Country by Country Reporting

For the year ended 31 December 2014

Bank of Ireland Group

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Bank of Ireland

Country by Country Reporting

for the year ended 31 December 2014

Country by Country Reporting Schedule

Basis of Preparation

The disclosures contained in this report have been prepared pursuant to the country-by-country reporting (CBCR) requirements for specified institutions[1] under the Capital Requirements Directive (CRD IV) which have been transposed into Irish legislation as Regulation 77 of Statutory Instrument 158 of 2014.

Regulation 77 requires each institution to disclose annually, specifying, by Member State and by third country in which it has an establishment, the following information on a consolidated basis for the financial year:

a) Name(s), nature of activities and geographical location;
b) Turnover;
c) Number of employees on a full time equivalent basis (FTE);
d) Profit or loss before tax;
e) Tax on profit or loss; and
f) Public subsidies received.

The Governor and Company of the Bank of Ireland, Bank of Ireland Mortgage Bank and Bank of Ireland Private Banking Limited are each required to comply with Regulation 77. This report fulfils the separate obligations of each of the three companies. The Governor and Company of the Bank of Ireland (the ‘Bank’) and its subsidiaries are collectively the ‘Group’ for the purposes of this disclosure.

The Governor and Company of the Bank of Ireland prepares consolidated statutory financial statements under International Financial Reporting Standards as adopted by the European Union (EU)[2].

Bank of Ireland Mortgage Bank and Bank of Ireland Private Banking Limited prepared their financial statements for the year ended 31 December 2014 under generally accepted accounting principles in Ireland (‘Irish GAAP’). For the purposes of these disclosures, there are no material differences between Irish GAAP and International Financial Reporting Standards for these entities.

The CBCR disclosures are prepared under International Financial Reporting Standards as adopted by the European Union (EU) except as regards the scope of consolidation which is on a prudential basis consistent with the Group’s Pillar 3 disclosures[2].

The principal difference between the statutory consolidated financial statements and prudential basis of consolidation relates to the Group’s wholly owned life assurer, New Ireland Assurance Company plc (NIAC), which is fully consolidated in the statutory financial statements but treated as an investment in the prudential consolidation.

In the disclosures that follow:

1. Country of establishment is defined as the geographical location of the business unit booking the transaction.
2. Turnover comprises net interest income, dividend income, net fees and commission income, net trading income and other operating income. Amounts from other countries, which individually and in the aggregate are immaterial, are allocated to ‘Other’.
3. Total Turnover and Profit or loss before tax are derived from external activities only, i.e. all intragroup transactions and balances between entities included in the prudential consolidation have been eliminated. However, in the geographical analysis transactions between entities in different geographical locations are not eliminated.
4. The number of employees on a full time equivalent basis is shown as the average for the year.
5. The tax paid numbers disclosed under CRD IV refer to corporation tax only.
6. Tax charge includes current corporation tax expense but not deferred taxes or any provisions for uncertain tax liabilities.
7. Public subsidies are defined to be direct support by the government. They do not include any central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission mechanism. Moreover, schemes in line with the European Commission’s guidance on State Aid are not considered public subsidies in the context of CBCR. Furthermore, general tax incentives do not fall within the definition of public subsidy for the purposes of CBCR.

[1] Credit institutions and Investment firms.
[2] Copies of the Group’s Annual Report and Pillar 3 Disclosures and BOIMB’s Annual Report for the year ended 31 December 2014 can be obtained from the Group’s website at www.bankofireland.com or from the Group Secretary’s Office, Bank of Ireland, 40 Mespil Road, Dublin 4, Ireland.

Principal Undertakings

Name	Principal Activities	Country of Establishment
The Governor and Company of the Bank of Ireland	Banking and Financial Services	Ireland *Additional branches:* *United Kingdom* *United States of America* *Germany* *France*
Bank of Ireland International Finance Limited	International asset financing	Ireland
Bank of Ireland Mortgage Bank	Mortgage lending and mortgage covered securities	Ireland
Bank of Ireland (UK) plc	Retail financial services	United Kingdom
First Rate Exchange Services Holdings Limited[1]	Foreign Exchange	United Kingdom

The Bank has annexed a full listing of Group undertakings to its 2014 Annual Return to the Companies Registration Office.

Turnover, Profit before taxation, Taxation and Employees *(Year ended 31 December 2014)*

The Governor and Company of the Bank of Ireland (Prudential consolidation)

Country of establishment	Turnover €m	Profit before tax €m	Taxation paid / (refunded) €m	Taxation charge €m	Average FTEs
Ireland	1,919	663	8	8	8,408
United Kingdom	819	178	8	8	2,016
United States of America	40	28	(4)	9	59
Germany	6	5	-	1	8
France	14	10	3	3	8
Other	(3)	6	-	-	11
Total	**2,795**	**890**	**15**	**29**	**10,510**

Taxation paid / (refunded) and other supplementary information (unaudited)

In any given year tax paid may not directly relate to the accounting profits earned in that year because differences can arise between accounting profit and taxable profit as a result of applying local tax legislation.

