Bank of Ireland Credit Presentation

August 2017

Bank of Ireland Group

Bank of Ireland Overview

Bank of Ireland Group Highlights

Bank of Ireland Group

Group holding company, Bank of Ireland Group plc (BOIG), introduced on top of the existing Group structure supporting the SRB/ BOE[1] Single Point of Entry preferred resolution strategy

Ireland's Leading Bank	▶ Largest lender to Irish economy ▶ Growing market shares in business banking and residential mortgages
Strategic Diversification	▶ International businesses continue to provide diversification and attractive business opportunities
Business Transformation	▶ Transforming today to underpin and drive long term sustainability and competeviness ▶ Enabled by technology investments
Asset Quality	▶ Positive trends continue ▶ Impaired loans reduced to <7% of customer lending
Capital/ MREL	▶ Strong capital generation; increased fully loaded CET1 ratio to 12.5% ▶ Based on current total capital levels and MREL "Informative Target", modest new BOIG MREL issuance expected

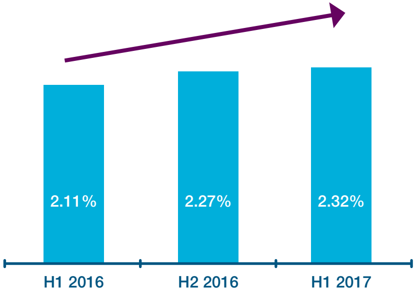
[1]Single Resolution Board / Bank of England

Financial Highlights H1 2017

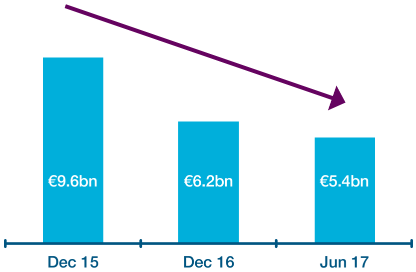
Underlying profit before tax of €480m

Bank of Ireland Group

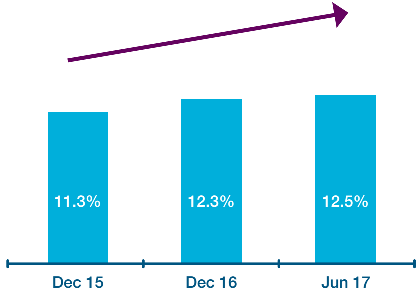
Net interest margin



Impaired loans



Fully loaded CET1 ratio



- Underlying profit before tax of €480 million - expanded NIM to 2.32%
- Ongoing improvements in asset quality - impairment charge reduced to 14bps
- New lending of €6.6 billion - core loan books continue to grow
- Strong capital generation - interest rate volatility in IAS19 defined benefit pension schemes reducing
- Fully loaded CET1 ratio of 12.5% is after a deduction of €70m for a potential dividend

Benefitting from Irish growth with international diversification

Bank of Ireland Group

Ireland
(~70% of total income)

- Ireland's leading retail and commercial bank and Ireland's only bancassurer
- Largest lender to the Irish economy. Growing market shares
- #1 or #2 market positions across all principal product lines
- Strong commercial discipline on lending and deposit margins
- Continuing to support and benefit from economic growth in Ireland

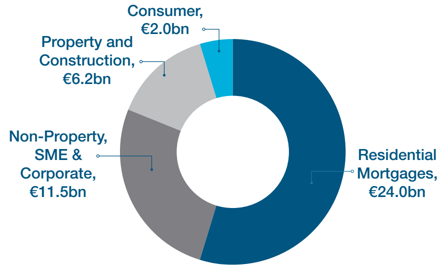
United Kingdom
(~20% of total income)

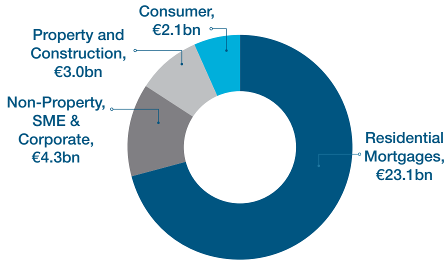
- Focussed predominantly on consumer sector in Great Britain
- Commission based business model provides flexibility to adapt to market developments
- Long standing partnership with Post Office; partnership with AA continues to develop
- Northern Ireland meeting business objectives; Northridge Finance performing well
- BOI(UK) plc is a separately regulated, capitalised and self-funded business

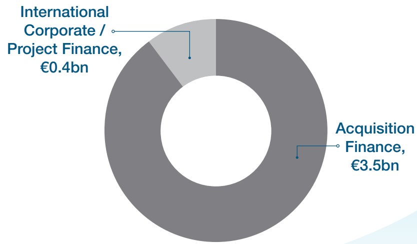
International
(~10% of total income)

- Mid market US / European Acquisition Finance business; strong 20+ year track record
- Good geographic and sectoral diversification. Provides attractive opportunities to deploy capital
- Generates attractive margins and fee income within disciplined risk appetite

Gross Customer loans at June 2017





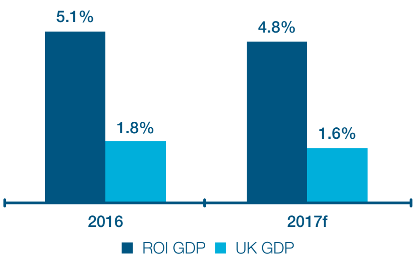


Supportive economic backdrop

Irish and UK economies have been growing

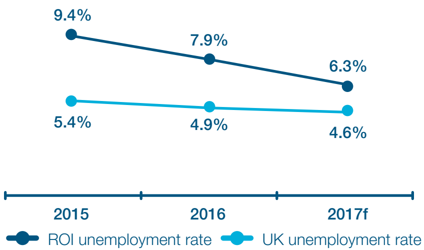
Bank of Ireland Group

Irish and UK economies are growing albeit at different rates



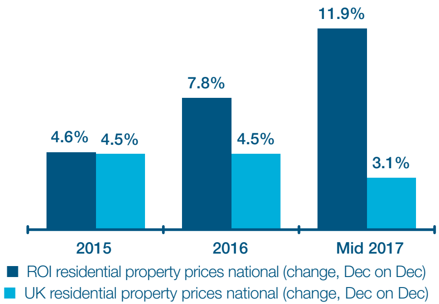
(annual real growth)

Unemployment rate falling in Ireland, remains low in UK



(annual average)

Demand driven increase in house prices with constrained supply



Mid 2017 refers to May 2017 in ROI and June 2017 in UK (change, year on year)

- Irish GDP grew by 5.1% in 2016, highest rate of growth of any euro area member for a third year running
- Irish consumer spending, investment and exports all rose last year and are forecast to continue to do so
- Unemployment continues to decline in Ireland and remains at a low level in the UK
- UK economy has been growing, albeit the decision to leave the EU which has generated uncertainty and currency volatility is a headwind for the two economies
- Our diversified business model ensures robustness and provides flexibility

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

Operating Performance

Overview H1 2017

Bank of Ireland Group

Underlying profit before tax of €480m

	H1 2016	H1 2017
Total Income	€1,587m	€1,520m
Net Interest Margin (NIM)	2.11%	2.32%
Operating expenses Core Banking Platforms investment Levies and Regulatory charges	(€882m) (€8m) (€62m)	(€881m) (€55m) (€63m)
Impairment charges (net)	(€95m)	(€59m)
Underlying profit before tax	**€560m**	**€480m**

Robust balance sheet metrics

	Dec-16	Jun-17
Customer loans (net)	€78.5bn	€76.9bn
Non-performing exposures (NPEs)	€9.4bn	€8.1bn
CET1 ratios: Transitional Fully Loaded	 14.0%[1] 12.3%	 14.4% 12.5%
Transitional Total Capital Ratio	18.2%[1]	18.3%
Liquidity metrics: NSFR LCR LDR	122% 113% 104%	121% 120% 103%

Income Statement

- Net interest income of €1,151m, in line with H1 2016 notwithstanding an adverse FX translation impact of c.€35m
- Other income of €369m including sustainable and diversified business income of €328m
- Operating expenses of €881m including FX translation impact benefit of c.€18m
- Core Banking Platforms investment in H1 2017 of €105m (CET1 ratio impact of c.20bps); €55m expensed to income statement
- Net impairment charge of 14bps for H1 2017; lower charge expected for H2 2017

Balance Sheet

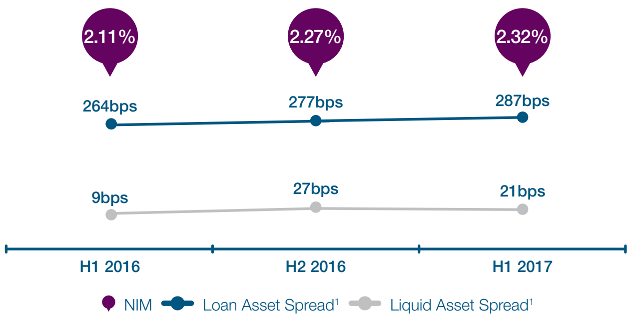
- New lending of €6.6bn, broadly in line with H1 2016
  - Largest lender to the Irish economy; growing Irish market shares in business banking and residential mortgages
- Impaired loans reduced to €5.4bn; down c.65% from reported peak in June 2013
  - NPEs reduced by €1.3bn to €8.1bn
- Upgrades to bank ratings in H1 2017 from Moody's, S&P and DBRS to Baa1, BBB and A(low) respectively. Positive outlook from Moody's and Fitch

