

**Bank of Ireland Group plc (the “Group”)
Publishes Interim Results for the 6 months to 30th June 2019**

29 July 2019

Interim 2019 Key Highlights:

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

“The Group has made continued progress in 2019 to deliver against our strategic priorities of growth and transformation.

One year on, we have made good progress in delivering on this plan. In particular we:

- are growing our loan book while maintaining our risk and commercial discipline;*
- are growing our Wealth and Insurance business;*
- are reducing our costs;*
- have met key milestones on our culture, systems and business model transformation programme;*
and
- are making tangible progress in the delivery of our UK strategy, focused on increasing returns*

We also recognise that our external environment has changed since we set out our strategic plan a year ago. There has been a change and material lowering in interest rate expectations, extended Brexit uncertainty continues to influence the pace of credit formation in Ireland, and competition in the UK mortgage market has intensified. These external headwinds present challenges to our ability to generate the income and loan growth that we set out at our Investor Day. In response, management is focused on a range of actions to mitigate these effects.

Notwithstanding these challenges, the economic fundamentals underpinning our strategic ambition remain supportive. Economic growth in our core home market of Ireland is stronger today than when we set our strategy a year ago, while moderate growth has continued in the UK. The labour market in both countries is performing well with the unemployment rate down to 4.5% in Ireland and 3.8% in the UK; the two economies are now effectively at full employment.

We are committed to the delivery of our strategic plan which will unlock the potential in our businesses, and deliver attractive and sustainable returns to our shareholders.”

Profitability

- Underlying profit of €376m
- Operating profit pre-impairment – increase of 9%
- NIM of 2.16%; Total income up 1%
- Cost reduction continues, 3% lower net vs. H1 2018
- Sustainable business income of €311m including growth in our Wealth and Insurance business
- NPE ratio improved by 100 bps to 5.3%
- Net impairment charge of 21bps / €79m

Growth

- Largest lender to the Irish economy for 6 years running
- Net lending growth of €1.2bn; new lending of €7.7bn
- Irish mortgages new lending of €1.0bn; mortgage market share of 23%
- Increased SME market share with €1.5bn of new lending
- Corporate Banking net lending growth €1.0bn

Transformation

- Continue to generate efficiencies from a leaner and more agile organisation
- System transformation key milestones delivered in H1; investment spend in line with guidance
- 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

- Increased our fully loaded capital ratio by 40bps to 13.6%
- Organic capital generation of 90bps
- CET1 capital of 30bps unlocked through NPE securitisation
- Capital and dividend guidance unchanged; dividend accrual of €100m

Outlook

- Net lending growth while maintaining commercial discipline on risk and pricing
- Lower for longer interest rate environment a headwind for Retail and Commercial Banks, including Bank of Ireland
- NIM for full year 2019 expected to be slightly lower than H1 NIM of 2.16%
- NIM to trend lower in 2020/2021 by mid to high single digit basis points from the 2.16% level
- Continued growth in Wealth and Insurance business
- Costs in 2019 to be lower than 2018
- Expect to achieve an NPE ratio below 5% by the end of 2019
- Expect net impairment charge to be in the range of 20bps – 30bps p.a. (2019 – 2021)
- 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

Additional Information

Ireland – Largest lender to the growing Irish economy:

- Ireland's leading retail and commercial bank, continuing to support and benefit from economic growth in Ireland; leading lender to the Irish economy for 6 years running
- Irish mortgage business performed well over the period with €1.0 billion of new residential mortgage lending in Ireland, with a market share of 23%; re-entered the Irish mortgage broker market in late 2018, which will support growth in our mortgage business
- Leading business bank in Ireland; increased SME market share. Supporting and partnering our business customers helping them navigate Brexit; €2bn Brexit fund launched
- Only bancassurer in the Irish market. Wealth and Insurance experienced 3% income growth vs. H1 2018 and increased penetration of our customer base from 23% in H1 2018 to 29% in H1 2019
- Ireland's #1 corporate bank with net lending volumes of €0.4 billion in the first half of 2019
- Supporting home building and buying in Ireland; funding the construction of 6,100 new homes, including c.770 social housing units and a further c.2,000 student beds which are due for completion

International businesses provide diversification and attractive business opportunities:

- Committed to improving returns in UK; sale of UK credit cards portfolio adding c.0.7% to UK RoTE. Exit from Post Office current accounts and unprofitable Post Office ATMs. Costs reduced.
- Increased market share and new lending in higher return personal loans and Northridge businesses (supported by broadened distribution network), accounting for 42% of H1 2019 new lending (33% in H1 2018); disciplined commercial and risk focus
- Corporate Banking UK delivered strong performance; net lending of €0.3bn, disciplined approach to growth with Brexit focus
- International Acquisition Finance performing well; net loan book increase of €0.4bn, remain risk focused with 4 out of 5 loans declined

Key Financial Highlights:

Group Income Statement

- Underlying profit of €376m
- Operating profit pre-impairment – increase of 9%
- Income up 1% and costs down 3%, positive jaws of 4% achieved
- NIM of 2.16%: Total income up 1%
- Other income of €342m includes sustainable business income of €311 million
- Operating expenses (before levies and regulatory charges) of €903m reduced by 3% (€30m)
- Operating expenses of €840m – down €42m (4.8%). Staff costs decreased by €19m (5%)
- Net impairment charge of 21bps (€79m)
- Total transformation investment in H1 2019 of €138m, in line with guidance
- Non-core charge of €61m includes charges associated with customer redress on Tracker Mortgage Examination (€55m) and other restructuring charges mainly relating to redundancy and property

Balance Sheet and Capital

- Customer loans of €78.0bn including net lending of €1.2bn with new lending of €7.7bn, customer redemptions of €6.5bn
- Non-performing exposures ratio of 5.3% of customer loans; reflects a reduction of 100bps in six months. Expect to achieve an NPE ratio below 5% by the end of 2019
- Strong liquidity ratios: Net Stable Funding Ratio - 128%, Liquidity Coverage Ratio - 134%, Loan to Deposit Ratio - 97%
- Customer deposits of €80.2bn; predominantly retail sourced
- Increased fully loaded CET1 capital by 40bps to 13.6%; strong organic capital generation of 90bps in H1 2019
- Capital guidance 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
- Expect 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 accrual of €100m (equivalent to an annualised dividend per share of 18.5c)
- Leverage ratio: Fully Loaded Leverage Ratio of 6.6%, Regulatory Leverage Ratio of 7.2%

Ends

http://www.rns-pdf.londonstockexchange.com/rns/9919G_1-2019-7-29.pdf

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

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Forward-Looking Statement

This announcement 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 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.

Nothing in this announcement should be considered to be a forecast of future profitability, dividends or financial position of the Group and none of the information in this announcement 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.