Bank of Ireland

2019 Interim Results Announcement

30 June 2019

H1 2019 Highlights

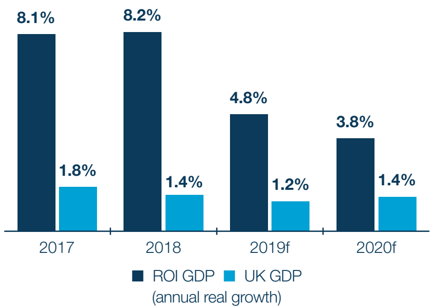
Francesca McDonagh, Group CEO

H1 2019 Highlights

Profitability	**€376m** Underlying profit before tax	• NIM of 2.16% • Cost reduction continues, 3% lower (€30m) vs. H1 2018 • NPE ratio improved by 100bps to 5.3%
Growth	**€1.2bn** Net lending growth	• New lending of €7.7bn; largest lender to the Irish economy • Irish mortgage market share of 23%; increased SME market share • Corporate Banking net lending growth of €1.0bn
Transformation	**3%** Reduction in costs	• Continue to create a leaner and more agile organisation • Foundations of the new core banking platform have been built; now prioritising channel experience and customer migration • UK Business being enhanced – exit from UK cards, ATMs and current accounts; attractive loan growth in Consumer; costs reduced
Capital	**13.6%** CET1 increased by 40bps	• Organic capital generation of 90bps • Securitisation of Irish Mortgage NPEs, unlocked 30bps of CET1 capital • Dividend accrual of €100m

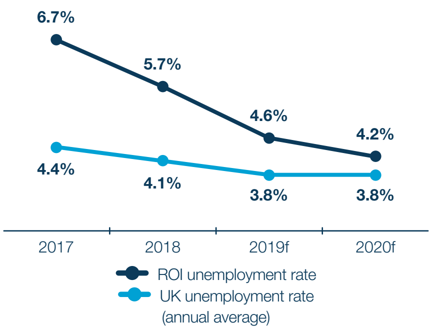
Economic and Interest Rate Outlook

Solid growth in Ireland; UK expanding more moderately



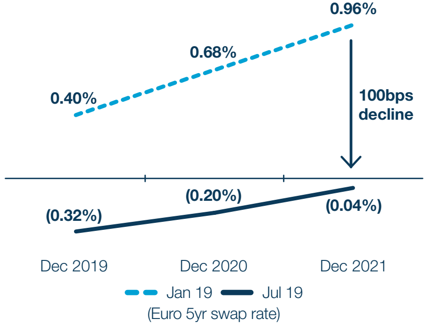
- The Irish economy is continuing to expand at a solid pace and faster than the Euro area average
- Growth has moderated in the UK
- Brexit-related uncertainty is weighing on consumer and business sentiment, with some firms in Ireland putting their plans on hold and a clear weakening in business investment in the UK

Unemployment rate in Ireland and UK at low levels



- With the unemployment rate in Ireland and the UK at a low level, both economies are effectively at full employment

Lower for longer interest rates now expected



- Material change in interest rate outlook with interest rates expected to be lower for longer
- Geopolitical risks impacting global growth

Sources: Bank of Ireland Economic Research Unit, CSO, Office for National Statistics, GFK, Markit, EU Commission. GDP and unemployment forecasts assume current UK-EU trading arrangements apply over the forecast horizon consistent with a further extension of Article 50 or a transition period

Transform the Bank

Culture | **Systems** | **Business model**

H1 2019 Progress

- **Colleague engagement continuing to improve,** up +7% since 2017
- Continue to create a **leaner, simplified and agile organisation** with 70% of end state spans and layers structure completed to date
- ATM and debit cards **successfully migrated to new platform**
- Mobile app **technical version produced** ahead of customer launch later in 2019
- **Automated over 100 business processes through robotics,** reducing operational risk and processing times, improving efficiency and customer experience
- Exit from **Credit Cards, unprofitable ATMs and Current Accounts** in the UK

Target Outcomes

- Strengthened culture
- Cost base to reduce to c.€1.7bn in 2021
- Absolute cost level declining year-on-year to 2021
- Income growth

Serve Customers Brilliantly

Embedding voice of customer in our businesses

Investing in digital and physical channels

New brand strategy

H1 2019 Progress	Target Outcomes
• Leading supporter of **home building and buying** in Ireland; – Approved €750m in **development financing** – €1bn **Green Fund** launched; and – Expanding **mortgage distribution platform** through mortgage broker network • Launched Ireland's first **Financial Wellbeing programme** designed to help customers to better understand, plan and improve their finances • Established a **Vulnerable Customer Relationship Unit** • Continued investment in our **branch network, contact centre and digital channels** is improving our customer experience • **Digital application tracker** launched, initially for personal loans, facilitating real-time order tracking by customers • **New brand strategy launched** supported by multi-year customer strategies	• Significant improvement in customer satisfaction and advocacy • Straight through processing; digital journeys • API foundation for Open Banking • #1 for customer experience and brand in Ireland

Grow Sustainable Profits

	H1 2019 Progress	2021 Target
Improved profitability	Headline RoTE of 6.8% Adjusted RoTE of 6.5%[1]	RoTE in excess of 10%
Efficient business	Cost reduction of €30m (3%) vs. H1 2018	Cost base of c.€1.7bn Costs reduce every year: 2018-2021 Cost income ratio of c.50%
Robust capital position	Fully loaded CET1 ratio of 13.6%	CET1 ratio in excess of 13%
Sustainable dividends	Dividend accrual of €100m - equivalent to an annualised dividend per share of 18.5c	Increase prudently and progressively; over time will build towards a payout ratio of around 50% of sustainable earnings

[1] See Slide 52 for calculation

Group CFO
Andrew Keating

Key areas of focus

Income growth

Transformation of cost base

Capital generation, investment and return

Target is to increase RoTE to in excess of 10% by 2021

Underlying profit before tax of €376m

	H1 2018 (€m)	H1 2019 (€m)
Total income	**1,398**	**1,411**
– Net interest income	*1,076*	*1,069*
*– Other income (net)**	*322*	*342*
Operating expenses (before levies and regulatory charges)	(933)	(903)
– Operating expenses	*(882)*	*(840)*
– Transformation Investment charge	*(51)*	*(63)*
Levies and Regulatory charges	(67)	(73)
Operating profit pre-impairment	**398**	**435**
Net Impairment (charges) / gains	81	(79)
Share of associates / JVs	21	20
Underlying profit before tax	**500**	**376**
Non-core items	(46)	(61)
Profit before tax	**454**	**315**
**Of which additional gains,valuation and other items*	*(1)*	*31*
Net interest margin (NIM)	2.23%	2.16%
Cost income ratio[1]	66%	65%

Operating profit pre-impairment – increase of 9% reflecting positive jaws

- Total income of €1,411m increased 1% vs. H1 2018
  - Net interest income of €1,069m in line with H1 2018, reflects lower NIM of 2.16% offset by higher loan volumes
  - Other income of €342m includes sustainable and diversified business income of €311m (H1 2018: €323m)[2] and additional gains, valuation and other items of €31m (H1 2018: net charge of €1m)
- Operating expenses (before levies and regulatory charges) of €903m; reduction of 3% / €30m vs. H1 2018

Impairment charge of €79m / 21bps

- Net impairment charge of €79m in H1 2019
- Write backs in H1 2018 not repeated in H1 2019

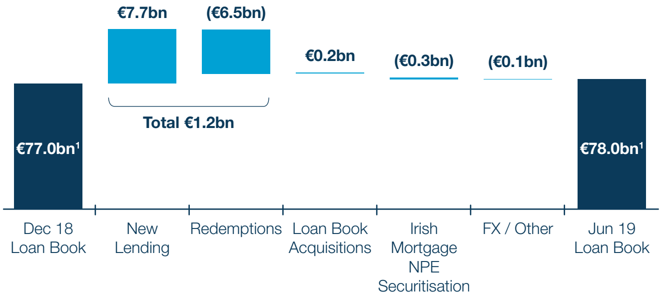
Non-core Items of €61m

- Restructuring costs of €21m mainly relating to redundancy and property; and
- Charges associated with customer redress on Tracker Mortgage Examination €55m; partially offset by
- Gross up for policyholder tax in Wealth and Insurance business of €22m (H1 2018: (€2m))

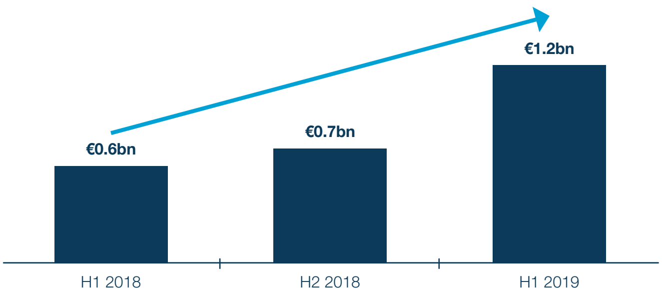
[1] See Slide 51 for calculation
[2] Business income in H1 2018 includes €21m relating to UK Cards and ATMs classified as non-core during H1 2019

Net lending growth of €1.2bn

Group loan book movement



Net lending of €1.2bn



Net lending growth of €1.2bn in H1 2019

- Expect further net lending growth in H2 2019, while maintaining our risk and commercial discipline

Ireland: €0.2bn net lending growth

- Mortgages net lending €0.2bn lower with market share of 23%
- SME net lending €0.1bn lower: growth in market share
- Consumer net lending growth of €0.1bn
- Corporate Banking net lending growth of €0.4bn