[1]Transitional CET1 ratio of 14% and total capital ratio of 18.2% are the pro-forma ratios as at 1 Jan 2017 allowing for the impact of CRD IV phasing in 2017

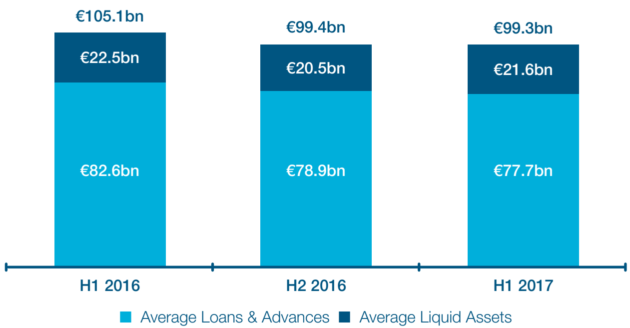
Net interest income

NIM benefitting from new lending and lower funding costs

Net interest margin drivers



Average interest earning assets



Net interest income - €1,151m

- Net interest income in line with H1 2016 notwithstanding an adverse FX translation impact of c.€35m

NIM

- H1 2017 NIM of 2.32% (H2 2016: 2.27%) reflecting;
  - Positive impact from new lending and strong commercial discipline on pricing
  - Lower cost of deposit funding, primarily in the UK, offset by;
  - Impact of excess liquidity and Dec 2016 credit risk transfer transaction

Average interest earning assets (AIEAs)

- AIEAs in line with H2 2016; increase in liquid assets primarily due to excess liquidity

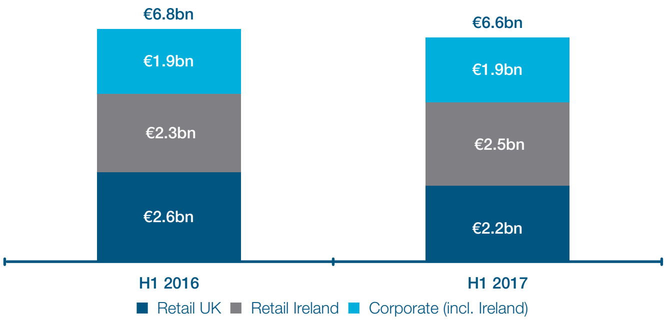
[1]Spread = Loan asset yield or Liquid asset yield less Group's average cost of funds

Loans and advances to customers

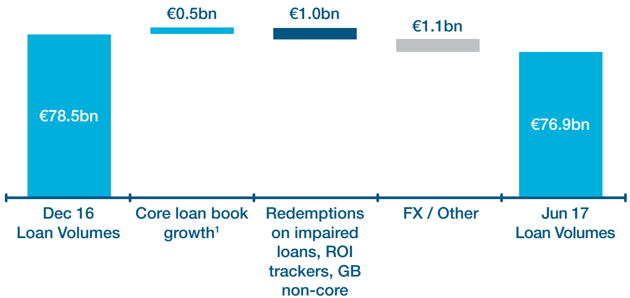
Continued growth in core loan books

Bank of Ireland Group

New lending volumes[2]



Group loan book movement in H1 2017



- Core loan books[1] grew by €0.5bn in H1 2017
- New lending[2] of €6.6bn in H1 2017 broadly in line with H1 2016 on a constant currency basis;
  - Retail Ireland new lending increased by 9% to €2.5bn; ROI new mortgage lending up 31% with new lending market share growing to 26% in H1 2017
  - Corporate new lending of €1.9bn broadly in line with H1 2016
  - Retail UK new lending of £1.9bn declined by 7% vs. H1 2016 reflecting our discipline in pricing and risk
- Customer loans decreased by c.€1.6bn to €76.9bn; reflects FX translation impact of €1.1bn
- Redemptions of €7.2bn in H1 2017 include €1.0bn relating to redemptions of impaired loans, ROI tracker mortgages and GB non-core business banking loan books[3]
- Maintaining an appropriate focus on risk and pricing

[1]Core loan book growth excludes cash from impaired loans, redemptions of low yielding ROI tracker mortgages and redemptions of GB non-core business banking loans

[2]Excludes portfolio acquisitions (H1 2016 - €0.1bn; H1 2017 - Nil)

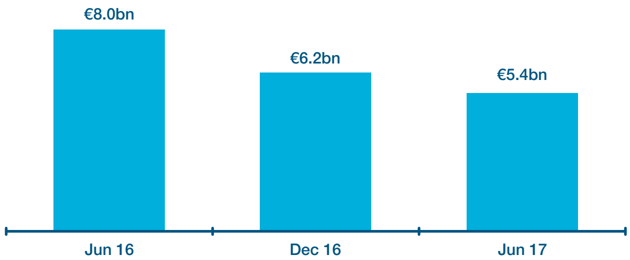
[3]GB business and corporate loan books, which BOI was required to run down under its EU approved Restructuring Plan (Remaining stock: H1 2016 - £1.0bn; H1 2017 - £0.7bn)

Impaired loans and impairment charge

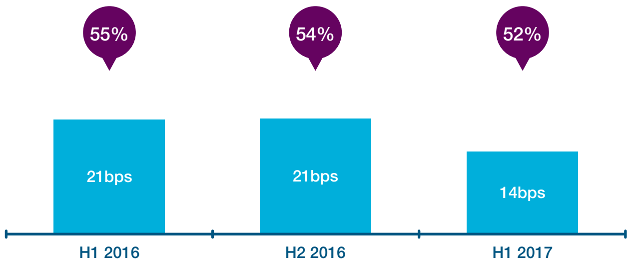
Continued reduction during H1 2017

Bank of Ireland Group

Impaired loans



Impairment charge on customer loans



Impaired loans coverage ratio, being specific impairment provisions divided by impaired loans

Annual impairment charges on customer loans as a % of average gross loans for the period

Asset Quality continues to improve

- Impaired loans[1] of €5.4bn
  - €0.8bn reduction during H1 2017; down 65% from reported peak in June 2013
- Non-performing exposures (NPEs) of €8.1bn (see slide 40)
  - €1.3bn reduction during H1 2017[2]
- Reductions reflect the Group's ongoing progress with resolution strategies and the positive economic environment
- Expect further reductions in H2 2017 and beyond; pace will be influenced by a range of factors

Impairment charge on customer loans reduced

- Net impairment charge of 14bps for H1 2017
- Impaired loan coverage ratio of 52%
- Lower charge expected for H2 2017

Asset Quality Reporting Methodology

- The Group has revised its asset quality reporting methodology to align with the forborne and non-performing exposures classifications as defined by the EBA
- Net neutral impact on the Group's capital ratios and impairment provisions

[1]Impaired loans are loans with a specific provision attached to them and have been modified to remove non-retail accounts that are >90 days past due (Dec 2016: €0.3bn)
[2]NPEs at June 2017 include Forborne Collateral Realisation loans of €1.5 billion. Further details provided on slide 40

Funding Update

Bank of Ireland Group

	Dec 16 (€bn)	Jun 17 (€bn)
Customer loans	78	77
Liquid assets	21	22
BOI Life assets	17	17
Other assets	7	6
Total assets	**123**	**122**
Customer deposits	75	75
Wholesale funding	14	13
BOI Life liabilities	17	17
Other liabilities	7	7
Stockholders' equity	9	9
Additional Tier 1 security	1	1
Total liabilities	**123**	**122**
Closing EUR / GBP FX rates	0.86	0.88

Strong liquidity ratios

- Net Stable Funding Ratio – 121%
- Liquidity Coverage Ratio – 120%
- Loan to Deposit Ratio – 103%

Customer deposits – €74.7bn

- Customer deposits funding >95% of customer loans
- Predominantly sourced through retail distribution channels
- Strong economic activity in Ireland continuing to drive increases in current account balances

Wholesale funding – €13.5bn

- Monetary Authority borrowings of €5.3bn[1] reflecting Group's usage of cost efficient long term funding facilities
- BOIG established in July 2017; future senior and junior debt issuance for MREL purposes expected to be issued from BOIG
  - BOIG issuer rating assigned investment grade ratings of Baa3, BBB-, BBB- from Moody's, S&P and Fitch respectively

[1]€3.3bn of ECB TLTRO funding and €2.0bn of BOE funding through TFS (c.€1.1bn) and ILTR (c.€0.9bn)

