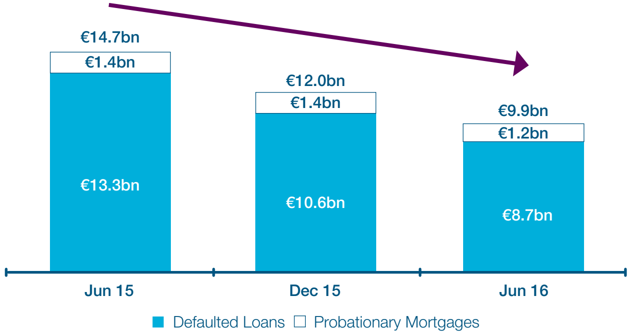
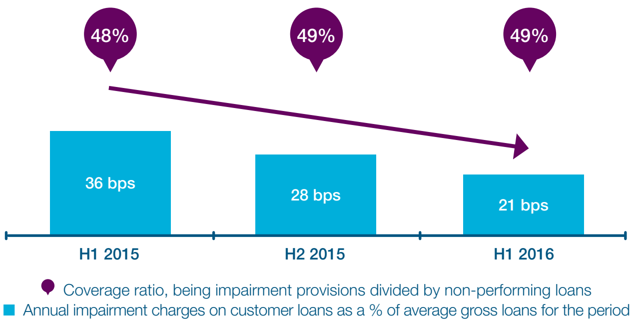
Non-performing loan volumes



Net impairment charges on customer loans



Non-performing loan volumes[1] – €9.9bn

- €2.1bn reduction during H1 2016
- Reductions in all asset classes
- Defaulted loans component of €8.7bn; down >50% from reported peak in June 2013
- Expect further reductions in H2 2016 and beyond; pace influenced by a range of factors

Impairment charges on customer loans

- Net charge of 21 bps for H1 2016 vs 28 bps in H2 2015
- Gross H2 2016 impairment charge to remain at broadly similar levels
- Coverage ratio of 49% (49% at Dec 15)
- Expect normalised impairment charge of 30-35bps

[1] Non-performing loans comprise defaulted loans plus probationary mortgages

Non-performing loans by portfolio

Reducing across all asset classes

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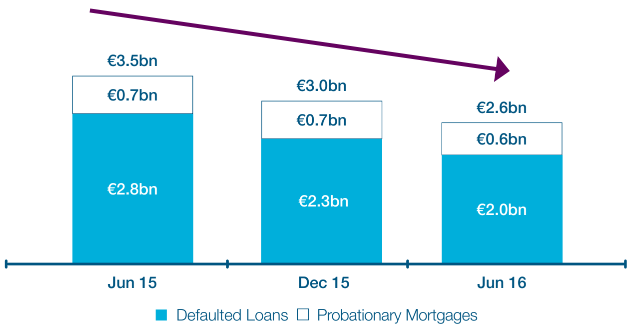
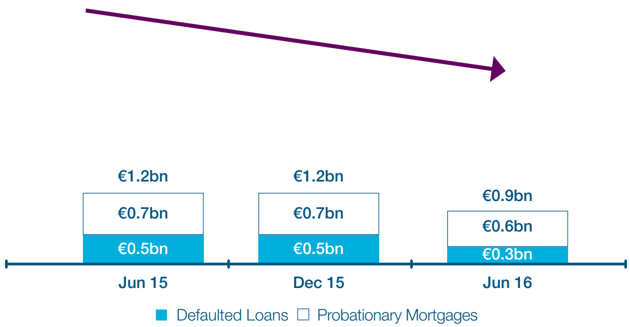
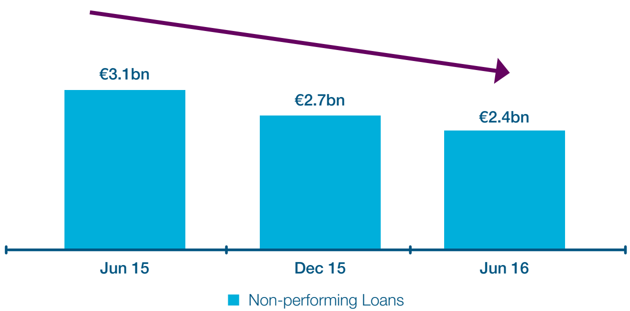
ROI Mortgages



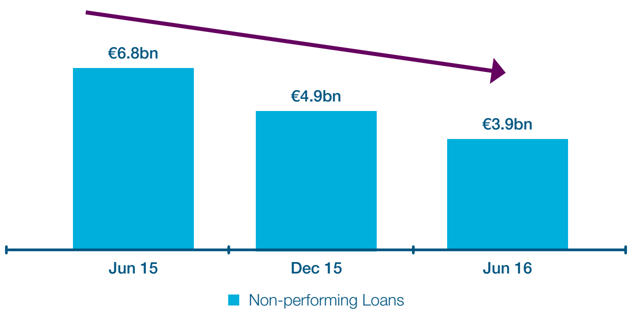
UK Mortgages



Non property SME and Corporate



Property and Construction



Note: Non-performing loans equals defaulted loans plus probationary mortgages

UK Customer Loans £28.8bn (€35.0bn)

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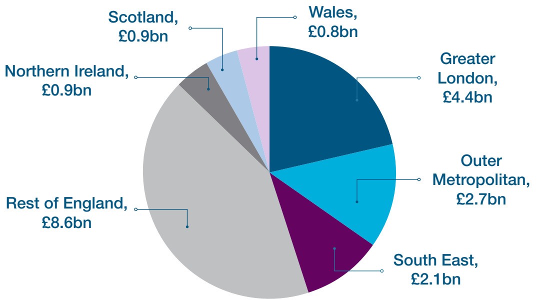
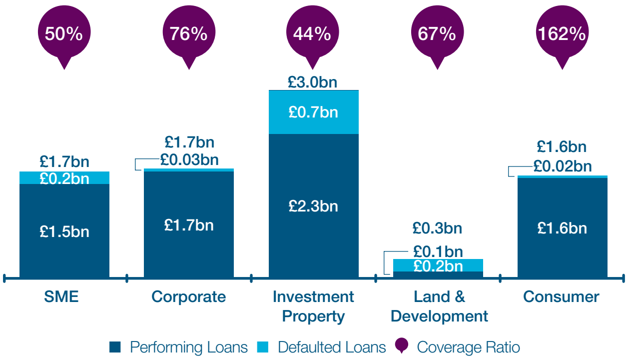
UK Mortgages – £20.5bn



Other UK Customer Loans – £8.3bn



UK Mortgages Analysis

- Total UK mortgages of £20.5bn; (NPLs[1] - 4%; Defaulted loans - 2%)
  - Average LTV of 62% on total book
  - Average LTV of 69% on new mortgages
- UK mortgage book continues to perform better than industry averages[2]
- 89% of mortgages originated since 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 88% of these mortgages originated pre 2009
- Average balance of Greater London mortgages is c.£195k. 87% of these mortgages have an LTV <70%

Other UK Customer Loans Analysis

- Other UK loans exposure of £8.3bn; Defaulted loans of £1.1bn with strong coverage ratios. Investment property defaulted loans have decreased by 65% in the last 2 years
- Performing loans of £7.2bn;
  - SME: broad sectoral diversification with low concentration risk
  - Corporate: specialist lending teams in Acquisition Finance, Project Finance, and Corporate lending
  - Investment Property: Retail (47%), Office (21%), Residential (13%) Other (19%)
  - Consumer: largest segment is asset backed motor financing of £0.9bn. Book also includes Post Office / AA branded credit cards and personal loans

[1]Non-performing loans comprise defaulted loans plus probationary mortgages (i.e. primarily mortgages that were previously defaulted but which are no longer defaulted at the reporting date; the mortgages are awaiting the successful completion of a 12 month probation period)

[2]Data published by the Council Mortgage Lenders (CML) for March 2016 indicates that the proportion (0.98%) of the UK mortgage book in default remains below the UK industry average of 1.04%

Funding & Capital

Funding Update

Bank of Ireland Group

	Dec 15 (€m)	Jun 16 (€m)
Customer Deposits	**80**	**78**
Retail Ireland	*39*	*40*
Retail UK	*29*	*26*
Corporate	*12*	*12*
Wholesale Funding	**14**	**13**
Private Markets	*13*	*12*
Monetary Authority	*1*	*1*
Liquidity Metrics *NSFR*	120%	119%
LCR	108%	116%
LDR	106%	103%