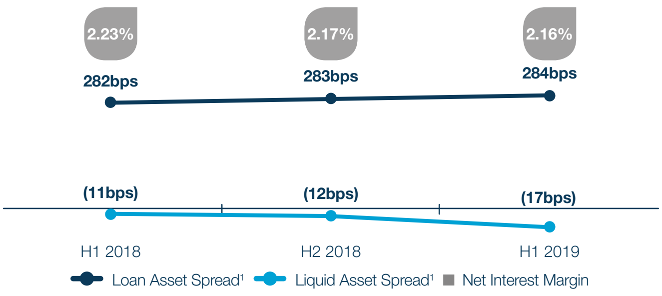
UK / International: €1.0bn net lending growth

- Mortgages net lending €0.1bn lower; new lending down 15% on H1 2018 reflecting market dynamics
- Consumer net lending growth of €0.2bn; strong performance through AA brand
- Northridge net lending growth of €0.4bn; distribution expanding, risk appetite unchanged
- SME / Other – net lending €0.2bn lower due to continued wind down of legacy portfolio
- Corporate UK net lending growth of €0.3bn; maintaining disciplined approach to growth with Brexit focus
- Acquisition Finance: net lending growth of €0.4bn; remain risk focussed with 4 out of 5 loans declined

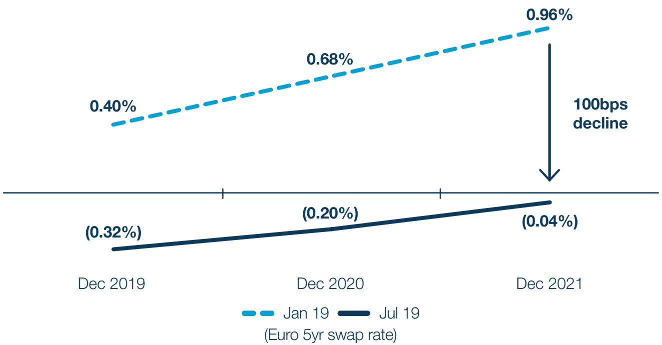
[1] Includes UK Credit Card portfolio €0.6bn classified as held for sale as at June 2019. Sale completed in mid July 2019

NIM – Strong commercial discipline on pricing

Net interest margin drivers



Lower for longer interest rates



NIM of 2.16% in H1 2019

- H1 2019 NIM of 2.16%
- Maintaining strong commercial pricing discipline – loan asset spreads stable at 284bps in H1 2019
- The impact on NIM from competitive pressures in the UK mortgage market have stabilised in H1 2019

Outlook

- During 2019, the expected EUR 5 year swap rate in 2021 declined by 100bps
- 2019 is expected to be slightly lower than H1 NIM of 2.16%
- 2020 / 2021: trending mid to high single digit bps lower than 2.16%

[1] Spread = Loan asset yield or Liquid asset (excl. NAMA bonds) yield less Group's average cost of funds

Sustainable business income

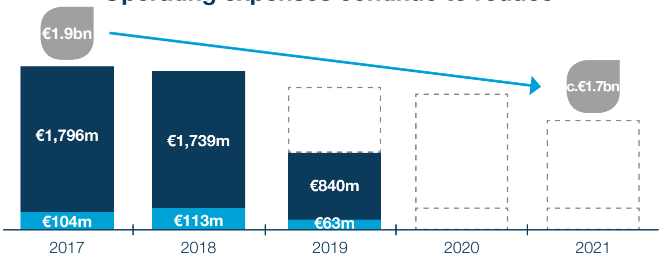
	H1 2018 (€m)	H1 2019 (€m)
Retail Ireland	131	129
Wealth and Insurance	115	119
Retail UK	6	(11)
– UK continuing operations	*(15)*	*(11)*
– UK Cards / ATMs	*21*	*-*
Corporate and Treasury	72	77
Group Centre and other	(1)	(3)
Business Income	**323**	**311**
Additional gains	10	3
Valuation and other items	(11)	28
Wealth and Insurance:		
– Interest rate movements	*(4)*	*15*
– Unit-linked investment variance	*(7)*	*21*
CVA, DVA, FVA, other	*(19)*	*(18)*
IFRS income classifications[1]	*19*	*10*
Other Income	**322**	**342**

- Adjusting for the impact of the sale and repositioning of UK Cards and ATMs (€21m income in 2018), Business Income was €9m / 3% higher in H1 2019 due to market share growth and higher APE sales in Wealth and Insurance and higher income in Corporate & Treasury
- Valuation and other items were a net gain of €28m (H1 2018 net charge of €11m):
  - Lower for longer interest rates have increased the value of the investment bond portfolio;
  - Increase in the value of equity markets in H1 2019 has increased the value of unit-linked assets under management and the associated value of the Group's future fee income

[1] IFRS income classifications include €7 million of interest income in H1 2019 on 'Life loan mortgage products' which on transition to IFRS 9 were mandatorily classified as FVTPL, with all income on such loans reported in 'net other income'. IFRS income classifications are fully offset in net interest income

Costs continue to reduce – net reduction €30m (3%)

Operating expenses continue to reduce



	H1 2018 (€m)	H1 2019 (€m)
Total staff costs	442	414
– Staff costs	*369*	*350*
– Pension costs	*73*	*64*
Other costs[1]	339	277
Depreciation[1]	101	149
Operating Expenses	**882**	**840**
Transformation Investment charge	51	63
Operating Expenses (before levies and regulatory charges)	**933**	**903**
Levies and Regulatory charges	67	73
Total Operating Expenses	**1,000**	**976**
Average staff numbers	10,752	10,368
Cost-income ratio[2]	66%	65%

Transformation of cost base continues

- Expect operating expenses (including transformation investment charge) in 2019 to be lower than 2018 and to reduce every year to c.€1.7bn in 2021
- Operating expenses (before levies and regulatory charges) of €903m reduced by €30m net (3%) vs. H1 2018

Operating expenses of €840m – down €42m (4.8%)

- Staff costs decreased by €19m (5%) vs. H1 2018 reflecting;
  - 4% lower average staff numbers
  - Changing staff mix with fewer management layers, partially offset by
  - Wage inflation of c.2.6% under the Group Career and Reward framework
- Other costs and depreciation reduced by €14m from process efficiencies and strategic sourcing, partially offset by higher depreciation from investment in technology
- Includes cost reduction of €26m relating to exiting UK Cards and ATMs

Transformation Investment charge of €63m

- Total transformation investment in H1 2019 of €138m, in line with expectations
- €63m (46%) charged to the income statement

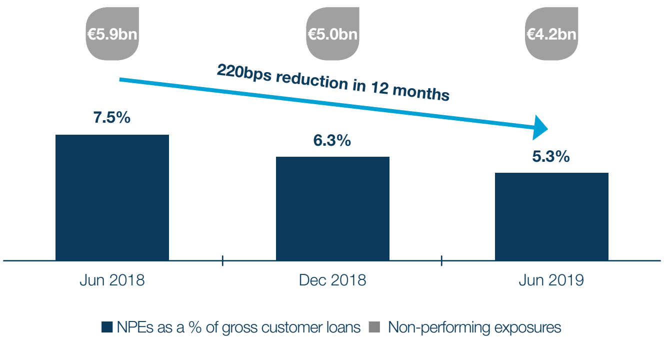
Levies and Regulatory charges of €73m

- Expect levies and regulatory charges to total €115m – €120m for FY 2019

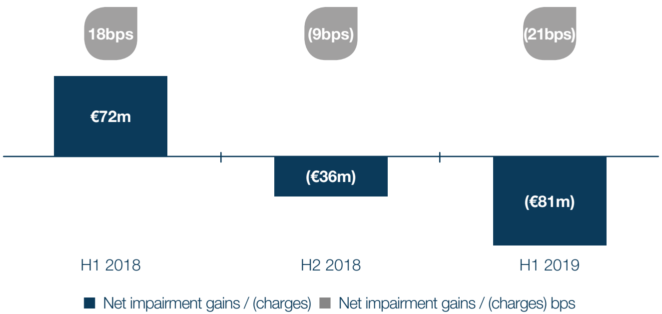
[1] The adoption of IFRS 16 resulted in a decrease in other costs of €42m and an increase in depreciation of €38m
[2] See Slide 51 for calculation

NPE ratio now at 5.3%; a reduction of 100bps in six months

Non-performing exposures (NPEs)



Net impairment gains / (charges)



Asset quality continues to improve

- NPE ratio improved by 100bps to 5.3% in H1 2019
- NPEs of €4.2bn, a reduction of €0.8bn (16%) during H1 2019; NPE reductions achieved broadly within impairment loss allowance

NPE resolution strategies

- Irish Buy to Let mortgage securitisation (c.€0.4bn) was executed in April 2019, unlocked 30bps of CET1 capital. Further c.€0.2bn of loans prioritised for transaction during H2 2019
- NPE reduction strategies will be kept under review to respond to the associated and evolving regulatory framework
- Expect further reductions in H2 2019 and beyond. Pace will be influenced by a range of factors including new ‘Definition of Default’ regulatory rules expected to be implemented by the Group during 2020

Net impairment charge of €81m / 21bps in H1 2019

- Net impairment charge on loans and advances to customers of €81m for H1 2019 (21bps)
- Absent a change in the economic environment or outlook, expect net impairment charge to be in the range of 20bps – 30bps p.a. during 2019-2021

Capital and liquidity available to support growth

	Dec 2018 (€bn)	Jun 2019 (€bn)
Customer loans	77	78
Liquid assets	25	23
Wealth and Insurance assets	17	18
Other assets	5	7
Total assets	**124**	**126**
Customer deposits	79	80
Wholesale funding	11	10
Wealth and Insurance liabilities	17	18
Other liabilities	7	8
Shareholders' equity	9	9
Additional Tier 1 security & other	1	1
Total liabilities	**124**	**126**
TNAV per share	€7.87	€7.88
Dividend per share	16.0c	18.5c[1]
Closing EUR / GBP FX rates	0.89	0.90

Strong liquidity ratios

- Liquidity Coverage Ratio: 134%
- Net Stable Funding Ratio: 128%
- Loan to Deposit Ratio: 97%