Operating Performance
Summary Highlights

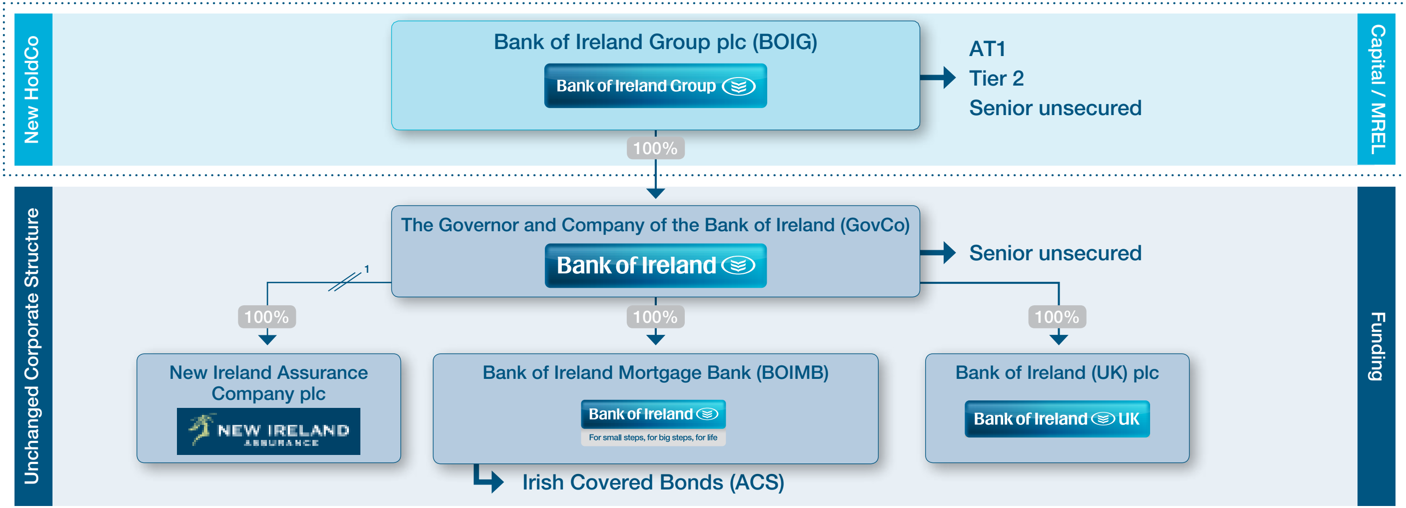
Bank of Ireland Group

- Underlying profit before tax of €480m; expanded NIM to 2.32% ✓
- Continue to be largest lender to the Irish economy; core loan books continue to grow ✓
- Ongoing improvements in asset quality; impairment charge down to 14bps ✓
- Replacement of Core Banking Platforms will deliver cost efficiencies and provide growth and strategic opportunities ✓
- Strong liquidity ratios; customer deposits funding >95% of customer loans ✓
- Strong operating performance reflected in positive rating actions from Moody's, S&P and DBRS in H1 2017 ✓

Capital &
MREL

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 issuance of Irish Covered Bonds (ACS) by Bank of Ireland Mortgage Bank and senior unsecured issuance by GovCo

[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

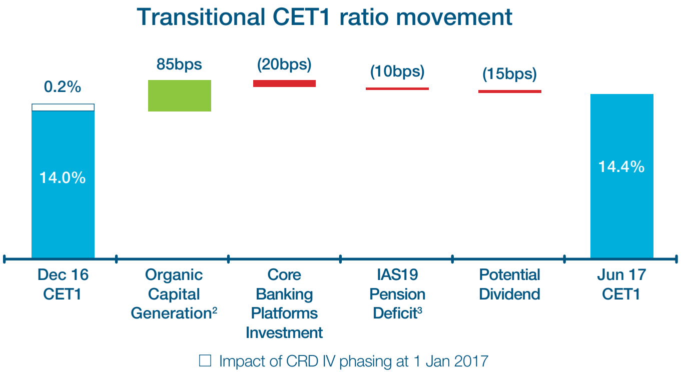
Bank of Ireland Group

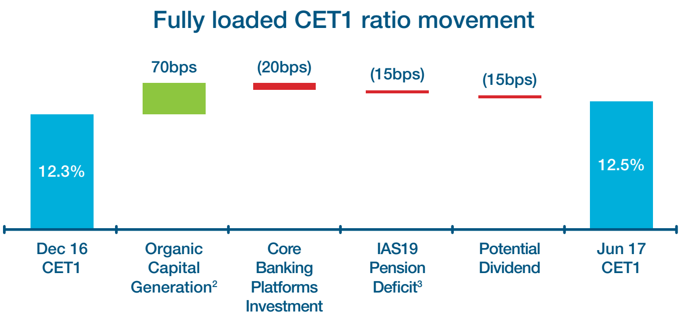
	STANDARD & POOR'S	MOODY'S	FitchRatings
BOIG Issuer Ratings	**BBB- (Stable)**	**Baa3 (Positive)**	**BBB- (Positive)**
GovCo Issuer Ratings	**BBB (Stable)**	**Baa1 (Positive)**	**BBB- (Positive)**
Progress on BOI Credit Ratings	**Jan 2017:** 1 notch senior unsecured upgrade for GovCo from BBB- to BBB (outlook revised to Stable) **Jul 2017:** Assigned BBB- (Stable) rating to newly established holding company	**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	**Dec 2016:** BBB- (Positive outlook) affirmed by Fitch **Jul 2017:** Assigned BBB- (Positive) rating to newly established holding company
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

Irish Covered Bonds (ACS)	MOODY'S	DBRS
	Aa1	**AA (High)**

CET1 Capital[1]

Strong organic capital generation





- Strong organic capital generation in H1 2017; robust capital ratios
- Core Banking Platforms investment in H1 2017 of €105m (CET1 ratio impact of c.20bps); €55m expensed in income statement
- IAS19 accounting standard defined benefit pension scheme deficit of €0.49bn[3] (Dec 16: €0.45bn). Volatility in pension scheme deficit has reduced following increased interest rate and inflation hedging
- Expect to maintain a CET1 ratio in excess of 12% on a transitional basis and on a fully loaded basis by the end of the phase-in period
- Dividend payments expected to recommence at a modest level in H1 2018, in respect of financial year 2017
- Potential dividend (c.20% of sustainable earnings) deducted at Jun 17 in line with Regulatory guidance

[1]Capital ratios have been stated including the benefit of the retained profit during the period
[2]Organic capital generation consists of attributable profit, AFS reserve movements, the reduction in the DTA deduction (DTAs that rely on future profitability), the impact of an increased 10/15% threshold deduction, movements in the Expected Loss deduction and RWA book size and quality movements. Transitional organic capital generation is 15bps higher due to phasing impacts
[3]Deficit reducing contributions of €40m during 2017 have limited impact on transitional ratios and do not impact fully loaded capital ratios while the schemes are in deficit

Tier 1 and Total Capital

Robust capital ratios

Bank of Ireland Group

	Dec 2016	Jun 2017
Tier 1 ratios:		
Transitional	15.7%	15.9%
Fully Loaded	13.7%	14.0%
Total Capital ratios:		
Transitional	18.5%	18.3%
Fully Loaded	16.4%	16.4%
Leverage ratios:		
Transitional	7.3%	7.2%
Fully Loaded	6.4%	6.4%
Risk Weighted Assets:		
Transitional	€50.8bn	€48.8bn
Fully Loaded	€50.7bn	€48.6bn

Tier 1 & Total Capital

- Growth in Tier 1 ratios consistent with growth in CET1 in the period
- Total Capital ratios reflect the increase in CET1 ratios offset by regulatory adjustments to Tier 2 capital[1]

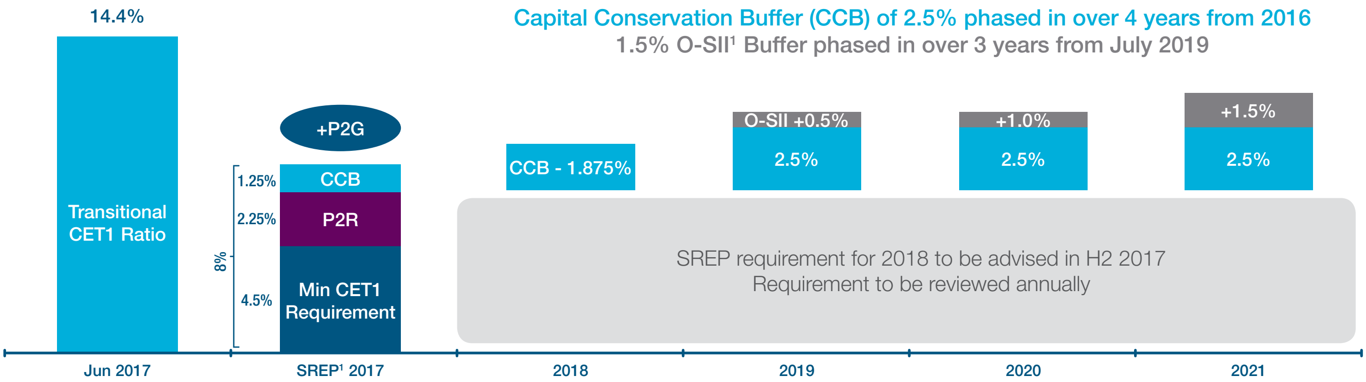
Impact of Corporate Reorganisation

- A proportion of the existing subordinated debt issued by GovCo will not be reflected in the consolidated Group Tier 1 and Total Capital ratios (no impact to CET1 ratios)[2]
- Estimated pro-forma reduction[3] of:
  - up to 0.7% to Tier 1 ratios (transitional) and 0.8% (fully loaded)
  - up to 1.8% to Total Capital ratios (transitional) and 2.0% (fully loaded)
- The impact of these deductions will reduce as existing subordinated debt is refinanced by BOIG
- Existing subordinated debt remain available to absorb losses and expected to count as MREL
- Based on current total capital levels and indicative MREL "Informative Target", modest new MREL issuance expected

