Bank of Ireland Group plc (the ''Group'')

Group sets out path for resolution of Tracker Mortgage Examination Review

9 November 2017

Further to the Group's announcement on 26 October 2017, the Group is today providing an update in relation to the Tracker Mortgage Examination Review being undertaken by the Central Bank of Ireland.

Of the c.4,300[1] impacted customers already identified, c.600 of these relate to accounts where a right to, or the option of, a tracker rate of interest was not appropriately provided to the customer in accordance with their loan documentation. For these customers, the Group has commenced the communication and compensation process including:

- Customers from this group were returned to their correct tracker rate between December 2016 and April 2017.
- Customers will shortly be written to with a full offer of compensation and advising customers of the options open to them.
- Our process is designed to compensate all of these customers, subject to their agreement, by the end of this year.

In addition, the Group has engaged in recent weeks with the Central Bank of Ireland as the Group nears completion of its review to determine whether further customers should be included in the scope of the compensation scheme.

It is the Group's objective to fully resolve the Tracker Mortgage Examination Review. On this basis, the Group has therefore decided to include an additional c.6,000 accounts within the scope of the compensation scheme. As a consequence, the Group will be making an additional provision in its financial accounts in Q4 2017 of between €150 million and €175 million primarily in respect of redress and compensation associated with these additional c.6,000 accounts. The Group will ensure that all impacted customers who continue to have an open mortgage account will be returned to their correct tracker rate as soon as possible. The Group aims to compensate all impacted customers, subject to their agreement, as quickly as possible starting before the end of 2017.

Francesca McDonagh, Group Chief Executive Officer said:

"*I unreservedly apologise to all impacted customers for the financial loss and anxiety this has caused them and their families.*

The bank is also confirming today that c.6,000 additional customers will be part of the compensation scheme. This now gives us a clear picture of the number of impacted customers. The compensation process is commencing, and our priority is to ensure that all impacted customers are compensated as quickly as possible."

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[1] As set out in the Group's Interim Management Statement on 26 October 2017, the Group had separately identified a small rate differential (average 0.15%) on c.3,700 tracker mortgages which was not the appropriate rate specified in the loan documentation. These customers have already been returned to their correct tracker rate between March 2016 and August 2017 and the Group has commenced the communication and compensation process. All impacted customers will shortly be written to with a full offer of compensation and advising customers of the options open to them. Our process is designed to compensate all of these customers, subject to their agreement, by the end of this year.

The expected financial impact of the above is as follows:

- The re-instatement of mortgages to a tracker rate (current outstanding value of c.€375 million) is expected to reduce the Group's net interest margin from 2018 onwards by c.1bp.
- The Group will be making an additional provision in its financial accounts in Q4 2017 of between €150 million and €175 million in respect of these additional c.6,000 accounts.
- On a pro-forma basis at September 2017, the provision in Q4 2017 will reduce the Group's transitional CET1 ratio to c.14.4% from 14.7% and the Group's fully loaded CET1 ratio to c.12.5% from 12.8%.

Ends

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Forward Looking Statement

This announcement contains certain forward-looking statements with respect to certain of the Group's 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.

Nothing in this announcement 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.