Customer deposits: €80.2bn

- Customer deposits predominantly sourced through retail distribution channels

Wholesale funding: €10.2bn

- Monetary Authority borrowings of €1.9bn[2] have reduced by €0.8bn since Dec 2018 primarily due to repayment of funding drawn under the ECB's TLTRO
- MREL target of €13.3bn (representing 26.4% of RWA at Dec 2016) to be met by 1 Jan 2021:
  - MREL ratio of 21.1% based on RWA at Jun 2019 (22.3% pro forma including €600m senior debt issued in July 2019)
  - Modest MREL eligible issuance of c.€1bn – €2bn p.a. anticipated

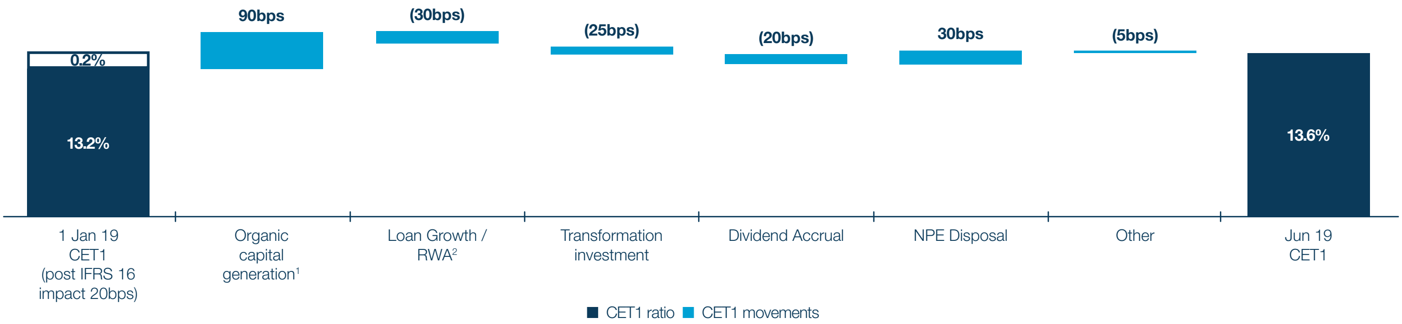
Leverage Ratio

- Fully Loaded Leverage Ratio: 6.6%
- Regulatory Leverage Ratio: 7.2%

1 Dividend accrual of €100m (c.20bps of CET1 capital) in H1 2019, equivalent to an annualised dividend per share of 18.5c
2 Monetary Authority borrowings of €1.9bn at Jun 19 included €0.3bn of ECB TLTRO funding and €1.6bn of BOE funding through TFS (c.€1.4bn) and ILTR (c.€0.2bn)

Strong capital generation and robust capital position

Fully loaded CET1 ratio
Increased by 40bps



Capital position

- Strong capital position with fully loaded CET1 ratio of 13.6%, net increase of 40bps during H1 2019
- Continued organic capital generation with 90bps of capital generated in H1 2019
- Securitisation of Irish BTL mortgage NPEs (c.€0.4bn) completed in April 2019 unlocked 30bps of CET1 capital
- No change to capital guidance;
  - The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period[3]
  - This includes meeting applicable regulatory capital requirements plus an appropriate management buffer[4]

[1] Organic capital generation primarily consists of attributable profit and movements in regulatory deductions
[2] Loan Growth / RWA primarily consists of RWA movements from net loan growth and changes in asset quality and book mix
[3] The Other Systemically Important Institution (O-SII) buffer was introduced at 0.5% in July 2019, increasing to 1.0% in July 2020 and 1.5% in July 2021
[4] The Central Bank of Ireland has requested the power to introduce a Systemic Risk Buffer (SyRB) in Ireland, which could increase capital demand. The size, timing and application of any potential SyRB are currently unknown

Strategic investment and rigorous allocation of capital

Organic capital generation (90bps)

Investment / allocation of capital

1	**Growth in loan book 200-250bps**	• CET1 of c.200-250bps to accommodate loan book growth of c.20% over 4 years (2018 – 2021) • Net lending growth of €1.2bn (c.30bps) in H1 2019
2	**Transformation 50-60bps p.a.**	• Transformation Programme: investment of 50-60bps p.a. (2018-2021) • Transformation investment of €138m (c.25bps) in H1 2019 • On track to reduce costs in 2019 and every year to c.€1.7bn in 2021
3	**Regulatory capital demand**	• IFRS 16 impact of c.20bps on 1 Jan 2019 • Evolving regulatory framework including EBA and ECB guidelines (Definition of Default, IRB models, NPE requirements, etc.) could consume c.80bps of CET1 by end 2021 • The Central Bank of Ireland has requested the power to introduce a Systemic Risk Buffer (SyRB) in Ireland, which could increase capital demand. The size, timing and application of any potential SyRB are currently unknown • Will pursue opportunities to unlock capital in balance sheet as appropriate
4	**Dividend / distributions**	• Dividend accrual of €100m (equivalent to an annualised dividend per share of 18.5c) • No change to dividend policy or guidance

H2 2019 – Outlook

Growth

- **Net lending growth** while maintaining commercial discipline on risk and pricing
- **NIM** in 2019 expected to be slightly lower than H1 NIM of 2.16%
- Continued **growth in Wealth and Insurance** business

Efficiency

- **Costs** in 2019 to be lower than 2018
- Expect further **reduction in NPEs**
- Expect net impairment charge to be in the **range of 20bps – 30bps p.a. during H2 2019**[1]

Returns

- Continue to **generate strong organic capital**
- **Dividend** to increase prudently and progressively; over time will build towards a payout ratio of around 50% of sustainable earnings

RoTE target: in excess of 10% by 2021

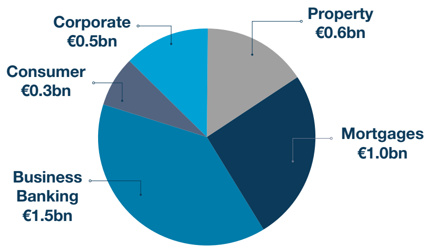
[1] Absent a change in the economic environment or outlook

Strategic Outlook

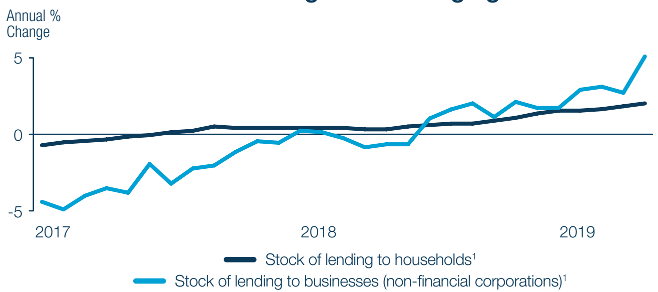
Francesca McDonagh, Group CEO

Leading Irish retail and commercial bank; unlocking growth in our home market

New lending of €3.8bn in H1 2019



Irish credit growth emerging



Unique franchise…

- Over **2 million** consumer, business and wealth and insurance customers
- **Largest lender** to the Irish economy for 6 years running
- **Leading market shares** in mortgage, SME, consumer and wealth products
- **Ireland's only bancassurer**
- **Leading Business Bank** in Ireland
- **#1 lender to Corporate Ireland**
- **Largest branch physical footprint**, with 265 branches
- **Digitally enabled with 80%** of customers digitally active
- Ireland is the **fastest growing economy** in Europe
- Demographics support further growth with **youngest population in Europe**

…with growth and efficiency upside

- Leading supporter of home **building and buying**
  - **€750 million** in development finance approved
  - **Mortgage market** expected to grow significantly
- **€1bn green fund** launched supporting mortgage, consumer and SME customers
- Supporting and partnering our **business** customers helping them navigate Brexit; **€2bn Brexit fund launched**
- Continued growth in **penetration of wealth product holdings** for bank customers; **launch of digital pensions platform** in H2 2019
- **Serving customers brilliantly** with efficiencies through customer journey automation and simplification

[1] Source: Central Bank of Ireland, Banks balance sheet basis, excludes loan sales and securitisations

Execution of strategy improving UK returns

	H1 2019 Progress	Future focus
Invest	• Increased market share and new lending in higher margin personal loans and Northridge businesses (supported by broadened distribution network), accounting for 42% of H1 2019 new lending (33% in H1 2018) • Successful launch of higher margin bespoke mortgages with £100m in offers in first 100 days • Disciplined commercial and risk focus maintained in context of ongoing macro uncertainty	• Continue to progress higher margin lending initiatives while maintaining disciplined risk focus
Improve	• Costs reduced by 19% vs. H1 2018 with cost-income ratio of 60% (H1 2018: 66%) • Inaugural wholesale funding transaction completed in June 2019	• Further significant reduction in costs (targeting c.50% cost-income ratio) • Ongoing margin optimisation across lending and deposit books
Reposition	• Sale of UK credit cards portfolio adding c.0.7% to UK RoTE • Exit from Post Office current accounts and unprofitable Post Office ATMs	• Ongoing wind-down of legacy portfolios

Increase RoTE to high single digit by 2021

Continued delivery on transformation

H1 2019 milestones achieved

- First Data migration completed, the largest in the Bank's history, to enable further capability enhancements
- Modernised payments infrastructure established, providing greater capacity, improved stability and higher speed processing
- New digital Life Assurance underwriting system delivering faster decisions
- Strengthened security and cyber defences

Future milestones planned

- Bank's mobile app to launch in Q4 2019; customer migration to begin in Q4 2019 and continue into 2020
- Launch of Group Pensions digital platform and expansion of Wealth Advice digital platform in H2 2019
- Operationalisation of single view of the customer in 2020

Support growth

Improve customer experience

Drive efficiency

Delivery of 2021 targets to be our constant focus

Levers to mitigate changing environment

- Relentless focus on cost opportunities
- Selective growth in key areas
- Prudent price management
- Business model simplification
- Continued delivery on transformation and IT change
- Efficient capital allocation