Credit Ratings of BOI Debt Securities

Rating Agencies	Senior unsecured	Covered Bond
Moody's	Baa2 Outlook Positive	Aa1
Standard & Poor's	BBB- Outlook Positive	N/A
DBRS	N/A	AA (low)

As at Aug 2016

Customer deposits – €78bn

- Customer deposits funding >95% of customer loans
- ROI €40bn, UK €26bn (£21bn) and Corporate €12bn
- Predominantly sourced through retail distribution channels
- Current account volumes growing with increased activity by customers and ongoing shift from term deposits due to the low interest rate environment

Wholesale funding – €13bn

- Strong liquidity position facilitated buyback of €0.6bn of outstanding senior debt in H1 2016
- Significant TLTRO II capacity available at attractive pricing

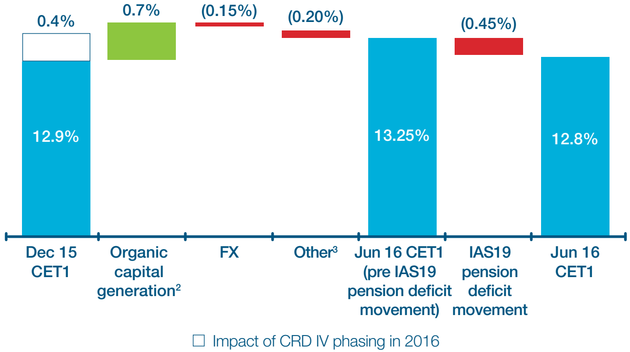
Credit Ratings

- Investment grade senior unsecured ratings; positive outlook
- Strong covered bond credit ratings

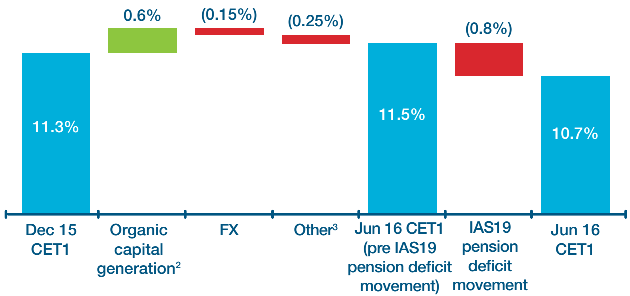
Capital[1]

Continued organic capital generation offset by IAS19 pension deficit

Transitional CET1 ratio



Fully loaded CET1 ratio



- Continued organic capital generation offset by IAS19 accounting standard pension deficit;
  - Fully loaded CET1 ratio of 10.7%
  - Transitional CET1 ratio of 12.8%
  - Transitional Total Capital ratio of 17.2%
- Transitional leverage ratio of 6.6%; Fully loaded leverage ratio of 5.6%
- IAS19 accounting standard defined benefit pension deficit of €1.2bn (Dec 15: €0.74bn)
- Aim is to have a sustainable dividend
  - External factors, including UK's EU referendum result, may impact timing of our ambition to recommence dividends

[1]Capital ratios have been presented including the benefit of the retained profit during the period
[2]Organic capital generation consists of attributable profit, AFS reserve movements and the reduction in the DTA deduction (DTAs that rely on future profitability). Transitional organic capital generation is 10bps higher due to the phasing impacts on AFS reserves and DTA deduction
[3]Other items relate primarily to 10%/15% threshold deduction and change in RWA on a constant currency basis

Irish Economy Overview

Favourable macroeconomic environment

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Growing economy

- Employment increasing, just under 50,000 new jobs Y-o-Y Q1 '16
- Unemployment falling, down to 7 year low of 7.8%
- Retail sales rising, up 5.3% year-on-year in June
- Leading FDI hub with young educated workforce

Positive momentum

- Domestic economy to benefit from further investment, sustained consumer spending and an improving labour market
- GDP forecast to grow by 4.3% in 2016 and 3.0% in 2017

Despite headwinds

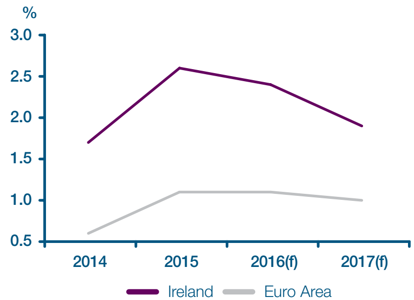
- Related to the UK vote to leave EU
  - Weaker sterling
  - Increased uncertainty & impact on UK growth
  - May dampen exports and weigh on confidence

Sources: BOI Economic Research Unit, Central Statistics Office

GDP
2016f: 4.3%
2017f: 3.0%

Healthy underlying growth

Solid Employment Growth



Graph shows year-on-year employment growth
Source: CSO, Eurostat: Forecasts: Ireland: BOI ERU, Euro area: EU Commission

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Consumer spending

- Spending rose 5.0% Y-o-Y in Q1 ‘16
- Positive momentum into 2016

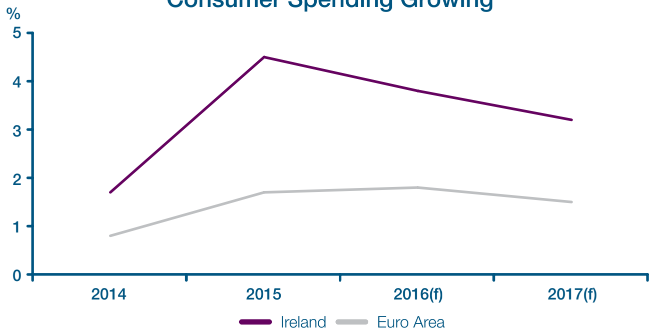
- Core retail sales up 4.9% Y-o-Y in June
- Nearly 100,000 cars sold in H1 2016

- Employment and income gains feeding through
- Deleveraging continuing, some uncertainty from Brexit impact

Consumer Spending

2016f: 3.8%
2017f: 3.2%

Consumer Spending Growing



Graph shows year-on-year real consumer spending growth
Source: CSO, Eurostat: Forecasts: Ireland: BOI ERU, Euro area: EU Commission

Employment rising

- Economy creating jobs, almost 50,000 new jobs Y-o-Y in Q1 ‘16

- Gains broadening out across sectors and regions

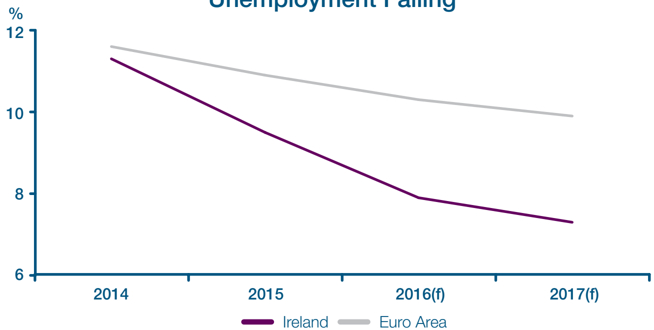
- Unemployment rate well below euro area average, down to 7.8% from a peak of c.15%

- Projected to be below 7% by end of 2017

Employment

2016f: 2.4%
2017f: 1.9%

Unemployment Falling



Graph shows average annual unemployment rate
Source: CSO, Eurostat: Forecasts: Ireland: BOI ERU, Euro area: EU Commission

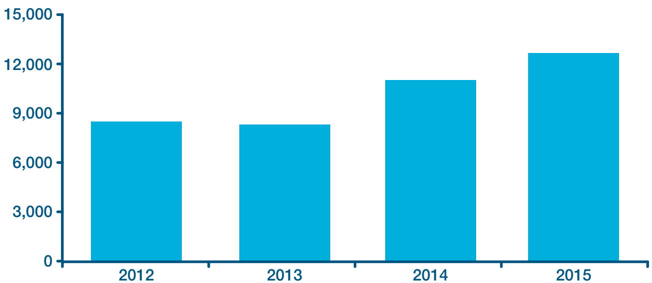
Investment growth

- Business sentiment has improved over past few years
- 2/3 of firms plan to grow business in next 1-3 years
- FDI inflows – investments up 4.5% in H1 '16
- Construction supported by continued residential and commercial demand
- Brexit uncertainty may weigh on confidence

