

Bank of Ireland Group plc (the “Group”)

Interim Management Statement – Q1 2019 update

3 May 2019

The Group continues to deliver against our 2021 strategic targets for loan book growth, transformation and associated cost reduction together with our ambition to grow our wealth and insurance business.

Economic growth in our core markets of Ireland and the UK remained positive notwithstanding ongoing uncertainties related to the UK’s decision to leave the European Union.

Income Statement

The Group continues to trade in line with expectations.

Net interest margin (2.16% for the 3 months to March 2019), Net interest income and Other income were all in line with expectations.

The Group continues to maintain tight control over the cost base, while making appropriate investments in our businesses, infrastructure and people including our multi-year business transformation programme. We continue to expect that Operating expenses will reduce in 2019 and in that regard Operating expenses (excluding levies and regulatory charges) are lower in Q1 2019 by c.3.5% compared to the same period in 2018.

Expect levies and regulatory charges to total €115 million - €120 million in 2019.

Balance Sheet

Customer loan volumes were €79.1 billion at the end of March 2019, an increase of €2.1 billion since the end of December 2018 (€0.6 billion on a constant currency basis) primarily driven by Corporate (€0.5 billion) and Retail UK. The Group’s market share of new mortgage lending in Ireland averaged c.23% in the first 3 months of 2019 with mortgage applications and drawdowns increasing during the quarter. For our SME customers, we have seen increasing activity, confidence and credit demand in Q1 2019 with positive momentum into Q2.

Asset quality across our loan portfolios has continued to improve in line with our expectations. The Group will continue to progress with a full range of resolution strategies in response to the associated and evolving regulatory framework.

Customer deposits were €79.7 billion at the end of March (€78.7 billion on a constant currency basis), from €78.9 billion at December 2018. Wholesale funding was €10.8 billion at the end of March 2019.

Capital Position

The Group’s fully loaded CET1 ratio at the end of March 2019 was 13.3%, from 13.4% at December 2018. The Group’s organic capital generation during the quarter was offset primarily by investments in risk weighted assets associated with new lending, investments in our business transformation programme, IFRS 16 and a dividend deduction.

The Group's regulatory CET1 ratio was 14.6%, and the Group's Total Capital ratio was 18.7% at the end of March 2019.

Other

In April 2019, the Group provided an update on the following strategic transactions:

- The Group announced the agreement of terms to acquire a portfolio of c.€260 million performing commercial loans from KBC Bank Ireland with the transaction expected to close in the coming months. The acquisition requires c.5-10bps of CET1; and
- The Group entered into a securitisation of a portfolio of non-performing ROI mortgages secured on buy-to-let investment properties. The portfolio has a gross value of c.€377 million and the transaction results in a pro-forma reduction in the Group's NPE ratio of c.40bps and a pro-forma improvement in the CET1 ratio by c.30bps.

Ends

For further information please contact:

Bank of Ireland

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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 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.

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.