The Governor and Company of the Bank of Ireland (the "Group")
Publishes Interim Results for the 6 months to 30th June 2016

29 July 2016

Interim 2016 Key Highlights:

- **Underlying profit of €560m; Loan asset spreads in line with H2 2015; NIM of 2.11%**
- **Continue to be the largest lender to the Irish economy**
- **New lending of €6.9bn; up 14% on H1 2015**
- **Growth in core loan books of €1.1bn;**
- **Reduced non-performing loans by €2.1bn in H1 2016: defaulted loans now c.10% of customer loans; less than half their reported peak in June 2013**
- **Net impairment charge continued to reduce; 21bps for H1 2016**
- **Strong discipline on pricing and risk; ensuring the priority to protect and generate capital is met**
- **Fully loaded CET1 ratio of 10.7%; transitional CET1 ratio of 12.8%**
- **UK's EU referendum result impacted IAS19 accounting valuation of pension deficit**
- **UK's EU referendum result may affect new business generation; too early to fully assess the potential impact**
- **Aim is to have a sustainable dividend. External factors, including UK's EU referendum result, may impact timing of our ambition to recommence dividends**

Richie Boucher, Bank of Ireland Group CEO, commented:

"Our business continued to perform in line with the strategic objectives we have set ourselves. All trading divisions are profitable and have contributed to our solid financial performance during the period. Our core loan books have been growing and we remain the largest lender to the Irish economy. Our stock of non-performing loans and our customer loan impairment charge continue to reduce.

While it is too early to fully assess the impacts of the United Kingdom's EU referendum result on economic and customer activity, the strength of our business model gives us confidence in the Group's prospects. We remain focused on serving our customers and ensuring that we continue to develop the Group on a sustainable basis so as to protect, grow and, over time, provide income on the capital our shareholders have entrusted to us."

Benefitting from Irish growth with international diversification:

Ireland

- Retail and commercial bank; Ireland's only bancassurer
- #1 or #2 market positions across all principal product lines
- Largest lender to the Irish economy, continuing to write about three in ten of new mortgages and provide over half of new lending to businesses
- Continuing to both benefit from, and support, economic growth in Ireland

United Kingdom

- BOI(UK) plc is a separately regulated, capitalised and self-funded business
- Universal banking offering in Northern Ireland
- Focused predominantly on consumer sector
- Attractive partnerships including the Post Office and AA – two of the UK's most trusted brands
- Flexible business model as it was designed to be

International

- Mid-market US / European Acquisition Finance business; strong 20+ year track record
- Generates attractive margins and fee income within disciplined risk appetite
- Acquisition Finance represents c.5% of Group loan volumes at June 2016 – good geographic and sectoral diversification

Key Financial Highlights:

Group Income Statement

- Net interest income of €1,135m
- Business income in line with H2 2015
- Other Income includes additional gains of €157m
- Focused on tight cost control while making appropriate investments in our businesses, infrastructure and people.
- Net impairment charge of €95m / 21bps

Balance Sheet and Capital

- Customer loans €80.2bn; €1.1bn increase in core loan books
- Customer deposits - funding >95% of customer loans
- Customer deposits predominantly sourced through our retail distribution channels

Continued organic capital generation

- Fully loaded CET1 ratio of 10.7%
- Transitional CET1 ratio of 12.8% and Total capital ratio of 17.2%

Strong liquidity ratios

- Net Stable Funding Ratio – 119%
- Liquidity Coverage Ratio – 116%
- Loan to Deposit Ratio – 103%

Ends

http://www.rns-pdf.londonstockexchange.com/rns/6972P_1-2016-2-22.pdf

For further information log on to www.bankofireland.com/investor or contact:

Bank of Ireland

Andrew Keating Group Chief Financial Officer +353 (0)766 23 5141

Alan Hartley Director of Group Investor Relations +353 (0)766 23 4850

Pat Farrell Head of Group Communications +353 (0)766 23 4770

Forward-Looking Statement

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.