[1] A reduction in the addback for "Provisions in excess of expected losses on defaulted loans" to Tier 2 capital
[2] Due to the application of CRR Article 85 & 87
[3] Estimated pro-forma Impact as at 31 December 2016

Regulatory Capital Requirements

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



Minimum Regulatory Capital Requirement

- Pillar 2 requirements (P2R)
  - Required to maintain a minimum CET1 ratio of 8% on a transitional basis from 1 January 2017
  - Includes a Pillar 1 requirement of 4.5%, a P2R of 2.25% and a capital conservation buffer for 2017 of 1.25%
  - The CBI (ROI) and FPC (UK) have set the countercyclical buffer (CCyB)[2] at 0%
- Pillar 2 guidance (P2G) is not disclosed in accordance with regulatory preference
- Expect to maintain a CET1 ratio in excess of 12% on a transitional basis and on a fully loaded basis by the end of the phase-in period
- Includes meeting applicable regulatory capital requirements plus an appropriate management buffer

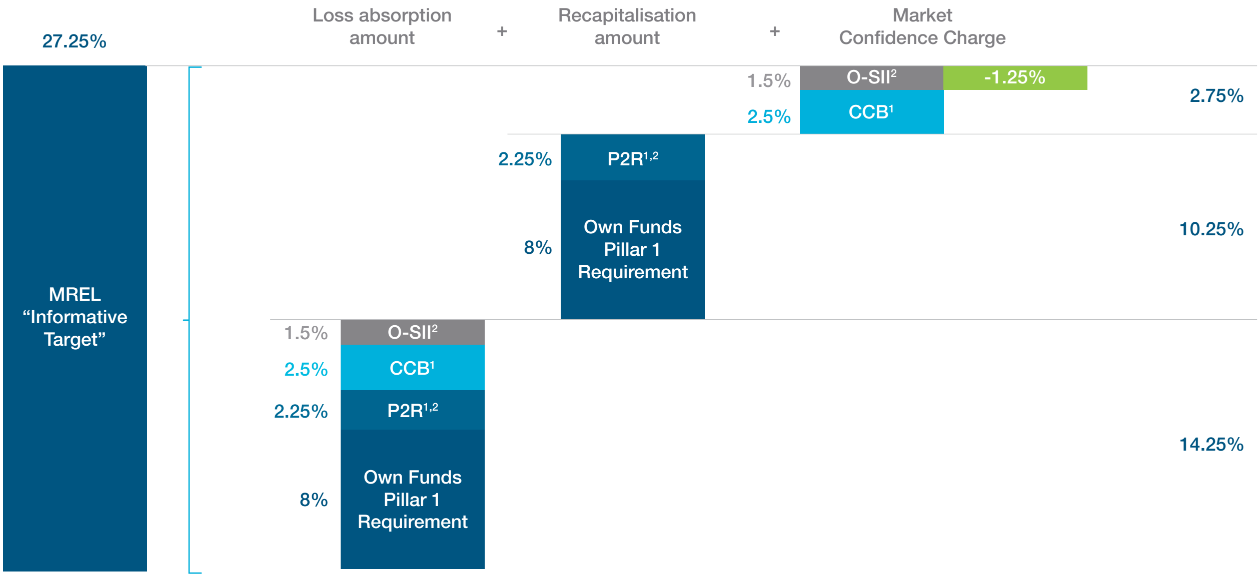
Other emerging and technical capital requirements

- IFRS9 is expected to have a negative impact on capital ratios - such impact is expected to be subject to a gradual phase in (c.3-5years) through the ongoing revision of the EU capital requirements regulation

[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). On 27 June 2017 the FPC announced that the UK CCyB will increase to 0.5% from June 2018 and that they expect to increase it to 1.0% from November 2018.The Group's capital requirement will increase in proportion to its level of UK RWA when the CCyB rate increases

Regulatory Requirements

MREL "Informative Target"



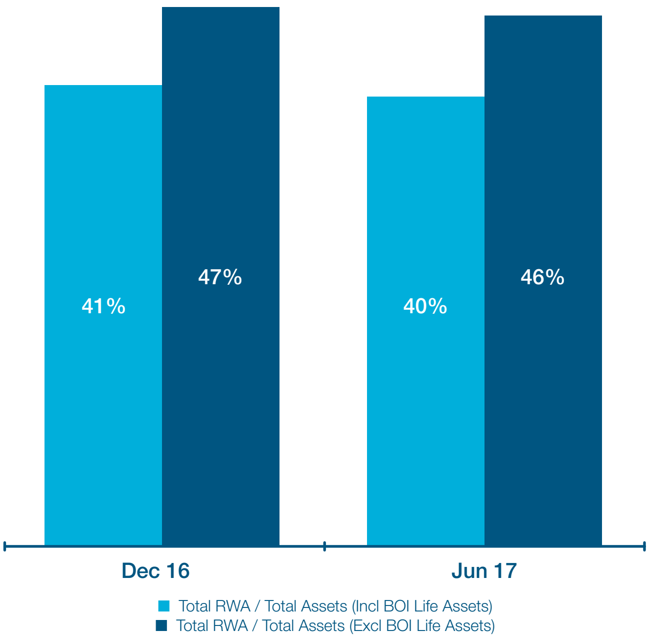
- SRB published methodology[3] for calculation of informative MREL target
- Regulatory guidance expected in late 2017 / early 2018 on MREL requirements and phase-in period
- MREL target is expressed as a percentage of total RWA
- SRB note that 'MREL "Informative Target" does not consider bank specific analysis'

[1]Capital Conservation Buffer (CCB) and Pillar 2 requirement (P2R)
[2]P2R and O-SII requirement are subject to annual review by the Single Supervisory Mechanism (SSM) and the Central Bank of Ireland (CBI) respectively
[3]Source: https://srb.europa.eu/en/node/176

Risk weighted assets (RWA)

Bank of Ireland Group

RWA Density[1]



Customer lending average Credit Risk Weights[2/3]

(Based on regulatory exposure class)

	EAD[4] (€bn)	RWA (€bn)	Avg. Risk Weight
ROI mortgages	24.6	7.6	31%
UK mortgages	22.8	4.6	20%
SME	17.4	12.3	71%
Corporate	10.8	11.1	103%
Other Retail	4.9	3.1	65%
Total customer lending	**80.5**	**38.7**	**48%**

- IRB approach accounts for:
  - 75% of credit EAD (Dec 2016: 77%)
  - 80% of credit RWA (Dec 2016: 82%)

[1]RWA density calculated as Total RWA / Total balance sheet assets
[2]Sourced from the Group's regulatory reporting platform. EAD and RWA include both IRB and Standardised approaches and comprises both non-defaulted and defaulted loans
[3]Securitised exposures which include the credit risk transfer transaction executed in December 2016 are excluded from the above table
[4]Exposure at default (EAD) is a regulatory estimate of credit risk consisting of both on balance exposures and off balance sheet commitments

Capital / MREL

Summary Highlights

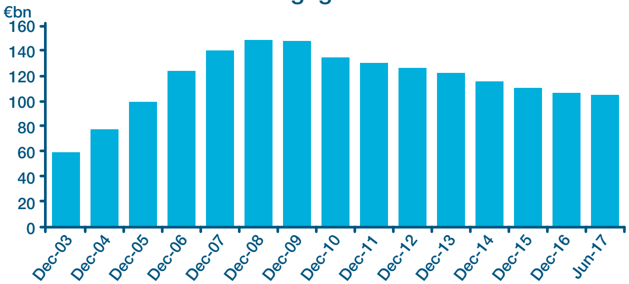
Corporate Reorganisation implemented; Group holding company (BOIG) introduced on top of the existing Group structure	✓
BOIG assigned investment grade ratings from Moody's, S&P and Fitch; future senior and junior debt issuance for MREL purposes expected to be issued from BOIG	✓
Continued economic growth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