Efficient business

Robust capital position

Sustainable dividends

Target is to increase RoTE to in excess of 10% by 2021

Appendix

Appendix

BOI Overview: Ireland

Ireland's leading retail and commercial bank

Retail Ireland

Consumer | **Business** | **Wealth**

Unique customer franchise

- **1.7m** active consumer customers
- **200k** SME customers
- **500k** Wealth and Insurance customers

Supporting local communities & enterprises

- **265 branches,** >2,800 front line staff
- **Reinventing branches** with workbenches and event spaces driving local community, enterprise and business development activity
- **440** community and enterprise events including National Enterprise Week and National Enterprise Town Awards, supporting local businesses and community groups

Extensive engagement via digital channels

- **80% digitally active** current account base
- **75%** of sessions / visits are via mobile device
- **Average of >23m** interactions in our digital channels every month

Corporate Ireland

Corporate Banking Ireland

- **#1 Corporate Bank** in Ireland
- **#1 Bank** for FDI into Ireland
- **Country-wide** coverage via regional hubs
- Banking relationship with **60%** of Ireland's top companies
- **>500** corporate customers: average 5 products held per customer

Property Finance

- **Disciplined approach** to risk management
- **60** Specialist staff; **>175** customers
- **Leading lender** of investment property and construction

Markets & Treasury

- Leading **treasury service provider**
- Track record of **innovation**

BOI Overview: UK / International

Attractive UK and International businesses provide diversification and further opportunities for growth

Retail UK

Partnerships

- **Over 40 years** in Great Britain
- **11.5k branches** through Post Office partnership
- **#1 travel money** business in the UK (FRES)
- Access to **3.2m AA members**

Northern Ireland

- **Full service** retail and commercial bank
- A distribution network of **28 branches**, including six business centres
- Over **190 years** since first branch opened

Niche Businesses

- Motor asset finance and motor lease finance business
- **Proven track record** of strong growth and disciplined risk appetite
- **£2.1bn loan book** with c.200k customers

Corporate UK / International

Corporate Banking UK

- **Sector focused** business in UK with **5** specialist industry sectors, industrials & manufacturing, technology, consumer & hospitality, media and business services
- **>80** Customers
- **Scalable platform** with highly disciplined approach and attractive growth opportunity

Acquisition Finance

- Mid market US / European Acquisition Finance business; **strong 20 year+ record**
- **Well recognised lead arranger**
- **6** international offices – Opened Madrid office in H1 2019, supporting our existing customers in that region
- **>200** customers, c.75% business from repeat sponsors

BOI Overview

Income Statement

	FY 2015 (€m)	FY 2016[2] (€m)	FY 2017[3] (€m)	FY 2018 (€m)	H1 2019 (€m)
Total income	3,272	3,126	3,049	2,805	1,411
– Net interest income	*2,454*	*2,298*	*2,248*	*2,146*	*1,069*
– Other income (net) before additional gains and valuation items	*626*	*615*	*662*	*672*	*311*
– Additional gains, valuation and other items	*192*	*213*	*139*	*(13)*	*31*
Operating expenses	(1,746)	(1,741)	(1,796)	(1,739)	(840)
Transformation Investment charge	-	(41)	(104)	(113)	(63)
Levies and Regulatory charges	(75)	(109)	(99)	(101)	(73)
Operating profit pre-impairment	**1,451**	**1,235**	**1,050**	**852**	**435**
Net impairment (charges) / gains	(296)	(178)	(15)	42	(79)
Share of associates / JVs	46	41	43	41	20
Underlying profit before tax	**1,201**	**1,098**	**1,078**	**935**	**376**
Non core items	31	(63)	(226)	(100)	(61)
Profit before tax	**1,232**	**1,035**	**852**	**835**	**315**
Net interest margin	2.19%	2.20%	2.29%	2.20%	2.16%
Cost / income ratio[1]	53%	57%	62%	66%	64%

[1] Cost / income ratio is calculated as operating expenses (excluding levies and regulatory charges) divided by total income
[2] Comparative figures for 2016 have been restated to reflect the impact of the reclassification of the charges relating to the Central Bank of Ireland's Tracker Mortgage Examination Review as non-core and the impact of the voluntary change in the Group's accounting policy for Life assurance operations
[3] Comparative figures have been restated to reflect the impact of the reclassification of €7 million of costs from the Transformation Investment charge (formerly the Core Banking Platform Investment charge) to Operating expenses (before Transformation Investment and levies and regulatory charges) for 2017

BOI Overview

Summary Balance Sheet

	Dec 15 (€bn)	Dec 16 (€bn)	Dec 17 (€bn)	Dec 18 (€bn)	Jun 19 (€bn)
Customer loans[1]	85	78	76	77	78
Liquid assets	24	21	24	25	23
Wealth and Insurance assets	16	17	17	17	18
Other assets	6	7	6	5	7
Total assets	**131**	**123**	**123**	**124**	**126**
Customer deposits	80	75	76	79	80
Wholesale funding	14	14	13	11	10
Wealth and Insurance liabilities	16	17	17	17	18
Other liabilities	10	6	5	5	7
Subordinated liabilities and AT1	3	2	3	3	2
Shareholders' equity	8	9	9	9	9
Total liabilities & Shareholders' equity	**131**	**123**	**123**	**124**	**126**
Fully loaded CET1 ratio	11.3%	12.3%	13.8%	13.4%	13.6%
Net stable funding ratio	120%	122%	127%	130%	128%
Loan to deposit ratio	106%	104%	100%	97%	97%
TNAV per share (excl. DPS)	€7.24	€7.40	€7.52	€7.87	€7.88
Dividend per share (DPS)	-	-	11.5c	16.0c	18.5c[2]

[1] Loans and advances to customers is stated after impairment loss allowance
[2] Dividend accrual of €100m (c.20bps of CET1 capital) equivalent to an annualised dividend per share of 18.5c

BOI Overview

Profile of customer loans[1] at Jun 19 (Gross)

Composition (Jun 19)	ROI (€bn)	UK (€bn)	RoW (€bn)	Total (€bn)	Total (%)
Mortgages	**23.2**	**21.6**	**0.0**	**44.8**	57%
Non-property SME and corporate	**11.0**	**4.8**[2]	**4.5**	**20.3**	25%
SME	*7.5*	*1.6*	*0.0*	*9.1*	*11%*
Corporate	*3.5*	*3.2*	*4.5*	*11.2*	*14%*
Property and construction	**5.8**	**2.0**	**0.7**	**8.5**	11%
Investment property	*5.2*	*1.8*	*0.7*	*7.7*	*10%*
Land and development	*0.6*	*0.2*	*0.0*	*0.8*	*1%*
Consumer	**2.2**	**3.5**[3]	**0.0**	**5.7**	7%
Customer loans (gross)	**42.2**	**31.9**	**5.2**	**79.3**	**100%**
Geographic (%)	53%	40%	7%	100%	

[1] Based on geographic location of customer
[2] Includes GB business and corporate loan books, which BOI is required to run down under its EU approved Restructuring Plan (Jun 2019: £0.4bn; Dec 2018: £0.4bn)
[3] Includes UK Credit Card portfolio €0.6bn classified as held for sale as at June 2019. Sale completed in mid July 2019

Debt Securities at fair value through other comprehensive income (FVOCI)

	ROI (€bn)	UK (€bn)	France (€bn)	Other (€bn)	Jun 19 (€bn)	Dec 18 (€bn)
Sovereign bonds	2.5	-	0.8	2.5	**5.8**	6.0
Senior debt	-	-	0.3	1.9	**2.2**	2.2
Covered bonds	0.2	0.2	0.9	2.3	**3.6**	3.7
Subordinated debt	-	0.1	-	-	**0.1**	0.1
Total	**2.7**	**0.3**	**2.0**	**6.7**	**11.7**	**12.0**
FVOCI Reserve	0.2	-	-	-	**0.2**	0.2