Investment

2016f: 8.0%
2017f: 7.0%

Housing Completions Up



Graphs show number of completed housing units per year
Source: Department of Housing, Planning, Community and Local Government

Export outlook

- Export growth continuing

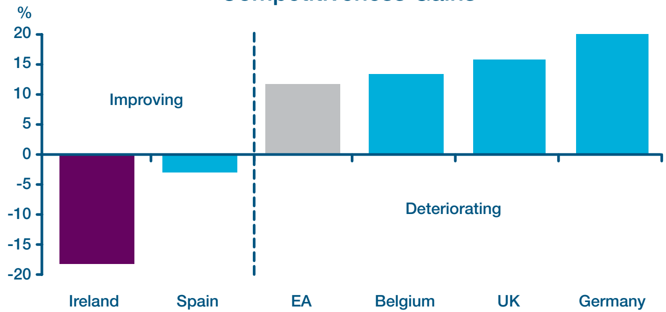
Positive momentum:
- Demand from key trading partners – US & EA – remains positive
- Past competitiveness gains providing support

Some headwinds:
- Unfavourable exchange rate movements since start of 2016
- Impact of Brexit on UK growth

Exports

2016f: 4.8%
2017f: 3.8%

Competitiveness Gains

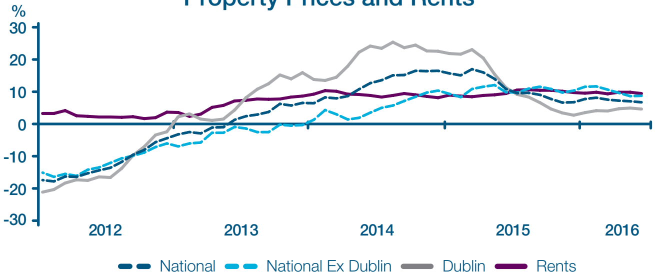


Graph shows change in unit labour costs 2009-2017.Source: EU Commission

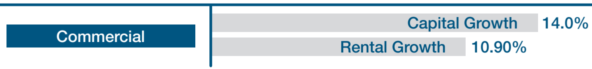
Property market recovery ongoing

- Housing market adjusting to Central Bank's macroprudential rules
- Transactions and approvals data soft in opening months of 2016 but recent signs of improvement
- Residential price gains continue, up 6.6% Y-o-Y in June
- Completions up 15% in 2015 to 12,666, up 18% in first half of 2016, but still well below estimated demand
- Commercial activity, prices (14% Y-o-Y in Q2 '16), and rents rising (10.9%)

Property Prices and Rents



Graph shows year-on-year change in residential property prices and private rents
Source: CSO

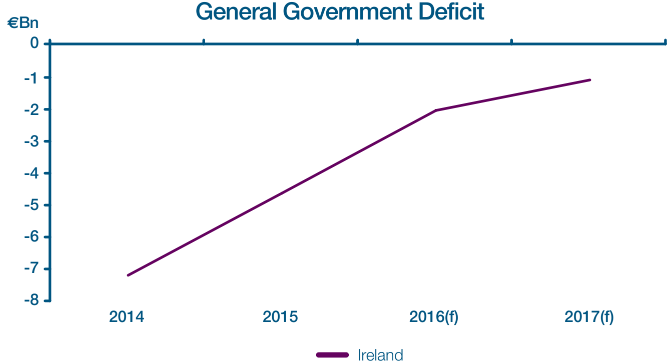


Graph shows year-on-year change Q2 2016
Source: IPD

Public finances improving

- Tax receipts healthy, 3.4% above budget targets in the first half of the year
- Spending in check, in line with budget profile
- General Government Deficit continues to improve in nominal and GDP terms
- Ireland is fully engaged in debt markets, sovereign yields at record low levels, rating upgraded

General Government Deficit



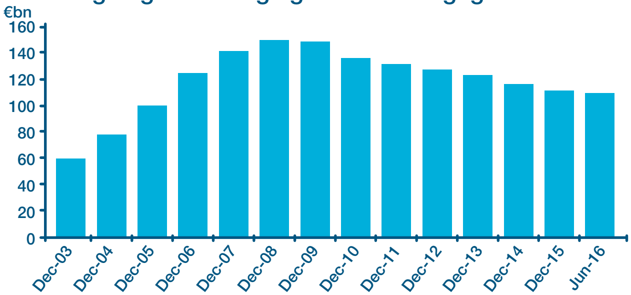
Graph shows General Government Deficit in billions of euro
Source: CSO; Forecasts: Department of Finance

Covered Bond Overview

Overview of Irish Mortgage Market

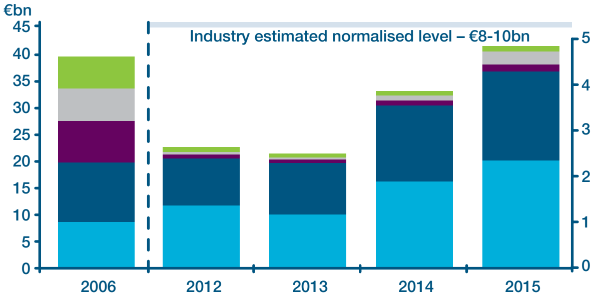
Bank of Ireland Group

Ongoing deleveraging in Irish Mortgage Market



Source: CBI

Modest pick up in mortgage drawdowns from low base



Source: BPFI

Structure of Irish Mortgage Market

- Size of Irish mortgage market reduced c.25% from 2009 peak (c.€109bn Jun 2016)
- Predominantly principal and interest structured market

New lending

- Total new mortgage lending of c.€4.9bn in 2015, 26% increase vs 2014
- Lending by value increased by 17.9% year-on-year in Q2 2016 with market continuing to adjust to Central Bank's macro-prudential rules
- Average loan value increasing, both FTB and mover purchasers average loan at highest levels since 2011

Macro prudential rules

- Jan 2015, CBI introduced LTV and LTI limits for Principal Dwelling House (PDH) and Buy to Let (BTL) Mortgages
- LTV limits[1]
  - PDH for non-first time buyer: 80% limit
  - PDH for first time buyers: 90% up to €220k, 80% on any excess value over €220k
  - BTL: 70% limit
- LTI at 3.5 times loan to gross income for PDH mortgages[2]
- Central Bank has announced a consultation process and review of these rules to be completed by November 2016

[1] The total value of new lending for PDH purposes above these limits should be no more than 15 per cent of the euro value of all housing for PDH purposes (10% non-PDH) entered into by a lender in an annual period.

[2] This limit should be exceeded by no more than 20% of the total aggregate monetary amount of loans for PDH purposes. BTL mortgages are exempt from the LTI limit

Bank of Ireland ROI Mortgages: €24.6bn

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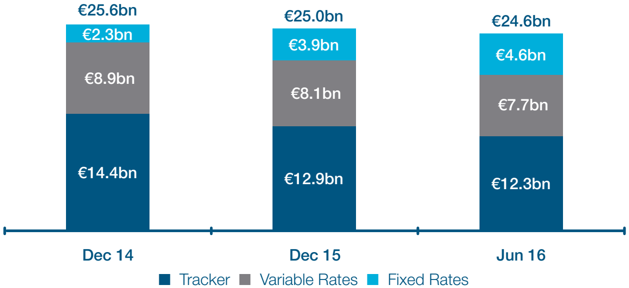
ROI Mortgages (gross)



- Tracker volumes lower by €0.6bn since Dec 15; €2.1bn since Dec 14
- €11.3bn or 92% of trackers at Jun 16 are on a capital and interest repayment basis
- 75% of trackers are owner occupier mortgages; 25% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.37bps[2] in H1 2016, compared to Group net interest margin (including ECB trackers) of 211bps in H1 2016
- Average LTV of 74% on existing stock of mortgages at June 2016 (Dec 15: 76%)
- Average LTV of 71% on new mortgages in H1 2016 (Dec 15: 66%)[3]

Market share

	H1-15	H2-15	H1-16
New Lending Volumes[1]	€0.5bn	€0.9bn	€0.6bn
Market share	26%	31%	27%

- We have a fixed rate led mortgage pricing strategy which we believe provides value, certainty and stability to our customers and to the Group
- Fixed rate products accounted for c.75% of our new lending in H1 2016, up from c.30% in 2014
- BOI does not sell through broker channel
- c.70% of customers that take out a new mortgage take out a life assurance policy through BOI Group
- c.50% of customers that take out a new mortgage take out a general insurance policy through BOI Group with insurance partners