The taxation paid disclosed under CRD IV relates to corporation tax only and does not include the wider tax contribution to the Irish Exchequer or other tax authorities. In 2014 the Group made payments to the Irish Exchequer of €195 million which in addition to corporation tax, primarily comprised irrecoverable VAT, employers' PRSI contributions and the bank levy (€38 million).

As disclosed in note 40 to the Group Annual Report for the year ended 31 December 2014, the Group had a deferred tax asset of €1,595 million (2013: €1,646 million) in respect of operating losses which are available to relieve future profits from tax. In accordance with tax legislation current year taxable profits have, where appropriate, been offset by these brought forward operating losses. Certain legal entities did not have brought forward operating losses and therefore reflect a current taxation charge and taxation payment for the year.

[1] *This entity is a joint venture with the UK Post Office, in which the Group holds 50% of the equity of the business.*

Bank of Ireland Mortgage Bank

Country of establishment	Turnover €m	Profit before tax €m	Taxation paid / (refunded) €m	Taxation charge €m	Average FTEs
Ireland	173	217	-	-	2

As disclosed in Note 13 to the Bank of Ireland Mortgage Bank Annual Report for the year ended 31 December 2014, the bank had a deferred tax asset of €86 million (2013: €113 million) in respect of operating losses which are available to relieve future profits from tax. Current year taxable profits have been offset by brought forward operating losses.

Bank of Ireland Private Banking Limited

Country of establishment	Turnover €m	Profit before tax €m	Taxation paid / (refunded) €m	Taxation charge €m	Average FTEs
Ireland	55	36	-	3	97

As disclosed in note 12 to the Bank of Ireland Private Banking Limited financial statements for the year ended 31 December 2014, the company had a deferred tax asset of €1.7 million at the start of the year in respect of historic operating losses which were offset against profits recognised in 2014. The external taxation paid by the company is €nil for the year ended 31 December 2014 as, in accordance with current legislation, it utilised brought forward operating losses and claimed current year losses incurred elsewhere in the Group against its current year profits.

Public subsidies

No public subsidies were received by any of the Governor and Company of the Bank of Ireland and its subsidiaries, Bank of Ireland Mortgage Bank and Bank of Ireland Private Banking Limited during the year ended 31 December 2014.

Public subsidies are defined to be direct support by the government. They do not include any central bank operations that are designed for financial stability purposes or operations that aim to facilitate the functioning of the monetary policy transmission mechanism. Moreover, schemes in line with the European Commission's guidance on State Aid are not considered public subsidies in the context of CBCR. Furthermore, general tax incentives do not fall within the definition of public subsidy for the purposes of CBCR.

Auditors' Report

Independent Auditors' Report to the Court of Directors (the 'directors') of the Governor and Company of the Bank of Ireland (BOI) in connection with the Country by Country Reporting Schedule for the year ended 31 December 2014.

Report on the Country by Country Reporting Schedule for the year ended 31 December 2014

We have audited the accompanying financial information of The Governor and Company of the Bank of Ireland, Bank of Ireland Mortgage Bank and Bank of Ireland Private Banking Limited for the year ended 31 December 2014 which comprises the Country by Country Reporting Schedule including the Basis of Preparation for the year ended 31 December 2014 with the exception of the disclosure on page 2 which is denoted as unaudited. The Country by Country Reporting Schedule for the year ended 31 December 2014 has been prepared by management of the Governor and Company of the Bank of Ireland in accordance with management's basis of preparation (the 'Basis of Preparation').

Directors' responsibility for the Country by Country Reporting Schedule

The directors are responsible for the preparation of the Country by Country Reporting Schedule, for the appropriateness of the Basis of Preparation and for such internal control as management determines is necessary to enable the preparation of the Country by Country Reporting Schedule that is free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the Country by Country Reporting Schedule based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Country by Country Reporting Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Country by Country Reporting Schedule. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Country by Country Reporting Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to BOI's preparation of the Country by Country Reporting Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of BOI's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Country by Country Reporting Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial information as included in the Country by Country Reporting Schedule for the year ended 31 December 2014 is prepared, in all material respects, in accordance with the Basis of Preparation.

Emphasis of Matter

The Country by Country Reporting Schedule does not comprise a full set of financial statements prepared in accordance with International Financial Reporting Standards.

Restriction on Distribution

Our report is intended solely for the benefit of the directors. We do not accept or assume any responsibility or liability to any other party save where terms are agreed between us in writing.

PricewaterhouseCoopers
Chartered Accountants
Dublin

22 December 2015