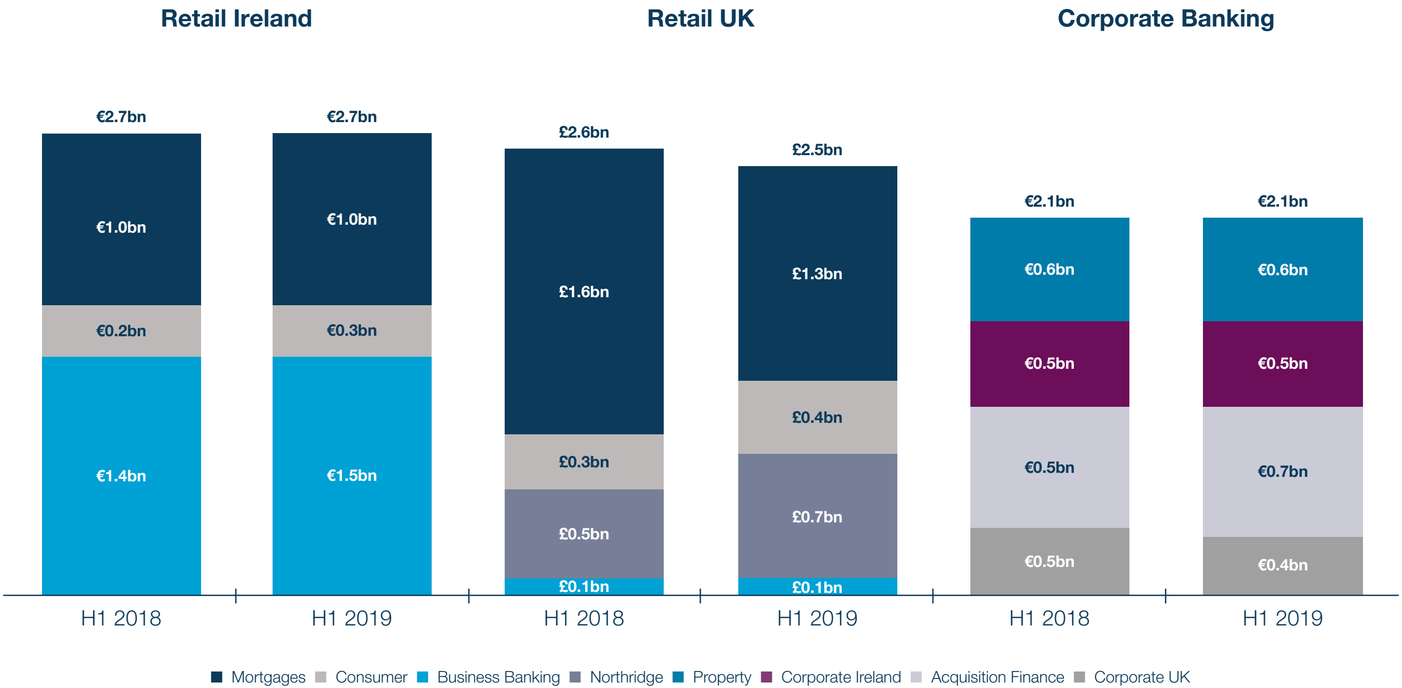
Portfolio

- The Group held €11.7bn of FVOCI debt securities at Jun 2019. Weighted average instrument level credit rating of the portfolio is A+
- Other exposures include supranational entities (€1.6bn), Spain (€1.0bn), Sweden (€0.9bn), Belgium (€0.8bn) and Other (€2.4bn – all exposures less than €0.5bn)

NAMA

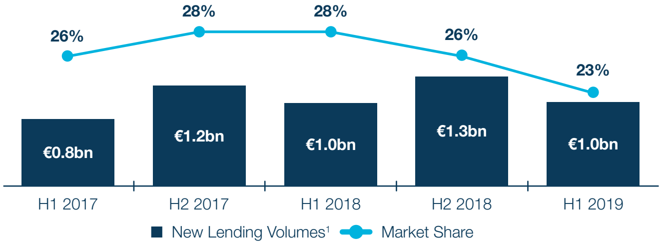
- The Group holds NAMA subordinated bonds – €70m nominal value, valued at 103% at Jun 2019 (Dec 18 – 104%)

Gross new lending volumes in H1 2019

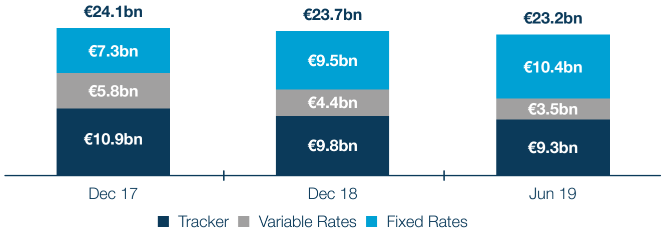


ROI Mortgages: €23.2bn

New Lending volumes and Market Share



ROI Mortgages (gross)



Pricing strategy
- Fixed rate led mortgage pricing strategy which provides value, certainty and stability to our customers and to the Group
- Fixed rate products accounted for c.92% of our new lending in H1 2019, up from c.30% in 2014

Distribution strategy – expansion into broker channel
- Accelerating on-boarding of new brokers following successful re-entry into broker market in Q4 2018 (Brokers accounted for c.25% of the market in H1 2019)

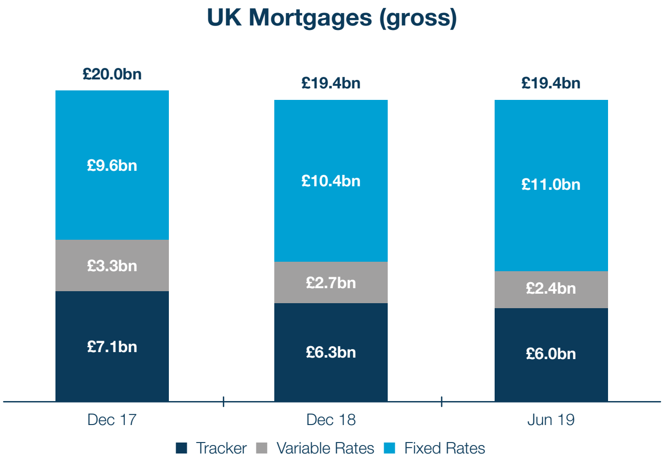
Wider proposition
- 7 in 10 ROI customers who take out a new mortgage take out a life assurance policy through BOI Group
- 3 in 10 ROI customers who take out a new mortgage take out a general insurance policy through BOI Group with insurance partners

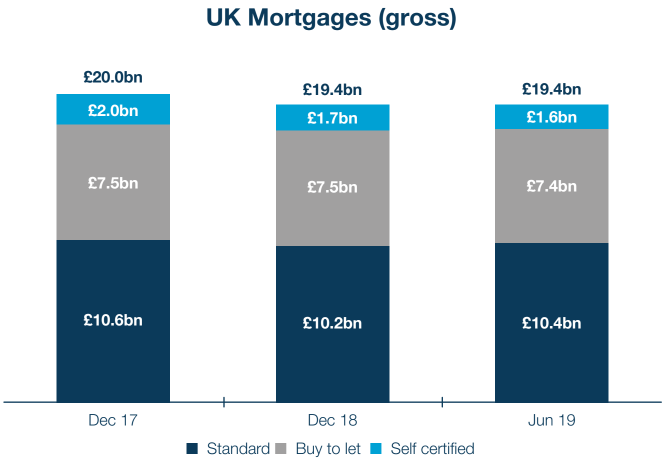
LTV profile
- Average LTV of 61% on existing mortgage stock at Jun 2019 (Dec 18: 61%)
- Average LTV of 74% on new mortgages in H1 2019 (Dec 18: 71%)

Tracker mortgages
- €8.8bn or 95% of trackers at June 2019 are on a capital and interest repayment basis
- 80% of trackers are Owner Occupier mortgages; 20% of trackers are Buy to Let mortgages
- Loan asset spread on ECB tracker mortgages was c.64bps[2] in H1 2019

[1] Excluding portfolio acquisitions (H1 2017 – Nil; H2 2017 – €0.1bn; H1 2018 – Nil; H2 2018 – Nil; H1 2019 – Nil)
[2] Average customer pay rate of 110bps less Group average cost of funds of 46bps

UK Mortgages: £19.4bn / €21.6bn





LTV profile

- Average LTV of 62% on existing stock at Jun 2019 (Dec 18: 62%)
- Average LTV of 74% on new UK mortgages in H1 2019 (2018: 72%)

Income Statement

Divisional performance – all trading divisions have increased their operating profit pre-impairment

6 months ended Jun 19	Operating Profit pre-impairment (€m)	Underlying profit / (loss) before tax and additional gains, valuation and other items / (losses) (€m)	Additional gains, valuation and other items[1] (€m)	Underlying profit / (loss) before tax (€m)
Retail Ireland	260	263	-	263
Wealth and Insurance	84	48	36	84
Retail UK – €	112	88	4	92
Retail UK – £	*97*	*77*	*3*	*80*
Corporate and Treasury	250	230	(23)	207
Group Centre & other	(208)	(211)	4	(207)
Transformation Investment charge	(63)	(63)	-	(63)
Group	**435**	**355**	**21**	**376**

6 months ended Jun 18	Operating Profit pre-impairment (€m)	Underlying profit / (loss) before tax and additional gains, valuation and other items / (losses) (€m)	Additional gains, valuation and other items (€m)[1]	Underlying profit / (loss) before tax (€m)
Retail Ireland	240	352	(7)	345
Wealth and Insurance	34	45	(11)	34
Retail UK – €	105	116	(3)	113
Retail UK – £	*92*	*102*	*(3)*	*99*
Corporate & Treasury	244	228	5	233
Group Centre & Other	(174)	(170)	(4)	(174)
Transformation Investment charge	(51)	(51)	-	(51)
Group	**398**	**520**	**(20)**	**500**

[1] Excludes IFRS income classifications which is fully offset in net interest income

Interest Rate Sensitivity

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

Estimated sensitivity on Group income (1 year horizon)	Dec 18 (€m)	Jun 19 (€m)
100bps higher	c.180	c.200
100bps lower	(c.210)	(c.230)

The estimates incorporate certain management assumptions primarily related to:

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

In addition, changes in market interest rates could impact a range of other items including the valuation of the Group's IAS19 defined benefit pension schemes