Covered Bond Overview

Overview of Irish Mortgage Market

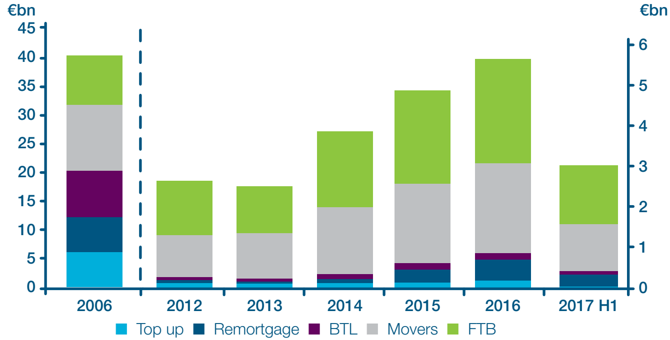
Bank of Ireland Group

Mortgage debt



Graph shows stock of mortgage lending
Source: Central Bank of Ireland

Mortgage drawdowns



Graph shows mortgage lending by value
Source: Banking and Payments Federation Ireland

Structure of Irish Mortgage Market

- Size of Irish mortgage market stock reduced c.30% from 2009 peak (c.€105bn June 2017)
- Predominantly market is principal and interest amortising structure

New lending

- Total new mortgage lending of c.€5.7bn in 2016, 16% increase vs 2015
- Total new mortgage lending of c.€3.0bn in H1 2017, up 33% Y-o-Y
- Increase continues to be driven by First Time Buyers (FTB) and Mover Purchaser

Macro prudential rules

- Nov 2016 CBI amended rules;
  - Principal Dwelling Home (PDH) for first time buyers: limit increased to 90% loan to value (LTV)
  - PDH for movers: 80% LTV limit remains
  - Buy to Let (BTL) 70% LTV limit remains
  - 5% of new lending to FTB, 20% to movers, 10% to BTL allowed above limits
  - Loan to Income (LTI) at 3.5 times loan to gross income remains. 20% of new lending can be above this cap

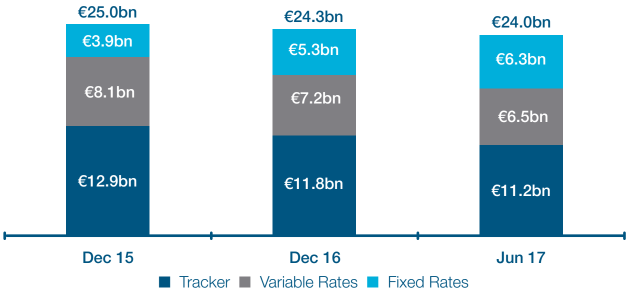
Help to buy

- The Government has introduced a help to buy scheme to the end of 2019 for FTBs; tax rebate of 5% of purchase price (up to a maximum rebate of €20,000)

ROI Mortgages: €24.0bn

Bank of Ireland Group

ROI Mortgages (gross)



- Trackers reduced by €0.6bn since Dec 16; €1.7bn since Dec 15
- €10.5bn or 94% of trackers at June 17 are on a capital and interest repayment basis
- 77% of trackers are owner occupier mortgages; 23% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.67bps[1] in H1 2017, compared to Group net interest margin (including ECB trackers) of 232bps in H1 2017
- Average LTV of 68% on existing mortgage stock at June 2017 (Dec 16: 72%)
- Average LTV of 70% on new mortgages in H1 2017 (Dec 16: 67%[2])

Market share

	H1 2016	H2 2016	H1 2017
New Lending Volumes[3]	€0.6bn	€0.8bn	€0.8bn
Market share	27%	24%	26%[4]

- 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.88% of our new lending in H1 2017, up from c.30% in 2014
- BOI does not sell through broker channel in ROI
- 7 in 10 ROI customers who take out a new mortgage take out a life assurance policy through BOI Group
- 4 in 10 ROI customers who take out a new mortgage take out a general insurance policy through BOI Group with insurance partners

[1]Average customer pay rate of 108bps less Group average cost of funds in 2017 of 41bps
[2]Note that the LTV on new business includes the impact of the acquired portfolios
[3]Excludes portfolio acquisitions (H1 2016 - €0.1bn; H2 2016 - €0.1bn; H1 2017 - Nil)
[4]ROI mortgage market share - YTD May 2017

Mortgage Underwriting Process

Centralised Underwriting in place, no delegated discretions

Bank of Ireland Group

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 (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

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	▶ 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

Bank of Ireland Group

Table 1 Cover Pool Summary	Dec-14	Dec-15	Dec-16	Jun-17
Total property valuation (bn)	€21.9	€22.3	€21.3	€21.2
Aggregate balances of the mortgages (bn)	€12.3	€11.2	€10.2	€9.7
Weighted average indexed LTV	82.0%	73.7%	70.7%	67.4%
% of accounts in arrears (≥ 3 months)	0.03%	0.01%	0.04%	0.03%

Table 2 Bond Summary	Dec-14	Dec-15	Dec-16	Jun-17
Value of bonds (bn)	€9.0	€7.4	€7.9	€6.9
Nominal overcollateralisation	54%	68%	44%	55%
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%	44%

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

Covered Bond Ratings

- Strong covered bond credit ratings; Moody's Aa1, DBRS AA (high)

Additional Information

Additional Information

Bank of Ireland Group

BOI Overview

Income Statement[1]

Bank of Ireland Group

	y/e Dec 13 (€m)	y/e Dec 14 (€m)	y/e Dec 15 (€m)	y/e Dec 16 (€m)	H1 2017 (€m)
Total income	2,646	2,974	3,272	3,105	1,520
Net interest income	*2,133*	*2,358*	*2,454*	*2,283*	*1,151*
Other income (net) before additional gains	*549*	*448*	*591*	*671*	*353*
Additional gains	*93*	*205*	*237*	*171*	*16*
ELG fees	*(129)*	*(37)*	*(10)*	*(20)*	*-*
Operating expenses[1]	(1,545)	(1,601)	(1,746)	(1,747)	(881)
Core Banking Platforms investment	-	-	-	(41)	(55)
Levies and regulatory charges	(31)	(72)	(75)	(109)	(63)
Operating profit pre-impairment	1,070	1,301	1,451	1,208	521
Net impairment charges	(1,665)	(472)	(296)	(178)	(59)
Share of associates / JVs	31	92	46	41	18
Underlying (loss) / profit before tax	**(564)**	**921**	**1,201**	**1,071**	**480**
Non core items	44	(1)	31	(39)	(25)
Statutory (loss) / profit before tax	(520)	920	1,232	1,032	455
NIM	1.84%	2.11%	2.19%	2.19%	2.32%

[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

Bank of Ireland Group

	Dec 13 (€bn)	Dec 14 (€bn)	Dec 15 (€bn)	Dec 16 (€bn)	Jun 17 (€bn)
Customer loans[1]	85	82	85	78	77
Liquid assets	27	25	24	21	22
BOI Life assets	14	16	16	17	17
Other assets	6	7	6	7	6
Total assets	**132**	**130**	**131**	**123**	**122**
Customer deposits	74	75	80	75	75
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 (incl. AT1)	2	2	3	2	2
Other liabilities	7	8	10	6	6
Stockholders' equity	8	9	8	9	9
Total liabilities & Stockholders' equity	**132**	**130**	**131**	**123**	**122**
Fully loaded CET1 ratio	6.3%	9.3%	11.3%	12.3%	12.5%
Loan to deposit ratio	114%	110%	106%	104%	103%

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

BOI Overview

Profile of customer loans[1] at Jun 17 (gross)

Bank of Ireland Group

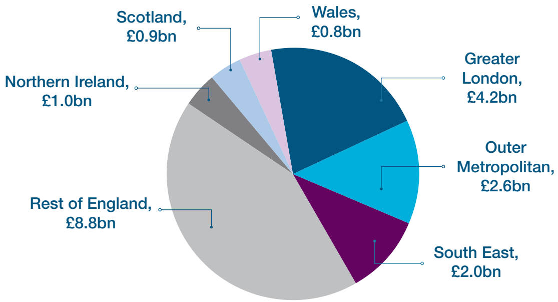
Composition (Jun 17)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	**24.0**	**23.1**	**-**	**47.1**	**59%**
Non-property SME and corporate	**11.5**	**4.3[2]**	**3.8**	**19.6**	**24%**
SME	*8.7*	*1.9*	*0.0*	*10.6*	*13%*
Corporate	*2.8*	*2.4*	*3.8*	*9.0*	*11%*
Property and construction	**6.2**	**3.0**	**0.1**	**9.3**	**12%**
Investment property	*5.7*	2.8	*0.1*	*8.6*	*11%*
Land and development	*0.5*	*0.2*	*0.0*	*0.7*	*1%*
Consumer	**2.0**	**2.1**	**0.0**	**4.1**	**5%**
Customer loans (gross)	**43.7**	**32.5**	**3.9**	**80.1**	**100%**
Geographic (%)	54%	40%	6%	100%	