[1]Excludes €0.2bn in respect of IBRC mortgages portfolio acquisitions completed during H1 2015 and €0.1bn in respect of mortgage portfolio acquisitions completed during H1 2016
[2]Average customer pay rate of 110bps less Group average cost of funds in H1 2016 of 73bps
[3]Note that the LTV on new business includes the impact of the acquired portfolios

Mortgage Underwriting Process

Centralised Underwriting in-place, no delegated discretions

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1 Customer Application → 2 Customer Credit Analysis → 3 Credit Decision → 4 Loan Administration

Step 1	▶ Customer makes application through Branch or direct channels (Internet / Phone / Mobile Mortgage Manager) ▶ Anti Money Laundering checks completed ▶ Interview completed if branch application ▶ Standard application contains information on financing of loan and information on applicants assets and liabilities
Step 2	▶ System generated query sent to Irish Credit Bureau and internal risk model ▶ Underwriting receives online application with Bureau and risk model output ▶ Assessment of credit and regulatory requirements
Step 3	▶ Credit decision is made ▶ Max. 90% LTV for Owner Occupier, Buy-to-Let 75%[1] ▶ Appeals process in place for declined applications
Step 4	▶ Mortgage Approval – stipulate T&Cs and send document requirements to applicant ▶ Send formal letter of offer

[1]Macro-prudential regulation limits the proportion of new lending that can be written at the LTV maxima.

Bank of Ireland Mortgage Bank ACS

Bank of Ireland Group

Table 1 Cover Pool Summary

	Sep-15	Dec-15	Mar-16	Jun-16
Total property valuation (bn)	€22.0	€22.3	€22.1	€21.7
Aggregate balances of the mortgages (bn)	€11.5	€11.2	€10.9	€10.7
Weighted average indexed LTV	76.4%	73.7%	72.7%	71.9%
% of accounts in arrears (≥ 3 months)	0.00%	0.01%	0.02%	0.02%

Table 2 Bond Summary

	Sep-15	Dec-15	Mar-16	Jun-16
Value of bonds (bn)	€8.7	€7.4	€6.7	€7.7
Nominal overcollateralisation	47%	68%	78%	54%
Prudent market value of mortgages (bn)	€10.1	€10.1	€9.9	€9.7
Qualified substitution assets (bn)	€1.3	€1.1	€1.0	€1.2
Prudent market value of cover pool (bn)	€11.5	€11.2	€10.9	€10.8
Legislative overcollateralisation	32%	52%	62%	41%

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) – 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

Strengths of Irish ACS Legislation

Key Legislative Features of Irish ACS

Bank of Ireland Group

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	▶ 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 by 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 the cover assets (ranking after the CAM and the NTMA and equally with the ACS hedge counterparties)

Additional Information

Additional Information

Bank of Ireland Group

BOI Overview

Income Statement[1]

Bank of Ireland Group

	y/e Dec 12 (€m)	y/e Dec 13 (€m)	y/e Dec 14 (€m)	y/e Dec 15 (€m)	Jun 16 (€m)
Total income	1,862	2,646	2,974	3,272	1,587
Net interest income	*1,755*	*2,133*	*2,358*	*2,454*	*1,135*
Other income	*495*	*642*	*653*	*828*	*470*
ELG fees	*(388)*	*(129)*	*(37)*	*(10)*	*(18)*
Operating expenses	(1,589)	(1,545)	(1,601)	(1,746)	(890)
Levies and regulatory charges[1]	(49)	(31)	(72)	(75)	(62)
Operating profit pre-impairment	224	1,070	1,301	1,451	635
Impairment charges	(1,769)	(1,665)	(472)	(296)	(95)
Customer loans	*(1,724)*	*(1,665)*	*(542)*	*(296)*	*(93)*
AFS	*(45)*	-	*70*	-	*(2)*
Share of associates / JVs	46	31	92	46	20
Underlying (loss) / profit before tax	**(1,499)**	**(564)**	**921**	**1,201**	**560**
Non core items	(679)	44	(1)	31	(3)
Statutory (loss) / profit before tax	(2,178)	(520)	920	1,232	557
NIM	1.25%	1.84%	2.11%	2.19%	2.11%
Cost / income ratio	85%	58%	54%	53%	56%

[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

BOI Overview

Summary Balance Sheet[1]

Bank of Ireland Group

	Dec 12 (€bn)	Dec 13 (€bn)	Dec 14 (€bn)	Dec 15 (€bn)	Jun 16 (€bn)
Net customer loans[2]	93	85	82	85	80
Liquid assets	33	27	25	24	22
Other assets	9	6	7	6	8
Total Assets	**135**	**118**	**114**	**115**	**110**
Customer deposits	75	74	75	80	78
Wholesale funding	39	27	20	14	13
Private sources	*24*	*19*	*16*	*13*	*12*
Monetary Authority / TLTRO	*15*	*8*	*4*	*1*	*1*
Subordinated liabilities	2	2	2	2	2
Additional Tier 1 instruments	-	-	-	1	1
Other liabilities	10	7	8	10	8
Stockholders' equity	9	8	9	8	8
Total Liabilities & Stockholders' Equity	**135**	**118**	**114**	**115**	**110**
CET1 / Core Tier 1 ratio[3]	11.1%	10.0%	12.3%	13.3%	12.8%
Total Capital ratio[3]	12.1%	11.3%	15.8%	18.0%	17.2%
Loan to deposit ratio	123%	114%	110%	106%	103%

[1]Balance sheet excludes BOI Life assets and liabilities
[2]Loans and advances to customers is stated after impairment provisions
[3]CET1 / Core Tier 1 and Total Capital ratios are stated under Basel II rules as amended for PCAR requirements for 2012 and under Basel III transitional rules for 2013 – 2016, all excluding 2009 Prefs

Income Statement

Net interest income analysis

Bank of Ireland Group

	H2 2014			H1 2015			H2 2015			H1 2016		
	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	38.2	617	3.21%	37.1	593	3.22%	36.8	589	3.17%	36.5	552	3.04%
UK Loans	34.0	638	3.72%	35.6	656	3.71%	36.4	661	3.60%	33.5	580	3.48%
C&T Loans	11.3	246	4.30%	11.9	253	4.31%	12.4	252	4.04%	12.6	253	4.05%
Total Loans & Advances to Customers	**83.5**	**1,501**	**3.56%**	**84.6**	**1,503**	**3.58%**	**85.6**	**1,502**	**3.49%**	**82.6**	**1,385**	**3.37%**
Liquid Assets	24.4	192[1]	1.56%	24.3	148[1]	1.23%	22.4	115[1]	1.02%	22.5	92[1]	0.82%
Total Interest Earning Assets	**107.9**	**1,693**	**3.11%**	**108.8**	**1,651**	**3.06%**	**108.0**	**1,617**	**2.97%**	**105.1**	**1,477**	**2.83%**
Ireland Deposits	22.9	(89)	(0.77%)	21.9	(48)	(0.44%)	22.0	(33)	(0.30%)	22.1	(26)	(0.24%)
Credit Balances[2]	18.0	(1)	(0.01%)	20.8	(1)	(0.01%)	22.4	(1)	(0.01%)	23.8	(1)	(0.01%)
UK Deposits	23.3	(158)	(1.34%)	25.9	(158)	(1.23%)	25.6	(161)	(1.25%)	24.6	(154)	(1.26%)
C&T Deposits	9.3	(45)	(0.97%)	8.8	(33)	(0.76%)	8.3	(27)	(0.65%)	7.7	(21)	(0.55%)
Total Deposits	**73.4**	**(293)**	**(0.79%)**	**77.5**	**(240)**	**(0.62%)**	**78.4**	**(223)**	**(0.56%)**	**78.2**	**(202)**	**(0.52%)**
Wholesale Funding	20.4	(113)	(1.10%)	18.1	(101)	(1.13%)	14.3	(72)	(1.00%)	13.6	(49)	(0.71%)
Subordinated Liabilities	2.5	(90)	(7.14%)	2.5	(91)	(7.34%)	2.4	(88)	(7.32%)	2.4	(91)	(7.72%)
Total Interest Bearing Liabilities	**96.3**	**(496)**	**(1.03%)**	**98.1**	**(432)**	**(0.89%)**	**95.1**	**(383)**	**(0.80%)**	**94.2**	**(342)**	**(0.73%)**
IFRS Income Classification		(26)			(29)			(54)			(33)	
Net Interest Margin	**107.9**	**1,171**	**2.15%**	**108.8**	**1,190**	**2.21%**	**108.0**	**1,180**	**2.17%**	**105.1**	**1,102**	**2.11%**
Average 3 month Euribor in the period			0.12%			0.02%			(0.06%)			(0.22%)
Average ECB base rate in the period			0.09%			0.05%			0.05%			0.02%
Average BOE base rate in the period			0.50%			0.50%			0.50%			0.50%