Income Statement

Net interest income analysis

	H2 2017			H1 2018			H2 2018			H1 2019		
	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[1]	35.3	545	3.07%	34.6	531	3.09%	34.4	531	3.06%	34.2	517	3.05%
UK Loans	28.0	430	3.05%	28.1	440	3.16%	27.6	447	3.21%	27.5	439	3.22%[5]
C&T Loans	12.8	253	3.92%	13.6	259	3.85%	14.6	287	3.89%	15.8	312	3.98%
Total Loans & Advances to Customers	**76.1**	**1,228**	**3.20%**	**76.3**	**1,230**	**3.25%**	**76.6**	**1,265**	**3.28%**	**77.5**	**1,268**	**3.30%**
Liquid Assets	20.8	43	0.41%	22.1	35	0.32%	22.7	38	0.33%	22.9	33	0.29%
NAMA Sub Debt	0.3	17	11.97%	0.2	4	3.50%	0.1	2	5.24%	0.1	2	5.40%
Total Interest Earning Assets	**97.2**	**1,288**	**2.63%**	**98.6**	**1,269**	**2.60%**	**99.4**	**1,305**	**2.60%**	**100.5**	**1,303**	**2.61%**
Ireland Deposits	20.4	(9)	(0.08%)	20.5	(8)	(0.08%)	20.7	(8)	(0.08%)	20.7	(7)	(0.07%)
Credit Balances[2]	29.3	4	0.03%	30.5	2	0.01%	32.8	3	0.02%	34.5	3	0.02%
UK Deposits	18.2	(74)	(0.80%)	18.9	(81)	(0.86%)	18.6	(88)	(0.94%)	18.3	(91)	(1.00%)
C&T Deposits	5.2	(9)	(0.35%)	4.7	(9)	(0.39%)	4.9	(9)	(0.37%)	5.1	(9)	(0.35%)
Total Deposits	**73.1**	**(88)**	**(0.24%)**	**74.6**	**(96)**	**(0.26%)**	**77.0**	**(102)**	**(0.26%)**	**78.6**	**(104)**	**(0.27%)**
Wholesale Funding[3]	12.3	(36)	(0.58%)	12.3	(45)	(0.73%)	11.0	(52)	(0.94%)	10.3	(54)	(1.06%)
Subordinated Liabilities	1.8	(42)	(4.80%)	2.1	(49)	(4.77%)	2.1	(51)	(4.86%)	2.0	(49)	(4.85%)
Total Interest Bearing Liabilities	**87.2**	**(166)**	**(0.38%)**	**89.0**	**(190)**	**(0.43%)**	**90.1**	**(205)**	**(0.45%)**	**90.9**	**(207)**	**(0.46%)**
IFRS Income Classification		5			7			7			2	
Other[4]		(25)			9			(22)			(19)	
Net Interest Margin	**97.2**	**1,102**	**2.25%**	**98.6**	**1,095**	**2.23%**	**99.4**	**1,085**	**2.17%**	**100.5**	**1,079**	**2.16%**
Average ECB Base rate			0.00%			0.00%			0.00%			0.00%
Average 3 month Euribor			(0.33%)			(0.33%)			(0.32%)			(0.31%)
Average BOE Base rate			0.32%			0.50%			0.70%			0.75%
Average 3 month LIBOR			0.38%			0.62%			0.82%			0.84%

1 Includes average interest earning assets of c.€0.3bn in H1 2019 carried at FVTPL with associated H1 2019 interest income of c.€7m
2 Credit balances in H1 2019: ROI €26.5bn, UK €3.5bn, C&T €4.5bn
3 Includes impact of credit risk transfer transactions executed in Dec 2016 and Nov 2017
4 Includes IFRS 16 lease expense and adjustments that are of a non-recurring nature such as customer termination fees and EIR adjustments
5 Excludes income (c.5bps) relating to the repositioning of the UK cards portfolio as non-core in H1 2019 due to classification as held for sale

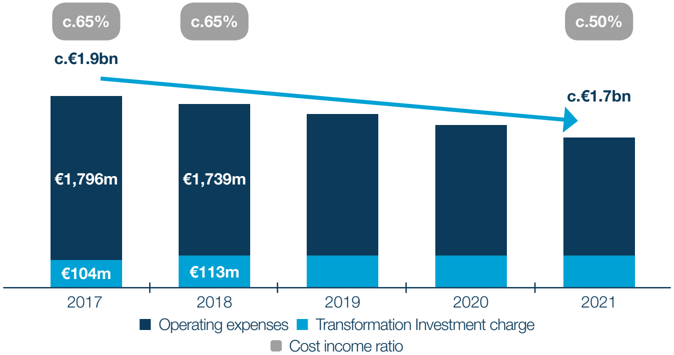
Non-core items

	H1 2018 (€m)	H1 2019 (€m)
Customer redress programme	-	(62)
– Tracker Mortgage Examination	-	*(55)*
– Other programme	-	*(7)*
Cost of restructuring programme[1]	(51)	(21)
(Loss) / gain on disposal / liquidation of business activities	-	(3)
Gain on disposal of Property	7	-
Investment return on treasury stock held for policyholders	-	1
UK business divestments, net of disposal costs[2]	-	2
Gross-up for policyholder tax in the Wealth and Insurance business	(2)	22
Total non-core items	**(46)**	**(61)**

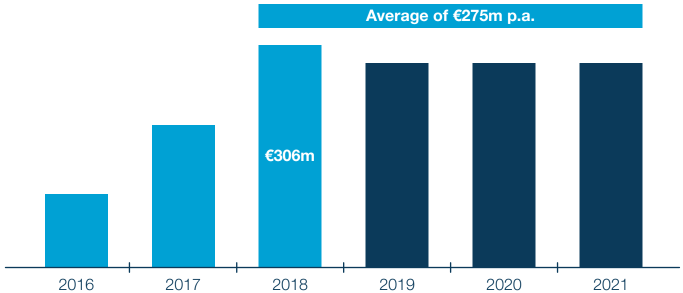
[1] Restructuring costs of €21 million in H1 2019 primarily relate to a reduction in employee numbers (€17 million), programme management costs (€2 million) and costs related to the implementation of the Group's property strategy (€2 million)
[2] Relates to UK Credit Cards, Post Office ATMs and Post Office Current Accounts

Transformation Investment of €1.4bn supporting growth / driving efficiencies

Costs will decrease every year in absolute terms



Investment: €1.4bn (2016-2021)



Transformation investments are supporting growth and driving efficiencies – Investor day targets

- Cost target of c.€1.7bn in 2021
- Costs reduce every year: 2018 – 2021
- Cost income ratio expected to improve from 65% to c.50% in 2021

Expected[1]	Treatment	2018 (€m)	H1 2019 (€m)	Total (€m)	%
40%	Transformation Investment charge	113	63	176	*40%*
40%	Capitalised as Intangible Assets	100	54	154	*35%*
20%	Non-core restructuring costs	93	21	114	*25%*
100%	**Total**	**306**	**138**	**444**	***100%***
50-60bps p.a.	CET1 (bps)	60bps	25bps		

[1] As outlined at Investor Day in June 2018 in respect of the average investment of €275m p.a. for 2018-2021

Non-performing exposures by portfolio

Composition (Jun 19)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impairment loss allowance (€bn)	Impairment loss allowance as % of non-performing exposures
Residential Mortgages	**44.8**	**2.3**	**5.0%**	**0.5**	**23%**
– Republic of Ireland	23.2	1.8	7.6%	0.4	25%
– UK	21.6	0.5	2.2%	0.1	16%
Non-property SME and Corporate	**20.3**	**1.1**	**5.5%**	**0.6**	**52%**
– Republic of Ireland SME	7.5	0.7	9.3%	0.4	51%
– UK SME	1.6	0.1	6.8%	0.0	41%
– Corporate	11.2	0.3	2.7%	0.2	58%
Property and construction	**8.5**	**0.7**	**8.4%**	**0.3**	**46%**
– Investment property	7.7	0.6	8.6%	0.3	45%
– Land and development	0.8	0.1	6.6%	0.0	57%
Consumer[1]	**5.7**	**0.1**	**2.1%**	**0.2**	**139%**
Total loans and advances to customers	**79.3**	**4.2**	**5.3%**	**1.6**	**38%**

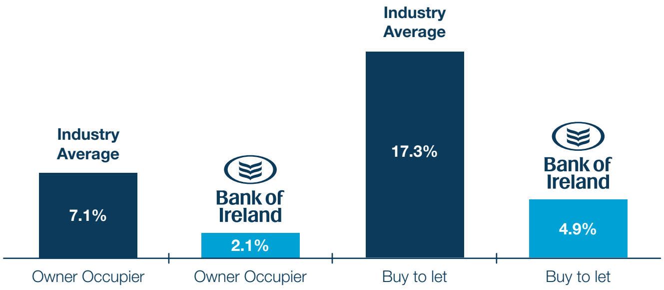
Composition (Dec 18)	Advances (€bn)	Non-performing exposures (€bn)	Non-performing exposures as % of advances	Impairment loss allowance (€bn)	Impairment loss allowance as % of non-performing exposures
Residential Mortgages	**45.4**	**2.8**	**6.0%**	**0.5**	**20%**
– Republic of Ireland	23.7	2.3	9.5%	0.4	21%
– UK	21.7	0.5	2.3%	0.1	15%
Non-property SME and Corporate	**19.5**	**1.2**	**6.2%**	**0.6**	**52%**
– Republic of Ireland SME	7.6	0.8	11.2%	0.4	49%
– UK SME	1.6	0.1	6.1%	0.1	53%
– Corporate	10.3	0.3	2.6%	0.1	60%
Property and construction	**8.3**	**0.9**	**11.0%**	**0.4**	**45%**
– Investment property	7.7	0.8	10.7%	0.4	44%
– Land and development	0.6	0.1	14.0%	0.0	54%
Consumer	**5.2**	**0.1**	**2.1%**	**0.2**	**140%**
Total loans and advances to customers	**78.4**	**5.0**	**6.3%**	**1.7**	**35%**

[1] Includes UK Credit Card portfolio €0.6bn classified as held for sale as at June 2019. Sale completed in mid July 2019

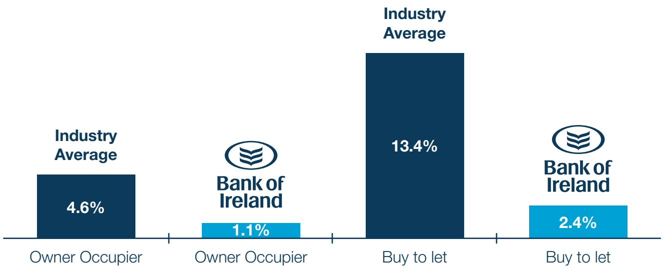
ROI Mortgages

Continued proactive arrears management

>90 days arrears[1]



>720 days arrears[1]



>90 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (30% of industry average) and Buy to Let (28% of industry average)

>720 days arrears

- Bank of Ireland is significantly below the industry average for both Owner Occupier (24% of industry average) and Buy to Let (18% of industry average)