[1]Based on geographic location of customer
[2]Includes £0.7bn relating to GB business and corporate loan books, which BOI was required to run down under its EU approved Restructuring Plan (H1 2016: £1.0bn)

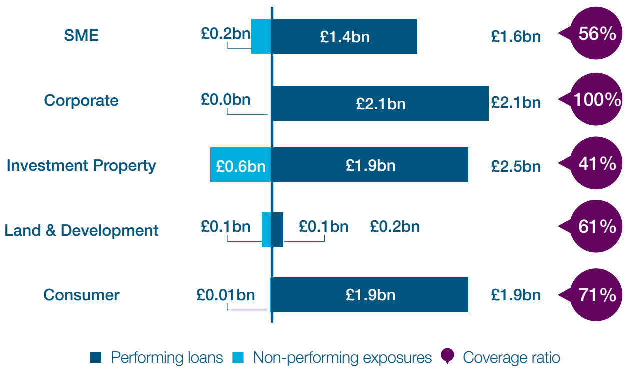
UK Customer Loans £28.6bn (€33.5bn)

Bank of Ireland Group

UK Mortgages – £20.3bn



Other UK Customer Loans – £8.3bn



UK Mortgages Analysis

- Total UK mortgages of £20.3bn; (NPEs - 2%; impaired loans - 1%)
  - Average LTV of 61% on total book (2016: 62%)
  - Average LTV of 73% on new mortgages (2016: 71%)
- UK mortgage book continues to perform in line with industry averages[1]
- 86% of mortgages originated since 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 81% of these mortgages originated pre 2009
- Average balance of Greater London mortgages is c.£196k. 90% of Greater London mortgages have an average LTV <70%

Other UK Customer Loans Analysis

- Other UK loans exposure of £8.3bn; impaired loans of £0.7bn with strong coverage ratios. Investment Property impaired loans have decreased by 70% 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 (54%), Office (14%), Residential (15%), Other (17%)
  - Consumer: largest segment is asset backed motor financing of £1.0bn (55%). Book also includes Post Office / AA branded credit cards and personal loans

[1]Data published by the Council Mortgage Lenders (CML) for March 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%)

Income Statement

Net interest income analysis

Bank of Ireland Group

	H1 2016			H2 2016			H1 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 (%)
Ireland Loans	36.5	552	3.04%	36.0	554	3.07%	35.5	548	3.12%
UK Loans	33.5	580	3.48%	30.2	475	3.13%	29.5	465	3.18%
C&T Loans	12.6	253	4.05%	12.7	264	4.13%	12.7	251	3.99%
Total Loans & Advances to Customers	**82.6**	**1,385**	**3.37%**	**78.9**	**1,293**	**3.26%**	**77.7**	**1,264**	**3.28%**
Liquid Assets	22.5	92[1]	0.82%	20.5	78[1]	0.76%	21.6	66[1]	0.62%
Total Interest Earning Assets	**105.1**	**1,477**	**2.83%**	**99.4**	**1,371**	**2.74%**	**99.3**	**1,330**	**2.70%**
Ireland Deposits	22.1	(26)	(0.24%)	21.9	(17)	(0.15%)	20.6	(12)	(0.12%)
Credit Balances[2]	23.8	(1)	(0.01%)	25.3	(1)	(0.01%)	27.1	(0)	(0.00%)
UK Deposits	24.6	(154)	(1.26%)	20.7	(111)	(1.07%)	19.3	(78)	(0.81%)
C&T Deposits	7.7	(21)	(0.55%)	6.8	(14)	(0.41%)	6.0	(10)	(0.35%)
Total Deposits	**78.2**	**(202)**	**(0.52%)**	**74.7**	**(143)**	**(0.38%)**	**73.0**	**(100)**	**(0.28%)**
Wholesale Funding	13.6	(49)	(0.71%)	13.4	(32)	(0.47%)	14.3	(44)[3]	(0.62%)
Subordinated Liabilities	2.4	(91)	(7.72%)	1.5	(48)	(6.13%)	1.4	(35)	(5.17%)
Total Interest Bearing Liabilities	**94.2**	**(342)**	**(0.73%)**	**89.6**	**(223)**	**(0.49%)**	**88.7**	**(179)**	**(0.41%)**
IFRS Income Classification		(33)			(13)			(8)	
Net Interest Margin	**105.1**	**1,102**	**2.11%**	**99.4**	**1,135**	**2.27%**	**99.3**	**1,143**	**2.32%**
Average ECB Base rate in the period			0.02%			0.00%			0.00%
Average 3 month Euribor in the period			(0.22%)			(0.31%)			(0.33%)
Average BOE Base rate in the period			0.50%			0.30%			0.25%
Average 3 month LIBOR in the period			0.59%			0.41%			0.33%

[1]Excludes any additional gains from portfolio re-configuration during the period
[2]Credit balances in H1 2017: ROI €20.0bn, UK €3.0bn, C&T €4.1bn
[3]Includes impact of credit risk transfer transaction executed in December 2016

Interest Rate Sensitivity

Bank of Ireland Group

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 2015 (€m)	Dec 2016 (€m)
100bps higher	c.120m	c.140m
100bps lower	(c.180m)	(c.170m)

The estimates are based on management assumptions primarily related to:

- the re-pricing of customer transactions;
- the relationship, centred around a range, 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 IAS19 accounting standard defined benefit pension schemes

Business Transformation – Focus on Retail Ireland

Transforming today to ensure long term sustainability and competiveness

Bank of Ireland Group

Simplification

Simplifying products and propositions to prepare for new Core Banking Platforms

- **>65%** of new product sales are through direct and digital channels of which 1 out of every 2 new sales are completed digitally
- Over **200** customer journeys mapped, simplified and digitised in the last 12 months
- **100** legacy products retired in H1 2017 with over **400k** customers successfully transitioned

BANKING MADE EASY

Digitisation

Delivering digital capability to meet changing customer behaviours and preferences

- Current account proposition voted **'Best Customer Facing Technology'** at 2017 Global Retail Banking awards
- **75%** of customers are digitally active
- **673k** active mobile users
- **60% reduction** in paper instructions in H1 2017
- **97%** of customer transactions via automated self-service or direct channels

Community

Supporting our customers in their local communities and enterprises

- Branches evolving into **Business Development Hubs** driving local commerce
- **Market leading** youth, diaspora and senior sector propositions
- **Enterprise events** with over 5,000 customers showcasing their businesses in H1 2017

Supported by Group-wide technology investments to replace Core Banking Platforms

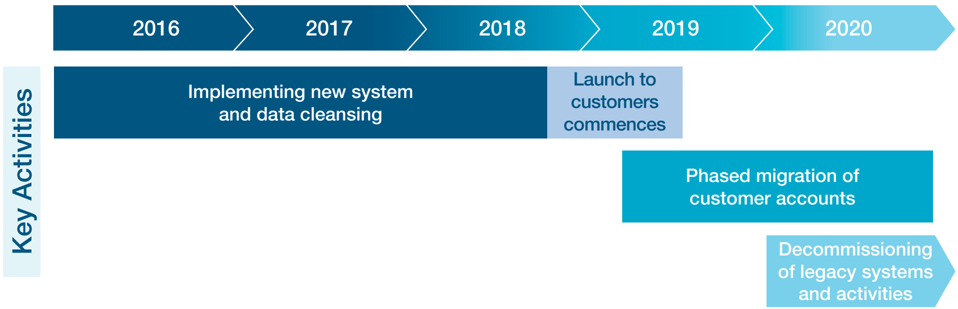
TEMENOS

- Investments will deliver a step change in building a truly customer-centric and efficient organisation
- Important milestones have been met during H1 2017 relating to product builds and data consolidation
- Ongoing simplification is reducing operational risks and potential customer impacts at data migration stage

Core Banking Platforms Investment Programme

Bank of Ireland Group

Implementation plan for Core Banking Platforms



Outcome

- Critical enabler to achieving <50% cost income ratio target in medium term
- Structural reduction in costs from 2019 onwards
- Personalised, interactive propositions supported by customer insights driving increased cross selling opportunities
- Risk reduction from robust, flexible and industry leading platforms
- Enhanced business agility and efficiencies - easy to change, extend and upgrade
- Open architecture and API capability will enable new business and partnership models
- Strategic optionality

Programme

- Multi-year programme
- Investment with a CET1 ratio impact of c.35-45bps p.a. over the next 4 years
- >85% of customer accounts in scope
- Phased launches to customers commencing in H2 2018

Execution

- BOI Group in the lead with significant investment in new skills and capabilities
- Implementation partners with proven track record
- Adopting Temenos UniversalSuite; adapting BOI products and processes
- Phased build and phased migration
- Strong governance and board oversight

Core Banking Platforms investment will drive sustainable cost efficiencies and growth