[1]Excludes any additional gains from portfolio re-configuration during the period
[2]Credit balances in H1 2016: ROI €19.5bn, UK €3.1bn and Corporate €1.2bn

Income Statement

Other income analysis (net)

Bank of Ireland Group

	H1 2015 (€m)	H2 2015 (€m)	H1 2016 (€m)
Retail Ireland	167	164	156
Bank of Ireland Life	81	73	76
Retail UK	5	4	5
Corporate and Treasury	71	82	86
Group Centre and Other	(5)	(16)	(6)
Business Income	**319**	**307**	**317**
Other gains			
VISA Europe share disposal	-	-	95
Liquid asset portfolio rebalancing	171	2	54
Sale of investment properties / other assets	57	7	8
Other Valuation items			
Financial instrument valuation adjustments (CVA, DVA, FVA) and other	25	25	11
Economic assumptions – Bank of Ireland Life	0	4	25
Investment variance – Bank of Ireland Life	10	1	(6)
Fair value movement on Convertible Contingent Capital Note (CCCN) embedded derivative	(8)	(9)	(1)
IFRS income classification	(29)	(54)	(33)
Other Income	**545**	**283**	**470**

Income Statement

Non-core items

	H1 2015 (€m)	H2 2015 (€m)	H1 2016 (€m)
Gain / (Charge) arising on the movement in Group's credit spreads	(8)	19	19
Gross-up for policyholder tax in the Life business	10	1	5
Investment return on treasury stock for policyholders	(1)	1	2
Loss on liability management exercises	(1)	-	(19)
Cost of restructuring programme	(18)	(25)	(10)
Gain on disposal of business activities	-	51	-
Impact of changes to pension benefits in the Group sponsored defined benefit schemes	3	1	-
Payments in respect of Career and Reward framework	(3)	1	-
Total non-core items	**(18)**	**49**	**(3)**

Asset Quality

Profile of customer loans[1] at Jun 16 (gross)

Bank of Ireland Group

Composition (Jun 16)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	**24.6**	**24.8**	**-**	**49.4**	**58%**
Non-property SME and corporate	**11.8**	**4.1**[2]	**4.4**	**20.3**	**24%**
SME	*9.2*	*2.0*	*0.0*	*11.2*	*13%*
Corporate	*2.6*	*2.1*	*4.4*	*9.1*	*11%*
Property and construction	**7.6**	**4.1**	**0.1**	**11.8**	**14%**
Investment property	*6.5*	*3.7*	*0.1*	*10.3*	*12%*
Land and development	*1.1*	*0.4*	*0.0*	*1.5*	*2%*
Consumer	**1.7**	**1.9**	**-**	**3.6**	**4%**
Customer loans (gross)	**45.7**	**34.9**	**4.5**	**85.1**	**100%**
Geographic (%)	54%	41%	5%	100%	

[1]Based on geographic location of customer

[2]Includes £1.0bn relating to GB business and corporate loan books, which BOI is required to run down under its EU approved Restructuring Plan

Non-performing loans by portfolio

Non-performing loans reducing across all portfolios

Bank of Ireland Group

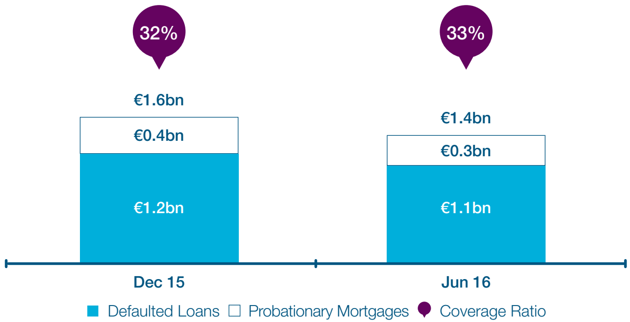
Composition (Jun 16)	Advances (€bn)	Non-performing loans (€bn)	Non-performing loans as % of advances	Defaulted loans (€bn)	Defaulted loans as % of advances	Impairment provisions (€bn)	Impairment provisions as % of non-performing loans	Impairment provisions as % of defaulted loans
Residential Mortgages	**49.4**	**3.5**	**7.2%**	**2.3**	**4.7%**	**1.2**	**32%**	**48%**
- Republic of Ireland	24.6	2.6	10.7%	2.0	8.1%	1.1	40%	53%
- UK	24.8	0.9	3.7%	0.3	1.5%	0.1	8%	21%
Non-property SME and Corporate	**20.3**	**2.4**	**11.8%**	**2.4**	**11.8%**	**1.3**	**55%**	**55%**
- Republic of Ireland SME	9.1	1.8	20.0%	1.8	20.0%	1.0	53%	53%
- UK SME	2.1	0.2	8.8%	0.2	8.8%	0.1	50%	50%
- Corporate	9.1	0.4	4.2%	0.4	4.2%	0.2	62%	62%
Property and construction	**11.8**	**3.9**	**32.9%**	**3.9**	**32.9%**	**2.3**	**60%**	**60%**
- Investment property	10.3	2.7	26.4%	2.7	26.4%	1.4	54%	54%
- Land and development	1.5	1.2	78.9%	1.2	78.9%	0.9	75%	75%
Consumer	**3.6**	**0.1**	**3.3%**	**0.1**	**3.3%**	**0.1**	**106%**	**106%**
Total loans and advances to customers	85.1	9.9	11.7%	8.7	10.3%	4.9	49%	56%

Composition (Dec 15)	Advances (€bn)	Non-performing loans (€bn)	Non-performing loans as % of advances	Defaulted loans (€bn)	Defaulted loans as % of advances	Impairment provisions (€bn)	Impairment provisions as % of non-performing loans	Impairment provisions as % of defaulted loans
Residential Mortgages	**52.9**	**4.2**	**7.9%**	**2.8**	**5.2%**	**1.3**	**31%**	**47%**
- Republic of Ireland	25.0	3.0	12.2%	2.3	9.3%	1.2	39%	52%
- UK	27.9	1.2	4.1%	0.5	1.6%	0.1	9%	22%
Non-property SME and Corporate	**21.0**	**2.7**	**13.0%**	**2.7**	**13.0%**	**1.5**	**53%**	**53%**
- Republic of Ireland SME	9.3	2.0	21.9%	2.0	21.9%	1.1	52%	52%
- UK SME	2.4	0.3	11.1%	0.3	11.1%	0.1	51%	51%
- Corporate	9.3	0.4	4.6%	0.4	4.6%	0.3	59%	59%
Property and construction	**13.4**	**4.9**	**36.8%**	**4.9**	**36.8%**	**3.0**	**61%**	**61%**
- Investment property	11.4	3.2	28.5%	3.2	28.5%	1.7	53%	53%
- Land and development	2.0	1.7	84.8%	1.7	84.8%	1.3	76%	76%
Consumer	**3.3**	**0.2**	**4.1%**	**0.2**	**4.1%**	**0.1**	**105%**	**105%**
Total loans and advances to customers	90.6	12.0	13.2%	10.6	11.6%	5.9	49%	56%