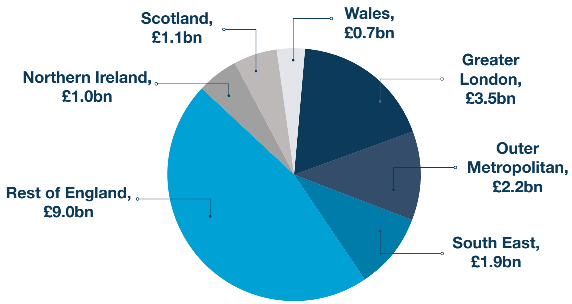
NPE Resolution strategies

- Continued progress on reduction in Irish mortgage NPEs, c.€0.5bn reduction in H1 2019
- Securitisation of Irish BTL mortgage NPEs (c.€0.4bn) was executed in April 2019
- Further c.€0.2bn of loans prioritised for transaction during H2 2019
- NPE reduction strategies will be kept under review to respond to the associated and evolving regulatory framework

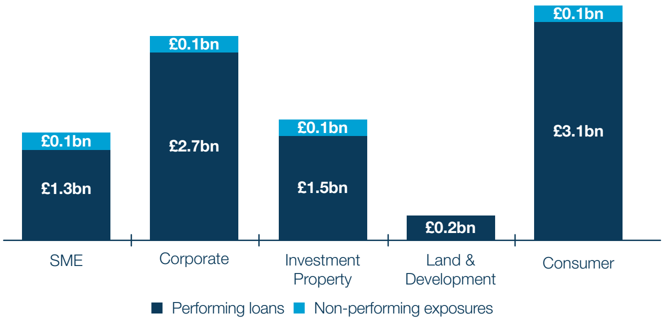
[1] As at March 2019, based on number of accounts, industry average excluding BOI

UK Customer Loans £28.6bn (€31.9bn)

UK Mortgages – £19.4bn



Other UK Customer Loans – £9.2bn



UK Mortgages Analysis – £19.4bn

- Total UK mortgages of £19.4bn; (NPEs: 2%)
  - Average LTV of 62% on total book (2018: 62%)
  - Average LTV of 74% on new mortgages (2018: 72%)
- 70% of the current mortgage portfolio originated since January 2010 are standard owner occupier mortgages
- BTL book is well seasoned with 69% of these mortgages originated prior to January 2010
- Average balance of Greater London mortgages is c.£190k, with 92% of Greater London mortgages having an indexed LTV <70%

Other UK Customer Loans Analysis – £9.2bn

- Non-performing exposures of £0.4bn with strong coverage ratios
- Performing loans of £8.8bn;
  - SME: broad sectoral diversification with low concentration risk
  - Corporate: specialist lending teams in Acquisition Finance, Project Finance, and Corporate lending through a focused sector strategy
  - Investment Property: primarily Retail, Office and Residential sectors
  - Consumer (£3.2bn):
    - Northridge (£1.7bn): Asset backed motor finance business; net loan book increase of £0.3bn in H1 2019; mid-market targeting prime business only; below industry arrears and loan losses
    - Personal loan volumes (£0.9bn): net loan book increase of £0.2bn in H1 2019; improved credit risk process has driven increase in customer applications and drawdowns
    - Credit cards (£0.5bn): classified as held for sale as at Jun 2019

Ordinary shareholders’ equity and TNAV

Movement in ordinary shareholders’ equity	2018 (€m)	H1 2019 (€m)
Ordinary shareholders’ equity at beginning of period	**8,859**	**9,243**
Movements:		
Profit attributable to shareholders	620	195
Impact of adopting IFRS 9	(31)	-
Dividend paid to ordinary shareholders	(124)	(173)
Remeasurement of the net defined benefit pension liability	129	(61)
Debt instruments at FVOCI reserve movements	133	48
Available for sale (AFS) reserve movements	(341)	-
Cash flow hedge reserve movement	(51)	8
Foreign exchange movements	10	(2)
Other movements	39	(1)
Ordinary shareholders’ equity at end of period	**9,243**	**9,257**

Tangible net asset value	Dec 18[1] (€m)	Jun 19 (€m)
Ordinary shareholders’ equity at the end of period	**9,243**	**9,257**
Adjustments:		
Intangible assets and goodwill	(802)	(811)
Own stock held for benefit of life assurance policyholders	25	27
Tangible net asset value (TNAV)	**8,466**	**8,473**
Number of ordinary shares in issue at the end of the period	1,076	1,075
TNAV per share (€)	**€7.87**	**€7.88**
Dividend per share (€) paid during period	€0.115	€0.16

[1] Dec 2018 numbers have been restated to exclude treasury shares held for the benefit of life assurance policyholders

Capital – fully loaded CET1 ratio improved by 40bps

CET1 ratios – Jun 2019

	Regulatory ratio (€bn)	Fully loaded ratio (€bn)
Total equity	10.1	10.1
Less Additional Tier 1	(0.8)	(0.8)
Deferred tax	(0.5)	(1.1)
Intangible assets and goodwill	(0.7)	(0.7)
Foreseeable dividend[1]	(0.1)	(0.1)
Expected loss deduction	(0.4)	(0.4)
Other items[2]	(0.3)	(0.4)
Common Equity Tier 1 Capital	**7.3**	**6.6**
Credit RWA	42.7	42.5
Operational RWA	4.5	4.5
Market, Counterparty Credit Risk and Securitisations	1.7	1.7
Total RWA	**48.9**	**48.7**
Common Equity Tier 1 ratio	**14.9%**	**13.6%**
Total Capital Ratio	**18.0%**	**16.7%**
Leverage Ratio	**7.2%**	**6.6%**

Phasing impacts on Regulatory ratio

- Deferred tax assets – certain DTAs[3] are deducted at a rate of 50% for 2019, increasing annually at a rate of 10% thereafter until 2024
- IFRS 9 – the Group has elected to apply the transitional arrangement which on a Regulatory CET1 basis resulted in minimal impact from initial adoption and will partially mitigate future impacts in the period to 2022. The transitional arrangement allows a 85% add-back in 2019[4], decreasing to 70%, 50%, and 25% in subsequent years

1 Dividend accrual of €100m (c.20bps of CET1 capital) in H1 2019, equivalent to an annualised dividend per share of 18.5c
2 Other items – the principal items being the cash flow hedge reserve, securitisation deduction and 10% / 15% threshold deduction
3 Deferred tax assets due to temporary differences are included in other RWA with a 250% risk weighting applied
4 The IFRS9 addback to the Regulatory CET1 was c.16bps at 30 Jun 2019, reduced from c.18bps at 31 Dec 2018

Capital Guidance and Distribution Policy

Capital Guidance

- The Group expects to maintain a CET1 ratio in excess of 13% on a regulatory basis and on a fully loaded basis by the end of the O-SII phase-in period[1]
- This includes meeting applicable regulatory capital requirements plus an appropriate management buffer[2]

Distribution Policy

- The Group expects that dividends will increase on a prudent and progressive basis and, over time, will build towards a payout ratio of around 50% of sustainable earnings
- Dividend level and rate of progression will reflect, amongst other things:
  - Strength of the Group's capital and capital generation;
  - Board's assessment of growth and investment opportunities available;
  - Any capital the Group retains to cover uncertainties; and
  - Any impact from the evolving regulatory and accounting environments
- Other means of capital distribution will be considered to the extent the Group has excess capital

Dividend Accrual

- Regulatory rules require that an accrual is made at the half year in respect of potential dividends; in that regard the Group has made an accrual of €100m (c.20bps) in arriving at its CET1 ratio of 13.6% which would be equivalent to an annualised dividend per share of 18.5c

[1] The Other Systemically Important Institution (O-SII) buffer was introduced at 0.5% in July 2019, increasing to 1.0% in July 2020 and 1.5% in July 2021

[2] The Central Bank of Ireland has requested the power to introduce a Systemic Risk Buffer (SyRB) in Ireland, which could increase capital demand. The size, timing and application of any potential SyRB are currently unknown

Regulatory Capital Requirements

Pro forma CET1 Regulatory Capital Requirements	Set by	Range	2017	2018	2019	2020	2021
Pillar 1 – CET1	CRR	4.50%	4.50%	4.50%	**4.50%**	4.50%	4.50%
Pillar 2 Requirement (P2R)	SSM	1% – 2.25%[2]	2.25%	2.25%	**2.25%**	2.25%	2.25%
Capital Conservation Buffer (CCB)	CRD	2.50%	1.25%	1.88%	**2.50%**	2.50%	2.50%
Countercyclical buffer (CCyB)[1]				0.30%	**0.90%**	0.90%	0.90%
– *Ireland (c.60% of RWA) (from 5 July 2019)*	*CBI*	*0% – 2.50%*	–	–	*0.60%*	*0.60%*	*0.60%*
– *UK (c.30% of RWA) (from November 2018)*	*FPC (UK)*	*0% – 2.50%*	–	*0.30%*	*0.30%*	*0.30%*	*0.30%*
– *US and other (c.10% of RWA)*	*Fed / Various*	*0% – 2.50%*	–	–	–	–	–
O-SII buffer *(from 1 July 2019)*	CBI	0% – 2.00%	–	–	**0.50%**	1.00%	1.50%
Systemic Risk Buffer – Ireland	Minister for Finance	0% – 3.00%	–	–	**–**	TBC	TBC
Pro forma Minimum CET1 Regulatory Requirements			**8.00%**	**8.93%**	**10.65%**	**11.15%**	**11.65%**
Pillar 2 Guidance (P2G)			**Not disclosed in line with regulatory preference**				

Regulatory Capital Requirements

- A minimum CET1 ratio of 9.55% on a regulatory basis from 1 Jan 2019, increasing to 10.65% from July 2019
- The Central Bank of Ireland has requested the power to introduce a Systemic Risk Buffer in Ireland under Article 133 of CRD IV which could increase the minimum regulatory capital demand. The size, timing and application of any potential SyRB are currently unknown
- Pillar 2 Guidance (P2G) is not disclosed in accordance with regulatory preference. The increase in Capital Conservation Buffer (CCB) in 2019 was offset by a like for like reduction in the P2G. In addition the P2G reduced for 2019 following the outcome of the 2018 EBA Stress Test