Non-performing exposures by portfolio

Bank of Ireland Group

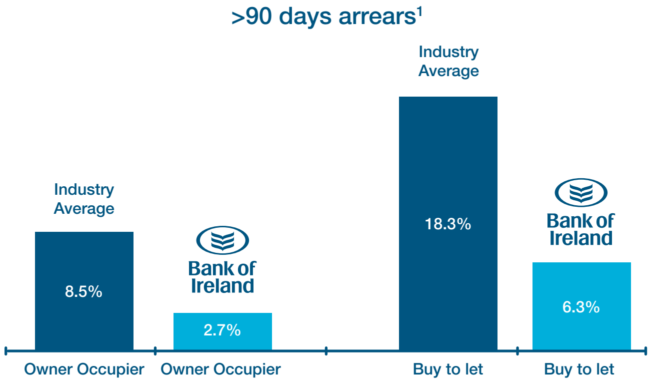
Composition (Jun 17)	Advances (€bn)	Non-performing exposures[1] (€bn)	Non-performing exposures as % of advances	Impaired loans (€bn)	Impaired loans as % of advances	Impairment provisions (€bn)	Specific impairment provisions (€bn)	Specific impairment provisions as % of impaired loans
Residential Mortgages	**47.1**	**3.3**	**7.1%**	**1.4**	**3.1%**	**0.8**	**0.6**	**39%**
- Republic of Ireland	24.0	2.9	12.0%	1.3	5.3%	0.7	0.5	42%
- UK	23.1	0.5	2.0%	0.2	0.7%	0.1	0.0	15%
Non-property SME and Corporate	**19.6**	**2.1**	**10.7%**	**1.8**	**9.1%**	**1.1**	**1.0**	**57%**
- Republic of Ireland SME	8.8	1.7	18.8%	1.4	15.9%	0.8	0.8	56%
- UK SME	1.9	0.2	9.4%	0.1	6.3%	0.1	0.1	56%
- Corporate	9.0	0.3	3.1%	0.3	3.0%	0.2	0.2	66%
Property and construction	**9.3**	**2.5**	**27.0%**	**2.1**	**22.3%**	**1.2**	**1.2**	**55%**
- Investment property	8.6	2.1	24.6%	1.7	19.7%	0.9	0.9	53%
- Land and development	0.7	0.4	57.7%	0.4	54.8%	0.3	0.3	68%
Consumer	**4.1**	**0.1**	**2.4%**	**0.1**	**2.4%**	**0.1**	**0.1**	**65%**
Total loans and advances to customers	80.1	8.1	10.1%	5.4	6.7%	3.2	2.8	52%

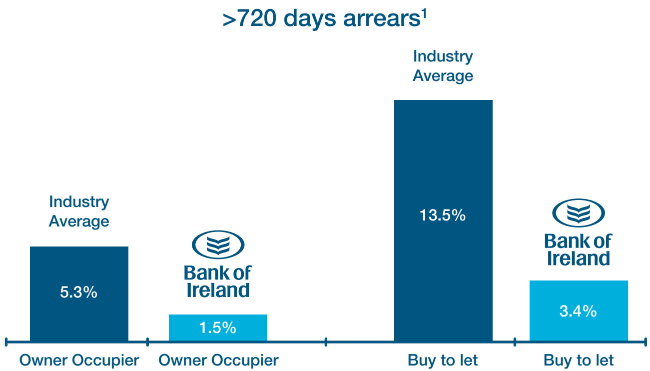
Composition (Dec 16)	Advances (€bn)	Non-performing exposures[1] (€bn)	Non-performing exposures as % of advances	Impaired loans (€bn)	Impaired loans as % of advances	Impairment provisions (€bn)	Specific impairment provisions (€bn)	Specific impairment provisions as % of impaired loans
Residential Mortgages	**48.2**	**3.7**	**7.6%**	**1.6**	**3.4%**	**1.0**	**0.7**	**42%**
- Republic of Ireland	24.3	3.2	13.0%	1.5	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	**10.3**	**3.5**	**33.6%**	**2.7**	**25.8%**	**1.7**	**1.6**	**61%**
- Investment property	9.3	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%

[1]The Non-retail portfolio balances at 30 June 2017 include the impact of the reclassification of certain loans between 'Non-property SME and corporate' and 'Property and construction' during H1 2017. The impact of these changes if applied at 31 December 2016 would be to increase ROI SME non-performing exposures by €146m with a corresponding reduction in Property investment of €70m and Land and development of €76m. On this basis, ROI SME non-performing exposures would have reduced by €181m, Property investment by €548m and Land and development of €259m in the period to 30 June 2017

ROI Mortgages

Bank of Ireland Group





Portfolio Performance

- €22.3bn or 93% of mortgages at H1 2017 are on a capital and interest repayment basis (Dec 16: 93%)
- 92% of mortgage accounts are in the up to date book; 9 out of 10 accounts in forbearance are meeting the terms of their revised arrangements

Arrears Performance

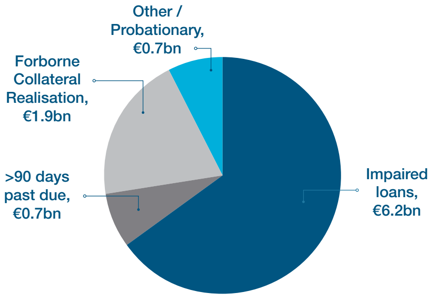
- Bank of Ireland >90 day arrears are c.33% of industry average for both Owner Occupier and Buy to Let
- Bank of Ireland >720 day arrears are between 25% - 28% of industry average for both Owner Occupier and Buy to Let
- ROI mortgage NPEs reduced by 9% in H1 2017
- Impaired loan component of €1.2bn; down 54% since reported June 2013 peak

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

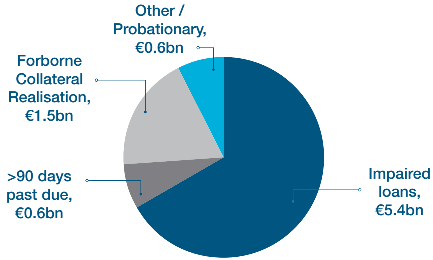
Non-performing exposures

Group aligning with EBA definition of non-performing exposures

Non-performing exposures at Dec 2016 – €9.4bn



Non-performing exposures at June 2017– €8.1bn



Non-performing exposures (NPE's) – €8.1bn

- NPEs are aligned with the EBA definition and include all impaired exposures, exposures >90 days past due but not impaired, forborne exposures reliant on collateral realisation that are neither impaired nor >90 days past due and other / probationary loans meeting NPE criteria as defined by the EBA
- Impaired loans[1] are loans with a specific provision attached to them
- The Group's revised asset quality reporting methodology incorporates Forborne Collateral Realisation loans which 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
  - Net neutral impact on the Group's capital ratios and impairment provisions
- Other/probationary loans are loans that have yet to satisfy exit criteria in line with the EBA guidance to return to performing

[1]Impaired loans have been modified to remove non-retail accounts that are >90 days past due (Dec 2016: €0.3bn)

Asset Quality

Available for Sale Financial Assets

Bank of Ireland Group

Carrying Value	ROI €bn	UK €bn	France €bn	Other €bn	Jun 17 €bn	Dec 16 €bn
Sovereign bonds	3.0	0.6	0.8	1.6	6.0	**5.2**
Senior debt	-	-	0.3	2.0	2.3	**1.7**
Covered bonds	0.1	0.7	0.5	2.0	3.3	**3.5**
Subordinated debt	0.3	-	-	-	0.3	**0.3**
Asset backed securities	-	0.1	-	-	0.1	**0.1**
Total	**3.4**	**1.4**	**1.6**	**5.6**	**12.0**	**10.8**
AFS Reserve	0.35	-	-	-	0.35	**0.35**

Portfolio

- The Group held €12.0bn of AFS financial assets at June 2017; The Group also held an additional €1.8bn of Irish Government bonds in a held to maturity (HTM) portfolio
- AFS Reserve - €0.35bn (HTM: €0.1bn)
- In the AFS portfolio the Group holds NAMA subordinated bonds – €0.3bn nominal value, valued at 102% (Dec 16 – 98%). Separately, BOI holds €0.1bn of NAMA senior bonds (Dec 16: €0.5bn)
- Weighted average credit rating of the AFS portfolio is AAA to AA; Weighted average credit rating of the HTM portfolio is A
- Of the total bond portfolio, 97% is investment grade (>BBB-) and 95% is rated BBB+ or higher

Other exposures - €5.6bn

- Supra-national (included in senior debt) – €1.7bn
- Belgium – €0.7bn
- Spain – €0.7bn
- Sweden – €0.6bn
- Netherlands – €0.4bn
- Canada – €0.3bn
- Norway – €0.3bn
- Italy – €0.2bn
- Other – €0.7bn (all less than €0.2bn)