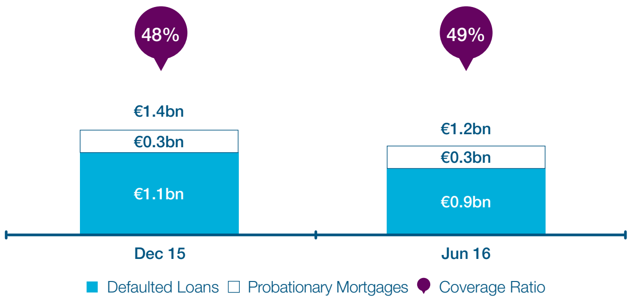
ROI Mortgages: €24.6bn

Bank of Ireland Group

Owner Occupied Non-performing loans



Buy to Let Non-performing loans



Portfolio Performance

- Reduced NPLs[1] by €0.4bn to €2.6bn in H1 2016
- Defaulted loans component of €2.0bn; down 49% since reported June 2013 peak
- Continued trend of probationary mortgages returning to performing status
- €22.6bn or 92% of mortgages at H1 16 are on a capital and interest repayment basis (Dec 15: 91%)
- Impairment credit of €71m in H1 2016 reflects ongoing improvement in portfolio performance
- Coverage ratio of 40% (Dec 15: 39%)
- 93% of mortgage accounts are in the up to date book; 9 out of 10 accounts in forbearance are meeting the terms of their arrangement

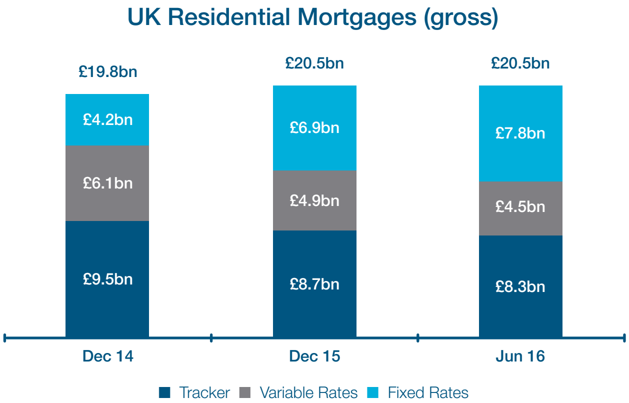
Industry Comparison

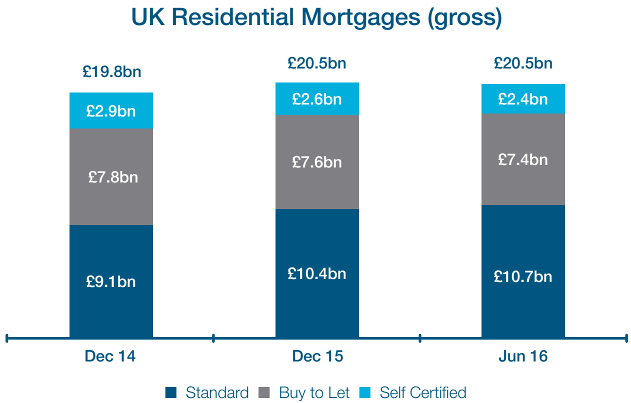
- BOI OO arrears (3.52%) at 38% of industry level[2] (Dec 15: 43%); BOI BTL arrears (8.78%) at 47% of industry level[3] (Dec 15: 56%)
- BOI OO arrears >720 days reducing and at 34% of industry level[4] (Dec 15: 37%); BOI BTL arrears >720 days reducing and at 37% of industry level[5] (Dec 15: 43%)

[1]Non-performing loans comprise defaulted loans plus probationary mortgages (i.e. primarily mortgages that were previously defaulted but which are no longer defaulted at the reporting date; the mortgages are awaiting the successful completion of a 12 month probation period)
[2]At March 2016, BOI owner occupied arrears level (based on number of accounts >90 days in arrears) was 3.52% compared to 9.28% for industry excl BOI
[3]At March 2016, BOI buy to let arrears level (based on number of accounts >90 days in arrears) was 8.78% compared to 18.74% for industry excl BOI
[4]At March 2016, BOI owner occupied arrears (based on number of accounts >720 days in arrears) was 1.89% compared to 5.62% for industry excl BOI
[5]At March 2016, BOI buy to let arrears (based on number of accounts >720 days in arrears) was 4.73% compared to 12.74% for industry excl BOI

UK Residential Mortgages: £20.5bn/€24.8bn

Bank of Ireland Group





UK Residential Mortgages

- Average LTV of 62% on existing stock at H1 2016 (Dec 15: 63%)
- Average LTV of 69% on new UK mortgages in H1 2016 (Dec 15: 69%)

Asset Quality

Available for Sale Financial Assets

Carrying Value	ROI €bn	UK €bn	France €bn	Other €bn	Jun 16 €bn	Dec 15 €bn
Sovereign bonds	1.9	0.7	0.8	1.3	4.7	**5.7**
Senior debt	-	-	0.2	1.4	1.6	**1.5**
Covered bonds	0.3	0.7	0.6	1.8	3.4	**2.2**
Subordinated debt	0.3	-	-	-	0.3	**0.3**
Asset backed securities	-	0.1	-	0.1	0.2	**0.4**
Total	**2.5**	**1.5**	**1.6**	**4.6**	**10.2**	**10.1**
AFS Reserve	0.4				0.4	**0.5**

Ireland

- AFS reserve reduced by €0.1bn in H1 2016, primarily due to bond sales during the period
- In June 2016, there was €1.5bn nominal value (€1.95bn fair value) of euro denominated Held to Maturity bonds with a carrying value of €1.9bn
- NAMA subordinated bond – €0.3bn nominal value, valued at 94% (Dec 15 – 96%)
- Separately, BOI holds €0.8bn of NAMA senior bonds (Dec 15: €1.4bn)

Other exposures

- Supra-national – €1.3bn
- Spain – €0.7bn
- Belgium – €0.6bn
- Netherlands – €0.4bn
- Sweden – €0.4bn
- Canada – €0.3bn
- Italy – €0.2bn
- Norway – €0.2bn
- Other – €0.5bn (all less than €0.1bn)

Capital

CET1 ratios – June 2016

Bank of Ireland Group

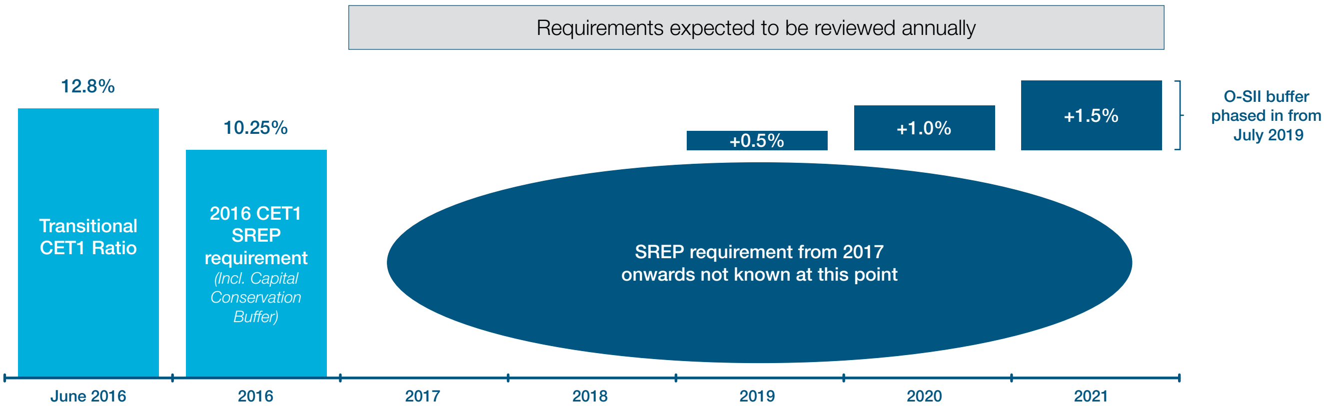
	Transitional ratio (€bn)	Fully loaded ratio (€bn)
Total equity	**8.7**	**8.7**
Less Additional Tier 1	(0.8)	(0.8)
Deferred tax[1]	(0.3)	(1.3)
Pension deficit	0.4	-
Available for sale reserve	(0.3)	-
Removal of national filters	(0.1)	-
Intangible assets and goodwill	(0.5)	(0.5)
Other items[2]	(0.4)	(0.6)
Common Equity Tier 1 Capital	**6.7**	**5.5**
Credit RWA	43.1	43.1
Operational RWA	4.8	4.8
Market, CVA and other RWA[3]	4.1	3.9
Total RWA	**52.0**	**51.8**
Common Equity Tier 1 ratio	**12.8%**	**10.7%**

