

Bank of Ireland Group plc (the “Group”)

Interim Management Statement – Q3 2018 update

25 October 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 first half of 2018. Net interest margin for the 9 months to September 2018 was 2.23% and was in line with our expectations. Business income has remained in line with the first half of 2018.

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 which continues to make progress. We expect that operating expenses for the second half of 2018 will be lower than the first half of 2018.

Balance Sheet

Customer loan volumes were €76.6 billion at the end of September 2018, an increase of €0.5 billion since the end of December 2017. New lending in the first 9 months of 2018 was c.15% higher than the same period in 2017, including a 24% increase in new mortgage lending in Ireland where our market share was 28% for the first 8 months of 2018. The Group is re-entering the Irish mortgage broker market in November 2018.

Asset quality across our loan portfolios has continued to improve in line with our expectations. Absent a change in the economic environment or outlook, we expect a modest impairment charge in the second half of 2018 and a net impairment gain for the full year 2018. As previously communicated, the Group continues to review NPE reduction strategies.

Customer deposits were €77.9 billion and wholesale funding was €11.6 billion at the end of September 2018.

Capital Position

In September 2018, the Group implemented previously announced changes to its Irish mortgage credit risk models as required under TRIM. On a pro forma basis at the end of June 2018, this reduced the Group’s fully loaded CET1 ratio by c.70bps, from 14.1% to 13.4%.

The Group’s fully loaded CET1 ratio (net of the TRIM impact) increased during the quarter by 10bps to 13.5% at the end of September 2018. The Group’s organic capital generation during the quarter of c.40bps was offset primarily by investments in our business transformation programme and a dividend deduction.

The Group's regulatory CET1 ratio was 15.1%, and the Group's Total Capital ratio was 19.0% at the end of September 2018.

Ends

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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.

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.