Bank of Ireland Group plc (together with its subsidiaries the ''Group'')

Capital Developments

28 November 2017

The Group is providing an update on recent developments in relation to the Group's capital ratios.

Credit Risk Transfer Transaction

The Group has executed a credit risk transfer transaction which will increase the Group's transitional CET1 ratio by c.50bps and the Group's fully loaded CET1 ratio by c.45bps.

The transaction references a portfolio of c.$1.7 billion of loan assets originated by the Group's Leveraged Acquisition Finance business and involves the execution of a credit default swap backed by c.$205 million of credit linked notes issued by Mespil Securities DAC to a group of international investors.

The transaction reduces the Group's credit risk exposure, and consequently the risk weighted assets on the reference portfolio of loan assets, through a risk sharing structure whereby the buyers of the notes assume the credit risk for c.$205 million of potential credit losses on the reference portfolio of loan assets in return for an initial annual coupon of c.$24 million. The transaction will reduce the Group's net interest margin by c.2bps. No assets will be derecognised from the Group's balance sheet and the reference portfolio of loan assets and related customer relationships will continue to be maintained by the Group.

ECB's Targeted Review of Internal Models (TRIM) - Irish Mortgages

As part of the TRIM process, the Group is continuing to engage with the ECB in respect of the regulatory capital requirements for its Irish mortgage portfolio. While this process remains ongoing, adjustments may be required to the Group's capital requirements for Irish mortgages which could absorb the capital benefits of the credit risk transfer transaction in part or in full.

Ends

For further information please contact:

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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.