CRD-IV phasing impacts

- Deferred tax asset – certain DTAs are deducted at phased rate of 20% from 1 Jan 2016
- Pension deficit – Basel II addback is phased out at 60% in 2016, increasing by 20% per annum thereafter
- Available for sale reserve – non-sovereign unrealised losses and gains are phased in 60% in 2016, increasing by 20% per annum thereafter. The Group has opted to maintain its sovereign filter on both gains and losses on exposures to central governments classified in the "available for sale" category
- In March 2016, the ECB published a new regulation on options and discretions which comes into force on 1 October 2016. These regulations include an increase in the phase in of the DTA deduction (negative 50bps) and the removal of the sovereign filter (positive 40bps). If these changes were implemented at 1 July 2016, the pro forma transitional CET1 ratio would reduce from 12.8% to 12.7%

[1]RWA impact includes a 250% risk weighting applied to deferred tax assets due to temporary differences
[2]Other items – the principle items being the cash flow hedge reserve and 10% /15% threshold deduction
[3]Other RWA includes RWA relating to non-credit obligations / other assets and RWA arising from the 10/15% threshold deduction

Regulatory Capital Requirements



Minimum Regulatory Capital Requirement

- SSM CET1 SREP[1] requirement for 2016 of 10.25%, calculated on a transitional basis
- O-SII buffer[1] will be phased in at 0.5% from July 2019, 1.0% from July 2020 and 1.5% from July 2021
- The CBI (ROI) and FPC (UK) have set the countercyclical buffer (CCyB)[2] at 0%

Capital Guidance

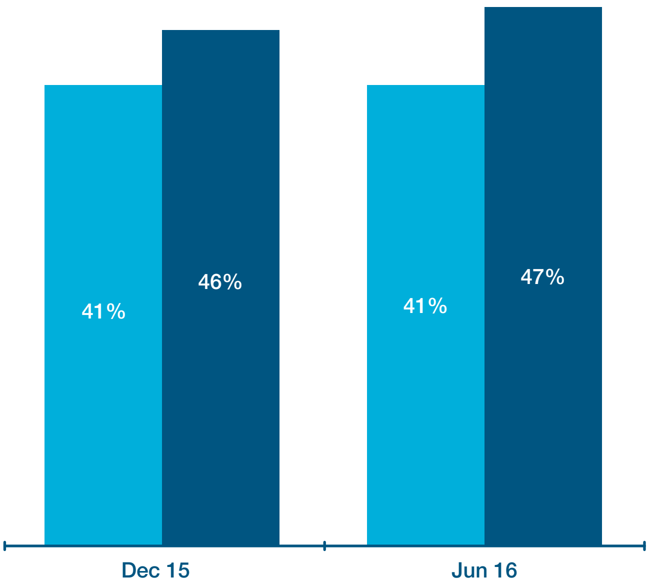
- EBA stress test result will be an input into the 2017 SREP requirement
- The Group expects to maintain sufficient capital to meet, at a minimum, applicable regulatory capital requirements plus a management buffer

[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)

Risk weighted assets (RWA)

Bank of Ireland Group

RWA Density[1]



Customer lending Avg. Credit Risk Weights[2]

As at June 2016 (Based on regulatory exposure class)

	EAD[3] (€bn)	RWA (€bn)	Avg. Risk Weight
ROI mortgages	25.0	6.6	26%
UK mortgages	24.3	5.0	20%
SME	21.2	14.7	69%
Corporate	12.7	12.8	101%
Other Retail	4.3	2.6	60%
Total customer lending	**87.4**	**41.6**	**48%**

Total Credit RWA

- IRB approach accounts for:
  - 77% of credit EAD (Dec 2015: 75%)
  - 81% of credit RWA (Dec 2015: 81%)

[1]RWA density calculated as Total RWA / Total balance sheet assets as at June 2016
[2]Data sourced from the Group's regulatory reporting platform. EAD and RWA include both IRB and Standardised approaches. Comprises both non-defaulted and defaulted loans
[3]Exposure at default (EAD) is a regulatory estimate of credit risk consisting of both on balance exposures and off balance sheet commitments

BOI Credit Ratings

Bank of Ireland Group

	STANDARD & POOR'S	MOODY'S	FitchRatings
Senior Unsecured	BBB- (Positive)	Baa2 (Positive)	BBB- (Positive)
Issuer Specific Rating	**Stand Alone Credit Profile:** bbb	**Baseline Credit Assessment (BCA):** ba2	**Viability Rating:** bbb-
Progress on BOI Credit Ratings	**July 2015:** 1 notch upgrade from BB+ to BBB- (Positive outlook) **Aug 2016:** BBB- rating affirmed by S&P (Positive outlook)	**May 2015:** 2 notch senior unsecured upgrade from Ba1 to Baa2 (Stable outlook) **Nov 2015:** Outlook upgraded to Positive	**Dec 2015:** 1 notch senior unsecured upgrade from BB+ to BBB- (Positive outlook)
Key Rating Drivers Upside could develop from:	▶ Reduction in non-performing loans ▶ Additional loss-absorbing capacity (ALAC) uplift	▶ Improvements in profitability and internal capital generation ▶ Reduction in non-performing loans	▶ Reduction in non-performing loans ▶ Strong internal capital generation

Ordinary stockholders' equity and TNAV

Bank of Ireland Group

Movement in ordinary stockholders' equity

	2015 (€m)	2016 (€m)
Ordinary stockholders' equity at beginning of period	**7,392**	**8,308**
Movements:		
Profit attributable to stockholders	940	439
Available for sale (AFS) reserve movements	(81)	(148)
Distribution on other equity instruments – Additional Tier 1 coupon	-	(55)
Dividends on preference stock	(257)	(4)
Remeasurement of the net defined benefit pension liability	91	(394)
Foreign exchange movements	255	(355)
Cash flow hedge reserve movement	(45)	108
Other movements	13	-
Ordinary Stockholders' equity at end of period	**8,308**	**7,899**

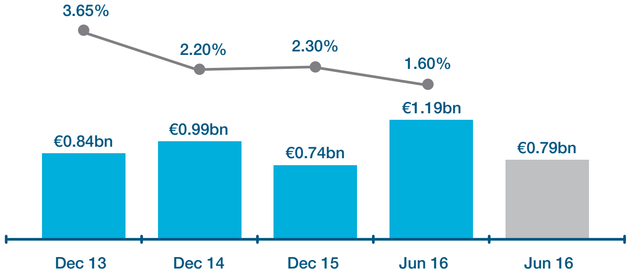
Tangible net asset value

	Dec 15 (€m)	Jun 16 (€m)
Ordinary stockholders' equity at end of period	**8,308**	**7,899**
Adjustments:		
Intangible assets and goodwill	(509)	(526)
Own stock held for benefit of life assurance policyholders	11	9
Tangible net asset value (TNAV)	**7,810**	**7,382**
Number of ordinary shares in issue at the end of the period	**32,363**	**32,363**
TNAV per share (€ cent)	**24.1c**	**22.8c**

Defined Benefit Pension Schemes

Bank of Ireland Group

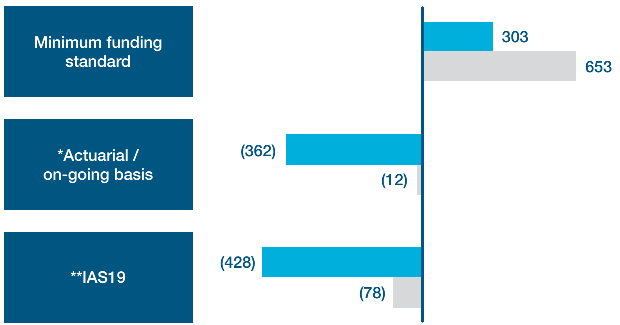
Group IAS19 Pension Deficit



IAS19 Pension Deficit — EUR AA Corporate bond curve

Pro-forma Group IAS19 Pension Deficit following €0.4bn expected cash or other suitable assets contribution

BSPF[1] Surplus / Deficit under Relevant Bases Dec 15



Estimated surplus / (deficit) at Dec 15

Pro-forma position following €350m expected cash or other suitable assets contribution to BSPF