Capital

CET1 ratios – June 2017

	Transitional ratio (€bn)	Fully loaded ratio (€bn)
Total equity	**9.5**	**9.5**
Less Additional Tier 1	(0.8)	(0.8)
Deferred tax[1]	(0.4)	(1.2)
Pension deficit	0.1	-
Available for sale reserve	(0.1)	-
National filters	(0.1)	-
Intangible assets and goodwill	(0.7)	(0.7)
Other items[2]	(0.5)	(0.7)
Common Equity Tier 1 Capital	**7.0**	**6.1**
Credit RWA	40.6	40.6
Operational RWA	4.6	4.6
Market, CVA and other RWA[3]	3.6	3.4
Total RWA	**48.8**	**48.6**
Common Equity Tier 1 ratio	**14.4%**	**12.5%**
Leverage ratio	**7.2%**	**6.4%**

CRD-IV phasing impacts

- Deferred tax assets – certain DTAs are deducted at a rate of 30% for 2017, increasing annually at a rate of 10% thereafter
- 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 by 2018

[1]Deferred tax assets due to temporary differences are included in other 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 and a deduction for a potential dividend
[3]Other RWA includes RWA relating to non-credit obligations / other assets and RWA arising from the 10%/15% threshold deduction

Ordinary stockholders' equity and TNAV

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Movement in ordinary stockholders' equity

	2016 (€m)	H1 2017 (€m)
Ordinary stockholders' equity at beginning of period	**8,308**	**8,597**
Movements:		
Profit attributable to stockholders	793	371
Distribution on other equity instruments – additional tier 1 coupon	(73)	(24)
Dividends on preference stock	(8)	(4)
Available for sale (AFS) reserve movements	(169)	(2)
Remeasurement of the net defined benefit pension liability	167	(70)
Foreign exchange movements	(419)	(101)
Cash flow hedge reserve movement	(4)	(102)
Other movements	2	(13)
Ordinary stockholders' equity at end of period	**8,597**	**8,652**

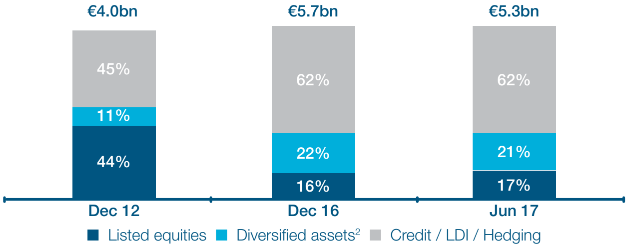
Tangible net asset value

	Dec 16 (€m)	Jun 17 (€m)
Ordinary stockholders' equity at end of period	**8,597**	**8,652**
Adjustments:		
Intangible assets and goodwill	(625)	(691)
Own stock held for benefit of life assurance policyholders	11	23
Tangible net asset value (TNAV)	**7,983**	**7,984**
Number of ordinary shares in issue at the end of the period (post 30:1 consolidation)	**1,079**	**1,079**
TNAV per share (€ cent)	**€7.40**	**€7.40**

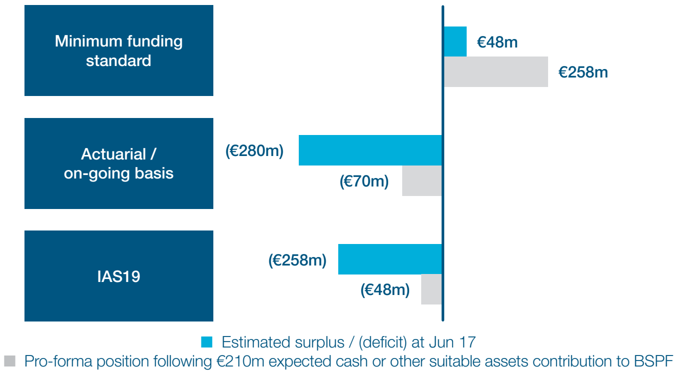
Defined Benefit Pension Schemes

- 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 Jun 17



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

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 BAPF and BSPF schemes in 2015 and 2016

Increase Assets

- >€890m of asset contributions made since 2010; further c.€260m expected to be made across Group schemes between 2017 and 2020
- BSPF asset returns of +4.9% p.a. were achieved over 3 years to end Jun 17 despite market volatility

Improve correlation between assets and liabilities

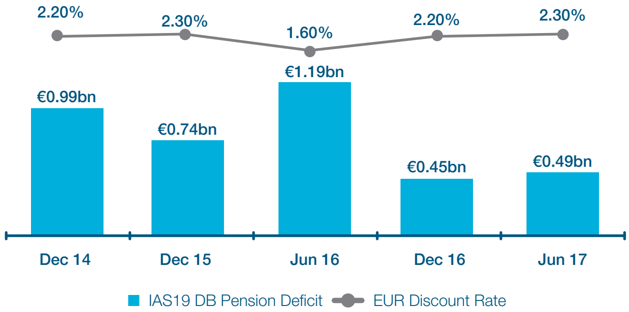
- Reduced deficit sensitivity to both euro and sterling interest rate and inflation rate movements through increased hedging
- Group supported the Trustees of BSPF and Group UK schemes in their decisions to extend the level of euro and sterling interest rate and inflation hedging to 75% of assets
- The Group has also supported the Trustees of the BAPF scheme in increasing the allocation to liability matching assets and reducing the exposure to equities without reducing target return
- Group has continued to support Trustees in diversifying asset portfolios away from listed equity into other return-seeking but potentially less volatile asset classes

Defined Benefit Pension Schemes

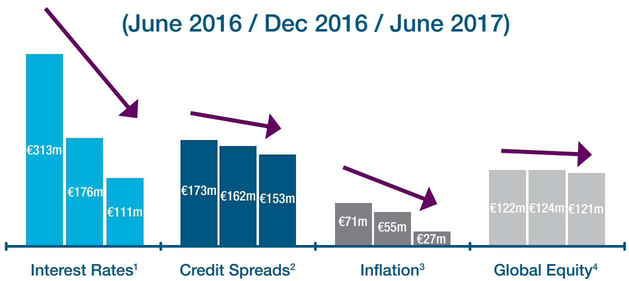
Bank of Ireland Group

- 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 (June 2016 / Dec 2016 / June 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 spreads
[3]Sensitivity of Group deficit to a 0.10% increase in long term inflation
[4]Sensitivity of Group deficit to a 5% decrease in global equity markets with allowance for other correlated diversified asset classes

IAS19 Pension deficit of €0.49bn at Jun 2017

- Discount rate increased by 10bps to 2.3% - reflecting higher interest rates and tighter credit spreads
- The primary drivers of the movement in the deficit were:
  - The net positive impact of higher interest rates (which reduced liabilities albeit significantly offset by the hedging LDI assets);
  - Modest growth in the value of other assets (i.e. listed equities and diversified assets);
  - Deficit reducing contributions of €40m; offset by;
  - c.20bps decrease in the credit spreads used by the Group to value its liabilities

Potential for interest rate volatility reduced

- Group supported the Trustees of BSPF and Group UK schemes in their decisions in early 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 of €1.2bn. Asset contributions of c.€260m remain to be made between 2017 and 2020 with no impact on fully loaded CET1 ratio where schemes are in deficit

Reimbursing and rewarding taxpayer's support

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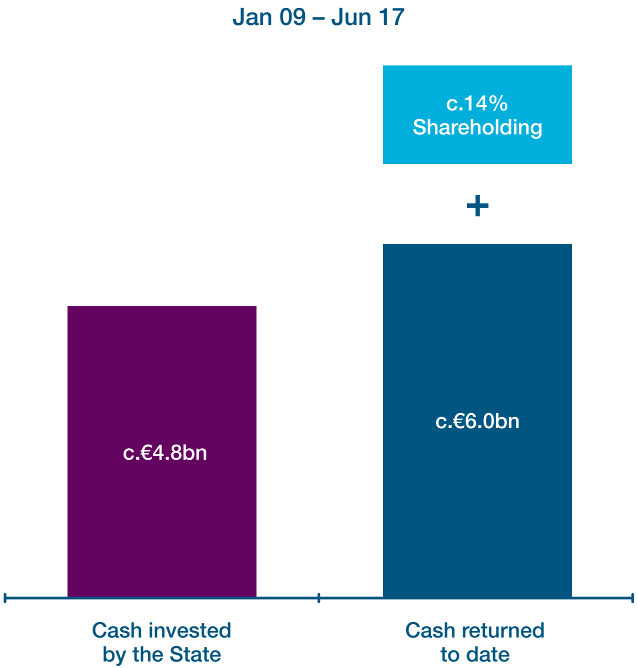

- From 2009 - 2011, c.€4.8bn cash invested by the State
  - Cumulative c.€6bn cash returned to the State
  - State continues to hold valuable c.14% equity shareholding
- State Aid completely repaid in 2013
- Irish State's risk exposure to Group liabilities covered under the Eligible Liabilities Guarantee eliminated
- In H1 2017, the Group paid taxes of €96m to the Irish State and collected taxes of €455m 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.

Investors should read 'Principal risks and uncertainties' in the Group's Interim Report for the six months ended 30 June 2017 beginning on page 40 and also the discussion of risk in the Group's Annual Report for the year ended 31 December 2016.

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.