Bank of Ireland Group plc (the "Group")
Publishes Interim Results for the 6 months to 30th June 2017

28 July 2017

Interim 2017 Key Highlights:

- **Underlying profit of €480m**
- **Continued organic capital generation; fully loaded CET1 ratio of 12.5%; transitional CET1 ratio of 14.4%**
- **Largest lender to Irish economy with growing market shares**
- **NIM of 2.32% for the period; an increase of 5bps from H2 2016**
- **Group new lending of €6.6bn; Core loan books continue to grow**
- **Maintaining strong commercial pricing discipline on loans and deposits**
- **Continued to maintain tight control over costs**
- **Reduced Impaired loans by €0.8bn to €5.4bn; Impaired loans now <7% of customer lending**
- **Transformation of our business, enabled by our technology investments, continues to make progress**
- **Volatility in pension scheme deficit is reducing following increased interest rate and inflation hedging**
- **Group expects to recommence dividend payments in respect of financial year 2017, with the initial payment being made in the first half of 2018**
- **Fully loaded CET1 ratio of 12.5% is after a deduction of €70m for a potential dividend**

CEO Comment: Richie Boucher, Bank of Ireland, Group CEO, commented:

'The Group generated an underlying profit of €480 million in the first half of 2017. Our customer base is growing and customer satisfaction scores are increasing as we invest in our customer propositions, in supporting business growth and in our infrastructure. We are the largest lender to the Irish economy with growing market shares in business banking and residential mortgages. Our net interest margin continued to expand and our asset quality continues to improve. The transformation of our business, enabled by our technology investments, to efficiently and sustainably align with the way our customers want to engage with us, continues to make progress. We are generating capital and increased our fully loaded CET1 ratio to 12.5%. We expect dividends to re-commence at a modest level in the first half of 2018, in respect of financial year 2017'

Ireland – Leading bank in a growing economy:

- Ireland's leading retail and commercial bank, continuing to support and benefit from economic growth in Ireland
- #1 or #2 market positions across all principal product lines
- Residential mortgage lending in Ireland grew by over 30% in the first half of 2017 with an increase in new lending market share to 26%
- Irish mortgage business has performed strongly over the period with a mortgage strategy led by competitive fixed rate products which provide value, certainty and stability for our customers and the Group
- Ireland's number 1 bank for Irish businesses and we continue to be the largest provider of new business lending into the Irish economy
- Ireland's #1 corporate bank with new lending volumes of €1.9 billion in the first half of 2017

- Continue to win >60% share of banking relationships with new FDI entrants to Ireland
- Only bancassurer in the Irish market and our Bank of Ireland Life division saw sales volumes increase year on year by c.20% with a new business market share of c.20%.

International businesses continue to provide diversification and attractive business opportunities:

- Long-standing partnership with Post Office, a leading UK consumer bank with >2m customers
- Continue to develop our shared strategy of enhancing our broadly based customer financial services offering providing a wide range of retail products including savings, mortgages, loans, credit cards and ATM facilities
- Continue to be #1 player in UK consumer foreign exchange
- Partnership with AA continues to develop
- AA / Post Office top 2 most trusted brands in the UK
- Northern Ireland meeting business objectives; Northridge Finance performing well
- International Acquisition Finance delivered another strong performance during the first half of the year

Key Financial Highlights:

Group Income Statement

- Underlying profit of €480m
- NIM expanded to 2.32% in the first half of 2017 primarily due to further reductions in our cost of funding, particularly in the UK
- Other income of €369m includes sustainable business income of €328 million which increased marginally from H2 2016.
- Operating expenses of €881m in H1 2017; broadly flat vs. H1 2016
- Core Banking Platforms investment in H1 2017 of €105m (CET1 ratio impact of c.20bps); €55m expensed to income statement
- Customer loan impairment charge of 14bps; Impairment charges (net) of €59m

Balance Sheet and Capital

- Customer loans of €76.9bn; €0.5bn increase in core loan books
- Customer deposits of €74.7bn account for >95% of Group funding, predominantly retail sourced
- Impaired loans of €5.4bn; €0.8bn reduction during H1 2017; down 65% from reported peak in June 2013
- Non-performing exposures of €8.1bn; €1.3bn reduction during H1 2017
- Group has revised its asset quality reporting methodology to align with EBA guidance on non-performing and forborne classifications, with a net neutral impact on the Group's capital ratios and impairment provisions
- Holdco established in July 2017; future senior and junior debt issuance for MREL purposes expected to be issued from Holdco
- Strong organic capital generation in H1 2017; Robust capital ratios
    - Fully loaded CET1 ratio of 12.5%
    - Transitional CET1 ratio of 14.4%
    - Total capital ratio of 18.3%
- IAS19 accounting standard defined benefit pension scheme deficit of €0.49bn; Volatility in pension scheme deficit has reduced following increased interest rate and inflation hedging

Strong liquidity ratios

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

Ends

http://www.rns-pdf.londonstockexchange.com/rns/4002M_-2017-7-28.pdf

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

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Forward-Looking Statement