- Group IAS19 pension deficit of €1.2bn at Jun 16 (€0.74bn at Dec 15)
- Primary drivers of the increase in the deficit were
  - Euro and UK AA corporate bond discount rates decreased from 2.3% to 1.6% and 3.8% to 2.75% respectively, partly offset by
  - Long term ROI and UK inflation rate expectation decreasing from 1.6% to 1.3% and 3.3% to 2.85% respectively, and
  - Group pension scheme asset returns of €379m
- There is a further €400m of deficit reducing contributions expected to be made between 2016 and 2020 (€350m to BSPF)
- The Pension Review programmes of 2010 and 2013 resulted in significant restructurings of scheme benefits, which were accepted by staff and unions through individual member consent
  - In return for the deficit reduction achieved through these programmes, Group agreed to increase its support for the schemes by making matching contributions
  - Allowing for the remaining deficit reducing contributions, the overall Group IAS 19 deficit would have been c.€0.8bn at Jun 16
- 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 such AA corporate bonds exist at the c.22 year duration and those bonds tend to be relatively illiquid
- In addition to the IAS19 accounting valuation, the funding position of the main BSPF scheme is also measured under the Minimum Funding Standard basis and the Actuarial / on-going basis. Estimated valuations on both of these measures showed a stronger funding position than IAS19 at Dec 15 for main BSPF scheme

*Triennial actuarial valuation currently in progress

**BSPF IAS19 deficit at June 16 was €693m

[1]BSPF represents approx. 75% of the overall Group Defined Benefit liabilities

Defined Benefit Pension Schemes

Bank of Ireland Group

- Group has developed a framework for pension funding and investment decision-making as part of long-term plan
- Management of Group's DB pension position involves a multi-year programme, categorised into 3 broad areas. Activity in these areas includes;

1 Review Liabilities

- Pensions Review 2010 and 2013 - shared solutions with members – successfully executed and extended to smaller schemes in 2014 and 2015
- A Defined Contribution ('DC') scheme was introduced in 2014 for new hires and existing hybrid Life Balance scheme closed
- An enhanced transfer value exercise is under consideration for the BSPF scheme in H2 2016

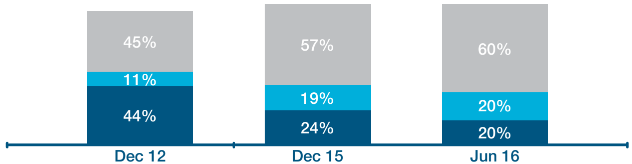
2 Increase Assets

- >€750m of deficit-reducing contributions made since 2010; further €400m expected to be made across Group schemes between 2016 and 2020
- BSPF asset returns of c.10.5% p.a. were achieved over 3 years to end Jun 16 despite market volatility

3 Improve correlation between assets and liabilities

- Group has supported trustees in diversifying asset portfolios away from listed equity into other return-seeking but less volatile asset classes e.g. allocation to private infrastructure
- The €150m BSPF deficit reducing contribution in December 2015 was invested in the LDI portfolio in January 2016
- Group has supported the Trustees of BSPF scheme in their decision to extend the level of sterling interest rate and inflation hedging to 60% in 2016
- Group has also supported the Trustees of the BOI Group UK scheme in their decision to extend the level of interest rate and inflation hedging to 60% in 2016
- Continuing programme to better match asset allocation with the nature and duration of liabilities

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



Group Schemes Asset & Liability Sensitivities Jun 16

Sensitivity of scheme assets is:

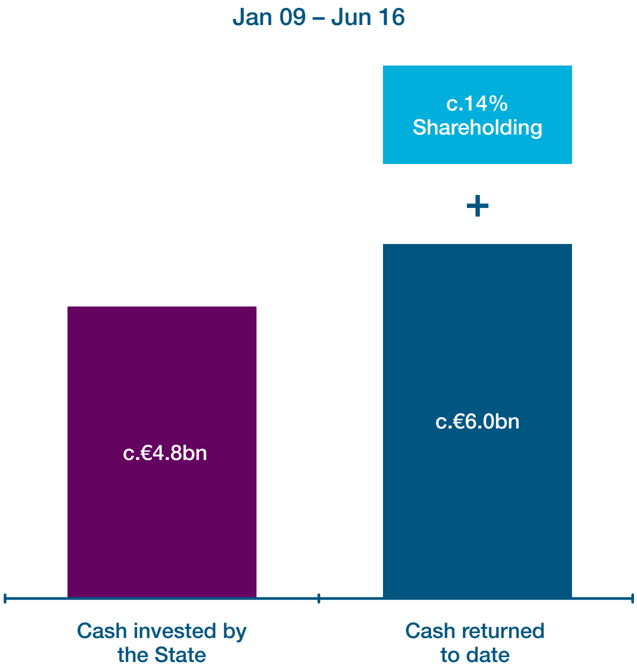
	Change	Impact on plan assets increase / (decrease)
Fall in global equity markets with allowance for other correlated diversified asset classes	5.00% decrease	(€120m)
Sensitivity of liability-matching assets to a 10bps movement in interest rates	0.10% decrease	€60m

Sensitivity of IAS19 liability is:

IAS19 Liability	Change	ROI Schemes	UK Schemes
Discount Rate	25bps decrease	€376m	€80m
Long Term Inflation	10bps decrease	(€95m)	(€20m)

[1]Graphs shows BSPF asset allocation which is representative of the Group schemes overall
[2]Diversified category includes infrastructure, private equity, hedge funds and property

Reimbursing and rewarding taxpayers support



- State Aid repaid
- Risk to the State dealt with - ELG expired
- From 2009 - 2011, c.€4.8bn cash invested by the State
- Cumulative c.€6bn cash returned to the State
- State continues to hold valuable c.14% equity shareholding
- In H1 2016, BOI paid taxes of €94m and collected taxes of €487m on behalf of the Irish State

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Forward-Looking statement

Bank of Ireland Group

This document contains certain forward-looking statements with respect to certain of the Bank of Ireland Group's (the '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, level of ownership by the Irish Government, 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, future payment of dividends, the implementation of changes in respect of certain of the Group's pension schemes, 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. Such risks and uncertainties include, but are not limited to, the following:

- geopolitical risks which could potentially adversely impact the markets in which the Group operates;
- uncertainty following the UK vote to exit the EU as to the nature, timing and impact of a UK exit, could impact the markets in which the Group operates including pricing, partner appetite, customer confidence and demand, and customers' ability to meet their financial obligations and consequently the Group's financial performance, balance sheet and capital;
- concerns on sovereign debt and financial uncertainties in the EU and the potential effects of those uncertainties on the financial services industry and on the Group;
- general and sector specific economic conditions in Ireland, the United Kingdom and the other markets in which the Group operates;
- the ability of the Group to generate additional liquidity and capital as required;
- property market conditions in Ireland and the United Kingdom;
- the potential exposure of the Group to credit risk and to various types of market risks, such as interest rate risk and foreign exchange rate risk;
- the impact on lending and other activity arising from the emerging macro prudential policies;
- the performance and volatility of international capital markets;
- the effects of the Irish Government's stockholding in the Group (through the Ireland Strategic Investment Fund) and possible changes in the level of such stockholding;
- changes in applicable laws, regulations and taxes in jurisdictions in which the Group operates particularly banking regulation by the Irish and United Kingdom Governments together with the operation of the Single Supervisory Mechanism and the establishment of the Single Resolution Mechanism;
- the impact of the continuing implementation of significant regulatory developments such as Basel III, Capital Requirements Directive (CRD) IV, Solvency II and the Recovery and Resolution Directive;
- the exercise by regulators of powers of regulation and oversight in Ireland and the United Kingdom;
- the introduction of new government policies or the amendment of existing policies in Ireland or the United Kingdom;
- the outcome of any legal claims brought against the Group by third parties or legal or regulatory proceedings more generally, that may have implications for the Group;
- the development and implementation of the Group's strategy, including the Group's ability to achieve net interest margin increases and cost reductions;
- the inherent risk within the Group's life assurance business involving claims, as well as market conditions generally;
- potential further contributions to the Group sponsored pension schemes if the value of pension fund assets is not sufficient to cover potential obligations;
- the Group's ability to address weaknesses or failures in its internal processes and procedures including information technology issues and equipment failures and other operational risk;
- the Group's ability to meet customers' expectations in mobile, social, analytics and cloud technologies which have enabled a new breed of 'digital first' propositions, business models and competitors;
- failure to establish availability of future taxable profits, or a legislative change in quantum of deferred tax assets currently recognised; and
- difficulties in recruiting and retaining appropriate numbers and calibre of staff.

Nothing in this document should be considered to be a forecast of future profitability or financial position and none of the information in this document is or is intended to be a profit forecast or profit estimate. 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.

Bank of Ireland Group