

Bank of Ireland Group plc (the "Group")

Interim Management Statement – Q1 2018 update

20 April 2018

Trading

The Group continues to trade in line with expectations.

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.

Net interest income was in line with the second half of 2017. Our net interest margin is in line with our expectations and for the 3 months to March 2018 was 2.22%. Fees and other income were in line with sustainable business income in the second half of 2017.

The Group continues to expect that operating expenses for 2018 will be lower than 2017 and in that regard the Group has maintained a tight control over the cost base, while making appropriate investments in our businesses, infrastructure and people including our multi-year business transformation programme which continues to make progress.

Balance Sheet

Customer loan volumes were €76 billion at the end of March 2018, with new lending volumes exceeding redemptions by €0.1 billion during Q1 2018. Gross new lending in Q1 2018 was 20% higher than the same period in 2017. This included a 33% increase in new mortgage lending in Ireland where our market share was 28% for the first 2 months of 2018.

Asset quality across our loan portfolios has continued to improve in line with our expectations.

Customer deposits were €76 billion and wholesale funding was €13 billion at the end of March 2018.

Capital Position

The Group's fully loaded CET1 ratio increased by a net 10bps from 13.6%¹ on 1 January 2018 to 13.7% at the end of March 2018. The Group's organic capital generation during the period was partially offset by investments in risk weighted assets associated with new lending, investments in our business transformation programme, and a dividend deduction.

The Group's regulatory CET1 ratio was 15.4%, and the Group's Total Capital ratio was 19.4% at the end of March 2018.

The Group is continuing to engage with the ECB as part of its Targeted Review of Internal Models (TRIM) process.

Ends

¹ Fully loaded CET1 ratio at 31 December 2017 was 13.8%. IFRS9 transition adjustments reduced the ratio by c.20bps on 1 January 2018.

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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, 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, 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 document should be considered to be a forecast of future profitability, dividends or financial position and none of the information in this document is or is intended to be a profit forecast, profit estimate or dividend forecast. 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.