1 CCyB could be set in excess of 2.50% in exceptional circumstances. A change in the CCyB could also be implemented in less than 12 months in exceptional circumstances
2 This is the expected range for P2R, which is subject to annual review

Risk Weighted Assets (RWAs) / Leverage Ratio

Customer lending average credit risk weights – June 2019[1/2]

(Based on regulatory exposure class)

	EAD[3] (€bn)	RWA (€bn)	Avg. Risk Weight
ROI Mortgages	23.8	7.5	32%
UK Mortgages	21.7	4.1	19%
SME	15.8	12.1	76%
Corporate	11.6	10.6	91%
Other Retail	6.4	4.4	69%
Customer lending credit risk	**79.3**	**38.7**	**49%**

- IRB approach accounts for:
  - 70% of credit EAD (Dec 2018: 70%)
  - 71% of credit RWA (Dec 2018: 74%)
- RWA has increased from €47.8bn at Dec 2018 to €48.9bn at Jun 2019 primarily driven by the introduction of IFRS16, net loan growth and changes in asset quality and book mix

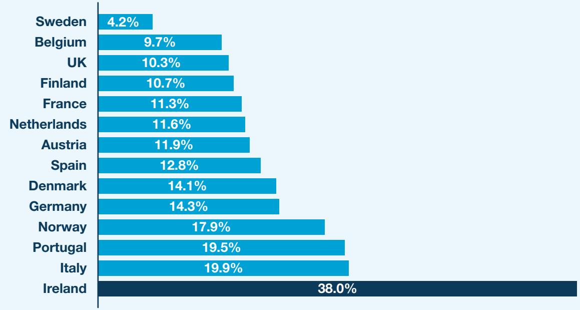
Leverage Ratio

- Fully Loaded Leverage Ratio: 6.6%
- Regulatory Leverage Ratio: 7.2%

EBA Transparency Exercise 2018

Country by Country Average IRB risk weights

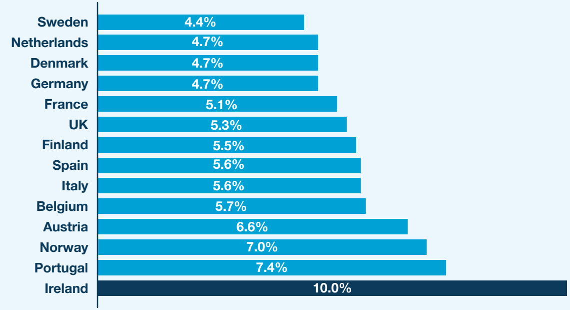
Residential Mortgages – June 2018



EBA Risk Dashboard Q1 2019

Country by Country Average Leverage ratio

Regulatory Leverage Ratio – March 2019



1 EAD and RWA include both IRB and Standardised approaches and comprise both non-defaulted and defaulted loans
2 Securitised exposures are excluded from the table (i.e. excludes exposures included in CRT executed in Nov 2017 and Dec 2016)
3 Exposure at default (EAD) is a regulatory estimate of credit risk exposure consisting of both on balance exposures and off balance sheet commitments

Cost income ratio: Jun 2019

Headline vs. Adjusted

	H1 2019 Headline (€m)	Pro forma adjustments (€m)	H1 2019 Pro forma (€m)
Net interest income	**1,069**	**-**	**1,069**
Other income			
– Business income	311	-	311
– Additional gains	3	(3)	-
– Other valuation items[1]	28	(18)	10
Total Income	**1,411**	**(21)**	**1,390**
Costs			
– Operating expenses	840	-	840
– Transformation Investment	63	-	63
Costs	**903**	**-**	**903**
Cost income ratio	**64%**		**65%**

- **Cost income ratio excludes;**
  - Levies and Regulatory charges
  - Non-core items
- **H1 2019 adjusted cost income ratio is adjusted for;**
  - Additional Gains and valuation items[1] (€21m)

[1] Excludes IFRS income classifications which is fully offset in net interest income

Return on tangible equity (RoTE)

H1 2019: Headline vs. Adjusted

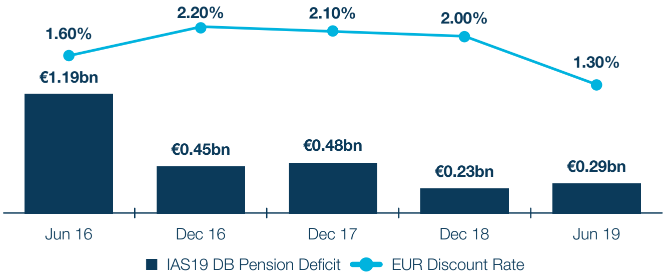
	H1 2019 Headline (€m)	Adjustments: Additional gains, & valuations items[1] net of tax	Adjustments: 'Normalised' impairment adjustment, net of tax	Adjustments: Adjusted for CET1 Ratio at 13%	H1 2019 Adjusted (€m)
Profit for the period	**226**				
Non-Core items, net of tax	77				
Coupon on Additional Tier 1 securities	(28)				
Preference share dividends	(3)				
Adjusted profit after tax	**272**	**(18)**	**-**	**-**	**254**
Annualised profit after tax	**579**	**(36)**	**-**	**-**	**543**
At June 2019					
Shareholders' equity	9,257			(283)	**8,974**
Intangible assets	(811)				**(811)**
Shareholders' tangible equity	8,446			(283)	**8,163**
Average shareholders' tangible equity	**8,576**	**-**	**-**	**(196)**	**8,380**
Return on tangible equity (RoTE)	**6.8%**				**6.5%**

- **H1 2019 Adjusted Return on Tangible Equity is adjusted for;**
  - Additional gains and valuations items[1], net of tax – €36m
  - No adjustment to impairment charge – 'Normalised' impairment charge (21bps) in H1 2019 reflected in headline and adjusted numbers
  - Average Shareholders' tangible equity calculated on a CET1 Ratio at 13% – adjustment of €196m

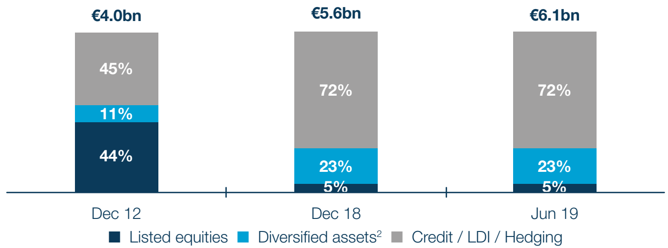
[1] Excludes IFRS income classifications which is fully offset in net interest income

Defined Benefit Pension Schemes

Group IAS19 Defined Benefit Pension Deficit

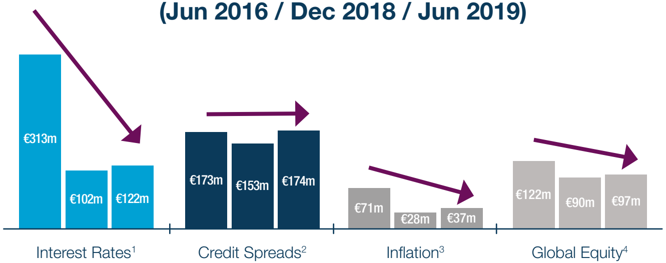


Mix of BSPF* Defined Benefit Pension Scheme Assets (%)[1]



* BSPF = Bank of Ireland Staff Pensions Fund
[1] Graphs shows BSPF asset allocation. BSPF represents approx. 77% of DB Pension assets
[2] Diversified assets includes infrastructure, private equity, hedge funds and property

IAS19 Pension Deficit Sensitivities (Jun 2016 / Dec 2018 / Jun 2019)



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

- IAS19 Pension deficit of €0.29bn at Jun 2019: schemes in deficit €0.34bn, schemes in surplus €0.05bn
- The primary drivers of the movement in the deficit were the net negative impact of changes in long term assumptions partly offset by the increase in assets and positive experience gains
- The Group has continued to support Trustees in diversifying asset portfolios away from listed equity into other return-seeking but potentially less volatile asset classes. In H1 2019, the BOI Group UK scheme (2nd largest Group scheme) de-risked by reducing the allocation to growth assets, emerging markets and absolute return and increased liability hedging with a transition of c.£117m into an LDI portfolio
- The Trustees of the New Ireland pension scheme (4th largest Group scheme) have also agreed a significant investment de-risking proposal which is currently being implemented
- BSPF asset returns of +10.9% and +4.8% p.a. were achieved over 1 year and 3 years respectively to end June 2019

Forward-Looking statement

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

Examples of forward-looking statements include, among others: statements regarding the Group's near term and longer term future capital requirements and ratios, 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 half-year ended 30 June 2019 beginning on page 27 and also the discussion of risk in the Group's Annual Report for the year ended 31 December 2018.

Nothing in this document should be considered to be a forecast of future profitability or financial position of the Group 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.

Contact Details

For further information please contact:

- **Group Chief Financial Officer**

Andrew Keating	tel: +353 76 623 5141	andrew.keating@boi.com

- **Investor Relations**

Darach O'Leary	tel: +353 76 624 4711	darach.oleary@boi.com
Eoin Veale	tel: +353 76 624 1873	eoin.veale@boi.com
Catriona Hickey	tel: +353 76 624 9051	catriona.hickey@boi.com

- **Capital Management**

Lorraine Smyth	tel: +353 76 624 8409	lorraine.smyth@boi.com
Alan Elliott	tel: +353 76 624 4371	alan.elliott@boi.com
Alan McNamara	tel: +353 76 624 8725	alan.mcnamara@boi.com

- **Group Communications**

Damien Garvey	tel: +353 76 624 6716	damien.garvey@boi.com

- **Investor Relations website**

  www.bankofireland.com/investor