Bank of Ireland Group plc (the “Group”)
Publishes Interim Results for the 6 months to 30th June 2018

30 July 2018

Interim 2018 Key Highlights:

- **Underlying profit of €500m**
- **Strong organic capital generation of 90bps; fully loaded CET1 ratio of 14.1%; regulatory CET1 ratio of 15.8%**
- **Net loan book growth of €0.5bn to €76.6bn; NIM of 2.23%**
- **New lending of €7.7bn up 16% vs. H1 2017; new Irish mortgages up 30%**
- **Irish mortgage market share of 28%**
- **Maintaining strong commercial pricing and risk discipline**
- **Costs reduction of €27m (3%) vs. H2 2017**
- **NPEs reduced by 10% to €5.9bn; NPE ratio now at 7.5%**
- **Net impairment gains of €81m reflecting the effectiveness of our solutions and the positive economic environment and outlook in Ireland**
- **Business model initiatives to drive efficiencies progressing at pace**
- **Phase 1 of Core Banking Programme completed in April 2018**
- **TRIM now largely complete for Irish mortgages; changes to credit risk models will be made in H2 2018; pro forma impact at Jun 2018: a reduction of c.70bps in fully loaded CET1 ratio**
- **Deduction for potential full year dividend; equivalent to an annualised dividend of 14c per share**

Francesca McDonagh, Bank of Ireland, Group CEO, commented:

‘I am pleased to report a strong financial performance in the first half of 2018. All our trading divisions are profitable, contributing towards an underlying profit of €500 million during the period. The economies in which we operate continue to be supportive, and have enabled us to grow our loan book by €0.5 billion on a constant currency basis while maintaining our commercial pricing and risk discipline. Operating expenses have decreased by c.3% compared to the second half of 2017 and asset quality continues to improve.

Our strong financial performance in the first half of 2018 demonstrates good progress in delivering on the growth and transformation strategy we have set out for 2021.’

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
- Irish mortgage business performed strongly over the period with c.€1 billion of new residential mortgage lending in Ireland, an increase of 30% vs. H1 2017; mortgage market share of 28%; expect to re-enter the Irish mortgage broker market later in 2018, which will further support growth in our mortgage business
- Ireland’s #1 bank for businesses; largest provider of new business lending into the Irish economy
- Ireland’s #1 corporate bank with new lending volumes of €2.1 billion in the first half of 2018, up 9% on the same period in 2017
- Currently funding the construction of almost 3,000 residential units and 1,700 student accommodation beds in Ireland; supporting developments on 130 sites across Ireland, including c.40 large scale development projects
- Only bancassurer in the Irish market

International businesses provide diversification and attractive business opportunities:

- Consumer financial services provider in the UK with distribution via partners with trusted brands
- Broad range of retail products including savings, mortgages, loans, credit cards and ATM facilities
- Long standing partnerships with Post Office and strategic intermediaries; partnership with AA continues to develop
- Post Office / AA top 2 most trusted brands in the UK
- Northern Ireland business is a full service retail and commercial bank and is performing in line with our business objectives
- Strong growth in Northridge Finance; net loan book increase of £0.2bn
- International Acquisition Finance performing well
- Corporate Banking UK delivered strong performance; new lending of €0.5bn

Key Financial Highlights:

Group Income Statement

- Underlying profit of €500m
- NIM of 2.23% in the first half of 2018 reflects the positive impact from new lending margins and our continuing strong commercial pricing discipline, offset by the impact of the ongoing low interest rate environment and NAMA sub debt reclassification due to the introduction of IFRS 9
- Other income of €323m includes sustainable business income of €322 million and was broadly in line with the same period in 2017
- Operating expenses (excluding levies and regulatory charges) of €933 million in the first half of 2018 decreased by c.3% compared to the second half of 2017
- Total transformation investment in H1 2018 of €141m, (CET1 ratio impact of c.30bps) of which €51m charged to the income statement (36%); €39m capitalised as intangible assets (28%); €51m charged as non-core restructuring costs (36%)
- Net impairment gains of €81m, reflecting successful resolution strategies and the positive economic environment and outlook in Ireland
- Non-core charge of €46m primarily related to costs associated with the Group's restructuring programme

Balance Sheet and Capital

- Customer loans of €76.6bn; net loan book growth of €0.5bn
- Customer deposits of €76.7bn account for >100% of Group funding, predominantly retail sourced
- Non-performing exposures of €5.9bn; €0.6bn (10%) reduction during H1 2018
- Strong organic capital generation in H1 2018; Robust capital ratios:
    - Fully loaded CET1 ratio of 14.1%
    - Regulatory CET1 ratio of 15.8%
    - Regulatory Total Capital ratio of 19.8%
- Strong asset performance in H1 2018 and positive impact of changes in long term assumptions reduced the regulatory capital impact of pension deficit by €160m
- TRIM now largely complete for Irish mortgages; changes to credit risk models will be made in H2 2018; pro forma impact at Jun 2018: a reduction of c.70bps in fully loaded CET1 ratio
- Deduction for potential full year dividend; equivalent to an annualised dividend of 14c per share
- Irish Countercyclical Buffer of 1% from 5 July 2019; Group impact of c.60bps
- Capital guidance remains unchanged: 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
- Strong liquidity ratios
    - Net Stable Funding Ratio – 127%
    - Liquidity Coverage Ratio – 139%
    - Loan to Deposit Ratio – 100%

Ends

http://www.rns-pdf.londonstockexchange.com/rns/1225W_1-2018-7-30.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 forward-looking statements with respect to certain of Bank of Ireland Group plc ('BOIG plc') and its subsidiaries' (collectively 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 losses, 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 year ended 30 June 2018 beginning on page 38 and also the discussion of risk in the Group's Annual Report for the year ended 31 December 2017.

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